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**POLITICO-ECONOMICAL MARKERS IN THE PROJECT OF THE TRANSNISTRIAN
REGIONAL IDENTITY CONSTRUCTION**

Ala Svet

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Abstract

The Transnistrian region offers an example of a state with serious problems of national and political identity that was able to negotiate provisional solutions. British sociologist Anthony D. Smith presented what he believed to be the five fundamental features of a national identity. They are indeed crucial in the formation of an identity and include a historic homeland, common historical myths and memories, a mass public culture, common legal rights for all members, and a common economy (Smith 1991, p. 20). All these identity indicators underwent change in the Transnistrian region after 1989, when the USSR collapsed and nationalist movements started on the two banks of the Dniester River. From August to December 1989, the Moldavian Socialist Soviet Republic (MSSR) Parliament passed a series of language laws that made the Moldavian language the official state language and provided the transition from Cyrillic to Latin script. A new tricolor flag was adopted and a national anthem that was the same as that of Romania. Then, in the summer of 1990, the MSSR declared sovereignty, changing its status within the USSR.

A group of Russian speakers led by Igor Smirnov, a factory manager who came to Moldova in November 1987 to become a director of the *Электромаш (Elektromash)* factory in Tiraspol, expressed concern that the newly sovereign MSSR would soon seek reunification with Romania and take Transnistria along with it. On August 11, 1989, several Transnistrian workers' collectives united under the single banner of the Union of Workers Collectives (OSTK) and pursued a policy of secession from Moldova. Igor Smirnov was the first Chairman of the OSTK. On September 2, 1990, Transnistria declared its separation from Moldova and its existence as a republic within the USSR with "full powers" in the economic sphere.

The research follows the course of Moldova-Transnistria coexistence; examines the influences on identity formation, especially the economical aspects which formed the contours of identity, and attempts to gauge popular responses to the challenges of the postwar partition.

Introduction¹

The study of the Transnistrian regional identity and its construction consists mostly of political aspects that are based on economical matters. Residents of the so-called ‘Transnistrian Moldavian Republic’ (TMR), with the Russian acronym *ПМР (Приднестровская Молдавская Республика)*², have a keen sense of regional identity and adhere to the Dniester-Soviet values which from their points of view set them apart from the right bank of the population. To answer the question what defines the boundaries of the group, of the oppositional, immigrant and symbolic identities, we must start with the analysis of economical aspects of the TMR which strengthened all institutions of its statehood during 18 years-period of its independent existence.

Traditionally, primary attention is paid to the political aspects of the problem. In the meanwhile, new challenges and events of last years are revealed in the aggravation of economical relations between the Republic of Moldova and the TMR, deterioration of the export-import relations, privatization and investment policy and separation of regional infrastructure autonomy. All these factors show the economical importance of the Transnistria. This economic importance is shaped by political elites as a separate region with a separate regional identity. Thus, we will analyze the options and strategies in the economical activity of the region in the process of regional identity construction and within an effective state apparatus.

The Transnistrian problem has economical dimensions in the policy and economy of the entire Republic of Moldova. The geopolitical and economical position of Transnistrian region

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² The so-called ‘*Transnistrian Moldavian Republic*’ (TMR) is a separatist region from the Republic of Moldova. On September 2 1990 the Second Extraordinary Session of the Peoples’ Deputies of the Dniester Area took place in the city of Tiraspol and self-proclaimed the Dniester Moldavian Soviet Socialist Republic (later renamed The Transnistrian Moldavian Republic), as a constituent part of the USSR. Till present, TMR is not recognized by any international organisms.

(proximity to Balkans, Danube and Odessa, the largest port in the Black Sea) involves interests of many countries in the economy of this region, primarily Russia. The principal communication axes and the major gas and oil line that link Moldova with the Commonwealth of the Independent States (CIS) pass through this Transnistria region. Almost all of the bridges on the Dniester are also located within this region.

My aim within this paper is an integrated analysis of how the economy influences identity. I seek to explore how this sense of economic importance was formed by the past and how it is reflected in present views on regional identity of Transnistrians. The research starts with an outline of the historical setting that has conditioned the direction of economic reforms after 1989.

First of all, I limit my interest to property relations and industry ownership, within the scope and character of transformations in property relations. In the past socialist relationships have conspicuously affected current transformations in the property order and social hierarchy of the Transnistrian region.

Secondly, to analyze how state policy and ideology are reflected in the economy, I look to a state paternalistic policy on the case of *Молдавский Металлургический Завод* (Moldavian Steel Plant) in Rîbnița. At the same time, I seek to answer the question of how the strong regional consciousness and identity of people strengthen the economic effects of the given territorial identity?

Thirdly, I intend to analyze how Transnistria economy is used by authorities as an instrument of legitimating the Transnistrian model of government, along with the impact of privatization processes at the institutional, political levels and at the level of ordinary people experience. The source material consists of official economic and population data from the TMR and the Republic of Moldova, interviews with ordinary people, residents of Rîbnița and different sources of Transnistrian mass-media.

I. Economical issues of regional identity and Transnistrian independence

I. 1. Regional Identity in Transnistria: Construction and its Representation

The TMR, the most industrialized zone of the former Soviet Republic of Moldavia and populated by approximately two thirds with Slavs, proclaimed its independence towards Chișinău in September 2 1990, after the dissolution of the USSR. Transnistria forms, to the East of Moldova, a small territory of 4163 km² (seven times smaller than Belgium, but twice wider than Luxembourg)

between the banks of the Dniester River in the west and the Ukrainian border in the east. The Russian name is the official name of the territory: *Приднестровская Молдавская Республика (IIMP)*. For its part, the Council of Europe uses the denomination *Transnistrian Moldavian Republic (TMR)*. The area, a self-proclaimed autonomous republic, accounts six districts (in Russian and Moldavian): Tiraspol, Dubossary (Dubăsari), Rybnitsa (Rîbnița), Grigoriopol, Kamenka (Camenca) and Slobodzeya (Slobozia). The town of Tiraspol, whose population has a Russo-Ukrainian majority, is the local capital.

Tiraspol refuses to recognize the Moldavian sovereignty on its territory and applies an independent policy, reinforced after the referendum on the independence of September 17 2006. This referendum overwhelmingly supported unification with Russia. Within the framework of this national consultation, the overwhelming majority of the population of this self-proclaimed republic decided for the continuation of the policy of independence of Transnistria and its union with Russia.

The construction of a new identity was at the top of the agenda of the new Transnistrian regime. As Tom Nairn remarked, nationalism is Janus-like in looking back to a historical legacy and forward to a program of continued national construction (Nairn 1977, p. 42). For small groups in multi-ethnic territories, like the Russians in the TMR, the situation requires more sophisticated and multi-faceted construction of identity. As relative late-comers and as a 29% minority, the Russian elite had to choose perforce a civic, territorial identity as the only option for the construction of the new Transnistrian identity.

The combination of history, demographics, and economy created a regional “imagined community” in Moldova. Anthony Marx offers a helpful framework to understand group formation and mobilization of resource. Marx argued that group formation takes place through mobilization against a common ‘other’ (Marx 1998, p. 3). In Moldavian case, identities fall into four categories. The Moldavian identity was split between those who favored an independent Moldova and those urging reunification with Romania (Pan-Romanists.) Those identified as Russian-speaking were split between ethnic Russians and ethnic Ukrainians (Skvortsova 2002, p. 21). Moldova is a borderland nation, and as a result its ethnic identities were especially fragmented (King 2000; Laitin 1998). Thus, identity question is not a transparent or unproblematic as we think. ‘Perhaps instead of thinking of identity as an already accomplished fact, with the new cultural practices they represent, we should think instead of identity as “production”, which is never complete, always in process’ (Hall 1990, p. 222). The question is always where to start ‘surfing’ from. Nation may be formed

from one or more ethnicities, claiming the right to political identity with the control of specific territory. Furthermore, the nation-state identifies itself in terms of one specific nation and there is thus an identity of character between state and people. Where do these elaborations lead us? First, it seems that there are at least three basic types of identity: ethnic, national and state identity (including nation-states). Secondly, ethnic/cultural identity is the basic one. The nation, consequently, can consist of one or more ethnicities, and the state can consist of one or more nations. In the TMR over 50% of the population has a mixed ethnic background. Most people simultaneously mix an ethnic identity with another as an inhabitant of the post-Soviet space (i.e. the CIS). Residents of the TMR most often identify with Moldova as a whole, whilst simultaneously considering themselves as (ethnic) Russians, Ukrainians, or Moldovans, as well as inhabitants of Transnistria. The regional component of identity with Transnistria as a state is growing; state authorities of the TMR purposefully develop the identity by cultivating the representation by political and ideological symbols. Such ethnic picture of the region is explained by the history. Transnistria was included in the Russian Empire in 1792 as a result of the Jassy treaty with the Ottoman Empire, whilst the Moldovan territory between the Prut and the Dniester was obtained by Moscow only in 1812. The TMR territory experienced two historical expressions of self-identification and a separate statehood of Transnistria, as the Moldavian Autonomous Soviet Socialist Republic in Ukraine (1924-1940) and in the current pseudo-state since 1990 (O'Loughin 1998, p. 339).

The idea of regional distinctiveness or the existence of a collective identity, connected to the political expression of regional interests is central to the emergence of a regionalist movement (Schrijver 2004, p. 17). It requires the combination of the construction and maintenance of a regional imagined community and the politicization and mobilization of its members. Being in conscious relations with each other, people can associate themselves as a small society with separate identity. They have common feelings in the creation of their “imagined community”, as Benedict Anderson characterized it in the processes of national identity construction (Anderson 1983, p. 12). In the creation of a community the economical factor is a decisive one.

How is a regional identity in Transnistria constructed and how does the constructed self-image serve to define a regional identity? Who are they in terms of an in-group? These two queries will be addressed from the perspective of the economic wealth of Transnistria.

‘The central fact that has really happened in the modern world is that the role of culture in human life was totally transformed by that cluster of economic and scientific changes which have transformed the world since the seventeenth century’ (Gellner & Smith 1996, p. 367-368).

In particular, analyzing a case of the USA, Anderson mentioned that initially borders between states were created artificially, and only later received a symbolical value (Anderson, 1983). Thus, borders are constructed on the basis of socially significant representations - such as myths, symbols, etc. They help to achieve the basic purpose of identification processes: to unite the population by common ideals, to form the exclusiveness and uniqueness of the territory and its residents. Vladimir Bodnar, the chair of the Security Committee of the Transnistrian Parliament, defined appropriately the logic driving the separatist states and regional identity construction: “What defines a state? First, institutions. Second, a territory. Third, a population. Fourth, an economy and a financial system. We have all of these! (...) Statehood doesn’t need to be recognized by the international community. It is sufficient if it is declared by the people themselves” (Lynch 2004). It is relevant to recall the argument selected to invoke politically the separate identity in order to determine the in-group affiliation and to draw symbolic boundaries between others. Anthony Cohen writes that “the consciousness of the community is encapsulated in the perception of its boundaries” because the determinant of any community is not the objective structure of the boundary itself but its sense of difference and distinctiveness (Cohen 1995, p. 13).

Institutionalized territorial solidarity (common territory, values, symbols) maintains the image of the region and serves as criteria for constructing national identity and common consciousness. Even more so a regional identity is strengthening in times of economic difficulties (Paasi 1986, p.116). Created by the people’s own free will, our republic is living and developing in defiance of military provocations from our enemies, contrary to all economic, customs, diplomatic, information and other blockades” (Смирнов 2005, p. 4). In the construction of ideal future images by the Transnistrian leadership, the memories of the older generation of Soviet times intensifies the regional identity based on the keeping of last heritage. “During many centuries of life here, in Transnistria, a new generation was created – the transnistrian people - with their own mentality, character and definite features...” (Смирнов 2001, p. 39).

Key issues of the new national consciousness include which group was the first to settle in which area, the emphasis on long-vanished territorial divisions, the legitimacy of boundary shifts,

and the exact delineation of former state boundaries (O'Loughlin 1998, p.339). For separatists, mobilization revolves around the threat to the existence of the cultural or national minority, and the associated risk of its assimilation, dispersion, and oppression. Stuart Kaufman (1996, p. 125) believes that the strikes and other manifestations of opposition to Chisinau were provoked and controlled by a cynical TMR political and economic elite that did not wish to surrender the power to Moldova. In his "ethnic security dilemma model", Kaufman argued that the fear of losing ground to another ethnic group is a powerful motivator for political action and that the TMR leadership played on this fear. "There are two different societies - Moldova and Transnistria. These two societies should live independent, in peace and mutual respect" (*IA Regnum 2006*). Under the rubric of history, we can examine the events which have redrawn the lines of national identity. It is also possible to measure the extent to which identities have changed over the course of time as a result of national experiences. Many residents of the TMR see themselves as constituting a specific and separate entity distinct from their neighbors, and they believe that this identity has been forming for centuries under Russian influence. "Our history and our culture are closely related to the Soviet period. Industrialization in our region was Soviet in its nature. We cannot dissociate ourselves from the Soviet culture... Maybe the Soviet culture is not a good one, but we don't have another one. We do not think that it is a hundred-percent bad one" (Чубашенко 2007, p. 2).

The regional identity of the population is based on the memories of a prosperous region during the Soviet period and till nowadays they appeal to the Soviet time as a time of peace, harmony, and economic wealth and maintain Soviet symbols and ideology. Economic prosperity means industrial potential. Below the economical policy of the region which will be analyzed.

I. 2. Industrial Potential of the Transnistrian Region and Collectivization Process: Historical Context

At the end of the 19th - beginning of the 20th centuries the Bessarabia (a province of Russia) was a typical agrarian remote area of predominant grain specialization. In 1913, most of the labor force was used in agriculture; no more than 10 thousand workers worked in industry. The significant volumes of investments from the central government were directed to the Moldova left-bank economy. As a result, the industrial output of the territory in 1939 in comparison with 1913 increased 33 times, i.e. the rate of growth was four times larger, than the average for the USSR

(Gudîm 1967, p. 54). The number of enterprises grew from 19 (without mill enterprises) in 1924 to 235, among them being a group of the largest in the country canning and wine factories.

In the first years after creation of autonomy a cadre policy was pursued by non-residents of Transnistria according to the party control principle. As a result Moldavians occupied the second place in the ethnic structure of MASSR population. It is necessary to point here that the majority of Moldavians lived in the countryside; therefore they did not have access to vocational education and skilled work. The employment structure among ethnic groups underwent significant transformation. Non-Moldovans played rather essential role in city economy, and Moldovans managed less prestigious and low paid kinds of activity. Such model of development in conditions of regional integration in the Soviet economy system generated a conflict. During the Second World War a wave of deportation against Moldovans began. The economic and political elites were deported after annexation of Bessarabia to the USSR in 1940-1941. In 1946-1947 Moldova suffered a drought. Soviet authorities refused to reduce the mandatory deliveries of grain to the state that has led to famine and death of thousands of people. Right after this disaster a violent collectivization was started (История Приднестровской Молдавской Республики – The History of the Moldavian Republic of Pridnestrovie, 2000, p. 101).

Soviet authority scope was to overcome distinctions at the level of economic development of the left and right bank. Building industrial enterprises, alongside with deliveries of the necessary equipment and raw materials was accompanied by the arrival in the MASSR of the factory collectives from other union republics. Such policy essentially influenced the ethno demographic situation of the region. So, in 1930 from 1055 workers of eight largest industrial enterprises, only 98 were Moldavians or 9,3 %. (История Приднестровской Молдавской Республики, 2000, p. 129).

Alongside with the industrialization, other direction in the economy was the collectivization of agriculture: in 1940, 98,2 % of peasant farms were collectivized. In conditions of a surplus of labor force and significant investment flows from the central government the processes of industrialization and collectivization brought significant economic gains for the left-bank of Moldova. However these processes were accompanied by an interdiction of the private property, infringement of democratic freedom of the citizens, mass repressions among the most active members of the society and advanced intellectuals (История Приднестровской Молдавской Республики 2000, p. 308). Practically, investments were not directed to the economy of the right-

bank of Moldova, which occupied almost the seventh part of the Romania territory and the sixth part of its population.

On the right-bank of Moldova the position of agricultural laborers was very complex. Those workers or their heirs who had ‘given’ land as part of the collectivization process argued most strongly for restitution and the need for historic justice. While this group saw that land reform based on restitution would be the just outcome, this did not translate into a majority wishing to resume individual farming. This was highlighted in a 1997 study of the rural population in Moldova, which indicated that only 16% wanted to become independent farmers (Center for Strategic Studies and Reforms 1997). The main reasons emphasized by those reluctant to become farmers were the absence of the necessary equipment and materials (around 32%), old age and poor health (18%), lack of legal guarantees (16%) and a reluctance to change their lifestyle (15%). There was thus no groundswell of opinion in favor of de-collectivization. Rather the process of collectivization had left bitter memories amongst some, and a suspicion of the communist elite that managed the collective farms. This did not translate for the majority into a desire to dissolve completely the collectives and begin individual farming. In the Moldovan case, ethnic Slavs were more likely to oppose radical de-collectivization than ethnic Romanians, many of whom saw collectivization as a painful form of russification.

Similar patterns of sentiments have been recorded for the restitution that was not followed for a number of reasons in Moldova. First, *kolkhoz* and *sovkhos* leaders opposed restitution, as it would mean the loss of their asset base. While opposed to all forms of radical de-collectivization they believed that legislation that focused on the rights of rural workers as a group would lead more likely to a process of reorganization within the existing farm boundaries than restitution (Moraru 1995, p. 299). These collective farm directors were much closer to political power because of the much greater relative importance of agriculture in Moldova, and independence did not lead to the same degree of elite transformation. Secondly, centrist and right-wing political groupings in Moldova did not advocate restitution largely. One former policy advisor to the Ministry of Agriculture explained this as a desire to avoid ‘ethnic divisions when the Transnistrian conflict was at its height’ (Digol 2001, p. 35).

The land and assets of those deported to other parts of the USSR were transferred to *kolkhozi* and local authorities. Restitution thus involves thorny questions about returning land to the families of those that were displaced and also the question of employment for those agricultural workers

‘imported’ or born in the country after 1940. In Moldova ethnic tensions over the secessionist Transnistria republic and the ‘minor’ civil war which ensued led to a more consensual approach that considered the rights of all rural workers (O’Loughlin 1998, p. 341). Transnistria retained Soviet economic structures and its leaders opposed the break-up of the USSR. In asserting its independence, Transnistria refused to take part in the national agricultural programs of the Republic of Moldova.

All these circumstances were a source of the Moldovan national movement, which amplified in the second half of the ‘80. In 1988, known Moldavian writers participated actively in the organization of the Democratic movement on democratization and reform of language. The major object of criticism became the domination of Russian language in mass media. Thus, in 1988-1991 in a society with a dominant mentality of *Homo Sovieticus*, many cases of street nationalism were registered. Such regrettable incidents took place in all zones of SSRM and did not constitute the monopoly of the right bank. During 1988 – 89 an attempt was made to restore the rights of the majority of the population.

The increased influence of the Popular front caused a negative reaction of minorities, especially Russians. Most Russian-speaking populations supported “*Edinstvo*” (“Unity”) - a political movement which has arisen in Transnistria that declared Russian language as a state language. Its leaders accused the Moldovan national leaders in the purposeful unleashing of the interethnic conflict. Then, in 1991 after the break-up of the Soviet Union the government of TMR declared separation from Moldova consequent to the failed putsch in Moscow in August of the same year. Like any new political regime, the TMR government was faced with the dilemma of creating the state apparatus. Additionally, they had the task of promoting its domestic and international legitimacy by maintaining the separate state as well as engaging in state-making. There is some support for saying that Transnistrians have different political proclivities than “right bank Moldovans.” For example, Transnistria had already been collectivized in the ‘20 and ‘30 and thus was always more “Soviet” than the Bessarabian part of Moldova (Digol 2001, p. 37).

I. 3. The *OSTK* (the United Council of Labor Collectivities) Role in the State-building Process

While discussions emerged on the Right bank of the Dniester River within which many people pleaded for the unification of the Republic of Moldova with Romania, and the lack of attention and even ignorance of the new leadership from Chisinau towards the specifics and phobias

of the Transnistrian population, a new political organization appeared - *OSTK* (the United Council of Labor Collectivities).

The United Council of Labor Collectivities appeared at the “*Tochlitmash*” factory in Tiraspol. *OSTK* were created at all plants in the region in 1986 pursuant to the USSR law “Regarding state enterprises” (История Приднестровской Молдавской Республики 2000, p. 402). The important steps in the escalation of the conflict occurred in autumn 1991, when the paramilitary wing of the *OSTK* transformed itself into the “guardians of the Dniester” and Tiraspol called up the “worker militias”. Such paramilitary structures could not coexist peacefully with the security forces of a Moldovan state. The bloodshed began in November 1991, when “worker militias” attempted to take control of police forces in Dubossary (Dubăsari), an event that triggered the conflict between Moldova and Transnistria several weeks later in May 1992. Between 500 – 1000 people were killed and 60 000 to 100 000 refugees are estimated to have fled over the Moldovan frontier into Odessa Oblast of Ukraine following the bloodshed of mid 1992 (International Interim Report 1992, p. 13). The people were openly supported in their struggle by the Russian 14th Army stationed in Transnistria. Russian forces had provided the Transnistrian fighters with artillery as well as tanks and openly took sides after the assumption of the 14th Army leadership by the General Aleksandr Lebed.

In time of political strikes for independence and unity of Transnistrian people, the union of three main industrial centers emerged - Tiraspol, Rybnitsa, and Bendery, which led the struggle for the Transnistrian independent state. *OSTK* promoted an obvious nationalist policy. Such reaction of the population from the industrial centers of Transnistria was determined by the “socialist internationalism” policy promoted for decades in the USSR and the Russian influence was hiding under the umbrella of “socialist internationalism” (Колосов, Заяц 2001, p. 42). The workers of the large industrial enterprises elected strike committees in August 1989 that, in turn, coalesced under the auspices of the United Council of Labor Collectivities to oppose the policies emanating from Chişinău. These strike committees began the movement that eventually led to the TMR independence. In January 1990, a referendum in the region approved the autonomy of Transnistria and on September 2 1990, the *OSTK* proclaimed the establishment of the TMR. This allowed creating an administrative dictatorship of the Smirnov regime (Рынок Приднестровья 2005, p. 32). For everything that happened and is happening in the republic, Igor Smirnov is responsible as a president and as a permanent chairman of the government. The period of his activity is characterized

by self-affirmation, a revolutionary spirit, the desire to maintain the industrial potential of the region (which represents 2/3 from the entire MSSR industry), build own institutes of authority, and a desire to have good relations with Moscow and to keep its support. Despite the confrontation on Dniester and inexperience of the first Transnistrian leaders, this period is considered to be a creative one for state-building and nation construction. The constitution of TMR was adopted and the economic and civil laws along with the Supreme and Arbitration Courts were established. The Supreme Court of TMR was dominated mostly by the representatives of the industrial enterprises. In general, the management leaders of the Transnistrian enterprises in this period of time played a very important role in the political life of the republic. There were many working collectives that gathered at meetings and demonstrations against Romanization of the region and appeal to the right of TMR to realize an independent political and economic activity. Igor Smirnov, a recent arrival to Tiraspol from Russia (he lived in the Far East before being appointed director of a Tiraspol factory), owes his presidency to the “red directors”. According to all expert estimations, Grigory Marakutsa who was born in Transnistria and was in good relations with Russia and Moldova had to become a president (Moldova’s Uncertain Future, 2006: p. 9). But directors were afraid that he will not reckon with their interests. Businessmen and the factories staff created the image of Smirnov as a strong-willed, constructive leader, and a patriot of Transnistria, who enjoyed the director’s confidence in all economical questions, including privatization process and property relations.

II. Property transformations and legitimation of Transnistrian economical model

II. 1. Privatization Process and Development of Property Relations

At the beginning of 1990, within the economical complex of Transnistria, state property predominated. But the transition to market economy determined cardinal changes of property relations and organizational-legal forms of ownership. The directions of social and economic development in short-term and long-term perspective by the Government of Transnistrian Moldovan Republic during the ‘90 have been developing a number of important documents “The Concept and the Program of Social and Economic Development of TMR” (1993), “The Concept of Social and Economic Development of TMR in the Transition Period” (1994), “The Basic Directions of Social and Economic Development of TMR till to 2000” (1996).

In 1991 the Supreme Court of the Transnistrian Moldovan SSR has developed the Law “On De-Governmentalization and privatization of enterprises” as a legal basis of privatization policy. The Fund of State Property of the TMSSR was responsible for the implementation of this decision. The first years of privatization were insufficiently organized with some mistakes caused by both subjective factors and unclear normative-legal base. In 1997 the Supreme Court decided to revise the law “On De-Governmentalization and privatization of enterprises” in order to eliminate the errors made during the privatization. The suspension of the privatization process has aggravated the property relations and made active uncontrolled redistribution of property, lower labor motivation and few opportunities to develop a good market (История Приднестровской Молдавской Республики 2000, p. 411).

In 1999-2000 the Supreme Court and TMR Government started the development of normative acts on the further reformation of property relations. In December 1999, the Supreme Court has accepted the new edition of the law “On De-Governmentalization and privatization of enterprises” which determined the legal and organizational bases of privatization and the privatization of property remaining in state (republican and local) ownership. Among the new organizational-legal forms of ownership that underwent development in the 1990s, it was necessary to allocate joint-stock companies of closed and open type (Joint-Stock Companies and Open Companies) and joint enterprises with the participation of foreign investors, companies with limited liability, financial and industrial groups, co-operatives and farms. In most cases, the new owners of the privatized plants became Russian companies. In the privatization program more than 100 enterprises were included with the price of about 60 mill USD.

In June, 2005, the “Ministry of Economy” of the TMR released data stating that in the year to date the TMR has “privatized” 10 major assets for a price of \$4.8 million. This included the Tiraspol bread-making bakery (\$1.49 million), Tiraspol bread product integrated works (\$1.29 million), and the Odema textile factory (\$1.29 million). The bread-making assets were purchased by Sheriff Corporation. Sheriff Company is the TMR’s largest company. It has been and may still be controlled by Smirnov’s son* (Infotag July 5 2005). As of June 2005, the highest price paid for a single asset was \$29 million for the Moldavskaya Power Plant in 2003 by Saint Guidon Invest of Belgium (Infotag June 7 2005). In 2005 Saint Guidon sold 51% of the shares to RAO Nordic, a subsidiary of RAO EES, a Russian company -United Electricity Networks of Russia (Infotag July 15 2005).

* Current control of Sheriff is somewhat unclear and we have been unable to confirm its current ownership status

The Transnistrian Supreme Soviet appears to be in a struggle with Smirnov and his supporters over this privatization. Gazprom, the Russian energy company, is seeking to purchase the remaining 49%. The Moldovan Steel Plant in Rîbnița (in the property of an Austro-Ukrainian company - Hares Group) also was privatized (Рынок Приднестровья 2005, p. 23).

Moreover, in June, 2005, the TMR commenced the sale of “the region's light-industry flagship - the Tirotext textile factory, which ensures jobs to 20% of the working population in Transnistria” a minimum tender has been set at \$22.9 million (Infotag June 7 2005).

Besides the conversion of these companies that have been Moldovan state assets, one of the largest properties converted—but not privatized—is the part of the Moldovan railway system that is within Transnistria. In August 2004, “Tiraspol announced the establishment of the independent Transnistrian Railroad Company - through the alienation of the railroad network existing in the Transnistrian region and Bendery and Rybnitsa junction stations with all their property” (Infotag June 13 2005). Sergei Martsinko, the Director of the new Transnistrian Railroad Company explained that the railway in Transnistria became a separate entity so as to avoid taxation from Chisinau. Simultaneously with that, the Moldovan side ceased supplying empty freight cars to the left Dniester bank and began stopping cargoes heading to Transnistria via the Moldovan territory (Infotag June 13 2005).

Nowadays ordinary people are disappointed with the real situation in the economical sector, especially with the privatization policy. My analysis is based on 25 semi-structured interviews* that I conducted in Rîbnița in 2008, as well as daily ethnographic observations and informal conversations with ordinary people during my fieldwork.

“Look what happened to our republic! It was a prosperous land, and now it is a backward province. People here were satisfied and merry; now they have to go to other countries to earn their living. Only financial corporations live in freedom because they have privatized everything that provides benefits.”

“We didn't suppose of such cardinal changes in our economy. We didn't know laws and how must be organized privatization. Who had money and power privatized state objects very cheap, they became one's own masters. And what do we observe today? From day to day I see changes for the worse. It is paradoxically we have not job in a town which has a reputation for its industrial complex. A lot of

* All respondents refused to present themselves for personal reasons

young families are unhappy because of men have to going for work in Russia but women remain and wait for them here”.

“After the privatization of our factories we have lower salaries than it was before the privatization. With such salary it is difficult to support a family, to educate children and people have to immigrate to other countries”.

“Our factories were sold and we remained without work. For instance before Smirnov presidency I was working at knitting factory of Rybnitsa where worked 3000 people. It was a time when we were proud of our work, that we live here. When Smirnov came to power we didn’t produce anything, our factory had to pay heavy taxation, duties were up and soon the factory became bankrupt. It was sold very cheap and we lost our jobs. Now on the grounds of the factory there is an automobile parking, a car wash, storehouse, a firm on producing of doors and windows, restaurant for festivities and weddings, and only one shop on the producing of seat covers for cars where 100 people are working”.

“With the privatization process we have only high prices and low salaries, we have no state enterprises and we don’t produce, we only buy products from other countries when we can produce and export ourselves. Smirnov and his son has a monopoly in all sectors of our economical life: banking system, custom, supermarkets, gas stations, and they put prices how they want”.

“Transnistrians start to understand that Smirnov policy lead us into a dead end. Our enterprises don’t work; people have to leave, “only pensioners and pioneers remain” - it means that here remain not working people. We live in expectation of Russia support which adds to our pensions 15\$ per month”.

“I am sure that our leaders became the richest persons in the republic when a privatization policy was started. They don’t think about future of our republic but want that we, simple people, will be patriots of our land. What are we must proud of? We can’t go anywhere because our Transnistrian passport isn’t recognized, but without Transnistrian citizenship we can’t buy or sell house, automobile, and even to get fixed up in a job. I privatized my apartment but my children without Transnistrian passport have not the right of succession. They must be citizens of the TMR or to pay the state 100% due of apartment value and the apartment will be their property”.

In the EU and the CIS (especially, Russia and Ukraine) foremost attention is paid to political aspects of the problem, meanwhile new challenges, events and findings of the last years (2000-2005)

are coming out in the aggravation of the economic relations between Moldova and Transnistria (the so-called “economic blockade”), complication of export-import procedures for enterprises of the region, implementation of a large-scale (monetary) privatization here and the entrance of Russian investors. Separation and autonomization of the region’s infrastructure clearly places the economic component of the “Transnistrian issue” in the forefront.

Transnistrian government considers that Moldova wishes to unite with the TMR to use the Transnistrian enterprises for paying the debts to the World Bank (Колосов, Заяц 2001, p. 44). This argument is enough strong to maintain a regional specificity of Transnistria and the image of an enemy which is the Republic of Moldova. “Why our citizens which have not received a cent from foreign loans should pay in the case of unification the Bessarabian debts?” (Колосов, Заяц 2001, p. 44). 47.4 % of Transnistrians staunchly support the idea that the situation in TMR is better than in Moldova. Internationally-sponsored surveys among the population of Transnistria confirm that respondents “have shown higher trust in their state institutions than in their Moldovan counterparts” and “felt they live better than Moldovans” (Гузенкова 2004, p. 350). In practical terms, this means that most citizens do not want that their state to unite with the Republic of Moldova. This includes an estimated nine out of every ten of even the ethnic Moldovans who live in Transnistria (O’Loughlin 1998, p. 345).

The above-mentioned trends in the Transnistrian economy adjoin a series of restrictions and negative circumstances:

- monopolization of the real sector and services of the regional economy is high; competition capabilities are limited (due to narrowness of the internal market); control and intermediary operations are hypertrophied;
- no less than 20% of the industrial enterprises (food industry mainly, that lost sources of raw materials, which would meet the capacities of its enterprises large as a Soviet heritage) and about 50% – in agriculture – are unprofitable; their share in services is 12-19%;
- the region turned from a net exporter into a net importer of food;
- there is a decrease of the economically active population and a decline of the level of labor motivation determined by inadequate and tardy remuneration for work;
- direct and portfolio foreign investments of Transnistrian residents, according to the official estimates, still “are not of substantial amount”;

- deficiency of investments and wear and tear of equipment and infrastructure communications at many enterprises leads to the preservation of under-productive labor;
- there are manifestations of disloyal competition and criminalization of the informal sector of the economy (Conflicting Interests. Moldova and the Impact of Transdnestria, DFID, January, 2003: p. 15).

Along with these processes, “standard” for post-Soviet area, including strengthening of the notorious “vertical line of power”, Transnistria, starting from its peculiarities (unrecognized status, uncertainty of legal status) tried non-ordinary actions, including the participation of the Russian Chamber of Commerce and Industry, to search for efficient forms of foreign trade and foreign trade partners; started organizational and financial autonomization of the regional infrastructure (railroads, gas and power supply systems, IT and telephony).

II. 2. Privatized Steel Plant in Rîbnița (MMZ): its Role in the Transnistrian Economy and in the Process of Auto-determination

The Steel Plant in Rîbnița (MMZ) steel based plant, was opened in 1985. MMZ refers to a class of mini-factories where 4000 persons are working. The powerful metallurgical plant has formed both the image of Transnistria and of Rîbnița as a modern industrial town. Today it is the largest and most modern in this part of Europe. The main share of republic budget tax revenues is generated mostly by the core sector of the economy - the ferrous metallurgy. This is first of all the result of favorable conditions for the main traded good of the region – rolled metal (JSC Moldovan Metallurgical Plant, Rîbnița – a key “island” in the Transnistrian economic archipelago – has significantly increased its output and in 2004 has provided over 60% of exports) (Moe Приднестровье 2005, p. 85). “The economical development of our republic depends to a greater extent on the effective work of the metallurgical enterprise”, - considers Andrey Yudin, the general director of MMZ (Partner 2006, p. 1).

For the last years MMZ accessed the authority and experience of international markets. The plant quality system is certificated by firm Lloid's Register Quality Assurance on conformity with the requirements of the international standard ISO EN BS DIN 9002:94 and has a quality production certification from the German union of technical control. The Plant has received some prestigious international awards for the good technical and economic parameters: medals “The Diamond Star”,

the International Silver award for quality. MMZ also renders consulting services to the metallurgical enterprises from Russia, Ukraine, Latvia, Uzbekistan, India and other countries.

The geography of the Transnistrian external trade is quite wide – about 90 countries. Nevertheless, Transnistria does not recognize that the production of the plant is successfully exported to many countries, to the CIS as well as to other foreign countries. “The republic is practically recognized, its companies export production to 78 countries of the world”, - says Smirnov (Савицкий 2008, p. 5). But the trade and economic relations, as a rule, are unsustainable and depend on the changing conditions both for exports and for imports.

We analyze this plant not only because it is the largest and most profitable factory in Transnistria and its employees receive the highest salaries in the region, but because it lies at the TMR’s social and economic heart, buttressing its ideology of a socialist-like paternalistic state. For MMZ employees, an independent state symbolized the preservation of the Russian language rights and continuity with a Soviet-style life. It is not surprising that the Russian and Ukrainian industrial workers’ keenness most frequently refers to “our state and our Transnistrian people”. Sizeable hopes to change their own position refer to the support of Russia. In general, people in Transnistria, about 95%, consider that Russia must defend their compatriots in the near foreign countries, and 58% consider that Russia doesn’t support them enough (Шорников 1997, p. 43). For the plant employees, the Transnistrian state is a real, tangible entity embodied in visible roads and welfare checks, as well as a powerful, regulating authority – to which they attribute a better quality of life. However, this seemingly durable, loyal relationship between the state and aristocracy of labor is in fact fickle and fragile. For there is an upshot to MMZ employees imagining their labor as a “statecraft duty,” and their factory as upholding a “paternalist state” (Chamberlain-Creanga 2006, p. 7).

The transformations in economy have begun when the leadership and directors received unlimited opportunities on privatization of state enterprises. It is known that a director of MMZ, Belitchenko A. K. is one of the biggest stockholders in the republic. He was and continues to be an irreconcilable fighter for Transnistrian sovereignty and independence, being the active adherent of change of TMR’ Constitution in 2000. As the newspaper “Time” from 5/31/2002 wrote, the administration of the factory regularly lied to workers when confirmed that metal in the USA was sold at 200 dollars per ton, but in a reality it was on sale at 350 - 400 dollars. According to the estimates, the super profits were in amount of 300 million dollars. “There is an opinion that the

director starts to dictate to the President his will. It was in 2006 during the economic blockade that TMR had palpable financial losses. In June Belitcenko invited Smirnov at the factory. After the two hour-long conversations with the President he and the director of the plant have solemnly declared that economic blockade is broken. Thus, Belitcenko broke through “the president blockade” for all the companies of Transnistria. It is known that he is the shadow president of the republic” (Марчков 2007, p. 2).

The unusually united political will of the regional elite is supported by the economic potential of the region, by the Russian military presence, as well as the political support of Moscow and the normative force of the Transnistrian factual existence with an impact on the everyday life of its inhabitants. It is important to carry out not only a top-down but also a bottom-up analysis of the construction of Transnistrian regional identity and people attitude towards the economic activity.

In this context we shall analyze the opinions of Rybnitsa dwellers. Interviewed respondents on the question about the Moldovan Steel Plant role for Rybnitsa have noted its definitive role in the economical development of the town and the region as a whole.

“Our MMZ is a leader of the Transnistrian industry, has a considerable role in the local and republican budget, it makes the payments for the salaries of workers from the budgetary sphere and for the pensions to the older generation”.

“MMZ is the largest enterprise of Rybnitsa, Rybnitsa region and TMR as a whole, and it creates a favorable financial climate in Transnistria and develops the economy of the town and the republic”.

“The factory keeps us afloat in the big ocean of the economy”.

Besides the economical role of the factory the dwellers mentioned its political meaning as a symbol of Transnistrian statehood and separate regional identity.

“The economy of Transnistria and the productive work of our MMZ actively promoted the creation of our Transnistrian Moldovan Republic in the period when the nationalist leadership was in power in Chisinau who supported the idea of union with Romania. The industrial potential that ensured our citizens a better life was kept here. Undoubtedly the factory is a symbol of our statehood”.

“The Transnistrians are an united people, especially in the situation when Moldova treats our companies as poachers and organizes different blockades with the scope to make our life here insufferable”.

“MMZ is a political instrument in the policy with neighboring states. It unites Transnistria and the Russian Federation by interests, especially when MMZ proprietors became representatives of the Russian Federation”.

“MMZ role in the public, economic and political life of Transnistria and Rybnitsa is great. Our production is rated highly in the CIS and other countries. We are proud of such factory”.

“Because of the Steel plant we are known abroad, foreigners know about the existence of our republic and about Transnistrian people.

Despite the positive and optimistic attitude of the dwellers regarding the statehood and the development of the regional economical potential, many people are disappointed by the present economic situation and by the privatization policy of the leadership.

“If a plant was not sold, it will be more profitable for Transnistria and the Transnistrians and we will live much better. But nowadays a lot of our people emigrated to work in other countries. So Rivda, a town in Russia is already consisted on 60 % from Rybniciany. Our leadership gets incomes from our industry, and we remain in a position of beggars”.

“If at the beginning the factory employees had high salaries, they saw a future in their life, nowadays, after the plant privatization employee layoff has started. It led to emigration because people cannot get a job in this dying place”.

“It is a gold vein for our directors and leadership of “our great state”. It is one of the best factories in Europe, Transnistria and Rybnitsa, the strategic point of Transnistrian economy bringing 80 % of the income in the state budget and the newest building materials for the construction of a summer residence of our Chairman of the Supreme Court E.V.Shevchyuk. I want that my people will see the sun in this tunnel”.

“People are in a stoical survival, we want to trust our government that tells us about our future happy life, but a lot of us already do not trust them and immigrate to Russia and to Ukraine. We could not suppose that Transnistria will be for us as “a reservation” and “a gold vein” for our president. Nobody knew about such corruption of our state or as it will be known as “my father and mine” republic, that means a republic of our president Smirnov and his family”.

“Our economy is very unstable. The economy of the republic was brought to ruin, industry and agriculture were destroyed. Enterprises were sold at very low prices. And these enterprises must work for our economy and provide economic security. Our villages are dying. Today the situation in the villages is worse than it was in the period of the II WW”.

Thus, in the economical model of TMR it is extremely difficult to separate a state ideology from the reality as the economic populism was practically completely institutionalized. Such policy inevitably creates self-organized economical groups who use a weak and corrupted authority in their own interests. Creation of a separate identity promotes strengthening and legitimating the government directed “from top to bottom”. The regional identity of the population is based on the memories of a prosperous region during the soviet period and nowadays they appeal to Soviet times as a time of peace and harmony that attempts to maintain Soviet symbols and ideology.

III. Political markers of the Transnistrian economy

III. 1. Custom Regime in Moldova-Transnistria Relations

The formation process of the Transnistrian regional identity must be seen in the context of custom relations between the Republic of Moldova and the so-called TMR. The multitude of forms and intensity of impact of the “Transnistrian phenomenon” upon the policies and economy of the Republic of Moldova has been altering during 18 years of their “parallel development”: from sudden aggravation and armed conflict in the spring-summer of 1992, through a relative improvement of relations during 1996-1997 and continuing tension between Moldova and Transnistria (economic blockade), which has been affecting the social and economic development of both regions in the most harmful ways.

In 2005 Moldova and Ukraine elaborated agreements which entered in power in March 2006. According to these agreements, Transnistrian products without export documents obtained by

registering with the Moldovan government cannot be exported. According to new regulations, Transnistrian companies for export relations must be registered either permanently or temporarily in Chisinau. The process is swift and inexpensive. Permanent registration grants the company the status of a regular Moldovan company, with access to EU trade but also with obligations to the state budget such as VAT and income tax. Temporary registration does not provide access to EU trade preferences, but neither does it require any payments to the state budget. Chişinău promised to reimburse import duties paid by registered Transnistrian companies when they bring goods into Moldova. Over 200 of an estimated 300 companies have registered in Chişinău, of which approximately half have done so permanently.

Moreover, companies that registered temporarily (and so do not pay Moldovan tax) may export to the EU under the Most Favored Nation (MFN) tariff rate. Also, the economic cooperation protocol between Russia and Transnistria signed in May 2006 gives Transnistrian businesses preferential tariffs for exporting to Russia; by registering in Chisinau temporarily, they can ship their goods through Ukraine to the Russian market without difficulty.

The new customs regime is a bitter political pill for the Transnistrian regime but only that; it does little economic if it is used only for imposing new conditions. For example, if Transnistrian companies were asked to allow Moldovan inspectors into their factories on threat of having their registration revoked - it would cause the businesses much distress. The new customs regime is in many ways a tool that can bring about a change in the status quo if it is used only as a stick to force concessions from the Transnistrians. But pressure should be coupled with greater incentives for compliance (Protsyk 2006, p. 15).

A further weakness in the customs regime is the lack of control over Transnistrian imports. Goods from Ukraine continue to enter Transnistria directly, at checkpoints on the Transnistrian segment of the Moldova-Ukraine border. Since Moldovan customs officers are not permitted to operate there, they have no way of knowing what is being imported unless Transnistrian companies declare their imports at an inland Moldovan customs office. This means the Transnistrians can still run their illegal re-export schemes. Controlling imports would require Moldovan customs officials at these border points, or an unprecedented level of information exchange between Ukrainian and Moldovan customs officials, neither of which appears likely in the near future.

Regulating the custom regime on the border was widely discussed in the local Transnistrian mass media. We must mention that the left bank population has no opportunity to watch Moldovan

TV (the “Sheriff” company has excluded completely all Moldovan programs from their package of services), and population can’t read the Moldavian newspapers. The Moldovan custom regime was characterized as malicious, destructive and incompetent. The Minister of Economy Elena Chernenko said that “if the decision of the Moldovan government will be implemented even up to 50%, our import losses for half a year can amount 20 million dollars” (Нистрянэ 2007, p. 24).

The experience of the eighteen-year confrontation between Moldova and Transnistria showed that it damages the socio-economic development of both regions, and mutual sanctions applied during the confrontation aggravate the situation even worse, making it practically impossible to find real solutions for the economic reintegration of the country and the country’s adaptation to the conditions of market economy. It is important to point out here the role of external investors, and first of all Russia which supports the separate Transnistrian identity by economical, political, historical and cultural means. For example, Russian economic assistance to the TMR has included below-market energy subsidization even when the rest of Moldova does not have such terms of trade. However, beyond sweetheart energy deals, Russia has been integral in the construction of a Transnistrian economy separate and apart from the Moldovan economy. In 1991, the Soviet *Agroprombank* established the first separate Transnistrian bank; that bank operated as the region’s central bank until early 1992. This was a key step in allowing the Smirnov regime an economic policy that would diverge from that of the rest of Moldova. The Transnistrian economy, such as it is, is completely reliant on Russian munificence.

The TMR’s privatizations which were largely bought by Russian and Ukrainian companies—being unwound or otherwise jeopardized leads to a substantial interest on the part of some of Russia’s business elite. This is redoubled with the substantial interest that *Gazprom* now has in the proper transfer of shares in Moldova-Gas from the TMR to *Gazprom* as a valid means of paying off debt. Most of the TMR’s leadership seems to be Russian nationals. Due to the dual citizenship system, more than 12% of the region’s population (80 thousand people) are citizens of the Russian Federation with the corresponding legal consequences (Herd 2005, p. 12). Russian labor market employs circa 20% of economically active population from Transnistria, whose monetary remittances (about 40 million USD through banking channels) reinforce considerably incomes of the region’s households. And the last aspect that I want to mention (that is not the topic of present research) is the fact that the Transnistrian educational system of all levels (secondary and higher education, training of research staff and officials) is also oriented towards the legal basis of the

Russian Federation (standards, curriculum, manuals, etc.). As is clear, economy policy – economy interactions between Moldova-Transnistria-Russia – have a great influence on the identity question that is articulated in narratives through specific us/them comparisons, and generate symbolic boundaries that separate and define social groups on two banks of the Dniester River.

III. 2. Transnistrian Business Elite and Their Effect on the Economy

To understand the effects on the Transnistrian economy, it is necessary to examine how the Transnistrian economy operates. As was mentioned above the Transnistrian economy is valuable because of the Soviet policy in this region and the present support of “a big brother” – the Russian Federation. In the first three months after the implementation of the Ukraine-Moldova customs regime, Russia offered as a help over \$50 million in cash and \$150 million in credits for the development of Transnistrian business (Moldova: No Quick Fix 2003, p. 46).

Besides the largest Rîbnița Steel mill other large company is Sheriff that has a network of supermarkets and petrol stations, a football stadium in Tiraspol known as the biggest in the South-East Europe, textile factory - *Tirotex*, machine-building factory - *Electromash* and cognac and wine factory - *Kvint* (recently purchased by Sheriff). Thus, the most profitable spheres of trading activity are under the control of Smirnov and his son, the head of Custom committee. *Sheriff* has a monopoly on tobacco, combustive-lubricating materials, wine industry, import of food stuffs and petrol.

In December 2005, a group of business leaders headed by the chairman of the Supreme Court Evgeny Shevchuk registered the movement, “*Obnovlenye*” (“Renewal”), which formally as a political party in June 2006 gained 23 of 43 seats in the Supreme Court, defeating the pro-Smirnov Republican Party. Analysts believe “*Obnovlenye*”’s victory signifies the growing influence of the business community. Shevchuk is closely linked to a number of Transnistrian companies, including the dominant supermarket network Sheriff. He portrays himself as a young reformer, “a social democratic technocrat with an European outlook” (Conflicting Interests 2003: p. 16). His party calls itself “pro-business and pro-Western”. Though it supports Transnistrian independence like Smirnov, it differs on economic issues. Transnistria has “an incomplete market economy”, and “*Obnovlenye*”’s goal is to make it “more European” (Савицкий 2005). Shevchuk speaks the language of the Western-minded businessman. According to him, Transnistria can survive under the current conditions but it cannot develop. Investors are frightened away: one day we’re under a customs regime, the next day we’re not. European companies look a year ahead in determining their

contracts and strategy, so with the volatility here, we have no chance of attracting investments. Given that we have not invested much in infrastructure, this is not a good situation ... if things continue, employees of small and medium business will leave for countries with more stability, and only pensioners and radicals will remain (Савицкий 2005).

In the spring of 2005, the party “Obnovlenye” tried to initiate constitutional reforms that would have weakened Smirnov’s powers and strengthened the parliament. A lot of politicians saw it as a division within the regime. Discord between Smirnov and the local business community grew when Ukraine began to enforce the new customs regime in March 2006 and Smirnov ordered Transnistrian businesses to stop trading thus creating the impression of an externally-imposed blockade. “What investor would invest in a Transnistrian enterprise when they see that inventory can sit in the warehouse for three months?” asked Shevchuk (Марчков 2007, p. 2).

The republic has passed from the form of state-monopoly to oligarchic-monopolistic economy. Chairman Shevchuk has acted with criticism to address of president family and asked to return state money from *Gazprombank* controlled by Smirnov to Transnistrian Republican Bank. Such facts about the economic situation in the region and Smirnov’s policy leave people disappointed with his personality and in his policy of nation and state-building.

Conclusions

The economy contributes to a rapid change of the ethno-political situation in the country and influences the politics of the elite and behavior of the population. The economy has a permanent “mobilizing character” of unity among Transnistrian citizens; this was case at the beginning of state-building and it continues today. In Transnistria, the economic issue has played a significant role, with the desire of the pseudo-state leadership to take advantage of the TMR’s relative economic power vis-à-vis the rest of the economy. Political, social, ideological, and economic forces indeed reshaped the lives of the Left and Right banks of the Dniester River in very different ways. Wealth, standards of living, and material well being, all dependent on a national economy, became defining elements in the Transnistrian self-perception. Reinforced connections with the Soviet Union exist without reminding the people of their separate socialist identity. The self-definitions constructed in the postwar era only added a new dimension to the dormant, but still extant, national identity in the Republic of Moldova. The strong “power vertical” created in Transnistria exercised an important influence upon the economic management.

The TMR's strongest argument for sovereignty is not one stemming from the doctrinal requirements of external self-determination but the argument that it was not part of Moldova historically. While it is true that the east and west banks of the Dniester were often separated by a boundary, the historical fact is that they have existed in a single state, without separation, since 1940. This is longer than most states in existence today. Moreover, there is no linguistic, ethnic, or religious justifications for separation as the communities on both sides of the Dniester are heterogeneous and multi-ethnic. The TMR tried to answer this by arguing that the majority of the population wants the TMR's independence and that the TMR has all state attributes and a viable economy. The Steel Mill in Rîbnița has influenced the distinctive regionalism of Transnistria grounded in economic sufficiency and political leadership. Identity is, of course, socially constructed, and the TMR has put significant effort into socializing Transnistrians into having a group identity.

Having analyzed the prerequisites for regional identity construction, some conclusions can be drawn. The decline of the nationalist movement makes us agree with arguments according to which ethnic identity is not fixed but can be easily constructed and deconstructed by elites depending on their changing interests.

The concept of identity expands the economic analysis for a variety of reasons. First of all, identity can explain the behavior that appears detrimental. People behave in ways that would be considered maladaptive or even self-destructive by those with other identities. The reason for this behavior may be to bolster a sense of self or to replenish self-image. Then, identity underlies a new type of externality. One person's actions can have meaning for and evoke responses in others. Identity also reveals a new way by which preferences can be changed. Notions of identity evolve within a society and some in the society have incentives to manipulate them. As we shall explore, there are many other cases, including public policies, where changing social categories and associated prescriptions affects economic outcomes. And because identity is fundamental to behavior, choice of identity may be the most important "economic" decision people make. Individuals may — more or less consciously — choose who they want to be. Limits on this choice may also be the most important determinant of an individual's economic well-being.

Accordingly, the combination of these factors and the dominant mentality of *Homo Sovieticus* led to the appearance of a political regime structured in accordance with the classical triad common with totalitarian regimes – a dictator (Igor Smirnov), an idea (independence of a "TMR")

state), and a people (the “Transnistrian multinational people”). I consider, the “TMR” is a zone inside which, with the help of violence and manipulation of public opinion, a totalitarian political regime was set up.

It is unsurprising, that in the period of effective control over Transnistria, the TMR leadership has begun “privatizing” or otherwise converting what has been Moldovan state property in the region. Moldova rejects such privatizations, having passed a law stating that any privatization in the territory of Moldova (including Transnistria) must be approved by the Moldovan Parliament.

I analyzed how Russia may use economic ties to put political pressure on Moldova and/or assist the TMR in a manner that goes beyond the norms of non-intervention. Economic pressure is generally not barred; rather such pressure on a state or assistance to separatists must not be used to the extent that Russia has entered the conflict in a manner that would frustrate either Moldova’s sovereign privileges or would breach one of Russia’s pre-existing commitments to Moldova. In considering the present situation, there are four areas of particular interest - the use of energy prices as a carrot or as a stick; the increased use of tariff barriers against Moldovan goods; economic assistance to the TMR; and the shared economic interests of Russian and Transnistrian elites.

All nations have experienced different historical evolutions, created individual cultural vocabularies, struggled with unique internal crises, and at times, considered themselves separate from all others. Each nation has been shaped by the course of its own development, in the process of self-definition and in the creation of identity. People in the present define themselves with knowledge of the past, adding different dimensions: political, economical, social, and cultural. National identity consists of this accumulation. Though it is often debated, national identity is an assemblage of self-assessments and self-definitions commonly held and embraced by the members of a nation.

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