

Hierarchy in Moldova-Russia Relations: the Transnistrian Effect

Crandall, Matthew

Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:

Crandall, M. (2012). Hierarchy in Moldova-Russia Relations: the Transnistrian Effect. *Studies of Transition States and Societies*, 4(1), 3-15. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-363773>

Nutzungsbedingungen:

Dieser Text wird unter einer Deposit-Lizenz (Keine Weiterverbreitung - keine Bearbeitung) zur Verfügung gestellt. Gewährt wird ein nicht exklusives, nicht übertragbares, persönliches und beschränktes Recht auf Nutzung dieses Dokuments. Dieses Dokument ist ausschließlich für den persönlichen, nicht-kommerziellen Gebrauch bestimmt. Auf sämtlichen Kopien dieses Dokuments müssen alle Urheberrechtshinweise und sonstigen Hinweise auf gesetzlichen Schutz beibehalten werden. Sie dürfen dieses Dokument nicht in irgendeiner Weise abändern, noch dürfen Sie dieses Dokument für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen.

Mit der Verwendung dieses Dokuments erkennen Sie die Nutzungsbedingungen an.

Terms of use:

This document is made available under Deposit Licence (No Redistribution - no modifications). We grant a non-exclusive, non-transferable, individual and limited right to using this document. This document is solely intended for your personal, non-commercial use. All of the copies of this documents must retain all copyright information and other information regarding legal protection. You are not allowed to alter this document in any way, to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public.

By using this particular document, you accept the above-stated conditions of use.

Hierarchy in Moldova-Russia Relations: the Transnistrian Effect

Matthew Crandall*

Abstract

This article examines the effect of the Transnistrian area on Moldova-Russia relations. David Lake's concept of hierarchy will be used as the theoretical framework. The article examines why Russia's mechanisms of influence should be seen as a reflection of a hierarchical relationship between Russia and Moldova. The article begins by explaining why this work has chosen a hierarchical framework and a brief introduction of Transnistria. This is followed by two sections of analysis: security and economy. These two sections will also contain subsections on events that highlight the hierarchical nature of the Moldova-Russia relationship. This article shows that Russia clearly has a hierarchical relationship with Moldova. David Lake's theory proves to be a useful tool in understanding Moldovan-Russian relations.

Keywords: Moldova, Transnistria, Russia, Westphalian sovereignty, hierarchical sovereignty.

Introduction

This article will establish whether a hierarchical approach to international relations can adequately explain Moldova's complex relationship with Russia. The focus will be on how Russia's presence in the Transnistrian area affects Moldova's behavior. Russia's continual military presence in the Transnistrian region of Moldova has given Russia significant leverage in supporting the Transnistrian regime. We will examine whether this reflects a level of hierarchy in Moldovan-Russian relations. This will be done by looking at the indicators of a hierarchical relationship established by David Lake. These will be grouped into two broad categories: security and economy. In addition to the indicators mentioned by David Lake, there will be some additional indicators specific to Moldova that the paper will examine. From this we will be able to see how Russia's mechanisms of influence reflect the hierarchical relationship between Moldova and Russia. The article will start by expounding on the idea of hierarchical sovereignty and explaining its application in this work. After which there will be a brief introduction of Transnistria, followed by two sections of analysis: security and economy. Some of the specific indicators that will be studied are the role of Russian peacekeepers in Transnistria, as well as the role of Transnistria in Russia's energy and economic policy towards Moldova.

Russia's foreign policy in the former Soviet Union (FSU) carries consequences for the entire international community. The breakup of the Soviet Union has made it difficult in many instances for everyone to be on the same page regarding sovereignty. Traditional concepts of sovereignty have extreme limitations in the post-Soviet space. The concept originally comes from the 1648 Westphalian peace treaty, where feudal systems were transformed to states with borders, and was further established with the 1933 convention in Montevideo, Uruguay. This type of understanding of sovereignty has been defined as "an institutional arrangement for organizing political life that is based on two principles: territoriality and the exclusion of external actors from domestic authority structures" by Krasner (quoted in Lake 2003: 309).

* E-mail: crandall@tlu.ee

This concept has been hard to apply in the post-Soviet space. The collapse of the Soviet Union gave way to frozen conflicts and *de facto* independent states. It also left Russia with an interest in the region. The Black Sea Fleet was left in Ukraine and the space launch facilities were left in Kazakhstan. There were also some 25 million ethnic Russians not living in Russia (Smith 1999: 485). For Russia, the region has been called the Near Abroad, a sphere of influence, and a sphere of interest (Trenin 2009: 5). Gaining a better understanding of the impact of Russia's behavior towards other countries in the region could have lasting impacts for policy makers, academics, and countries alike. Moldova occupies a place between the East and West and is a key country to understanding these relations. This study will use David Lake's concept of hierarchy to examine Moldova-Russia relations. It is expected that a hierarchical approach to international relations in the post-Soviet space will allow us to understand state relationships in ways that go beyond traditional concepts of sovereignty.

In his book *Hierarchy in International Relations*, David Lake establishes his theory that stems from the philosophical understandings of Thomas Hobbs and the social contract (Lake 2009: 18). Rather than looking at coercion, Lake establishes a concept of authority, which means "rightful or legitimate rule" (ibid: 17). Lake also explains that "In an authority relationship, individuals choose whether to comply with a ruler's commands, but are bound by the right of the ruler to discipline or punish their noncompliance" (ibid.). This understanding of authority is not in a legal sense, but a relational sense (ibid: 28). While this concept is typically used within states, Lake takes the concept and applies it to the international level. Though there is a greater degree of authority in domestic relationships (ibid: 41), authority is a key in understanding international relations as well. Hierarchy is a variable that shows how much authority is in the relationship (ibid: 45). If a country is able to legitimately command another country in many actions, then hierarchy is high, if not it is low. This means that sovereignty is a "delegated bundle of rights and therefore divisible, modifiable, and elastic" (ibid: 49). In the traditional legal aspect, sovereignty could not be divided. This application of authority in international relations potentially gives us a powerful new tool to understand the world around us.

With this being a fairly new approach, naturally, it has not been fully tested and applied yet. This is always a needed step in science to "displace one [flawed] theory by a less flawed theory" (ibid: xii). Much of David Lake's previous work has been focused on the United States (Lake 1999), which explains why his recent book on hierarchy in international relations would also focus on the United States. This work will shift that focus to a different part of the world to see how his theoretical assumptions transfer. Lake also suggests a need for more study on "federal forms of supranational hierarchy" (ibid: 179), as his work focused on the relationship of a dominant state and subordinate state(s) (ibid.). While this work does not look to analyze federal forms of hierarchy, it does take this theory and apply it to the unique situation in which Moldova finds itself.

In Moldova, there is a triangle relationship where both Moldova and Transnistria (the breakaway region of Moldova) have a subordinate relationship to Russia, who can be seen as trying to maintain a hierarchical relationship. Moldova is a perfect case to further examine a hierarchical understanding of international relations. Looking at Russia's actions in Transnistria will give us a greater understanding of whether there is a hierarchical relationship between Moldova and Russia. This is important for every country that makes up the post-Soviet space. Moldova is unique because it represents a country in-between the EU and Russia. Culturally, linguistically and ethnically Moldova and Romania are 'extremely similar' (Küchler 2008: 25). During the latter years of the Russian empire and during the Soviet times, there was a movement to turn Moldova into a Slavic people and nation (ibid.). This brought out the differences between Moldova and Romania, emphasising a certain Moldovanism, which was different from Romanian. Moldova's time as a member of the USSR has also caused many to have nostalgia for the USSR and to want close ties to Russia. The dominance of the Communist party in Moldova is evidence of that. Moldova has not been able to fully integrate with the EU or Russia, and it is now the poorest state in Europe (Mikko 2009: 12-13). The 2010 re-election of a pro-European parliament has brought attention to Moldova's potential and long-awaited integration with

Europe. This integration has been hampered by the frozen conflict in Transnistria. This breakaway region gives Russia leverage that it does not have in many other states. This frozen conflict is what makes Moldova a perfect place to study Russia's influence on Moldova and the role hierarchy plays.

Transnistria is the breakaway region of Moldova, located between the Dniester River and Ukraine. In Transnistria, they refer to themselves as Pridnestrovskaya Moldavskaya Respublika, or PMR for short (Küchler 2008: 32). A 2004 census showed the population to be 555,000, divided as 32 percent Moldovan, 30 percent Russian, and 29 percent Ukrainian (Danelsons 2008: 13). GDP per capita is slightly lower in Transnistria than Moldova, though very comparable (Popescu 2005: 22). Transnistria benefits from industrialization and support from Russia, but is hurt by international isolation. The region was traditionally part of Ukraine until it was merged with Bessarabia in 1940. During its time in the Soviet Union, it was the more industrialized part of Moldova, while Moldova proper (Moldova excluding the Transnistrian area) continued to develop its agriculture sector. An influx of Russian immigrants accompanied the industrialization, which is the reason for the differences in ethnicities between Transnistria and the rest of Moldova (Herd 2005: 2).

Transnistrian elites and politicians also played the more dominant role in Soviet politics (Küchler 2008: 49). It is not a surprise that Transnistria wanted independence when the idea of Moldova's reunification with Romania circled in the late 1980s and early 1990s (Shoemaker 2006: 165). In the early 1990s, the dispute between Transnistria and Moldova broke out into a small war when the Government of Moldova tried to retake control of the area. The Russian military played a role in helping Transnistria fight off Moldovan troops. The military base located in Transnistria continues to operate and is the location of arms and ammunition as well as peacekeeping troops. This region, which enjoys *de facto* independence and gets substantial support from Russia, will be the key in establishing whether and to what degree of a hierarchical relationship Moldova has with Russia. The first section of analysis will focus on security.

Security

Lake uses security and economics as the main fields where hierarchy can be established. According to Lake, "security policy includes all diplomatic, military, and even economic actions available to a state to lower the risk and effectiveness of coercion from other external actors" (Lake 2009: 52). The specific indicators Lake uses to operationalize his theory of hierarchy in security policy are first, the presence of military forces and, second, the number of independent alliances possessed by the potentially subordinate state (*ibid.*: 69). This operationalization allows Lake to measure the amount of hierarchy between two states. We need to remember that Lake's operationalization of his theory was specific to the US (*ibid.*). Consequently, this section will also analyze Russia's role in Moldovan elections. The electoral success of the Moldovan Communist party begs to have their relationship with Russia examined. If Russia has influenced the elections to the extent that it determines the outcome, then this could be an indicator that coercion not authority is the main element of Moldovan-Russian relations. According to the theory of hierarchy, authority is legitimate and it is different from pure coercion. This analysis of Russia's role in Moldova's elections falls under the diplomatic category that Lake recognizes as part of a country's security policy. The first indicator to be analyzed is the presence of military forces.

As stated in the introduction, the Russian military played a role in Transnistria gaining its *de facto* independence from Moldova. Elements of Russia's 14th army actively supported the Transnistrian separatists. Moldova was unsuccessful in attempting to retake the region. (Nygren 2008: 83) The war killed anywhere from 500 (Waters 1998: 1) to 1,500 people (Popescu 2005: 15). There are still questions about the role of Russia's 14th army in the conflict. The army was made up of many locals from Transnistria (Nygren 2008: 83), and according to some sources only 'some elements of the 14th

army' (Shoemaker 2006: 165) supported the separatist movement. The Russian military has maintained its presence in Transnistria ever since. The number of Russian troops located in Transnistria has decreased since the early nineties (ibid.) and currently numbers 1,500 (Quinlan 2008: 133). There are also large amounts of Russian armaments stored in Transnistria; estimates are in the range of 20,000 to 25,000 tons, depending on the source (Popescu 2005: 19; Quinlan 2008: 133). This represents about half the size of armaments as there were initially. Heavy military equipment has also been removed or destroyed, including over 100 T-64 battle tanks (Flikke & Godzimirski 2006: 39).

This has been a troublesome issue for Moldova, and Moldova sees this as a violation of their sovereignty and constitution. Their constitution declared Moldova a neutral state saying, "The Republic of Moldova declares its permanent neutrality and does not admit the stationing of foreign military units on its territory" (Waters 1998: 2). Moldova has always been opposed to Russian troops being indefinitely stationed in Moldova. Russia, on the other hand, has always been reluctant to remove the troops. In 1999, there was an OSCE summit in Istanbul, where Russia agreed to withdraw troops and armaments from Transnistria by 2002 (Tugui 2011: 3). Russia then suspended the Conventional Forces in Europe Treaty (CFE), which in their eyes removed the legal obligation to remove the troops.

When looking at hierarchical relationships, one important aspect is that the subordinate country has to be willing to accept the authority. There are certain benefits that the subordinate receives, such as order and security (Lake 2009: 138). At first glance, it would appear that this is not a hierarchical relationship but rather a simple relationship of coercion. Despite the Moldovan constitution and political rhetoric, we can see a different picture where authority and hierarchy are very much at play.

Moldova's army consisted of some 11,000 troops as of 1998 (Waters 1998: 5), and currently has around 7,000 troops (Popescu 2005: 19). This is a very small number even for a state the size of Moldova. Moldova has seen significant reductions in its armed forces since the fall of the Soviet Union. These reductions include the selling of MiG-29 fighters, which were replaced by helicopters. The selling of MiG-29 fighters was only a natural move for a poor country with an extremely small air space, although it does highlight the cost cutting measures in Moldova's military reform. Moldova also adopted a military doctrine in 1995, which states that Moldova is a de-militarized nation. (Waters 1998: 3-5) As of 2005, Moldova spent just 0.4 percent of their GDP on defense (Central Intelligence Agency 2011), roughly one tenth of what the US spends. This is a perfect example of the benefit that a subordinate country receives from a hierarchical relationship. Moldova does not have to worry about a hot war with Transnistria; it also is able to keep its defense spending at only 0.4 percent of the GDP. In this sense, it pays to have Russia provide order and stability. Members of NATO are required to spend 2 percent of their GDP on defense, while having to actively participate in hot spots around the world. While this analogy only goes so far because Moldova is not in an official military alliance with Russia, it brings out the point that Moldova faces few military security problems. If Moldova were to see Russia as a threat to order, one could at least expect higher military expenditures.

Through all the years of negotiations, the closest anyone came to solving the frozen conflict was the 2003 Kozak memorandum. This was a Russian sponsored plan that was ultimately rejected. Some of the basic elements of the proposal were the stationing of Russian troops for an additional 20 years and an asymmetrical federation. The federation plan would give Transnistria a disproportional amount of power, which would enable it to veto all federal laws until 2015 (Quinlan 2008: 130). Only in 2020 would a proportionately elected legislative body be created that would satisfy Moldova's vision of a unified federation (Löwenhardt 2004: 109). Vladimir Voronin, the president of Moldova at the time, backed out of the previously agreed proposal at the last minute. Voronin was under domestic and foreign pressure to not accept the proposal. The foreign pressure to reject the memorandum was especially fierce as the OSCE, the EU and the US Ambassador to Moldova all flat out rejected the agreement. (Quinlan 2008: 131) Voronin later said that the reason he did not accept the proposal was because of the clause that allowed the Russian military to be stationed in Moldova for so long (Nygren 2008: 261). Given the fact that Voronin initialed the agreement previously, it is plausible that without

the fierce international opposition an agreement would have been reached. This would have shown that Moldova does benefit from the order that Russia provides and was willing to accept Russia's authority.

Recently Russia has offered Moldova cheaper natural gas in return for a long-term lease for the military base in Transnistria (Socor 2011). The specifics of the deal have not been made known, but this type of deal would legally be unconstitutional and has not been taken seriously by Moldova. Russia has stated that it will not withdraw the troops before a solution to the conflict can be established (Küchler 2008: 66). A solution to the conflict has proven difficult, and Russia holds a lot of leverage because of the support they have from the Transnistrian regime. It is clear that the Transnistrian regime is dependent on Russia for order and support. In the Kozack memorandum debates, Igor Smirnov, the president of Transnistria, wanted to keep Russian troops in Transnistria for 30 years, not the 20 that Russia proposed (Flikke & Godzimirski 2006: 53). The Russian peacekeepers stationed in Transnistria have also had an effect in strengthening the Transnistrian army. One other important issue coming from Transnistria is the illegal sale of weapons. Some of the weapons that have been sold include: Grad rockets, Igla air-to-surface rockets and Vasilyok mortars. Some of the buyers have been from Chechnya and Abkhazia (Herd 2005: 6). In addition to possible black market trade, these weapons have supplied, equipped and supported the Transnistrian military as well (Küchler 2008: 44). Many former Russian military personnel who have ties to Transnistria now serve in the Transnistrian military, while some serving in the Russian military consider Transnistria their home and would never consider leaving (ibid: 66).

Having foreign troops stationed in a country is nothing out of the ordinary; Russia has troops in other countries, as does the United States. However, what is of note here is that having foreign troops stationed in Moldova is against the Moldovan constitution and is against the publicly stated will of the government. It should be noted here that in 2001 President Voronin signed a pact with Russia making "Russia the guarantor of Moldova's territorial integrity" (Küchler 2008: 61). This is perhaps the best indicator of the hierarchical relationship between Moldova and Russia. While Moldova has not made such bold statements advocating subordination since then, they have not acted in any measure to reject this hierarchical relationship. Another aspect to be noted here about the troops is regarding their role as peacekeepers. Officially the troops are there as peacekeepers, but in reality their duties reflect more those of border guards (Popescu 2005: 20). But even the role of border guards is important; this maintains order, which is a benefit for Moldova.

The second indicator in this section is the number of independent alliances possessed by the subordinate state (Lake 2009: 69). This indicator is problematic for a single case study like Moldova. Moldova is a declared neutral country (Waters 1998: 2), and there are no military alliances to analyze. To some extent, this means that the relationship is even more hierarchical because there is no other source for Moldova's security, however, it would be too simplistic to leave the analysis at that. This section will instead analyze the relationship that Moldova has with NATO, the other competing military alliance. If Moldova were interested in joining NATO, it would mean a decrease in the level of hierarchy. If Moldova had no desire to join NATO, then that would be a sign that Moldova has agreed in some form to the subordinate role in a hierarchical relationship with Russia.

In 2005, Vladimir Socor pointed out the link between Moldova's behavior towards Western organizations and Moscow's unwillingness to withdraw its troops from Transnistria (Socor 2005). There have been two agreements to withdraw the troops – in 1994 and in 1999 (Küchler 2008: 60, 61). Moscow obviously felt confident in Moldova's future as a neutral country, thus, not upsetting the balance of hierarchy in the relationship. But when Moldova started showing an increased interest towards NATO, the EU and to some extent the OSCE, Russia decided to keep the troops in Transnistria (Socor 2005). According to Socor, this was not just an analysis of positions taken by Moscow, but an actual statement from the Russian foreign ministry (ibid.). The most important issue at hand was Moldova's request in 2005 for NATO to grant it an Individual Partnership Action Plan (IPAP), (ibid.).

While the EU and the OSCE are important, only Moldova's relationship with NATO will be examined here. The IPAP was signed in 2006, while President Voronin visited NATO headquarters in both 2006 and 2007 (NATO 2009). In 2009, Prime Minister Vlad Filat reiterated that Moldova was not interested in joining NATO (Moldova.org 2009). Prime Minister Filat also repeated this stance in 2011 (Filat 2011). The levels of NATO-Moldova cooperation are still noteworthy.

Within the security realm, NATO has noted that Moldova has brought portions of its armed forces closer to full interoperability with Allied forces (NATO 2009). NATO also maintains the position that Russian forces should be removed from Transnistria (ibid.). The most striking commentary on NATO-Moldovan relations is that "NATO and individual Allies continue to assist Moldova in creating modern, mobile, high-readiness, well-equipped and cost-effective forces that are interoperable with those of the Allies" (ibid.). It was in response to this that Moscow 'punished' Moldova in the words of Vladimir Socor (2005). In a hierarchical relationship, the dominating state has the legitimacy to punish or discipline the subordinate state (Lake 2009: 112-113). This appears to be a case of just that. Had Moldova wanted to completely end the hierarchical relationship with Russia, it would have made plans to join NATO or made other confrontational moves. Instead, what we see is Moldova backing off cooperation with NATO. The limit of Moldovan-NATO cooperation was made clear when Prime Minister Filat said that Moldova would never join NATO. In addition to a lack of public support for such a move, Moldova would also have to amend its constitution. Furthermore, it is doubtful that NATO would be ready to accept Moldova as a member state as long as the frozen conflict with Transnistria continues.

The third indicator in the security section is Russia's support for the Communist party in elections. If Moldova's ruling party were to be in power due to Russian support, then Moldova-Russia relations could not be considered a consensual hierarchical relationship. The Moldovan Communist party has a strong connection to Russia, especially compared to the other major parties in Moldova, which has led to Russian support. The Communist party came to power after the 2001 Moldovan parliamentary elections, which was the first time a Communist party came to power since the end of the Cold War (Hill 2001: 130). The elections saw the Communists win a clear majority with over 50 percent of the vote. Newly elected President Voronin noted that Moldova's foreign policy would "undergo some modifications" (Shoemaker 2006: 168), meaning a gravitation towards Russia. Just over a month after Voronin was elected, a Russian-Moldovan friendship treaty was signed, which stipulated "Russia as the guarantor of Moldova's territorial integrity" (Küchler 2008: 61).

The election in 2005 again kept the Communists in power. This time they received 46 percent of the vote, about 5 percent less than in the 2001 elections and 56 seats in the parliament, 15 less than in the 2001 elections (Shoemaker 2006: 170). Before the 2009 elections, the Kremlin was openly backing Voronin's Communist party. The Kremlin was even offering Moldova a loan up to 500 million USD the month before the July 2009 elections (O'Neil 2009). This was seen as an attempt to boost the Communist party's results. This, however, was not enough to convince the voters that a Russian oriented foreign policy was what Moldova needed. The elections in 2009 brought in a pro-European power. Political gridlock caused elections to be held in 2010 as well. Before the elections, Russia demanded the repayment of a 288 million USD natural gas debt. Most of this debt was Transnistria's, but Gazprom was asking Chisinau to pay the bill. Local politicians argue that Russia was making this claim to try to help the Communist party get elected again in the 2010 elections (Eftode 2010). Despite this, the pro-European power was elected to power again.

What is interesting to note with Moldovan elections is that the Communist party has not always had positive relations with Russia. From 2003 to 2006, relations between the Communist party and Russia were not good, stemming from the rejection of the 2003 Kozak memorandum. This means that the Communist success in 2005 cannot be attributed to help from Russia, because Russia did not support the Communist party at that time. The time when Russia did attempt to influence the elections appeared to be in 2009, when they offered a large loan, which many assumed to be directly

tied to the outcome of the election. As noted earlier, this was not enough to change the results of the elections. There is no evidence that Russia has had any success in significantly altering Moldovan elections.

It appears that Russia has not in any way significantly altered the government of Moldova, which again leads us to believe that there is a true hierarchical relationship between the two. The analysis of Russia's troop presence in the Transnistria region and Moldova's relationship with NATO also highlight the presence of a hierarchical relationship. This leads us to believe that the influences Russia wields in Moldova are legitimate and Moldova is accepting of this relationship. According to the indicators, the relationship is significantly hierarchical given Moldova's lack of alliances and the role of Russia's troops in the Transnistria area. The next section will evaluate economic relations to see if they produce the same results.

Economy

Like security policy, economic policy is also a broad topic. "It includes all actions that affect the accumulation and allocations of resources" (Lake 2009: 56). In an attempt to measure the level of hierarchy in economic relationships, Lake gives us two indicators: a country's monetary policy autonomy and trade dependence (ibid: 71,74). Within trade relations, this article will focus on both exports and imports. The section on exports will focus on Russia's wine and food boycotts. This will enable us to understand the influence that Russia has as an importer of Moldovan goods. The section on imports will focus on Moldova's energy dependency. Energy security is an important topic for many of Russia's neighbors, and given Moldova's dependency on Russia for natural gas, it demands specific attention. A third indicator will also be analyzed that is specific to Moldova's situation. As noted, the indicators given by Lake are specifically used to operationalize US relations with others. The addition of this third indicator will allow us to further the in-depth study of the hierarchical relationship between Moldova and Russia. This indicator is Moldova's stated goal of joining the EU and integrating with Europe. EU membership would certainly result in a decrease in Russian authority in Moldovan economic policies, which makes this indicator important to study.

The first indicator is monetary policy. This is important to Lake because it is the key to a country's prices regarding other states (ibid: 72). According to Lake, there are different levels of hierarchy concerning monetary policy. At the highest hierarchical level, a subordinate state adopts the currency of the dominant state. This is followed by a hard peg, where the currency is different but the exchange rate is linked or pegged to the dominant state's currency. The third level is a loose or crawling peg, where the currency of a subordinate state is partially linked to the currency of a dominant state, and last is a floating exchange rate. (ibid.)

Moldova maintains a floating exchange rate, which suggests a low level of hierarchy. The National Bank of Moldova also has stated that despite the floating exchange rate, it reserves the right to "intervene on the foreign exchange market to smooth out the excessive fluctuations of the official exchange rate and to supplement the international foreign exchange reserves" (National Bank of Moldova 2010: 6). This means that Moldova has control over its own monetary policy with minimal influence from Russia. The National Bank of Moldova has stated that its aim is to maintain price stability and low inflation (ibid: 3), while closely working with the International Monetary Fund (IMF) (ibid: 9). In evaluating Moldova's monetary policy, there is surprisingly little evidence of Russian authority. This means that the level of hierarchy is very low in this sector. This is contrary to what we have found in the security policy section.

The second indicator that Lake uses to operationalize his theory is trade dependence (Lake 2009: 74). According to Lake, "if a state has many trade partners, it is likely to have greater political autonomy and any attempt to manipulate trade for political purposes will be ineffective" (ibid.). As a

whole, Moldova is not completely dependent on Russia for trade. This is in large part because Moldova does not border Russia. According to the CIA fact book, Moldova's top three export recipient states are Russia (23.8 percent), Italy (13 percent) and Romania (10.9 percent) (Central Intelligence Agency 2011). In terms of exports, Russia is by far the most important country for Moldova.

One of the most important exports for the Moldovan economy is wine, so the Russian boycotts on Moldovan wine will be examined next. This will help us establish the amount of influence Russia was able to exert on Moldova. This started in 2005 when Moldovan-Russian relations were not good. Moldova expelled 11 Russian election observers for "interfering in the election campaign and spreading disinformation" (Shoemaker 2006: 171). In April, Russia responded with boycotts – first on meat products, then on fruits, vegetables and wine (Quinlan 2008: 140). The main economic impact was the boycott on Moldovan wine. Wine exports to Russia made up 30 percent of total export revenue in 2005 (Quinlan 2008: 146). At the time of the boycott, Moldova exported 85 percent of their total wine production and 90 percent of exports went to Russia (Aden 2010). The official reason for the bans was due to a lack of quality control (Nygren 2008: 98). Even though many of the Moldovan wineries were Russian-owned, Russia held firm to the boycott for some time. The boycotts were lifted in stages after relations began to improve. In early 2007, the boycotts on meat and fruits and vegetables were lifted, the wine boycott later in 2007. The Russian-owned wineries were able to start exporting before the Moldovan-owned wineries. (Quinlan 2008: 151) The rise in energy prices (to be discussed next) and the boycott on wine had a significant impact on the economy. In 2004 and 2005, real GDP growth was 7.4 and 7.5 percent, in 2006 it dropped to 4.8 percent, and in 2007 it dropped to 3.0 percent. Growth in 2008 was back up to 7.8 percent (Global Finance 2010).

Russia's boycotts certainly were implemented for political purposes. After the rejection of the 2003 Kozak memorandum, relations were poor. The economic boycotts were a continuation of this poor relationship. The overall effect of these boycotts caused a significant impact on Moldova's economy. Just before the end of the boycotts, the Voronin government became friendlier towards the Russian government. Voronin traveled to Moscow in August of 2006 for a closed door meeting with President Putin. Vladimir Socor stated that the economic pressure by Russia gave Voronin no choice but to seek reconciliation (Socor 2006). In 2007, the year the boycotts were lifted, Voronin visited Russia three times (Quinlan 2008: 148-152). Moldova also came out in support of Russia's WTO bid (*ibid.*), which seems incredible given the political nature of the wine boycotts. The reconciliation by Moldova reflects the legitimacy that Russia holds as the dominant state in this hierarchical relationship. The next section will look at Moldovan imports.

Regarding imports, Moldova imports the most from Ukraine (16.3 percent), Russia (11 percent) and Germany (8.6 percent) (Central Intelligence Agency 2011). This represents a more balanced relationship than what we saw in exports. What is interesting to note here is not the simple 11 percent that Moldova imports from Russia, but rather what it is importing. The most important aspect of Moldovan imports is energy, specifically natural gas. We have seen this as a key issue with other countries in the area as well. Here the role of Transnistria again comes into play.

Without Russia's support Transnistria would not be a viable political entity. The continued frozen conflict prevents the Moldovan government from governing in the Transnistrian area, which has enabled smuggling of illegal goods. Some have gone so far as to call Transnistria a black hole (Herd 2005: 6). The black market of the region is estimated to be 250 million dollars annually, based on a 2005 estimate (Michael & Polner 2008, 527). These figures do not show up in official trade statistics, but certainly have an impact on Moldova. The frozen conflict also hampers potential EU accession plans and causes energy problems for Moldova. One of the most important issues at hand is energy. Energy is one of the main ways that Russia supports the Transnistrian regime. It is also a potential way to put pressure on Moldova. Many have talked about the natural gas cuts to Ukraine and Belarus, but cuts have happened to Moldova as well. For Moldova, natural gas means electricity. Large electrical plants convert natural gas from Russia into electricity for domestic consumption. Gas disputes in the nineties

were fairly common. When Gazprom cut the gas to Moldova in the nineties, rotating blackouts took place. The primary reason for the gas disputes was Moldova's failure to pay, as there was a culture of nonpayment in Moldova at the time. Moldova also failed to pay energy bills to Romania and Ukraine, who in turn also cut power supplies to Moldova in 1999 (Quinlan 2002: 92).

There were more significant gas disputes after Moldovan-Russian relations deteriorated due to the rejection of the Kozak Memorandum. In March 2005, Russia informed Moldova that their days of subsidized gas were over. The current price of \$80 per 1,000 cubic meters was well below market value and Russia did not see the need to subsidize Moldovan energy anymore. Gazprom's intention was to double the price to \$160 per 1,000 cubic meters. Russia also used this opportunity to demand shares of Moldovagaz as part of the deal. (Nygren 2008: 97) In 2006, Moldova was paying the highest price in the Commonwealth of Independent States (CIS) (Quinlan 2008: 147). Also in 2006, Russia turned off the gas for a short period of time. It wasn't until relations had improved that a long-term gas deal was finalized in 2007. (Nygren 2008: 97)

When looking at the gas situation between Moldova and Russia, there are three important aspects. One is the fact that Russia has the right to charge a market rate. This is also reflective of the right Russia has at enforcing the authority in the relationship. As Lake notes, being a dominant state comes at a cost (Lake 2009: 93). To produce order, the dominant state needs to pay the security costs, and evidently in this situation Russia was losing money in potential gas revenues as well. By raising the price of gas, Russia was reminding Moldova of its legitimacy and the cost Russia had been paying to be the dominant state.

The second aspect is Russia's purchase of shares of Moldovagaz. This reflects Russia's longstanding goals of controlling energy exports to Europe and avoiding transit states. Whether ownership of Moldovagaz represents coercion or was part of a legitimate hierarchical relationship depends on how the ownership was acquired. In the case of Russia, taking ownership of Moldovagaz is not a sign of coercion as long as Russia obtained the ownership in a legal and normal manner, which was agreed upon by Moldova. Most likely Moldova's poverty is the biggest reason why Moldova sold shares of Moldovagaz. Moldova is a poor country and could not afford to pay market price for the gas, so it was able to get a cheaper deal by offering shares of Moldovagaz.

The third aspect is the Transnistria issue. Transnistria consumes a very high amount of Russian gas. There is lots of Russian-owned industry and power plants that turn the gas into electricity. Transnistria has not paid this debt, and Russia has not tried to collect from Transnistria. Russia has an overall gas debt for all of Moldova. By not collecting the debt from Transnistria, Russia has supported the Transnistrian regime. Recently the situation has changed. Moldova and Russia have finally come to an agreement that separates the Moldovan and Transnistrian gas bills. Transnistria will take over the 2.5 billion USD debt and will receive legal recognition of their stake in Moldovagaz. (OSW 2011) Since Moldova did not have a controlling stake in Moldovagaz anyway, they will not be losing much by this deal. The gas was consumed by Russian-owned companies in Transnistria, which are outside the control of Chisinau. The division of debt brings an interesting aspect to the Transnistria-Moldova-Russia triangle. Transnistria is now more dependent on Russia as they are now legally responsible for the debt. Moldova also has in some ways recognized the Transnistrian regime's legitimacy by recognizing their share in Moldovagaz.

The third indicator is Moldova's stated goal to join the European Union. By joining the European Union, Moldova would be giving up a portion of its decision-making powers to Brussels. This clearly would result in a decrease in hierarchy in Moldova's relationship with Russia in economic policy. Currently there is no significant defense or military aspect in the EU-Moldova relations, making the biggest influence of the EU felt in economic policy. In a public lecture organized by the Estonian Foreign Policy Institute, Prime Minister Vladimir Filat stated that Moldova has a clear goal of joining the European Union, and that the current debt problems in the Euro zone have neither created panic, nor deterred Moldova's determination to join (Filat 2011).

It appears that there could be a potential rivalry brewing for hierarchy. Russia has come out with plans to turn the current Customs Union between Russia, Belarus and Kazakhstan into a Eurasian union (Popova 2011). Given Russia's willingness to demonstrate its authority over Moldova in economic policy in the past, it is logical to assume that it will happen in the future as well. After Prime Minister Filat's speech at the Estonian Foreign Policy Institute, the author asked the Prime Minister whether Russia had applied any official or unofficial pressure on Moldova to join the Customs Union. Vladimir Filat responded that there has been no pressure or invitation (Filat 2011). Prime Minister Filat rejected the idea of joining a future Eurasian Union (ibid.). One of the primary reasons for not joining the Customs Union in the future is because it would contradict plans to join the EU. According to Prime Minister Filat, Moldova's European course is irreversible (ibid.). These statements came just days after Moldova had signed a free trade agreement with Russia and other states from the (CIS) (BBC News 2011). Prime Minister Filat also mentioned that the free trade agreement was in compliance with the WTO and did not contradict EU cooperation (Filat 2011). This is an interesting relationship that is still developing. The analysis on this third indicator, thus, does not give us concrete results, but it does let us know what to look for in the future. Will Moldova be able to integrate into the EU? Will Russia apply pressure on Moldova to join the Customs Union or a future Eurasian Union? Only time will tell.

When looking at economic policies, we can see the same patterns we did in security policies. We saw surprisingly little evidence of Russian authority in Moldovan monetary policy. Thus, this indicator would suggest that level of hierarchy in Moldovan-Russian relations is not high. This could be perhaps due to the inability of Russia to effectively influence another country's currency. The Ruble is not yet a global reserve currency and Russia is only beginning to establish its authority in the realm of economics. This is evident in the current customs union with Belarus and Kazakhstan, as well as the recently proposed Eurasian Union (Popova 2011). The other indicators, however, painted a different picture. Moldova is heavily reliant on Russia as an export market. This was evident when Russia boycotted Moldovan wine. The boycott resulted in changed behavior from Moldova, which suggests a high level of hierarchy in Moldova-Russia relations. The analysis of imports leads us to the same conclusion. An increase in natural gas prices also contributed to the change in Moldovan behavior when then president Voronin attempted to seek reconciliation with Russia. The third indicator brought out Moldova's desire to join the EU and their rejection of membership in a Customs Union or a Eurasian Union. It also saw them joining a free trade zone with Russia. If the current level of hierarchy continues between Moldova and Russia, we can expect Russia to exert its authority on Moldova to join the Customs Union or the Eurasian Union.

Conclusions

This article set out to explore the complex case of Moldovan sovereignty. The classical Westphalian concept of sovereignty was insufficient in understanding this case due to the breakaway region of Transnistria, coupled with Russia's support of the regime. David Lake's theory of hierarchy in international relations enabled us to better understand the issues at hand. In applying this theoretical framework, we looked at security and economic policies using the four indicators that Lake used in his work on hierarchy in US relationships. In addition to the four indicators Lake used, this work also included two additional indicators specific for the Moldova case.

In analyzing these six indicators in both security and economic policies, we can conclude that a hierarchical framework is sufficient in explaining Moldova's sovereignty, with regards to Russia and Russia's support for the Transnistrian regime. Lake's concept of legitimate authority was present in both the security and economic policies. This was most evident in the analysis of imports and exports. The wine boycotts, gas dependency and the way Moldova reacted in those situations clearly

demonstrated legitimate authority, as defined by Lake. Though this work did not operationalize the variables quantitatively, the qualitative analysis of the indicators shows a high level of hierarchy in Moldova's relationship with Russia. This article also highlighted significant events in the future that will also have an effect on this analysis as they unfold; chiefly, whether Russia will pressure Moldova to enter the Customs Union or Eurasian Union. While Moldova currently rejects this prospect, it is possible in a hierarchical relationship that Russia will use its legitimate authority to convince Moldova to join.

This study as a whole confirms the validity of Lake's theory, while demonstrating its utility in a complex case of sovereignty. The role of *de facto* states, in this case, is not an area that needs to be overlooked because of its complexity. With a hierarchical understanding of sovereignty, *de facto* states can be understood and explained as well. While this explanation of hierarchical sovereignty may not be accepted by Moldovan officials, it should be applauded in the IR discipline. This theory appears to have the validity and utility to increase our understanding of sovereignty significantly.

References

- Aden, M. (2010). Moldovan Wine Export Covers 15 Percent of Country's Budget, *Deutsche Welle*, 15 May. Available at <http://www.dwworld.de/dw/article/0,,5570105,00.html>, accessed at 16.04.2012.
- BBC News (2011). Russia signs free-trade deal with former Soviet states, *BBC News*, 19 October. Available at <http://www.bbc.co.uk/news/business-15363770>, accessed at 16.04.2012.
- Central Intelligence Agency (2011). Moldova, *The World Factbook*. Washington, DC: Central Intelligence Agency. Available at <https://www.cia.gov/library/publications/the-world-factbook/geos/md.html>, accessed at 16.04.2012.
- Danelsons, R. (2008). *Moldova, Minorities, and the International Community*. Riga: University of Latvia. Available at http://szf.lu.lv/files/petnieciba/publikacijas/Moldova_minorities_4.pdf, accessed at 16.04.2012.
- Eftode, A. (2010). Moldova hits the Gas, *Radio Free Europe/Radio Liberty*, 28 May. Available at http://www.rferl.org/content/Moldova_Hits_The_Gas/2055251.html, accessed at 18.04.2012.
- Filat, V. (2011). *Euroopa integratsioon ja Transnistria küsimus [European integration and the question of Transnistria]*, Public lecture at Estonian Foreign Policy Institute, Tallinn, 20 October 2011.
- Flikke, G. & Godzimirski, J. (2006). *Words and Deeds: Russian Foreign Policy and Post-Soviet Secessionist Conflicts*. Oslo: Norwegian Institute of International Affairs.
- Global Finance (2010). *Moldova Country Report*. Available at <http://www.gfmag.com/gdp-data-country-reports/219-moldova-gdp-country-report.html>, accessed at 18.04.2012.
- Herd, G. (2005). Moldova & The Dniestr Region: Contested Past, Frozen Present, Speculative Futures? *Central & Eastern Europe Series* 05/07: 1-18. Surrey: Conflict Studies Research Center.
- Hill, R.J (2001). Profile-Moldova Votes Backwards: The 2001 Parliamentary Election. *Communist Studies and Transition Politics* 17(4): 130-139.
- Küchler, F. (2008). *The Role of the European Union in Moldova's Transnistria Conflict. Soviet and Post-Soviet Politics and Society*. Stuttgart: Ibidem-Verlag.
- Lake, D. A. (1999). *Entangling Relations: American Foreign Policy in Its Century*. Princeton, New Jersey: Princeton University Press.
- Lake, D. A. (2003). The New Sovereignty in International Relations. *International Studies Review* 5(3): 303-323.

- Lake, D.A. (2009). *Hierarchy in International Relations*. Ithaca, NY: Cornell University Press.
- Löwenhardt, J. (2004). Profile: The OSCE, Moldova, and Russian Diplomacy in 2003. *Journal of Communist Studies and Transition Politic* 20(4): 103-112.
- Michael, B. & Polner, M. (2008). Fighting Corruption on the Transdnistrian Border: Lessons from Failed and New Successful Anti-Corruption Programmes. *Transition Studies Review* 15 (3): 524-541.
- Mikko, M. (2009). *Moldova: Lääne ja Ida Vahel [Moldova: Between East and West]*. Tartu: Tartu Ülikooli Kirjastus.
- Moldova.org (2009). *PM Vlad Filat: Moldova is not going to join NATO*, 20 November. Available at <http://politicom.moldova.org/news/pm-vlad-filat-moldova-is-not-going-to-join-nato-204535-eng.html>, accessed at 18.04.2012.
- National Bank of Moldova (2010). *Monetary Policy Strategy of the National Bank of Moldova for 2010-2012*, 31 December. Available at www.bnm.org/files/index_14733.pdf accessed at 18.04.2012.
- NATO (2009). NATO's relations with the Republic of Moldova, *NATO.int*. Available at http://www.nato.int/cps/en/natolive/topics_49727.htm?selectedLocale=en, accessed at 18.04.2012.
- Nygren, B. (2008). *The Rebuilding of Greater Russia, Putin's foreign policy towards the CIS Countries*. Routledge Contemporary Russia and Eastern Europe Series. New York: Routledge.
- O'Neil, L. (2009). Moscow Plays it Smart in Moldova as Others Dither. *Radio Free Europe/Radio Liberty*, 29 June. Available at http://www.rferl.org/content/Moscow_Plays_It_Smart_In_Moldova_As_Others_Dither/1765163.html, accessed at 18.04.2012.
- OSW (2011). Dividing up Moldovagaz and Moldova's gas debts. *OSW Center for Eastern Studies*, 30 March. Available from <http://www.osw.waw.pl/en/publikacje/eastweek/2011-03-30/dividing-moldovagaz-and-moldova-s-gas-debts>, accessed at 18.04.2012.
- Popescu, N. (2005). The EU in Moldova-Settling conflicts in the neighbourhood, *Occasional Paper no 60*. European Union Institute for Security Studies.
- Popova, N. (2011). Russia's Putin Says Eurasian Union May Be Created In 2015, *The Wall Street Journal*, 19 August.
- Quinlan, P. (2002). Moldova under Lucinschi, *Demokratizatsiya* 10(1): 83-103.
- Quinlan, P. (2008). A Foot in Both Camps: Moldova and the Transnistrian Conundrum from the Kozak Memorandum, *The East European Quarterly* 42(2): 129-160.
- Shoemaker, W. M. (2006). *Russia and the Commonwealth of Independent States*. The World Today Series. Harpers Ferry, WV: Stryker-Post Publications.
- Smith, G. (1999). The Mask of the Proteus: Russia, geopolitical shift and the new Eurasianism, *Transactions of the Institute of British Geographers* 24(4): 481-494.
- Socor, V. (2005). Russia Acknowledges Punishing Moldova's Western Orientation, *Eurasia Daily Monitor*, 11 November: 2(211).
- Socor, V. (2006). Moldova's President Kremlin Visit Does Not Unfreeze Relations, *Eurasia Daily Monitor*, 10 August: 3(155).
- Socor, V. (2011). Cheap Gas for Basing Rights: Russia offers Ukrainian type Deal to Moldova, *Eurasia Daily Monitor*, 4 February: 8(25).
- Trenin, D. (2009). Russia's Spheres of Interest, Not Influence, *The Washington Quarterly* 32(4): 3-22.
- Tugui, E. (2011). The Transnistrian demilitarization in the context of the remodeling Military-Strategic Balance in Europe. *Moldova's Foreign Policy State Watch* 18. Institute for Development and Social Initiatives "Viitorul". Available at http://www.viitorul.org/public/3228/en/Policy%20Statewatch18_en.pdf, accessed at 18.04.2012.
- Waters, T. (1998). *Moldova: Armed Forces and Military Doctrine*, *Conflict Studies Research Center K23*. Surrey: Conflict Studies Research Center.

Matthew Crandall is currently a doctoral student at Tallinn University. He received a master's degree in EU-Russian Studies from the University of Tartu and a bachelor's degree from Brigham Young University in Political Science. Matthew is originally from the United States and now lives in Tallinn, Estonia, with his wife Maris.