

Back to the Future: An Overview of Moldova Under Voronin

PAUL D. QUINLAN

The overwhelming victory of the Party of Communists of the Republic of Moldova (PCRM) in the February 25, 2001, parliamentary elections, greater than any poll had predicted, came as a complete surprise, even to the Communists. The Kremlin was equally caught off guard, especially because speculation had it that leading up to the elections they had been paving the way for a power-sharing deal between the incumbent team of President Petru Lucinschi and Prime Minister Dumitru Braghiș and the Communists as their best alternative.¹ In a free and fair election with a relatively high voter turnout of 67.52 percent, the PCRM won 51.07 percent of the votes, an absolute majority. Coming in a distant second was the Braghiș Alliance with 13.36 percent of the votes. The only other party to clear the 6 percent hurdle necessary to gain seats in parliament was the pro-Romanian Christian Democratic Popular Party (CDPP) with 8.24 percent. After the proportional distribution of the remaining seats in parliament, with the Communists also getting the lion's share, the PCRM commanded a total of seventy-one of the one hundred one seats in Parliament. This not only gave them far more votes than the sixty-one needed to elect the next president, but even more than the necessary two-thirds to amend the constitution. The parliamentary opposition now only consisted of the Braghiș Alliance with nineteen seats and the CDPP with eleven.²

The purpose of this article is twofold: first, to take a brief look at how the PCRM has carried out its overwhelming mandate in the areas of domestic politics, foreign policy, and the economy, and second, to discuss the consequences of Moldova's transition from communism to democracy and a market economy as the PCRM's first term in office draws to a close.

Considering that Moldova had become the poorest country in Europe, the PCRM's commanding victory probably should not have come as a surprise. Since

Paul D. Quinlan is a history professor at Providence College where he has been teaching since 1980. He is also an associate at the Davis Center for Russian and Eurasian Studies at Harvard University. He is the author of four books and numerous articles on Moldova and Romania. His recent focus is on contemporary Moldova and includes publishing several articles on the Lucinschi period.

declaring independence in 1991, Moldova has had the largest fall in gross national product (GNP) and living standard of any former socialist state in Europe. In 2000, with the GNP a mere 30 percent of what it was ten years before, average nominal monthly wages were lei 405 (\$32), about two-fifths of the minimal monthly consumer basket. For pensioners, the average monthly pension, a pitiable lei 84, only covered 18 percent of the consumer basket.³ Approximately 80 percent of the population was living on less than \$1 a day.⁴ One of the few avenues of escape from this seemingly endless poverty has been emigration. A poll taken shortly before the February 2001 elections by the Romanian Center for Opinions and Market Studies (COMS) found that 36 percent of Moldovans wanted to leave the country and work abroad for some time, and 26 percent wanted to leave "for good."⁵ The number of those who have emigrated varies widely. In 2003, the Moldovan Department of Statistics and Sociology reported that 234,000 people, or 11.4 percent of the work force, were working abroad or were looking for work outside the country. Other governmental agencies, claiming that many workers have slipped through the official statistics because they are working abroad illegally, have cited figures of 600,000 or more.⁶ The International Labor Organization (ILO) recently calculated figures of approximately 600,000.⁷

The Communists could not have asked for a better scenario. Accusing the opposition of failing to deliver on their promises of economic growth by their mishandling of market reforms, which the Communists by and large opposed, and being responsible for the collapse and general pauperization of the country, the Communists conducted an antireform, populist campaign that emphasized a greater role for the state in the political and economic processes and in society overall. This included clamping down on corruption, setting price controls, reinstating the old Soviet raion system of local control, raising pensions and wages for state workers, and creating a system of real social guarantees to ensure a decent life for citizens.⁸ Nostalgia for the Soviet Union was another important card that the Communists were able to cash in on, especially in Moldova where the Russians generally are well liked. They also called for the development of advantageous ties with all states of the world, particularly those of the Commonwealth of Independent States (CIS) and especially Russia.⁹ Ideologically, the PCRM, often described as unreformed or orthodox, is closer to the Communist Party of the Russian Federation than to the former Communist, reformed Socialist, or Social Democratic parties of Eastern Europe and the Balkans.¹⁰ Yet, as this article indicates, the PCRM is far from being a united party.

On April 4, 2001, the Communist Party completed its tour de force, as party head Vladimir Voronin was handily elected the country's new president with seventy-one out of one hundred and one votes in parliament. This was in stark contrast to the seemingly endless bickering in the former parliament among the parties and President Lucinschi over the presidency, which inadvertently paved the way for the February elections and paralyzed the reform process. Consequently, Moldova has the distinction of being the first European country in which an unreformed communist party regained control of the government through democratic elections. But the size of the Communist victory was somewhat misleading because of Moldova's 6 per-

cent hurdle. Although the Communists elected seventy-one deputies and won 51.07 percent of the total vote, almost half of those who voted did not vote for the Communists. Slightly over 28 percent of the votes went to parties and independent candidates that failed to clear the 6 percent hurdle and, under Moldova's proportional system, most went to the PCRM. In general, these parties have opposed the Communists and usually, at least outwardly, have stood for market reform and moving closer to the European Union (EU), not Russia and the CIS. Two of the largest blocs in the former coalition government fell just short of 6 percent; the Party of Revival and Conciliation and the Democratic Party received 5.79 percent and 5.02 percent, respectively. This is all the more meaningful as recent polls have shown that well over half of Moldovans now favor EU integration.¹¹ Unlike the PCRM that has the only well-organized, countrywide political organization, longevity, and tradition, and practically monopolizes the so-called left of the political spectrum, the opposition has been characterized by unstable political blocs, rancorous infighting, and parties led by powerful figures and interest groups whose own interests have acted as a catalyst for government instability. The inability of the opposition to join together against the Communists was one of the main reasons they did so poorly.

Moldova is an electoral or unconsolidated democracy as it struggles to make the transition from communism to democracy and a market economy. Prior to 1991, Moldova's only other period of independence goes back to the end of the Middle Ages. With the exception of the interwar period when Moldova was a part of Romania, Moldova was part of Russia and the Soviet Union from 1812 to 1991. Today Moldovans have the huge task of creating a new, independent state from scratch, and the same holds true for democracy. Trying to overcome the country's historical legacy in such a short period has been an enormous task, and historical factors continue to weigh heavily on Moldova's development.

Although Moldova got off to a faster start in the 1990s among former Soviet states in cobbling together some of the mechanics of a democratic state, such as a parliamentary government, free and fair elections, and a fledgling multiparty political system of sorts with no pesky Communist Party around (having been banned from 1991 to 1994), as a report of the Parliamentary Assembly of the Council of Europe (PACE) pointed out in 2002, "Clearly, the fundamental concepts of a democratic government are still vague."¹² Moldova has a weak civil society, a weak legal tradition, and lacks a strong rule of law. Non-governmental organizations (NGOs) are small and rely heavily on outside funding, and the party system is volatile and highly fragmented.

From the start, the Voronin government began solidifying and expanding its control and, in the process, undermining Moldova's fragile democracy.¹³ Of particular concern was the judiciary, where the Communists began replacing numerous judges and filling vacancies with their own loyal supporters.¹⁴ The media began undergoing a similar fate with government pressure, harassment of journalists, and appointment of Communist supporters to high-level media positions. The Communists also began making extensive efforts to control local government. At the end of 2001, parliament strengthened central government control over local government by reinstating the old Soviet territorial administration.

PACE described this as perhaps “the most striking example” of creating a “vertical power structure” reminiscent of the Soviet Union.¹⁵ The government also scheduled early local elections for April 7, 2002, so that the Communists could take advantage of their current popularity.

Especially controversial were the government’s decisions to amend the constitution to declare Moldovan (almost identical with Romanian) as the state’s official language, so that Russian could become Moldova’s second official language, making the study of Russian obligatory in all schools from the second grade on, and to replace the study of the *History of the Romanians* with the *History of Moldova*. All three touched upon the sensitive topic of Moldova’s national identity. Moldova is a multiethnic state with a population of 4.3 million as of 1989, when the last overall census was taken, consisting of 64.5 percent Moldovans (or Romanians), 14 percent Ukrainians, and 13 percent Russians.¹⁶ Although the tsars failed to Russify the Moldovans and eradicate their Romanian heritage, the Soviets succeeded in creating the idea that there were two distinct Eastern Romance nations, each with its own separate language, culture, and history. This is today the essence of “Moldovanism,” which much of the population for one reason or another goes along with.¹⁷ For those who oppose this interpretation, mainly intellectuals and pro-Romanians, it is the “Moldovan myth.” Most educated Moldovans speak Russian, which according to the constitution is the “language of interethnic communication,” and, in reality, the country’s unofficial official language. About one-third of the population speaks Russian as their native tongue (the so-called Russian speakers), while less than one-third of the country’s minorities speak fluent Moldovan. The native Russian speakers also are the strongest supporters of giving Russians equal legal status with Moldovans and constitute a powerful electoral stronghold of the PCRM.

With a Communist-dominated parliament and restricted media coverage (especially Teleradio-Moldova, the state-run television station and major source of news in the country that the opposition has almost no access to), opponents took to the streets. Under the leadership of the pro-Romanian and pro-Western CDPP and its fiery leader, Iurie Roșca, rallies were held almost daily in Parliament Square in the center of Chișinău from January 9 to April 29, 2002. Vigorously anti-Communist and anti-re-Russification in tone, varying numbers of mostly young people and students, numbering hundreds or thousands, showed up each day and occasionally stayed overnight in pitched tents. On two occasions the size of the rallies ballooned to between 50,000 and 100,000, depending on estimates by police or organizers. Confused and angry, the government overreacted in its response. Initially issuing threats together with warnings that the demonstrations were illegal, a threat to public safety, and “luring children” to demonstrate and miss school, on January 22, Minister of Justice Ion Morei suspended the CDPP for one month. Then on January 25, parliament voted to lift the parliamentary immunity of Roșca and two other leaders of the party. After an unsuccessful appeal to the supreme court, on February 21 the leaders were convicted and fined. The heavy-handed action by the government and the extremely tense situation in the capital drew international disapproval, including that of the

EU and the Council of Europe (which Moldova belongs to), forcing the government to back down. On February 8, 2002, Morei rescinded his suspension of the CDPP, and on February 21, the government rescinded its decision to make the study of Russian obligatory and declared a moratorium on changing history courses. The constitutional court also had ruled against making Russian the second official language on technicalities shortly before.

Encouraged by the government's retreat, Roșca added the government's resignation, including that of President Voronin, and new elections to the CDPP's litany of demands. An additional boost to the CDPP came as hundreds of journalists from Teleradio-Moldova threatened to go on strike. The journalists denounced the authorities for widespread censorship, "lack of pluralist content" in programs, and the "use of the state-run media as a means of propaganda," and called for transforming Teleradio into an independent public broadcasting company. Their complaints also were echoed by the Journalists' Union.¹⁸ The authorities responded with

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threats, dismissals, and the creation of a handpicked parliamentary committee to organize a new structure for Teleradio. In March 2002, the strike committee took its case to the Council of Europe and the European Court of Human Rights. Since independence, Moldova had acquired somewhat of a reputation for independent journalism in spite of efforts by previous governments to clamp down on the media and use them for their own purposes, but this has changed.¹⁹

The demonstrations reached another high point in March with the mysterious disappearance of the CDPP's second in command, Vlad Cubreacov. Both the opposition and the government accused each other of being responsible. Although some of the other opposition parties occasionally joined the rallies, it was evident that the CDPP would never come close to winning the widespread support needed to topple the regime. What has limited the CDPP all along has been its pro-Romanian philosophy, although toned down in recent years, in a country where more than 90 percent of the population supports an independent Moldova. Less than 10 percent support closer ties to or an eventual union with Romania, although this includes much of the cultural elite. Nevertheless, the CDPP's strong backing for EU membership could help offset this. Although Moldova's deep cultural and ethnic divisions are reflected in its political parties, most of Moldova's political leadership consists of ethnic Moldovans. And most are former members of the Soviet nomenklatura. The participation of minorities is rather limited, although it has increased somewhat under the Communists.²⁰

As a result of international pressure, the government agreed to go along with a compromise solution proposed by PACE. Under PACE Resolution 1280,

adopted on April 24, 2002, the CDPP would end its demonstrations, which it did on April 29. In return, the government agreed to a number of specific and overall measures commensurate with the functioning of democratic institutions in Moldova. Included were suspending criminal proceedings against the leaders of the CDPP, refraining from further lifting of parliamentary immunity, and maintaining a moratorium on the status and the obligatory studying of the Russian language and on making changes to the history curriculum. The resolution also called for freedom of the media (including converting Teleradio-Moldova into an independent public broadcasting service), freedom of assembly, freedom of religion, the rights of parliamentarians, the autonomy of local authorities, and the independence of the judiciary.²¹

The Moldovan government's fulfillment of the resolution has been mixed, however. In a follow-up resolution on September 26, 2002, PACE welcomed the government's continued moratorium on the Russian language and the history curriculum and respect for the parliamentary immunity of CDPP parliamentary deputies.²² PACE also was pleased that the government had finally recognized the Bessarabian Metropolitan Church—which comes under the aegis of the Romanian Orthodox Church in Bucharest—as a religious organization, despite resistance by the Moldovan Orthodox Church, which is under the Russian Orthodox Church in Moscow. None of Moldova's previous governments had been willing to do this, partly out of fear of the political repercussions. As for the rest of the measures, the resolution stated that the government had not fully satisfied its commitments.

Since the fall of 2002, although the government has grudgingly made some concessions to PACE, political freedom has reached a new low. Censorship of the media, biased news coverage, harassment of journalists, and other tactics have increased. In 2003, the government-controlled Audiovisual Coordinating Council that regulates national broadcasting halted for months the broadcasting of TVR 1, a popular television channel from Romania, and Vocea Basarabiei, a local radio station. Both allowed criticism of the government. As a pretext, the government cited licensing problems and various technicalities. "Hyde Park," a popular local radio talk show on Antena C, was taken off the air under pressure from the Audiovisual Coordinating Council. The police also illegally raided the offices of Flux, a leading Moldovan news agency that is closely tied to the CDPP, in the hopes of finding incriminating material. In 2004, it was more of the same, with the halting of broadcasting by Antena C and Euro-TV. Both often were critical of the government, including accusing top government officials of corruption. In March 2004, the state-owned Moldtelecom disconnected the country's main Internet service provider, Megadat.com International, for having an invalid operating license. A little over a week later, Megadat's chairman was arrested and fined for organizing a rally of Megadat's employees that "disturbed public order."²³

In spite of Teleradio-Moldova being turned into a public institution, the government maintains tight control. Especially troubling to journalists and reporters was the parliament's approval in November 2003 of legislation to reorganize

Teleradio-Moldova into two separate radio and television companies and, in the process, terminate the employment of all current employees. Many see this as a way of getting rid of undesirable journalists and reporters. Also troubling was the approval by parliament in December 2003 of the so-called Concept of the State's Nationalities Policy, which leaves the way open for the government to prosecute critics of the existence of a separate Moldovan nationality and Moldovan language, along with the March 2004 Law on Combating Extremism. To further protect high government officials from criticism, additions have been made to the civil and criminal code to provide harsher penalties for individual journalists and reporters for publishing insulting and defamatory statements. If guilty, one could be subject to stiff fines or, until recently, up to five years in prison.²⁴ Undoubtedly, the chilling effect caused by these penalties serves to augment self-censorship by journalists and reporters. Freedom House, in its annual "Freedom of the Press Report," in 2003 ranked Moldova as "partly free." Not surprising, in its 2004 report Freedom House dropped Moldova to the category of "not free."²⁵

Starting in September 2003 and continuing into 2004, frequent anti-government and anti-Russian demonstrations again were held, although generally small in number. As before, the ringleader was Roșca and his party, but employees of Teleradio-Moldova and media companies shut down by the government also demonstrated and held a hunger strike. In November and December 2003, as a result of the Kozak Memorandum, both the CDPP and middle-of-the-road political parties and blocs joined together in a rare, albeit temporary, show of unity against the government. One protest meeting attracted approximately 30,000 demonstrators. The government denounced the demonstrations as illegal and claimed that the demonstrators, especially those of the CDPP, were engaging in subversive activities to overthrow the government by violence and responded with threats, harassment of opposition leaders, and police visits in the middle of the night. At the same time, local PCRM members and supporters continued to veto requests, using various subterfuges, to prevent the opposition from holding rallies and demonstrations. In February 2004, parliament lifted the parliamentary immunity of several leaders of the opposition again, including that of Roșca, for participating in "unauthorized protest rallies."²⁶ In April 2004, parliament approved a draft bill prohibiting pupils from participating in political demonstrations, a move directed mainly against the CDPP.²⁷

The government also has continued to tighten its control over the judiciary. According to the International Helsinki Federation for Human Rights, several measures taken by the authorities "have undermined the adequate administration of justice and have had a negative impact on the court's independence."²⁸ A joint report by Freedom House Moldova and the Budapest-based Constitutional and Legal Policy Institute in 2003 described the Moldovan judicial system as "limited." Although the report said that all previous governments contributed to the "discrediting" of the judicial system to some extent, "political pressure on judges has intensified over the past two years."²⁹

On the other hand, PACE was pleased with the government's proposal to change the history curriculum by offering a so-called general history course, which, in reality, would focus more on the history of Moldova and the Moldovan people. Oppo-

nents have charged that it is intended to eradicate Moldova's Romanian heritage. The government also has continued to abide by the moratorium on making the study of Russian obligatory and on the status of the Russian language; however, proposals making Russian the second official language in a new federal state have been discussed. Another success for the Communists was the Council of Europe's consent to Moldova taking over the chair of the council's Committee of Ministers in May 2003, "even if it still faces flaws in its democratic functioning." The council also made note that it will continue monitoring Moldova's democratic progress.

Local elections finally were held on May 25, 2003, the government's planned April 7, 2002, date having been declared unconstitutional by the constitutional court. The second round elections were held on June 8. The PCRM did well, garnering 40.98 percent of all mayoral posts, 48.10 percent of the votes cast for district and municipal council seats, and 44.90 percent of the votes for town and village council seats. Coming in second was the Social Liberal Alliance's "Our Moldova," a bloc consisting of the Braghiș Alliance, the Liberal Party, and the Alliance of Independents, which won 21.27 percent of the mayoral seats, 19.98 percent of district and municipal council seats, and 20.50 percent of the town and village council seats. The CDPP only managed to get 2.23 percent of the mayoral, 8.87 percent of the district and municipal councils, and 6.35 percent of the town and village councils. Especially upsetting for the Communists was the loss of Chișinău. Incumbent mayor Serafim Urechean, running as the candidate of "Our Moldova," received 53.90 percent of the votes, while the Communist-backed candidate, Transportation Minister Vasile Zgardan, received 46.10 percent. The elections have been viewed as an indication of a slight loss in popularity for the PCRM, and a propitious start for the new party, "Our Moldova." Nevertheless, recent polls for the upcoming parliamentary elections in March 2005 show the PCRM doing even better than they did in 2001. In a poll taken in late April and early May 2004 by the CIVIS polling institute, 67.6 percent of the respondents said they would vote for the PCRM, with the CDPP receiving 8.6 percent and "Our Moldova" only 6.9 percent.³⁰

Although the local elections were largely free, they were hardly fair. The government ran roughshod over the opposition, paying little attention to democratic electoral procedures. According to a report by the International Helsinki Federation for Human Rights, the election process "lacked transparency."³¹ Among the numerous problems were threats, arrests, and the hindering of opposition candidates from holding rallies. Independent and opposition media outlets, journalists, and reporters were intimidated; government officials who supported the opposition were dismissed; and in some polling stations the secrecy of the ballot was violated, along with undue police presence. The government misused public resources for campaign purposes, and state media coverage was heavily biased in favor of the authorities. The Organization for Security and Cooperation in Europe (OSCE) Election Observation Mission said channel M1, the only nationwide television channel, "acted as a mouthpiece for the state authorities and the ruling party."³² In turn, the Chișinău municipality's controlled Euro-TV "dedicated 73 percent of its political news coverage to Mr. Urechean, presenting him

in an overwhelmingly positive light, while the other candidates received less than 2 percent."³³ Irregularities carried out by the government and ruling party also were common in the autonomous region of Gagauz Yeri in the October 2002 elections and in the May and November 2003 elections.

According to one Moldovan scholar, the Moldovan electorate is "at least as indifferent, or even hostile, to democratic political forms" as people in other CIS states.³⁴ In a public opinion poll conducted by CIVIS, more than half of those questioned felt that Moldova should have only one political party. Political parties are the least trusted institution in the country, only getting a 15 percent rating, while the church and the media received 79 and 58 percent, respectively.³⁵ In another opinion poll taken by the Romanian IMAS polling institute several weeks before the May 2003 local elections, 66 percent of the respondents credited Voronin as being the country's most trusted politician.³⁶ Although Voronin's popularity recently has been slipping, he still remains by far the country's most popular politician. It is hardly surprising that much of the pressure for democratic reforms has come from outside Moldova, from organizations like the Council of Europe and the EU. Moldova's political parties, the opposition parties included, reflect this dysfunctional democratic milieu. For example, in the previous non-Communist Lucinschi government, next to the Communists, one of the chief culprits in sabotaging economic reforms and bringing the government down by voting with the PCRM was Iurie Roșca with his political shenanigans in November 1999.³⁷

Although a functioning democracy seems of little concern to most Moldovans, corruption is a major problem. According to a report from Transparency International, "corruption is the second worst problem in Moldova after poverty." Transparency International's global corruption index ranked Moldova 93rd out of 102 countries surveyed in 2002 and 102nd out of 133 countries surveyed in 2003.³⁸ According to Transparency International, bribes to public officials equaled one-third of the state budget in 2002. More than half the business people interviewed "confessed . . . they have to regularly bribe the police and tax officials."³⁹ The two worst areas are customs and public health. One parliamentary deputy said that Moldovan businesses pay over \$71 million a year in bribes to public officials "in order to work normally."⁴⁰ Transparency International reported that 85 percent of those demanded to pay bribes did not seek legal recourse through the courts because of the unlikelihood of getting justice. Of those who have gone to court against officials demanding bribes, most have lost their case.⁴¹ Although fighting corruption was one of the Communists' most touted campaign promises in the 2001 parliamentary elections and new organizations to combat corruption have been set up by the Communists, punctuated with anticorruption rhetoric, little seems to change. Critics claim that the goal of the Communists is "to win votes rather than reach the heart of the problem."⁴²

Another aspect of the corruption problem involves the trafficking of women for sexual exploitation and prostitution. According to the International Organization for Migration, "Moldova is the country with the highest rate of migration with trafficking in women and prostitution."⁴³ A "gigantic, highly organized trade," many of the young girls wind up in the western Balkans, often supplied to western troops

deployed in the former Yugoslavia. Alexis de Suremain of the organization Pharmacists Without Frontiers said that the “trade earns Moldova a hundred to two hundred million dollars a year. Illegal labor . . . is worth more to Moldova than subsidies from the IMF [International Monetary Fund] and the World Bank [WB] combined.”⁴⁴ Granted, for a country as poor as Moldova and riddled with corruption, it is questionable how much can be done. Yet, the PACE report on the problem in April 2003 pointed out that the Moldovan police unit responsible for combating human trafficking had a staff of nine people! Trafficking in human organs, especially kidneys, is another area where Moldova ranks high. Moldovans are promised between \$2,500 and \$3,000 for their kidneys which in turn are sold illegally for between \$100,000 and \$200,000 to waiting patients,

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often from Israel, through an “extremely well organized and extremely mobile” network, with the operations taking place in Turkey.⁴⁵ Moldova tops INTERPOL’s search list with a whopping 23 percent of the suspects the organization is searching for.⁴⁶

In foreign affairs, the Voronin government initially launched a marked shift in policy toward Russia, as the Communists had promised in their electoral campaign. This shift in policy marked a contrast to the Western-orientated policies of previous governments and went beyond nostalgia, ideology, and cultural roots. Much of Moldova’s trade since independence has been with the CIS, especially Russia, and Moldova is still heavily energy dependent on Russia, especially for natural gas. Voronin also saw closer relations with Russia as the key to solving the Transnistrian conundrum, which he named his number one priority. The precedent for this was not encouraging, however, as other Moldovan presidents have also bet on the Russian card and have come up empty handed. In November 2001, a bilateral treaty finally was signed between Presidents Voronin and Putin. The first such treaty dates back to 1990 but was never ratified by the Russian Duma. Voronin hailed the treaty as establishing a strategic partnership between the two countries. The treaty also made reference to Moldova’s “territorial integrity” and recognized Russia as a guarantor of peace in the Transnistrian conflict. Right-wing groups bitterly criticized the treaty, claiming that the Communists were “consigning the country to Russia’s sphere of influence” and “could potentially undermine Moldova’s independence.”⁴⁷ Moldova also expressed a keen interest in joining the Eurasian Economic Community, a CIS customs union spin-off, and obtained observer status in May 2002. Moldova, Voronin said, has “historically always looked east.” At the same time, Voronin showed less enthusiasm for GUUAM, as “it does not promise much for Moldova.”⁴⁸

In turn, the Voronin government received vocal political support from Putin. Yet, this was far less than the financial concessions and strong stand against

Transnistria that Voronin, a Transnistrian native, had counted on. All along the Russians have been hard bargainers over gas debt rescheduling, have insisted that Moldova repay their energy debts in cash or equity equivalent to avoid creating a precedent for other CIS states, and have acted in Russia's best interest in Transnistria. In September 2003, Russia, Ukraine, Belarus, and Kazakhstan formed a "single economic space" without including Moldova, which Voronin sharply criticized. Consequently, for these and other reasons, over the past two years, Voronin has been much more willing to integrate more closely with the West, as shown by his policy of trying to gain eventual EU accession and his acquiescence to some of the PACE resolutions. Ultimately, Voronin's foreign policy is based on what he sees as being best for Moldova, for maintaining the PCRM's overwhelming control of power, and for Voronin.

Over the past two years the Voronin government has heavily publicized joining the EU, making it a top priority. But the EU has repeatedly rejected this, stating that the EU has no expansion plans for countries of the former Soviet Union other than the Baltic states. In 2003, the EU designed a New Neighborhood Policy for countries that border on the EU, but this "neither offers nor rules out eventual EU membership."⁴⁹ Recently, EU Enlargement Commissioner Guenter Verheugen spoke about possible eventual integration for those states that sign on for the Action Plan under the New Neighborhood arrangement, without going any further.⁵⁰ All things considered, with Moldova's numerous problems, certainly the chances of being admitted into the EU are slim indeed. A more realistic interpretation of Voronin's EU strategy is to see it as part of a Western strategy to strengthen Moldova's hand in resolving the Transnistrian conflict, as well as stealing some of the thunder from the opposition with parliamentary elections coming up.⁵¹ This is not a policy without considerable risk, as hardliners in the party have "opposed all pro-European projects undertaken by previous governments."⁵² Seen as a pragmatist by many Moldovan scholars and journalists, Voronin nevertheless has been able to keep his grip on power.

Unable initially to get the kind of support from Moscow he had counted on, in September 2001, Voronin introduced new custom seals designed to put economic pressure on the Transnistrian regime by trying to cut down on its lucrative contraband trade and called on other countries to boycott Transnistrian firms. Shortly before, Voronin had broken off direct negotiations with Transnistria, declaring that no settlement was possible as long as Smirnov and company remained in power. But Ukraine, arguing that accepting the new custom seals would be a violation of previous agreements, has continued to honor the old seals used by Transnistria. Ukraine also has balked at Moldova's attempts to establish joint Moldovan-Ukrainian custom posts, and both Ukraine and Russia have refused to terminate their trade with Transnistria.

To get the stalled settlement process on track again and with growing criticism that its efforts to settle the conflict had become half-hearted, in July 2002 the OSCE introduced a new Transnistrian plan (the so-called Kiev document) designed to transform Moldova from a unitary to a federal state. Under the sweeping changes proposed by the OSCE draft, Moldova would have a bicameral par-

liament with a lower house elected proportionally and the constituent territorial units equally represented in the upper house. The central authority would be in charge of customs, defense, foreign, and monetary policy, with a single central bank. Other government functions would come under the joint responsibility of the territorial administrations and the central government. Neither Moldova nor Transnistria was keen on the plan initially and only grudgingly went along under strong pressure from the OSCE, Russia, Ukraine, and the United States. Washington has been showing more interest in Transnistria since September 11, 2001. In August 2002, negotiations between Moldova and Transnistria finally were resumed after a year's hiatus, with both sides agreeing to use the plan as a basis for future negotiations. From the start, not only has the political opposition sharply criticized the plan, but also numerous Moldovan scholars and international organizations see the plan as unworkable and leading to even greater problems because of the vast differences between the two regions.⁵³

Despite the resumption of negotiations, they failed to gather momentum, in part because of Transnistria's perennial stalling tactics. Consequently, in February 2003, Voronin, hoping to bring about a breakthrough in the stalled discussions, proposed replacing the country's constitution with a federal constitution based on the federalization plan of the OSCE. To draft the new constitution, a joint commission was set up with equal representation from both Moldova and Transnistria. To try to minimize endless delays by Transnistria, an ambitious deadline was set. This called for the constitutional draft to be ready in six months, followed by two months of discussions, a referendum by February 2004, and elections to the new parliament in February 2005. Voronin also elicited support from the Council of Europe, EU, NATO, and the United States. To put additional pressure on Transnistria at the end of February 2003, the EU and the United States imposed a travel ban on seventeen Transnistrian leaders, including Smirnov, for being "primarily responsible for the lack of cooperation in promoting a political settlement of the separatist conflict."⁵⁴

Again, despite much initial optimism, negotiations made little progress. Then in November 2003, Russia announced the so-called Kozak Memorandum, drafted by Putin's personal troubleshooter to the region, Dmitry Kozak. Under what was played up as an asymmetrical federation, which Chişinău insisted on, the plan essentially would have allowed the Russians to keep their troops in Transnistria indefinitely as peacekeepers, placed Transnistria in a highly favorable position in a future Moldovan federal state (including having an effective veto over federal legislation), made Moldova a neutral and demilitarized state, and made Russian an official language. Putin's bold move almost worked. Only on the eve of the official signing, under intense Western pressure, along with the lack of popular support in Moldova for a federal solution and demonstrations, did Voronin decide not to sign.⁵⁵ The Russians were furious and, several weeks later, at the annual meeting of the OSCE Ministerial Council in Maastricht, used their veto to block any further deadlines for withdrawing their troops and equipment from Transnistria. In spite of the resumption of negotiations, chances of a major breakthrough over Transnistria any time soon appear bleak. Even if nothing ultimately becomes of the federalization

project, Voronin certainly has been more actively involved in trying to end the conflict than previous Moldovan presidents.

All along, the key to the Transnistrian conflict has been Russia. It was the Russian Fourteenth Army that prevented Moldova from crushing the rebellion in Transnistria during the civil war in 1992. Russian troops remain in Transnistria to this day, sharing responsibility for maintaining peace with the OSCE and Ukraine. But, based on Moscow's actions over the past dozen years, it seems clear that the Russians intend to keep their troops in this strategic geopolitical region of the former Soviet Union permanently, guaranteeing Russian hegemony over Transnistria, if not all of Moldova. An ideal solution for the Russians would be to maintain their troops there indefinitely as peacekeepers under an OSCE mandate that would provide legitimacy to guarantee the peace settlement, perhaps with the addition of some Ukrainian or other troops to give it an international flavor, but under Russian operational command. This also would keep Russia on the good side of the international community, which is crucial for the Russian economy. Moreover, Moldova already has recognized Russia as a guarantor of a peace settlement in their bilateral treaty of 2001. Voronin's willingness in the past to allow Russian troops to remain indefinitely, in spite of its unconstitutionality, had been first suggested by Braghîş when he was premier under Lucinschi.⁵⁶ Since the OSCE Maastricht meeting, however, the Voronin government has been emphatic in calling for the Russians to honor their previous OSCE commitments without delay. Another option for Russia is to allow the talks over Transnistria to drag out indefinitely.

International efforts to remove Russian troops from Transnistria have had some success, but Russia's complete withdrawal seems as far away as ever. At the OSCE summit in Istanbul in 1999, the Russians agreed to remove their heavy weapons from Transnistria by the end of 2001 and troops, light armaments, and ammunition by the end of 2002. Although the Russians removed their heavy weaponry by November 2001, even ahead of schedule, they failed to meet the 2002 deadline. As a result, the OSCE extended the deadline until the end of 2003 at its Porto summit, a deadline Russia also failed to meet. In 2003 and into 2004 the Russians continued to make periodic removals of the remaining stockpile of ammunition and weapons, blaming the Transnistrians as usual for preventing them from fulfilling the deadline, and lately Chişinău for not signing the Kozak Memorandum. On November 21, 2003, just days before the scheduled signing of the Kozak Memorandum on November 25, the Russians signed a new agreement with Tiraspol to remove their equipment and soldiers, excluding peacekeepers, from Transnistria. Russian Deputy Defense Minister Vladimir Isakov stated they "plan to finish this job in six or seven months." But that was then. Recently, Russian First Deputy Chief of the General Staff, Colonel General Yuri Baluevskii, told journalists in Moscow, "I would not venture any concrete date for finalizing the withdrawal."⁵⁷ Many critics, including this author, have seen these delays all along as just a stalling tactic by the Russians.

Over the years, Russia has been Transnistria's big brother. In addition to being a major trading partner, Russia supplies Transnistria with low-cost energy and

investments. Many in Russia feel strongly about protecting the region, which has a Slavic majority, through the presence of Russian troops. Although officially the Russians have backed the federalization plans, they have insisted that Transnistria be granted "a properly guaranteed status" and that they do not intend to abandon their "citizens living on the banks of the Dniestr River."⁵⁸ Russia has also criticized the travel ban on Transnistrian leaders by the EU and the United States. Especially disconcerting over the past year for Moscow have been remarks by Western officials that envisage peacekeeping operations in Moldova being handled by the EU under the aegis of the OSCE, or even NATO, leaving little, if any, role for Russia.⁵⁹ No doubt that this, plus the further recent eastward expansion of NATO, acted as a catalyst in forcing Putin to show his hand with the Kozak Memorandum.

Tied in to all of this is the question of corruption. Transnistria has been described as Europe's single largest black hole.⁶⁰ Along its extensive border with Ukraine, Transnistria conducts a massive contraband trade that ranges from oil products to cigarettes, alcohol, industrial and agricultural goods, military hardware, money laundering, and even human beings. Powerful armaments, from rocket launchers to armored vehicles, supposedly have been smuggled to Chechnya, the Balkans, and Africa. According to Charles King, the National Liberation Army of Macedonia was financed and armed by Transnistria.⁶¹ This modern-day smugglers' notch is operated mainly by the Transnistrian customs service headed by Smirnov's son, Vladimir, along with the implicit consent of Ukraine and numerous bribed Moldovan and Ukrainian officials. Its profits are an important part of Transnistria's economic survival and a major reason why Transnistrian leaders do not want to merge with Moldova.⁶²

Surprisingly, the greatest success for the Voronin government has been the revival of the economy. Despite the Communists' strong opposition to market reforms under previous governments, once in power, circumstances helped to force them to modify their tune. Their hopes for a quick solution to the Transnistrian problem to bring rapid economic improvement and economic concessions from Moscow did not happen. Beginning in 2000 and 2001, however, the economy began to rapidly improve. Overall, this was due to the revival of Moldova's main trading partner (Russia) after the ruble crisis of 1998. In addition, the market reforms of the past decade have finally reached fruition. The real gross domestic product (GDP), following a decade of sharp decline, rebounded to a growth rate of 2.1 percent in 2000, followed by 6.1 percent in 2001, 7.2 percent in 2002, and 6.1 percent in 2003. Average consumer price inflation dropped from 39.3 percent and 31.3 percent in 1999 and 2000, respectively, to 9.8 percent in 2001 and 5.2 percent in 2002. Inflation shot up to 11.6 percent in 2003 because of rising food prices caused by the poor harvest but has moderated substantially since the end of the year. Real wages in 2002 rose by more than 20 percent and in February 2004 were up by almost 10 percent year on year. In 2002, industrial production grew by almost 11 percent, with wholly private companies raising their output nearly 15 percent and those with foreign share capital 19 percent, while wholly state-owned companies registered a 20 percent decline.⁶³ In 2003, indus-

trial production reached 14 percent. Agriculture grew by around 3 percent in 2002, but because of the poor harvest caused by bad weather dropped to 14 percent in 2003. Especially important to this overall upswing were remittances from Moldovans working abroad, currently estimated to be equal to over one-third of the GDP.⁶⁴

On the other hand, the Moldovan economy still has a long way to go. Part of these impressive statistics can be explained because Moldova started so low. The average monthly wage for January and February 2004 was only \$73, which is around two-thirds of the minimal monthly consumer basket.⁶⁵ Figures released in September 2003 by the Department of Statistics and Sociology showed that 44 percent of the population was still living in poverty.⁶⁶

Additional income comes from the gray economy, subsistence farming, and remittances from abroad, with emigrants, on average, sending home \$1,000 a year.⁶⁷ Although the official level of unemployment is around 2 percent, according to the ILO, which has more accurate figures,

“A major problem for the Moldovan economy continues to be the lack of sustained, much-needed IMF and WB funding, a problem created by Moldova’s poor reputation among foreign direct investors.”

unemployment was 8.7 percent for the third quarter of 2003.⁶⁸ The economy is still excessively agriculture-centered. Agriculture is still the country’s largest employer, accounting for two-thirds of manufacturing output and making up more than half the country’s exports, especially food and beverages. Trade continues to be too heavily dependent on the CIS, and Russia especially. Trade with the CIS still accounts for half of Moldova’s total exports. Moldova’s trade with the EU has been growing and now accounts for 28 percent of exports and 24 percent of imports.⁶⁹ Of course corruption and the loss of Transnistria, where most of the country’s heavy industry was located, continue to take an enormous toll on the country’s economy. Although, over the past dozen years, much of Transnistria, with its former Soviet industry, has become a rust belt.

A major problem for the Moldovan economy continues to be the lack of sustained, much-needed IMF and WB funding, a problem created by Moldova’s poor reputation among foreign direct investors. For example, in the Heritage Foundation’s Index of Economic Freedom for 2004, Moldova was categorized as “mostly unfree.”⁷⁰ In spite of the Communists’ long-standing, strong opposition to many IMF requirements, upon coming to power, Voronin has made a halfhearted effort to renew funding. But even this has put him at odds with hardliners within his own party. The end result has been a long, drawn out tug-of-war between the IMF and the Communist government, with the latter losing the bulk of the funding from a three-year IMF \$147 million poverty reduction and growth facility (PRGF) in 2003, which had been approved by the Lucinschi government in 2000. Although the government did meet many IMF funding requirements, \$27 million in PRGF credit dis-

bursement was all that the present government could secure. Endless stalling by the government, which has not abandoned its interest in increasing state control over the economy, powerful vested interests, corruption, and adverse court decisions all played a role. At present, it appears unlikely that any multilateral financing will be resumed until the second half of 2005 at the earliest.⁷¹ Since other multilateral financial institutions follow the lead of the IMF, funding from the WB and EU has been delayed or lost as well. Furthermore, by not securing the resumption of IMF lending, the government will not be able to reschedule its \$200 million Paris Club debts any time soon.

As usual, privatization, a top priority of the IMF and WB, continues to be a major problem, especially with the Communists who had steadily opposed privatization under previous governments. Although the Communists reluctantly agreed to continue the privatization projects of the Lucinschi government, at the same time, several private firms have been renationalized and others harassed.⁷² The most publicized example of the latter involved the purchase of three electricity distribution companies by the Spanish firm Union Fenosa in 2000, which the Moldovan courts claimed violated several laws. According to Braghiș, the real reason for this court ruling was to enable the government to renationalize and resell the electricity distribution companies to a "favored, but as yet unnamed Russian investor."⁷³ For a country desperately in need of foreign direct investments, this can only further discourage investors.

Having strongly opposed Moldova's dismantling of the Soviet collective farm system in the late 1990s, the government is now planning to consolidate, or as critics say, to recollectivize, farms under state control. Under this arrangement, in areas where roughly two-thirds of the plot owners agree, consolidated state enterprises would be set up, while owners who oppose this would receive land outside of the consolidated area. According to the Economist Intelligence Unit (EIU), the average farm in Moldova is already "four or five times larger than in Western Europe."⁷⁴ In January 2004, the cabinet also approved a draft law stipulating that bankrupt and inefficient firms in which the state's ownership is more than 50 percent would become the property of the employees as "peoples enterprises."⁷⁵ Somewhat surprising, Transnistria has privatized more major enterprises in recent years than Chișinău and has slated several dozen more to be privatized in 2004 to increase revenue.⁷⁶ Although symbolic, on June 10, 2004, the Moldovan parliament attempted to counter this by passing a bill warning foreign investors that they must get the approval of the Chișinău government to have their "property rights guaranteed."⁷⁷ Not surprising, most of the investors in Transnistria are Russians.

As expected, privatization in 2002 made little headway. The biggest sales were the Vismos winery, the Calaras-Divin winery and distillery, and the Topaz electronic plant, all to Russian companies. Cardboard box manufacturer Moldcarton, which the Communists vigorously had opposed selling under Lucinschi, was sold to the subsidiary of a Russian firm. The attempted sale of the country's flagship company, Moldtelecom, the state-owned telephone monopoly, failed for the third time because the Moscow City Telephone Network only offered one-third of the asking price. In 2003, the government failed to sell any of its larger enterprises. In

late 2003, the government announced that it would sell its two remaining state-owned electricity distributors but cancelled its plan in April 2004 because the offer by the only bidder was too low. The government already had cancelled several earlier attempts to sell these companies, mainly because of low bids. In May 2004, the government also cancelled its plans to privatize three wine facilities for lack of interest.⁷⁸ Much of Moldova's wine industry, however, has now been privatized.

According to the EIU, Voronin has been "a big supporter of Russia's increasing role in corporate Moldova."⁷⁹ Russia is Moldova's largest overall investor, with 35 percent of the total foreign direct investments in the energy sector.⁸⁰ Moldova's total debt to Russian gas giant Gazprom continues to rise, although the percentage that Moldova has been able to pay each year for gas has improved. It is estimated that Moldova's gas debt to Gazprom is well over \$1 billion, with Chişinău directly responsible for about \$115 million and Transnistria for the rest.⁸¹

In conclusion, Moldova's transition from an authoritarian regime to democracy, which has been difficult enough since Moldova only became an independent state in 1989, has suffered a pronounced setback. The Communist regime has clamped down or tried to control a number of mainstays of democratic government in a deliberate attempt to create a strong central government under its control, or what might be termed a semiauthoritarian regime. With parliamentary elections upcoming in early 2005 and the Communists determined to maintain their overwhelming control of parliament and the government, the situation could get worse before getting better. As for the electorate, polls favor the PCRM to maintain a majority in parliament.

In spite of Voronin making Transnistria a top priority, a settlement remains as elusive as ever. At the last minute, he wisely refused to sign the Kozak Memorandum, a case of the remedy being worse than the disease. Voronin's "Realpolitik" strategy of joining the EU appears to be based on the achievement of ancillary goals while realizing that Moldova stands little chance of EU membership under any government, let alone a Communist one. Not surprising, when government officials mention Moldova qualifying for the EU, they only bring up solving the Transnistrian conundrum and improving the economy—their record on democracy at home is virtually forgotten. Yet, Communist rule has quieted talk about Moldova's survival as an independent state, providing, of course, they do not do something foolish in trying to get Transnistria back.

As shown, the government's greatest success has been the revival of the economy. At the same time, the transition to a market economy has slowed down considerably. As long as the Russian economy continues to expand, Moldova's should follow suit, and the PCRM should continue to remain popular. Nevertheless, the elections are not until 2005, and polls also show there is considerable discontent among Moldovans, especially with the current economic situation. Moldova is still the poorest country in Europe.

NOTES

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15. PACE, *Democratic Institutions*, Doc. 9418, 15.

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18. PACE, *Democratic Institutions*, Doc. 9418, 15–16.

19. Way, "Weak States," 456–57, 466–67.

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30. *RFE/RL Newslines*, May 24, 2004. In a poll taken by the Institute of Public Policies in November 2003, 64.4 percent of those surveyed said if parliamentary elections were to take place now they would support the PCRM, with 9.7 percent supporting the CDPP, and 8.3 percent "Our Moldova." *Infotag*, December 10, 2003. The EIU thinks that the PCRM's majority will shrink but will still likely retain a parliamentary majority. EIU, "Moldova at a glance," *Country Report Moldova* (May 2004).

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48. *RFE/RL Newslines*, October 11, 2001; *RFE/RL Newslines*, November 21, 2001.

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53. See Moldovan Helsinki Committee for Human Rights, "Critique of Plan for Federalization of Moldova as a means to solve Transnistrian Conflict" (August 2002), <http://chdom.ngo.moldnet.md/eng/news/federalization.chdom.pdf>; Meurs, "Moldova ante

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57. *RFE/RL Newslines*, November 24, 2003; *RFE/RL Newslines*, April 5, 2004.

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