

The Influence of Moldova's Economic Performance on EU Integration

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Abstract: The Republic of Moldova, a state located in the eastern proximity of the European Union, divides its political options between the mirage of the West and the traditional influence of the Russian Federation. The former Soviet republic with a majority of Romanian-speaking population is one of the countries that has been progressed the least since the fall of communism. Excessive bureaucracy, widespread political corruption in all political parties, both pro-European and pro-Russian, border insecurity has seriously damaged long-term performance of this small country. The economy based mainly on agricultural production does not give to the Republic of Moldova enough independence to get out of the sphere of influence demanded by the main international decision-makers. The intention of this study is to analyze if the economic performance of this country is the main impediment for acceptance in the structures of the European Union.

Keywords: Republic of Moldova; integration; European Union; corruption; economy

Introduction

After the fall of Soviet Union, the international economy was dealing with an assumed reorientation of practices and strategies in order to approach the Globalization. In 1990 obsolete soviet industrial system shrink but new advanced industries did not emerge in this nation at an incredible pace.

The Moldavian national companies had been noticed that the Global management strategy was not focused on the principles of business ethics and there is no moral responsibility related with the protection of human capital. Even if in the strategy of all the politicians the principle off social protection was not absent, the idea of corporate humanism has not excelled.

In present a shift in management paradigm is necessary because the traditional industries and economic activities are fighting for survival. In Moldova there is not a traditional business culture and it is difficult to analyze the transitional effects from communism to the free market. Instead in the European Union the profile of an effective economy absorbs the historical features of successful nations as: France, Germany or Denmark.

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In Republic of Moldova during the communist regime, the Communist Party was the only institution capable to manage the economy and to create standards for progress. In the post communism period this state was not seen a rebirth of entrepreneurship because the transitional period was still dominated by the same nomenclature leaders. In consequence this study aims to analyze if the economic performance of the Republic of Moldova is the only hindrance for a reasonable integration in European Union.

The Republic of Moldova 30-years Panorama of Democracy

The Republic of Moldova is a continental state, which borders on the west with Romania and on the south, east and north with another ex-Soviet country- Ukraine. The territory was an important part of the Kingdom of Moldova from the 14th century until 1812, when it came under the authority of the Tsarist Empire. After the Bolshevik Revolution, the newly founded Democratic Republic of Moldova joins the Kingdom of Romania, and in 1940, after the Ribbentrop-Molotov pact it is included in the borders of the Soviet Union.

In August 1991, the Republic of Moldova adopted an economy based on the principles of the free market, and the liberalization of prices had negative consequences, manifested by a particularly high inflation. Since 1993, about 80% of the national enterprises have been privatized, regardless of their size. The agricultural land passed from the state property to the private operators, especially following the assistance offered by the American program “Pamânt/Earth”, completed in 2000. After independence, as a result of the movement to promote the Romanian language and culture, the Latin alphabet was adopted and the ethnic identity of 2/3 of the population was recognized, as it was during the interwar period (Hill, 2012).

The pro-Romanian aspirations alarmed the Gagauzian populations in the south and the Russophiles in the east, who called for Moscow's support. If the Gagauzian population managed to reach an agreement with the Chisinau authorities, ethnic Russians from Tiraspol area declared their independence, and the conflict started in 1992 failed to be resolved even after negotiations held with representatives of Russia, OSCE and EU (ibidem).

The Republic of Moldova is the 120th exporting economy in the world, and its level of complexity occupies position 76 (Economic Complexity Index). The main trading partner is Romania, and total goods exported in 2017 reached \$ 2.96 billion. Imports reached \$ 5.07 billion, the negative balance being quite significant. The Moldovan state mainly exports agricultural products, cereals and wines, importing refined oil, cars, electronic equipment, etc. (OEC, 2019).

Table 1. The Main Economic Indicators of the Republic of Moldova in the Period 2014-2018 (Billions of Dollars)

YEAR	GDP	EXPORTS	IMPORTS
2014	9,51	2,96	5,90
2015	7,75	2,47	4,45
2016	8,07	2,61	4,47
2017	9,67	3,01	5,27
2018	11,31	3,44	6,36

Source: Systematization after: The Global Economy Moldova (2019)

Since 2007, when Romania joined the EU bloc, the Republic of Moldova has a direct border with the EU, but few signs of economic progress have been observed, especially due to the lack of foreign investment. The infrastructure is deficient, and from the energy point of view the state is dependent on the Russian Federation which pragmatically manages the situation of this country, in order to maintain its quantifiable advantages at the EU's eastern border.

The Analyses of the Moldovan Economic Performance as Major Impediment for the Acceptance in the Structures of European Union

Like in the neighboring states, Romania and Ukraine, democracy and integrity of the leaders are known to be the weakest cornerstones for the Moldovan national consciousness. Constantly, since the beginning of the 2000 the European Union is interested in Moldova, despite there is a concern about the instability of the nation and "the existence of the separatist Transnistrian Moldovan Republic, which is involved in various illegal or semi-legal businesses and provides a stronghold to crime" (Wrobel, 2004).

Illegal immigration and the security of the frontiers are having in our opinion the same importance as economic performance in the acceptance in the European structures. The immigrants are often blamed for taking jobs away from native workers (Myakiwa & Sato, 2018) and the Republic of Moldova it is a gateway from the persons from Asian and former Soviet Union to enter in search for a better life into European Space. "Abolition of tourist visas to the EU countries for the citizens of Belarus, Moldova and Ukraine, as well as opening the EU labor market for the citizens of these Eastern European countries, might lead to the higher numbers of migrants" (Čajka et. all. 2014) and this situation is more important for European Union in accepting the Moldovan republic in its structures than its economic performance.

As it was stated above, this nation is a former communist state which is making efforts, sometimes important efforts, depending on the political orientation of the leaders, to substitute the former soviet totalitarian system with the principles of the free market promoted by the European Union. The current development of the

nation in this regional context is related to the transitional economy but the economic transition *is not* a weakness in the revitalization of Moldova under the European values.

An economy under construction it is not a major factor against the accession to European structures. For example, the Republic of Ireland, one of the most developed nations, had had strong economic problems before joining the European Union. The success in attracting Foreign Direct Investments is well known and 50% of its employment is foreign owned firms, compared to 14% for other EU member states (Hermann & Lipsey, 2003).

The rapid growth of Ireland is in the conjunction to the European Single Market, and its high-tech boom can be a landmark for a future Moldovan rapid economic development, because the European authorities are monitoring the gradual economic progress. Even if it is an asset, the economic progress *is by far not a major decider* for the acceptance of the country in the EU. In another important European country, Spain The Structural Funds have been facilitating the regional economic adjustment and reducing regional disparities (Farrell, 2004). The integration in European Union have had positive and long-term redistributive effects, real growth effects and a real transformation at national, political and institutional level.

In our opinion the economic performance and its relations with the Global pragmatism of present society is not entirely connected with the acceptance in the structures of EU. In Moldova there is an uncertainty for the future and a small emphasis for reason and political objectivity because there is a dark tradition in high level corruption, illegal migration and inefficient border management.

As strategies for a performance rationality we recommend putting the emphasis on practical solutions and a pragmatism based not on tradition, but on the achieving the consensus and egalitarianism specific to a decent, successful, modern nation. Only when will be noted a real progress in the fight against large scale corruption and only when the opinion of every citizen, regardless the social or political connections, will be respected and listened as possible solutions for the current present, this nation will be a suitable candidate for the European Union.

Such an attitude will be perfect for attracting a wide support from the international partners and will demonstrate a performance-oriented perspective. Not only economic success and excellent border management is related with the admission in the European block, but also the example of the political, social and religious leaders. After the fall of communism, the media presented them as persons with a huge lack of inspiration and integrity, autocratic and domineering and self-interest. A collaborative and team oriented political class will be decisive in enhancing the business opportunities and increasing the rate of technological development.

Conclusions

In Republic of Moldova there is a need for a shift in management paradigm and it is recommendable that the political strategies to become more visible for everyone. The fighting for survival of the people in this new global economy shows that the political and business community is not completely understanding the sources of competitive advantage from the EU Integration.

The lack of a general organizational vision shows in this country that the political and economic senior management placed more emphasis on immediate operationality and less on the need for strategic management development in order to achieve the well-being for the entire nation. Strategic management, based on entropic thinking, which is oriented on a present, past and future temporal axis, considers the design of the development strategy for a minimum period of 10 years (Bratianu, 2015). This approach allows uninterrupted operationality in a foreseeable future, but in Republic of Moldova the political corruption was stigmata for the progress. The national leaders failed to ensure the sustainability of their country causing a domino effect for the well-being of the population.

The basic concepts and ideas of Western democracy are found in the Republic of Moldova, but they are not individualized into a political, social and economic success. In our opinion, we cannot refer to a minimum performance in the last 30 years because the typical Moldavian leader is not a risk taker a team builder integrator, integrator and coordinator. We do not identify creative companies in the area and there is no dynamic vision of management to support the creation of new elements that will give to the Moldovan state a decent position on the capital market. The economy that relies on agricultural production, especially wine, does not develop creative companies to support fundamental changes through which it will be capable to harness the increased abilities of the people, who are well-endowed in the realization of real competences from social, technical and strategic point of view.

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