

**MOLDOVA–TRANSDNIESTRIA:  
Working Together for a  
Prosperous Future**

SOCIAL ASPECTS

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**Editorial Board:** Denis Matveev  
Galina Selari  
Elena Bobkova  
Bianca Cseke

**Translation from Russian:** Lex Artis, Chisinau

**Cover:** Eugen Catruc

**Typography:** Sorin Ivasisin  
Ana Popa

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## INTRODUCTION

### The Purpose of this Book

The authors of this Collection of Essays – respected expert analysts from the spheres of economics, sociology, political science and conflict studies from Chisinau, Tiraspol and Kherson – were tasked with a **common goal**.

This goal consisted of the following components:

- To write innovative analytical essays – accessible not only to specialists and academics but to a broader audience of readers – which include:
  - An analysis of the impact of the conflict on particular spheres of social and economic development of the two banks of the river Nistru / Dniester, in which the particular experts specialise;
  - Recommendations on possible options for solving the existing problems;
- To help consolidate and strengthen the capacity of the expert community to deal with the Moldova-Transdnistria conflict - strengthening the influence of civil society in building confidence and in the resolution of issues relevant to all inhabitants of the region;
- To influence the opinions and attitudes to conflict resolution of the elites, political actors, public servants and the broader expert community on the two banks of the Nistru/Dniester – by providing high quality, accessible analysis and policy proposals in the framework of this publication.

### The Conflict

The Moldova-Transdnistria conflict is considered by many in the international community as a “frozen conflict”, where enemy images, mutual misperceptions and mistrust among elites – and, 15 years after the armed confrontation, to some extent the population at large – have had a two-pronged result:

- (i) a low level of systemic cooperation between the middle to higher levels of society across the conflict divide, and
- (ii) high economic and social costs of the conflict, which, while experienced broadly by populations on both banks, are not often directly identified or associated with the conflict.

While there have been a number of projects over the years, which have, with some success, focused on strengthening cooperation across both banks in the realm of mass media, youth and civil society engagement in peacebuilding, there have been few attempts to make directly visible the economic and social costs of the conflict and the quantifiable benefits for peace in a way that is easily accessible and appropriate for populations and elites on both sides of the river. It was also recognized by the authors of Project IMPACT that there is a need for more sustained and inclusive initiatives for improving the peace process, which tap into the creative and analytical potential of the expert communities on both banks of the river Nistru / Dniester, and regionally.

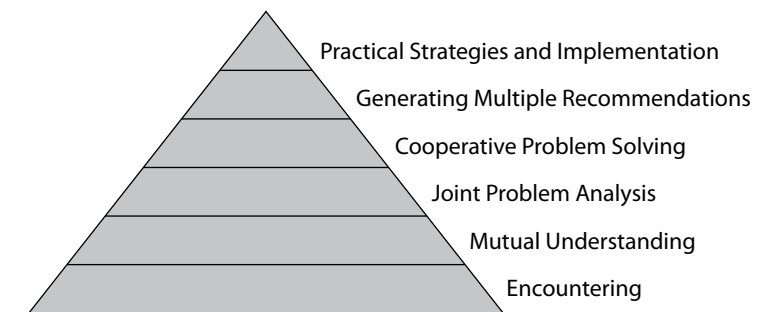
### The Project

The IMPACT project was developed with the specific aim of strengthening joint work of analytical NGOs and independent expert analysts from the two banks of the river Nistru / Dniester, Russia, Romania and Ukraine. The **goal** of this cooperation was to make a joint analysis of the socioeconomic effects of the protracted political conflict and to develop policy proposals in order to contribute to developing effective strategies and options for transforming the conflict.

In order to meet the main purpose of the project – to constructively influence the political and executive bodies’ decision making and to inform public opinion about the costs of the Moldova-Transdnistria conflict – the activities of the 2007-09 phase of the project included:

- Strengthening networking and mutual understanding of researchers and expert analysts, within a practical regional cooperation framework which included Moldova-Transdnistria, Ukraine, Romania and Russia;
- Capacity building of the Moldova-Transdnistria expert community by sharing and exchange of international experience from similar and related conflict zones and in relevant fields;
- Developing the conflict-sensitive capacity and constructiveness of participating professional socioeconomic researchers and analytical institutions;
- Engaging in practical cross-border expert cooperation, focused on investigating and making visible the economic and social costs of the conflict and benefits of peace in Moldova-Transdnistria;
- Experts across the conflict divide working together on advocating constructive policy alternatives in partnership with mass media.

A significant part of the Project which took place prior to and during the writing of this Collection of Essays is the series of Expert Dialogue Workshops held in Vadul lui Voda (Moldova), Tiraspol, Odessa and Lazurnoe (Ukraine). These Dialogue Workshops focused on building up sufficient mutual understanding, joint analysis and cooperative problem solving in the broader group of IMPACT’s participants, to both facilitate the writing of this publication, and to lay the foundations for the future IMPACT Think Tank. The dialogue approach, based on the work of conflict transformation practitioners internationally, is illustrated in the pyramid diagram below - to be read ‘bottom-up’.



The Project IMPACT partnership consists of the following organisations:

- Center for Strategic Studies and Reforms (CISR), Chisinau
- Independent Centre for Analytical Research “New Age”, Tiraspol
- PATRIR, Cluj-Napoca, Romania
- Joint Commission for Democratisation and Conciliation (JCDC), Chisinau
- Russian Information Agency New Region – Pridnestrovie Bureau, Tiraspol
- Center for Independent Television Development, Chisinau

Other outputs of the Project from its 2007-2009 phase include:

- A Documentary Film about the human story of the socioeconomic cost of the conflict in Moldova-Transdnistria, and untold stories of peacebuilding from the last 20 years, titled “Transdnistria: When the Guns Fell Silent”;
- A Sociological Report based on a unique opinion poll conducted on both banks of the Nistru / Dniester, focusing on the “Social and economic wellbeing of the population of both banks of the Dniester / Nistru in conditions of frozen conflict”;
- An Economic Analysis Report, focusing on the “Costs of the Transdnistrian conflict and benefits of its settlement”.

For more information about the project, its participants and publications, and to contact the project team, or the authors of the essays in this volume, please refer to the project website: [www.impact-project.org](http://www.impact-project.org)

## The Volumes in the Collection

The Collection of Essays is published in 3 separate volumes, all of which have the same series name: “Working Together for a Prosperous Future”. Each of the volumes contains thematic essays in English, Romanian / Moldovan and Russian.

Each of the essays is structured with an **Executive Summary / Abstract** of up to 1 page at the beginning, followed by the **Body** of the essay, and completed with a **Bibliography or Endnotes** after the main body of text.

*One of the volumes is devoted to analysis of **Economic Aspects**, with the following chapters:*

- Political economy of reintegration – *Dr. Elena Gorelova (Chisinau)*;
- A Ukrainian Contribution to the Formation of the Common “Dniester/Nistru - Black Sea Coast” Economic Macro-region – *Prof. Vladimir Korobov (Kherson, Ukraine)*;
- Public opinion concerning the degree of socioeconomic protection of small business in Transnistria – *Nikolai Osinenko (Tiraspol)*;
- Moldova and Transnistria: the Regional Economic Dimension – *Dr. Galina Selari (Chisinau)*.

Another volume is devoted to analysis of **Negotiation Process**, with the following chapters:

- The negotiation process as a way to postpone the solution – *Dr. Igor Botan (Chisinau)*;
- Transnistrian Settlement: “Western” and “Eastern” vectors of a compromise – *Georg Byanov (Kherson, Ukraine)*;
- Addressing the costs of the conflict through the creation of a “Socio-Humanitarian “5+2” format” - *Vitaliy Ignatiev (Tiraspol)*;
- Sources and settlement prospects of the Transnistrian conflict – *Oazu Nantoi (Chisinau)*;
- Transnistria’s path – *Andrey Safonov (Tiraspol)*;
- European integration policies in the context of Transnistrian conflict settlement – *Sergey Shirokov (Chisinau)*.

The present volume is devoted to analysis of **Social Aspects**.

## The Essays

One of the key aims of the Collection of Essays was building capacity to generate new levels of quality in conflict policy analysis and proposals. In compiling this publication, we identified the following **‘levels’ of capacity** some of which are demonstrated by many of the authors and others which can be used as benchmarks towards which authors need to strive in future project publications:

1. Openness to be published in the same publication as colleagues from the opposite side;
2. Willingness and ability to use constructive mutually acceptable style in writing;
3. Understanding the necessity and making the effort to analyse the situation on both banks of the Nistru/Dniester, not only on one’s ‘home’ side;
4. Ability to go beyond analysis – making constructive policy proposals and recommendations;
5. Skilled writing for a non-academic audience, a key stepping stone to engaging in active advocacy on issues of conflict policy;
6. Cooperating across the conflict divide to make consensus-based policy proposals for both banks of Nistru/Dniester.

Based on the relative achievement of these levels of capacity which is demonstrated in the essays, it is possible to categorise them as follows:

- Essays which deal with both banks of the Nistru / Dniester and provide innovative policy recommendations (some conceptual, and some presented in detail). This category of essays can be said to have reached the Capacity Building Levels 1 - 5 from above;

- Essays which offer a new and insightful analysis of key issues and some constructive policy recommendations, but deal with only one of the countries / regions covered by the Project. This category of essays can be said to have reached the Capacity Building Levels 1, 2, 4 and 5 from above;
- Essays which deal with both banks of the Nistru / Dniester, offer a new and insightful analysis of key issues but which offer few action-focused policy recommendations. This category of authors can be said to have reached the Capacity Building Levels 1 - 3 and 5 from above;
- Essays the value of which is that they provide new and insightful analysis of key socioeconomic issues of this conflict as they relate to one side of the conflict, which have not been available to the public discourse outside of the particular author’s region (in some cases because the author has previously been unwilling to be published on the other side of the conflict divide). This category of authors can be said to have reached the Capacity Building Levels 1, 2 and 5 from above.

## Language

Authors were provided with guidance notes on the use of terms which can and do carry political meaning. In order to avoid causing offence to one group of readers or another, some middle ground terms were devised and used in this publication. The guidance notes included the following recommendations:

- When listing the two key sides to the conflict, instead of “Moldova AND Transnistria”, authors were asked to use “Moldova–Transnistria”, or “right bank Moldova and Transnistria”, or “right bank and left bank of the Nistru / Dniester”, or, if appropriate, “Chisinau and Tiraspol”;
- Exceptions to the first guidance above occurred when a legitimate reason existed to be listing the two subjects sides by side, and juxtaposing them – this includes when referring to the parties in the official negotiation process, and where two distinct systems have developed e.g. two economies
- When referring to the conflict region, we have chosen “Transnistria” in English (as used in the official negotiations), “Transnistria” in Romanian/Moldovan (Latin) and “Pridnestrovie” in Russian (Cyrillic);
- Avoid the use of terms in relation to the conflict zone which may cause offence e.g. “left bank districts”, “Transnistrian region”, “TMR”, “unrecognised republic” unless this was necessary for an analysis of the phenomena, perceptions and concepts which those terms describe; and
- The term “Moldova” or “all Moldova” was used by some authors to signify the internationally recognised territory of the Republic of Moldova, including Transnistria and Gagauzia, unless stated otherwise e.g. where statistics are only available for a part of the Republic of Moldova, or where reference was being made to Moldova as a party to the negotiating process

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The team of Project IMPACT hopes that these volumes, and the expert community cooperation of which they are a product, will make their contribution to the building of a lasting and equitable peace in Moldova–Transnistria, deeply rooted in the needs of the people living on both banks of the beautiful river with many names.

*Elena Bobkova*

## SOCIAL AND ECONOMIC WELL-BEING OF THE POPULATION ON BOTH BANKS OF THE DNIESTER/ NISTRU IN THE CONDITIONS OF THE FROZEN CONFLICT

### INTRODUCTION

*“Despite certain narrow-mindedness of their representatives,  
authorities have realized many years ago that  
public opinion is the base of legitimacy  
of their existence”<sup>1</sup>*

In the article, the author addresses the realities of the political situation and current socio-economic development in Moldova-Transdnistria. New and significant aspects of the place and role of the influence of public opinion on the development of statehood are disclosed in the article.

In the author's opinion, the current political situation in Moldova-Transdnistria is marked by utmost instability. Against the background of socio-economic transformations that do not necessarily consider the interests of the population on both banks of the Dniester / Nistru (or directly contradict them), there is a growing social tension in the society, loss of social reference points and confidence in the future by a significant part of the population.

Results of a study by the Independent Centre for Analytical Research “New Age” conducted under the guidance and involvement of the author revealed two both “close” and “distant” societies. There are similar economic difficulties and social insecurity, crises of power, while value orientations and life strategies are progressively becoming more distant.

The author marks the necessity to create working groups that would deal with social well-being of people on both banks of the Dniester/Nistru, with development of a mechanism for social adaptation of the population. In the opinion of the researcher, in conditions when none of the parties are ready to unfreeze the conflict, an important task of the expert community and civil communities of Moldova-Transdnistria appears to be the maintenance of public discourse as well as the prevention of extremist attitudes in the public opinion on both banks.

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Public opinion can nowadays definitely be classified as one of those social phenomena which draw attention to themselves. It is being studied and analyzed by specialists from various fields of science; journalists think about it, politicians are zealously following its sympathies and antipathies. The public opinion is surveyed, formed, forecast, they try to take it into consideration in managerial practices. In other words, a lot of efforts are applied in order to master some knowledge about it. Public opinion can hardly be subjected to comprehensive analysis and strict definition. However, with development of the social sciences, substantial characteristics of public opinion have been studied, as well as main conditions for its formation and specifics of its functioning.

Realities of the modern development of the political situation around Moldova-Transdnistria disclose new relevant aspects on the place and role of the influence of public opinion on the development of statehood. On one hand, it is necessary to think over processes of settlement of the conflict as a whole integral phenomenon that includes the whole multitude of its types: social, economic, political, military, information, environmental. On the other hand, it is necessary for the power structures that function in these areas to make relevant decisions.

The formation of public opinion is influenced by a multitude of objective conditions and a number of subjective factors. During the current period of development of the Transdnistrian society, the successful solution of political, economic and social tasks, similarly to the republic's formative period, depends to a major extent on such a subjective factor as public opinion. Mass media play an important role in the formation of active positions.

In addition, the following factors influencing the formation of public opinion are distinguished: “...specifics of the socio-political system, specific socioeconomic situation and mass psychological atmosphere, social-demographic characteristics of the carriers of public opinion”<sup>2</sup>.

While reflecting objective social realities, public opinion has a mobile evaluatory-subjective nature. It contains rational and emotional-volitional elements, spontaneity and consciousness, experience of different strata and generations. Consideration of these aspects is of critical importance for practical work on adapting public consciousness when “de-freezing” the Moldovan-Transdnistrian conflict.

In the course of comprehensive examination of pros and cons of the process, in the course of the negotiation process, opinion of residents of Transdnistria and of residents from right-bank Moldova has to be taken into account. As for the successful and stable functioning of the state, its legitimacy indeed depends directly on the trust granted to it by the society.

The development of Moldova-Transdnistria during the last two decades went through major changes. The epoch that preceded these decades was characterized by a certain stability and predictability, created rather stable social relations which gave people confidence and certainty in their future and future of their relatives, as well as a rather reliable outlook on life. In its current conditions, the situation is characterized by instability and inconsistency in development of social processes. There is sharp polarization in manifestation of attitudes and moods of representatives of different social strata of the population. Today most people can hardly be absolutely confident in their future as they virtually cannot hope to implement their expectations in the future. A significant part of the population demonstrates loss of social, psychological and life reference points, alongside with a decrease of overall psychosocial resilience and of the feeling of protectedness.

Social scientists from both banks register steep changes in social well-being of a significant part of the citizens of Moldova-Transdnistria.

Investigating the social wellbeing of the representatives of social groups in Moldova-Transdnistria is one of the most important aspects of sociological analysis of social development tendencies; it allows to evaluate changes that occur in public consciousness and social structure of the society, identify areas of social tension, and also to study diverse and contradictory group ideas about social life. Social wellbeing, which characterizes the relative resilience in the attitudes of people to their context, influences their thinking and behaviour, and in this respect plays an important role in forming the social environment<sup>3</sup>.

The social wellbeing of a person is determined by the degree of satisfaction of their social needs, which in their turn are derivatives from the system of social benefits, their production and allocation. The more a person experiences deficit of social benefits, the worse off is their social wellbeing. Such an approach to measuring one of the most important indicators of people's wellbeing allows to evaluate comprehensively a person's perception of his position in the society and to avoid the danger of measuring situational emotional states.

Social wellbeing is a generalized indicator of the population's response to social transformations. As people support these or those changes in the society hoping to improve their own situation in it; an integral assessment of their perception of their own well-being in major spheres of social life is a decisive criterion for determining directions (positive or negative) of public changes. When evaluating social feelings one has to be guided not by situational emotional states caused

by spikes and drops in public moods, but rather by self-conception of the level of well-being in the realization of main social needs.

The structure of factors that affect social wellbeing is rather complicated and includes social phenomena of various levels which is why the full idea of social wellbeing can be assured only by means of comprehensive consideration of the totality of all social influences. In connection with that it is important to study specifics of social wellbeing in the conditions of the frozen conflict in Moldova–Transnistria taking into account specific features of each side.

While understanding the full complexity of this indicator, in this article we will analyze only several factors.

### Population's living standard, income and their dynamics

An essential component of social wellbeing is the category of “living standard”. Being one of the most important social categories, it represents an interrelated set of economic, social, cultural, natural and other conditions of people's lives. The living standards mean provision of the population with necessary material benefits and services, achieved level of their consumption and level of satisfaction of reasonable needs. When defining them it is necessary and extremely important to set a totality of needs that allow a person to be an active member of the society.

From 10 to 17 October 2007, ICAR “New Age” conducted a survey<sup>4</sup> devoted to studying assessments of living standards of Transnistrians. The results of the survey show that the “margin of safety” of Transnistrians is still reasonably high. Thus, almost half of 589 interviewed (47.6 %) note that today it is really difficult to live, but “*they can still endure it*”. 42.9 % of interviewed noted that “*it is impossible to tolerate the situation that has formed today in the economy of Transnistria*”. Meanwhile, in the age category under 24 years of age there are 33.3 % of such respondents, and among pensioners – more than a half (53.0 %). Lastly, only 6.9 % of respondents believe that the state of the economy of Transnistria is “acceptable”.

The results of the survey revealed that in this case family status significantly influences perception of the economic situation. Thus, there are fewer optimists among married respondents (5.9 %) than among those not burdened with families (9.3 %).

The economic crisis affected various population groups differently. Families with many children and incomplete families turned out to be the most vulnerable, as well as single elderly people with low pensions and disabled persons. Similarly, this applied also among the economically active population, in the categories of industrial workers employed in the public sector and agrarian industrial workers.

When evaluating the financial situation of their families 44.1 % of respondents stated that “*there is enough money only for food and the most basic things*”. 35.4 % noted that “*in general they have enough money, but purchase of expensive things causes difficulties*”. 9.8 % of respondents “*have to borrow money permanently, as there is not enough money even for food*”. And only 2.9 % of interviewed “*do well themselves*”.

While evaluating the economic situation in Transnistria, more than half of the respondents (52.2 %) noted that recently “*the prices grow more rapidly than usually*”. Each fifth participant of the survey (20.5 %) indicated that in his/her subjective perception “*inflation has exceeded 20 % nowadays*”, and each sixth of them (15.2 %) noted its (inflation's) 50 % growth.

Only 7.4 % of respondents “*did not experience any inflation and price increase*”. At the same time, in the age category under 24 years of age this percentage is a little bit higher (11.3 %), which to a large extent is explained by the fact that quite often this category includes young people (students, pupils) who are dependant on their parents.

The most important components of living standards are income of the population and its social insurance, consumption of material benefits and services, living conditions, free time.

The results of the survey show that in fact 44.3 % of interviewed Transnistrians divide their budgets between payment for utility services and buying food. Very little is left for health, education and normal recreation. A large part of Transnistrian families instead of high quality food products (meat, milk, vegetables, and fruit) has to consume cheaper products (bread and potatoes). Unfortunately, such behaviour of families in the food market attests to the process of population's slide down to poverty.

According to the Ministry of Economy of the TMR, in September 2007, the subsistence level in Transnistria in average per capita was 594 roubles (71 dollars); while it was 502 roubles (60 dollars) half a year ago. For the same period, the consumer budget was 1131.5 TMR roubles (134.5 dollars) and increased in comparison with the March indicator by 28 %. As before, the amount of the subsistence level is a little bit more than an average consumer budget (53 %).

In May 2008, the size of the subsistence minimum in average per capita comprised 868.6 roubles (approximately 102 dollars), while in January this indicator was 720.3 roubles (84 dollars). As per information provided by the Ministry of Economy the subsistence level for employable population comprised 932.8 roubles, for pensioners – 682.6 roubles, for children – 849.4 roubles in May. According to the forecast of the department, by the end of the year, the average subsistence minimum per capita would reach 951 roubles. In accordance with the order of the Minister of Economy, the average value of the subsistence minimum is used for the calculation of social payments<sup>5</sup>. In Transnistria, the ratio of the minimal size of pensions to the subsistence minimum would decrease from 61 down to 46.4 % in 2008.

In Moldova, in 2007, the subsistence minimum increased by 17.6 % in comparison with 2006 and comprised 1099.4 Lei (103.7 dollars) on average per person a month, the National Statistical Bureau of the Republic informed. According to the department<sup>6</sup>, the subsistence minimum is higher in urban areas – 1189.2 Lei (112.2 dollars), and lower in rural areas – 1036.3 Lei (97.7 dollars). The maximum size of the subsistence minimum for the employable population is established in the amount of 1159.5 Lei (109.4 dollars), in particular, for men - 1227 Lei (115.7 dollars). In Moldova, last year, the minimal subsistence level was achieved by all working citizens, except for agricultural workers. Salaries of people working in the financial sphere exceeded the subsistence minimum by approximately 4 times, and salaries of people working in transport, communication and construction sectors exceeded the subsistence minimum by at least 2.6 times. For pensioners, the subsistence level comprised 943.4 Lei (89 dollars) or 85.8 % of the average for the country. An average size of a monthly pension in Moldova was 548.3 Lei (51.7 dollars) as of 1 January 2008, and covers the subsistence minimum for the relevant category of population for about 58.1 %.

According to the National Statistic Bureau (NSB), the average size of the subsistence minimum in the second quarter of 2008 comprised 1341.9 Lei, which is 2 per cent more than the similar indicator for the first quarter of the same year. The average size of the monthly pension comprised 643.7 Lei as of 1 July 2008, and is 20.8 per cent more than it was as of 1 July of the previous year. According to the information, an average monthly salary in Moldova comprised 2583.4 Lei in the second quarter of 2008, which is 24.9 per cent more compared to the same period of the previous year. The salary is 180 % of the subsistence minimum. Also, the subsistence minimum for employable men in the second quarter comprised 1508.5 Lei, for children 7-16 years of age – about 1359.5 Lei, for babies under 12 months – 474.1 Lei. Data obtained by NBM showed that growth of the subsistence minimum is related to increase of prices both for food and consumer goods.

Results of the survey of ICAR “New Age” in February 2008 shows that almost half of the respondents on both banks of the Dniester / Nistru consider that the current economic situation “cannot be tolerated” (46.6 %). 43.8 % noted that it still can be tolerated; and only 4.4 % of the respondents noted that the state of the economy is “acceptable”.

How do you assess the economic situation in the republic as a whole?	Transnistria	Gagauzia	Rest of Moldova	Average
Acceptable;	2.4	15.7	6.3	4.4
It is really difficult to live, but we can still tolerate it;	50.6	32.6	36.9	43.8
It is impossible to tolerate the situation existing in the economy today;	42.0	38.2	51.2	46.6
Cannot answer	5.0	13.5	5.7	5.4

“Changes for the better” in the economy were noted by 20 % of residents of Gagauzia and the rest of Moldova while in Transnistria such changes were noted only by 5.6 %; at the same time “changes in the economy to the worse” were noted by 52.6 % of interviewed Transnistrians.

Do you believe that during the past year changes in the economy were	Transnistria	Gagauzia	Rest of Moldova	Average
For the better;	5.6	20.9	20.4	13.0
For the worse;	52.6	29.1	30.5	41.6
There were no changes;	29.6	32.7	38.0	33.8
Cannot answer	12.2	17.3	11.1	11.7

It is very interesting to see how respondents’ answers to the question: “When, in your opinion, would we live better?” distributed. One fifth of interviewed believe that it “will never happen”. One quarter considers that it would take “more than 10 years”, and 17.6 % of respondents expressed hope that life would get better “in 5 years”. The number of optimists who believe that improvements are possible already “in a year” is less than 5 %.

When, in your opinion, would we live better?	Transnistria	Gagauzia	Rest of Moldova	Average
In a year;	3.4	8.3	5.4	4.4
In 5 years;	20.2	17.4	14.9	17.6
In more than 10 years;	17.6	24.8	26.9	22.3
Never;	18.0	21.1	21.4	19.7
Cannot answer	40.8	28.4	31.4	36.1

What factors, in the opinion of respondents, influence improvement of the situation? The most common answer to the “open” question is “ensuring decent living standards”. The range of problems that need solution is rather broad: from “improvement of roads, houses and territories”, “saving villages from devastation”, “absence of gas and water” to “lawlessness of bureaucrats in localities”, “migration and deficit of work”, “problems of families, old people and youth”, “education and medical services”.

*Respondents interviewed in Moldova indicated the following problems: “give people an opportunity to work”, “creation of jobs”, “provide work in villages”, “help pensioners with medicines”, “re-open wineries”, “pay attention to people’s requests”, “meet more frequently with the electorate”, “incommensurate increase of prices compared to salaries”, “increase allowances for children”, “recreation of youth”, “labour migration of youth”, “work with young people, they can do nothing*

*else”, “necessity to open sport facilities for schoolchildren”, “pay attention to younger generation, it is completely forlorn”, “more youth organizations are needed”, “try to integrate in Europe”, “realize that without efficient economy there will be no EU membership”.*

*Residents of Transnistria considered the following factors to be important: “defend recognition of the republic – TMR”, “increase of salaries”, “care about pensioners, increase of pensions, discounts for medicines”, “not to increase prices for utility services”, “pay attention to the budgetary sphere”, “to living standards of people”, “to rehabilitate agriculture”, “to inform people more about activities of people”, “revise unemployment and children allowances”, “improve peoples’ lives”, “increase the share of the state in industry”, “transfer of land plots into use of families”.*

At the same time, in the conditions of yet another increase of prices and payments for utility services, 36.8 % of interviewed tried to find another job, and out of them 21.3 % - in the republic, and 15.5 % - outside of the republic. 13.6 % of respondents stated that “they would leave Transnistria forever” and 14.7 % were not able to answer the question. In the current economic situation 11.0 % of respondents “are ready to take part in protest rallies”, while 23.9 % of respondents “will not take any actions”.

For further harmonious development of Moldova-Transnistria the following is needed: growth of the economy, reduction of unemployment and labour migration, state programs that take into consideration influence of demographic and social factors, migration programs, and system of vocational re-training. All that requires significant material costs and serious organizational efforts, and that is still very difficult for the social policy on both banks of the river.

With varying degrees of success, the population tries to adjust to the new social reality as much as possible, though social tension grows, unlawful actions increased in number, and migration flows increase.

With the breakdown of the USSR, millions of former citizens of formerly unified countries became “strangers” overnight, lost affiliations, were cut off by borders and language barriers. ICAR „New Age” asked Transnistrians about their family and friendly affiliations with people living in the countries of the former USSR<sup>7</sup>.

According to the survey results, during the last five years, 66.3 % of respondents more or less regularly visited post-Soviet countries. At the same time, during the same period, 21.3 % of interviewed Transnistrians never left Transnistria and 4.5 % of them left the republic only once.

Among the main purposes of journeys to the former USSR, countries’ respondents mentioned “recreation, visiting relatives, family matters”. Most respondents (87.6 %) would like to go to other regions of the former USSR more often, and only 6.4 % of respondents said that “they do not have such need”. 6 % found it difficult to answer.

The main reason that prevents people from travelling more often, for 60.2 % of the interviewed, are financial difficulties. In addition, 24.4 % mentioned a lack of time. 18.8 % of participants of the survey mentioned family situation. 6.6 % noted problematic relations between our country and the country they had to go to, 3.3 % spoke about the poor transport connection, 2.4 % mentioned the lack of necessary information about other countries, 1.6 % - malevolent attitude from citizens of other countries. Lastly, 4.1 % of respondents said that “nothing prevents them from doing it”.

The breakdown of the Soviet state significantly undermined both cousinly and friendly relations. During the last five years relatives of 28.1 % of the interviewed Transnistrians have not visited them. Friends living in the territory of the former USSR never visited almost half of the respondents (48.1 %).

<sup>7</sup> Research by ICAR “New Age”, «Социальный туризм в странах бывшего СССР» [Social Tourism in Countries of the Former USSR] conducted in June, 2007

In the modern world full of new threats and challenges, experience of co-existence in a multinational society is extremely important. Today, a new generation begins its active life; a generation with no practical experience of living in a multinational country, for which the USSR is historical past. That is why it is necessary – through economy, culture, art, politics – to restore nodes of fates and interests of peoples that existed before.

### Settlement of Moldovan-Transnistrian relations

The problem of the lack of settled relations between right-bank Moldova and Transnistria remains one of the most pressing issues. In connection with that, one of the most urgent issues on the agenda is the need to resume the negotiation process between the parties. This is also confirmed by the results of the survey conducted by ICAR “New Age” in February 2008. Thus, 39.5 % of respondents believe that resumption of negotiations is “extremely necessary”<sup>8</sup>.

More than one third of respondents (35.2 %) consider that equal basis of the negotiation process is a prerequisite for resuming negotiations. The fact that among Transnistrians it is a pacing factor for more than a half of the interviewed (51.8 %), while for people living on the right bank it is important only for one quarter (26.4 %). At the same time, the number of those willing to resume negotiations is one third larger on the left bank than on the right bank (90.6 % and 66.3 %, correspondingly).

“Uselessness of negotiations” was mentioned by 15.2% of residents of right bank Moldova and only by 4.2 % of residents of Transnistria. Obtained data show how complicated is the situation with trust and confidence between the parties.

In your opinion, is it necessary to resume negotiations related to the Transnistrian settlement?	Transnistria	Gagauzia	Rest of Moldova	Average
Yes, it is extremely necessary;	38.8	43.8	39.9	39.5
It is necessary to resume negotiations, but only on equal basis;	51.8	27.0	26.4	35.2
No, any negotiations are useless;	4.2	11.2	15.2	11.4
Cannot answer	5.2	18.0	18.4	13.8

In our opinion, another important result of the survey is that 56.5 % of the respondents believe that the Moldova-Transnistria settlement depends to a large extent on the leadership of Moldova-Transnistria. About one half of respondents (43.8 %) are sure that the “key” to the Transnistrian settlement is in the hands of Russia. The role of Ukraine in this process is much less significant – 9.5 %.

On the other hand, 18.5 % of respondents said that to a “major extent resolution of the problem depends on the civil society on two banks of the Dniester / Nistru”. The role of the European Union in the Moldova-Transnistria settlement obviously became more important, as it was mentioned by 11.4 % of interviewed. 7.1 % of participants of the survey put hopes on “efficiency of the dialogue in “5+2” format.

Respondents believed that the USA and OSCE were insignificant participants of the settlement process – 3.8 % and 3.5 %, correspondingly.

In your opinion, who does settlement of the Transnistrian problem mostly depend on?	Transnistria	Gagauzia	Rest of Moldova	Average
On leaderships of Moldova and Transnistria;	54.4	56.2	60.7	56.5

On civil society on two banks of the Dniester / Nistru;	12.2	22.5	19.7	18.5
On Russia;	39.7	46.1	45.8	43.8
On Ukraine;	5.8	7.9	11.3	9.5
On the European Union;	3.8	21.3	15.2	11.4
On the OSCE;	1.6	4.5	4.3	3.5
On the USA;	1.6	9.0	4.8	3.8
On efficiency of the dialogue in “5+2” format in general;	10.0	3.4	5.7	7.1
Cannot answer	10.0	6.7	7.7	8.5

Survey data demonstrates significant differences between the answers of people living on different banks of the river concerning the status of Transnistria. Hence, in case of a referendum, 61.4 % of Transnistrians would have voted for “independence of the Transnistrian state”, versus only 14.3 % of the residents of right bank Moldova. “Federation” would have been supported by 20.7 % of respondents from the left bank, and 12.0 % from the right; “autonomy” – by 7.3 % of Transnistrians and 31.6 % of right bank Moldovan respondents. Therefore, residents of Transnistria would have voted for the status with a maximum possible self-determination.

Concerning the status of Transnistria, the Moldovan society broke up into 3 groups:

The first group support Transnistria’s joining (with more or less extensive authorities) into the composition of the RM, it comprises 43.6 %;

The second group – is the one who find it difficult to vote for some political status of Transnistria – 42.2 % of respondents.

The third group – 14.3 % of interviewed were for independence of Transnistria.

### Self-identification and the “Language Issue” as a factor of national wellbeing

The language issue can be classified as one of the most important components of the conflict area. This extremely critical issue and the cornerstone of the conflict at the beginning of 1990s has not been fully addressed until now; and as research shows still gives a feeling of anxiety among respondents on both banks of the Dniester / Nistru.

Almost 20 years later, there are still disputes about consequences of the breakup of the USSR and prospects of development of post-Soviet space: some long for past times, others rather like their new life.

According to ICAR „New Age”<sup>9</sup>, 64.4 % of interviewed Transnistrians today express regret for the breakup of the USSR. At the same time, 22.7 % found it difficult to determine their attitude to this historical event, while 11.8 % of respondents did not express any regrets.

Data of the survey demonstrate that for young people (under 24 years of age) the Soviet Union is a remote history. 43.9 % of participants of the survey found it difficult to assess this momentous event of the 20<sup>th</sup> century. Among young people, only 38.5 % of respondents express regret for the breakup of the USSR, while among pensioners the number of such people is 75.3 %, and among middle-aged people – 61.6 %.

The fact that the number of people who in general positively view the fact of the breakup of the USSR is approximately equal in all age groups draws serious attention.

During 17 years of existence, identity of people living in post-Soviet space underwent transformation as well. The results of the survey detected that 71.6 % of respondents “feel themselves to be citizens of Transnistria”. At the same time, 21.7 % of the interviewed note that they perceive

<sup>9</sup> Research by ICAR “New Age”, «Социальный туризм в странах бывшего СССР» [Social Tourism in Countries of the Former USSR] conducted in June, 2007



themselves as citizens of the Russian Federation. 20.6 % of respondents associate themselves with the Republic of Moldova, 16.6% with Ukraine which, most probably, can be explained by nationality, origin of respondents, and affinities.

In the opinion of 56.7 % of interviewed Transnistrians, today, the Russian language is not a language of world communication, while 43.3 % of interviewed believe in quite the opposite.

68.1 % of those interviewed believe that at present, the Russian language is under the negative influence of borrowings, vernaculars and is far from being perfect. Less than one third of interviewed young people define the state of the Russian language as an exemplary one.

51.5 % consider that among other world languages the Russian language holds a “neutral place”, 27.6 % believe that its position can be defined as the “leading” one, and 20.9 % mention its insignificant role.

62.0 % of the respondents “positively” evaluate influence of modern art on the state of the Russian language; 38 % evaluate it “negatively”.

The vast majority (89.7 %) of persons interviewed among Transnistrian youth consider it necessary to support the Russian language and Russian speaking compatriots abroad. Besides, most young people who took part in the survey believe that opening of branch representations of Russian universities abroad contribute to preservation of the Russian language.

The survey, conducted according to the unified methodology of “Eurasian Monitor” by the company CBS-AXA Ltd. (Moldova) and ICAR “New Age” (Transnistria)<sup>\*</sup>, showed that knowledge of Russian is of instrumental value for a significant number of citizens of Moldova, as well as for citizens of some other post-Soviet countries. The demand for studying Russian correlates with the fact that many respondents from Moldova either worked or are working now in Russia and, by all appearance, would like their children to know Russian well.

There are three official languages in Transnistria: Russian, Ukrainian and Moldovan. The Russian language is that of most critical value of the Transnistrian society, which during the last referendum voted for accession to the Russian Federation. This is related to the broad program of humanitarian and economic cooperation between Transnistria and Russia.

### Conclusion

The practical relevance of sociological analysis of social wellbeing is expressed in the fact that obtained results could be used in elaboration and implementation of state policy measures aimed at ensuring protection of rights and legal interests of various population groups, creation of conditions for their adaptation in the society that undergoes transformation. The analyzed results of sociological surveys show rather alarming tendencies expressed in loss of confidence in the future, in the pessimistic assessment of the future, in serious distortion of axiological-moral life bases of the Moldova-Transnistria population. All of the above permits to draw the conclusion that negative social feelings are being formed in the vast majority of people in Moldova-Transnistria, as a real social-psychological phenomenon.

Events of the current period of relations between Moldova-Transnistria clearly demonstrate that actions of the parties in the framework of the Moldovan-Transnistrian settlement are far from taking into consideration the specifics of mass awareness of people living on both banks of the river. Quite often, decisions are made without any serious scientific justification of both the

<sup>\*</sup> «Русский язык в Молдавии» [Russian Language in Moldova], a research conducted in October 2007 in the framework of a project entitled «Русский язык в новых независимых государствах» [Russian Language in the New Independent States], implemented in 13 countries of the CIS and the Baltic states. Surveys of the population were conducted in representative samples and using analogous methods but separately, according to the accepted practice, i.e. in territories controlled by the Republic of Moldova and unrecognised Transnistrian Moldovan Republic.

degree of their compliance with already existing values in mass consciousness of the population, and without any forecast of social implications of such transformations.

The current political situation in Moldova-Transnistria is extremely unstable. Against the background of socioeconomic transformations that not always take into account interests of the population living on both banks of the Dniester / Nistru (or that directly contradict those interests), social tension grows in the society, an essential part of the population seems to have lost social reference points together with their confidence in the future. Results of the studies showed that we see two societies, which are at the same time both “close” and “distant”. They face similar economic difficulties and lack of social protection, crisis of power, whilst their value systems and life strategies keep moving away from each other.

It is necessary to establish working groups that would deal with social wellbeing of people on both banks of the Dniester / Nistru, with development of a mechanism for adaptation of the population; it is important to focus efforts of experts on the climate in the society. It is necessary to elaborate new adaptation mechanisms for the population, which for almost 20 years already have been living in the conditions of a frozen conflict.

In the present conditions, when neither of the parties is ready to de-freeze the conflict, maintenance of the public discussion, prevention of extremist attitudes in public opinions on both banks represents an important peace-building task of the expert community and civil societies of Moldova-Transnistria.

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Vladimir Fomenko

## THE DEMOGRAPHIC SITUATION IN TRANSNISTRIA IN CONDITIONS OF UNRESOLVED CONFLICT

*“...At our inner paths, among all newly emerging state programs and goals, the primary government duty – without even assigning any number!!!- has to be PRESERVATION OF PEOPLE ”*

*A. I. Solzhenitsyn. What we are capable of.  
“Argumenty i Fakty”, January 30, 2008.*

This article deals with the demographic consequences of the long-running conflict between right-bank Moldova and Transnistria; it emphasizes its negative impact both on the socioeconomic and geopolitical situation in the region. The author notes that in the course of considering demographic costs of the conflict, one has to take into account a diversity of factors related to the development of the situation, their interaction and complexity of consequences for the population and economies of both Transnistria and Moldova as a whole.

In order to understand the mechanism of development of the modern demographic situation in Transnistria, the author **analyzes prerequisites for its development in the course of the second half of the 20<sup>th</sup> century**. The demographic situation in Transnistria is characterized by a gradually slowing depopulation process that has disastrous implications for the socioeconomic development of the region; demographic and economic consequences of the conflict negatively affected development and territorial arrangement of the system of social institutions, social composition and the level of well-being of the population.

The author identifies the “demographic echo” as the most important consequence of the conflict. It is represented by the decreased birth rate and increased mortality rate, which has affected various socioeconomic parameters of the region extremely negatively until now.

In the opinion of the expert, the decline in the birth rate has disastrous effects for the demographic situation in the region. The low birth rate in the region is conditioned primarily by the uncertainty of the future status of Transnistria, and hence of the future generations of Transnistrians.

It is noted in this work that post-conflict demographic processes have significantly changed per capita indicators of socioeconomic development – GDP, labour productivity, consumer basket and other parameters of the living standards of Transnistrians. That is why the researcher believes that the demographic statistics require detailed analysis and critical re-evaluation.

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The demographic consequences of the long-lasting conflict between Moldova and Transnistria have a negative impact over the socio-economic and geopolitical situation of the region. Looking into the demographic costs of the conflict, we should take into account the variety of factors in the evolution of the situation, their mutual influence, and the complexity of consequences for the population and economy of both Transnistria and Moldova as a whole.

To understand the mechanism of development of the modern demographic situation in Transnistria we need to **analyse the preconditions of its development during the second half of the 20<sup>th</sup> century**. Through the 1950 - 80's, strong positive demographic tendencies were typical for the region and for the Moldovan SSR as a whole. The demographic situation in the region was marked by an expansive type of population reproduction (due to a high birth rate and relatively low death rate) and an especially high positive migration balance. Russian and Ukrainian nati-

ves were actively immigrating to Transnistria and basically represented highly skilled labour resources attracted to all-union industrial construction sites<sup>1</sup>.

Historic factors of settlement and economic land exploration, favourable natural conditions, tolerant multi-national composition of the population, beneficial geographical situation and specialisation developed under the common USSR national economic complex, conditioned its exceptional migration appeal in the pre-conflict period. In Transnistria, until the 90s, a balanced sex-age population structure emerged, along with sufficient labour resources in the economy, a relatively high standard of life and vibrant economic potential. The current demographic situation in the region falls within the sphere of commonality of ethnic, socio-economic and political development factors<sup>2</sup>.

We should not forget that the depopulation trend in the demographic situation has a negative impact on the political representation of Transnistria. Expressing the will of more than 700.000 inhabitants of the region is one thing, that of only 400.000 another. Thus, the electoral weight of Transnistria is considerably lowered. At the same time, Chisinau's hopes for the Transnistrian electorate remain more than illusory.

As mentioned earlier, the demographic situation in Transnistria is marked by gradually decelerating **depopulation processes**. Their dynamics and magnitude distort the socio-economic parameters of Transnistria. With 730.000 people living in Transnistrian regions of the Moldovan SSR in the early 90s (inclusive of the population on the right bank parts of the regions constituent of TMR), there were about 650.000 people living in the region by the year of 2000 (with administrative subordination of localities established for almost two decades at that stage). Further depopulation of Transnistria that continued through 2000-2008 resulted in a decrease in the population of the region by more than 100.000 people<sup>3</sup>.

The primary source of information about the population is population censuses. The population of Transnistria is currently estimated based on results of the last population census, being annually increased by the numbers of births and arrivals to the territory and subsequently decreased by the numbers of the deaths and departures. At the same time, an account is made of the changes in the population that occurred as a result of administrative-territorial transformations. The average annual enumerated population is an arithmetic mean of the population as for the beginning and end of the respective year.

The 2004 population census registered 554.400 inhabitants. According to some expert estimates, the population of the region amounted to 50-60.000 people less than the number registered in the census and, according to other data, by as many more. As of 1 Jan 2008, the population of Transnistria amounted to 533.500 people (or about 14% of the population of the “united” Moldova), while according to estimates of the Moldovan statistical authorities the total was of some 410.000 people. Thus, the region has lost nearly ¼ of the population during the period in question<sup>4</sup>.

Expert estimates of the demographic situation in the region are controversial. Until 2008, the demographic situation was dominated by pessimistic and catastrophic features, though results for 2007 and the first half of 2008 gave rise to humble optimism. However, the compensation of the depopulation during the 90s and emergence of stable positive demographic trends will take several years. The consequences of politico-military events of the early 90s have had a lasting “*demographic echo*” that affects the region to date.

The main events of the conflict fall in March-July 1992 and were marked by active hostilities between the adversaries. In particular, full-scale combat actions took place in the districts of Bendery and Dubasari using artillery and tanks. On 19 June 1992, Moldovan troops entered the town of Bendery. As a result of the struggle for the town, about 500 Transnistrians died, including 130 children, elderly and women, whilst 1200 people, half of them civilians, were wounded. In

the course of the armed phase of the conflict in 1992, 284 military servicemen died on the part of Transnistria (including those who died of wounds, 364) and more than 600 civilians.

According to initial expert estimates of Moldova, the Transnistrian conflict cost the right bank 12 billion roubles at 1991 rates. About the same damage was caused to the left bank, meaning a cost of USD 380 mln. for both sides. However, these numbers were not inclusive of the amount needed to restore villages and towns after the military activities. In the course of the active part of the conflict, thousands of residential houses, tens of industrial sites and some bridges over the Dniester/Nistru were destroyed.

Besides, both banks of the Dniester/Nistru are currently drawn not only historically, but also geopolitically. The modern geography of the latent conflict divided Moldova into three parts – Moldova proper, the “autonomous” Gagauz-Eri and the non-recognized Transnistrian Republic. That is why all the aspects of the demographic situation are regionally separated.

The population dynamics since the early 90s have been determined by growing emigration and, to some lesser extent, natural decrease in the population as a result of significant increase in death rates compared to birth rates. A combination of major natural and mechanical decrease in the population through the 90s has led to an increase in the magnitude of depopulation processes. In 1992, there was a psychological turning-point in the demographic situation in the region, this was the period of escalation of the conflict between Moldova and Transnistria. The same demographic trends as those for the whole post-Soviet space were specific for the region. However, they were aggravated by a number of additional negative circumstances.

The magnitude of absolute decrease in the population of Transnistria in the first years of the escalation of the conflict in 1992 entailed catastrophic consequences. Already in 1992, as a result of drastic decrease in the birth rate and increase in emigration, the absolute population decline in the Republic constituted more than 9.500 people. In 1994, as a result of decrease in the birth rate and increase in the level of death rate of the population, the expanded population reproduction was transformed into simple reproduction, and since 1995 – to contracted reproduction marked by higher death rates compared to birth rates and natural population decline. In 1996, the absolute population decline constituted almost 13.000 people, after which there was a slow decrease along with contraction of the population of Transnistria. At the turn of the century, the relative decrease reached 6%. In the 21<sup>st</sup> century one can again observe a gradual decrease in the relative contraction of the population of Transnistria. However, the relative magnitude of an absolute population decline still remains notably large. Thus, in 2007, the death rate exceeded the birth rate by almost twice, and emigration exceeded immigration by more than 40%. As a result, over only one year, the demographic losses of the region exceeded 7.000 people<sup>5</sup>.

Today, the population of TMR has decreased to its 1924 level, i.e. over the last 15-20 years, 70 years of settlement and land reclamation were erased from the demographic development of the region.

Also, negative demographic processes condition the following:

- deformation of the sex-age structure of the population (decreasing share of children and increasing share of elderly people);
- decrease in the average expected lifetime;
- distortion of the proportions of the labour market and the structure of economically active population;
- ethnic and religious population composition;
- nationality and electoral behaviour;
- magnitude, sectoral structure and dynamics of economic processes;
- development and territorial organisation of the social institutions system, social composition and standard of welfare of the population<sup>6</sup>.

**Mechanical decline** in the population of Transnistria assumed a catastrophic character in the 90s. Current data on population migration emerge from development of primary documents on statistical recording of arrivals and departures coming from law-enforcement bodies, and compiled in the course of registration of the population at the place of residence. As mentioned above, the major source of information on migration is the Migration Office of the Ministry of Interior of TMR. The number of those leaving for work can however not be fully recorded. This comes from the fact that the statistics authorities keep records only of those who de-registered at the place of residence with a prior official notification to the local authorities and who left Transnistria for permanent residence. This is irreversible emigration, whereas labour migrants leave only for a certain period time (so-called circular migration). The magnitude of depopulation triggered by the phenomenon of labour migration is obvious, as about a third of employable population of the republic earn their living outside the region.

The mechanical population decline (negative migration balance) is steadily decreasing. The history of migration losses of the region reflects the change of its demographic parameters through the whole period under review. Thus, in the years of escalation of the conflict in Moldova-Transnistria, emigration from the region exceeded 20.000 people per year. Furthermore, the region has been keeping up its demographic appeal (attractiveness) through the first half of the 90s, by inertia. Only in 1992 did the negative migration balance substantially exceed 10.000 people, whilst further on, though the magnitude of migration losses was not as massive, they nonetheless remained significant.

The military stage of the conflict led to a massive exodus of civil population from Transnistria as in 1992 32.200 people left the region. Until the end of the 90s, emigration losses of the region remained significant – 17-20.000 people yearly. Within the 2001-2007 period, a significant decrease in the number of emigrants was notable – from 18.100 to 10.100 people. The decrease in the number of departures from Transnistria is explained by a population decline in the region, as well as by the fact that it had already been left by most of the active and externally demanded part of the economically active population. One more factor is the decline in financial opportunities of the population of Transnistria to be able to fund the departure for permanent residence outside the region (table 1)<sup>7</sup>.

The events of the early 90s transformed the region into a hotspot, which resulted in a decrease in the number of arrivals by more than 2 times. Later on, a deterioration of the economic situation, emergence of survival economy and Transnistria's uncertain status resulted in loss of immigration appeal of the region. Immigration went down sweepingly. With 21.500 people entering the region in 1992, only 12.100 did so in 2000. By 2007, the number of immigrants decreased thrice compared to the early 90s and constituted less than 7.000 people<sup>8</sup>.

The negative migration balance increased dramatically in the mid 90s and exceeded 10.000 people. Further on, there was a gradual decrease to 2-3.000 people in the late 90s. Currently, the negative migration balance has settled at a high level of 3-4.000 people. Based on its relative indicators, the migration losses of the region have gone down from 15.7% in 1996 to 7.2% in 2007 (table 1).

A special place in Transnistrian migration processes belongs to transit migration through the territory of Transnistria to Moldova and countries of the European Union. However, the type of migration pattern along this route is distinctly limited by border barriers of the migration services of Ukraine, Transnistria, Moldova, and Romania. That is why the major migration flows by-pass the region.

In the 90s, the push factors of emigration changed from military-political in the first half of the decade into socio-economic at the turn of the centuries. During the 90s, the so-called “shuttle-migration” to the Odessa “Seventh kilometre” wholesale market, to Romania, Turkey, Poland

and other countries gathered huge momentum. However, the emigration geography has maintained its stability over the last decades – more than 50% leave for Russia, about 30% for Ukraine, about 15% for countries of the far abroad, and 5% for other CIS countries.

2007 data on departures from the republic shows a figure in excess of 10.000 people but does not reflect the real magnitude of labour emigration. As for the main causes of labour migration, specialists refer to an observed long-standing stagnation in the economy of Transnistria, people's dissatisfaction with low wages as well as the standard of life and social security, steady decline in the number of jobs, and uncertainty of the politico-legal status of the republic. Over the past several years about 200.000 people left the republic, which amounts to almost a quarter of the population, with the majority of those who are leaving representing the most economically active and capable working group of citizens (25-40 years). Young people leave Transnistria predominantly irreversibly.

According to some estimates, 50.000 to 100.000 Transnistrians are outside Transnistria. Following estimates by the National Commission on Population and Development of the Republic of Moldova (based on data of foreign statistical services), 600.000 to 900.000 citizens of the RM have left the territory subordinated to Chisinau with the purpose of finding dignified wages<sup>6</sup>.

An important step towards raising the effectiveness of migration control in 2005-2007 was the program of computerisation of migration control points. In the framework of this program, a common information network was developed, and the "Litso" (The Face) program was commissioned, which enabled raising the effectiveness of work related to identification and detention of various categories of illegal migrants – persons evading military service in the Transnistrian armed forces, stateless persons and others.

In recent years, the magnitude of the migration load on migration control points has been rising sharply. In 2007, the flow of foreign citizens coming to Transnistria increased significantly. Thus, within 12 months, 262 622 foreign citizens (+164.2%) entered the territory of the republic and 1 091 499 (2.7%) foreigners transited it. Besides that, the border was crossed by TMR citizens 3 998 891 times. The magnitude of illegal migration in Transnistria and through the territory of Transnistria is rising. In the reporting period, migration control units marked a significant increase (9% compared to 2006) in the number of administrative protocols for violation of the rules of stay in the territory of Transnistria, as well as transit of foreign citizens and stateless persons through the territory of Transnistria<sup>10</sup>.

An important consequence of the conflict, of the complex socio-economic situation and uncertainty of the political status (meaning the future of the region) is the large scale of **natural decline** of the population (contracted population reproduction). The demographic echo of the conflict in the form of decrease in birth rates and increase in deaths rate still has a highly negative impact on various socio-economic parameters of the region.

**Table 1** Migration processes dynamics, thousand people (1990-2007)<sup>9</sup>.

Year	Emigration	Immigration	Balance
1990	32.9	36.0	+3.1
1991	29.1	30.4	+1.3
1992	21.5	32.2	+10.7
1993	21.5	22.7	+1.2
1994	20.2	18.3	-1.9
1995	22.8	14.5	-8.3
1996	23.1	12.4	-10.7
1997	20.3	14.7	-5.6
1998	17.2	14.5	-2.7
1999	16.8	13.7	-3.1
2000	17.5	12.1	-5.4
2001	18.1	12.0	-6.1
2002	16.8	11.4	-5.4
2003	15.4	9.5	-5.9
2004	12.8	8.6	-4.2
2005	11.7	8.4	-3.3
2006	10.9	7.4	-3.5
2007	10.8	7.0	-3.8

A most severe consequence of the early 90s' conflict is a sharp decrease in child-bearing in the republic. The birth rate dynamics was explosion-like. Starting from 1995, the birth rate in absolute terms started decreasing particularly quickly. If in the period 1991-1994 the number of births exceeded 8.000 people yearly, then in the period 1995-2000 it was slightly higher than 5.000 people. Later on, the birth rate decreased by another 10-15%. Within the period 2001-2007, the absolute birth rate had a steady (but weak) tendency of growth. Keeping in mind the decrease in the population of Transnistria, the relative birth rates were optimistic. If over the 90s the relative birth rates went down from 9-10% to 7-8%, then in the recent years there is a stable growth in the birth rate and in 2007 this indicator went beyond 9% again (Table 2).

Decrease in the birth rate is catastrophic for the demographic situation in the region. Information on births is obtained from annual statistical analysis of data of civil registry bodies (the number of the born includes only the number of those born alive). This echo is especially badly felt today – from 1990, the number of school pupils decreased by more than 1/3, and students by 1/4. This situation calls for a cardinal reduction and change in the structure of the republic's education system. Further on, the demographic situation in the "youth sector" of the population of Transnistria will only go on deteriorating, as the sex-age composition of the population is emptied of people of the reproduction age. The low birth rate in the region is first and foremost conditioned by the uncertainty of the future status of Transnistria, meaning also the uncertainty of perspectives for future generations of Transnistrians. Over almost two decades, Transnistrians have been forced to limit the birth rate consciously, and the low standard of life is not the main reason for this.

It should be noted that the birth rate depends not only on the standard of life, but also on a number of non-economic factors. Such an important constituent as the broadly discussed "system of values" is referred here. However, less is done to build it into the society. This is the reason why the oncoming generation does not strive to attain high moral targets. Besides, according to modern scientific beliefs, the nation's health status (being both quantitative and qualitative birth rates) depends on the standard of medical service only to 10-15%. The key role is with other factors: healthy lifestyle, interpersonal relations, hygiene, correct nutrition, organisation of leisure activity, sports activity (not as fans in front of a TV set), state of the environment, and level of security and comfort of labour and everyday life.

Apart from massive emigration, there is a growth in the population death rate in the region (including infant mortality). The trends in the death rate of the population of Transnistria have been slightly different over the last 20 years. Thus, the number of the deceased has been steadily growing. If in 1991-1997 the yearly mortality reached and went beyond 8.000 people, then until the end of the century the absolute mortality rates decreased again. Over the period of 2002-2007, the absolute mortality rates remained at their high level (as a result of ageing of the age composition of the population) – more than 8.000 people per year. Keeping in mind the population decline

**Table 2** Dynamics of natural movement of the population, thousand people (1990-2007)<sup>11</sup>.

Year	Birth rate	Death rate	Increase (decrease)
1990	12.0	6.1	+5.9
1991	11.0	8.0	+3.0
1992	8.7	7.5	+1.2
1993	8.3	7.3	+1.0
1994	8.3	8.4	-0.1
1995	7.1	8.2	-1.1
1996	6.1	8.2	-2.1
1997	5.8	8.3	-2.5
1998	5.4	7.8	-2.4
1999	5.1	7.6	-2.5
2000	5.0	7.8	-2.8
2001	4.5	7.8	-3.3
2002	4.6	8.1	-3.5
2003	4.4	8.2	-3.8
2004	4.8	8.0	-3.2
2005	4.7	8.2	-3.5
2006	4.9	8.3	-3.4
2007	4.9	8.1	-3.2

in the region, the relative mortality rates increased approximately 2 times – from 8.3% in 1990 to 15.3% in 2007.<sup>12</sup>

The source of information about the causes of death are records in the medical certificates of death that are filled in by doctors and relate to the illness, accident, homicide, suicide and other external causes of death. These documents along with certificates of registration of death are forwarded for aggregation to state statistical authorities.

The main medical cause of high mortality is cardiovascular and oncological diseases. In the recent years, there has been a sharp increase in the number of oncological causes of death. The indirect cause is the low socio-economic standard of life, alcohol abuse in most of the population, and deterioration of the environment. Meanwhile, it should be noted that oncology is getting significantly “younger”. According to the statistics, more than 10.000 residents of Transdnistria are addicted to alcohol. However, the real number is at least 5 times higher. Also, more than 2.000 people are drug addicts. The situation is complicated by the socio-psychological climate. Also, the population mortality has an impact on the level of general culture, public health and research and education development of the society.

According to the “Tiraspol Clinical Centre of Outpatient Service” of the University, over the last 4 years (2003-2007), the number of born children increased from 7 to 9 per 1000 people. Obviously, it does not change the situation at a qualitative level, as the birth level remains critically low. Over the same period, the rate of infant mortality decreased from 18% to 11%, with the general infant morbidity being increased (respiratory diseases dominate). Most newborns are underweight and immunosuppressed, caused by the low standard of life of young families, negligence of pregnant women towards their health – abuse of alcohol and drugs both before and during pregnancy.

The comparison of relative birth and death rates gives an idea of the magnitude of natural population decline in Transdnistria. Annually, the natural decrease in the population of the region constitutes 6-7%. Such magnitude of the natural population decline is specific for Moldova and many areas of Ukraine.

Significant differences in the natural decrease between the population of urban and rural localities are typical for the republic. There are traditionally higher birth rate indicators and relatively low death rates, which is explained by a younger age composition of the population, attraction of migrants of reproductive age from rural areas and registration of the number of births at municipal maternity clinics. In rural localities, contracted reproduction was registered back in 1991, while in cities, the natural population decline was registered much later in 1996.

The demographic situation in the region reflects upon the nature of divorce proceedings. Within the 90s, the number of marriages went down from 6.3 to 4.3 per 1000 residents a year. In recent years, that figure has been rising steadily, surpassing 7.0 marriages per 1000 residents. The number of divorce proceedings is slowly decreasing. All this leads to an notable increase in the number of families and legitimate births. However, natural population decline has resulted in a decrease in the average family size. Generally, Transdnistria does not differ from Moldova and Ukraine in these indicators.

Today, in Transdnistria, there are about 60 divorces per 100 marriages, and 108 abortions per 100 infants born. In a few years, large families have become half as many, and young spouses typically do not hurry to have a second child. Even in the mother’s womb, the child demands massive investment, while the birth of a first child undermines the family budget significantly. Education and maintenance of the younger generation becomes more and more costly, while parents’ wages have “frozen” at the level of USD 120<sup>13</sup>.

The freezing of the conflict had a direct impact on the Transdnistrian labour market. **Deformation of the labour market** manifests itself through deficit of highly-skilled specialists, absence

of demand in the region for many qualifications, growth of unemployment. During the last years, the rate of official unemployment has changed to 2.000-3.000 people, amounting to 2% of the number of employed in the republic’s economy. Dissatisfaction among young specialists with the offered labour compensation and dissatisfaction among employers with the level of training of young specialists pushes the latter ones towards looking for employment outside the region. There were also significant changes in the system of training and use of specialists – demand for technical qualifications.

Whilst 273.000 people were engaged in the economy of Transdnistria in 1991, this number went down to 130.000 in 2007. At the same time, only 60.000 to 70.000 people work in the real sector of the economy producing goods of material value. As a matter of urgency, there is a need to develop a system of efficient measures to strengthen highly skilled staff and reduce “brain drain”.

The structure of the economically active population was essentially reorganised during the period in question – employment decreased in the industrial and agricultural sectors and increased in service sectors. In 2008, 25% of the economically active population was employed in industry, more than 7% in agriculture, and more than 2/3 in the service sector (primarily in commerce and public catering, education, health and social security). Thus, the economic structure of Transdnistria is markedly post-industrial. Major privatisations between 2001-2005 and development of small business resulted in domination of employment in the non-governmental sector of the economy – about 2/3. Employment in the informal sector of the economy is reducing<sup>10</sup>.

The specific **features of human resource management** in Transdnistria are conditioned by the aggregate impact of macroeconomic processes of the late 20<sup>th</sup> and early 21<sup>st</sup> centuries that are specific for the whole post-Soviet economic space. Among them, the following features are identified as being the main ones:

- lack of optimal strategy of socio-economic development;
- low effectiveness of the mechanism of regulation of social and labour relations;
- giving up of constitutional guarantees for the right to labour and requirement of mandatory labour;
- loss of a considerable share of social guarantees typical for the centralised system of management;
- appearance of phenomena such as self-employment, entrepreneurship, hired labour, unemployment;
- imbalance of demand and supply in the labour market and the related risk of forced unemployment;
- economic reforms, privatisation of state property, development of corporate, group and private ownership;
- significantly more flexible labour market;
- increase in the dynamics of the labour market; and
- preservation of former elements along with the implementation of new elements of human resources management.<sup>12,13</sup>

Other specific features of human resources management in Transdnistria can include:

1. limited options in the choice of labour application for residents of rural localities;
2. feminisation of physically intensive labour, harmful for the health (in particular, in agriculture);
3. increased freeing up and inter-territorial and inter-sectoral redistribution of labour force;

4. increase in the number of permanent residents of Transnistria working outside of it and an insufficient level of legal protection of this category of citizens;
5. widely spread informal labour relations and the phenomena of violation of labour ethics;
6. insignificant disproportion between the level of official unemployment and quality of jobs showing that the unemployed do not wish to do certain kinds of work;
7. stable demand for highly-skilled labour force;
8. general increase in the number of unemployed and increase in unemployed among certain specialisations of graduates of educational institutions;
9. considerable reduction in job opportunities for persons needing social protection;
10. preservation, for most of the population, of elements of a “levelling” anti-market psychology<sup>14</sup>.

Structural change in the economy is one of the main factors influencing the status of the labour market in Transnistria. The process of reorganisation of a number of major Transnistrian enterprises had a significant impact on the level of employment. There was a certain impact on the labour market from the part of the processes of denationalisation, privatisation and development of private entrepreneurial initiative.

The employment structure was influenced by the institutional factor. Establishment of own state administration determined the necessity of highly-skilled managerial staff. This factor should be viewed as a serious limitation for the development prospects of Transnistria.

Analysis of the situation in the intellectual area of Transnistria shows that economic entities are not susceptible enough to scientific and technological advances and do not show any special interest towards development and implementation of innovative projects.

Thus far, there has been no efficient mechanism of highly skilled and highly intellectual labour stimulation in Transnistria, which is eloquently demonstrated by the levels of wages in the sphere of science and education.

The dynamic of employment rates is essentially influenced by the population’s mentality. As before, most of the population is waiting for employment guarantees from the state, while in the conditions of market economy (economy in transformation) the only guarantee can be high competitiveness of labour resources.

Identification of strategic aims of reforms in labour relations and principles of their implementation should originate from a simple truth – an employed citizen is a tax payer, while an unemployed citizen is an object of budget financing and a source of social issues. Therefore, the strategic function of labour market regulation is the facilitation of expansion of demand for labour and maintenance of efficient supply in the labour market. The realisation of this function should facilitate growth of macroeconomic efficiency, socio-political stability and a high standard of well-being of the population, as well as elimination (minimisation) of inequality in gaining and keeping employment on the basis of disability, family circumstances and other objective factors<sup>15</sup>.

The ultimate strategic aim of labour market reforms is *ensuring full and productive employment*. The most significant signs of full and productive employment model are:

- dynamic and reasonable employment structure compliant with positive tendencies in economic development and optimal structure of the economy;
- variety and flexibility of forms of employment that take into account the economic conditions, needs of production and personal interests of employees and employers both stipulated in labour legislation and special norms of labour regulation;
- market balance of demand and supply for labour based on balance between jobs and labour resources, establishment of an equilibrium price of labour force corresponding to its real value;

- efficient remuneration system fully realising its reproduction, regulation and stimulation functions, increase in the share of wages in the gross domestic product;
- maintenance of a maximum possible level of efficient employment and control of unemployment at a socially acceptable level;
- presence of state protection of labour and social rights of employees, maintenance of an acceptable level of income of the unemployed;
- minimum spread of informal labour relations, absolute domination of registered employment;
- high level of income tax collection and contributions to specialised social funds;
- low emigration orientation of highly skilled specialists;
- increased awareness among all parties of socio-labour relations in issues related to macroeconomic parameters and status of the labour market and their trends;
- presence of fundamental regulatory acts in the sphere of labour relations corresponding to social market economy requirements and independent labour dispute resolution institutes;
- efficient economic and social labour motivation regarded as means of ensuring decent standard of life and the leading sphere of personal self-realisation;
- satisfaction of the needs of the economy for highly skilled staff, high competitiveness of labour resources qualitatively compliant with the modern level of technical, technological and managerial development based on multi-profile professional training of employees, advanced ability to change types of activity in accordance with structural changes in the economy and market conditions in the labour market;
- high quality jobs getting closer to jobs in developed countries in terms of productivity, conditions and culture of the labour market<sup>16</sup>.

The emerged reproductory demographic situation significantly influences the *functioning of the system of social facilities* (preschool, school and out-of-school child care centres, and health and social security institutions). A decrease in the number of children and growth of the number of pensioners calls for reorganisation of the whole system of social institutions. Today, pressed by market conditions, the region’s authorities have to update and diversify the social infrastructure.

For example, most of Transnistrian kindergartens are currently working on a seasonal basis, which has a negative impact on the children’s education process. This also negatively affects the staff team. Working half a year, many specialists look for other jobs or quit their place of living. The demographic crisis resulted in a drastic decrease in the number of children. As a result, 135 children’s preschool educational institutions were closed in Transnistria in 10 years. At the same time, 40% of children that go to school did not attend kindergartens.

The situation in the system of secondary education institutions is not better either. For example, 16.000 pupils are now studying at the capital’s schools. For the first time during the last years, the number of first-grade pupils went up. However, during the first half of the year, 220 children of preschool age left Tiraspol, and only 22 entered the institutions. One out of ten – an unpromising figure. In the beginning of the 2007-2008 academic year, almost 16.000 thousand pupils came to school. This is 300 people less than last year, but more if compared to early 2000 when there was a 500-person yearly decrease in the number of school pupils, the main reason being emigration.

Transnistria is a region with a relatively high standard of life. However, this is confirmed only when compared to chronically depressive agrarian regions of Moldova. A significant part of the Transnistrian population does practically not live, it survives. The main reasons are massive unemployment, inflation and an extremely low standard of life of the population of the region, having an essential industrial infrastructure dating back from the Soviet times. If the most unfavourable

vourable existing demographic tendencies continue, then the 2008 population of Transnistria could be cut in half by 2015. At the same time, if the current dynamics of depopulation tendencies continue, Moldova will lose a similar number of its residents (270.000 people) albeit only by 2025. Already today though, demographers point out that the situation can enter a positive development stage both in Transnistria and in right bank Moldova by 2010<sup>17</sup>.

Nowadays, the **Transnistrians' income level is one of the lowest in Europe, though** prices for essential products are quite comparable to those in Moscow. At the same time, the population's purchasing power is constantly decreasing. In 2007, the inflation rate reached almost 30%. That is why the employable population's rush to leave the Republic is quite understandable. As a comparison, while the average wage of a Transnistrian is three times lower than that of a Russian citizen, prices for essential food products in Moscow and Tiraspol barely differ or in some cases are significantly higher. Thus, the main foodstuffs are 10-20% more expensive in Tiraspol than in Moscow. That is why the food basket of an average Transnistrian is much poorer than that of a Russian.

The danger is that, over the years, Transnistria **has not gained attraction** for its own young people and young families. Here, the higher educational institutions are valuable for converting diplomas to be able to go to Russia or to Ukraine. The republic is looking more and more like the Russian backwoods with only officials, pensioners, alcoholics and drug addicts gradually becoming the only people left behind. The phenomenon is not new though, as many Russian regions have already gone through this.

However, one vicious circle closed, and we now have the economic crisis which is pushing out the most active and reproductive population of the region, which leads to a deficit of highly skilled labour force and deterioration of the economic situation. The territory of Transnistria represents an area of demographic catastrophe being the greatest danger for Transnistrian statehood. The formula "No reason to live or be born here", with stabilisation of the socio-economic situation gradually loses its relevance.

According to expert opinion, in order to compensate for demographic losses, there should be not less than 4 children per 1 woman on average already today (while in Europe there are 2.1 children per 1 woman). So, while the elites continue to be concerned with themselves all be resolved without their unconstructive participation. However, the situation should not be dramatized, as the first half of 2008 was marked by a sharp growth in the birth rate (in some localities and administrative-territorial units by several factors). This is explained by the tendency of a certain stabilisation of the socio-economic situation in the region and essential growth of the standard of well-being, which became an important stabilising and stimulating psychological growth factor for population reproduction.

Thus, an essential factor of post-conflict demographic situation in the region and around it consists in the psychological (behavioural) mindset of the majority of the population. Over the whole of the Soviet period, some stereotype ideas about the society in Transnistria emerged that had to be changed in a quite painful process. Among them, the following could be marked out: presence of collectivist traditions; belief in absolute power of the state in regulation of socio-economic processes; perception of economic transformations based on accumulated Soviet experience; rejection of any liberal novelties; habit of populist governmental measures and state paternalism and protectionism in social and economic life; lack of own life experience of entrepreneurial activity and, consequently, association of market transformations exclusively with negative consequences; domination of ideological mindsets over real market mechanisms.

The low income level is the main reason for migration of the employable active population to neighbouring countries in a search for decent wages. According to official Transnistrian statistics, the population of the republic decreased by 7.000 people during the last year, partly

also because of the lack of proper medical services. Moreover, taking into account the existing demographic situation in the republic and the ongoing process of depopulation, according to expert opinion, with such tendencies, the population of Transnistria can reach about 300.000 people by 2015, meaning it may be reduced by half. The major decrease will be in the 20-45 year-old population.

From the demographic perspective, the **growth of the percentage of elderly people** (ageing of the age group) has a significant impact on the specifics of population reproduction, deteriorates the age-sex composition of the society, conditions decrease in the birth rate and increase in the death rate. From the economic perspective, there is a growth of the load of elderly people over the employable population and a decrease in natural replenishment of the labour force of Transnistria. There is also an increase in non-production costs of the society for maintenance and care for pensioners. From the social perspective, ageing of the age composition of the population calls for additional care for elderly people and results in an increase in the demand for specific services conditioned by the gerontological factor.

Already today, there are almost three social dependents per one employed. There are 134.000 pensioners registered in Transnistria, while the pensioner load coefficient (ratio of pensioners to average yearly number of the employed) grew 2.5 times compared to the early 90s. If in 1990 the ratio of the part of the population younger than the working age to the population older than the working age was respectively 197.000 to 114.000 people, then in 2007 it was 92.000 to 107.000 people. We should also consider that the majority of Transnistrian pensioners are former military of the Soviet and Russian Army, as well as their family members, whom the authorities of the region have to support, but whose level of support leaves much to be desired (fig. 1 and 2)<sup>18</sup>.

Notably, the generalised statistics do not provide a fairly clear picture of growth in negative tendencies of the age composition of Transnistria. Thus, structural analysis of the working age category shows that there is an especially big percentage of persons of pre-pension age in this age category (women – 50-55 years old, and men – 55-60 years old) – more than ¼ of the whole of the age category.

For Moldova, the demographic forecasts are somewhat more optimistic. According to forecasts of experts of the UN Population Fund, the number of children (younger than 15) will go down to 15% by 2025, while the percentage of elderly people (older than 60) will go up to 19%. Based on such an unfavourable demographic situation in both states, there is a stable "ageing" of the age composition of the population.

In 2008, a rather numerous group of citizens went on the pension: those born in the after-war years – men born in 1948 and women born in 1953. As a result, there was a significant increase in the demographic load on social institutions. As opposed to the countries of the European Union and Russia, there still remains a system of inefficient social protection in Transnistria (typical for an economy of survival) and there is no system of social care for pensioners.

Fig. 1 Age Composition of the Population of Transnistria (1995)

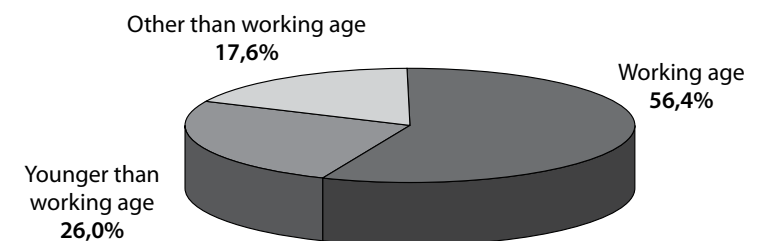
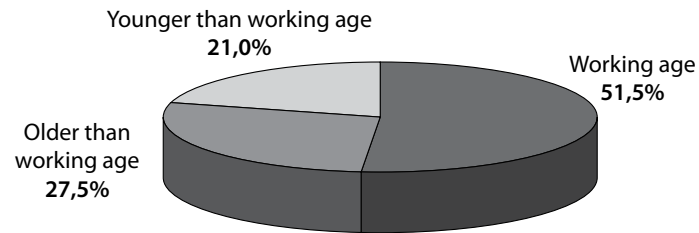


Fig. 2 Age Composition of the Population of Transnistria (2007)



As opposed to right bank Moldova, Transnistria is an urbanised region – there are more than 68% living in towns (according to the National Statistics Bureau of RM, urban residents constitute only 48% in Moldova). The breakdown of the population into urban and rural by the State Statistics Service is done according to the place of residence, where urban localities are the localities that are referred to the category of urban localities in due legislative order<sup>19</sup>.

By the late 20<sup>th</sup> century, the conflict (both in its hot and frozen stage) and depopulation resulted in significant **deformation of the system of settlement** of Transnistria. An especially negative demographic situation emerged in the rural area – some farms and small villages disappeared, medium-sized villages became deserted, and there were generally less people to be found in towns. The prolonged conflict made the life activity of the towns of Bendery and Dubasari, as well as many Transnistrian (and Moldovan) villages situated right in the conflict zone, much more complicated. The conflict changed drastically the functions of many localities and socio-economic parameters of their development. There was a need to divert many financial, public utility and production resources towards overcoming the negative consequences of the conflict and development in the conditions of the long-standing post-conflict period, as well as towards reforming the whole of the system of administrative-territorial management<sup>20</sup>.

The demographic crisis in the region was caused by a totality of negative political and socio-economic processes. Quite significant is the psychological fatigue of the population from the long-standing “suspended” state of the politico-legal status of Transnistria and the uncertainty of its development.

There are tentative symptoms of some stabilisation in the demographic situation. With the birth rate having a small but stable tendency for growth, the death rate (as a result of “ageing” of the age composition) continues to grow quickly. Immigration in Transnistria and emigration from it continue to go down because of poor migration allure of the region and a decrease in the number of potential young emigrants. However, these signs are seen on the background of “demographic margin” – natural and mechanical population decline start being a direct threat for the economic and political security of Transnistria.

Taking into account the perspective tendencies of growth in food and utility service prices, as well as the ongoing depopulation process, the decline in the population of Transnistria can be said to be reaching catastrophic sizes. Transnistria is a zone of special strategic interest to Russia. The population of the region will decrease by another 40-50.000 people in the coming 3-4 years. Over the period in question (after the “freezing” of the conflict), the republic lost almost a quarter of its population in a time of peace without genocide and political repressions, the absence of which does not necessarily need to be a basis for the international community’s ignoring of the forced migration of the population of Transnistria.

In the 21<sup>st</sup> century, the demographic situation in the region has tendencies to show stabilisation symptoms. This manifests itself in an increase in birth and marriage rates, decrease in emigration, and deceleration of depopulation. All this is favoured by an illusion of improvement in the socio-economic situation in the region and marked growth in the standard of well-being of the population (largely absorbed by inflation). The government strives to formulate a clear and efficient demographic policy. However, it is inefficient because of the uncertain status of the region and unsolved status of many current problems. The demographic crisis and economic hardships are supplemented by informational isolation of the region that distorts the real picture of demographic, social and economic developments in Transnistria.

**Ethnic aspects of the demographic situation** in Transnistria are essential, but insufficiently studied. Data on national composition of the population are calculated based on the results of the 2004 population census. On right bank Moldova, as opposed to Transnistria, there are notions of “titular nation” and “national minorities”. A rigid ethnocratic social system emerged here. Transnistria is home to several nationalities without a clear majority. This is the peculiarity of Transnistria. Most of the population is comprised of three ethnicities – Moldovans, Russians and Ukrainians. They are represented in approximately the same proportions and amount to more than 90% of the population of Transnistria (fig. 3)<sup>21</sup>.

A striking aspect in the mentality of Transnistrians that emerged over centuries consists in the consciousness of self and the future of their descendants outside of Moldova. In this context, it is very important to note the fact that during 18 years of existence of TMR, an entire generation grew up that relates neither to the USSR, nor to Moldova. A Transnistrian identification of the bulk of the population of the region was formed. This established mentality was formed on the basis of a single language of international communication dominating in the post-Soviet area – the Russian language. In Moldova, the Russian language is being gradually forced out of the socio-economic sphere.

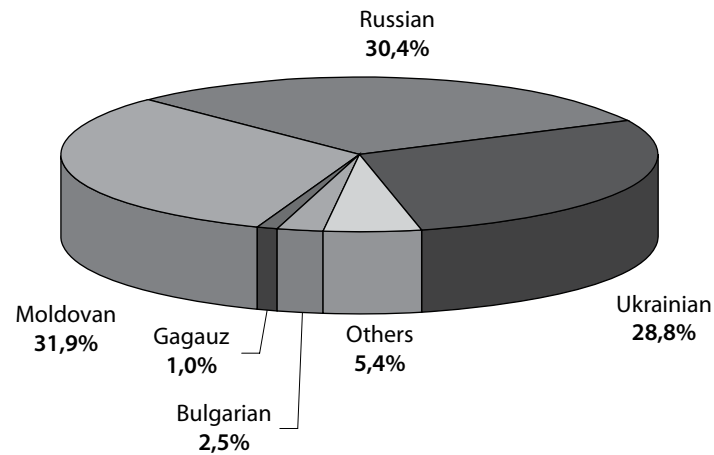
Beside the issue of nationality, there is a **conflict of geopolitical orientation of the two banks** (Moldova is turned to Brussels and Washington, and Transnistria to Russia) and a **conflict of identity** (a part of Moldovans on the right bank consider themselves Romanians, while Moldovans in Transnistria do not). In the coming years, the region can lose the role of Russia’s strategic base area in South East Europe – the Slavic element is being sweepingly washed out of the ethnic composition of the population, which is a framework of population’s self-identification in Transnistria. Earlier, the nationalist groups in Chisinau failed to instigate an inter-Transnistrian interethnic conflict, though big stakes were placed (and are still placed) on it. However, most of the population of the region identifies itself exactly as Transnistrians opposing themselves to residents of Moldova according to culture, language and, to a certain extent, religion. More than 90.000 Transnistrians have Russian citizenship, about 40.000 people are Ukrainian citizens, whilst more than 240.000 residents of the region have Moldovan citizenship (fig. 3).

In the region, there is an ongoing **monitoring of demographic processes**. It is performed by the State Statistics Service of the Ministry of Economy of TMR. Based on its data, the “Regional Research” R&D laboratory at the Chair of Economic Geography and Regional Economy of the “Shevchenko” Transnistrian University conducts a continuous analysis of demographic processes in the region<sup>22</sup>.

Post-war demographic processes have significantly changed the per capita indicators of socio-economic development – GDP, labour efficiency, consumer goods basket and other parameters of life standard of Transnistrians. That is why the demographic statistics need detailed analysis and critical understanding. Particularly, it is important to note socio-economic parameters of the demographic situation in the region. The state failed to show and prove the importance of



Fig. 3 Ethnic Composition of the Population of Transnistria, % (2007)



“preserving the population” to anybody, except to itself. It requires a development of an adequate demographic policy.

Utterly important for development of an efficient demographic policy is the formation of a *healthy morale and psychological climate* in the society. Thus, on 15 May 2008, on International Family Day, the “Obnovlenie” faction in the Supreme Council of Transnistria launched a series of round tables and discussions entitled “The Family – Hope for the Future”. A broad propaganda of healthy lifestyle and family values was started. On 8 July (the Day of Remembrance of Saint Peter and Fevronia of Murom, a good example of happy family life), it resulted in establishment of a new holiday – the Family Day<sup>23</sup>.

Despite counting on a far better situation, the parliaments and governments in Russia and Ukraine sounded the alarm. They developed and implemented special programmes and channelled huge resources towards solving demographic problems. In Moldova as well, the National Commission on Population and Development adopted a concept of a National Strategy for National Demographic Security. It controls resources of social and demographic funds, coordinates economic development processes with available human resources, and ensures long-term development of the country and alleviation of poverty. So far however, that concept does not work<sup>24</sup>.

It is known that demographic processes have a very big inertia. Steps taken in the recent years by the Transnistrian authorities will yield their first results only at the end of the next decade at best. Therefore, it is very important to develop a **legislative framework of demographic policy** already today. In 2006–2008, legal grounds of state demographic policy started to be laid in Transnistria.

Summarising the above, let us highlight the following demographic consequences of the uncompleted Transnistrian conflict and recommendations on their follow-up and overcoming:

- in the course of the second half of the 20th century, a peculiar Transnistrian mentality was formed, fundamentals of Transnistrian self-identification were formed, which distinguish the population of the region (irrespective of their nationalities) from the population of right bank Moldova;
- ethnic, linguistic and confessional aspects of the conflict between Transnistria and Moldova, probably play a significant role, but they are not studied well enough; and the

ethnic composition of the population and its citizenship determine electoral behaviour of the population;

- psychological tiredness of the population from the long-running “suspended” situation with the political-legal status of Transnistria is of major importance, and uncertainty of prospects of its further development negatively affects the demographic situation in the region;
- the military phase of exacerbation of the conflict turned the demographic situation in Transnistria around, and its evolution during the frozen phase lead to conservation of negative tendencies in the demographic situation;
- the situation is aggravated by incorrectness and incompatibility of many methodologies of the statistical demographic accounting in Transnistria and Moldova, as well as poor representation of statistical samples, of the current population accounting (especially on sites), results of the population census;
- scales, industrial composition and dynamics of socioeconomic processes directly depend on demographic tendencies and determine them per se, and this fact should not create an illusion of probability of separate resolution of political, demographic and economic problems;
- the demographic situation in Transnistria is characterized by gradually slowing down depopulation processes that have catastrophic implications for the socioeconomic development of the region; demographic and economic consequences of the conflict negatively affected development and territorial arrangement of the system of social sphere institutions, social composition and level of well-being of the population;
- the demographic situation in the region can be characterised as depopulated and is determined by large scales of natural and mechanical population loss, which are results of freezing of the conflict;
- negative demographic processes condition the deformation of the population makeup according to gender and age, activate “ageing” of the age structure of the population, reduction of life expectancy, distort proportions of the labour market and the structure of the economically active population;
- as average life expectancy of the population remains low, and chronic morbidity of the population is high, it prevents actual shifting of borders of pension age, which could be done by means of creating jobs for pensioners whose health allows them active involvement in economic activities;
- at the end of the 20th century the conflict (both in hot and frozen stages) and depopulation led to significant deformation of the system of resettlement of Transnistria – the vital functioning of the cities of Bendery and Dubosari is extremely complicated, as well as that of many Transnistrian and Moldovan villages that are located in the conflict zone;
- the state program “Young Family”, Motherhood and Childhood Protection Fund, various funds to support pensioners, veterans, disabled persons, orphans and other social structures have to mitigate negative demographic consequences of the conflict and of the post-war development of the region;
- the situation with a money-based incentivisation of birth rate on both banks of the Dniester/Nistru has to be recognized as unsatisfactory; and it would require elaboration of an additional flexible system of measures to provide assistance to mothers;
- it is recommended to elaborate unified statistical database to account for natural and mechanical population movement for further carrying out more representative joint demographic monitoring;

- for the future it is recommended to unify demographic and migration related legal acts of the TMR and Moldova.

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Valeriu Mosneaga

## MOLDOVAN POPULATION IN THE CONTEXT OF CURRENT MIGRATION PROCESSES

This article is intended to examine the current migration processes in the Republic of Moldova. The author analyses the main reasons people emigrate from the independent Moldova. In the first place, it is the dissolution of the Soviet Union, the socio-economic crisis which contributed to the processes of mass exodus and labour migration in a search for means of subsistence and physical survival. In the second place, it is the establishment of the newly independent states and the associated aggravation of interethnic relations. These processes were overlaid by the political and armed conflict that led to the civil war (1992). In the third place, it is the emergence of a democratic state that recognized freedom of choice and movement for its citizens who could freely leave the country of origin and residence and return to it. In the fourth place, it is the integration of the Republic of Moldova into international migration processes conditioned by globalization and economic internationalisation.

The article shows that Moldova has faced virtually all known forms of modern migration: emigration, immigration, repatriation, forced migration (refugees and internally displaced persons), economic (labour) migration, trafficking in human beings, illegal migration and illegal transit migration. Based on specific statistical and sociological materials, a conclusion is made that Moldova is a typical country of mass emigration.

The third part of the article analyses the main stages and specifics of migration policy of the Moldovan state. By defining the evolution of the migration policy from security to development the author marks four main stages, gives a detailed analysis of their specifics and identifies the major problems of the existing migration policy. The author notes that cooperation between Chisinau and Tiraspol in the field of migration has great potential, that the existing accumulated experience is not used and that there is virtually no exchange of information. The author thus makes a conclusion on the necessity of coordination of migration policies in close cooperation with each other, as well as with international organizations and recipient states of labour migrants.

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Moldova took the path of democratic transformations in all spheres of social life. It is actively integrating into the global community, including international migration processes.

This is no accident: migration processes are an integral component of social life. They are inextricably entwined with social development, experience its influence, and in essence act as a reflection and results of changes that occur in the society. The evolution of migration processes, the actualization of their various forms during certain social periods (time intervals) largely depend on the nature, efficiency and quality of social transformations. At the same time it should be mentioned, that *migration processes occur as immediate, reactive reflections of social transformations on the individual level, manifest themselves in human behaviour, and in active and mass participation of people in these processes.*

### 1. Main reasons of migration for the Moldovan population

The disintegration of the USSR and formation of New Independent States took place in the environment of clashes between different political powers and were accompanied by aggravation of interethnic relations, at times by the worst forms of ethnic and military conflicts; they served as an impetus for repatriation to the historic homelands. Internal migration processes within the USSR gradually transformed into migration processes between New Independent post-Soviet States, countries of the “new” (“near”) abroad. This led, on the one hand, to the curtailing of traditional migrations – economic, family, education related migrations. On the other hand, animated processes of ethnic

emigration, repatriation to the historic homelands, led to the appearance of massive flows of refugees, forced migrants and displaced people, fleeing from the horrors of war and combat operations.

After the declaration of its independence in 1991, the Republic of Moldova laid the course for building an open democratic society. The liberalization of travel (entry/exit) procedures and border crossing procedures contributed to a more active involvement of the country in global migration processes and resulted in liberation of the migration potential of the population of the Republic. Emigration from Moldova increased, and more active adoption of migration exploration took place which did not only concern the already familiar post-Soviet space (the “new” abroad), but that of other countries as well (the “far” abroad). The migration motives and strategies of the out-flowing population expanded in addition to traditional emigration for permanent residence, commercial (including “shuttle”), business, labour (in all its diversity), educational and other forms of migration become increasingly important.

Moldova faced difficulties typical for a transition period – the inefficiency of economic and social reforms, economic crisis and decline in production, inflation, growing unemployment, cut-down of social expenditures, downswing of incomes of most of the population, all have affected the development of the migration situation. Two main factors which “incited” migration, mostly illegal, in a search for a “better life”, are the following: the regional financial crisis of 1998; a considerable demand for cheap labour force in constructions, in the service sector, and particularly in the sex industry of developed countries; and serious differences in remuneration of labour domestically and abroad.

## 2. Current forms of migration processes

### 2.1. Emigration

The formation of an independent Moldova led to the appearance of full-fledged external migration of the population resting on the constitutional right of each citizen to a free exit from the country. Since the end of the 1980s one can observe an increase in emigration, determined by a variety of political or socioeconomic reasons besides family reunion and departure to the historic homeland. At the same time it should be mentioned that starting from the second half of the 1990s, socioeconomic reasons began to dominate the choice for emigration of the Moldovan population. Sociopolitical reasons, fear of interethnic confrontation, armed conflict were less and less at the heart of the choice. Massive emigration was typical to both banks of the Nistru / Dniester.

In our opinion, this was also conditioned by the fact that during the Soviet period Moldova was strongly integrated in migration processes inside the Soviet Union. Residents of Moldova went to other regions of the huge country in search of high earnings (Far North, Western and Eastern Siberia, Far East, Kazakhstan). At the same time, many migrants came to Moldova from Russia and other Soviet republics to advance the industrialization of the country. Meanwhile, in both cases, both voluntary and voluntary-compulsory forms of migration (“org-nabor” or “organizational enrolment”) were used. Of course, disintegration of the Union marked people’s emigration strategies, particularly in the first generation migrants.

Among the most attractive emigration countries for those coming from Moldova-Transdnistria we find: Israel, USA, Germany, Russia and Ukraine, which together account for the vast majority of emigrants (almost 98%). The share of each of these countries in the emigrational exodus from Moldova constitutes respectively: Russia – 28.5%; Israel – 24.6%; Ukraine – 22.5%; USA – 11.7%; Germany – 9.4%. The share of Russia and Ukraine has grown in country preferences of emigrants. In the 21<sup>st</sup> century the aggregate share of Russia and Ukraine’s has grown from 55.2% (in 2000) to 78.4% (in 2006). Moreover, in the second period (1998-2006) Russia’s share increased to 37.2% (1990-1996 – 24.5%) and Ukraine’s to 23.5% (1990-1996 – 22.1%). In that same period of time, Israel’s share

decreased from 32.1% to 8% (the overwhelming majority of Jews had already realized their plans whilst USA's share increased from 10.6% to 14.1%, and Germany's – from 7.9% to 12.6%).<sup>1</sup>

Notably, there is a tendency of decreasing flows related to categorical departure (emigration) for permanent residence abroad. In our opinion, this is related both to a change in the basic reason for emigration and to complication in the migration strategy, as people go to work, joining the international labour migration. Furthermore, being in the country of residence, a significant part of labour migrants makes a choice in favour of the new homeland by taking steps to reintegrate in the recipient country.

Results of sociological research<sup>2</sup> show that the population of Moldova-Transnistria has a rather high emigrational potential.

**Table 1.** Migration orientations of the population of the right/left-bank Moldova (%)

	Right bank	Left bank
Number of questionnaires before weighing	1125	730
<b>17. Would you like to go to Russia for permanent residence?</b>		
Yes, already going to move to Russia	1.9	5.3
Yes, I would like to	25.1	40.5
No, I would not like to	66	42.5
Don't know	7.1	11.6
<b>18. In case you have children, would you like them to move to Russia?</b>		
Yes, they are already going to move to Russia	4.5	3.4
Yes, I would like to	26	34.8
No, I would not like to	38.1	19.6
I do not have children	19.2	27.1
Don't know	12.1	15.1
<b>19. Would you like your children to get education abroad?</b>		
No, I would like my children to study in our country	20.7	13.7
Yes, in Russia	19.9	47.4
Yes, in one of the countries of the European Union	20.9	14.7
Yes, in the USA	5.3	2.8
Yes, in Turkey	0.3	0
Yes, in some other country	11.9	8.5
I do not plan to give my children higher education	6.5	3.6
Don't know	19.9	19
<b>20. For the last ten years, have you been to Russia, and if yes, how many times?</b>		
Haven't been	69	47.8
Have been once	7.7	16.2
Have been several times	14	25.5
Go there from time to time (approximately once in every one or two years)	4	3.4

\* Practically, there is a lack of research in general methodology on the left bank and the right bank of the Nistru / Dniester. This relates particularly to the problem of migration. Some information on the views of the Moldovan population on migration can be obtained from a sociological research, which was conducted independently on the right and the left banks of the Nistru / Dniester using a general methodology, in the summer and autumn of 2007 by the sociological services "CBS AXA Ltd" (Republic of Moldova) and "Новый век" [New Age] (Transnistria) in the framework of the 8<sup>th</sup> wave of monitoring of social attitudes of the population of post-soviet countries. The research was not intended to study the emigrational climate in the population, so their results should be viewed primarily as a reflection of certain tendencies, and not as a qualitative measurement indicative of emigrational orientations of the Moldovan population.

Go there often (more often than once in every year)	4.4	4.7
Have been	21.7	41.6
It happens	8.4	8.1
Don't know	0.9	2.5
<b>21. What was the main purpose of your trips? (% of those having been to Russia)</b>		
Visiting friends or relatives ("for a visit")	28.9	52.2
Needs of business	9.5	21.3
Tourism, vacation	7.4	9.7
Receiving education	1.1	3.1
Scientific, cultural and other contacts	0	1
Doing business, including trade	2.9	6.3
I work / worked in Russia	41	16.3
Other purposes	0.9	6.8
Don't know	8.3	5.2

## 2.2. Immigration

Moldova is a country of both legal and illegal immigration. However, immigration processes affect both Transnistria and right-bank Moldova. Growing globalization draws new migrants into the migration processes. In these conditions, the major Euro-Asian migration transit (the "silk road") has got new impulses for its development. In this context both banks of the Nistru/ Dniester feel consequences of illegal transit migration.

Since 1990, the Moldovan state has embarked on a policy of allocation of immigrants' quotas. In the period of 1992–2006, the annual quota practically did not change and was about 2200 people. During that period of time, around 22.000 people entered the country, with a total quota equal to almost 30.000 people. This means that the immigration quota has never been completely covered. At the same time, about 3.000 immigrants reside in the country permanently and legally (studies or work).

Legal immigration follows traditional lines: family reunion, studies or work. There is continuous growth in the number of immigrants arriving into the country for temporary residence (studies and work) and, at the same time, the number of people coming for permanent residence is decreasing. We believe that this tendency will continue into the future. The reason for that is the negative socioeconomic appeal of the country (being one of the poorest countries of Europe) and the low living standards of the population.

Historically, most of immigrants arrived from Ukraine, Russia, Romania and Arab countries composing over 100 nationalities. Mostly they are Russians and Arabs, Ukrainians, Romanians, Moldovans from other states. The number of Russians and Ukrainians in the immigration flow decreased considerably and nowadays comprises less than 25% (in 1992 – 2/3). In our opinion, this indicates a transit from the post-Soviet (CIS) to the international model of migration.

Illegal migration is basically represented by citizens of CIS countries making use of the visa-free regime who come and remain in Moldova for work. This is mostly true for Azeris, Russians, and Ukrainians.

A new phenomenon in the Moldovan migration processes is illegal migration, both from CIS countries and from countries of "far" abroad, mostly people from Southeast Asia and Africa. These are partly persons who resided in Moldova and who do not want or cannot return to their home countries (students). They are also considered illegal transit migrants who, taking advantage of relative "transparency" of the CIS borders, try to make their way to Western European countries.

One of informal routes of illegal transit migration to Western Europe goes through Moldova. However, as opposed to other routes such as those through Belarus or Ukraine, the Moldovan route is less popular.

The number of illegal transit migrants is not significant. They arrive from Ukraine and Russia (the “great Eurasian migration transit”) trying to find new ways into European Union countries. Most often these are the Afghans, Pakistani, Iraqi, Senegalese, citizens of Mali, and other African countries.

This is to testify that Moldova is being integrated into the global migration system characterized by massive movements of people along the axes of “East-West” and “South-North”. Here the “East-West” migration vector is dominating and, in this context, cooperation, the joint work of right bank Moldova and Transnistria and of the countries of the region as a whole with a view to counteract illegal transit migration becomes necessary.

### 2.3. Involuntary migration

Refugees and internally displaced people appeared in Moldova because of the armed conflict (March-July 1992). Altogether, approximately 800 people died during the period of armed conflict (on the Moldovan side – some 320 people, and on the Transnistrian side – some 425 people). The direct material damage resulting from combat operations was about USD 400 mln.<sup>2</sup>

However, we should not place excessive emphasis on the role and influence of the conflict on migration of the population, aggravation of financial condition of people on both banks\*. In our opinion, the armed conflict did nothing but aggravate the situation associated with the break-up of intra-republican economic relations dating from the USSR period. Confrontation between the left and right banks resulted in a breakdown of intra-republican economic relations. In the period of greatest alienation between Chisinau and Tiraspol, the share of economic cooperation between the left and the right banks comprised six percent<sup>3</sup>.

During the conflict, about 100.000 refugees were registered, including: in Belarus (859), Russia (17.346), Ukraine (61.000, including more than 30.000 children) and “old abroad” states (about 20.000 people)<sup>4</sup>. Upon the end of the combat in the Eastern region of Moldova basically all refugees to Ukraine returned to their places of permanent residence<sup>5</sup>.

As Internally Displaced People, 51.289 people (including 28.746 children) were registered in the right-bank Moldova. Women, children and pensioners amounted in total to about 95%. About 80% of internally displaced people were ethnic Moldovans.

The end of the combat, the reaching of a Russia and OSCE mediated agreement on free return of people to places of permanent residence made it possible to quickly solve the problem of displaced people. The vast majority of people returned to places of permanent residence. Today the problem of displaced people as a massive social phenomenon has basically been solved. However, there are still a certain number of people who have not returned (about 200 families) on the right bank, for whom the problem persists (mostly concerning housing issues).

With the signature in 2002 of the UN Convention (1951) and Additional Protocol (1967) Moldova started to actively involve itself in international refugee assistance programs. In total, during this period, over 400 people in the country obtained refugee status and about 600 people were recognized as seeking asylum. Among them there are representatives of all continents, more than 25 countries of the world. Most of those relying on international humanitarian assistance are Chechens coming from Russia (40%).

### 2.5. Economic migration

Globalization and the economic crisis in the country conditioned the growth of economic migration of the Moldovan population. Economic migration becomes the major one, defining the “Moldovan image” in international migration processes.

\* In 1990-1992, in the period of aggravation of interethnic relations in the Republic, and of escalation of the conflict between the left and right bank, a certain movement of people occurred for permanent residence from the left to the right bank and vice versa. In 1990-1992 their number was of about 3.000.

The first form of economic migration was *commercial* (“shuttle”) migration that started both in right bank Moldova and in Transnistria at the beginning of the 1990s and reached its peak in the mid 1990s. Up to 300.000 people were involved in commercial migration. Major routes of commercial migration were in, or crossed Turkey, Poland, Russia, Romania and Germany<sup>6</sup>. Thanks to commercial migration, people managed to survive physically, small business started to emerge and a middle class began evolving. However, introduction of the visa regime, complication of customs control, equalization of prices in post-communist states, activation of large and medium-sized businesses in export-import transactions made it profitless for an individual “shuttle”-migrant, and, as a consequence, in the second half of the decade, the “shuttle” migration practically disappeared.

On both banks of the Nistru / Dniester *labour migration* is increasingly gaining momentum. Unfortunately, we do not have statistical and sociological data about the number of people involved in international labour migration in Transnistria. Empiric observations, expert assessments show that this is a massive phenomenon affecting all strata of society, all localities of the left bank.

Information on international labour migration of the right-bank population is much more abundant. It is structured, graded, and supported by monitoring measurements. Analysis of this information allows identifying some general patterns and tendencies that are characteristic not only for right-bank Moldova, but also for Transnistria.

Today, about 600.000 people are involved in labour migration, practically every third working-age resident of the Republic of Moldova. The mid-term (until 2010) prognosis on population development, GDP and remittances to Moldova in the context of labour migration of the population testify that there will be growth of labour migration in the Republic of Moldova regardless of the development of the socioeconomic situation<sup>7</sup>.

Moldovan labour migrants are more massively represented in Russia (60%), Italy (20%), Portugal (5%), Spain, Turkey, Greece, Romania, Ukraine – countries with a rather large informal sector of the economy. By nature of work and gender preference, the following destination countries stand out: for “male” (Russia, Ukraine, Spain and Portugal – construction) and for “female” (Italy, Turkey and Greece – service sector). At the same time, a tendency can be observed where migrants are concentrated in big agglomerations OR megalopolises: practically ¾ of all Moldovan labour migrants are concentrated in 10 cities (Moscow, Rome, Saint-Petersburg, Paris, Lisbon, Padua, Milan, Istanbul, Odessa and Tyumen).<sup>8</sup>

The Republic of Moldova is located at the interface of European (EU) and post-Soviet (CIS) migration systems, and therefore experiences their influence and growing competition. During the last decade, the role of the European migration system has increased due to a number of factors. The Western and South-Western vectors have gained more significance in labour migration of the population.

The labour migration processes touch upon and pierce through the Moldovan society throughout the country. At the beginning, representatives of national minorities were most active in labour migration. Today, it involves also representatives of all ethnic groups. At the same time, migration has identified country preferences of the population, conditioned by linguistic peculiarities. Transnistria, in its migration practice, is oriented more towards Russia, while Gagauzia – towards Russia and Turkey. The right bank Moldovans – towards Russia and European Union countries.

In labour migration, young and middle-aged people (more than 70% of migrants are younger than 40 and almost 40% are younger than 30) participate more actively. The average age of a labour migrant is 35-36. Despite the majority of them being men, the share of women still amounts to almost a quarter of all labour migrants from Moldova. Male labour-migrants are engaged primarily in construction, transportation, industry and agriculture. An overwhelming majority of

Moldovans work in construction – 51%. Female-migrants work in the service sector; trade; care of the aged, sick and children; as household servants; and in the sex service sector.

While there are no particular problems for Moldovan labour migrants in getting to Russia and Ukraine using the visa-free regime, in order to enter the European Union countries a visa is necessary, the non-official cost of which varies in the range of EUR 2,500–4,500. In many cases they turn to illegal ways of crossing borders of the EU member-states. The majority of labour migrants from Moldova get to recipient countries legally. However, their stay and labour activity are illegal. Illegal stay and labour activity have negative impact on the nature and working conditions, remuneration, social and legal protection, as well as social status. Also, most labour migrants solve their issues outside the Moldovan state and do not expect any state assistance with regards to their employment abroad.

Thanks to labour migration people are able to survive and maintain their families' welfare. In the process of migration, they get included in the culture of other countries and people, master foreign languages, take over technologies and professional skills, establish new contacts. The main positive impact is represented by remittances of labour migrants to their country of origin. Amounts of money grow from year to year. In terms of the share of remittances in the GDP, the Republic of Moldova ranks number one since 2006. (Table 2) The growth of cash income of the Moldovan population at the expense of remittances from abroad allows maintaining social stability in the country, decreases social tensions. Since the early 1990s there have been practically no open manifestations of the social conflict related to the population's financial problems in the Republic of Moldova. Exodus of unclaimed active working population mitigates the problem of domestic unemployment.

**Table 2.** Remittances from abroad, made by individual persons via commercial banks, mln. USD

year	1 <sup>st</sup> quarter		2 <sup>nd</sup> quarter		3 <sup>rd</sup> quarter		4 <sup>th</sup> quarter		Total	
	Total	Quick remittance systems	Total	Quick remittance systems	Total	Quick remittance systems	Total	Quick remittance systems	Total	Quick remittance systems
1999	12.4	5.7	20.2	11.3	26.1	16.1	30.9	19.1	89.6	52.2
2000	29.4	19.5	36.0	23.9	42.4	28.5	45.2	29.9	152.9	101.8
2001	42.6	28.7	45.3	31.0	59.9	38.5	64.2	41.9	212.0	140.1
2002	50.8	32.7	60.2	39.3	73.1	46.2	70.1	43.1	254.1	161.4
2003	61.6	35.6	76.1	42.5	90.9	50.2	89.1	47.7	317.8	176.1
2004	76.8	37.6	91.1	45.7	111.8	60.4	133.1	82.5	412.7	226.2
2005	120.1	81.2	181.8	132.6	197.1	146.7	184.3	137.3	683.2	497.8
2006	149.5	106.3	204.5	146.6	249.2	186.2	251.4	189.5	854.6	628.6
2007	209.5	146.3	265.3	193.9	367.8	285.4	375.7	294.1	1218.3	919.7

For reference:

	1995	1998	2000	2005	2006	2007
Remittances, total (mln. USD)	0.0	121.0	223.0	915.0	1.2	1.2
% to GDP	0.0	7.1	15.1	31.7	38.2	36.2

Source: National Bank of Moldova ([www.bnm.md](http://www.bnm.md), reviewed 14.03.2008)

Labour migration positively influences the social structure of Moldova by increasing the middle class and, correspondingly, decreasing the category of the poor and very poor. The finan-

cial condition of households whose members are involved in labour migration is good overall. Research has shown that in 2/3 of all households where there are migrants, financial welfare is formed primarily at the expense of remittances. In almost 40% of households, family welfare depends basically (more than 85%) on remittances.<sup>9</sup>

Most of the money arriving from labour migrants is guzzled away, just a relatively small part satisfies “development needs”: education, healthcare services, acquisition of modern products, start up or development of own business or development of local community.

The significant increase of the volume of production observed during last years has not generated any demand for labour force. On the contrary, the number of people engaged in the economy diminished. According to the World Bank data, ¾ of the people working in Moldova are the “working poor”. Low wages in the country and higher ones abroad still give an impetus for the skilled workers to go abroad. In Moldova this phenomenon is detrimental to the working force as it decreases the stability of the country's economic development.

Unjustified increases in prices occur for products and goods that are in demand primarily among well-off migrants' families. Poverty of families not having international labour migrants became more pronounced, which motives them even more in favour of migration.

An imbalance can also be seen in the sociodemographic structure of the Moldovan society, because the most active part of the population – young people – leave the country. When going to work abroad, many of them obtain legal status of residence and labour activity in the recipient country and take their children with them. In all localities of the country there are changes in the socio-demographic situation, especially in rural areas. Localities with no active working age men and/or women are becoming a wide-spread phenomenon.

Labour migration contributes to the strengthening of a family from the financial point of view, but destroys it morally as family members become strangers to each other. The number of children brought up in families of labour-migrant parents increases. According to UNICEF and the Centre for Information and Documentation on Children Rights, there are about 200.000 minors in the Republic of Moldova who remained alone or are raised by only one parent as a consequence of migration. While in 2000 they were 20%, in 2005 this number amounted to 38%. Children from labour-migrant families become a new risk, growing without parental warmth and education, being to a greater extent subjected to the influence of the street, socially and psychologically, morally and educationally disadvantaged. In many cases they become victims of the criminal environment.<sup>10</sup>By striving to earn more, labour migrants save at the expense of their own health and occupational safety. Hence, there are frequent cases of death, occupational traumatism, incidence rate and neglect. The “health threshold” of both labour migrants and the country's population as a whole decreases.

Another negative consequence of labour migration is the trafficking in human beings and subsequent sexual exploitation of young women and children, as well as the removal of and trafficking in human organs. In terms of this index the Republic of Moldova is one of the most unsafe European countries. Sexual labour migration leads to fall of the moral threshold in the population: there is moral rehabilitation of a prostitute's work, as it becomes recognized as a “normal” type of human activity.

Prospective plans of labour migrants are essential to understand the situation and perspectives of labour migration. It is worth stressing that every fifth respondent working in EU countries does not intend to return to his/her native land, and is in process of realizing or has already realized his/her striving to remain in the recipient country for permanent residence. This index is twice as low among labour migrants working in the Russian Federation.<sup>11</sup>

Such developments threaten with depopulation, exodus of young people and skilled labour force, the transformation of Moldova into a “sleeping-car”, and constitute a real danger to national

security. Besides that, we cannot miss the fact that exodus of citizens of younger ages challenges the prospects of democratic development of the country: the share and political significance of third-generation electorate heavily grows, their voice frequently becomes crucial in determining perspectives of sociopolitical development of the country.

Massive irregular migration has a negative impact on relations of the Moldovan state with countries that are recipients for our labour migrants. Illicit penetration and stay in a country and in many cases anti-social behavior have adverse effects on Moldova's image as that of a civilized, democratic state. Recently, another aspect of the problem of relations between Moldova and other states manifested itself in the context of international labour migration of Moldovan citizens. Moldovan labour migrants become a bargaining chip, an instrument of political pressure on Moldova on the part of Russia, its political and state structures. The 2005-2006 events are quite illustrative in this respect.

### 3. Migration policy of the Moldovan state

It is known that migration can be seen as a certain individual grade given by the population to the Government and its policy.<sup>7</sup> With the Government not taking real steps to create favourable conditions for the population's life and work (or these measures being poor or inefficient), the population "votes" with their feet, leaving to work abroad.

When analyzing the migration policy on the left and right bank, it should be mentioned that in Chisinau they have begun to realize that population migration is one of the most relevant and acute problems in the current development of the independent Moldovan state. For 15 years already the Republic of Moldova has been looking hard, and so far unsuccessfully, for a solution to this complex problem. Transnistria is yet to recognize it. That is why the experience of the Republic of Moldova in all its positive and negative implications could be useful for Tiraspol too, which still has to look for a solution and efficient democratic mechanisms to control migration processes.

Several main stages can be identified in the Moldovan migration policy and labour migration control.

*The first stage* (1990-1994) – control and regulation of migration processes that are typical for a Soviet or post-Soviet geopolitical space.

Migration policy relied on the Law "On migration" (December, 1990), and was oriented towards preservation of the republic's ethno-national identity, prevention of irregular immigration into Moldova from other republics of the USSR. With this purpose, the Parliament introduced the immigration quota equal to 0.05% of the existing population of the republic. This quota (its quantification) was approved and is again approved by the law each year. Among important legal acts adopted by Moldova during this period of time, we have to mention the Law "On citizenship" (1991).

Control over migration, including labour migration, was directed against immigrants, but did not concern the country's population leaving the Republic. After the Republic gained its independence, more and more people started going abroad in search for jobs. To regulate labour migration a number of regulations were approved, including the Decision of the RM Government "On adoption of the regulation on temporary employment of citizens of the Republic of Moldova abroad and foreign citizens in the Republic of Moldova" (December, 1991), Decision of the RM Government "On adoption of regulations on certification and licensing of physical and legal persons acting as mediators in organization of temporary employment of citizens of the Republic

<sup>7</sup> As G. Tapinos noted "a person's decision to emigrate is one's own decision, while a decision to stay is an expression of confidence towards the government and the market".

of Moldova abroad" (June, 1992), Decision of the RM Government "On modification of a number of decisions of the Government of the Republic of Moldova" (March, 1995).

Besides that, it should be taken into consideration that even back in Soviet times Moldova was a donor-republic in the sphere of labour migration: an essential part of the Moldovan population used to work in Siberia, Far North, and other regions of the USSR. Upon declaration of independence, many natives of Moldova started returning home. However, here they faced the problem of determining their length of service etc. At the same time, many people continued to work outside the Republic, going to work there. The problem of regulation of the legal status of these categories of workers appeared and became acute both in Moldova and outside of it, primarily in the CIS countries.

Trying to formalize a civilized divorce within the dissolved Union to protect the rights of Moldovan citizens who worked or still work outside of Moldova in the CIS countries, the Government of Moldova signed the Bishkek Agreements "On Visa-free movement of Citizens of the Commonwealth of Independent States in the territory of its participants" (1992) and entered into bilateral agreements on issues of labour migration with Russia (May, 1993), Ukraine (December, 1993), Belarus (May, 1994). In the framework of the CIS, Moldova signed an agreement "On guarantees of rights of citizens of CIS member-states in the sphere of pension schemes" (March, 1992) and "On cooperation in the sphere of occupational safety and definition of occupational traumatism obtained by workers located outside their country of residence" (December, 1994). In March 1995, Moldova ratified the Agreement "On cooperation in the sphere of labour force migration and social protection of labour migrants" (April, 1994) and others.

This period was also marked by aggravation of interethnic relations between representatives of different ethnic groups residing in the Republic. As a consequence, voluntary and forced migration developed massively. Besides emigration to other states, there intervened movement of people from the right to the left bank and vice versa. Refugees that appeared in the process of the armed conflict and internally displaced people required active policy from the country. In this period of time, about 40 regulations were adopted to solve the problems of these people, real steps were taken to accommodate people, provide them with food, jobs, transportation, medical, social, educational and other services. After armed hostilities were over, certain measures were taken to compensate people's financial damage caused by the war<sup>12</sup>. Most people returned to places of their permanent residence. Those who refused to return for political reasons had opportunities to solve their housing questions. Nevertheless, it should be mentioned that until now there are people who suffered as a result of the armed conflict and still cannot enjoy normal housing conditions.

In 1994, the Constitution of the country was adopted, stating a constitutional right for exit and entry of Moldovan citizens from/into the country. Based on constitutional provisions, the laws "On entry and exit into the Republic of Moldova" (1994), "On legal status of foreigners and apatrides" (1994) were adopted, which regulate various aspects of entry/exit of Moldovan population, legal status, stay and labour activity, integration of foreign citizens in the territory of Moldova.

A specialized state agency of the Republic of Moldova created in the Soviet period – Department of Migration within the Ministry of Labour, Social Protection and Family, deals with control over migration processes.

*The second stage* (1995-2000) is marked by an integration of the Republic in global, and primarily, European migration processes. We have to note that labour migration problems dominate in activities of state agencies. A peculiarity of this process is the fact that labour migration of the Moldovan population and integration into the global migration space of the state agencies that regulate it run as two independent, practically non-interacting processes. The population starts to include the all-European migration processes, not waiting for any support or assistance from the

state agencies. However, the respective state agencies do not strictly follow the problem of labour migration by the population as by European orientation priorities, adoption and borrowing of Western European countries' experience in the field of regulation and control of labour migration.

The regulatory framework for control of migration processes remains the same as the one developed in the period of 1990-1994.

The state strived to bring civilization and transparency into the population's labour migration processes. An effort was made to conclude bilateral agreements on problems of labour migration regulation with the states housing labour migrants from Moldova. The Ministry of Foreign Affairs of Moldova addressed respective agencies in 24 states (Bulgaria, Germany, Greece, Hungary, Israel, Estonia, Latvia, Lithuania, Poland, Canada, France, Czech Republic, Slovakia, Italy, Kuwait, Croatia, Slovenia, Macedonia, Bosnia and Herzegovina and others) with a proposal to conclude bilateral agreements on issues of labour migration of Moldovan citizens. However, this initiative as a whole did not get any support. Reluctance to cooperate was explained by complications in the national labour markets, by the large scale of unemployment. At the beginning of April 1997, Moldova signed an agreement "On admission and transfer of citizens illegally staying in the territory of the Republic of Moldova or Republic of Poland" with the Polish side being quite seriously exposed to illegal migration of Moldovan citizens. Later, similar agreements were signed with Hungary and Lithuania.

Steps were taken to deepen cooperation, particularly in the field of protection of the rights of citizens within the CIS.

In November 1997, the Government adopted a Decision "On temporary employment of labour migrants" establishing that "arrangement of temporary employment of Moldovan citizens abroad shall be performed only by economic entities licensed to carry out such activities in a capacity of mediators for the organization of temporary employment of Moldovan citizens abroad and having permission for organization of temporary employment of a specific number of workers emigrants in certain countries". This Decision approved a new "Regulation on temporary employment of labour migrants" specifying the firms that have received the right to find jobs for Moldovan citizens abroad. However, the measures taken did not ensure real cooperation of state agencies with civil society institutions, population and labour migrants.

Pressed by massive irregular labour migration of labour force from the East, Western European countries started practicing the policy of "closed doors", protecting their domestic labour markets. Pressure by the EU countries on the Moldovan leadership increased; it was requested to take more drastic measures to confront west-ward labour migration of the population as well as to combat trafficking in human beings.

The "tsunami" of remittances forced the Moldovan leadership to pay attention to the massive exodus of workers abroad. Interest in the topic of migration from state agencies and the society grew (donors, mass media and non-governmental organizations). Attempts were made to counteract activity of firms running their business on illegal labour migration. However, due to imperfection of the Moldovan legislation, they typically failed.

*The third stage* (2001–2006) – a drive to facilitate legalization of "illegal" migrants and protect their rights in recipient countries. This period is marked by activation and promotion of Moldovan migration structures among the population and on the international arena.

The Communists who came to power after the 2001 Parliamentary elections strengthened the role of the state in the field of migration control. An institutional reform took place in the field of migration control. The status of the State Migration Service increased, as well as its role and significance in the structure of the central executive power. In 2001 the State Migration Service was established by the Government of Moldova (since 2002 – Department of Migration, the status and functions of which are determined by the Parliament).

In the currently implemented migration policy, the Moldovan state strives to overcome deficiencies of the previous approaches to regulation and actual practice of migration control. The aim is defined as protection of both legal labour migrants and Moldovan illegal guest workers<sup>13</sup>, particularly by way of legalization.

The Department of Migration developed a concept of a migration policy of the Republic of Moldova that was adopted by the Parliament in October 2002. Besides that, a new version of the law "On migration" was prepared. The national legislation went through harmonization, adjustment to international standards. Moldova joined international instruments that regulate migration processes: the European Convention on the Legal Status of Migrant Workers; European Social Charter; European Convention on Social Security, agreement on cooperation between the Government of the Republic of Moldova and the International Organization for Migration (ratified by the Parliament in October 2002). Overall, Moldova ratified more than 20 international legal acts in the field of protection of rights of the people, labour migrants and refugees. On July 25, 2002, the Parliament adopted the Law "On refugees" that took effect from January 1, 2003.

The practice of signing agreements in the field of labour migration at the level of regions and administrative units begins its proliferation. (The practice of recruitment of Moldovan workers by foreign firms existed before. It's another matter that respective Moldovan agencies were not involved in this process). Thus, agreements were concluded between Moldovan partners (the State Migration Service, Foreign Employment Agency, Chisinau Mayor's Office) and a number of Italian regions in the field of temporary employment of Moldovan medical nurses, construction workers, welders etc. There are effective agreements on employment of Moldovan labour migrants with partners from the Czech Republic, Kuwait and other countries. Joint programs are being developed for the preparation, particularly language training, and further employment of specialists.

The Republic of Moldova initiated and signed an inter-governmental agreement with Italy, and negotiations on these issues are conducted with Spain and Portugal. Since 2003, Italy introduced quotas for Moldovan labour migrants into the National Yearly Plan. Moldovan quota for migrant workers in Italy increased from 500 (2003) to 6500 people (2008).

Cooperation is in progress within the CIS: the Convention on the Legal Status of Migrant Workers and Members of Their Families – citizens of CIS member-states, Agreement on General Principles of Cooperation Between CIS Member-States in the Field of Border Labour Migration (2002). The CIS Development Program for the period of 2005 contains a separate section was on "Creation of conditions for free movement of labour force" and the "Concept of gradual establishment of a Common Labour Market and regulation of migration of the CIS member-states Labour force".

In April 2005, in order to comply with the European standards of the migration institutional framework, the name of the specialized migration agency of the Republic of Moldova was changed – it became the National Bureau on Issues of Migration of the Republic of Moldova. The issue of migration is incorporated as a priority area in the Action Plan "The Republic of Moldova – European Union". Cooperation with relevant international institutions is being forged, the state's activity in the field of migration control is getting more intensive. In association with foreign partners (the Netherlands, Japan, the Czech Republic) implementation of a project began in the field of enhancing the quality of statistics and recording of migrants, crossing of state borders etc.

It should be mentioned that certain orderliness of migration processes largely depends on changes in the policy of acceptance of labour migrants in various states. The EU countries help Moldova in civilized decision making and labour migration control: in Italy, Portugal, Spain, and a number of other countries, migration amnesty is applied to Moldovan migrants as well. Unfortunately, it should be mentioned that most Western European countries are stably negative

<sup>13</sup> The State agency on employment of Moldovan citizens abroad was established in 2002.



in terms of their readiness to sign bilateral agreements with our country in the field of labour migration control.

Most labour migrants are integrated into the labour and legal environment of recipient countries without any help from the Moldovan state (only 6.000 Moldovan citizens requested assistance from the State Agency for Employment Abroad).

*The forth stage* (May 2006 - present) – rethinking conceptual approaches in the field of labour migration control, holding an institutional reform, close cooperation with the EU, counteracting illegal migration and illegal transit migration.

*Institutional reform.*

While there is an obvious increase in efforts by the state in the field of migration control, the main goal of legalization of the activity of Moldovan labour migrants abroad, their legal and social protection has not been reached. The reform was also conditioned by a change in priorities of the migration policy, by viewing it as an integral part of the social policy. Besides that, in its attempts to make the Moldovan system of migration control consistent with the system of management of migration processes inherent in the European Union countries, Moldova changed the nature and functions of the specialized migration structure. The National Migration Bureau was transformed into the National Employment Agency (Ministry of Economy and Trade) and the National Migration and Asylum Bureau (Ministry of Interior).

The main emphasis in migration control is made on work with immigrants, refugees and repatriates, implementation of adequate immigration policy, counteracting trafficking in human beings, illegal (irregular) and transit migration, granting asylums to refugees etc. This also reflects a certain rapprochement with the EU states in the field of migration control.

In August 2006, a Committee headed by the Vice Prime-Minister, Minister of Foreign Affairs and European Integration of the Republic of Moldova was established to coordinate activities related to migration.

*Improvement of the regulatory framework.*

The Republic of Moldova cooperates with specialized international agencies in the field of migration (International Organization for Migration, International Labour Organization, and the Office of the High Commissioner for Refugees). Currently a draft of the Law on Foreigners in the Republic of Moldova is in the process of being developed.

In July 2008, the “Law on Labour Migration” was adopted, which has in the focus of its attention counteraction of irregular labour migration. Legislators are tightening control over activities of agencies dealing with employment abroad: companies must submit quarterly reports to the National Bureau of Statistics and the Employment Agency with information on who, where and for what term left and when is going to return. Parents, before their departure to work abroad must notify the Agency and demonstrate that their children have not been left unattended.

Together with the International Organization for Migration an automated integrated information system was developed, a tender was held and companies providing the necessary technical support were determined. An Action Plan in the field of migration and asylum is in the process of being implemented. At the beginning of April 2008, a Centre on accommodation of illegal migrants was opened.

*Revision of the main goals and real labour migration control practice.*

Among Moldovan authorities an approach has been affirmed according to which labour migration processes control depends on solving the issues of combating poverty, boosting employment, growth of socioeconomic potential of the country and wellbeing of its citizens. Migration policy should be viewed in the context of social policy, subordination of migration policy goals to overall national priorities, their connection to country’s development perspectives.

Revival of the country’s economy is one of the main areas to decrease the number of national labour force emigrating in a search for wages correlating with international and central European standards. Meanwhile, revival of the economy should be based on a growth of direct investments in production (Government Program “Revival of the economy – revival of the country”).

Stress was laid on creation of conditions for normal labour activity for people in Moldova, reversal of migrant remittances towards investment, development of small and medium-sized businesses. With this aim, in 2007-2008, a project was underway “More than just combating poverty: development of legal and institutional structure and basic regulation in order to use remittances for the purposes of development of entrepreneurship in Moldova”. With this in mind, raising awareness of the population is perceived as important and necessary, informing labour migrants on advantages of bank transfers and on advantages of bank accounts.

Work with the “old” and “new” Moldovan expatriate community has been activated<sup>14</sup>, the National Action Plan developed by the National Bureau on Interethnic Relations is being implemented concerning management of the expatriate community, its involvement in the socio-economic development of Moldova.

*Close cooperation with the European Union in the field of migration control.*

Moldova conducts its migration policy in the context of migration initiatives of the European Union, including: reconciliation of the global approach to migration in the Eastern and South-Eastern regions of the European Union neighborhood; mobility and circular migration partnership; European Neighborhood and Cooperation Instrument; European Union Border Assistance Mission (EUBAM); “Black Sea Synergy”; new topical program on cooperation with third countries in the field of asylum and migration, creation of a common visa centre of the European Union; agreements on visa-regime simplification and on readmission.

Bearing in mind the date of completion of the Individual Action Plan “Republic of Moldova – European Union”, Moldovan authorities came forward with an initiative of signing a partnership document with the European Union. This document should be politically consolidated, providing for continuation of the existing Moldovan reforms related to European integration. Moldova does not insist to have this document called the Plan of Accession of the Republic of Moldova to the EU. Moldova wants this document to define clearly that Moldova is going to get access and opportunity to enjoy all the four freedoms offered to the European Union countries that are on their way of accession to this organization.

Moldova has expressed a wish to be a country of a “pilot” project on circular migration, made a number of proposals and remarks on improvement of the mechanism of circular migration and mobility. In June 2008, the Republic of Moldova was chosen as the country implementing the “pilot” project in the field of circular migration.

Generally, the Republic of Moldova gives a positive evaluation of the EUBAM Mission activity results: building confidence at the border, decrease in illegal migration as well as in drug trafficking and the scale of smuggling operations. As the President of the Republic of Moldova noted opportunities for legal business expanded due to the Mission’s activity; in 2007, export from right-bank Moldova to Transdnistria grew by 19% compared to 2005.<sup>15</sup>

Opening of the common EU visa-centre in 2007 involving 7 EU states having no embassies represented in Moldova. The Centre processed (consistent with established terms) 10 thousand visa-applications. In 2008, it is planned to expand its possibilities to 30.000 every year and increase the number of participating countries to 10. The practical activity of the Common Visa-Centre in Moldova was positively assessed by the European Union; experience of its establishment was used when organizing a similar agency in Montenegro.

After the Agreements on simplification of the visa regime and readmission were signed, since January 1, 2008, a simplified visa-regime was introduced between Moldova and European Union

countries. Thereby, processing of short-term visas was facilitated and the procedure was eased (number and terms of examination of documents). A lower fee was established, categories of persons qualifying to get free, multiple and longer term visas were determined. Unlike in case of other countries, the Agreement on re-admission of Moldovan citizens and third countries' citizens entering the European Union from the territory of the Republic of Moldova has been effective from January 1, 2008. Besides that, Moldova signed Agreements on readmission with the Czech Republic, Hungary, Lithuania, Poland, Romania, Ukraine, Norway, Switzerland, and Italy.

In the framework of the Budapest process, the Söderköping process, of regional cooperation in the context of the "Black Sea" Synergy, the Republic is involved in cooperation on such issues such as counteracting illegal migration, smuggling, trans-border crime, strengthening and technical modernization of border control, improvement of the process of data collection, information monitoring etc.

*Strengthening of actions related to organizers of trafficking in human beings, illegal migration.* In Moldova, the first attempts to combat illegal migration of the population initiated by international organizations were related to counteracting trafficking in human beings. According to recommendations of international organizations and in terms of the real situation, a National Working Group for combating trafficking in human beings was established by a Decision of the RM Government (May, 2000), being the National Partner in the implementation of the IOM Project on combating trafficking in human beings in the Republic of Moldova. At the same time, an Action Plan was developed on combating trafficking in human beings, which is implemented by state agencies in cooperation with non-governmental organizations. Within the Department for combating organized crime of the Ministry of Interior, a Division was established for combating trafficking in human beings.

With the goal of counteracting trafficking in human beings, various measures are being taken. First, informing the population about dangers and risks of illegal/irregular migration and trafficking for the purpose of labour or sexual exploitation. Second is the strengthening of the control over activities of travel agencies and employment agencies that help Moldovan citizens to find jobs abroad. Third, the punishment of those who organize, recruit and transfer "human commodity": Activity of the law enforcement bodies related to identification and combating crimes associated with trafficking in human beings became much more intense during recent years. Notwithstanding the work being done, there is still much room for improvement. First of all, this is related to incoherence of Moldovan authorities in terms of punishment of corrupt state officials that are "backing" illegal migration. Thus, the US State Department (Report on counteracting illegal migration and trafficking in human beings) refers Moldova to the group of countries that do nothing or pretend combating this social phenomenon.

With all the positive advances in migration management, a number of consequences should be stressed that minimize the efficiency of migration processes control in Moldova.

In the first place, there is selectivity in persecution and criminal penalty of state officials "backing" illegal migration and/or its organizers. Unfortunately, only a tough decision made by the US State Department made Moldovan authorities respond to it. During a meeting with the staff of the Centre for combating illegal migration, the President announced that the staff would be reduced by 50%. This decision does not comply with democratic principles, is of administrative nature and has nothing in common with targeted penal punishment of officials whose guilt was proved by the court.

In the second place, combating illegal migration is in many cases pretended, as preference is given to prohibitive administrative measures. For instance, unofficial recommendations could

\* A special article of the Penal Code "Pimping" (art. 105) is effective in Moldova since 1998. Since 2001 provisions related to trafficking of "human commodity", (art. 113-2 УК РМ).

be mentioned given to foreign consulates and related to limitation of the number of visas issued per one working day.

In the third place, complex long-term work with the expatriate community requiring a combination of patriotic, social-democratic, legal and informational dimensions is quite often replaced with bureaucratic approaches, calls to invest in the country's economy, a wish to play on migrants' nostalgia, their direct heartless deception.

In the fourth place, fairly putting emphasis on European integration of Moldova, on cooperation with the European Union in the field of migration control, Moldovan authorities miss the Eastern direction (CIS, Russia and Ukraine). Here, common measures are also needed in the field of labour migration, the counteraction of illegal migration and traffic in human beings with the purpose of exploitation in its various forms. Clearly, this aspect of activity cannot be neglected, especially in the context of growing competition for labour migrants, changes in the Russian migration policy as the main market of Moldovan labour force.

In the fifth place, cooperation with Transnistria in issues of counteraction of illegal migration remains at a very low level. With the assistance and support of the IOM Mission in Moldova, various events were organized on informing the population about trafficking of young women and girls with the purpose of sexual exploitation also in Transnistria. Non-governmental organizations on both banks of the Nistru / Dniester cooperate on the issue.

Let us point out that in terms of issues of counteraction of trafficking in human beings with the purpose of sexual exploitation, trade and removal of human organs, identification and punishment of the organizers, there is cooperation between both the Moldovan and Transnistrian law enforcement bodies. In other aspects related to migration control, monitoring and exchange of statistical data, information on migration processes, there has practically been no such cooperation since 1998. The Republic of Moldova is oriented towards requirements and cooperation with the European Union while Transnistria, in their control over migration processes, proceeds from principles and requirements applied in the Russian Federation.

In the sixth place, Moldova is a small country with a small labour market. By itself, it could not possibly become economically attractive for its population, is not able to minimize its labour emigration, decrease the risks of the European Union conditioned by illegal migration. In this context, let us point out that without a long-term, well-judged, focused investment policy from the European Union, all measures taken by Moldovan authorities related to migration control are not going to achieve the desired outcome.

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Anatol Rojco

## SOCIAL POLICY AND HUMAN DEVELOPMENT

The article analyses fundamental processes in the social sphere in Moldova-Transnistria and gives an assessment of the influence of social policy on human development. It is demonstrated that with similar social problems and their approximately similar severity, the solution of problems has been implemented under different scenarios. In right bank Moldova, the reforming of the social policy and adaptation of the social sphere to the market conditions have materialized in a relatively short period entailing a significant decrease in the population's life standard. In Transnistria, the process of movement of the social sphere to market conditions took much more time. The authorities placed the stake on populist solutions not always financially supported by own resources.

Based on official statistical information for 2001-2007, an analysis was carried out for the main indicators of the standard and conditions of life of right bank Moldovan and Transnistrian population, which included: income of the population and its structure; nominal and real wages; minimum salary; differentiation of wages; nominal and real pension; purchasing power of the income; level and profile of poverty. The analysis incorporated only those indicators calculated in right bank Moldova and in Transnistria using similar methods. Comparative analysis was carried out for indicators of the standard and conditions of life of the population of right bank Moldova and Transnistria and the neighbouring countries – Russia, Romania, Ukraine.

Proposals were developed on the establishment of a future social policy model based on common principles. The Moldovan-Transnistrian experience in the field of settlement of the most acute social problems was used for this purpose. Taking into account the necessity of building confidence between the population of the right and left banks of the Nistru / Dniester, this policy should be implemented gradually.

The solution to many social problems can be realised by common efforts of people from Moldova-Transnistria, something that creates favourable prerequisites for their unification. This deep confidence of the author is based not only on the results of his scientific activity, but also on the impression from numerous meetings with many people of different nationalities from towns and villages on both banks of the Nistru / Dniester; of different sexes, ages and professions and of varying social status.

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Two fundamental processes, which paradoxically blend with each other, are developing in the social sphere of Moldova and Transnistria.

**The first process** – improvement of the living standards, is characterized by the following:

- Increase in real income of the population and growth of personal consumption;
- Increase of consumer standards, which is expressed in faster growth of household expenses on acquisition of non-food commodities and in the expansion of consumption of certain types of high quality services;
- Marked increase in savings by the population and augmentation of volumes of housing construction.

**The second process** – worsening of the most important social characteristics:

- Excess of the level of mortality over the birth rate, decrease of the total population;
- Worsening of the state of health of the population, accelerated spread of “social” diseases (active tuberculosis, drug and poison addiction, as well as HIV infection);
- Maintenance of groundlessly high income differentiation of various social-demographic groups of the population, which negatively affects the level of poverty;
- Intensive growth of labour migration, which not only causes shortage of workforce, but which also aggravates the problem of “abandoned children” ending up in such situations because their parents went abroad;

- Unequal access of the population to social infrastructure services, mainly healthcare and educational services.

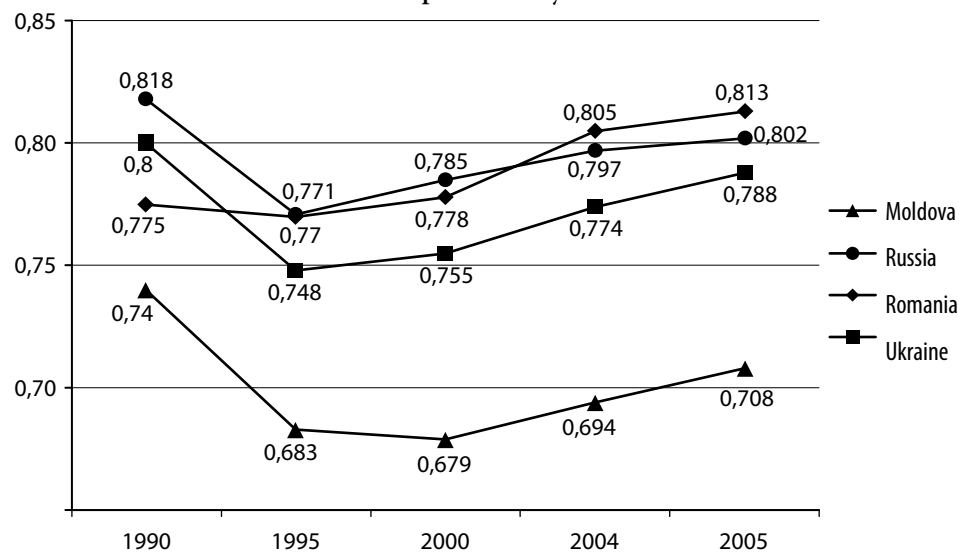
These processes have directly affected human development in Moldova and Transnistria. According to the assessment of the United Nations Development Program in 2005, the human potential development index – HDI (an integral indicator that takes into consideration expected life expectancy at birth; level of literacy of adult population; and GDP per capita according to purchasing power parity) in Moldova comprised 0.708. Based on this index Moldova was in the 111<sup>th</sup> place out of 177 countries (next to Egypt, Uzbekistan and Nicaragua), and according to the U.N. classification it belongs to the group of countries with an average level of human development.

The HDI dynamics shows that for Moldova and other countries with transitional economies, the 1990's were the years of significant decrease on this index. Positive trends in human development became sustainable only after 2000. At the same time, the highest growth rates of HDI were registered in Ukraine and Moldova. During 2000-2005 they comprised 4.4 % and 4.3 % respectively, while in Romania – 3.6 % and in Russia – 2.2 % (graph 1). Despite that, Moldova has the lowest HDI among neighbouring countries. It is 9.2 % lower than in Ukraine, 10.2 % lower than in Russia and 12.9 % lower than in Romania.

By 2005, similarly to Russia and Ukraine, Moldova failed to achieve its own HDI level of 1990. Romania managed to close the gap on the HDI index which it had on Russia and Ukraine during the 1990's. At present, among neighbouring countries, it holds the leading place in terms of the HDI (60<sup>th</sup> place out of 177 countries), surpassing Russia (67<sup>th</sup> place), Ukraine (76<sup>th</sup> place) and Moldova (111<sup>th</sup> place).

The current level of human development is the result of the implementation in Moldova and Transnistria of the social policy which, though having many common features, has significant differences as well.

Graph 1. HDI dynamics



Source: Human Development Report 2006, p.288-291.

The shaping of the social policy in Moldova and Transnistria can be conventionally divided into two stages. During its **first stage** – during the 1990's, the social policy was mostly of a

passive nature, as the centre of reforms was focused on the financial-economic sphere. The social policy, as a rule, dealt with consequences of economic transformation and built its institutions as a response to economic reforms and worsening of conditions (first of all – financial conditions) in the functioning of the social sphere. In essence, social reforms stood still and, as a result of this, multiple remnants of the Soviet system in the social field (especially in education, healthcare and culture) and very shy market innovations co-existed.

It was during that same time that a drastic decrease of living standards occurred, which affected the vast majority of people both on the right and left banks of the Nistru / Dniester River: the growth of income-based and social differentiations; the unfolding of open and latent unemployment; the destruction of previous social schemes and a lack of new ones. In this situation, the state governing bodies tried to provide a certain social support to the population. One of the examples of such measures was an attempt of state regulation of retail prices for consumer goods, their sale upon presentation of passports with local residence registration (Transnistria, mid-1990's) and keeping low tariffs for housing and utility services within the limits of social housing norms (Moldova, 1997-1998).

At the turn of the millennium, **the second stage** of elaboration of the social policy took place in Moldova and Transnistria when beyond declarations about the priority of addressing social problems authorities really started paying attention to the social sphere. The reason for the change in attitude was most probably utilitarianism. Finally, it became clear that financial-budgetary possibilities to support the social sphere in the form it had functioned were close to being fully exhausted. It became obvious that negative demographic events; unfavourable social processes, especially in the sphere of incomes of the population; and underdeveloped institutions of the social sphere represented a real threat to the very existence of the society both in Moldova and in Transnistria. The implemented social reforms, such as new labour legislation, pension reform, development of insurance institutions in healthcare, etc., represented large institutional reforms in terms of their contents.

Though there were many common approaches to stating the most pressing social problems and to searching for possible ways of addressing them, implementation of the social policy in Moldova and Transnistria was done according to different scenarios.

In Transnistria, governing structures took social obligations to support the well-being of the population, which obligations were far from being comparable to their financial possibilities. Being guided by good intentions aimed at mitigation of social consequences of drastic decrease in the living standards of the population, authorities focused on making populist social decisions. This could not but lead to excessive social expenditures and created permanent social instability in the functioning not only of the social sphere, but also the financial system of Transnistria.

The social policy implemented in Transnistria had a strong imprint of paternalistic feelings of the population. On one hand, they were replenished by populist measures of governing authorities aimed at addressing many social problems (curbing the growth of tariffs for services, the frequent indexation of pensions and salaries of employees of the budgetary sphere, etc), which, nevertheless, only brought about a temporary social effect. On the other hand, paternalistic feelings were supported by large industrial enterprises that retained their own networks of social institutions created back in the Soviet times: canteens, medical units, kindergartens (nurseries), pioneer camps, recreation facilities. At these institutions, employees of enterprises and their families could get the corresponding services free of charge or for a significantly lower charge. As a result, strong and not always justified social expectations formed for the major part of the population: "the state/factory would not let us down". Though at present these expectations are not as strong as back in the 1990's due to the increased difficulty of their financial provision, humanitarian measures implemented in Transnistria by the Russian Federation served as a new impetus for growth. One of these measures was aimed at providing material support to pensioners – from January 1

to December 31 2008 all pensioners of Transdnistria received a supplementary amount to their monthly pensions as humanitarian aid from Russia of the amount of 85 Transdnistrian roubles (approximately 10 U.S. dollars).

In Moldova, the state having formed the market foundations of the economy failed to implement in full scope reforms in the social sphere, which led to significant lagging behind of the country in terms of population's incomes, the development of healthcare, education, and other social infrastructure sectors. All that conditioned a low level and quality of life of the population and in the long run negatively affected development of the human potential of the country.

Most of the population of Moldova has realized long ago that under difficult circumstances they cannot expect any serious assistance from the state and should rely only on themselves and their relatives. Due to informal employment and maintenance of subsistence farming, to a great degree the population converted to self-supply and, as a response to the inability of authorities to create conditions for the improvement of living standards, mass labour migration abroad became a rather common phenomenon. Though these processes also occur in Transdnistria, more rigid social policy in Moldova made people living there adapt quicker to existing social-economic conditions of life-provision and to find their niches in the new institutional coordinates.

Differences in social policies implemented in Moldova and Transdnistria conditioned different living standards on the left and right banks of the Nistru / Dniester River. In spite of the fact that implementation of the social policy in Transdnistria is related to aggravation of financial-budgetary problems, it nevertheless resulted in a higher level of salaries and more generous pension provision than in Moldova.

**Incomes of the population.** Favourable tendencies in the economy of Moldova and Transdnistria positively influenced living circumstances of the population and contributed to income growth for the population. During 2001-2007, nominal per capita available income in Moldova increased 4.2 times, and its real level adjusted for RPI increased 1.6 times. During the same period in Transdnistria, nominal per capita cash income increased 4.4 times, and real income – 2.3 times.

The increase of revenues of the population was accompanied by certain structural changes. First of all, it related to the role of labour remuneration in formation of income of the population. As before, labour remuneration holds a leading position in the structure of income of the population. However, dynamics of the unit weight of labour remuneration in total income of the population of Moldova and Transdnistria has a different orientation (table 1).

**Table 1.** Structure of income of the population of Moldova and Transdnistria, %

	2001	2002	2003	2004	2005	2006
	<b>Moldova</b>					
<b>Total income, %:</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>
– income from labour activities	37,8	37,0	37,3	40,5	43,7	41,6
– income from individual agricultural activities	34,6	32,5	32,8	26,7	23,2	26,4
– income from property	0,3	0,1	0,6	0,6	0,2	0,2
– social payments	10,9	14,1	14,0	15,2	18,0	13,2
– other income	16,4	16,3	15,3	17,0	14,9	18,7
– out of them cash transfers from abroad	...	...	...	...	7,1	13,9
	<b>Transdnistria</b>					
<b>Total income, %:</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>
– remuneration of labour of hired employees	33,8	29,3	33,4	31,1	30,2	31,8
– income from entrepreneurial activities	11,6	11,3	9,7	11,2	10,5	10,2

– social transfers	13,3	13,2	13,0	11,7	11,8	13,2
– interest on deposits and dividends on securities	0,5	0,5	0,5	0,5	0,5	0,6
– income from sale of foreign currency	7,6	12,3	12,8	15,5	19,2	22,0
– other income	33,2	33,4	30,6	30,0	27,8	21,3

\*Calculations made by the author based on the data from: Anuarul statistic al Republicii Moldova, 2007; www.economy-pmr.org/publuk\_stat.php

In Moldova the unit weight of income from labour activities in the structure of available average per capita income increased from 37.8 % in 2001 to 41.6 % – in 2006. This was a consequence of the growth of salaries of both those who work in self-supporting enterprises and employees of the public sector. Meanwhile, growth rate of labour income (4.6 times) outrun increase of available income (4.2 times).

In Transdnistria labour remuneration also holds a dominating place in the structure of cash income (in 2006 its share comprised 31.8 %). However, unlike in Moldova, the share of the labour compensation fund in total cash income tended to decrease (during 2001-2006 reduction comprised 2.0). This is stipulated by the fact that the labour remuneration fund grew slower (3.9 times) than total cash income (4.6 times). The formation of the labour remuneration fund was negatively affected by a significant decrease of the number of hired employee rates, the decreases of which were higher than the increases of the average monthly salary.

Thus, Moldova and Transdnistria are characterized by relatively low unit weight of labour remuneration in the structure of income of the population. It attests to the fact that in the formation of income, in addition to income from hired labour, the largest role is played by sources of income which were of much lower significance than labour remuneration once ago. As a rule, in developed countries, labour remuneration does not go below 60 % of total income.

In recent times, cash transfers from abroad began to play a more important role in formation of income of the population of Moldova and Transdnistria. They significantly influence living standards of families whose members are earning money outside of Moldova and Transdnistria. In Moldova, the share of cash receipts from abroad in aggregate available income is 13.9 %, in their cash part – 17.4 %. In Transdnistria, the picture is approximately the same, as income from sale of foreign currency comprises 22 % of all cash income of the population, i.e. each fourth or fifth rouble is of foreign origin (table 1).

The contribution of cash receipts from abroad into formation of cash income of the population directly depends on the location of a household. In large Moldovan cities cash receipts from abroad comprise 10.3 % of the total amount of money available to an average household, while in villages the figure is 23.4 %. That means that each tenth leu in disposable income of households in large cities and each fourth leu in the income of rural households is a lei that came from abroad.

As the amount of cash receipts from abroad increases so does the standard of well-being of households. In Moldova in the V quintile group cash receipts from abroad as per one member of households comprised 271.1 MDL a month, including 238.1 MDL in cities and 316.2 MDL in villages (table 2). In comparison with the I quintile group, the excess is 8.0 times, including 8.9 in cities and 8.6 in villages. At the same time growth of cash receipts from abroad by quintiles exceeds increase in all cash income. As a result, from quintile to quintile, the unit weight of the volume of cash receipts from abroad increases in aggregate cash income (maximal value is 32.9 % for the V quintile group, rural areas). Cash transfers from abroad positively affect the reduction of poverty, but at the same time they represent a factor aggravating income inequality. Additionally, the degree of inequality increases at a greater rate than the level of poverty decreases.

**Table 2.** Allocation of cash receipts from abroad (Moldova, 2006).

	Total	Quintile groups				
		I	II	III	IV	V
<b>Country as a whole</b>						
Cash receipts, MDL a month	116,7	33,8	55,1	89,0	131,2	271,2
As % of cash revenues	17,4	12,0	12,6	15,6	17,2	20,9
<b>Urban</b>						
Cash receipts, MDL a month	119,1	26,9	44,8	66,3	133,6	238,1
As % of cash revenues	12,7	6,8	7,7	9,0	13,6	15,3
<b>Rural</b>						
Cash receipts, MDL a month	114,4	36,7	61,6	103,3	129,7	316,2
As % of cash revenues	23,4	15,8	17,4	22,0	22,7	32,9

Calculations made by the author on "Aspecte privind nivelul de trai al populației în 2006". – Ch.: Statistica, 2008, p.45.

**Salary.** Individual salaries of employees of Moldova and Transdnistria are characterized by rather high growth rates. In Moldova, the nominal average monthly salary increased from 543.7 MDL in 2001 to 2063 MDL in 2007, equalling 3.8 times. In Transdnistria, the nominal average monthly salary increased from 253 roubles in 2001 to 1543 roubles in 2007, i.e. 6.1 times (table 3).

However, whilst prices of consumer goods and services increased 1.9 times on average in Moldova between 2001 and 2007, they increased 2.8 times in Transdnistria. This conditioned an increase in the size of a real average monthly salary in Transdnistria of only 2.2 times (in Moldova – by 2.0 times). Moreover, in 2007, due to the extremely high level of inflation in Transdnistria – 29.4 % (which had no parallel in any neighbouring country), the real salary not only failed to increase, but its size decreased (in comparison with 2006 the reduction was of 5.2 %).

**Table 3.** Dynamics of the nominal and real salary (2001-2007)

	2001	2002	2003	2004	2005	2006	2007
<b>Moldova</b>							
Nominal average monthly salary, MDL	543,7	691,5	890,8	1103,1	1318,7	1697,1	2063,0
Nominal salary in % of 2001*	100,0	127,2	163,8	202,9	242,5	312,1	379,4
Real salary as % of 2001*	100,0	120,9	139,5	153,7	164,2	187,4	201,5
For reference only: average monthly salary in U.S. dollars*	42,2	51,1	63,9	89,5	104,7	129,2	170,0
<b>Transdnistria</b>							
Nominal average monthly salary, roub.	253,0	318,0	453,0	706,0	962,0	1174,0	1543,0
Nominal salary в % к 2001 г.*	100,0	125,7	179,1	279,1	380,2	464,0	609,9
Real salary as % of 2001*	100,0	113,7	122,3	158,3	194,5	217,9	221,4
For reference only: average monthly salary in U.S. dollars*	44,0	50,0	64,0	90,0	118,6	141,4	183,7

\*Calculations made by the author on: Anuarul statistic al Republicii Moldova, 2007; www.economy-pmr.org/publuk\_stat.php

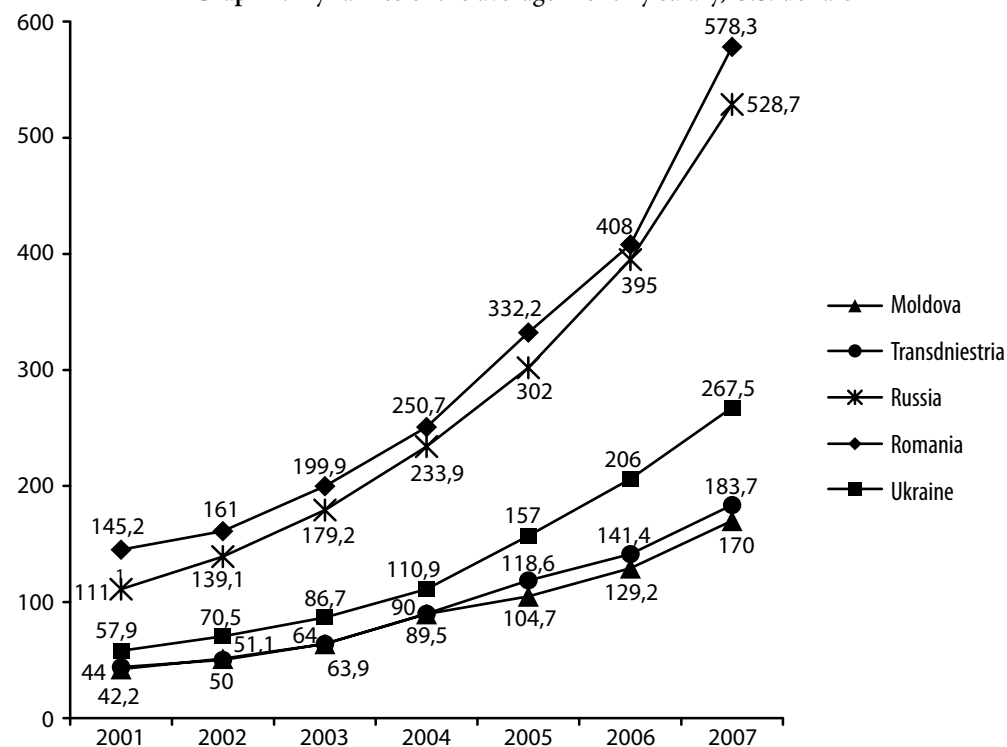
As for the time dimension, the co-relation between average monthly salaries in Moldova and Transdnistria calculated in U.S. dollars according to the official exchange rate was not the same. In 2001-2004, salaries were approximately on the same level, after which the gap increased. As a result, in 2007, the average monthly salary in Moldova comprised USD 170.0, and in Transdnistria – USD 193.0.

There are several reasons for the higher average monthly accrued salary in Transdnistria. First, from the point of view of labour remuneration, Transdnistria is characterized by a more favourable allocation of employed population by sectors of the economy. The share of workers in agriculture, which has the lowest labour remuneration, is higher in Moldova than in Transdnistria. At the same time, the unit weight of workers employed in industry, where labour remuneration is the highest, in Moldova is lower than in Transdnistria. Second, the legislative basis in the field of labour remuneration functioning in Transdnistria provides for higher salaries than in Moldova. It is true both in terms of labour remuneration and state regulation in the field of salaries, which includes, in particular, also the procedure for setting the minimal size of labour remuneration.

In spite of positive changes in the dynamics of salaries in Moldova and Transdnistria, salaries still remain extremely low. At the same time, the difference in levels of salaries between Moldova and Transdnistria (restated in U.S. dollars according to the official exchange rate) as well as that with neighbouring countries tends to grow (graph 2).

In 2001, the average monthly salary in Moldova was 3.4 times lower than in Romania, 2.6 times lower than in Russia and 1.9 times lower than in Ukraine. In 2007, the salary in Romania was USD 408.3, with Moldova having USD 170.0 (or 3.4 times) less, USD 358.7 (or 3.1 times) less than in Russia and USD 97.5 (or 1.6 times) less than in Ukraine. A similar situation exists in terms of the average salary in Transdnistria and in neighbouring countries.

Thus, the lowest levels of labour remuneration in the Eastern European region are to be found in Moldova and Transdnistria. At the same time, low labour costs do not give Moldova or Transdnistria any advantages in competition in external markets, as the main reason for the

**Graph 2.** Dynamics of the average monthly salary, U.S. dollars

Calculations made by the author on: Anuarul statistic al Republicii Moldova, 2007; www.economy-pmr.org/publuk\_stat.php; www.insee.ro/cms; www.gks.ru; www.ukrstat.gov.ua/.

appreciation of prices for domestic products is the growth of prices for imported resources – energy, raw materials, various supplies, etc., not accompanied by an increase in salaries.

**Minimum wage.** The level of salaries depends to a large extent on the minimal amount of labour remuneration guaranteed by the state. According to the labour legislation of Moldova and Transnistria, the state obliges all employers, irrespective of forms of ownership, to guarantee workers who work full working weeks and who fulfilled their labour duties a salary in the amount not lower than the minimum wage. Thus, the minimum wage has the statutory status of a minimal social standard in the field of labour remuneration.

As for the procedure for setting the amount of the minimum wage, it is usually determined on the basis of general criteria, the most important of which being compliance with the amount of the subsistence minimum for an able-bodied person. The procedure for setting and revising the minimum wage in Moldova and Transnistria mostly comply with these requirements. However, there are significant differences in this area.

In Moldova, according to paragraph 4, Article 5 of Law No. 1432-XIV of December 28, 2000, the size of the minimum wage is revised taking into consideration changes in the CPI and dynamics of the average salary in the national economy, GDP volume, labour productivity and the subsistence minimum in its value terms. In practice however, the implementation of this procedure for revision of the size of the minimum wage turned out to be far from these legal norms. In spite of the fact that changes in the size of the minimum wage have to be examined at least once a year, revision of the size of the minimum wage in Moldova lags behind in time from dynamics of legally set factors: CPI, average salary etc. As a result, even after the last minimum wage increase (400 MDL a month – from April 1, 2007) the size of the minimum wage comprised slightly more than 1/3 of the size of the subsistence minimum of an able-bodied person and less than 1/5 of the size of the average salary country-wide (table 4).

The minimum wage in Moldova has an extremely limited sphere of application, as it is used only for remuneration of labour of certain categories of workers (for example, when setting monthly remuneration to representatives of the state in governing bodies of state-owned enterprises, joint-stock companies and enterprises with prevalence of the state capital). In addition to the minimum wage, there is another minimal standard in the field of labour remuneration in Moldova – a wage rate for skill category I (grade I for payment). It is the main and mandatory element of the tariff system and serves as the basis for setting specific wage rates and official salaries. The wage rate for skill category I (grade I for payment) is set at the amount equal or exceeding the size of the minimum wage around the country. Additionally, it is revised when necessary, depending on the growth of production efficiency, cost of living and other social-economic conditions.

During 2001-2007 the size of the wage rate for skill category I of employees of self-supporting enterprises increased from 115 MDL to 900 MDL, or 7.8 times. At the same time, if in 2001-2003 the wage rate for skill category I was the same for all types of activities, a differentiated approach to setting this value was later introduced. At present, the wage rate for skill category I at self-supporting enterprises is for agricultural and forestry workers is 700 MDL a month; for supporting staff in agriculture it is 550 MDL, whilst for workers in other industries it totals 900 MDL (table 4).

The wage rate of category I, together with other elements, is included in the system of setting the main salary in the public service. According to the Law on labour remuneration in the public service, in the framework of Unified wage tariff system a range of official salaries is determined for each grade of payment. For grade I of labour remuneration, the range of official salaries is from 400 to 500 MDL a month.

Increase in sizes of the minimum wage and the wage rate for skill I category at self-supporting enterprises favourably influenced the correlation between the latter and the subsistence minimum of an able-bodied person. If in 2001 it was 33.9 %, in 2007 it made up 80.1 %. In the course of

2001-2007 the correlation between the wage rate for skill category I at self-supporting enterprises and average salary for the country increased from 31.1 % to 43.6 %.

**Table 4.** Dynamics of minimal standards of labour remuneration in Moldova

Years	Minimum wage, MDL	Rate category I, MDL	Correlation in %*:			
			of the minimum wage with:		of the rate for category I with:	
			subsistence minimum	average salary	subsistence minimum	average salary
2001	100	169	20,2	18,4	33,9	31,1
2002	100	250	17,5	14,5	43,8	36,2
2003	100	340	15,0	11,2	59,5	38,2
2004	100	440	13,9	9,1	61,2	39,9
2005	200	550	24,7	15,2	68,0	41,7
2006	200	700	20,3	11,8	70,9	41,2
2007	400	900	34,5	19,4	77,6	43,6

\*Calculations made by the author

In Transnistria there is a Law on the minimum level of labour remuneration, which clearly specifies the procedure for determining the minimal amount of labour remuneration. According to it, the minimum amount of labour remuneration, which is determined on a quarterly basis, has to be equal to the twofold value of the subsistence minimum calculated on average per capita. At the same time a transition period was introduced, during which an adjustment (decreasing) factor was applied to determine the minimum amount of labour remuneration. Before 1 January 2005, this factor was legally set on the level of 0.5; from 1 January 2006 until 1 January 2007 it was 0.80; and in the first two quarters of 2007 it amounted to 0.85. From the second half of the year 2007, the adjustment factor was not applied and, at present, the minimal amount of labour remuneration is equal to the twofold value of the subsistence minimum of one person.

Such a procedure for setting the minimum amount of labour remuneration is unique in the CIS. In Moldova and Ukraine, over the course of many years, the issue was raised about bringing the size of the minimum wage closer to the amount of the subsistence minimum. In Russia it is envisioned to set the minimal amount of labour remuneration at the level of the amount of the subsistence minimum of an able-bodied person only by the end of 2008.

Unlike in Moldova, the minimal amount of labour remuneration in Transnistria directly depends on the size of the subsistence minimum and is set as a twofold amount of the subsistence minimum. The adjustment (decreasing) factor lost its relevance from year to year when determining the minimal amount of labour remuneration, and has now been eliminated all together.

All that taken together as well as quarterly increases of the minimum amount of labour remuneration (in accordance with increase of the subsistence minimum) provided for a dynamic growth of this minimum standard of Transnistria. At the same time growth rates of the minimum amount of labour remuneration were higher than the increase of the subsistence minimum and average salary. During 2004-2007 the minimum amount of labour remuneration increased 3.1 times, while the subsistence minimum increased 1.6 times, and the average salary increased 2.3 times (table 5). Such a situation brought about quite a favourable correlation between the minimal amount of labour remuneration and the subsistence minimum. If in 2004 the minimal amount of labour remuneration comprised 95.6 % of the subsistence minimum, then in 2007 it exceeded the subsistence minimum 1.8 times. The correlation between the minimum amount of labour remuneration and the average salary improved from 46.0 % in 2004 to 61.5 % in 2007.

Table 5. Dynamics of the minimal amount of labour remuneration in Transdnistria

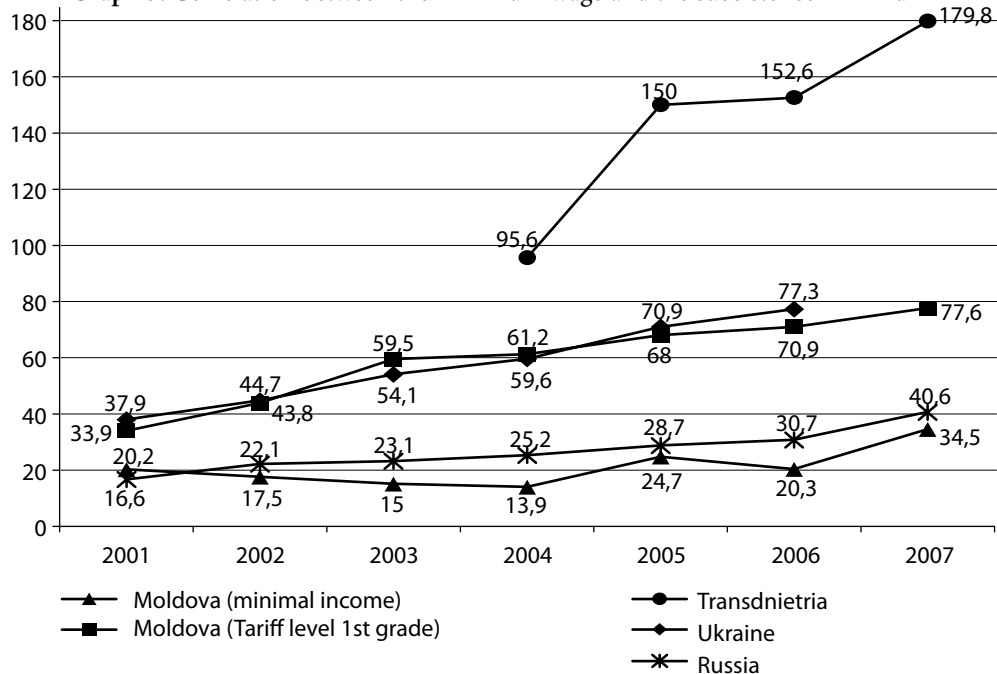
Years	the minimal amount of labour remuneration, roub.*	The subsistence minimum, roub.	Average salary, roub.	Correlation between the minimal amount of labour remuneration (%) and:**	
				the subsistence minimum	the average salary
2004	325,06	340,00	706	95,6	46,0
2005	576,39	384,26	962	150,0	59,9
2006	682,99	447,60	1174	152,6	58,2
2007	999,55	555,86	1543	179,8	64,8

\*Calculated by the author as an arithmetic mean value for the I-IV quarters of corresponding years based on the data <http://www.economy-pmr.org/orders.php>

\*\* Calculations made by the author on <http://www.vspmr.org/>; <http://www.economy-pmr.org/>; <http://www.minzdravpmr.org/>

The main component of the minimum wage is the cost of the means of subsistence needed for reproduction of labour force, and in this respect it should not be less than the subsistence minimum of an able-bodied person. Nevertheless, the minimum wage in Moldova comprises only 35.6 % of the subsistence minimum of an able-bodied person, in Russia the minimal amount of labour remuneration is 40.6 %, in Ukraine it is 77.3 %, and the wage rate of category I in Moldova is 80.1 %. Only in Transdnistria does the minimal amount of labour remuneration exceed the subsistence minimum calculated per capita by 1.8 times (graph 3).

Graph 3. Correlation between the minimum wage and the subsistence minimum



\* Calculations made by the author on: *Anuarul statistic al Republicii Moldova, 2007*; [www.economy-pmr.org/publuk\\_stat.php](http://www.economy-pmr.org/publuk_stat.php); [www.gks.ru/](http://www.gks.ru/); [www.ukrstat.gov.ua/](http://www.ukrstat.gov.ua/).

Meanwhile, according to the European Social Charter, the height of the minimum labour remuneration should be set by the state on a level that is at least 2.5 times higher than the subsis-

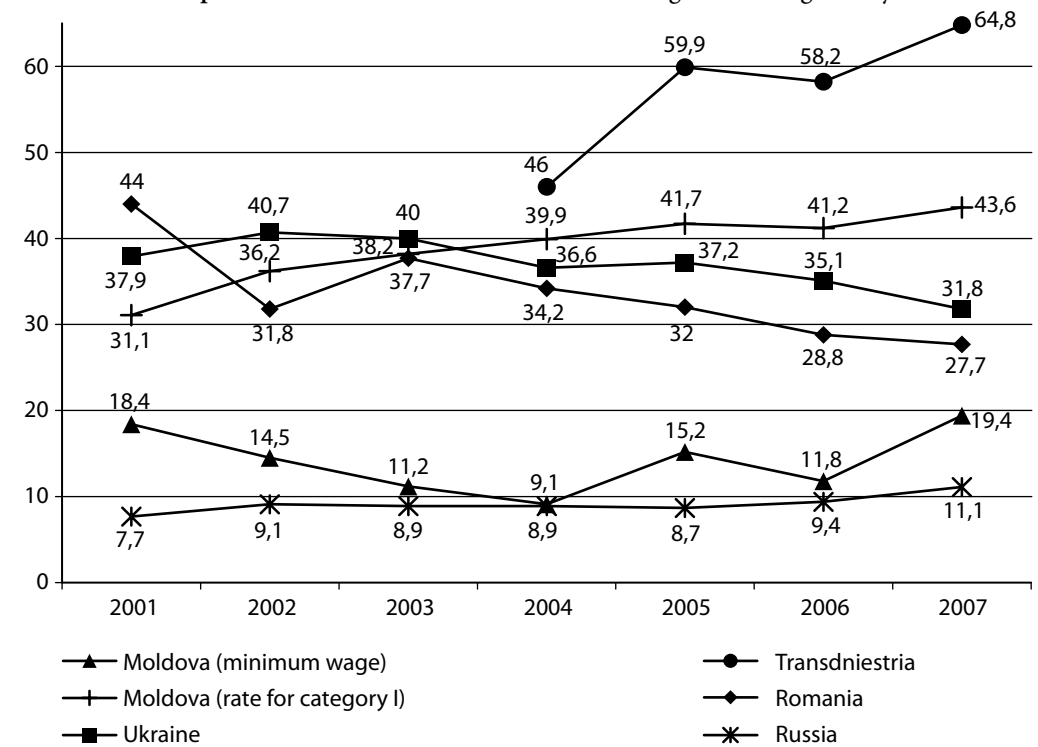
tence minimum. Therefore, the minimum amount of labour remuneration set in Transdnistria is the closest to European requirements.

The correlation between the minimum wage and the average salary (or so-called Kaitz index) serves as a criterion that characterizes the degree of regulation of salaries in the country. As a rule, in industrially developed countries the Kaitz index is 40-50 %. Its highest values are to be found in Italy and Norway, where they exceeded 60 %. The ILO recommends setting the Kaitz index on the level of 50 %, and the European Union – on the level of 60 % (meanwhile, the size of an average salary, less taxes, is used to calculate the Kaitz index).

From these positions, the correlation between the minimum amount of labour remuneration and the average salary in Transdnistria and correlation between the wage rate for the I skill category at self-supporting enterprises and the average salary in Moldova (graph 4) are the closest ones to the internationally recommended value of the Kaitz index. The Kaitz index in Transdnistria and in Moldova exceeds the Russian level by 5.5 and 3.9 times respectively, in Romania 2.2 and 1.6 times, and in Ukraine 1.9 and 1.4 times. It shows that the role of the state in the regulatory processes in the field of labour remuneration in Moldova and Transdnistria is higher than that in neighboring countries.

The regulation of the minimum labour remuneration in Moldova and neighbouring countries is based on documents adopted by the ILO. However, different degrees of implementation of various ILO recommendations have determined different dynamics and levels of minimum wages in these countries. During 2001-2007, the minimum amount of labour remuneration (in

Graph 4. Correlation between the minimum wage and average salary



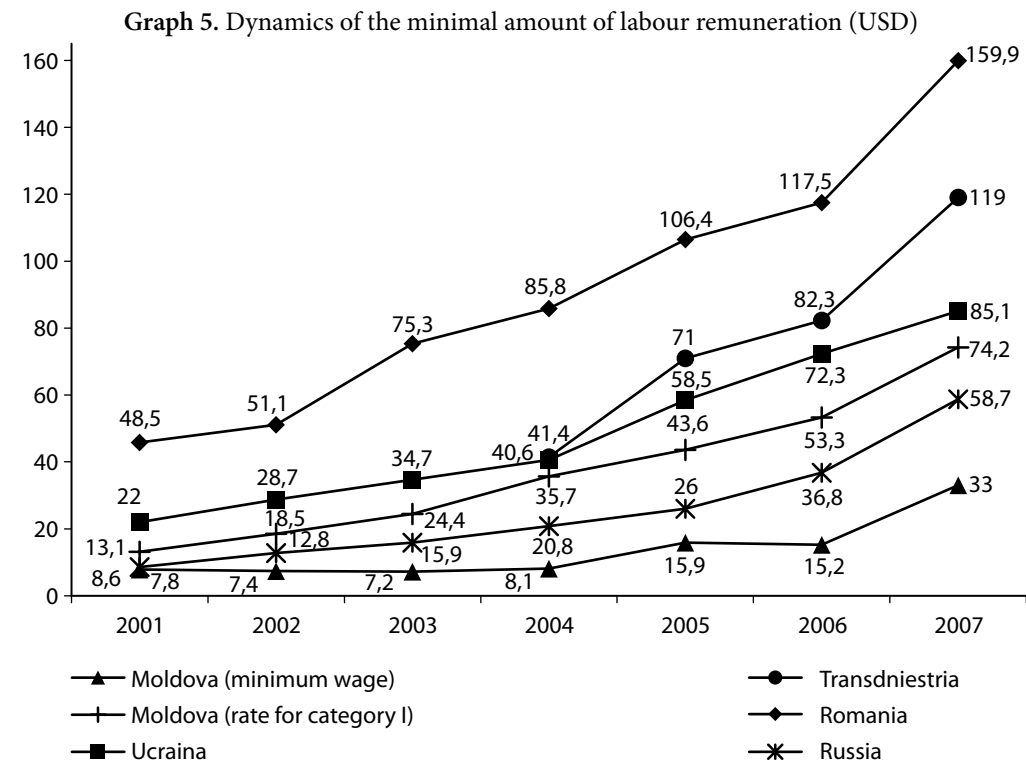
Calculations made by the author on: *Anuarul statistic al Republicii Moldova, 2007*; [www.economy-pmr.org/publuk\\_stat.php](http://www.economy-pmr.org/publuk_stat.php); [www.gks.ru/](http://www.gks.ru/); [www.ukrstat.gov.ua/](http://www.ukrstat.gov.ua/).



U.S. dollar terms) increased 6.8 times in Russia, 5.7 times (the wage rate of the I category) and 4.2 times (the minimum wage) in Moldova, and 3.9 times in Ukraine. In Transnistria, during 2004-2007, the growth rate of the minimum amount of labour remuneration totalled 2.9. In 2007, the minimum amount of labour remuneration in Romania comprised USD 159.9, in Transnistria it was USD 119., in Ukraine it was USD 81, in Moldova USD 74.2 (for the wage rate of the I category) and USD 33 (for the minimum wage), and in Russia – USD 58.7. (graph 5).

In terms of the absolute height of the minimum wage the ILO divides all countries into four groups. The first one includes countries with a minimum wage under USD 99 (among which there are mostly Asian countries and some Latin American countries such as Mexico, Brazil, and Uruguay). The second group includes countries with the minimum wage between USD 100 and USD 499 (Eastern European and Baltic countries, Turkey, Chile, and others). The third group includes countries with the minimum wage from USD 500 to USD 1000 (Canada, the United States, Japan, and Spain). The group where the minimum wage level exceeds USD 1000 includes most of the EU countries, Australia, and Iceland. According to this classification, Moldova, Russia and Ukraine belong to the first group of countries, while Transnistria and Romania belong to the second group.

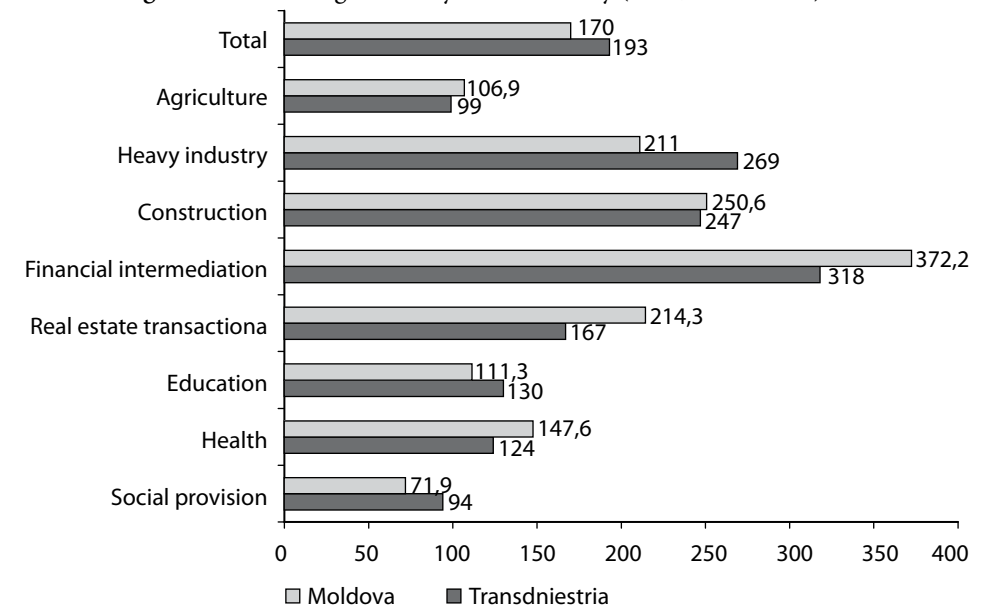
**Differentiation of sizes of salaries.** Against the background of a relatively low level of labour remuneration in the economy of Moldova and Transnistria, there is an unreasonable differentiation in salary ranges by type of economic activity. The degree of this differentiation is often not as much related to economic results of the functioning of industries and productions, as it is with their relevance for the economy or with the level of qualification of the employed labour force.



Calculations made by the author on: Anuarul statistic al Republicii Moldova, 2007; [www.economy-pmr.org/publuk\\_stat.php](http://www.economy-pmr.org/publuk_stat.php); [www.gks.ru/](http://www.gks.ru/); [www.ukrstat.gov.ua/](http://www.ukrstat.gov.ua/).

In 2007, the salary of persons dealing with financial intermediation exceeded the average value in the economy of Moldova by 2.2 times, that of Transnistria by 1.6 times; in construction, respectively by 1.5 and 1.3 times; in industry by 1.2 and 1.4 times (diagram 1). At the same time, labour remuneration at educational institutions comprised 65.5 % of its average level in the economy of Moldova and 67.4 % in the case of Transnistria; in agriculture, 62.9 % and 51.3 % respectively. People working in the field of social services are in an especially difficult position. The level of remuneration of their labour is the lowest and comprises only 42.3 % of the average salary in the economy of Moldova and 48.7 % in Transnistria.

**Diagram 1. The average monthly accrued salary (2007, U.S. dollars)**



Calculations made by the author on: Anuarul statistic al Republicii Moldova, 2007; [www.economy-pmr.org/publuk\\_stat.php](http://www.economy-pmr.org/publuk_stat.php).

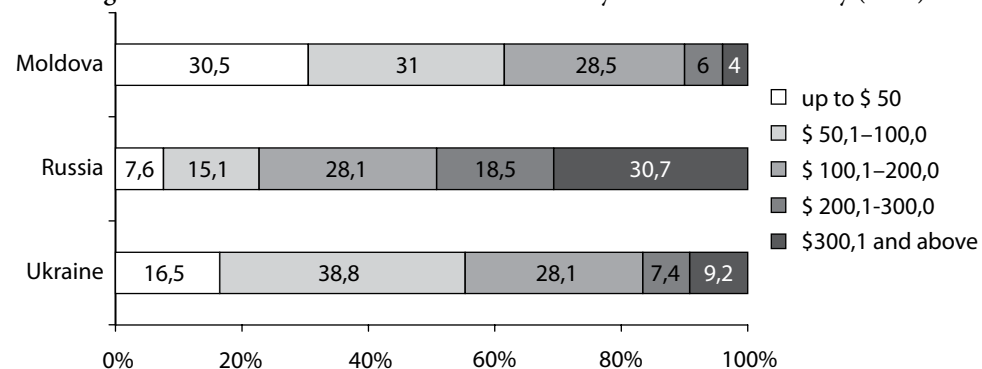
The allocation of the number of hired workers by according to the level of accrued salary (diagram 2) also attests to significant differences in labour remuneration. The correlation between the number of recipients of the highest salary and lowest salary exceeds all reasonable limits. In Moldova, the unit weight of employees with the salary under USD 50 a month comprises 30.5 %, while only 4 % of employees get salary exceeding USD 300. Therefore, the number of workers receiving the lowest salary is 7.6 times higher than that of recipients of the highest salary.

In neighbouring countries the situation is much better. If in Moldova each third employee gets a salary under USD 50, in Ukraine it is only each sixth, and in Russia only each thirteenth employee. And again, the salary exceeding USD 300 is paid only to each twenty-fifth employee in Moldova, while in Ukraine it is each eleventh, and in Russia each third employee.

Differentiation by the level of the average monthly salary is present also in terms of territorial-administrative units. The level of salaries that are higher than average in Moldova are registered in the municipality of Chisinau and in the Drochia district. At the same time, the average monthly salary in the Chisinau municipality exceeds the average republican level by 30.4 %, and in the Drochia district by 23.4 %. In Transnistria there is also the case of two territorial-administrative

units where salaries exceed the average levels (table 6). In the city of Tiraspol the salary exceeds the average level by 15.1 %, and in Ribnita and the Ribnita District – by 11.0 %.

Diagram 2. Allocation of the number of workers by the size of their salary (2005)



Calculations made by the author on: Anuarul statistic al Republicii Moldova, 2007; www.gks.ru; www.ukrstat.gov.ua/.

The significant differentiation in the lower part of the spread of territorial-administrative units of Moldova (by levels of average monthly salaries), should be viewed as a negative factor. Employees in each fourth district obtain salaries in the range of 60.1-70.0 % of the average republican level, and in each fourth-fifth district of Moldova – in the range of 50.1-60.0 %. At that, the most serious lagging from the average republican level was typical for the Soldanesti district (51.4 %) and Telenesti district (50.2 %). In Transnistria, differentiation by the size of accrued salaries is not that significant. Employees in the town of Slobozia and the Slobozia district are in the worst position (their salary comprised only 67.0 % of the average level).

Table 6. Allocation of territorial-administrative units of Moldova and Transnistria by the level of the average monthly salary (December 2006)

	Moldova		Transnistria	
	Number of units	%	Number of units	%
Total	35	100,0	7	100,0
Including the salary as % of the average salary:				
More than 100,0	2	5,7	2	28,6
from 90,1 to 100,0	2	5,7	-	-
from 80,1 to 90,0	6	17,1	2	28,6
from 70,1 to 80,0	8	22,9	2	28,6
from 60,1 to 70,0	9	25,8	1	14,2
from 50,1 to 60,0	8	22,9	-	-

Calculations made by the author based on: Situația social-economică a Republicii Moldova în ianuarie-decembrie 2006/BNS al RM. – Chișinău: Statistica, 2006, p.57; [http://www.economy-pmr.org/publuk\\_stat.php](http://www.economy-pmr.org/publuk_stat.php).

**Pension fund schemes.** The accelerated ageing process of the population and worsening of the correlation between the employed population and the number of pensioners became one of the most important reasons for reforming pension schemes in Moldova and Transnistria.

Pension reforms implemented at the end of 1990's and beginning of 2000's were carried out under conditions of socioeconomic instability and decline of living standards for the population. At the same time, various conceptual principles of reforming pension systems were implemented in Moldova and Transnistria.

The reform of the pension system of Moldova realized on 1 January 1999 was of a much more radical nature than the one in Transnistria. The main direction became transition from social provision to social insurance by means of an *en mass* introduction of insurance principles into the functioning of the pension system. Their implementation allowed for creating direct dependence between conditions of granting and the size of pensions on the one hand, and the degree of participation in pension insurance of each specific person, namely, duration of the period of his/her insurance and the size of earnings, from which he/she as well as his/her employer paid insurance, on the other hand.

The current pension system of Transnistria is mostly similar to the pension system of Moldova that was in place before the reforms, in 1999, under which conditions of eligibility for pensions and the size of received pensions did not fully account for the contribution of a future pensioner into functioning of the pension system. In Transnistria, the pension system formally operates on insurance principles. Since 2001 the Law on the basics of mandatory social insurance has been operational, which stipulates the main notions and principles of social insurance; defines rights and duties of insured persons and insurers; and states that the budget of the fund of mandatory social insurance should not be included in the composition of the republican and local budgets. It also contains a number of other provisions, which mostly correspond to the spirit and essence of social insurance.

However, in the pension legislation of Transnistria multiple pension fringe benefits remain which are applied in practice, and which are not in any way related to insurance principles. The participation of employed persons in financing their future pensions by means of individual insurance contributions is minimized. Even the terminology used in the current pension legislation (for example, "duration of employment" and not "duration of insurance") attests to the fact that the pension system of Transnistria is to a larger extent a system of social provision rather than a system of social insurance. It is not fully adapted to market conditions and to a great degree is oriented towards conditions, when almost all able-bodied persons have to work permanently by hire at state-owned enterprises or at collective farms. Table 7 confirms this conclusion.

Table 7. Certain specific features of pension systems

Moldova	Transnistria
<b>1. Retirement age</b>	
Male – 62 years, female – 57 years	Male – 60 years, female – 55 years
For women who gave birth and brought up to the age of 8 five and more children - 54 years	For women who gave birth and brought up to the age of 10 three children – 52 years, four children – 51 years (with the total length of employment not less than 20 years)
For persons involved in work with especially hazardous labour conditions (list No. 1): male – 54 years, women – 49 years.	For persons involved in work with especially hazardous labour conditions (list No. 1): male – 50 years, female – 45 years.
–	Reducing by 5 years the pension age for persons involved in work under Lists No. 2 and No. 3

Moldova	Transdnistria
<b>2. Insurance (labour) history</b>	
Full retirement pension is set in case insurance history for men and women is not less than 30 years	Full retirement pension is set in case labour history for men is not less than 25 years and for women is not less than 20 years
The right for incomplete pension occurs when insurance history is not less than 15 years	The right for incomplete pension occurs when insurance history is not less than 5 years
<b>3. The right to choose pension</b>	
One pension is set at the choice	For persons who are entitled to get state pensions one pension is granted at their choice. Participants of combat operations and their widows have the right to receive two state pensions
<b>4. Supplementary pensions</b>	
–	Unemployed pensioners who have dependant not working family members receive a supplementary pension of the amount of a social pension for each incapable family member
–	Pensioners who are 75 years old have the right to a supplementary pension in the amount of a social pension
–	Compensatory and other supplemental payments to the pension. One of the latest supplemental payments – payment of monthly cash compensation to all pensioners in the amount of 25 roubles because of appreciation of bakery products.
<b>5. Participation of workers in financing the pension system</b>	
Before 2003 the contribution comprised 1 % of the salary, in 2004-2005 – 2 %, in 2006 – 3 %, in 2007 – 4 %, and in 2008 – 5 %	Contribution to mandatory state social insurance is 1 % of the salary.

In Moldova and Transdnistria different mechanisms of revising pensions taking into consideration dynamics of growth of salaries and prices for consumer goods and services are applied. In Moldova, starting in 2003, pensions have been indexed on the annual basis on April 1, and the indexation rate is calculated as an arithmetic mean of CPI growth and the increase of the average salary in the economy during the previous year.

In Transdnistria, the revision of pension levels is done by means of their quarterly increase, applying a pensioner's individual coefficient. The size of this coefficient depends on changes in the average monthly salary in the economy during the corresponding period. Every year, the Law on the Budget of the State Pension Fund regulates the cap value of the individual pensioner's rate, as well as the supplementary amount, by which the pension is increased when the rate is increased.

We can say therefore that both Moldova and Transdnistria implemented a regular procedure for increasing the size of pensions. However, their mechanisms have significant differences. One of them is the frequency of increasing the size of pensions. In this respect, the quarterly frequency of increasing pensions in Transdnistria has a certain advantage in comparison with the one-off indexation of pensions during a calendar year in Moldova.

Differences in conceptual principles of functioning of pension systems of Moldova and Transdnistria conditioned different dynamics in the size of an average monthly pension. In Moldova, it increased from 135.8 MDL in 2001 to 548.3 MDL in 2007 (or 4 times). In Transdnistria, the average monthly size of a nominal pension increased from 116 roubles in 2001 to 500.3 roubles in 2007 (or more than 4.3 times). Thus, the growth rate of the nominal pension in Transdnistria was higher than in Moldova.

However, if in Moldova during 2001-2007 the prices for consumer goods and services increased in average by 1.9 times, they increased by 2.8 times in Transdnistria. This fact conditioned the increase of the size of the real average monthly pension of only 1.6 times, while in Moldova the growth was 2.1 times. Moreover, in 2007, due to the extremely high level of inflation in Transdnistria, the size of the real pension decreased by almost 15 % (table 8).

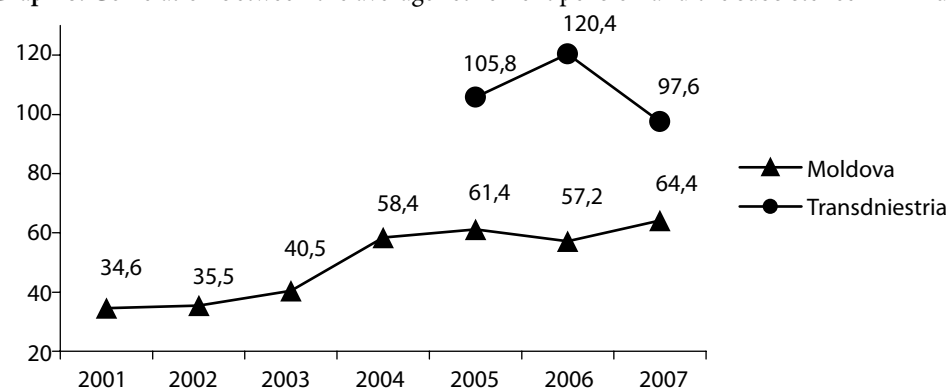
At the same time, the average size of a monthly pension restated in U.S. dollars according to the official foreign exchange rate is higher in Transdnistria than in Moldova. In 2001, the average size of a pension comprised USD 20.2 versus USD 10.5 in Moldova (1.9 times higher), and in 2007 USD 59.6 and USD 45.2 (1.3 times higher) respectively.

Table 8. Dynamics of the size of the nominal and real pension

	2001	2002	2003	2004	2005	2006	2007
<b>Moldova</b>							
Average size of a monthly pension, MDL	135,7	161,0	210,6	325,3	383,2	442,3	548,3
Average size of a monthly pension as % of year 2001.*	100,0	118,6	155,1	239,5	282,2	325,7	403,8
Size of the real monthly pension as % of year 2001.*	100,0	112,7	132,1	181,4	191,1	195,6	214,4
For reference only: average size of a monthly pension, U.S. dollars*	10,5	11,9	15,1	24,4	30,4	33,7	45,2
<b>Transdnistria</b>							
Average size of a monthly pension, roubles	116,0	124,0	160,0	222,0	358,8	454,3	500,3
Average size of a monthly pension as % of year 2001.*	100,0	106,9	137,9	191,4	309,3	392,2	431,8
Size of the real monthly pension as % of year 2001.*	100,0	96,6	94,1	108,5	158,2	184,3	156,7
For reference only: average size of a monthly pension, U.S. dollars	20,2	20,0	22,0	28,0	44,0	54,0	59,6

\* Calculations made by the author

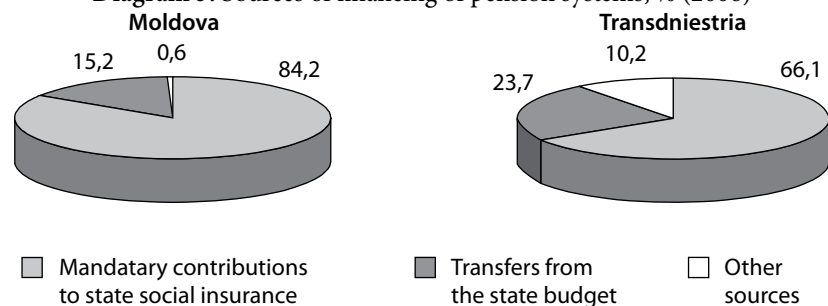
A certain landmark while assessing the living standards of a pensioner is the size of his/her subsistence minimum. The correlation between the average monthly retirement pension and the size of the subsistence minimum of a pensioner is more favourable in Transdnistria than in Moldova. If in Moldova the best correlation comprised 64.1 % (2007), in Transdnistria the average size of the retirement pension exceeded the size of the subsistence minimum of a pensioner by 5.8 % (2005) and by 20.4 % (2006) – graph 6. (We have to note that out of the CIS countries, the average size of a retirement pension is higher than the size of the subsistence minimum of a pensioner only in Belarus, Russia, Kazakhstan and Ukraine).

**Graph 6.** Co-relation between the average retirement pension and the subsistence minimum

Calculations made by the author

The funding of the pension systems in Moldova and Transnistria is ensured at the expense of funds accumulated and administered by special state bodies. In Moldova, it is the National Social Insurance Fund which administers the social insurance budget by means of 7 special funds, among which the Pension and Allowance Fund takes a central place. In Transnistria, alongside the State Fund of mandatory social insurance with its own budget, the State Pension Fund administers funds of citizens' pension provision functions.

During 2001-2007, the revenue part of the state social insurance in Moldova increased from 1604.3 million MDL to 5141.3 million MDL (or 3.2 times). At the same time, a trend of increasing the unit weight of mandatory state social insurance contributions manifested: from 81 % in 2001 to 84 % in 2006 with a corresponding decrease of the share of transfers from the state budget (diagram 3).

**Diagram 3.** Sources of financing of pension systems, % (2006)

Calculations made by the author

In Transnistria, receipts of the State Pension Fund increased from 158.31 million roubles in 2001 to 612.21 million roubles in 2006 (or 3.9 times). Meanwhile, the share of insurance contributions decreased year by year: from 94.8 % of the total amount of receipts in 2001 down to 66.1 % in 2006.

Thus, in Moldova, in the course of forming the revenue part of the social insurance budget, mandatory insurance contributions play a dominating role, while in Transnistria their role is significantly smaller. Consequently, the burden on the state budget in Transnistria is much higher than in Moldova. Out of each 6 roubles received by the State Pension Fund of Transnistria,

4 were transferred from the republican budget, while in Moldova out of each 6 MDL received into the budget of the state social insurance only 1 MDL was transferred from the state budget.

In terms of the GDP, the expense part of the social insurance budget of Moldova increased from 7.2 % in 2001 up to 9.8 % in 2007. At the same time, expenses of the pension fund for payment of all types of state social insurance pensions (retirement pensions, disability pensions, dependants' pensions) comprised 8.8 % of the GDP in 2006, and expenses on allowances and other types of social protection of the population – 1.0 %. In Transnistria, expenses of the State Pension Fund with respect to the GDP increased from 10.8 % in 2001 to 13.2 % in 2006. (table 9).

We have to note that in Moldova all expenses related to social programs are funded from the budget of the state social insurance, and in Transnistria from the State Pension Fund of Transnistria only expenses on payment of pensions and state social insurance allowances are funded, while expenses on other social programs are funded from the State Fund of Mandatory Social Insurance. Expenses on pension benefits in Transnistria with respect to the GDP are not only more significant than in Moldova and other CIS countries (where they do not exceed 10 %, except for Ukraine), but also exceed the average European level.

**Table 9.** Expenses to social insurance as % to the GDP

	2001	2002	2003	2004	2005	2006	2007
<b>Moldova</b>							
GDP, million MDL	19051,5	22555,9	27619,0	31992,0	37652,0	44069,0	53353,7
Expenses of the budget of the state social insurance, million MDL	1373,5	1899,6	2173,9	2768,9	3697,8	4378,1	5228,6
Expenses as % of the GDP*	7,2	8,4	7,9	8,7	9,8	9,9	9,8
<b>Transnistria</b>							
GDP, million roubles	1462,9	1589,3	2196,6	3283,0	4198,6	4860,5	
Expenses of the budget of the State Pension fund, million roubles.	158,14	208,71	234,62	312,31	478,46	641,89	
Expenses as % of the GDP*	10,8	13,1	10,7	9,5	11,4	13,2	

\*Calculations made by the author

**Purchasing power** of cash income serves as a landmark for assessment of the living standard of the population. For comparative analysis of purchasing power of salaries and pensions in time and international dimensions cost of a food basket is used, which includes 1 kg of bread made of category I wheat flour, 1 kg of category I beef meat, 1 litre of milk, 1 kg of butter and 1 kg of vegetable oil, 1 kg of sugar, 10 eggs, 1 kg of potatoes and 1 kg of fresh cabbage. We have to note that this set of products included in the food basket represents the basis of a consumer basket of the subsistence minimum in Moldova, Transnistria and other CIS countries.

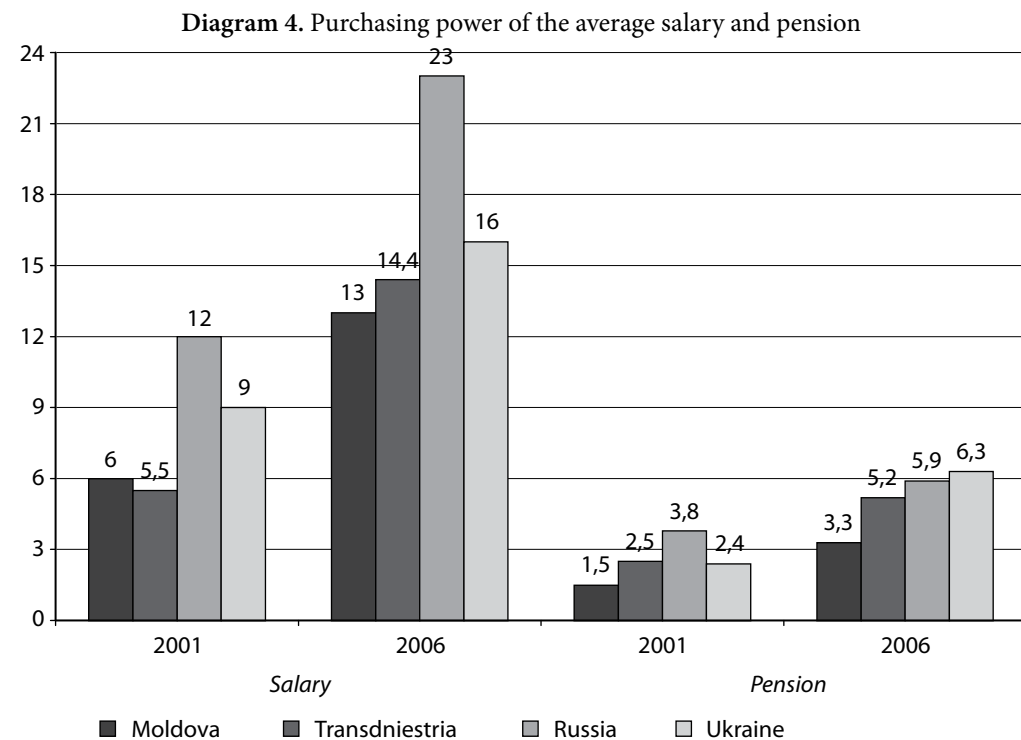
Analysis of purchasing power of the average monthly salary shows that in 2001, in comparison with 1991, it decreased from 34 food baskets to 6 (or 5.7 times) in Moldova, and from 34 food baskets to 5.5 (or 6.2 times) in Transnistria. (diagram 4) In Russia and Ukraine, purchasing power of the average salary also decreased. However, the decrease was much smaller: in Russia, 3.6 times, and in Ukraine, 3.8 times.

In subsequent years, the purchasing power of salaries grew but in Moldova in 2006 it still comprised only 13 food baskets or 38.2 % of the level of 1991, and in Transnistria 14.4 food baskets or 42.4 % (in Russia – 53.7 %, in Ukraine – 47.1 %). It is noteworthy that in the course of 2001-2003 the purchasing power of the average salary in Moldova exceeded the level of Transnistria. Moreover, equality of purchasing powers was recorded in 2004, whilst in 2005-2006 Transnistria was already ahead of Moldova with respect to this index.

The same tendency can be registered for dynamics of purchasing power of the average monthly pension.

It has to be noted that the assessment of the purchasing power is done also based on the amount of accrued salaries and pensions. However, their delayed issuance is not taken into consideration, and the implication of that is a gap between accrued and actually paid amounts. This fact is manifested in the problem of arrears of salaries and pensions. While this problem is almost resolved in Moldova (in 2006, arrears were less than 1 % of the annual salary fund), in Transdnistria the problem still remains rather pressing. In 2006, salary arrears comprised 4.3 % of the annual salary fund. The situation was seriously aggravated in 2007, when salary arrears in the economy of Transdnistria increased by 29.4 %, including arrears in budgetary organizations – by 44.9 %.

Arrears in salary and pensions to the population represent a direct deduction from the amount of revenues and, therefore, are the factor that negatively affects the level of these revenues. Payment of arrears related to salaries and pensions made after some time does not fully compensate underpayments during previous periods, as even under conditions of low inflation there is certain devaluation of amounts that were paid with delays. This thesis is especially challenging for Transdnistria, where the consolidated CPI for January – December 2007 reached 29.4 %. This fact, as well as a significant growth of arrears in salary and pensions leads to decrease in the purchasing power of salaries and pensions in Transdnistria. In this connection, while assessing the purchasing power of cash income of the population of Transdnistria certain adjustment of obtained results is necessary.



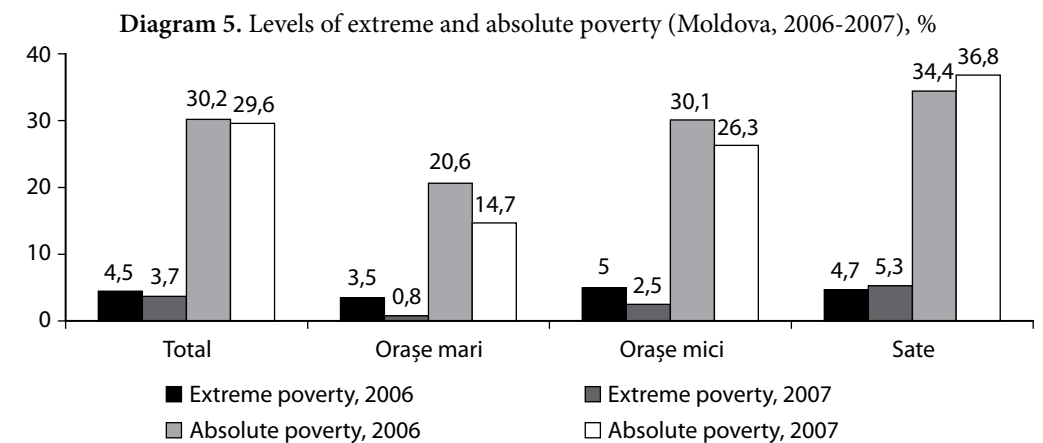
Calculations made by the author based on: Anuarul statistic al Republicii Moldova, 2007; [www.economy-pmr.org/publuk\\_stat.php](http://www.economy-pmr.org/publuk_stat.php); [www.vkp.ru](http://www.vkp.ru)

**Poverty.** Poverty in Moldova and Transdnistria, as a multidimensional phenomenon, is characterized by features that are typical for populations of other countries with transitional economies: (1) low level of revenues and consumption; (2) poor health; (3) low level of education; (4) limited access to healthcare and education; (5) vulnerability to economic and social instability in combination with fear of the future; (6) quite limited opportunities for improving living conditions.

At the same time, there are certain specific features of poverty in Moldova and Transdnistria:

- Phenomenon of “working poor”, when the category of poor includes not only traditionally vulnerable population groups (economically inactive persons, unemployed and employed on a part-time basis), but also qualified workers (first of all, those working in the field of education and culture);
- Existence of a significant “bordering” layer of households that are beyond the poverty line in terms of their well-being, but which at the same time are laying aboard this line. A slight worsening of well-being of these households plunges them into a situation of poverty and drastically increases the number of poor in the country;
- Possession of physical assets – land, lodging – is not necessarily a guarantee of getting out of poverty.

In 2006, 4.5 % of the population of Moldova was below the extreme poverty line\*, and 30.2 % – below the absolute poverty line\*\* (diagram 5).



Source: The National Statistical Bureau of Moldova

The main *profiles* for poverty in Moldova and Transdnistria are the following:

- *The highest risk to fall under the poverty line for rural population.* This is caused by low profitability of agricultural production and limited possibilities for rural people to find jobs in non-agricultural areas. An additional factor which increases the risk of poverty for rural households is high dependency of agricultural production results on natural and climatic conditions, which have become significantly worse in recent years.
- *The poverty level of the urban population directly depends on the size of urban localities. Large cities (in Moldova these are Chisinau and Balti, in Transdnistria – Tiraspol, Bendery*

\* The extreme poverty threshold is an amount of expense for food necessary for daily consumption of the required minimal number of calories. In Moldova, this is the caloric value of the food basket of the subsistence minimum, which is equal to 2282 kcal.

\*\* The threshold of absolute poverty sets up the minimal level of expenses necessary for food products and other non-food commodities and services.

and Ribnitsa) create relatively favourable conditions for realization of a person's educational and professional potential. They have more developed job markets, as well as an infrastructure for the social support of poor population.

- People living in small towns are the most vulnerable. Their needs are higher than in big cities, and their unemployment acquires long term and chronic nature.
- *The number of household members is a factor which increases the risk of poverty.* Regardless of the type of a locality there is a clear tendency: the higher the number of household members, the higher the threat of poverty.
- *The poverty level increases when the number of children in the family grows.* A family with many children is rather highly likely to be in a situation of poverty and its ultimate form: extreme poverty. Families with many children face the problem of underconsumption of the most important development food products for a child's body.
- *The risk of poverty decreases with growth of the level of education of the head of the household.* Households headed by persons with university degrees are in the best situation. At the same time, households which are led by persons who lack even primary education are exposed to a higher risk of poverty than households which are led by people who graduated from higher educational institutions.
- *Another vulnerable social group is represented by people who reached pension age.*
- The extent of vulnerability of senior people directly depends on their specific living conditions. Elderly people who live together with their relatives in the same household are in a better situation. The situation is absolutely different in households which are managed by senior people. The level of deprivation of these households is higher than that of pensioners in general, including those who live in families consisting of representatives of different generations. For their survival, families of pensioners can rely only on their rather modest pension payments and on rather limited material possibilities available to pensioners' households.
- At the same time, the level of poverty among urban pensioners is higher than among rural old people. A lower level of poverty among rural pensioners is directly linked to their opportunities to produce their own food products at their own household plots for their own consumption
- *Expenses on food are in the first place in the structure of consumption expenses in the poor households.* However, high unit weight of expenses on food do not ensure any adequate level of food consumption for members of poor households. The low purchasing power of poor people forces them to exclude many vitally important food products from their food consumption. The substitution with food of low nutritional value leads to a worsening of the structure of nutrition of poor people. As a result, they take in the necessary amount of calories in their nutrition by consuming bread products and potatoes. Also, imbalance in food rations in terms of proteins, fats, carbohydrates, vitamins and microelements can have long-term negative consequences for health and life activities of the poor population.
- *Poor households are worse equipped with modern household appliances.* These households are equipped with outdated models of TV-sets, refrigerators, washing machines, and other appliances which are utilized for many years. Because of prices incompatible with their level of income, poor households cannot afford to buy new, radically modernized durable devices.
- *Members of poor households are limited in their access to the system of free healthcare assistance.* Equal access to free healthcare assistance, regardless of the level of welfare of people, is not ensured in Moldova or in Transdnistria. The currently functioning system

of mandatory medical insurance in Moldova, which is meant to guarantee receipt of a certain amount of medical assistance, places poor people in a more vulnerable situation. They are the category with the highest number of unemployed, or of those who work without proper documentation of their labour or have strained relations with their employers. As a result, most of them do not have any medical insurance and thus, do not have access to free medical assistance.

- *Children from poor households do not have equal opportunities with their peers from well-to-do families as far as access to quality education is concerned.* Low incomes of poor households limit possibilities of children from these families to obtain college and university degrees on a contract basis. Usually, children from poor families are less competitive when applying for studies at colleges and Universities. This is especially true for children from rural families where the quality of school education is much worse, and whose excessive out-of-school labour activity at agricultural works creates serious problems for their school performance.

**Population's assessment of material (economic) situation of the family (country).** An analysis of standards of living of the Moldovan and Transdnistrian populations only on the basis of statistical data does not allow for a comprehensive picture of the situation in this area. An important additional element of this analysis is assessment of the material situation by the population itself.

Results of a sociological survey evidence that the vast majority of the population of Moldova and Transdnistria assess material situations of their families as "medium". Approximately half of the respondents from Moldova (48.5 %) and Transdnistria (54.5 %) gave such an assessment (see table 10). In Transdnistria, the share of respondents who assess material situations of their families as "good and very good" is a little bit bigger than in Moldova. The most significant difference between respondents of Moldova and Transdnistria is in their assessment of material situations of their families as "bad and very bad". While in Moldova the ratio of these answers comprises 37.1 %, in Transdnistria the percentage is 27.5 % (or 1.4 times lower).

**Table 10.** Allocation of the number of respondents who assess the economic situation of a family (country)

	How would you assess the material situation of your family?			How will your family live in one year?			How would you assess the economic situation of the country?		
	Good and very good	medium	Bad and very bad	Better and considerably better	same as now	Worse and considerably worse	Good and very good	medium	Bad and very bad
Moldova	13,2	48,5	37,1	28,3	33,0	22,5	5,2	27,0	62,9
Transdnistria	16,3	54,9	27,5	22,6	31,0	12,3	3,4	46,2	45,8

Source: the results of the sociological survey

Respondents from Moldova are characterized by being more negative while assessing the economic situation of the country. 27.0 % of respondents from Moldova consider the economic situation of the country to be "medium", while in Transdnistria such an assessment was given by 46.2 % of respondents (or 1.7 times more). On the other hand, respondents from Moldova gave

1.4 times more answers stating that the economic situation in the country is “bad and very bad” than respondents who gave similar answers in Transdnistria.

As far as the future material situation of their families is concerned, respondents from Moldova and Transdnistria are rather optimistic. The share of respondents who consider that in 1 year they will live better and considerably better amounts to 28.3 % in Moldova and 22.6 % in Transdnistria, which is 1.3 times and 1.8 times higher respectively, than the share of those who believe that they will live worse and considerably worse. This optimism is a good psychological background while implementing the necessary changes in the social area aimed at the increase of living standards and improvement of life quality of the population on both banks of the Nistru / Dniester River.

### Conclusions and proposals

1. The conflict on the Nistru / Dniester River has radically changed the vector of social development of Moldova and Transdnistria. Among other reasons, this also happened due to different social policies, which were formed and implemented with the help of different methodological approaches.

2. In Moldova, introduction of new principles of functioning of the social sphere took only a few years. On the one hand, it ensured accelerated adjustment of the social sphere to the market conditions and, on the other hand, it quickly destroyed the myth that dated back to old Soviet times about the omnipotent power of the state, about its abilities to resolve all social problems no matter how difficult they are. These processes accompanied by a drastic decrease of living standards caused an unprecedented shock among the majority of the population. However, no social explosion occurred; the population demonstrated rare social tolerance.

Gradually, fundamental principles of the social policy were developed: *a)* the state develops and ensures minimal standards of life necessities for the entire population; *b)* the state renders targeted social support to the low income population; *c)* everybody is personally responsible for his/her own future. Most of these principles are covered by the social legislation of recent years. However, implementation of these principles into practice failed to ensure decent living standards and living conditions for the population and, as a result, Moldova is one of the poorest countries in Europe.

3. In Transdnistria the process of transition of the social sphere to market-based functioning took a much longer period of time. This was fostered by long-running uncertainty of the political and legal status of Transdnistria and, in connection with that postponing of resolution of drastic social problems until “better times”. Social laws adopted by the Supreme Council to a great extent copied similar provisions of the Russian legislation. However, at the same time, different economic and financial possibilities of Transdnistria and Russia very often were not taken into account, which could not but affect negatively the financial provision and support for settlement of social problems.

Governing authorities of Transdnistria provided social support to the population in order to mitigate consequences of serious decline in their living standards. However, this support was poorly targeted, and, as a result, considerable material and financial resources (by Transdnistrian standards) were spent inefficiently and did not have any positive influence on improvement of the living conditions of the low income population. Populist decisions made with regard to the solution of social problems more and more often encounter inability to be financially self-supported, which forces the governing authorities of Transdnistria to request more and more support from foreign countries (from the Russian Federation in the first place) in order to obtain humanitarian aid for its population.

According to the main indicators which characterize the living standards and living conditions of the population, Transdnistria is in a better situation than Moldova. However, to a large extent this situation is determined by the influence of external factors and cannot continue forever.

4. In spite of existing differences, most of the social problems of Moldova and Transdnistria are similar. This implies an objective need of creating a responsible social policy aimed at resolution of the most pressing problems. First of all, there are: decreasing the poverty level; increasing the living standards; decreasing unreasonably high levels of social inequality; and the creation of equal starting possibilities for social development of all citizens. In addition to relevant state structures, public organizations and movements, non-governmental organizations, expert community and business circles have to play an active role in this process.

5. Taking into account the specifics of the current situation in the social sphere and possible ways for resolving pressing social problems, it is feasible to carry out confidence building measures between populations of the two banks of the Nistru / Dniester River in two stages.

6. At the **first stage**, the expert community must focus on carrying out analytical and propagandistic activities. The need of analytical work is conditioned by the actual absence of profound comprehensive researches of social problems of Moldova and Transdnistria. As a result of these studies, it could be possible to get scientifically justified benchmark analysis, which would reveal factors that influence dynamics of social processes and human development in Moldova and Transdnistria. (This article, to the knowledge of its author, is a pioneer article and represents only a fragment of the future serious research in this area).

The promotion and dissemination of the results of the analysis and possible ways of solving social problems are the most important remedies for improving trust between the populations of the both banks of the Nistru / Dniester River. Relevance of such activities is conditioned by the fact that in the social sphere the population of Transdnistria has certain advantages when compared to the population of Moldova. However, these advantages very often exist only “on paper”, while the higher level of salaries and pensions is more and more often “eaten away” by sky-rocketing inflation, which is difficult to restrain under an extremely unstable economic and financial situation in Transdnistria. Besides, it is necessary to take into consideration that material and financial support to the population of Transdnistria provided at the expense of Russian taxpayers cannot last forever. These and other arguments in favour of the statement that social problems can be resolved jointly, first of all, by common efforts of people from both banks of the Nistru / Dniester River will have a positive influence on the opinion concerning the need of a speedy resolution of the conflict.

The experience of the author, who visits Transdnistria quite often, in this area proves that only high professionalism of experts, reasonableness of their arguments alongside with respectful and decent attitude towards the participants of the dialogue would be able to overcome negative stereotypes and prejudices that exist among the majority of the population of Transdnistria.

7. At the **second stage**, it is reasonable to elaborate proposals on possible solutions to existing social problems. Taking into consideration the fact that resolution of some of them can cause negative response from the population of Transdnistria (for example, possible increase of the retirement age), it is necessary to envision a sufficiently long transitional period for implementation of these proposals. This is a huge work, and it has to start with elaboration of common principles of the social policy, with proposals on harmonization of legal and regulatory acts of Moldova and Transdnistria.

7.1. When *elaborating common principles* of the social policy it makes sense to take into consideration achievements which are to be found in the experience of its implementation in Moldova and Transdnistria. In particular, for Transdnistria, the following experience of Moldova could be rather useful:

- the implementation of mandatory medical insurance for funding the necessary set of medical services provided to the insured population;
- reforming the system of social insurance, which would allow from the very beginning of the process to increase the revenue part of the social insurance budget and to liquidate completely pension arrears.

In Transdnistria, they also have experience that is worth being applied in Moldova. In particular, it is a clear orientation of minimal standards in the field of labour remuneration towards the size of the subsistence minimum, which is in full compliance with international requirements.

7.2. It is reasonable to implement *harmonization of legal and regulatory acts* that regulate relations in the social-labour sphere of Moldova and Transdnistria from the point of view of their compliance with international documents. First of all, we mean the Copenhagen declaration on social development, which was adopted at the World Summit in March 1995 (with the participation of the Prime Minister of the Republic of Moldova). The core of the Copenhagen declaration are ten commitments on ensuring social development, the first of which could become a keynote of joint work: **“We commit to create an economic, political, social, cultural and legal environment that would enable people to achieve social development”**.

In addition, it is necessary to use requirements specified in ILO conventions related to labour remuneration and social protection of the population. Some of these conventions were ratified by Moldova (Transdnistria was not able to do that due to its unrecognized status), others (including ILO Convention No. 102 Concerning Minimum Standards of Social Security) still have to be ratified.

8. Elaboration of the social policy should be aimed at achieving of the fundamental goal of development of Moldova and Transdnistria – improvement of living standards of the population through sustainable economic growth. Thereby, resolution of social problems in Moldova and Transdnistria on one hand would favourably influence the level of the national welfare, and, on the other hand, would contribute to unification of people on both banks of the Nistru / Dniester river. **Only common efforts can lead to the path of social development.**

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Natalia Schukina

## SOCIAL PROTECTION AND SOCIAL SECURITY: EFFECTIVENESS OF LEGISLATIVE REGULATION

in the current conditions the social policies of the state gain special importance, as they represent a complex set of socioeconomic events, economic entities, local authorities and entrepreneurs aimed at the protection of the population against unemployment, other social risks and increase of prices.

In the present paper the author highlights the extreme importance of the social policy in the context of the political conflict, as due to the deep economic crisis the issue of financial security of the population became pressing both in the territory of Transdnistria and in the right-bank regions of the Republic of Moldova. This situation is similar for the issue of creation of new jobs that meet all criteria of labour safety and security.

In the opinion of the author, the development of the social legislation of the Republic of Moldova was pre-determined by the historical specificity of the development and by the current political and economic situation. Also, to a large extent it was conditioned by the integration processes within Europe. All these factors attest to the need of bringing the state's national legislation to compliance with the generally accepted principles and norms of the international law.

The work pays major attention to the need of formation of non-governmental organizations dealing with population's awareness raising on both banks of the Dniester / Nistru about the possibilities of provision of social assistance.

At the same time, the author draws attention to the fact that the citizens of Transdnistria are not fully covered by the force of the international legal acts in the sphere of social security due to the fact that the Transdnistrian Moldovan Republic is not a subject of the international law, and within its territory the generally accepted principles and norms of the international law can be applied only in the case they are recognized in the territory of Transdnistria.

The author emphasizes the need to continue the actions of the state, governments and civil society institutions related to the improvement of the social protection and social security system; quite fairly mentioning that the resolution of the conflict between Transdnistria and the Republic of Moldova would contribute to a large extent to the effectiveness of these actions.

The author concludes that the political instability and economic recession hinder the development of the social reforms and, in the long run, affects negatively the population's level of well-being on both banks of the Dniester / Nistru. Doubtless is the conclusion that the problems of the demographic decline of the population, non-compliance of the social legislation with the provisions of the international law, the need to upgrade production and to improve labour conditions, as well as many other problems of the social sphere could be resolved much more efficiently and sooner in the conditions of a civilized dialogue of the parties and mutual concessions.

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### Regulation

In the current context, the social policies of the state representing a group of socio-economic activities of the state, business entities, local authorities and entrepreneurs aimed at protection population from unemployment, other social risks and increase in prices becomes important, especially in the context of the political conflict, because as a consequence of the deep economic crisis and decline in production there is a severe problem of material support for the population of both of Transdnistria and the regions of the Republic of Moldova.

A developed market economy that already exists in western countries and is in the process of formation in our region is absolutely socially oriented. In this respect, the complex analysis of



the regulations of the existent social legislation and that of the social and labour relations become particularly relevant and interesting.

A state's social infrastructure consisting of regulatory, legally binding acts that govern the various areas of the social and economic life is called to neutralise or "...at least alleviate the consequences of the spontaneous impacts of the market forces, in particular, on the market of hired labour, that are negative for the working population and, eventually, dangerous for the entire society".<sup>1</sup> These consequences are the unemployment, the sharpening of the social inequality, the exposure of the hired employees to occupational risks etc. Over extended periods of time, during the development of the economic relations, the legal rules (mainly rules of labour law and other social legislation) served as an efficient way of "smoothing" of these circumstances. Back in the early 20<sup>th</sup> century, G. Zintsgeimer, a German lawyer, declared the search for and development of compromise between the interests of the employees and the employers the most important task of labour law at a conceptual level.<sup>2</sup> As a follow-up of the stated ideas, contemporary researchers speak about the social purpose of labour law not opposing it to its economic value. From our perspective, the most concise formulation of this idea was given by S. A. Ivanov, who noted: "The social purpose of the labour law expresses the most general, most important and vital interests and needs of the working people related to the sphere of labour relations".<sup>3</sup> R. Z. Livshitz had also pointed out that "the useful role of labour legislation consists of its social purpose".<sup>4</sup>

The legal regulation of the relations in question is rendered more complicated by the fact that, at present, the sphere of the social and labour relations in the post-Soviet space is considered to be in crisis. The crisis of the labour values and labour motivation becomes particularly important being related to the strengthening of the coercive mechanism in the period of the social and economic reforms.

In this respect, the labour legislation reforms become necessary. At the same time, account should be made of the fact that in a transitional the labour law is the one aimed at achieving social justice in the social and labour relations in particular and in the society in general. Depending on the specific socio-economic and political conditions of the social development, the aims and objectives of the labour law may change, but this will be within the framework of the social purpose of labour legislation<sup>5</sup>.

The labour and social law of the Republic of Moldova and Transnistrian Moldovan Republic forms the base for the social reforms and represents a mechanism of ensuring the constitutional social rights of citizens.

According to the provisions of Article 47 of the Constitution of the Republic of Moldova the state must take measures to ensure a decent standard of life for each citizen, which is needed to support their personal health and well-being and the health and well-being of their family, including food, clothing, dwelling, medical care and required social service. The citizens have a right to social security in the case of unemployment, illness, disability, widowhood, old age or, in other cases, loss of means of subsistence beyond their control<sup>6</sup>. The specified provisions of the Constitution are developed in legislative acts of the Republic of Moldova regulating the terms and procedures of the social and labour rights of the citizens.

The social reforms that are conducted in the Republic of Moldova are aimed at securing the main principles of international law regarding social security in the national legal norms, as evidenced by the:

- Reform strategy of retirement insurance system adopted in 1998
- The State Social Insurance Pensions Law of the Republic of Moldova No 156-XIV from 14.10.98
- The State Social Insurance System Law No 489-XIV of 08.97.99.

Today, it is possible to talk about certain results of application of the stated regulatory legal acts.

The main aim of the reforms is the transition from the social security to social insurance. In this respect, the following underlying principles served as a basis for the creation and functioning of the system of social insurance and the pension system as its constituent part:

- *the principle of uniformity*, according to which the state organises and guarantees the activity of the State Insurance System in conformity with common legal norms;
- *the principle of equality* ensuring all participants to the State Insurance System – contribution payers, beneficiaries of pensions and other social insurance benefits – the equality in execution of their rights and carrying out of their duties provided by the law;
- *the principle of social solidarity* of generations and people representing one generation, (those who need assistance today receive it not from their own savings, but from those who work and earn today. In other words, parents receive assistance from the children. This principle was popular in the retirement insurance system, in the first instance, but partially in the medical insurance system as well);
- *the principle of obligation*, a principle, according to which the insured person is obliged to pay insurance at the current rates for insurable property, while the insurer is obliged to pay an insurance compensation in all specified insured events;
- *the principle of participation*, according to which social insurance funds are formed on the basis of contributions paid by legal and physical persons – participants of the State Social Insurance System; the exercise of the right to social insurance depends on the implementation of this responsibility.<sup>7</sup>

Evolution of the social legislation of the Republic of Moldova is predetermined by historical particularities of development, modern political and economic situations and conditioned by the integration processes within Europe. All these factors show a need of adaptation of the national legislation of the state to generally recognized principles and rules of the international law. Article 4 and 8 of the Constitution of RM recognises the generally accepted principles and rules of the international law. The international treaties of the Republic of Moldova are recognised as a basis for building relationships with other states and stipulate obligations on the adaptation of the national legislation to the rules of ratified international treaties and agreements. That is why the legal analysis of a number of international legal acts in the sphere of the social security and protection of labour and social rights of the citizens becomes interesting.

Social protection in most of the European states is viewed today as a basis for building the modern society and state. It is social security that plays the central role in the process of the establishment of the principle of legal regulation and determination of the main directions of social policy in European countries. Even the recent sweeping changes of the European social and economic reality did not discredit the necessity of preservation of social protection and protection of members of the society from social risks.

The fundamental document of the international law for the legal control of the social and labour relations is the European Social Charter that was signed by the Republic of Moldova on November 3, 1998. Taking social protection as a fundamental social right, the European Social Charter facilitates its consolidation while keeping the minimum of guarantees at the European level. In this respect, the Charter's Control Mechanism plays a crucial role. Based on the revision of the national reports, it allows the performance of a regular and systematic legal analysis of the states' accomplishments of the Charter's provisions. The Charter prescribes the signatory states with obligations aimed at ensuring effective exercise of the right to social security, and creation and maintenance of a satisfactory level of social security system, a level that is required for the ratification of the Convention No. 102 of the International Labour Organization regarding the minimum standards of social security; striving to gradual recovery of the social security system to

a higher level. By concluding relevant bilateral and multilateral agreements, the Charter signatory states commit themselves to ensuring:

- a) an equal regime for their citizens and citizens of other Contracting parties related to the right to social security including the preservation of benefits provided by the social security legislation irrespective to any movement of the protected person between the territories of the Contracting parties;
- b) provision, preservation and restoration of the right to social security by such means as summation of periods of coverage or work experience in accordance with the legislation of each of the Contracting parties (p. 12 of European Social Charter)<sup>8</sup>.

The creation of the necessary conditions for the exercise of the right to social security remains one of the priority directions of the policy of the European Council in the social and economic sphere, something that was reflected in the Recommendation of Parliamentary Assembly 1487 (2000) “Development of a New Social System”<sup>9</sup>. This contains a call for more active regulation of the market economy for the purpose of strengthening the economic security of the population and the improvement of its social security. The European Social Charter is “an anchor point for basic social rights and one of the corner stones of the European social model”<sup>10</sup>.

The right to social security is stipulated in Article 12 of the European Social Charter. According to the comments to the Charter, social security assumes payment of benefits or pension in connection with certain events or circumstances – illness, disability, pregnancy and delivery, child support, unemployment, old age, death, widowhood, work place accidents and professional illnesses. The provision of particular pensions and benefits can be based on the payment of insurance contributions or be independent of them, a mixed character also being possible. Sometimes the provision of pensions and benefits can be conditioned by the availability of the respective resources (i.e. money in the budget). A common regime and special regimes are accepted within a social security system depending on employment categories, for hired persons, in particular<sup>11</sup>.

According to paragraph 1, article 12, the participating states commit themselves to creating or supporting the social security system. This system should cover a significant percentage of a country’s population and presume a certain level of benefits and pensions. In particular, according to the European Committee of Social Rights, insignificant payments can generate doubts about the possibility of talking about fulfilment of the provisions of this paragraph. The national reports of the Charter’s member states include information on the directions of the social security system, methods of financing, the number of individuals covered by this system and conditions of its functioning. The Committee of Social Rights has pointed out that the states have been recently striving to limit the growth of the social security costs due to an increase in the percentage of the elderly population related to the total population and certain decline in the economy. Relevant facts were not qualified as violation of the Charter, such a tendency being recognised alarming though<sup>12</sup>.

In accordance with paragraph 2, article 12, a state should maintain the social security system at a satisfactory level, at least at a level that is needed for the ratification of the European Code of Social Security (revised) of November 6, 1990<sup>13</sup>. This document establishes the minimum levels of protection that the Contracting Parties committed themselves to, observe concerning payment of pensions and benefits. When ratifying the Code, the states should recognise as mandatory the provisions of at least six parts out of the existing nine: medical services (II), sickness allowances (III), unemployment allowances (IV), old-age pensions (V), occupational accidents and professional illnesses allowances (pensions) (VI), family allowances (VII), pregnancy and delivery allowances (VIII), disability allowances (pensions) (IX), allowances (pensions) for loss of supporter (X).

Paragraph 3, article 12 of the Charter obliges the states to achieve a gradual ascent of the social security system. This rule refers to the number of “evolutionary” norms, this being the reason why the national reports of the member states should provide evidence of real activities aimed at the improvement of the system and not refer to earlier results. At the same time, the increase in the size of the benefits caused by the increase of the cost of living cannot be considered as improvement of the social security system. Moreover, according to the Committee of Social Rights the very fact of the ratification of the European Code of Social Security speaks about the determination of a state to raise the level of its own system.

### World standards in the sphere of social security

The State Social Security System Law of the Republic of Moldova partially reproduces the provisions of the Charter and other international legal documents and provides citizens with the right to allowances in case of disability child care, maternity benefits, one-time allowance for delivery and allowance for children younger than 3 years of age. These allowances have as their purpose the provision of state support to families with children and to mothers. In practice, it is the mothers who are the beneficiaries of this right, although under certain circumstances this right can be extended (except for the maternity allowance) to other persons who have in care children.

Also, unemployment allowances and funeral grants are provided for all insured persons, these being paid also from social security funds.

The right to social insurance in the framework of labour and labour related relations is the most important legal guarantee. The Labour Code of the Republic of Moldova guarantees to all employees the right to a paid medical leave, even for those who have lost temporarily their work capability (Art. 194 of the Labour Code of RM).

In the state social security system, a pension-eligible employment period is calculated by summing up all insured periods, including the periods of receiving allowances for temporary disability, pregnancy, delivery or unemployment, *during which insurance contributions for allowance beneficiaries were paid from corresponding funds*. That is why sick leaves are also included into pension-eligible employment periods of *all* employees.

The Charter also provides for the right to use Social Services (article 14). According to the European Committee of Social Rights, the legal right subject to judicial defence is provided in this article. This article assumes availability of both universal and specialised services for more vulnerable population layers (children; elderly people; invalids; youth in straitened circumstances; women that have suffered from violence; alcoholics; drug addicts; offenders; ex-prisoners; migrants; refugees). It seems that right bank Moldova and Transnistria, along with the already existing bodies that provide social assistance to separate population groups, need to form non-governmental organizations dealing with raising the awareness of the population of both banks in issues of possible provision of social assistance. In particular, it refers to Transnistria, because residents of Transnistria are often deprived of the right to social guarantees and benefits because of the lack of possibility to get relevant information.

In accordance with the European Council standards, there is a principle of non-discrimination acting in the sphere of social security, which is reflected in a number of documents. According to paragraph 4, article 12 of the European Social Charter, the member states take measures, by concluding bilateral and multilateral agreements or using other resources in order to ensure: (a) equal regime for their own citizens and citizens of other Contracting parties related to social security rights, including the preservation of the right to the provided benefits in accordance with the social security legislation irrespective to any movement made by the protected person between the territories of the Contracting Parties; (b) provision, preservation and restoration of

the rights to social security by such means as summation of periods of coverage or work experience in accordance with the legislation of each of the Contracting parties.

As noted in the comments, these measures are aimed at ensuring mobility of the labour force and protection of foreign workers<sup>14</sup>. These provisions apply not only to individuals living on the territory of a Contracting Party, but also to those who lived in this country earlier and acquired the right to receive retirement pension. The state cannot provide social allowances and pensions only to its own citizens or impose additional limitations exceptionally on foreigners. The exception from this rule is the right to demand observance of the established period of residence as a condition to get allowances or pensions that do not depend on the size of insurance contribution, as provided for in the Annex to the Charter. As a signatory state of the European Social Charter the Republic of Moldova ensures its observance by conducting a social policy that is aimed at strengthening the social protection both of its own citizens and foreign citizens having acquired the right to social security on its territory.

### Problems and prospects of improvement of the social security and protection system

At the same time, the citizens of Transnistria are not fully covered by the international legal acts in the sphere of social security. Since the Transnistria is not a subject of international law, on its territory generally accepted principles and rules of international law are subject to be applied only in the case they are recognised as framework rules in the territory of Transnistria. It is possible that this prevents the region from being fully involved in the social legislation unification process.

At the same time, it should be mentioned that a process of formation of a modern state's social security system is taking place within Transnistria, based on the rules and provisions of the current Constitution of the Transnistrian Moldovan Republic<sup>15</sup> – its main law. The Constitution declares the Transnistrian Moldovan Republic as a state, the policy of which is aimed at the creation of conditions ensuring decent lives and free human development. Indeed, today measures within the social security program encompass almost all the population of the republic. The social security system of Transnistria includes different kinds of pensions, allowances, compensatory payments, social services, medical assistance and treatment as well as various bonuses for certain categories of citizens. The current system of social protection is almost fully financed by the state. In the framework of it the state undertakes expenditures related to maintenance and servicing of elderly and incapable citizens. Nevertheless, the social system of security and protection of citizens in the republic framed up at the legislative level faces serious hardships. Firstly, these difficulties are related to insufficient funding and state appropriations for events conducted in the framework of the social security program. The situation in Transnistria as well as in the Republic of Moldova is further aggravated by the fact of mass exodus of the population and by the growing number of pensioners related to the number of the employed population. For instance, if in 2000 for the 651.8 thousand individuals making up the population of TMR there were 134.0 thousand of pensioners (20.6 % of the total population), in 2006 this proportion was of 24.3 % (547.5 thousand and 133.3 thousand, correspondingly).<sup>16</sup> Recently a tendency of increase in the indexes of spread has been observed. Under the existing circumstances there is a pressing need to move from the distribution system of social security (including retirement insurance) to a saving system assuming active participation of the citizens in the formation of the payment means of pensions in the future. In this respect the experience of the Republic of Moldova seems to be interesting as the Republic of Moldova carries out reforms of the social assistance system and supports citizens in the framework of the unified government program according to the feedback and comments from the international and European experts and rules of the international legislation.

Thus, the European Social Charter nominates pensions as one of the forms of social security services. The concept of “pensioner” in the Republic of Moldova assumes the provision of the pension rights to all insured persons permanently residing in the Republic of Moldova, as well as to persons who were not insured at the time of pension award but who qualify according to the Pension Law. Agricultural workers also have a right to pension. According to the Law on state social security system a person is considered insured in case he / she works on the basis of a personal performance agreement, in elective posts or appointed to agencies of the executive, legislative or judicial power; receiving unemployment allowances, temporary incapability, invalidity, as well as persons who have an annual income not less than three or four average month salary<sup>17</sup>. The Legislation of the Republic of Moldova mentions the paying out, at the expense of social insurance funds, of pensions on age; on disability and on loss of a breadwinner.

Let us discuss each type of pension. The mandatory conditions for a full age pension are: the achievement of *pension-eligible age* established by the legislation and availability of corresponding of the necessary *pension-eligible service*. After the adoption of the Law on social security state pensions in 1998 the retirement age both for men and women began to increase in Moldova (Art. 41 of the Law). Consequently the necessary pension-eligible service increased. If before the beginning of 1999 men retired at the age of 60 and women at the age of 55 then beginning with January 1, 1999, the pension age began to increase by 6 months every year and by 2008 it had to be 65 for men and 60 for women. However, later Law No. 1485-XV/ 22.11.02 was adopted introducing amendments to art. 41 of Law No. 156-XIV/ 14.10.98 on the social security state pensions, which “froze” the retirement age at the level of 2002 (62 years for men and 57 for women)<sup>18</sup>. The exceptions from the general rule are only the mothers of large families: for them the beneficial age was set, which gives the right for pension on age which was also gradually moved up and at present it is 54. In accordance with article 13 of the Regulation, beginning with January 1, 1999 the necessary number of years of insurance contributions to qualify for an age pension for men is 26 years, for women - 22 years. In every subsequent year the retirement service increased for men by one year and for women by two years, from January 1, 2004, both for men and women is one year plus, until they reach 35 year old age (see part (1) art. 41 of the Law on pensions). However as well as expansion of the pension-eligible age, increase in the necessary pension-eligible service was suspended. Since 2003 both for men and women a retirement service of equal duration, 30 years, has been established.

*Disability* pensions are given to insured persons (regardless of gender) in case of total or partial incapability resulting from: general illness, employment injury or professional illness. In order to receive a disability pension due to *general* illness, the insured person must have between one to five years of retirement service by the time of requesting the disability status, depending on their age: before the age of 23 – 1 year; from 23 till 26 – 2 years; from 26 till 31 – 3 years and upward 31 – 5 years. Disability pensions due to *employment injury* or *professional* illness are assigned *regardless* of existence of the retirement service. Disability pensions are paid in full to all pensioners, including those who have income subject to state social insurance.

The pension right in case of the loss of a breadwinner is obtained if the diseased was a pensioner and had the right to a pension. Pensions for the loss of a breadwinner can be assigned to children under the age of 18 or older than this age who take full-study courses or study at institutions of higher education until they complete their studies, before they turn 23; to a spouse of the diseased if they were married for at least 15 years and to the spouse who did not remarry, if on the day of death of not later than years s/he achieved retirement age, or became a disabled person of the 1<sup>st</sup> or 2<sup>nd</sup> group; to spouse or guardian caring for children of the diseased breadwinner. Pensions to children are paid fully in any case. Pensions to spouses and guardians are paid only in case if they do not have income subject to the state social insurance.

Among those who receive pensions in the Republic of Moldova there is one more, numerous group made up of recipients of social pensions / allowances. These pensions / allowances are financed from the state budget and are not ruled by the main law on pension No 156-XIV, as the right for the social pension / allowances is granted to *persons, who did not earn the right in the social insurance system*: disabled children under 16; disabled persons, including children at the age from 16 to 18; children under the age of 18, who do not have enough pension-eligible service for receiving disability pensions; children under the age of 18 (students attending institutions of higher and secondary education), who lost the breadwinner, but who do not have a right for receiving pension; elderly people, who do not meet the necessary requirements for receiving pension from the state social insurance system.

The range of people defined by the legislation demonstrates an equal approach to the authorization of social assistance for vulnerable categories of citizens, regardless of gender.

According to the signed and ratified agreements, the Republic of Moldova assumes the obligation to increase the level of social security and social protection of population. Thus, according to Article 13 of the Law on state social insurance pensions the part of the pension paid out of the state social insurance budget needs to be indexed after each year's 1st of April. The indexation rate is an average between the annual average growth of consumer price index and the one of the average wage in the country. In 2008, on the basis of the 12.3 % annual growth of the consumer price index and the 21.7% annual growth of the average wage in the last year, the indexation rate was set to 17% for the following types of social payments: retirement pensions, disability pensions, pensions for loss of breadwinner, pension for years of service. The indexation rate of the pension for people serving in the country's armed forces was also calculated based on the size of the annual average growth of the consumer price index for the previous year and amounted to 12.3% in 2008. This percentage also indexes state social allowances (12.3%), except for care allowances. The number of pensions indexed since April 1 will exceed 649.2 thousand, out of which 451.3 thousand on age. After the indexation an average retirement pension reached 663.56 lei beginning with April 1 2008. The minimal retirement pension was set as follows: for those employed in the national economy 475.09 lei and for those working in the agricultural sector 422.96 lei. It is important to point out that as the time of writing this paper the last pension indexation was held in April 2007, when size of pensions increased by 20.7%.<sup>19</sup> As a comparison we will use the information on Transnistria: by 2007 four pension recalculations took place, the minimum pension increased from 235 rubles to 259 rubles (an increase of 10.2 %) while the average pension grew from 446 rubles to 505 rubles (an increase of 13%). The average size of the retirement pension makes 523 rubles (61 US dollar).<sup>20</sup> However the monthly increase of the inflation rate in Transnistria leads to a significant increase in the indexed amounts of pensions.

The analyzed statistical data testify to the gradual increase in the social protection and social security level together with the continuous problems of right bank Moldova and Transnistria in the sphere of social security and social protection.

Nevertheless areas that have direct influence on the population's living standards became a priority for the Moldovan state in the sphere of social policy and social security. This includes the protection of the low-income persons, fighting against unemployment, and the regulation of the labour relations sphere.

The establishment of the state guarantees for the labour rights and freedom of citizens must remain one of the main goals of the labour legislation. In the conditions of the market relations the necessity of accomplishment of this idea receives a special significance in the development of the contractual regulation in the labour sphere. That is why there are no doubts about the fact that when regulating relations of the dependent labour the principle of protection of rights and

interests of a worker, as absolutely weak point of labour relations must be taken as a basis for the legal regulation.

We must pay more attention to the contractual regulation of the social and labour relations, in particular the collectively contractual establishment of additional social guarantees for the workers and pensioners. At the level of agreements and collective treaties the industrial, regional, professional and other particularities of labour relations must be defined and a real increase of the level of labour guarantees of workers must be provided. The ZAO "Tirotext" experience is an interesting example of such a collectively contractual regulation on the issues of workers' employment. Section 4 of the Collective agreement of the organization includes a provision according to which upon the expansion of production the priority in the hiring process of the personnel is put in the unemployed or released form the workplace do to the reduction of work force (p. 4.10)<sup>21</sup>.

Alongside with the collective contractual regulations there is an objective need for the introduction of amendments and additions to the current codified labour norm/ law. Meanwhile it is important to pay attention to the integrated approach of the reformation of the labour legislation, where one ought to take into account a number of factors, as follows:

- The political estimation of the reasons for the labour legislation reform, of the current state of labour relations;
- The identification of the goals, tasks and priorities of the labour relations reforms, contents of the future labour legislation and mechanism of its implementation;
- The use of foreign legal systems, international practices and model legal acts.

In our opinion the following areas should remain as principal ones for the continuation of the social sphere reform.

- *Guarantee of the minimum wage.* It is one of the principal areas of social security as it forms the payment base for labour in all spheres and the recalculation base of the level of pensions and allowances. The regular reconsideration of the wage rate is the key element of state's "income policy".

The creation of conditions for exercising the working potential for the purpose of gaining labour related and business income is an important function of the state in the market economy. Such conditions include the following:

- Free choice of a profession, sphere and place of labour activity;
- Getting the desired level of general education and vocational training;
- Material support and retraining of persons of active working age temporarily unoccupied in production (unemployed). The main goal of the government in the sphere of employment is to keep unemployment at the "natural" level (not more that 4-5% of economically active population). For this purpose it is reasonable to use tax benefits for enterprises, to increase the number of working places and to control the inflow of foreign workers. An efficient measure for the improvement of the employment situation is the reduction of the working hours. This way of fighting unemployment is wide-spread in foreign countries.

So, the necessity of the continuation of the actions of the state, governments and civil society institutes on the development of the social protection and social security system is also practically assured. The effectiveness of these activities to a large extent will contribute to the resolution of the conflict between Transnistria and the Republic of Moldova.

The political instability and economic recession hinder the social reforms and eventually negatively effect the level of prosperity of the population on both banks of the Dniester / Nistru. Doubtless is the conclusion that the problems of the demographic decline in the population, the non-compliance of the social legislation with the provisions of the international law, the need to upgrade the production and to improve the labour conditions, as well as many other problems

of the social sphere could be resolved much more efficiently and sooner in the conditions of a civilized dialogue and mutual concessions of the parties.

The issue of securing the right of freedom of employment; acknowledgement of the labour experience; acknowledgement of the bonuses and guarantees presented by each state to its citizens; borrowing the rules of the international law and their acceptance/ implementation in the national legislation require the quick regulations at the level of the state normative documents or bilateral agreements.

It goes without saying that the horizontal contacts between the entrepreneurs, economic entities of both parties and non-governmental organizations aimed towards the protection of the social rights of the population will also favour the conflict resolution.

Only the interaction of all of these measures together with balanced politic decisions will become the guarantee of a faster settlement of the conflict.

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*Nina Shtanski*

## FORMATION OF A “NEW” POST-SOVIET IDENTITY AMIDST ETHNOPOLITICAL CONFLICT: THE CASE OF TRANSNIESTRIA

In the academic sphere, there are a growing number of opinions that a conflict based on identity becomes “a model conflict of our times, it cannot be settled by any tools from the classical international strategy inventory and does not fit into simple frameworks”. At the beginning of the article, the author offers the reader an overview of current scientific approaches to issues of identity and its interrelations with conflicts in the post-Soviet space. Analysis of existing notions of identity in modern political discourse allows making a conclusion that currently, both within the political, sociological, historical, philosophical, and within other sciences and disciplines, the understanding of identity is becoming more and more diverse and often fragmentary, context dependent, being in a state of modification and transformation. In this context, investigation of issues of formation of a “new identity” in the post-Soviet space appears to be necessary not only from the perspective of “new” ethnic (in conflict zones) or “new” ethno-national identities (in states formed by titular ethnicities of the former national republics of the USSR), but also of such “new” identities that were formed on the fragments of Soviet identity in polyethnic groups.

Through the present work, the author offers a study of the issues of formation of a “new” post-Soviet identity on the example of Transnistria. The Transnistrian conflict includes identity, status and territorial elements. Complex structures of this conflict complicate the process of its settlement. Therefore, in the author’s opinion, studying the nature of formation of a “new” identity in Transnistria can be important for the purpose of elaboration of new effective approaches to settlement of “conflicts of identity”. Sociological research data, statistics from both banks of the River Nistru / Dniester, and a base of scientific works on identity currently available in the region are used in the work.

Analysis of the structure and dynamics of the nationality composition of Transnistria and right-bank Moldova can serve as a confirmation that it is impossible to classify the identity formed in Transnistria as ethnic, and impossible to identify a conflict of two or more ethnic identities in the Moldovan-Transnistrian conflict. The polyethnic (without any ethnos being dominating) population in Transnistria consolidated around the creation of their own Transnistrian statehood and the idea of gaining independence more than 17 years ago amid the disintegration of the USSR and the process of national unification in Moldova. According to the author, a complete settlement of the “frozen” Moldovan-Transnistrian conflict is impossible without taking into account the fact of the formation of a special identity in this region. Any resolution offered with the intent of normalising the Moldova-Transnistrian relations, from integration into a common state to building two independent peaceful neighbouring statehoods should be based on consideration of the will of the Transnistrian people - remarkable for a high degree of internal interethnic tolerance, consolidation around common national ideas and identification related to common aspirations.

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Change in the geopolitical structure of the world entails complex socio-cultural consequences, including radical transformations of identities. Nevertheless, this process causes a large number of conflicts and is perceived by many national communities as a threat to their political sovereignty, economic security and cultural originality. It is exactly in this context that questions appear related to national, state and civic identity. The variety of approaches and difference of concepts and explanations of the notion of “identity” are conditioned by the current realities, because the problem of identity that emerged at the level of a separate individual now appears in the form of a collective phenomenon affecting both the interests of individual communities, nations and entire

states, cultures, and civilizations. The processes of globalisation, regionalisation, and change in the political and economic map of the world motivate a search for new approaches to the problem of determination of the essence of the phenomenon of identity.

The disintegration of the USSR accompanied by lack of proper legal regulation of the withdrawal of a number of republics from the Soviet Union and a breakdown of interethnic tolerance based on the Soviet ideology, resulted in intense activation of ideas of nationalism. Formation of national states and numerous ethno-national identities in the post-Soviet territory provided the beginning of a process of self-identification in the post-Soviet space. The political and economic crises caused by the collapse of the USSR were accompanied not only by active search of grounds for a “new” post-Soviet identity and filling with new meaning such notions as “citizen”, “nation”, “the people”, but also loss of former values and ideals. As a result, there was a burst of inner ethno-political conflicts that were named “conflicts of identities”. A number of researchers related the emergence of such conflicts to the problem of self-identification, which is based not on state, but mainly ethnic and religious affiliation.<sup>1</sup> At the same time, several authors think that the very essence of the “new kind” of conflicts consists in the fact that they are based not on opposition of states or ideologies, but opposition of different identities.<sup>2</sup> According to this hypothesis, identity, as a conflict generating factor, manifests itself when values lying at its root are called into question as a result of interaction with some other identity.<sup>3</sup>

In the academic sphere, there are a growing number of opinions that a conflict based on identity becomes “a model conflict of our times, it cannot be settled by any tools of the classical international strategy inventory, it does not fit into simple frameworks”, and “elusiveness” is one of its attributes<sup>4</sup>. Grounds for development of such opinions and proof of their relevance are “conflicts of identities” in the post-Soviet space, in particular. Despite efforts of the international community, “frozen” conflicts in Azerbaijan, Georgia and Moldova remain unresolved. The unsettled status of these conflicts influences the development of geopolitical processes in various regions of the former USSR that appeared in a situation where they needed to choose a direction of civilization development associated with the necessity of realisation of their niche in the global political process. Such a situation demands that Russian science pays special attention to generalisation of existing approaches to defining the term of “identity”, identification of interrelationship and interdependence between ethnic, civic, national, state, political and cultural identities, as well as factors of their transformation.

Through the present work, the author offers a study of the issues of formation of a “new” post-Soviet identity on the example of Transnistria. In this case, in the author’s opinion, history had a kind of experiment, when at the moment of disintegration of the USSR and formation of an independent national state – Moldova, the polyethnic Transnistrian region that never before was (in the pre-Soviet period) a part of Bessarabia or Romania, refused to be incorporated into a new national republic and having rallied on the fragments of the Soviet ideology started building its statehood. Parallel to it, a “new” post-Soviet identity is forming.

A peculiarity of the Transnistrian conflict is that in contrast to, for example, the Abkhazian or South-Ossetian conflicts, here, it is impossible to point out the interethnic and inter-confessional components as a basis for contradictions that set off the armed conflict. Transnistria is populated by three large ethno-national groups: Russians, Ukrainians and Moldovans, each of them making almost a third of the population, as well as by Bulgarians, Belarusians, Gagauz, Jews and Germans.<sup>5</sup> At the beginning of the 1990’s in Moldova, there emerged the idea of Romanisation.<sup>6</sup> It was precisely with the purpose of protection against absorption by the (Romanian) culture that was foreign for the majority of the Transnistrian population, that there appeared a bonding of the polyethnic Transnistrian population based on Soviet identity. Thus, this region turned out to be an island of pre-national consciousness surrounded from both sides by national statehoods

with strong traditions of nationalist ideologies, with the then emerging crisis of Soviet identity in the neighbouring states giving a particular rise to the formation of a “new” model of identity in Transnistria. This model, as opposed to many other models that appeared in the late 1990’s, was based not on ethnic self-identification, but on a realisation by the people of Transnistria of a unity, at the foundation of which were history, culture, territory and traditions of peaceful polyethnic coexistence – all tightly interknit together.<sup>7</sup>

The Transnistrian conflict involves elements of identity, status and territory. The complex structures of this conflict make the process of its settlement complicated. Therefore, in the author’s opinion, studying the nature of the formation of a “new” identity in Transnistria can be important for the purpose of elaboration of new effective approaches to settlement of “conflicts of identity”.

### **Categories of identities in the modern political discourse: differences, correlation and mutual influence**

The context of usage of the notion of identities is rather dependent on political changes in the country and in the world in general. As fairly noted by L. Drobizheva, “every time the political situation changes, based on the theory of symbolic interactionism, of roles and social categorisation, concepts are chosen, which are deemed most relevant by the interpreters – politicians and political scientists – for their projects”.<sup>8</sup> In a globalised world, identity becomes the main discourse both in science and everyday life.<sup>9</sup>

A. Ryabov, a Russian researcher, in the interview to “*Russkiy Arkhipelag*” [*Russian Archipelago*], remarked that currently there is no unique criterion of definition of identity, and it cannot be there for the reason of asynchronous development of countries and regions.<sup>10</sup> Indeed, when analysing the works of Russian authors on issues of identity, nationalism, nation-building and ethnopolitical conflict studies, researchers often face quite opposite explanations of such terms as “identity”, “ethnos”, “nation”, as well as the equalisation of the notions of civic and national identity, and the introduction into scientific circulation of new categories of identity – multicultural, country-based, geopolitical etc. An article by V. Malakhov, “Nostalgia for Identity”, is dedicated to historical-conceptual issues of identity, where the author reproaches those researchers, who regard identity not as a subject of analysis, but as an independently existing object. Thus, V. Malakhov notes: “The attractiveness of the notion of “identity” is related to the fact that it allows avoiding undesirable associations with “philosophy of consciousness” and, at the same time, not giving the relevant issues up to psychoanalysis. By introducing the term of “identity”, we can deal with non-reflexive content which evades the control of “self-consciousness”, and, at the same time, not apply to the terms of “subconscious” and “unconscious” reserved by psychoanalysis.<sup>11</sup>

In the context of the study of issues of “conflicts of identity”, such identity categories as ethnic, national, state and civic ones are of particular interest. It should be noted, that the problem of interaction and emphasising of the said types of identity directly corresponds to variability of interpretations of closely related notions of people, nation and ethnos. Thus, for example, Academician V. Tishkov, in his report “Nation and national identity in Russia”, remarked that, among politicians and experts in Russia, “there is a confusion on the issue of formula and mechanisms of affirmation of national identity as one of the bases of statehood, while manipulation around key issues of usage of the notions of people and nation bears severe risks for the society and the state”.<sup>12</sup>

These days, there is an obvious tendency in Russian academic communities – to try to reduce the actualisation of ethnicity, which can be seen in the accentuation of the idea of identity drift and in the switching of the population’s attention from ethnic identity to creating an awareness

of state-related, Russian identity with a special emphasis on this state-wide identity and making active efforts towards its reform.<sup>13</sup>

Referring to the question of state or state-wide identity, it should be noted that pertaining to this category, too, there often occurs uncertainty, again associated with the notion of national identity and different content of the notion of “nation”.

Thus, in the framework of an ethnonational approach, national identity is identical to ethnic identity. Within such an approach, the content of the notion of “nation” is drawn from ethnic identity. According to V. Tishkov, such an approach is a basis for the development of ethnic nationalism, which is conflictogenic and cannot serve as a basis for building a stable state.<sup>14</sup> V. Mikhalkov’s position also corresponds with this opinion - he considers that in the case when national identity is reduced to ethnic identity, “the political dimension of the former (self-consciousness of citizens of the society) is displaced by cultural, language, religious and other dimensions.... As a result, a heterogeneous society is regarded as material for hammering out a homogeneous mass of a quasi-natural community”<sup>15</sup>.

The second, constructivist, approach, identifies the notion of national identity with state and even civic identity. Supporters of this approach proceed from a conception of nation as a civic commonality, involving people of different ethnicities, but united by a state, law, political and legal culture.<sup>16</sup> As noted by E. Panin, the idea of a civic political nation appeared as a reflection concerning the role of society in relation to the state, when the people (society) represent a source of power and sovereignty, but the state, being in a role of “people’s servant”, is a champion of their collective national interests.<sup>17</sup> Illustrating such an approach, E. Panin gives definitions by K. Dage: “A nation is a people, who have mastered the state and made it their own instrument of realisation of their public and in that sense national, interests”.<sup>18</sup> Such an interpretation of nation is given by R. Emerson: “A nation (society) strives to take ownership of the state as a political institution, with the help of which it can defend and affirm itself”.<sup>19</sup>

V. Tishkov, calling “nation” a metaphor, emphasises the fact that contestation by two types of communities – the state and the people – of the sole right to call themselves a nation, is a result of an escalated collision, when the one who calls oneself a nation has a right for statehood, a special status and legal standing. According to this scientist, the notion of multicultural, polyethnic civic nation is less conflictogenic, more effective and realisable. It is necessary to draw attention to the fact that V. Tishkov, by offering to reject the “untenable formulation of nation as the highest form of ethnic community”, nevertheless, calls any conception of nation a metaphor and “an inoperative academic definition, or tradition of political language, behind which a much more complicated reality is hidden”.<sup>20</sup> Turning back to the question of state identity, it should be noted that V. Tishkov sees it as plural, multilevel and not mutually exclusive, as for instance, a citizen of Russia, identifying himself as a Russian, would recognise that this does not take away from his belonging to a particular (possibly not Russian) nationality, a civic-legal community and to the citizenship of Russia. Bringing political and civic-legal values to the forefront in the context of formation of national and civic commonality, this author does not exclude an introduction of ethnicities into the latter.<sup>21</sup> According to this scientist, national identity should be defined as a commonly shared perception by citizens of their country and of its people, and as an equal feeling of belonging both to one and to the other.<sup>22</sup>

It should be noted that disputes around the content of civic, national, ethnic, and state identities serve as a base of sorts for introduction by young researchers of new terms into scientific circulation, filled with content relevant for modern realities and, at the same time, free of the existing polemics, present in the academic sphere, around the familiar conceptual-categorical framework.

Thus, V. and A. Magun, in a study entitled “Identification of Citizens with Their Countries: Russian` Data in the Context of International Comparisons” introduce the notion of “country-based identity” in the framework of their analysis. Pointing out the fact that “in the Russian discourse, the term “nation” has so far had a predominantly ethnic meaning, but in foreign literature there was accepted a civic interpretation of it”, the usage of the term “national identity” is not deemed relevant by the authors so as to avoid ambiguity.<sup>23</sup> I. Konoda in a study on the subject of “Establishment of Civil Identity of Russians in the Process of Political Socialization” rests upon the notion of “a new Russian Civic Identity”, while considering such an identity as a mechanism for consolidation of Russian society in the framework of a multicultural approach, and seeing it as coexisting with local (ethnic, religious etc.) identities.<sup>24</sup> Z. Jade in a study entitled “Geopolitical Identity of Russia in Conditions of Globalization” draws attention to the fact that despite a frequent usage of the notion of “geopolitical identity” in journalism and in political speeches, its categorisable status has not been defined, it does not occur in dictionaries, reference and study guides.<sup>25</sup> Such a situation can also testify the fact that this term is being used in order to avoid usage of more disputable notions of identities. At the same time, it should be noted that the understanding of geopolitical identity as “originality of this or that country and its people, as well as the place and role of this country among others, and perceptions related to this”<sup>26</sup>, suggested by Z. Jade, although corresponding to state identity, is nevertheless rendered interesting as part of a political discourse in the context of globalisation processes.

Analysis of existing notions of identity in modern political discourse allows the drawing of a conclusion – that today both in the framework of political, sociological, historical, philosophical sciences, as well as in other sciences and disciplines, the understanding of identity is becoming more and more varied and often fragmentary, dependant on the context, and generally in a process of change and transformation. In this context, the activation of efforts to organise a dialogue between different kinds of sciences, should be noted, both in political and scientific circles, for the purpose of elaborating a synthetic model of a Russian identity and the corresponding socio-political discourse.<sup>27</sup>

### **Transformation of the Soviet identity in polyethnic groups and formation of “new” identities**

Currently in this dialogue, too little attention is drawn to the problem of groups that identify themselves as “Russians”, but living outside Russia in the post-Soviet space. Also, insufficient attention is paid to the problem of those identities in the post-Soviet space that were formed not as ethnic ones. Thus, for instance, the notion of “post-Soviet identity” occurs in modern studies very rarely<sup>28</sup> and in absolutely different interpretations, something that speaks for the lack of formation of this category as a scientific one. A study by R. Snegur, titled “Conflicts and identity in the context of globalization”, is dedicated to the problem of “new identities”.<sup>29</sup> It should be noted that this author, despite the interpretation of the term introduced by him as “ethnic and / or religious belonging and relatedness to this or that region”, still elaborates it solely in the context of ethnonationalism.<sup>30</sup> In this regard, the author does not include regions and republics of polyethnic structure as an object of investigation, where the “new identity” is not expressed as ethnic and is determined primarily by relatedness to the region. Studying the problem of unrecognised states, I. Khrustalev also uses the notion of “new national identities” more so in an ethnonational context taking Abkhazia and Nagorno Karabakh as subjects of his investigation where national (in

\* Editor’s Note: Here, and in the subsequent 6 cases of the appearance of the adjective Russian in this paper, it is a translation of the words ‘rossiyskiy’ and ‘rossiyanin’ which in the Russian language (in which this paper was originally written) means ‘belonging to the country named Russia’, not necessarily to the majority ethnic group of the same name.

the sense of ethnic) identity is one of the key elements of the conflict. At the same time, research works by I. Khrustalev bring out the issue that an “unrecognized status” of a state that has existed de-facto over decades does not imply rejection of its policy by its citizens, does not exclude the possibility of consolidation of the society of such a state around common state ideas and values, therefore, a civic-legal identity is not impossible in such states.<sup>31</sup> In this context, it appears to be necessary to study the issues of establishment of “new identity” in the post-Soviet space not only from the point of view of “new” ethnic (in conflict zones) or “new” ethnonational identities (in the states formed by titular ethnicities of the former national USSR republics), but also of such “new” identities that were formed on the fragments of the Soviet identity in polyethnic groups.

Thus, the polyethnic (without any ethnons being dominating) population in Transnistria consolidated around the creation of its own Transnistrian statehood and the idea of gaining independence more than 17 years ago amid the disintegration of the USSR and the process of national unification in Moldova. Transnistrians currently identify themselves both as Russian compatriots and as Transnistrian citizens or as Transnistrian people, and also as representatives of different nationalities. In Transnistria, the number of those who consider themselves citizens of the PMR is 34.9%, and 13.9% – “inhabitants of their land”, i.e. Transnistria.

These figures conceal significant differences in identity between the major ethnic groups, which are much more obvious in Moldova in its present actual borders. 59.8% of Moldovans, and only 23.6% of Russians and 29.8% of Ukrainians consider themselves citizens of Moldova. Those that consider themselves to be both citizens of Moldova and members of their ethnic group at the same time number 5.4%, 9.1%, 14.0% respectively. There are about twice as many “Soviet people” among Russians and Ukrainians than among Moldovans, and four times as many “Europeans”. However, this does not at all mean that Slavs are not loyal to the Moldovan state. Human identity is multilayered and, in the second layer, the number of Russians and Ukrainians that consider themselves citizens of RM is growing respectively to 50.8% and 75.3%. Besides, the traditionally widespread occurrence of interethnic marriages serves as a basis for the spreading of a complex and multilayered identity.

In Transnistria it is characteristic that the situation is much more even and potentially less conflictual: 35.1% of Moldovans, 31.7% of Russians and 40.4% of Ukrainians associate themselves with PMR. The share of “Soviet” people among all three basic ethnic groups is bigger than on the right bank part, but is especially large among Russians (among Moldovans – 17.5%, Russians – 26.1%, Ukrainians – 18.5%). Only 9.7% of Transnistrian Moldovans stated that they consider themselves primarily RM citizens (Russians – 1.4%, Ukrainians – 2.6%)<sup>32</sup>.

Unlike the examples mentioned above, of other post-Soviet identities, it is the Transnistrian one which cannot be clearly referred to the existing categories of identity used in political discourse, be it civic, ethnic or state identities. In this case, with the absence of a predominant ethnos or a discriminated minority, any appeal to civic or state identity reveals the complexity of usage of the terms because of both the “unrecognized status” or absence of legal standing of the state, and because of the category of “compatriot” defined through cultural and historical factors. For the purpose of elaboration of the most relevant definition of a similar type of identity, it seems necessary to study the factors that facilitated the formation of a “new” identity in Transnistria, as well as its special features.

### **The special features of the emergence and development of the Moldova–Transnistria conflict**

As fairly noted by the Russian researcher O. Nemenskiy in a report dedicated to the humanitarian dimension of the Transnistrian society, there is a widespread mistake that both in political and scientific communities of Russia and, especially, of “far-abroad” countries the character of the



Transnistrian conflict is traditionally described as opposition of the Russian-speaking region to nationalistic Moldova, and, consequently, as interethnic or international.<sup>33</sup> The existence of such an error is related to an improper classification of the conflict in Transnistria and results in the fact that mentions of Transnistrian identity, for example, in the press and in published expert opinions, are made in the context of discussing ethnic identity in the post-Soviet space.

Studies of ethnic identity in the context of the Moldovan-Transnistrian conflict can and should be conducted, because, as of the moment of its emergence, the main sides of this conflict were represented by the ethnonational regime of the newly formed national state of the Republic of Moldova after the disintegration of the USSR with a predominance of the titular ethnoses – the Moldovans, and the Transnistrian region of the former MSSR with a complex ethnic composition.<sup>34</sup> Thus, the conflict of Moldovan (ethnic) identity emerged (taking into account its crisis related to the processes of Romanisation and formation of a Romanian identity in most of the Moldovan population<sup>34</sup>) on the one hand, and Soviet (i.e. supra-ethnic) identity of the polyethnic population of Transnistria from the other hand. In this regard, studying the issue of identity on the example of Moldovan and Transnistrian “conflict of identities”, it is necessary to understand its difference from other “conflicts of identities” in the post-Soviet space, where as in the Georgian–Abkhazian conflict, for example, there was a collision of two and more ethnic identities. In Transnistria, on the contrary, in the period of collapse of the USSR, there occurred interethnic consolidation on the anti-Romanian basis, which expressed itself both in the absence of ethnocratic leadership, in the lack of an official proclamation of “titular” ethnicities and in state building.<sup>35</sup> It should be noted that at the moment of the collapse of the USSR and the end of the Moldovan SSR’s existence, Transnistria being a part of it, at the scale of the former MSSR, Russians represented an ethnic minority, constituting 12% of the total population of the Republic.<sup>36</sup> However, despite the existing error, Russians did not constitute a majority even in the territory of Transnistria and, moreover, did not form a titular ethnic group, as according to the 1989 population census the share of Russians in this territory constituted 30.5% in total, while the share of Moldovans constituted 39.9%, and Ukrainians – 28.3%.<sup>37</sup>

For the purpose of objective presentation of what a “new” Transnistrian identity, formed in the post-Soviet space, represents, it would be relevant to analyse the data on the ethnic composition of the population of this region and its dynamics compared to the period before emergence of the conflict and the period from its open armed phase till the “frozen” status, as well as data of sociological surveys on how citizens of Moldovan and Transnistria identify themselves.

The ethnic composition of the Transnistrian population was predominantly formed as a result of an interaction of ethnicities (nations) of the Indo-European family. The bordering position at the junction of Slavonic and Romance culture influenced the formation of the population’s ethnic composition significantly. Interregional migrations played a significant role in the formation of the current ethnic composition of the population. The movements and intensive interaction of different ethnicities were conditioned by the geographical position of the region, and special features of its political and economic development. Among them, the following may be emphasised: development of the region as part of the Russian Empire, incorporation into MASSR (as part of Ukraine in 1924–1940), development as part of MSSR, construction of large economic objects of all-Union significance, which favoured immigration of representatives of ethnicities of the other former USSR republics, the collapse of the USSR, politico-military and socio-economic events of

\* The Transnistrian region that has never belonged to Romanian or Moldovan state formation was incorporated into the newly formed by the Soviet authorities Moldovan Autonomous Republic in the composition of Ukraine in 1924, and in 1940 after the Molotov-Ribbentrop Pact was concluded was withdrawn from Ukraine to form MSSR (see Treaty on Formation of a Union Moldovan Soviet Socialist Republic of August 2, 1940. Verbatim report. -M., -1940. -p.60-61.

the early 1990’s (exodus of Russian-speaking ethnicities from Moldova, the aspirations of Russians, Ukrainians, Belarusians, Jews and Germans to join their historical motherlands).<sup>38</sup>

According to the 2004 population census in Transnistria, representatives of Moldovan, Russian and Ukrainian nationalities prevail in the Republic and constitute 31.9%, 30.4% and 28.8% of the total population, respectively. Of the representatives of other ethnicities, there are Bulgarians (2.5%), Gagauz (0.8%), Belarusians (0.6%), Germans (0.3%), Jews (0.2%) and other ethnicities (4.6%).<sup>39</sup> As made clear from the table below, representatives of the Moldovan nationality have a prevailing share in the population of four out of seven administrative-territorial units of the Republic, Russians are predominant in two, Ukrainians – in one.

**Table 1** Ethnic composition of the population, number of people<sup>40</sup>

Administrative-territorial units	Total	Including								
		Moldovans	Russians	Ukrainians	Bulgarians	Gagauz	Belarusians	Germans	Jewish	Other ethnic groups
TMR – total	555347*	177382	168678	160069	13858	4096	3811	2071	1259	24123
Tiraspol (city)	159163	24205	66281	52481	2461	1995	1727	723	573	8717
Bendery (city)	105010	25888	46387	18725	3332	1182	740	286	392	8078
Camenca districts	27284	13034	1880	11610	59	43	85	26	10	537
Ribnita districts	82699	24685	14237	37554	309	149	412	150	177	5026
Dubosari district	37449	18763	7125	10594	134	92	185	63	46	447
Grigoriopol district	48000	31085	7332	8333	240	123	187	327	26	347
Slobozia district	95742	39722	25436	20772	7323	512	475	496	35	971

\* highlighting in the table made by the author of the present work

The current ratio between the ethnicities is largely a result of the conducted national policy aimed at observance of equal rights for representatives of any ethnicities in all spheres of life and maximum preservation of ethnic values (language, culture, peculiarities of the way of life, national cuisine). In reality, both the national policy and interethnic relations in Transnistria make the Republic significantly different from other regions of the former USSR and many countries of the present-day world having specific interethnic conflicts.<sup>41</sup> Thus, according to the Constitution (art. 12), official languages of TMR are the Russian, Moldovan and Ukrainian languages, which reflects the multinational composition of the population of the region.<sup>42</sup> The Republic’s mass media also functions on the basis of official languages. For example, the “Pridnestrovie”, “Dnestrovskaya pravda” newspapers appear in the Russian language, the “Gomin” newspaper – in the Ukrainian language, the “Adevarul Nistrean” newspaper – in Moldovan. Radio- and TV broadcasts are performed in the Russian, Moldovan and Ukrainian languages. Study materials and education in the system of general and professional education is done in the official languages.<sup>43</sup> The President of the Republic (I. Smirnov) is of Russian nationality, a Moldovan (G. Marakutsa) has been the head of the highest representative body for 15 years, the present convocation of the Parliament is led by a Ukrainian (E. Shevchuk). The Parliament of the Republic, consisting of 43 members, includes 24 Russians, 10 Moldovans, 7 Ukrainians, 2 Gagauz, with the Moldovan and Ukrainian members elected primarily by districts located in regions where representatives of these nationalities dominate in the total share of the population.<sup>44</sup>

In determination of the factors that contributed to the formation of the Transnistrian identity, there is an important issue of identification with their country of both Transnistrian and Moldovan citizens. In this context, taking into consideration the “unrecognised” status of the Transnistrian Moldovan Republic, de-facto existing over 17 years, it should be noted, that the “unrecognised” status of the state does not imply rejection of its policy by the citizens, just as a “recognised” status does not guarantee nation-wide allegiance.<sup>45</sup> The Russian researcher I. Khrustalev has rightly noted that the actions of the authorities of the Nagorno-Karabakh Republic, the Transnistrian Moldovan Republic, Abkhazia and South Ossetia, while criticised by the global community, nevertheless rest upon the mass support of the citizens of these officially non-existent states.<sup>46</sup> The level of civic identification in the population of any country can serve as a kind of indicator of support by the citizens of its political course, irrespective of whether or not the state is a subject of international law.

A posing of issue in question in the context of new cultural, social and political phenomena of the post-Soviet era and period of active Europeanisation of Moldova is reflected in the works of such researchers as A. Skvortsova, A. Guboglo, N. Babilunga, R. Chamberlain-Creanga. At the same time, there is scientific research related to studying the identity in Moldova-Transnistria which often either lacks integrity or is heavily driven by ideology; a part of which cannot be classified as philosophical and socio-humanitarian research and which addresses the said issue in a fragmented way. In order to study the process of establishment of the Transnistrian identity it is necessary to address in more detail the identity indicators in the “unrecognised” Transnistria and the “recognised” Moldova.

Thus, the report of the Russian Centre for Geopolitical Studies of the Institute of Geography of the Russian Academy of Sciences points out that, in the Republic of Moldova, the share of those, who consider themselves citizens of their country in the first instance and representatives of their nationality in the second instance is smaller than in Russia and Ukraine (44.8%, while back in 1997 in Russia – 58.2). There is only 5.4% that consider themselves both members of their ethnic group (ethnicity - Moldovans) and citizens of their state at the same time. Based on results of their research, Russian experts conclude that Moldovan identity as such is placed in doubt as most Moldovans consider themselves Romanians, but even if the existence of a Moldovan identity is admissible then it is secondary or regional.<sup>47</sup>

Data on the ambitions of Moldovan citizens to obtain Romanian citizenship can serve as one of the indicators of the extent to which the population of the Republic of Moldova identifies itself with its country today. Thus, in January 2007, T. Basescu, the President of Romania, announced that more than 530 000 individual and collective applications for Romanian citizenship had been submitted by citizens of the Republic of Moldova to Romanian diplomatic missions. At the same time, the Romanian President declared that all of the 4.5 mln residents of Moldova should have the right to obtain Romanian citizenship including representatives of non-Romanian nationality.<sup>48</sup> In March 2008, the Minister of Administration and Interior of Romania V. Blaga, declared in the Romanian Parliament, that his country calls on the authorities of the Republic of Moldova to conclude an agreement on a simplification of obtaining Romanian citizenship by Moldovan citizens, because, according to him, the real number of Moldovan citizens wishing to obtain it constitutes around 900 000, because more than 500 000 cases contain also family applications.<sup>49</sup> Thus, the process of Moldovan Romanisation that started in the late 1980s and had been actively supported by representatives of the Popular Front of Moldova is now actively promoted by efforts of Romanian authorities. Thus, T. Basescu, the Romanian President, announced: “Romania deems its duty to promote and support Romanian identity in Moldova, where there are especially many Romanians, and will do it by all legal ways, financial and educational tools available for the Romanian state. Romania should be close to Romanians, wherever they are, proud of their

achievements and support them in the preservation of national identity”.<sup>50</sup> Speaking of Romanians in Moldova, T. Basescu considers all Moldovans to be Romanians, denying the presence of the Moldovan people. The statement by T. Basescu made at the January 2008 session of the European Parliament saying that “the population of Romania and Moldova has the same history, speaks one language, has one culture, traditions and European ambitions, and Romania has an obligation to struggle for brothers living in Moldova to return to Europe, which these people left in 1940 against their will», can serve as a testament to this.<sup>51</sup>

At the same time, the political activity of Moldovans who are Romanian citizens cannot be assessed as being high. At polling stations opened in Moldova, 1.8 thousand people voted in the year 2000 Romanian Parliamentary elections, 2.2 thousand citizens took part in the Referendum on Amendment of the Constitution in 2003, 2.7 thousand people participated in the 2004 Parliamentary and Presidential elections in Romania.<sup>52</sup> The said figures do not allow for any kind of defining of the political activity of Moldovans who are citizens of Romania, other than ‘low’.

Without getting deeper into controversy concerning the domination of Moldovan or Romanian ethnic identity in Moldova, as well as about Romanisation of Moldovans being or not being a purely politicised and pragmatic process in a search by Moldovans of ways to increase their wellbeing, a pronounced crisis and conflict of identities can be firmly stated for Moldova itself.

The above mentioned analysis of the ethnic composition of the Transnistrian population allows the conclusion that it is impossible to mark out the ethnic component as the main one in Transnistrian identity. Russian experts of the Centre for Geopolitical Studies of the Institute of Geography of the Russian Academy of Sciences, based on results of surveys conducted by the Centre in Transnistria, conclude that Transnistrian identity is political, based on commonality of historical destinies of the region’s residents. Experts consider the political regime being legitimate for the citizens and their confidence in different political institutes to be one of the indicators of a formed political identity.<sup>53</sup> It should be noted that many researchers consider this indicator a major one for determining a state, civic and country-based identity.<sup>54</sup> According to the data of a study of residents on both banks of the Dniester / Nistru, a quarter of all those polled were unable to say what social institute they trust most of all. 12.7% of respondents expressed their trust to the “institution of the Presidency”, 10.2% – to the “Parliamentary institution”, 7.9% – to mass media.

In Transnistria, according to the results of a survey conducted by the Transnistrian Independent Centre for Analytical Research “Noviy vek” (New Age) in December 2007, 71.6% of respondents “feel themselves to be citizens of Transnistria”, at the same time 21.7% of respondents feel themselves to be citizens of the Russian Federation, 20.6% associate themselves with Moldova and 16.6% – with Ukraine.<sup>55</sup> Here it is important to note, that regardless of the right to double citizenship and its Constitutional equality, the last census data show there are 508.6 thousand people who are citizens of the Transnistrian Moldovan Republic (92% of all residents of the Republic), while 19.4% of Transnistrians have Moldovan citizenship, more than 10% – Russian citizenship, and about 8% – Ukrainian.<sup>56</sup> Results of the last referendum held on September 17, 2006 in Transnistria can serve an important indicator of the identity of Transnistrians. According to the Central Electoral Commission, voter turnout at the referendum was a record high, 78.6 %, i.e. about 306 thousand people out of 389 thousand people.

At the referendum, citizens living in Transnistria were offered to answer whether they wanted to enter into the composition of the Republic of Moldova or stood for the independence of Transnistria with possible further entry into the composition of Russia. In this referendum, 94.6% of residents of Transnistria voted against Transnistria’s entering into the composition of Moldova, 97.1% of Transnistrians spoke for independence of the Republic and its subsequent

\* Respondents were offered to select more than one option as an answer

free accession to Russia. Note should be made of the fact that more than two thirds of the population of Transnistria are of Moldovan nationality. In particular, in four districts of the Republic – Camenca, Grigoriopol, Slobozia, and Bendery – voter turnout exceeded 80%. Tiraspol was very close to it (voter turnout reached 79.85 % in the capital of Transnistria).

The fact of such voting of ethnic Moldovans of Transnistria (their aspiration to join Russia) can be quite indicative for researchers. It should be mentioned here that in 1991, at the time of referendum in the USSR Republics about preservation of the Union, there was 94 - 98% of the Transnistrian electorate that spoke for the preservation of the USSR.<sup>57</sup> According to a poll conducted in 2007 (i.e. 16 years after the said referendum) two thirds of Transnistrians regretted the disintegration of the Soviet Union, among whom more than 60% were middle aged people.<sup>58</sup>

Strong and evident signs of “Sovietness” in Transnistria were marked out by many researchers.<sup>59</sup> Thus, S. Lazovski, in his work related to issues of Transnistrian ideology, notes that at the moment of the disintegration of the USSR “Moldovan political architecture, the foundation of which was an ethnic and cultural proximity with Romania... provided Transnistrian statehood with space for ideological manoeuvre”. According to this author, it sufficed for Transnistria to preserve the former Soviet-Russian identity without wasting time and effort for drafting a national idea to easily overcome the crisis of identity overwhelming their neighbours. In this context, Transnistria remained to be Russia to a significantly greater extent than Russia itself that lost its historical orientation in the 1990’s.<sup>60</sup> It should be noted here, that the pro-Romanian unification movement of that period in Moldova strengthened the need of the population of Transnistria for self-affirmation. At the same time, it should be borne in mind that there are at least three major ethnicities living in the Transnistrian territory that carried the risk of emergence of a conflict situation in the Transnistrian society, if each ethnic group would have self-identified itself separately responding to “Romanianism” perceived as a threat. Cultural self-identification in this alternative development would have distracted the civil society from the constitutional issue and the building of their independent state. One of the factors that held back the development of this scenario was possibly the Moldovan experience, demonstrating for Transnistrians the conflict potential of the choice between two ideologies carrying a fundamentally national character: all-Romanian nationalism and Moldovanism. The possibility of development of ethnic antagonisms in the Transnistrian territory, likewise antagonisms related to pro-Moldovan, pro-Russian or pro-Ukrainian ideology was avoided. Formation of a new multi-national identity became the basis for interethnic tolerance in Transnistria, while in Moldova, the hesitation between Romanian and Moldovan ideology not only has not decreased, but also became more complicated by the idea of “Europeanisation”.<sup>61</sup> It should be pointed out that, against this background, the currently widespread attitude among Moldovans related to a drive to the European Union and fed by statements by the authorities of Romania about integration with it as about the most realistic way of becoming a fully-fledged part of Europe cannot but influence the long smouldering “identity crisis”.

Thus, for example, in Moldova, where according to surveys citizens trust the Church many times more than the authorities (6% – the authorities, 57.7% – the Church)<sup>62</sup>, the decision of the Synod of the Romanian Orthodox Church to open three new episcopates in the so called “Bessarabian Metropolis” did not create particular public resonance, even with the fact that the territory of Moldova (Bessarabia) has for centuries been a canonical territory of the Russian Orthodox Church which had established the Moldovan Metropolis that functions to this day (both on the territory of Moldova and on the territory of Transnistria).<sup>63</sup> Vice Chairman of the Department of External Church Relations of the Moscow Patriarchate, Bishop Mark of Egoryev rated the actions of the Romanian Patriarchy as a political step being backed by Romanian authorities wishing to gain

\* It is impossible to match these data with Moldova, as on March 17, 1991 Moldovan authorities prohibited participation of citizens in the referendum on preservation of the USSR.

support of the Council of Europe in their absorbing Moldova not only from the church, but also from the political and territorial point of view.<sup>64</sup> Reality shows that the initiative of the Romanian church approved by the Romanian authorities and disapproved by the Moldovan authorities and the Russian Orthodox Church did not trigger any negative reaction in Moldovans.

It should be noted that, although Transnistrian scientists have paid attention to different aspects of formation of Transnistrian identity (ethnic and territorial components)<sup>65</sup>, officially, the use of the term “identity” does not occur in official documents, reports, addresses and statements of Transnistrian authorities. There is also use of such a category as “Transnistrian nation”. Thus, in 2003, President I. Smirnov, in an interview to a Russian publication, said that “Transnistrians are a people with a unique distinctiveness”.<sup>66</sup> The preamble of the Constitution of Transnistria begins with the words “We the multinational people of the Pridnestrovian Moldavian Republic, united by a common destiny on our land...”<sup>67</sup> In the seventeen years from the day the Transnistrian Moldovan Republic was proclaimed, an entire generation of people grew up in Transnistria, who were born after the disintegration of the USSR and the armed conflict on the banks of the Nistru / Dniester, for whom association with any other state is uncharacteristic.

In concluding this work it should be said that a transformation of Soviet identity in the former space of the USSR led to a crisis of the national idea - expressed through a fragmentation of the common cultural identity and a collapse of shared civic consolidation in many former republics of the USSR. At the same time, in Transnistria, on the contrary, the shared civic consolidation inherited from the Soviet Union era has not only remained quite strong, but also formed the basis for building a new supra-ethnic identity. The heritage of the Soviet identity in this region, unlike in the neighbouring ones, provided a natural advantage from a poly-cultural social perspective. The polyethnic (without any ethnos being dominating) population in Transnistria consolidated around the creation of its own Transnistrian statehood and the idea of gaining independence more than 17 years ago amid the disintegration of the USSR and the process of national unification in Moldova. According to the author, complete settlement of the “frozen” Moldovan-Transnistrian conflict is impossible without taking into consideration the fact of the formation of a special identity in this region. Disregard of this fact by the international community in developing settlement plans for this conflict can trigger a new outbreak of unrest.

Any resolution offered with the intent of normalising the Moldova-Transnistrian relations, from integration into a common state to building two independent peaceful neighbouring statehoods should be based on consideration of the will of the Transnistrian people - remarkable for a high degree of internal interethnic tolerance, consolidation around common national ideas and identification related to common aspirations.

Our research, while dealing with issues of identity, has clearly marked a new range of issues. Among them are: the issue of researching special features in the sphere of the values of different ethnic groups (both at the personality level and the group level), cultural distance; and conditions for optimisation of inter-cultural dialogue.

It is impossible to disregard the experience of formation and the special features of identity of the residents of Moldova and Transnistria when analysing the prospects of conflict settlement.

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Dorin Vaculovsky

## PROBLEMS OF THE LABOUR MARKET IN MOLDOVA– TRANSNIESTRIA

The purpose of this article is to carry out a benchmark analysis of the development of the labour market on both banks of the Nistru / Dniester during transition to a market economy, and also to find ways of bringing closer mechanisms of functioning of these markets in the context of political integration of the regions. The work contains analysis of various aspects of formation of the labour market, such as formation of demand and supply of labour, unemployment; in addition, specifics of appearance of the said phenomena are shown in the article. In the work we also used data provided both by the Statistical Service of the Republic of Moldova and that of Transdnistria.

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### Introduction

In the course of the last 17 years the population of *all* Moldova, both on the right bank and on the left bank, encountered serious economic difficulties related to transitioning to the market economy: creation of new market mechanisms, institutions, and regulatory-legal base. Drastic changes took place also in the field of social-labour relations: a *labour market* started shaping in the country.

The labour market as a mirror reflects successes, difficulties and problems of the country's economy. However, both in Moldova and in Transdnistria the labour market failed to respond to resumption of economic growth (2000) and, as a consequence, to relative stability of the social-economic situation. Furthermore, the situation in the labour market keeps getting worse and worse.

Official statistics\* of Moldova show a stable decrease both in the number of the employed population (from 1515 thousand persons in 2000 down to 1247 thousand persons in 2007), and in the number of wage workers (from 950 thousand persons in 2000 to 832 thousand persons in 2007). In 2007, the occupational level comprised only 42.5 %, which is much lower than the similar indicator in the European Union countries in 2006 – 64.3 %. At the same time, both the level of unemployment calculated using the ILO methodology, and the level of officially registered unemployment are relatively low (correspondingly, 5.1 % and 1.4 % in 2007) and are steadily decreasing (*table 1*). This data confirms the presence of serious imbalances in the labour market of Moldova. In practical terms, the economically active population of the Republic of Moldova is leaving the labour market, thus, changing the sphere of its activities, or emigrating abroad looking for more attractive jobs.

**Table 1** Basic indicators of the labour market of the Republic of Moldova (Thousand persons)

Indicators	2000	2001	2002	2003	2004	2005	2006	2007
<b>Number of the population, total</b>	3647.0	3639.6	3631.5	3623.1	3612.9	3386.0	3585.2	3581.1
Economically active population	1654.7	1616.6	1615.0	1473.6	1432.5	1422.3	1357.2	1313.9
Employed population	1514.6	1499.0	1505.1	1356.5	1316.0	1318.7	1257.2	1247.2
Number of wage workers	950.9	899.1	891.8	868.1	840.9	830.8	842.7	831.9

\* In the Republic of Moldova, starting with the fourth quarter of 1998, the main source of information about the labour market is the statistical survey of the labour force

Unemployed according to the ILO	140.1	117.7	1098.5	117.1	116.5	103.7	99.9	66.7
Registered unemployed as of the end of the year	28.9	27.6	24.0	19.7	21.0	21.7	25.1	18.9
Economically inactive population	1992.3	2022.9	2016.5	2149.5	2180.3	1963.7	2228.0	2258.8
Persons who went abroad looking for jobs	138.2	172.0	231.2	291.0	345.3	394.5	310.1	335.6
Creation of new jobs, thousand		25.4	28.0	37.9	36.0	27.3	37.2	87.1

Source: National Statistics Bureau of the Republic of Moldova<sup>1</sup>.

A decrease in the level of employment is observed on the left bank as well. Despite more favorable conditions at the beginning of the transitional period - an essential part of the industrial capacity was located in that very region of the former MSSR - a lack of market reforms led to a decrease in competitiveness of manufactured products, and, therefore, to a decrease of the level of production and employment. Thus, from 2000-2006 the size of the economically active and the employed population decreased, correspondingly, by 40 thousand and 42 thousand persons (*table 2*). The decrease of the employment indicators in Transdnistria continued also in 2007. As of the end of the year the number of economically active population comprised, correspondingly, 168.8 thousand and 159.9 thousand persons<sup>2</sup>. At the same time, against the background of a decrease in employment, registered unemployment increased from 1.7 thousand in 2001 up to 2.7 thousand in 2005 (as of the end of 2007 the number of unemployed persons comprised 2.9 thousand persons). Unfortunately, possibilities of the statistical service of Transdnistria do not allow calculating the real unemployment in accordance with recommendations of the International Labour Organization. However, statistical data of Transdnistria show rather high numbers of economically inactive population, including those of working age. Thus, in 2005, the number of economically inactive people comprised 168.5 thousand persons, which is 2.4 thousand persons more than in the previous year<sup>3</sup>.

**Table 2.** Main indicators of the labour market of Transdnistria as of the end of the year, thousand persons)

	2001	2002	2003	2004	2005	2006
<b>Number of the population, total</b>	642.5	633.6	623.8	554.4	547.5	540.6
<b>Labour resources – total</b>	408.0	406.9	390.0	342.3	340.4	337.3
Economically active population	203.7	189.0	182.3	176.4	171.9	163.6
Employed population	202.0	186.3	179.5	172.6	168.6	161.0
Unemployed	1.7	1.9	1.8	3.2	2.7	2.1
Economically inactive population	204.3	217.9	207.7	165.9	168.5	173.7

Source: State Statistics Service of the Ministry of Economy of Transdnistria

Today, labour markets of Moldova and of Transdnistria include both market components and anachronisms of the socialist economy, which triggers both growth of latent unemployment,

\* Information provided by the source is qualified as being “without the data of businesses and organisations of the left bank of the Nistru / Dniester and the Municipality of Bender”

\*\* The methodology of calculation of labour market indicators in Transdnistria differs from the methodology applied in the Republic of Moldova.

decrease in labour productivity, inefficient use of labour resources, and decrease in the level of real salaries, living standards of the population, etc.

Improvement of this situation requires enormous efforts both from representatives of public authorities and from each and every social actor involved in social-labour relations. That is exactly why adjustment of human resources to market conditions, change of workers' attitude to labour is one of the most difficult tasks that still have to be addressed by Moldova-Transnistria. The modern labour market envisions specific behaviour both from the side of employees and employers inherent to competitive environment, which is based primarily on personal responsibility – behaviour that would inevitably lead to improvement of labour productivity and quality. On the other hand, formation of the labour market requires also restructuring of the management system of enterprises and governance methods. In other words, we are talking about **formation of demand and supply in the labour market**.

Formation of the efficiently functioning labour market is related to on-going improvement of institutional and legislative base, methods of state regulation of the market, in other words, implementation of logically calibrated employment policy.

One can say that despite differences in philosophy of the economic policy and employment policy of Moldova and of Transnistria, problems that they face, including those in the field of labour relations, are similar. Therefore, similar or almost similar ways can be proposed to resolve these problems, i.e. almost the same measures of employment policy.

Main problems that labour markets of Moldova-Transnistria face are: formation of supply/demand in the labour market, and establishment of an effective mechanism of determination of an equilibrium and fair salary.

### 1. Moldova-Transnistria: Formation of labour supply

Formation of labour supply is primarily conditioned by demographic processes and phenomena that took place earlier. Naturally, evolution of the number of people, including labour resources to a major extent is determined by the number of birth and death cases. Each generation has to pass a lengthy life period, vocational training, etc. in order to come into labour age and start active economic life. Thus, for example, today's economically active population is represented by generations born and educated between 1947-1992, and those born in 2007 would become economically active only in 2022. This fact once again confirms the difficulty, endurance and costliness of the process of labour supply formation. That is why labour resources have to be spent with care: employment policy has to contain the most optimal methods for full and efficient development of "human capital" of the country.

Transition to the market economy in Moldova-Transnistria has affected demographic processes in an extremely negative way. As of January 1, 2007, the population of Moldova comprised of 3,581,000 persons, having decreased in comparison with 1990 by almost 80 thousand persons. Negative natural increase and migration increase also affected decrease of the population.

Table 3 Permanent population of the Republic of Moldova (as of January 1)

Year	Number of population, thous. persons			As % of the total number		Number of inhabitants per 1 km <sup>2</sup>
	Total	Urban	Rural	Urban	Rural	
1989	3657,7	1538,8	2118,9	42,1	57,9	128,3
2000	3644,1	1514,2	2129,9	41,5	58,5	120,0
2001	3635,1	1486,4	2148,7	40,9	59,1	119,7
2002	3627,8	1485,2	2142,6	40,9	59,1	119,5

2003	3618,3	1484,1	2134,2	41,0	59,0	119,2
2004	3607,4	1477,9	2129,5	41,0	59,0	118,8
2005	3600,4	1476,0	2124,4	41,0	59,0	118,6
2006	3589,9	1469,8	2120,1	40,9	59,1	118,3
2007	3581,1	1478,0	2103,1	41,3	58,7	118,0

Source National Statistics Bureau of the Republic of Moldova

Complexity and inconsistency of the modern demographic situation in Moldova is conditioned both by negative effects of the transition period (economic recession, worsening of social indicators, proliferation of poverty), and by a number of other social-political, behavioural and cultural factors of more lasting nature: demographic processes typical for almost all European states, though with certain delays, also appear in Moldova. Changes in demographic behaviour (for example, decrease of birth-rate not only in urban, but also in rural areas) is also a consequence of influence of European culture, religion, etc. (table 4).

Table 4 Moldova: natural demographic development of the population

Indicators	Years						
	2001	2002	2003	2004	2005	2006	2007
Born (thous. persons)	36448	35705	36559	38272	37706	37587	37973
Dead (thous. persons)	40075	41852	43047	41668	44752	43137	43050
Natural increase (thous. persons)	-3627	-6147	-6488	-3396	-7046	-5550	-5077

Source National Statistics Bureau of the Republic of Moldova

Decrease in the natural increase of the population in the 1990s is often interpreted as one of the most severe manifestation of social costs of reforms. However, such simplified interpretation of connection between demographic dynamics of the population and the socio-economic situation of the country is far from reality. The real picture reveals itself after attentive analysis of factors that determine dynamics of birthrate and death rate.

In 2006, the birthrate in the Republic of Moldova decreased significantly in comparison with previous years and comprised 10.5 per thousand (in the 1990s the birthrate comprised 17.7 per thousand). Dynamics of demographic processes in Moldova were affected by active industrialization of the country and demographic policy implemented in 1980s, and by current difficulties – low level of revenues, mass labour migration, including migration of youth, which leads to ageing of the population, to increase of the demographic burden, and consequently and potentially, to de-population.

Apparently, the dynamics of death rate is to a large extent related to economic prospects of the country (living standards and quality, and quality of medical assistance). In 2006, the total mortality coefficient comprised 12.0 per thousand. Based on existing tendencies, one can assume that a certain reduction of the death rate in the 1990s was, most probably, of a compensatory nature and did not break the long-term negative trend. A decrease of living standards of the population, worsening of the situation with health care, stressful situations in the society led to worsening of death rate indicators, which as a rule is not typical for a transitional demographic model.

We believe that negative influence of transition from plan to the market on death rate dynamics is rather overestimated. While behavioural factors – consumption of alcohol, tobacco, crime wage, etc. – are seriously underestimated, though these are the factors that explain the gap in age and general indicators of death rate of men and women, and also in average life expectancy at birth.

High death rate is conditioned by low public value of human lives inherited from the past, by lack of individual's interest in maintaining health, by imbalanced nutrition, high proliferation of alcoholism and also by the unsatisfactory status of the environment.

Migration is an important factor that determines major parameters of dynamics of the population of Moldova in the past, at present and, probably, in the future.

In the past, the nature of migration was expressed, first of all, by two inter-republican flows of the population. The first one represented incoming flows, mostly into urban areas of the republic of Russian, with a population aged between 25 and 45 due to drastic need in highly qualified labour force at enterprises that were under construction at that time. Another flow represented outgoing flows of the population; mostly of the rural population aged between 15 and 29 determined to try their fortune and make a living by obtaining a profession that requires high qualifications outside of the republic, where they had much more opportunities.

In the 1990s migration flows radically changed their direction. Liberalization of the society, the need to know the state language due to political events that took place, deterioration of the economic situation of the population in the republic, military conflict in Transdnistria – all that fundamentally influenced migration movements of the population. In the course of the last eight years, only negative migration balance was registered in the republic. Mostly of the Russian speaking population of working age with high qualifications or professionals that were in particular short supply migrated with the goal of getting higher wages<sup>3</sup>.

In connection with that a new problem appeared that had devastating effect on the composition of aggregate supply of labour, which is known as “brain drain”. Failure to take necessary measures in the nearest future in terms of addressing this problem can negatively affect formation of labour capacity in its qualitative aspects on a long-term prospect.

By no means unimportant in the population dynamics in the republic at the present stage is internal migration. A specific feature of it is outflow of urban population to rural areas caused primarily by worsening of the financial conditions of urban population and growing unemployment. There is one reason for that – it is easier to survive in the countryside.

While speaking about specifics of migration processes in the Republic of Moldova, it is necessary to note the high level of pendulous and seasonal migration, which reached its heights in recent years. Thus, in 2005, the number of persons who went abroad looking for jobs reached 394 thousand persons (*table 1*).

At the present stage, as a result of aforementioned demographic and migration processes the age structure of the population changed significantly, and it negatively affected the labour potential of the country (*table 5*).

**Table 5** Permanent population of the Republic of Moldova by age categories, in %

	2005		2006		2007	
	Total	Out of them women	Total	Out of them women	Total	Out of them women
<b>Total</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>
Below working age	20,8	19,5	20,1	18,7	19,9	18,7
Of working age	65,1	62,6	65,8	63,1	65,4	62,2
Beyond working age	14,1	17,9	14,1	18,2	14,7	19,1

Source: National Statistics Bureau of the Republic of Moldova

Thus, if the unit weight of the population in working age has steady growing tendency - 55.6 % in 1995 up to 65.4 % in 2007, decrease was registered in absolute terms: 2417.2 thousand persons (1995) and 2342.9 thousand persons (2007). One can assume that in the future the situation might become worse.

Despite the fact that the “backbone” of labour resources is the population of working age (except for disabled persons), it also includes working population below/beyond working age. But even taking into consideration such specification in 2001-2007, both labour resources and economically active population decreased (*tables 1 and 5*). Furthermore, the economically active population decreased more than labour resources. A significant part of the working age population “left” the labour market, thus, labour supply decreased as well. Reduction of the number of unemployed (from 140 thousand down to 66.7 thousand persons) only confirms this conclusion. At the same time, the number of economically inactive persons is steadily growing: 1992.3 thousand persons (2001) and 2228.0 thousand persons (2007). In the conditions of crisis economy, which is the type of Moldovan economy, such reduction of labour supply can be considered rather beneficial, contributing to mitigation of tension in the labour market and, as a consequence, to reduction of economic and social costs associated with unemployment.

At the same time, reduction of labour supply in the future might lead to changes in the occupational structure. The labour market of Moldova, unlike markets of neighboring countries is overstaffing, which is conditioned not least of all by the high density of population (118.0 persons per 1 square km in 2007). Overstaffing was and remains a specific feature of the labour market in Moldova, and to a great extent “contributes” to steadily inefficient use of human capital in the country. Thus, for example, today, as well as back in the 1990s the unit weight of the population occupied in agriculture comprises more than 50 %.

On the other hand, reduction of labour supply attests to worsening of business activities in the republic and as a consequence imperfect functioning of the labour market. One can assume that a significant part of economically inactive citizens of Moldova rather proactively contribute to economic development and prosperity of other countries, and sometimes stay there for good.

Decrease of labour supply is a disturbing indicator for sustainable socio-economic development of the republic, as drastic reduction of labour potential of the country limits opportunities for getting out of the existing crisis situation.

A similar special nature of labour supply formation is observed in Transdnistria. Here one can also observe both decrease in the number of population conditioned by worsening of demographic indicators and growth of migration attrition and reduction of labour potential. Sometimes, these processes run even in a more complicated way than in Moldova. Thus, in 2001-2005, the number of population decreased from 642.5 thousand to 547.5 thousand persons or by 14.8 % (as of January 1, 2008, the number of population of Transdnistria comprised 533.5 thousand persons and in the course of the year decreased by 7.1 thousand persons or by 1.3 %), while labour resources decreased from 408.0 thousand to 340.5 thousand persons or by 16.5 % (*table 6*).

**Table 6** Number and density of population in Transdnistria (as of the year end)

Years	Number of population, thousand persons			In the general number of the population, percent		Number of inhabitants per 1 km <sup>2</sup>
	Total	Including:		Urban	Rural	
		Urban	Rural			
2001	642.5	439.9	202.6	68.5	31.5	154.4
2002	633.6	433.4	200.2	68.4	31.6	152.2

\* Calculation based on the ILO methodology



2003	623.8	426.3	197.6	68.3	31.7	149.8
2004 <sup>1)</sup>	554.4	377.1	177.3	68.0	32.0	133.2
2005	547.5	372.5	175.0	68.0	32.0	131.5
2006	540.6	368.0	172.6	68.1	31.9	129.9
2007	533.5	363.5	170.0	68.1	31.9	128.2

Source: State Statistic Service of Transnistria  
Taking into consideration census of 2004<sup>4</sup>.

And the demographic situation is much more complex than that on the right bank. Thus, if in 2005 the birth rate was 8.5 % per thousand, the death rate was registered on the level of 14.9 % per thousand, while the same indicators for the Republic of Moldova were 10.5 per thousand and 12.0 per thousand, correspondingly. (Table 7).

**Table 7** Population development in Transnistria  
(per 1 000 of inhabitants)

	2001	2002	2003	2004	2005	2006	2007
Birth rate	7.0	7.3	7.1	7.8	8.5	8.9	9.2
Death rate	12.0	12.7	13.0	13.0	14.9	15.3	15.2
Natural increase (+), decrease (-),	-5.0	-5.4	-5.9	-5.2	-6.4	-6.4	-6.1
Marriages	6.0	5.5	5.9	5.2	6.6	7.0	8.5
Divorces	4.1	4.4	4.4	4.1	4.4	4.1	4.5

Source: State Statistic Service of Transnistria

Unfavorable demographic processes negatively influenced the age structure of the population and, consequently, the labour potential of the left bank: the number of population in working age reduced from 391.4 thousand persons in 2001 down to 344.1 thousand persons in 2005 (table 8).

**Table 8** Population of Transnistria by age categories  
(as of the year end), thousand persons \*

	2001	2002	2003	2004	2005
Number of permanent population	642.5	633.6	623.8	554.4*	547.5
Younger than working age	151.5	123.5	121.5	95.8	94.2
Of working age	391.4	410.0	404.3	348.0	344.1
Older than working age	99.6	100.1	98.0	110.6	109.2

Source: State Statistic Service of Transnistria

As for attractiveness of labour for working age population of the left bank, the situation is rather not favorable there either. In spite of the very low level of registered unemployment – in 2007 the number of persons who received the status of unemployed comprised only 3993 persons – the number of employed persons is relatively low – 159.9 thousand persons (as of January 1, 2008, not taking into consideration those employed in defense and law enforcement agencies), *i.e.* about 30 % of the total population.<sup>5</sup> Similarly to the situation on the right bank, a significant part of the population (about 170 thousand persons) is inactive in the local labour market, preferring to work outside of Transnistria, in places where jobs are more attractive and ensure higher wages.

\* Taking into consideration census of 2004

Consequently, in the field of formation of labour supply there are no significant differences between both banks of the Nistru / Dniester River and, therefore, the employment policy aimed at overcoming these problems can also be similar.

## 2. Moldova-Transnistria: Formation of demand for labour

Economic reforms – privatization and restructuring processes – considerably influenced operations of most enterprises of Moldova-Transnistria. As a result, the level of utilization of their production capacities seriously decreased.

The process of restructuring of enterprises conditioned the process of formation of demand for labour. However, main sources of demand for labour are only those enterprises that function in accordance with the new economic order and cope with competition. The very process of formation of demand for labour assumes not least of all development of capacity of economic entities in new skills of personnel management, which includes planning and efficient utilization of labour potential, improvement of personnel recruitment and selection methods, professional integration and motivation of personnel in the conditions of modern market economy.

Formation of demand for labour is concentrated in the problem of employment of the population – one of the most important macroeconomic indicators. Employment has a pronounced social impact. It reflects people's need not only in revenues but also in self-actualization through socially useful activities, and also the degree of satisfaction of this need under a certain level of socio-economic development of the society. A person's need to have a paid job, priority of these or those spheres of activities, the extent of labour participation, choice of profession and place of work, labour motivation, interest in highly productive labour and possibility of such labour – all that is formed as a result of socio-economic behaviour of a person in the society, economic and allocative policy of the state, structural shifts in the national economy, development of the service sector, social policy of the state, etc. In this connection, simplified understanding of the essence of employment, which is so common at present, expressed as coordination of demand and supply of labour, seems rather inappropriate.

Currently neither in Moldova, nor in Transnistria can one talk about ensuring efficient employment. Socio-economic costs of the transitional period, decrease in the level of revenues of the population, worsening of the situation in the social sphere leads to people's higher need in paid work. However, as a rule, today such work is poorly paid for and has low productivity.

Inefficient employment is conditioned, first of all, by lack of flexibility of the labour market and, consequently, the implemented employment policy does not comply with the requirements of the market economy. Under such circumstances enhancement of flexibility of the labour market implies either reduction of salaries of working population, or lay-off of excessive, *i.e.* inefficient workers. However, implementation of such policy in conditions of lack of choice and non-diversified structure of the economy would only aggravate social tension in the society and would provoke further migration outflows of the population.

Based on the principles of efficient employment assessment of formation of demand for labour in the territory of Moldova, at present, looks as follows. The process of formation of demand for labour flows heavily, and it seriously affects the level of utilization of labour force. Economic transition brought significant changes in utilization of labour force. In the course of economic reforms more and more often undesirable trends in evolution of employment appear:

- excessive number of employees accumulated during the period of extensive development of the economy is released very slowly, as a result, one can observe expansion of latent unemployment;
- qualification and intellectual potential of employees is underused;

- drastic decrease of real salaries almost in all sectors leads to lower motivation for bona fide work.

Quantitative aspect of demand for labour is measured by the number of employed persons and also by the number of available vacant jobs. Within the market economy, where unemployment is considered to be a natural phenomenon, vacancies usually are available for a very short period of time, as unemployed persons rather quickly take them. Based on that, usually, measuring demand for labour availability of vacancies is not included in the relevant indicator. As such, the number of created new jobs at enterprises is used as an indicator.

The main indicator of demand for labour is the employed population, which includes wage workers, self-employed persons and entrepreneurs. That is why when analyzing demand for labour two indicators are used: number of employed persons (somewhat “overestimated”, as self-employed persons and entrepreneurs have rather conventional participation in formation of demand for labour. The former are employers and employees at the same time, while the latter act, first of all, as bearers of demand for labour, but not its objects).

Unfavorable evolution of demand for labour in Moldova is confirmed by statistical data: one can observe significant reduction both in the number of employed population (from 1499.0 thousand persons in 2001 down to 1257.2 thousand in 2006), and the number of wage workers – from 899.1 thousand to 842.7 thousand persons, correspondingly. We have to note that the tendency of decreasing number of employed population exists in the context of significant reduction of both latent unemployment and “dummy” employment (number of employees that are on administrative leave or that work incomplete working day).

Reduction of demand for labour, on one hand, improves efficiency of its use, and on the other enhances social tension in the country and fosters labour migration (table 9).

**Table 9** Main indicators of demand for labour

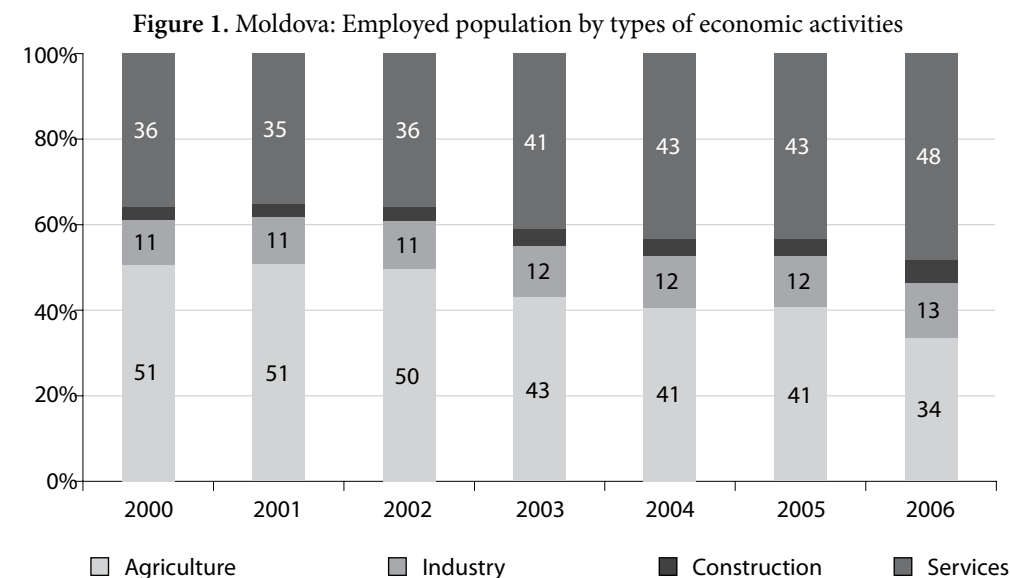
Indicators	Meas.unit	Years					
		2001	2002	2003	2004	2005	2006
Employed population	thous.pers.	1499,0	1505,1	1356,5	1316,0	1318,7	1257,2
Number of wage workers	thous.pers.	899,1	891,8	868,1	840,9	830,8	842,7
Number of employees on unpaid vacation	thous.pers.	99,8	72,8	54,9	43,7	33,6	31,1
Number of employees with reduced duration of a workday	thous.pers.	17,1	12,3	9,1	17,4	7,6	8,4
Average duration of a work-week	hours	28,9	29,9	30,3	30,9	30,7	30,1

Source: National Statistics Bureau of the Republic of Moldova

The situation in the field of employment is to a large extent explained by the “specifics” of industrial composition of the economy of Moldova. Thus, quite a significant part of the employed population of the Republic of Moldova works in agriculture (in 2006, the unit weight of the population employed in agriculture comprised 33.6 %, which represents rather a high level compared to developed countries, where people working in agriculture do not exceed 10 % of employed population), the branch that is not able to provide for quick increase in labour productivity and, therefore, increase of real revenues of employed population.

Structural analysis of demand for labour showed that in the context of reduction of unit weight of those employed in agriculture from 50.6 % in 2000 to 33.6 % in 2006, certain increase in the unit weight of those employed in other spheres of activities is observed. From 2001 to 2006 in the sphere of services this increase comprised 35.9 % up to 48.3 %. Increase in the unit weight

of employed was also observed in industry - from 10.6 % to 12.8 %, and in construction – from 2.9 % up to 5.3 % (figure 1).



Source: National Statistics Bureau of the Republic of Moldova.

On the left bank, as well as in right bank Moldova, growth in the economy occurs in the context of steady decrease of employment (from 200.2 thousand persons in 2001 down to 159.9 thousand in 2007). Meanwhile, we have to note that Transnistria has its own specifics of forming the demand for labour.

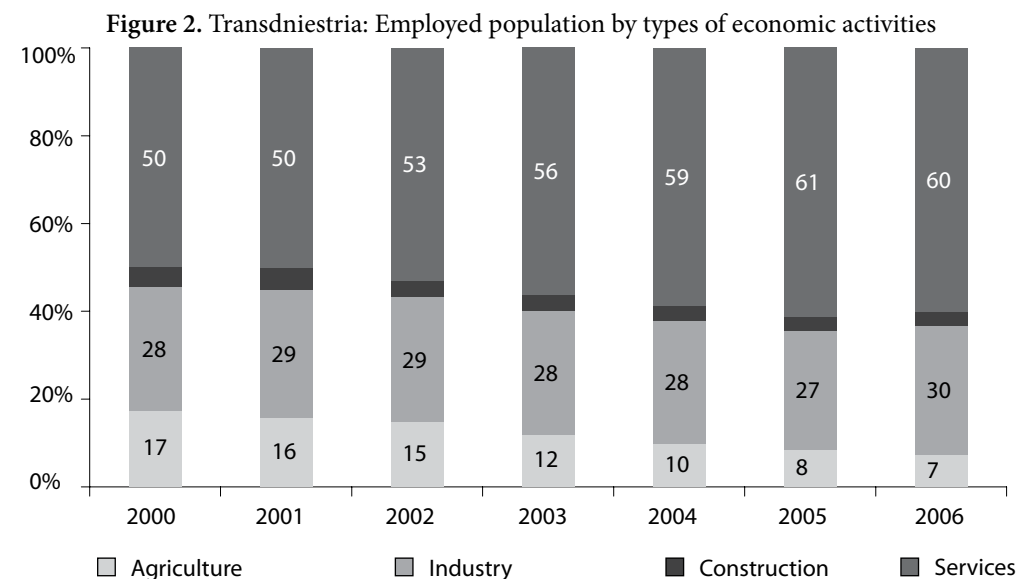
First, there is the high occupational level in the public sector (in 2005 - 46.2 % of employed population), which is due to lateness of market reforms, the scale of the state machine (public governance, law enforcement bodies) and of the budgetary sphere (education, medicine) (table 10).

**Table 10.** Allocation of the number of employed population of Transnistria (as of the end of the year)

	2001	2002	2003	2004	2005	2006
	<b>Thousand persons</b>					
Total occupied in the economy	202,0	186,1	179,5	172,6	168,6	161,0
in the public sector	157,2	116,8	109,4	97,7	88,2	74,6
in non-governmental sector	44,8	69,3	70,1	74,9	80,4	86,4
	<b>As percentage of the total</b>					
Total occupied in the economy	100	100	100	100	100	100
in the public sector	77,8	62,8	60,9	56,6	52,3	46,3
in non-governmental sector	22,2	37,2	39,1	43,4	47,7	53,7

Source: State Statistic Service of Transnistria

Second, the structure of employment is more balanced: about 8 % of employed persons work in agriculture, while more than 27 % work in industry.



Source: State Statistic Service of Transnistria

### 3. Unemployment and its socioeconomic consequences

Unemployment is a phenomenon that is inherent to the labour market. Modern unemployment is a phenomenon induced by the transitional stage of development in the process of formation of market relations. In spite of the specific nature and particularities of local unemployment, it has features that are typical to all countries.

In general, low level of real (estimated) and registered unemployment is a specific feature of the modern labour market of Moldova-Transnistria. Two percent level of unemployment under 66.3 % of economic recession in the course of the first 10 years of economic transition can be explained either by imperfection of statistical reporting of the republic, or by unsatisfactory work of the employment service, or by specifics of employment in the republic. More advanced analysis shows that all these aspects of this manifestation of unemployment are inherent to the labour market of the Republic of Moldova and are closely related with each other. Indeed, at the present stage, Moldovan statistics encounters certain difficulties related to determination of the level of unemployment. The level of 2 % applies only to those unemployed persons who addressed the employment service; meanwhile the population has very little trust in these state institutions. Under the economic crisis, when the state is not able to provide real assistance to released workers in terms of finding new jobs, very few of them [workers] address the employment service. As a rule, released employees find jobs themselves, either in the shadow sector of the economy of the republic, which significantly increased in recent years, or are self-employed in agriculture or in folk crafts.

According to the data of the Labour Force Questionnaire organized in the republic since 1998, during last 5 years the level of unemployment calculated using the ILO methodology fluctuated around 7.3 %, with the lower level registered in 2007– 5.1 %.

Unemployment entails serious economic and social costs. One of the main negative consequences of unemployment is idle state of able-bodied citizens and, correspondingly, non-manufactured products. If the economy is not able to satisfy the need in jobs for all those who are willing and able to work, who is looking for work and ready to start working, then potential possibility to manufacture goods and services is lost. Therefore, unemployment hinders the ability of the society to develop and move forward based on its potential abilities.

In addition to purely economic costs, one should not discard significant social and moral consequences of unemployment, its negative influence on public values and vital interests of citizens. Forced inactivity of a significant multitude of able-bodied population and each person individually leads to appearance of life depression, loss of qualification and practical skills; moral principles deteriorate, criminality increases, self-respect is lost, families fall to pieces, social tension increases in the society, which is characterized also by higher number of suicides, mental and cardiovascular diseases. In the long run, moral and physical health of the society is undermined.

Unemployment can be considered to be one of the reasons for poverty. Indeed, unemployed persons have lower and occasional revenues, and as a consequence are exposed to higher risk of poverty.

As for assessment of unemployment in Transnistria, in this region only registered unemployment, which has rather modest values, is accounted for in this region.

Therefore, both in districts on right bank of the Nistru / Dniester River, and in districts on the left bank, in essence, there is no problem of unemployment as such. There is a problem of increasing the level of employment, a problem of labour remuneration, and also a problem of labour migration, which can be resolved only by recovery and ensuring sustainable development of the economy based on the derivative nature of the labour market.

### Conclusions and recommendations

Based on what has been set forth above, the situation in labour markets both of Moldova and of Transnistria can be viewed as critical. Labour markets of these regions can be qualified as those at the stage of formation. And though efforts taken by the state contributed to consolidation of market relations in the field of labour, tendencies reflected in major indicators of the labour market functioning are far from being satisfactory. Indeed, in recent years, the legal base in the field of labour relations was improved; the new law on employment and social protection of unemployed was adopted. And in the territory of Transnistria new labour legislation was adopted. In the context of European integration processes the institutional and legislative base of the Republic of Moldova is being adjusted to European standards. In addition, one can also note the new employment strategy, which was elaborated in the labour market in accordance with European Standards requirements.

Despite all these efforts indicators of the labour market of Moldova and the labour market of Transnistria show downtrends. Based on the derivative nature of the labour market, this downtrend is conditioned first of all by unfavorable trends in the real sector of the economy. Furthermore, attractiveness of labour markets of neighboring countries, better working conditions and better salaries contribute to outflow of labour force from the labour market of the republic.

Therefore, under such conditions only fundamental recovery of the real sector of economy would contribute to normalization of the situation in labour markets of Moldova and Transnistria.

At the same time, the process of integration of labour markets of Moldova and Transnistria, despite similar problems, could be very lengthy and complicated. Difficulties in this process are conditioned, first of all, by mutual mistrust that appeared among population of both banks of the Nistru / Dniester River due to artificial fostering of the image of an enemy to each other in the

course of many years. Elimination of this mistrust and psychological tension requires much time and patience, and first of all, willingness of people from the right and left banks of the Nistru / Dniester River to carry out labour market integration processes.

In addition to political and psychological factors, the very process of integration of labour markets of Moldova and of Transdnistria envisions the following:

- consistent convergence of institutional and legal base of labour markets of Transdnistria and of Moldova with European standards, and further consolidation of market relations in the field of labour in both regions. In this context it is important to note that Moldova registered more success in consolidation of market relations in the field of labour than Transdnistria. In spite of the difficulties mentioned above, in the course of recent years, modernization of the state employment service of the Republic of Moldova showed significant success: quality and quantity of services related to employment and provision of social protection to persons seeking jobs got much better and increased in quantity. At the same time, the commitment of the Republic of Moldova to European integration leads to convergence of the national employment policy with values, principles and standards of the European Union;
- Introduction and systematic application in the territory of Transdnistria of the Labour Force Questionnaire, which represents a statistical tool necessary to monitor processes in the labour market. In the Republic of Moldova the Labour Force Questionnaire is successfully applied since 1999 and is an important factor in forming an effective policy in the labour market. The Labour Force Questionnaire allows showing the full picture of processes occurring in the labour market, which cannot be said about statistic of registered unemployed or about registration of persons working at enterprises or in other institutions.
- gradual convergence of standards and requirements of professional training in Moldova and in Transdnistria for the purpose of ensuring common approach to formation of labour supply in both regions.
- gradual convergence of principles and approaches in formation of employment policy measures for the purpose of ensuring common mechanism of functioning of the labour market of both regions.

In conclusion we have to note that integration of labour markets of Moldova and of Transdnistria is possible only as a result of a constructive dialogue between both parties, which would involve social actors of the labour market, representatives of the civil society, and economic entities.

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**Dr. Elena Bobkova** is the Director of the Independent Centre for Analytical Research “New Age” in Tiraspol, which she has headed since 2001. Elena engages in sociological studies of various spheres of societal life. Her special focus is on youth value orientations and life planning. In 2005, she received her PhD at the “Lomonosov” Moscow State University. Today Elena’s sphere of scientific interest includes the study of the quality of life and social wellbeing of the population in conditions of conflict. She participates in public and scientific life as an expert.

**Dr. Vladimir Fomenko** is a lecturer at the School of Economic Geography of the “T. G. Shevchenko” Transdnistrian University. In 2000 he received a PhD in Geography, on the topic “The contemporary geodemographic situation and system of population settlement of the Transdnistrian region”. Vladimir is active in writing about the socio-demographic, historical and geographic development of Transdnistrian towns and villages. Monitoring and analysis of demographic processes in Transdnistrian conditions can be noted among Vladimir’s scientific interests. Vladimir lectures on foreign social and economic geography, history of the political map and global development and historical geography at the “T. G. Shevchenko” Transdnistrian University, since 1993, currently as an invited lecturer.

**Prof. Valeriu Mosneaga** is Head of the Department of Political Science and Civic Education of the Faculty of International Relations, Political and Administrative Sciences - Moldova State University. He is Professor of Political Science at the same university. His research interests focus on: migration; formation and activity of the multi-party system in Moldova; electoral system and electoral technologies; political modernization in transition countries; social policies in transitional societies. He is the author of more than 200 publications focusing on labour migration issues in post-communist countries.

He is the Director of the Center of Political Analysis and Social Technologies “CAPTES”. He has been political counselor during presidential, parliamentary, local elections in Republic of Moldova. He is Vice-President of the Association of Political Scientists of Moldova.

**Dr. Anatolii Rojco** is Head of the “Quality of Life and Social Security” Laboratory at the Institute for Economics, Finances and Statistics of the Academy of Sciences of Moldova. His research focuses on: social security and key aspects of social insurance; level and quality of life, differences of social status among the population; system of minimum social guarantee; shaping a complex social insurance system for the population and adapting this to the prevailing conditions (retirement insurance, health insurance, unemployment’s insurance); analysis and evaluation of the social-economic influence of policy on the reduction of poverty.

He has elaborated legal documents approved by the government and profile ministries of Republic of Moldova such as: Regulation regarding the calculation of the subsistence minimum; Instruction regarding the calculation of the subsistence minimum in the Republic of Moldova; Regulation regarding the estimation of gross personal and family income.

**Dr. Natalia Shchukina** is the Head of Labour and Ecological Law Department at the “T. G. Shevchenko” Transdnistrian University, and she is the Vice-Rector in charge of Human Resources Policy and Legal Affairs of the university. She is an expert on labour law, social law and international labour law. She focuses on social problems under the conditions of intractable political conflict.

She attends international trainings/seminars, as a lecturer, participant and co-organizer. Natalia has over 50 publications on the themes of labour law, social law, social relations, collective bargaining and corporate labour relations, the problems of unrecognized states, in mass media and scientific publications of Transdnistria, Moldova, Russia, Belarus and Lithuania. She also

teaches at the State University of Comrat (Gagauz Autonomous Region, Moldova), she is a member of the scientific-advisory committee of the High Court of Transnistria.

**Nina Shtanski** is a PhD candidate in political science at the School of Global Political Processes of the Moscow State Institute of International Relations (MGIMO) of the Foreign Ministry of the Russian Federation. Since 2006 she has worked as Political Adviser to the Chairman of the Transnistrian Supreme Council. With a tertiary education in jurisprudence, Nina has published more than 10 papers on the Moldova-Transnistria settlement process and on the history of formation of Transnistrian statehood.

**Dr. Dorin Vaculovsky** is the Dean of the Faculty of “General Economy and Law”, Academy of Economic Studies, Chisinau, Moldova. His field of expertise comprises of economics (labour markets, economics of the public sector), social policy (education, social security/pension systems and labour markets), statistics (social statistics, demographics and health statistics, sociological opinion polls, household budget surveys, poverty measurement) and human resources.

He has been involved as an expert in research projects such as: “Youth on the labour market of Republic of Moldova”, “State of the Country Report 2007: civil society’s contribution to development policies and good governance in the Republic of Moldova”, “Women on the labour market of Republic of Moldova”, “New borders in South East Europe and their impact on the stability in the Central European Initiative (CEI) region” and others.