Demystifying the welfare state: the case of the Republic of Moldova

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DEMYSTIFYING THE WELFARE STATE:
THE CASE OF THE REPUBLIC OF MOLDOVA

A Thesis

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Abstract

During the communist era, Eastern Europe and the Union of Soviet Socialist Republics (USSR) shared a similar welfare system in which welfare states were part of an inseparable political and economic system controlled by a totalitarian power i.e., the Communist Party. After the fall of the USSR, in 1989, an end to social provision led to a massive recession that created pressures within the welfare state system. Despite similar pre-transition welfare state structures, the newly independent countries drastically diverged in how they developed their welfare state: some began pursuing integration into the European Union (EU) while others remained uncertain of their future. Although there is significant research exploring welfare and the welfare state, there is a lack of consensus on what these encompass. Findings in relation to a country’s post-communist background and EU association are therefore inconclusive, thus generating considerable controversy among scholars. This study explored the meaning of welfare and the welfare state, and also analyzed the correlations between a country’s relationship to the EU and its welfare state. Findings suggest that welfare and the welfare state vary among countries. The welfare state expands beyond the institutional level to encompass the condition of welfare or wellbeing. This research identified three areas that have not been thoroughly studied as part of a nation’s state of welfare: human trafficking, migration and corruption. Additionally, this study found that while statistics may indicate that EU association contributes to superior welfare states, the true condition of a country’s welfare may be conflicting due to the criteria used to measure welfare states.
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CHAPTER ONE

Introduction

The journey of my thesis began with a one-week trip, in August 2009, to a country I had only learned of three months prior—the Republic of Moldova.¹ A Google search I did prior to my departure revealed interesting facts about the country: its post-Soviet history, home to the largest underground wine cellar, and other surprising top rankings, such as its position as one of Europe’s poorest countries, a hot bed for human trafficking, and Europe’s highest per capita alcohol consumer. Curious, excited, and nervous, I arrived in Chisinau, Moldova’s capital, thinking that I would work for a week at a youth camp as part of a mission trip, treasure my experiences, and return to my life in Texas. Instead, I left Moldova with a commitment to return for three months the following summer. As I prepared for my trip to Moldova, all I thought about was how this country with such a checkered reputation could have captivated me in seven days.

I returned to Moldova in May 2010 for three months. As my stay came to an end, I was made aware of an opportunity to work with the elderly. My passion to serve the elderly made the decision to extend my stay very simple. I worked as the Director of Geriatrics at KBC Ministries until May 2012. During my time in Moldova, I gradually came to the realization that it was the people, their culture, and history that I had come to both love and appreciate. These are also the reasons why I now consider Moldova my second home. Sadly, not everyone shares my sense of attachment to Moldova. While the young frequently shared their desire to join the

¹ See Appendix AA for a map depicting the location of Moldova
² See Appendix AB for a map of the EU and Appendix AC for a map depicting the location of Moldova in relation to the EU.
³ See Appendix AD for a map of non-EU post-communist countries and Appendix AE for a map of EU accession countries.
⁴ The US and IMF believed that all countries seeking to increase economic growth should adopt the Washington Consensus. The Consensus is the first stage of policy reform and consists of a set of ten
European Union (EU)\(^2\) or leave Moldova for good, my interactions with the elderly saw them reminisce about the better times under communism. It was at this juncture that I began to develop an interest in the welfare of post-communist countries and how EU integration contributes to a country’s state of welfare. Since leaving Moldova my interest has only grown stronger. I yearn to understand and be part of improving the welfare of those I interacted with not just in Moldova but also in all post-communist countries struggling with the ghosts of their past.

A review of literature shows that there is a lack of consensus on what welfare encompasses. (Adascalitei, 2012; Diamond & Lodge, 2013; Offe & Fuchs, 2007; Stryker, 1998; and Wagener, 2002). The goal of this thesis is to add to the current understanding of what constitutes welfare and the welfare state. Due to my interest in post-communist countries seeking integration with the EU, I examine the nature of correlations between a country’s welfare and its relation to the EU. The research involves a case study analysis of the Republic of Moldova because of my personal connection to the country and because Moldova is at an important crossroads seeking EU accession candidate status. On June 27\(^{th}\), 2014, Moldova signed an association agreement, in which it committed to implementing reforms to meet EU standards that may qualify it to apply as an EU member candidate. My interest lies in understanding how Moldova’s welfare state has developed and how it compares to the EU and its post-communist counterparts.

The following chapter provides a more in-depth understanding of scholarly literature relevant to welfare states. This literature helped shape the approach that informed my data collection efforts.

\(^2\) See Appendix AB for a map of the EU and Appendix AC for a map depicting the location of Moldova in relation to the EU.
CHAPTER TWO

Review of the Literature on Welfare

2.1 Introduction

‘When I use a word,’ Humpty Dumpty said, in rather a scornful tone, ‘it means just what
I choose it to mean — neither more nor less.’
‘The question is,’ said Alice, ‘whether you can make words mean so many different
things.’
‘The question is,’ said Humpty Dumpty, ‘which is to be master — that’s all.’
-Lewis Carroll, Through the Looking Glass (p.47)

Humpty Dumpty exposes one of the major issues with vocabulary: the diverse and often
broad definitions. This ambiguity hinders understanding of the term “welfare” and “welfare
state.” Many of us may have heard of welfare or the welfare state, but what do these terms
mean? Although there is considerable research on the welfare state and its development
(Adascalitei, 2012; Deacon, 2000; Diamond & Lodge, 2013; Offe & Fuchs, 2007; Orenstein,
2008; Schmitt & Treisman, 2003; Stryker, 1998; and Wagener, 2002), each study defines and
approaches welfare and the welfare state differently and in diverse settings, a fact hardly
surprising since welfare is highly dynamic and complex.

To the unsuspecting newcomer, such as myself, the vast scholarly literature proved
frustrating, especially as I began to learn of not only the distinct definitions of welfare but of all
its contradictory findings. Esping-Andersen (2013) notes that according to social scientists, the
existence of social programs constitutes the presence of a welfare state. Scholars also differ in
what constitutes social programs. For instance, Roosma, van Oorschot, and Gelissen (2014)
study unemployment compensation, health care, childcare, and paid leave as some of the
responsibilities of the government. Aidukaite (2011) uses statistical data that measures social
protection through expenditures on housing, disability, sickness, and old age. Offe and Fuchs
(2007) include health, disability, old age, survivor dependent compensation, family benefits, unemployment, and housing assistance. Orenstein and Hass (2005) specify that their study of the welfare state focuses on state programs, procedures, and actions that directly impact economic welfare. In addition, Garcés, Ródenas, and Sanjosé (2003) incorporate life expectancy and the pension system as factors of welfare, specifically noting some welfare indicators that include spending on social protection, state tax collection, female employment rate, and services to family and relatives.

In terms of post-communist and EU welfare states, some scholars find that welfare states in non-EU post-communist countries are inferior or less developed than those in EU accession states (Adascalitei, 2012; Orenstein, 2008). Other scholars do not find any clear indication of new models of post-communist welfare states (Offe & Fuchs, 2007). The scope of welfare is evidently diverse and broad. Lowe (1999) concludes that there is no agreement on a definition of the welfare state, which is why, according to Kim (2010), various studies of the welfare state have produced contradictory explanations. Additionally, the scholarly literature presents not only a semantic problem but also inconsistencies among post-communist countries that have integrated into the EU. Before further exploring the welfare state in the communist era, in transitioning countries, and in the EU, the following section is dedicated to examining in depth the concepts of welfare and the welfare state.

2.2 Defining Welfare and the Welfare State

The ideas of welfare and the welfare state, as noted above, carry several meanings. The Merriam-Webster dictionary defines welfare as “the state of being happy, healthy, or successful” and the welfare state as “a social system based on the assumption by a political state of primary

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3 See Appendix AD for a map of non-EU post-communist countries and Appendix AE for a map of EU accession countries.
responsibility for the individual and social welfare of its citizens.” While the definitions exist, the terms ‘welfare’ and ‘welfare state’ are multi-dimensional (Atherton, 1989; Greve, 2009; Veit-Wilson, 2009).

Marcuzzo (2005), for instance, notes that welfare states provide services that ensure a citizen’s social rights and wellbeing, support living standards, and reduce inequality. Inglot (2008) points to a basic system that aims to provide a minimum level of health, safety and income, while Hennock (2001) relates the welfare state to the provision of medical treatment, housing and education. Briggs (1969) specifies that the welfare state involves organized power that is used to modify the direction of market forces. By doing so, citizens are guaranteed minimum income, the level of security is narrowed and citizens have access to the best standards available (Greve, 2009). The latter objective, however, has been viewed as simply unrealistic because not everyone can have access to the best standards available (Hennock, 2001). These are some among a myriad of scholarly uses of the terms welfare and the welfare states that obscure this field of study.

In addition to the diverse scope of welfare and the welfare state, the type of welfare provision varies globally. Esping-Andersen’s typology of welfare states (1990) is one of the most accepted wherein he identifies three main types of welfare state models: social-democratic, conservative-corporatist and liberal. The social-democratic welfare system is considered the most Universalist, as it offers the highest level of social protection and goods/services. Taxes finance welfare provision and this system also aims for equal wealth redistribution. The social-democratic welfare system is typical of the Scandinavian countries. The conservative-corporativist (or continental) welfare system provides services through payroll contributions and is dependent on an individual’s wage-earning status. This welfare regime is typical of
continental Europe, representative of France and Germany (Golinowska, 2009). The liberal (or residual) welfare system depends on the market economy and is linked to an individual’s income and ability to purchase private insurance; the state seldom intervenes in this system. This third type of welfare is characteristic of the US system. Esping-Andersen (1990) identifies these types of welfare regimes based on the extent to which welfare provision is free from the market, the welfare system’s effect on social stratification, and the connection between state, market, and civil society. While many welfare states cannot be categorized into a single model and many have shared components, Esping-Andersen’s (1990) welfare state typology draws conceptual distinctions between the role of the state, civil society, and the market in each country.

The level of a government’s provision of social protection benefits to its citizens is crucial to defining the welfare state, but an additional factor involves the challenges in identifying welfare measures, such as a country’s (un)employment rate. Greve (2009) notes that even if a good definition for welfare existed, there are issues with defining an accurate measurement. Adascalitei (2012) refers to this issue as the ‘dependent variable problem,’ in which the object under study has several definitions, all of which only add to its conceptual obscurity.

In order to avoid contributing to the growing controversies on what a welfare state is, this research adopts a broader understanding of welfare, that is, a government’s social provisions to its citizens. In doing so, it focuses on three key areas that represent a country’s state of welfare, namely, healthcare, employment and education. Chapter three addresses the criteria guiding the choice of these measures as proxies for a country’s state of welfare.
2.3 The Rise of the Welfare State During Communism

The influence of the Soviet Union increased after the end of World War II, especially in the Central and Eastern European (CEE) countries, of which, the Baltics were immediately incorporated into the Union of Soviet and Socialist Republics (USSR) (Golinowska, 2009). The CEE countries include the Czech Republic, Hungary, Poland, Slovakia, Slovenia, Croatia, FYR Macedonia, Romania, Bulgaria, Estonia, Lithuania, and Latvia; the latter three compose the Baltic States. By the end of the 1940s, CEE countries were forced to adopt the Soviet political system as well as its socialist social regime, in which the state controlled the welfare sector (Golinowska, 2009).

The Stalinist social and economic policy regime, known as Stalinist because of its ruler, Stalin, also developed during the postwar period. This new regime greatly influenced the design of social institutions (Inglot, 2008). Similar public institutions were established as a result of the Stalinist development plan for the CEE countries. Some features of the Stalinist social affairs regime included full employment, extended elementary education, universal access to health care, and the complete elimination of non-state institutions, such as religious entities (Golinowska, 2009).

While the system was based on the egalitarian communist ideology, according to which all humans are fundamentally equal, Stalinism focused on the working class and emphasized industrialization and urbanization (Kotkin & Richardson, 1995). Consequently, workers who were indispensable to industrialization and urbanization formed a privileged group, which excluded farmers and other professional groups (Golinowska, 2009). For example, people directly involved in branches leading to the development of industrialization and modernization
had exclusive benefits, including independent health care, superior pension benefits, company housing, vacation homes, and private shops (Golinowska, 2009)

Industrialization transformed countries by creating disparities, including lowering living standards, and giving rise to political oppression (Golinowska, 2009). As a result, following Stalin’s death in 1953, a series of anti-regime demonstrations erupted, which changed developmental plans in CEE countries (Golinowska, 2009). As countries tried to play catch up, considerable differences in the scope of social protection among CEE countries remained. Even though the goal of the Soviet Union was to create an egalitarian society, Stalin’s rule formed disparities that were never completely eradicated (Golinowska, 2009).

Eastern Europe and the USSR began displaying a similar welfare system in which states were part of an inseparable political and economic system controlled by a totalitarian power—the Communist Party. The state owned most or all property and the economy was centrally controlled (Shleifer & Treisman, 2003). The state established itself as the main provider of social policies in exchange for political obedience (Ratzmann, 2014). The USSR provided social security as “a right to ensure its citizen’s material well-being, longevity, equality and economic security in everyday life” (Ratzmann, 2014, 412).

The goal of the government was to portray an effective image by declaring the absence of poverty, unemployment, and homelessness (Ratzmann, 2014). Nonetheless, the welfare state of the communist-era had indelible features, which included provision of very small apartments in large buildings, poor-quality consumer goods, and long queues in public transportation as well as social services offices (Golinowska, 2009). Additionally, the system was highly insensitive to specific individual needs, which mainly affected vulnerable groups (Ratzmann, 2014). Although the communist regime provided housing, obtaining an apartment was a lengthy process. In the
1980s in Bulgaria, for example, the average citizen could wait up to two decades to receive an apartment, while up to three in Poland—approximately 25% of those awaiting housing in the Soviet Union were pensioners (Shleifer & Treisman, 2003). Despite its intentions, it cannot be stated that the post-Stalinist welfare state was egalitarian. As the Iron Curtain was being lifted, pressures on the government to improve the welfare of its people began to increase (Golinowska, 2009). The following section expands on the developments of the welfare state in a post-communist era.

### 2.4 Post-Communist Welfare States

After the fall of the USSR in 1989, the end to social provisions led to a massive recession that created pressures within the welfare state (Wagener, 2002). The Soviet system of social protection was simply unable to meet the challenges posed by transition from a communist to a market economy (Ratzmann, 2014). The existing welfare systems in these post-communist countries were unsustainable because the government could no longer finance its social protection services and therefore needed to be reformed (Chandler, 2001). The dynamics of the transformations varied across nations; however, each experienced a form of economic crisis, referred to as “transformation poverty” (Golinowska, 1996). The extreme poverty that people faced was mainly connected to the absence of new employment opportunities and observed in a country’s change in Gross Domestic Product (GDP) (Golinowska, 2009). For example, in 1993, Latvia’s GDP decline surpassed 50 percent, the highest recorded, while Hungary experienced an 18 percent decline (Fischer & Sahay, 2001). People’s fate could no longer depend on their former welfare institutions, for these institutions did not fully meet their expectations (Wagener, 2002).
A major step towards mobilizing financial resources for policy reform in crisis-laden former-communist nations was created by the Washington Consensus. Lavigne (2000) discusses the Washington Consensus as a primary measure designed to “ensure liberalization, stabilization, structural reform, and ultimately growth, in the post-socialist countries” (477). The Washington Consensus consisted of policy recommendations for International Financial Institutions (IFIs), such as the World Bank and the International Monetary Fund (IMF), who began assisting post-communist countries in crisis through aid for policy reform (Adascalitei, 2012; Golinowska, 2009; Orenstein & Hass, 2005; Wagener, 2002). However, the IFIs, it is claimed by some, were inadequately prepared to render advice (Adascalitei, 2012). To elaborate, the Consensus did not include guidance for reforming social security (Wagener, 2002). Orenstein (2008) is specific in noting that the Consensus did not provide post-communist countries with specific plans on how to restructure their social sectors like healthcare, pensions and housing. For example, because the World Bank did not have experience with post-communist pension systems, it was unable to provide the necessary policy advice to restructure them. Onis and Senses (2005) further highlight the shortcomings of the Washington Consensus by noting that, contrary to expectations, the policy reforms from the Consensus slowed-down economic growth and led to frequent financial crises.

Reforming post-communist welfare states proved challenging and despite similar pre-transition welfare state structures, the newly independent countries drastically diverged in the condition of their welfare states (Orenstein & Hass, 2005; Wagener, 2002). According to Golinowska (2009), an issue was the serious management deficit in post-communist countries,

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4 The US and IMF believed that all countries seeking to increase economic growth should adopt the Washington Consensus. The Consensus is the first stage of policy reform and consists of a set of ten policies that emphasize macroeconomic stability and international economic integration, also referred to as a neo-liberal view of globalization. For specific policies, see http://www.cid.harvard.edu/cidtrade/issues/washington.html
particularly in the health protection system, which is why the health status of citizens in CEE countries remained lower than other European countries. Ratzmann (2014) further notes that social assistance programs were mismanaged and underfunded. The current differences among welfare states in post-communist countries are also in part due to their orientation to the EU. The following section is devoted to addressing how the EU has played a role in the development of welfare states.

2.5 The EU and the Welfare States of Post-Communist Countries

Implications From Joining the EU

Integration into the EU requires interested nations to meet specific economic and political conditions, called the Copenhagen Criteria. But there is no single European welfare state that finances the entitlements of all citizens in the EU. Rather, it is a system of national welfare states in which integration into a single market guides and supports social policy (Leibfried, 2000). Each EU country is responsible for developing its own welfare state, likely explaining the great variation within the EU. In the mid-1990s, the EU established a basis for broader social integration, some of the regulations included employment rights, health security standards, and harmonization of the education systems (Golinowska, 2009). The EU has also adopted common goals and values, some of which focused on promoting full employment, eliminating gender discrimination, and combating poverty (Golinowska, 2009).

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5 Established in 1993, the Copenhagen Criteria consists of the formation of stable institutions that guarantee democracy and human rights, protect minorities, and enforce rule of law; the development of an operational market economy that is able to operate in the competitive market within the EU; and are able to adhere to membership obligations. See Hillion (2014) on the Copenhagen Criteria and their progeny.
Welfare State Changes in EU Accession Countries

Research that has studied the development of welfare states in post-communist EU accession countries has been inconclusive about whether a new welfare state has emerged (Adascalitei, 2012; Aidukaite, 2011; Offe & Fuchs, 2007). EU membership is shown to transform national welfare policies positively, negatively and indirectly for the countries joining the EU. Positive initiatives include policies that aim to harmonize European social standards. Negative policies are established mainly to satisfy the single market, and indirect pressures occur when welfare states alter their policies in order to avoid negative effects of economic integration (Leibfried, 2000). Regardless of the impact, the expectation of EU membership has served as an anchor for transformation (Wagener, 2002). Membership has meant the beginning of a new chapter of social policy development for post-communist countries (Golinowska, 2009).

According to the World Bank (2002), an additional factor positively influencing accession countries is geographical proximity to the EU, resulting in what Schmitt and Starke (2011) refer to as welfare state convergence. Convergence is a process in which countries’ systems are transformed to become more similar. In the case of EU integration, Radaelli (2002) uses the concept of institutional isomorphism to explain how EU accession countries have adopted EU policies to increase organizational efficiency. Furthermore, Bulmer and Padgett (2005) find that the EU has served as an influential platform for policy transfers and that EU institutions play a crucial role in shaping policy implementation in the new member countries.

EU integration has also influenced welfare states through an increase in trade and investment between nations. The EU has facilitated treaties with European transition countries that reduced trade tariffs, allowing for increased trade and capital flow across borders (Orenstein & Hass, 2005). The economy of the newly integrated countries has benefited from transnational
free export and trade, which increased income and social spending. For example, in 2005, public spending on social protection in newly integrated Hungary was 21.9% of its GDP compared to Romania’s 14.2% (Romania did not join the EU until 2007) (Petrasova, 2008). According to Orenstein and Hass (2005), EU accession countries had substantially higher unemployment benefits. Orenstein and Hass (2005) further suggest that EU accession countries benefited from integration into the global economy through “association agreements” that opened trade networks, foreign investment and privatization. Integration into foreign trade markets supported and enabled higher levels of welfare spending in EU accession countries. As Rodrik (1998) notes, expanded trade leads to extensive social safety nets and in turn, produces extensive welfare state arrangements and therefore higher welfare provisions.

In terms of exposure to the international market and increased free trade, Rodrik (2011) finds that smaller economies that are closer to their trading partners benefit more from trade. He also states that depending on where a country stands in the world economy, in terms of wealth and how their trade policies align with their social and political systems, free trade can present itself as a progressive or regressive force for economic growth. Rodrik (2011) further adds that markets are neither self-created, self-regulated, nor self-stabilized, but that every well-functioning market economy depends on its state to preserve the market’s legitimacy and protect its citizens from risks and insecurities.

Finally, EU membership has encouraged accession countries to adopt EU welfare policies. According to Orenstein and Hass (2005), interest groups in the EU lobby for higher levels of social provision thus directly impacting the welfare state of EU accession countries. The EU is generally committed to social security but social protection systems are the responsibility of each individual country (Wagener, 2002). This flow of political ideas has
allowed for interconnectedness between the EU and EU accession states and served as motivation to pursue similar interests. In the beginning phase of the transition, Poland, for instance, adopted a new pension system consisting of a pay-as-you-go plan that increased the value of pensions; they also implemented private pension funds (Snelbecker, 2005). Golinowska (2009) states that EU accession is especially important, as it seems to generate emphasis on strategically defined goals.

**Welfare State Changes in Non-EU Accession Countries**

The post-communist transition period posed challenges for non-EU accession countries. One challenge was that the new leaders lacked the basic knowledge on welfare policy and reform, and this, in turn, made them dependent on older bureaucrats (Adascalitei, 2012). New leaders, writes Adascalitei (2012), were unable to rebuild former welfare policies, and instead introduced policies that embraced communist ideals through entitlements that were used to control and differentiate the population. An example, according to Ratzmann (2014), is observed in Moldova, where communist legacies resonated in both the socio-economic and political context during social reforms after the collapse of communism. Shleifer and Treisman (2003) argue against the belief that post-communist states have lagged and note that in fact life has drastically improved and post-communist countries have experienced rapid growth compared to other nations with similar levels of economic development. Although their argument may be true, it is also evident that post-communist countries face significant challenges because communist legacies persisted, in which a few elite negotiated reforms (Ratzmann, 2014).

While proximity to the EU and Brussels has played a significant role for post-communist countries seeking integration into the EU, the location of non-EU Eurasian countries has also
impacted their welfare state development. In terms of welfare reform, the location of the majority of the Eurasian countries has caused them to be primarily influenced by the Russian Federation. According to Chandler (2001), the Russian Federation has not placed a great emphasis on reforming welfare states but rather desires to keep its former institutions. Berkowitz and DeJong (2011) note that during the beginning stages of transition, a large percentage of post-Soviet regions remained under the influence of the Communist Party. Ukraine, for instance, retained its former communist leadership (Shleifer & Treisman, 2003). The fact that these regions “maintained barriers against inter-regional trade and were generally hostile to the adoption of economic reform of any type” (Berkowitz & DeJong, 2011, 133) impeded welfare state reform.

Scholars have found that post-communist Eurasian countries experienced negative socioeconomic impacts as a result of their public sector’s crippled economy (Deacon, 2000; Orenstein, 2008). Increasing debt and the lack of social-policy budgets prevented the state from providing welfare benefits. Orenstein (2008) presents a case under a new capitalist government where the public sector could no longer afford to provide housing and employees were forced to find a place to live. By the mid-1990s “large parts of the state housing stock were privatized… and charges for utilities were being raised” (Deacon, 2000, 156). These socioeconomic changes in Eurasian countries negatively affected citizens’ trust in their governments.

In examining welfare policy, Deacon (2000) finds changes in Eurasian countries’ healthcare reforms. These changes involved implementation of payroll taxes and the introduction of user fees, as well as use of private pensions that align with the World Bank’s view. These findings are contrary to research by Offe and Fuchs (2007) who find no clear

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6 The Eurasian countries include Belarus, Uzbekistan, Kyrgyzstan, Kazakhstan, Russia, Turkmenistan, Azerbaijan, Tajikistan, Armenia, Ukraine, Georgia, Moldova, and Albania.
indication that CEE countries had developed a new welfare state system. However, Orenstein and Hass (2005) argue that EU accession countries have shown greater welfare state development compared to Eurasian countries as a result of their political, socioeconomic and geographical positions. These findings shape my research proposition that **welfare states are superior in post communist EU-accession countries compared non-accession countries**. I also examine the notion that even though the welfare states of EU-accession countries tend to be superior, these are still not as advanced as other EU members that are not post-communist.

**2.6 Welfare Concerns**

The condition of a post-communist country’s welfare is influenced by its past, and its future is related to the country’s association with the EU. In researching factors that impact the development of the welfare state, a key influence has been globalization. This research does not address globalization in great detail, as it is a complex topic, but merely introduces it as a major contributor to the future of the welfare state. With this in mind, the role of globalization in welfare state development has shown divided results. Jerger (2002) claims that globalization contributes to the decline of the welfare state and Rodrik (1998) explains that globalization creates strains that make it more difficult for countries to finance their social systems. While Tanzi (2002) finds that globalization may benefit welfare state development by increasing competition and efficiency, Chandler (2001) states that globalization does not level the playing field in weak countries because they are often burdened with external debt and limited resources needed for welfare reform. A rise in globalization, according to Krugman (1995) leads to higher levels of unemployment among those lacking the requisite skills for specific fields.
Even though Orenstein (2008) argues in favor of the World Bank and the IMF, noting growth in welfare development through privatization, Chandler (2001) affirms it was unsuccessful because the international financial assistance was poorly structured, deficient and on occasions patronizing. Chandler (2001) also suggests that countries take their share of responsibility in designing their own reforms rather than depending on external resources. A main concern is that international influence causes submission to foreign powers. The existence of these controversies does not explain why there are positive interpretations of welfare reforms associated with globalization. The only plausible explanation is that globalization’s impact is a complex one and varies by country; therefore, it cannot be applied to all post-communist countries (Leibfried, 2000; Orenstein & Hass, 2005; Onis & Senses, 2005; Stryker, 1998).

Stryker (1998) further argues that globalization is linked to reduced welfare spending by diminishing organized labor, counteracting Orenstein’s (2008) beliefs that globalization positively affects welfare state expenditure. Jerger (2002) explores globalization’s alleged negative impacts by specifically studying its contribution to the decline of the European welfare state. He finds that domestic policy makers influence the rate of unemployment and the level of welfare. Although Stryker (1998) focuses on modern democracies, since EU accession countries are on a path to become advanced democracies, she provides evidence that globalization leads to welfare state retrenchment rather than advancement. Stryker (1998) also presents an alternative perspective stating that each country’s specific socioeconomic and political conditions and welfare institutions may direct the effect of globalization, not vice versa as previously argued. Although she does not present supporting evidence, her claim is grounds for additional study.

Offe and Fuchs (2007) address regrets and frustrations by EU members and question whether older states have made substantial sacrifices and received minimal returns. An
additional concern is the old members’ role in helping new members on a path to socioeconomic welfare and sustainability rather than leading them to a state of permanent dependency. The main concern has been on post-communist countries’ welfare state development, but Offe and Fuchs (2007) seek to find benefits and disadvantages faced by older EU countries, not only newly integrated states, thus suggesting an approach that can provide a more holistic understanding of globalization.

Finally, Diamond and Lodge (2013) explore welfare states in the face of the 2008 global financial crisis. They express concerns over decreased socioeconomic growth and efficiency, as well as long-term social inequality, which the welfare state rarely addresses. They foresee future challenges with a fiscal deficit and a rising aging population requiring higher expenditures in the welfare system. Their concerns in the face of the global financial crisis provided a new opportunity for extended research that brings into question how the financial crisis has redefined welfare in post-communist countries, an area I explore in studying the Republic of Moldova.

Based on my interests and a desire to gain a better understanding of the current controversies in scholarly literature surrounding welfare states and what these encompass, I developed three research questions that guided my thesis research. These questions are presented in the following section.
2.7 Key Research Questions

1. How do the welfare states of post-communist EU accession countries compare to those of non-accession countries?
2. How does Moldova’s welfare state compare to its post-communist counterparts and the EU?
3. What constitutes the welfare state and welfare in the Republic of Moldova?

Chapter three discusses the methods used for further exploring the welfare state in Moldova and investigating the relationships between welfare states and association to the EU.
CHAPTER THREE

Methodology

3.1 Introduction

This research adopts a mixed methods approach that allows integration of different forms of data to shed light on my research questions. The use of both quantitative and qualitative data strengthens the validity of the research findings (Meissener, 2010). This chapter outlines the methods used to identify specific welfare variables drawn from existing online databases. I also discuss how key informants were selected and interviews conducted in addition to informal conversations with Moldovan citizens. These interviews and conversations were conducted with the goal to understand Moldova’s welfare state and its path to joining the EU.

3.2 Measuring Welfare States

As noted throughout the literature reviewed in the earlier chapter, I struggled to decide how to measure welfare states. Some researchers have measured welfare states by focusing on public spending on social protection, yet not all specify what social protection includes. Petrasova (2007) is one scholar who explains social protection expenditure. According to Petrasova’s (2007) research, social protection expenditure includes: old age, housing, disability, sickness, healthcare, family and children, housing, survivors, unemployment, social exclusion, and administration costs. Petrasova, however, includes “other expenditure” as part of social protection expenditure without explaining what the ‘other’ encompasses. An additional example that explains how welfare is measured is Castle’s (1987) research, where social security
expenditure includes medical care, sickness, unemployment, old-age, employment injury, family, maternity, being an invalid, and survivor’s benefits.

Others have included a combination of the following measures in order to measure welfare states: poverty-rates, income-inequalities, spending on pensions, spending on education, rates of employment and unemployment, and spending on healthcare (Bohle and Greskovits, 2009; Chandler, 2001; Deacon, 2000; Offe and Fuchs, 2007; Orenstein, 2008; Orenstein and Hass, 2005; Rhodes, 1996; and Wagener, 2002). Databases hosted by institutions, such as the IMF and the World Bank, are inconsistent in their measures of welfare, mainly because there is no “welfare state” variable.\(^7\) The United Nations Educational, Scientific and Cultural Organization (UNESCO) uses a variable, labeled ‘social protection,’ that would be an accurate measure for welfare states because it focuses on expenditure on social services. However, this variable was unavailable for all the post-communist countries for the years that I was examining (i.e., 1996-2011). A similar issue was encountered with the Eurostat website which provides data on social protection but such data is mainly available for EU members starting in 2007.

The quest for finding a single variable that would best describe a country’s welfare state proved unsuccessful. Using the literature and research available, I found three areas common to many scholarly descriptions of welfare states: healthcare expenditure, employment rate, and education (measured in terms of gross enrollment ratio since the data is readily available). I decided to use these three indicators to construct a mean index that would represent a country’s

\(^7\) The International Labour Organization (ILO), for example, hosts a set of social security indicators that include access to healthcare, child and family benefits, working age, old age, and public expenditure indicators. The United Nations Economic Commission for Europe (UNECE) combines public administration and defense with education, health and other service activities.
welfare state. In order to create the new mean index, data was gathered from three databases for the following dependent variables:

1. Employment rate (EMPLOY): International Monetary Fund.

2. Healthcare expenditure (HLTHCR): World Bank; measured as percent of GDP per capita.


Using these three variables, the mean index was constructed and labeled ‘welfare.’ In order to obtain the best results and broader understanding of how welfare states have changed, I chose to study the following five years: 1996, 2000, 2004, 2008, and 2011. These years provided the most complete data for analysis. At the same time, by choosing these years I was able to cover a 15-year time range, which includes the time before, during and after the EU financial crisis of 2008 (Eurozone crisis) that shocked the world and sent many countries into a deep recession. It can be assumed that such a crisis would directly impact governments in their ability to maintain or advance their nations’ welfare. I chose to include the year 2008 to gauge the condition of the welfare states during the time when the crisis erupted but also chose 2004 and 2011 to examine if there were any significant changes before and/or after the crisis. The analysis in this research does not extend beyond 2011 due to the lack of data for all countries in

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8 See Appendix B for a list of countries included in my research
9 In order to maintain a positive relationship between variables, I converted the IMF’s unemployment rate variable (LUR) into employment rate (EMPLOY).
10 The GER shows the overall level of participation in a given level of education and it reflects the system’s capacity to enroll students at each level. It is therefore considered in this research to be a good measure of a country’s capacity to provide education for its citizens. The GER may exceed 100% as a result of the inclusion of over and under-aged students, as well as grade repetition.
the specific areas of study. The following section explains how key informants were selected and recruited.

### 3.3 Process of Selecting and Recruiting Key Informants

The second part of the mixed methods approach involved conducting key informant interviews. The goal of my interviews was to increase understanding of welfare states in post-communist countries and to determine what constituted the welfare state. In doing so, I focused on the Republic of Moldova. It was important for me to gain the perspective of individuals directly involved in the field rather than simply rely on scholarly literature because I wanted to triangulate the results of my quantitative analysis. As I began to develop a framework for selecting key informants, I determined the following four criteria for their inclusion in my research:  

1. Worked in or cooperated with the Moldovan government in developing its welfare states.
2. Directly involved in Moldova’s path to EU integration.
3. Directly involved with international organizations dealing with welfare and located in Moldova.

Once I selected the key informants based on the four criteria, I began contacting friends and former colleagues in Moldova. I also researched organizations involved in areas of welfare. I first contacted some key informants via email and explained the purpose of my research (see Appendix D). If they expressed interest, I shared with them an information sheet via email (included in Appendix E). I then scheduled an in-person meeting upon my arrival in Moldova in

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11 See Appendix C for a list of all informants of this research and their respective professional affiliations. All informants except one consented to having their names mentioned in this research. Several informants, however, preferred not to be directly quoted in this research.
February 2015. I also arranged some meetings through events I attended while in Moldova.\footnote{12 I was invited to a reception at the U.S. Ambassador’s home in Moldova and through conversations about my research and purpose for being in Moldova, I was able to arrange two meetings: one with the U.S. Ambassador and a second with an individual who elected to remain anonymous.} As part of my graduate coursework, I traveled from Moldova to Belgium for a class from March 21-28, 2015, and during this trip, I had the opportunity to conduct an interview with the Estonian Ambassador to Brussels.

**Interviews**

The Institutional Review Board (IRB) at DePaul University granted my research approval on December 18, 2014 (Appendix F). The data collection process began once the IRB granted approval. I conducted ten interviews between February 13, 2015 and April 2, 2015. Each interview allowed informants to provide personal experiences that are hard to capture using quantitative analysis. For example, they presented areas of welfare not identified in my quantitative analysis. Their perspectives were key in understanding different views, mainly due to their area of involvement and how they see the role of their organization in Moldova. All interviews were conducted individually in a location selected by the key informant, typically their work place or a public venue, except for one phone conversation. I took handwritten notes for half of my interviews and for the other half, my interviewees consented to me audio recording our conversation. I then transcribed all of the conversations. Nine interviews were conducted in English and one in Russian. I have conversational skills in Russian, skills that allowed me to conduct the interview in Russian though I took field notes in English. The length of each interview varied based on the informant’s availability.

In addition, I gathered data from informal conversations with Moldovan citizens as they went about their daily lives. These conversations provided a wider scope on how the welfare state has influenced people’s lives since the decades following the collapse of communism. Key
informant interviews and informal conversations thus provided a more holistic understanding of people’s views and sentiments regarding Moldova’s possible integration into the EU. During my time in Moldova, I also gathered data simply by speaking with people and from current events. I was also able to reconnect with many of the people I worked with from 2010-2012. These casual interactions allowed me to gain a different perspective on the lived reality of the Moldovan people. The following section explains how I analyzed the quantitative and qualitative data obtained.

3.4 Data Analysis

The first part of my data analysis involved analyzing the dataset using SPSS. In order to understand trends across all countries in my research, I recoded countries into five groups: post-communist countries (POST_COM), All EU members (EU), EU non post-communist (EU_NONCOM), EU-accession countries (EU_POST) and Moldova (MDA). This enabled analysis of specific groups of countries rather than individual countries, which were then compared to Moldova. Once recoded, the mean for each variable was computed with the objective of comparing Moldova to other groups. A correlation analysis was conducted to examine the nature of the relationships between the three welfare variables (i.e., healthcare expenditure, enrollment rate, and rate of employment), and EU association. The correlation analysis also measured the strength of the relationships between these variables. Finally, a regression analysis was performed to further explore the relationship between a country’s association to the EU and its state of welfare. The regression equation model used was:

\[ \text{WELFARE}_{\text{Year}} = a + b_1 \text{ POST}\_\text{COM} + b_2 \text{EU}\_\text{POST} \]
The independent variables for the regression model are POST_COM (1=post-communist; 0=non post-communist) and EU_POST (1=EU member/post-communist; 0=non-EU member/post-communist). These variables are a measure of the impact of post-communism on the level of welfare. In addition to the role of post-communism, the EU_POST variable incorporates the impact of the EU on the level of welfare.

The second part of the data analysis involved analysis of the key informant interviews. In order to gain a better understanding of how informants perceived welfare states, informants were asked to elaborate on their understanding of the welfare state and how the EU might influence a transitioning country’s welfare state. Based on their definitions and beliefs of the EU’s impact, I developed the most common themes by applying them to Moldova’s current welfare state. Finally, I summarized major areas of concern expressed by key informants as Moldova seeks to become an EU accession candidate.

3.5 Limitations

There are many invaluable public datasets available online. However, since my study focuses on specific countries and variables from different sectors, I was unable to find a single dataset that contained all necessary variables for the years under study. It was necessary to compile five new datasets (one for each year under study) using data from different sources that I listed earlier. I would have liked my study to include a few years prior to the collapse of the Soviet Union, followed by the decades since the collapse and through the present day. However, pre-1996 data for those countries was not available. I encountered the same issue when searching for data after 2011. Most of the data was only available for a limited number of

13 There is data available for post-communist countries before 1996 but it does not cover the areas I am measuring (healthcare, education and rate of employment).
countries, mainly those in the EU, which could be explained by the fact that the EU has greater resources to invest in data-driven research. Finally, in regards to challenges I encountered while conducting interviews, I only faced one problem when one of the informants that had agreed to be interviewed via Skype did not show and did not reply to my follow-up emails. As a result, I was forced to find an additional informant.

The following chapter presents all findings and will shed light on the controversial definitions of the welfare state and its association to the EU.
CHAPTER FOUR
Demystifying the Welfare State and Examining Controversial Associations

4.1 Introduction

The interviews revealed that the various informants defined welfare and welfare states differently. This was not surprising since this variety is something I encountered throughout my research of scholarly literature. The scope of the key informants’ definition was greatly influenced by their background. For example, key informants working in the economic and political sectors often focused on the country’s national security, including Russia’s influence, and addressed corruption as components of the welfare state/national welfare. Those involved in the health sector emphasized healthcare as a main indicator of welfare. Additional interviews revealed the importance of migration and opportunities within the EU as factors contributing to a country’s welfare. The interviews provided in-depth knowledge regarding Moldova’s past and current situation, particularly in regards to its welfare states and its future as it pursues EU member candidate status.

While my statistical analysis focuses on healthcare, education, and employment, the interviews revealed new areas of welfare that have been neglected in scholarly literature. From the interviews, this research finds the following three major themes and a series of associated sub-themes:

1. A Post-Communist Legacy
   a. Russia’s influence
   b. The Transnistrian conflict

2. The Welfare State and the EU
a. Healthcare, education and employment

b. The EU’s impact and Moldova’s potential integration

c. The recent visa-liberalization agreement

3. Emerging Areas of Welfare

a. Human trafficking

b. Migration

c. Corruption

3.2 A Post-Communist Legacy

Since the collapse of communism, welfare states experienced significant changes. Given that Moldova remains one of the poorest countries in Europe, I questioned if and how welfare states have changed. As I eagerly awaited the arrival of my first key informant, I sat at a table facing a window and all I could see were the old and grey tall apartment buildings that are characteristic of the Soviet era. I could not help but recall how many elderly families that I had informally interacted with praised communism and spoke of the housing, healthcare and other benefits provided by their former communist government. I can understand there were “benefits,” but also pondered why communism was preferred.

The first key informant arrived and our conversation touched on this topic. Even after living in Moldova for many years, the informant confessed to not understanding the reasons behind the vibrant support for communism. The informant nevertheless believes that it is likely

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14 Geographically, Moldova is part of Europe (the European continent), which is not to be confused as being part of the EU.

15 The findings often denote an “informant” as being the source. I chose to follow this practice and not assign pseudonyms to any informants or include the date of the interviews in order to prevent any direct association. This was done for diplomatic and security reasons. Additionally, while several informants are directly quoted, these may have also provided additional information presented in the findings that is not directly attributed to them.
because the Soviet Union created an environment of total isolation where people had a sense of security, mainly because they knew their social status and felt secure with their future. The informant also spoke of some categories of people, like the Roma, who were better off under communism than under capitalism. From the perspective of the minorities, the lower class, and the vulnerable, including the elderly, this explanation seemed logical. However, over two decades since the collapse of the Soviet Union, I too wondered how and why communism continued to play a significant role in the lives of the Moldovan citizens.

As I conducted the rest of the interviews, I sought to further understand the Soviet welfare state and how it has developed since the collapse of the USSR. During the interview with U.S. Ambassador James Pettit, he addressed the fallacy that even though welfare was guaranteed under communism, people in those times still lived below the poverty line (personal communication, May 2, 2015). In fact, the government, which was supposed to create equality, offered hidden privileges for those possessing political power (Ratzmann, 2014). In a separate interview, a different informant added that the Soviet culture was one that lacked critical thinking and civil awareness as well as innovation, which was the reason why citizens to this day, do not question their government or seek to improve their community. However, according to another informant, “the collapse of the USSR has in fact brought many changes [to Moldova],” but emphasized that, “the welfare of our country is still very much influenced by Russia.”

Russia’s Influence

A main issue, according to a key informant, is that Russia’s influence since the collapse of the Soviet Union continues to exert a strong presence in Moldova’s political and economic life. The key informant noted, “there are geopolitical tensions and Russia is mostly responsible
for the situation.” The informant emphasized that citizens are not well informed and as a result, want to be with Russia mainly because of cheaper gas, food subsidies, and the ability to export wine to Russia. According to another informant, Russia should be commended for its “good outreach efforts,” because, as the informant stated, “when you think about it, the EU, US, and Moldova have not done a very good job educating people about how the EU will play a role, while Russia spends over $1 million on propaganda.”

Daniela Moraru, Deputy Director of Foreign Affairs and EU Integration, explained that it is difficult to balance Russian propaganda and the media in the region, as well as to compete with Russian television (personal communication, March 31, 2015). “It is amazing what lies people will believe,” Moraru when referring to claims that joining the EU will only negatively affect Moldovan citizens by taking away certain rights, such as losing their religious freedom. In terms of developing its welfare states, an informant stated that Moldova is being highly influenced by Russia and “in fact is the reason why Moldova is not as developed.” Additionally, the informant mentioned Russia’s occupation of the separatist region of Transnistria as a major challenge for EU association. According to the same informant, Russia is using its military force to prevent Moldova from developing stronger ties with the EU.

The Transnistrian Conflict

One of the major national conflicts following the collapse of the Soviet Union involved Moldovan government authorities and the ethnic Russian-Ukrainian majority and Romanian populations in Transnistria. Transnistria is a strip of land located east of the Dniester River representing 12 percent of the Moldovan territory and 17 percent of its population. As the Soviet Union collapsed, an informant explained that Transnistria’s large Russian-speaking region on the left (eastern) bank of the river became concerned that the Romanian-speaking population

16 See Vahl and Emerson, 2004 for more on the Moldova-Transnistrian conflict.
on the right bank would organize a federal union with Romania. When Moldova’s parliament adopted a law making Romanian the official Moldovan language, many Moldovans feared their loss of identity. The radical differences between these ethnic groups led to violent conflict that cost more than a thousand lives. However, with tacit support from Russia including protection from the Russian 14th Army, Transnistria proclaimed its independence from Moldova in December 1991.17

A cease-fire settlement was signed in July 1993, at which point the political status became “frozen,” or one in which active military conflict has ceased but could resume at any point since a resolution was yet to be reached. While Transnistria has seceded from Moldova, has established its own institutions and regularly holds elections, the territory is not recognized by any UN member state. An informant explained that the frozen conflict status continues to create a sense of instability and insecurity for those living in Transnistria. The situation is also a critical issue for Moldova as the country continues to work to strengthen ties with the European Union (EU) and seeks to eventually become a member state.

The situation in the separatist region of Transnistria is impacting Moldova in a major way. An informant explained its impact on welfare through a simple example involving a minute increment to the pension payment that Russia provides to Transnistrian citizens:

Transnistria is culturally wedded to Russia and the direction in which conflict resolution is heading is ‘weird’ because of welfare aid to Transnistria by Russia – ‘the Putin ad-on’ as it’s called, used to provide an additional $14.50/month to the citizens' pensions, but the Ukraine crisis has affected this and it is now $9/month. Transnistrian citizens blame the EU for this decrease but if you think about it, the ‘big fuzz’ and blame that is being placed on the EU is all over just $5.50/month, but people don’t know it’s just this amount. All they hear is that the EU is responsible for decreased aid by Russia to Transnistria.

17 See Appendix AG for a map of Transnistria.
The informant added that there has been some improvement and that Tiraspol, Transnistria’s capital, “now exports more goods to the west, becoming less dependent on Russia.” Furthermore, “the new Moldovan government is more engaging with Tiraspol and trying to restart the dialogue.” Since the conflict has lasted over two decades and many do not see a resolution in sight, the question is if and how Moldova is addressing this issue especially if it continues pursuing EU candidate status. Daniela Moraru, Moldova’s Deputy Director of Foreign Affairs and EU Integration, commented on this issue saying,

> It’s true that it’s been a long time but EU integration started in 2004. However, it’s only been in the last years that Moldova is truly pursuing it. It’s difficult to convince everyone. The Association Agreement is for the whole country and we really believe that the inclusive approach is what will really help for everyone to be together because it’s about good standards of life, opportunities, and infrastructure. We are trying to negotiate for it to be inclusive. Through the agreement, the hope is that Moldova will be more attractive to Transnistria.

Moraru added, that political groups in Transnistria “will not have any excuses.” She emphasized that there have been Autonomous Trade Preferences (ATPs) implemented that allow Moldova as well as Transnistria to benefit from the EU.\(^\text{18}\) Moraru further noted that since the ATPs were implemented, thousands of Moldovans began trading with the EU. The challenge, she explained, is how Transnistria will implement the ATPs and how they will commit to applying standards. “There is no answer yet but we’re hopeful,” she said. A key factor is the decrease of Russian assistance to Transnistria because the bad economic situation is obliging the separatist territory to find a solution. In reference to Russia’s declining economy, Moraru stated that, “Moldova believes this will help settle the conflict.”

\(^{18}\) Moldova has benefited from ATPs by having unlimited duty-free access to the EU’s market. These preferences will be in place until the end of 2015. For additional information on ATPs in Moldova, see [http://www.enpi-info.eu/library/content/council-regulation-introducing-autonomous-trade-preferences-moldova](http://www.enpi-info.eu/library/content/council-regulation-introducing-autonomous-trade-preferences-moldova)
An informant insisted that Transnistria is holding Moldova back, and that Moldova is “not going anywhere with EU integration.” Additionally, when addressing the fear of losing their identity, US Ambassador Pettit stated, “autonomous states have to realize that multiethnic societies enrich a society; take a look at the United States, we are a diverse nation.” However, with Russia’s ongoing influence in Moldova in addition to the Transnistrian conflict, is the EU playing a role in developing welfare states, in particular the Moldovan welfare state?

4.3 The Welfare State and the EU

The Welfare State

The statistical analyses demonstrate that when compared to non-EU members, EU members have superior welfare states. A superior welfare state for the purpose of this research refers to a country that has higher levels of GDP expenditure on healthcare, higher gross enrollment ratio, and higher employment rate. At the same time, within the EU, post-communist countries have inferior welfare states compared to the rest of the EU members. The statistical analysis finds that although Moldova is not part of the EU, its welfare state is almost equivalent and at times superior to those of its EU post-communist counterparts (Figure 4.1).

In the case of Moldova, these findings contradict current research that shows non-EU members as having inferior welfare states. The average non-EU post-communist country has an inferior welfare state compared to the EU and accession states. In terms of how the EU plays a role in the condition of a country’s welfare state, the highest variance in welfare states is observed in 2004, where association to the EU accounts for 32.3% of the country’s welfare, followed by 23.4% in 2011, 23.1% in 2008, 13.9% in 2000, and the lowest in 1996 with 9.3%.

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19 When speaking of a country’s welfare states in my statistical analysis, I am specifically referring to the three proxies I selected and explained in chapter one: healthcare, education and rate of employment. See Table 1 in Appendix G for correlation matrix.
The regression equations for predicting the perceived condition of welfare states based on EU association are:

\[
\begin{align*}
\text{WELFARE}_{1996} &= 59.44 - (9.278)(\text{POST\_COM}) + (13.134)(\text{EU\_POST}) \\
\text{WELFARE}_{2000} &= 65.31 - (11.871)(\text{POST\_COM}) + (10.981)(\text{EU\_POST}) \\
\text{WELFARE}_{2004} &= 67.22 - (10.976)(\text{POST\_COM}) + (8.084)(\text{EU\_POST}) \\
\text{WELFARE}_{2008} &= 67.61 - (12.404)(\text{POST\_COM}) + (11.670)(\text{EU\_POST}) \\
\text{WELFARE}_{2011} &= 66.50 - (12.649)(\text{POST\_COM}) + (11.246)(\text{EU\_POST}) \\
\end{align*}
\]

The regression models demonstrate that statistical significance increased over the years, particularly beginning in 2004 when the variable shows the most statistical significance.\(^{20}\) The results indicate that except for 1996, being post-communist had a negative relationship to welfare \((p \leq 0.05)\).

**Welfare State and EU Association (1996-2011)**

![Welfare Index Chart](chart.png)

**Figure 4.1 Welfare States and EU Association (1996-2011).**
Representative of the welfare index created from data available on the IMF, World Bank and UNESCO.

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\(^{20}\) See Table 2 in Appendix G for a model summary of welfare states based on EU association.
Findings also show that while EU association plays a role in a country’s welfare state, it is certainly not the most significant predictor. These statistical findings provide an answer to my first research question by showing that while EU members on average have superior welfare states compared to non-members, there are exceptions as is the case with Moldova.\textsuperscript{21} Although the welfare index provides an overall representation of the welfare state, I dissected the welfare index and analyzed each of the three proxies.

**Healthcare:** It seems that seeking medical treatment is something we cannot avoid. I was no exception and during my two years in Moldova, I had the opportunity to experience both the private and public healthcare system. My first experience was in a state hospital. I remember walking in and wondering why the walls were grey and the hallways dark. A cloud of sadness followed me as I looked for the radiology department. I eventually found a receptionist and paid for the hand x-ray that I needed. It cost US $1.50. I was very pleased. I was then escorted to the x-ray room, where I was directed to walk into a rather large metal chamber and had my hand placed against one of the walls. In my mind, I questioned if the radiation levels were safe and why my whole body needed to be exposed, without any form of protection. After all, only my hand needed the x-ray. The experience lasted about 30 seconds and I then waited approximately 15 minutes before the doctor handed me my x-ray and explained that I had a stress fracture. He gave me some instructions, a brace for my hand, and I left.

My experience was painless and uneventful, and other than the old and intimidating equipment, I was fairly satisfied with the care I received. However, the treatment was delivered quickly perhaps because I had the means to pay. For those who cannot afford medical treatment (even as insignificant as a dollar and a half may seem), receiving medical care can be frustrating and a bad experience. This was the case with several elderly families who I frequently met up

\textsuperscript{21} See Table 3 in Appendix G for measures of association of welfare states based on EU association.
with and who could not receive treatment because the waiting list was long for those awaiting free care. Having left for nearly three years, I was eager to learn if and how the healthcare system had changed. Needless to say, among the countries groups studied in this research, healthcare expenditure was found to be higher in Moldova for 1996, 2004, 2008, and 2011 (Figure 4.2).

![Healthcare Expenditure and EU Association (1996-2011)](image)

**Figure 4.2 Healthcare Expenditure and EU Association (1996-2011).** Healthcare expenditure as percent of GDP. Data retrieved from the World Bank’s online database.

The fact that Moldova is not part of the EU and possesses superior welfare states as measured in this research is intriguing. When discussing this unsuspected finding with one informant, he adamantly stated, “let me clarify that Moldova has had a difficult transformation in healthcare.” He then stated that, “healthcare throughout has decreased” and unfortunately, “Moldova hasn’t been able to keep up.” The informant then explained that, “while Moldova has a higher percentage of GDP spent on healthcare, this is per capita, and this is still very low compared to other post-Soviet countries.” This demonstrates that while Moldova’s healthcare
may appear superior when compared to other countries, the reality is quite the contrary. The informant added that, “there is an acknowledgment that there is a need for welfare reform but it's not a top priority.”

**Education:** Education up to the age of seventeen is mandated by the government of Moldova. The public education system is divided into kindergarten, primary, secondary, and high school. Upon entering high school, students have the opportunity to study in different types of schools that focus on technical and professional areas. The majority of the universities are also owned by the state. My background as an American visitor often created opportunities for me to go speak at schools. I cannot remember a single instance when a student was not curious about my life and life in general in America.

I first walked into a public school in 2010 and I was surprised by the discipline of each student as all stood up in tandem and greeted me. I later learned that this was not standard practice but it certainly provided for a very pleasant first experience. As my visits to schools continued, I began developing relationships with students. These relationships gave me a glimpse of a culture that is affecting the education system. I learned how students often resorted to cheating and bribing professors in order to advance. In some cases, it was expected by the professors that students provided them with gifts or money. Some students often stated that at times, unless they bribed a professor, there was no chance they would pass. As I returned to Moldova, I wanted to learn if the education system had changed.

I first began by exploring how the collapse of the Soviet Union impacted education in Moldova. An informant stated that, “in terms of benefits since the collapse of the USSR, Moldovans have had increased access to education.” The informant added that places for education are no longer limited to universities in Moscow. Students are free to choose where
they want to pursue their education. While this may be true, the statistical analyses found that enrollment has decreased in Moldova (Figure 4.3). An informant speculated that a decrease in enrollment could be due to the increasing number of families emigrating to Russia or the EU.

![Education (1996-2011)](image)

**Figure 4.3 Education in Terms of Gross Enrollment Ratio (1996-2011).** Data retrieved from the UNESCO’s online database.

The quality of education in Moldova is not reflected in this analysis. However, as one informant noted, “one of the legacies of the Soviet system is the lack of civil awareness to make your community better, also the lack of critical thinking to question the government and country's situation.” The informant elaborated on how students are often not taught the Socratic method, which is why many do not question why they have to pay bribes. According to several informants, there is much work to be done in the education sector but also many commented on the positive changes being led by Maia Sandu, the Moldovan Minister of Education. Sandu started to fight corruption in schools and enforced strict anti-cheating rules during high school
exit exams. Several informants are hopeful that her efforts will continue to shape legislation that will improve the Moldovan education system.\textsuperscript{22}

**Employment:** It seems that almost everyone in Moldova has a family member that is abroad or is thinking about leaving. The problem, according to the people I spoke with during my stay in Moldova, is the lack of jobs. However, the statistical analysis provided a contradictory finding showing that Moldova has a 94.4\% employment rate (Figure 4.4).

![Employment Rate (1996-2011)](image)

**Figure 4.4 Employment Rate (1996-2011).** Data retrieved from the IMF’s online database.

In fact, Moldova’s rate of employment shows a steady increase from 1996 until 2008. During an interview, an informant stated that this trend can be explained by the fact that people do not register for unemployment but rather choose to leave the country. The informant also noted that unfortunately, the fact that people are leaving the country and those that are staying do not register for unemployment “makes our country only look good on paper,” but the sad reality is that “unemployment is a major issue in Moldova.” A separate informant spoke of the

\textsuperscript{22} Sandu resigned in July 2015 due to changes within the Moldovan government.
difficulty in finding jobs or even starting a business because “there are many hoops that one has to go through that involve paying bribes to the government. It’s simply not worth it.”

My analysis of each proxy shows that the quantitative results may not accurately portray the condition of welfare in a country. People’s perceptions are drastically different from those reflected through an analysis of datasets. I nevertheless, continued exploring how the EU may play a role in welfare state development, especially as Moldova seeks EU candidate status.

The EU’s Impact and Moldova’s Potential Integration

As previously noted, welfare reform is not a requirement to join the EU, which is likely why welfare states significantly vary across EU countries. According to Dr. Jarno Habicht, the World Health Organization’s Head of Country Office in Moldova, “the EU’s values are more toward welfare states; still within the EU there are also differences between the north and south, and east and west. If you look at countries within the EU, there is a lot of inequality and diversity” (personal communication, March 17, 2015). The advantage is, as Dr. Habicht mentioned, “in the EU as well increasingly in other parts of the world, people are free to move. If you don’t like the environment where you live, then you just move to another place.” While Dr. Habicht presents a valid argument, another informant noted that, “mobility is a privilege.” Moving, the informant said, can incur high financial costs, which many are unable to afford. In addition to financial burdens, people have ties to a country, such as family, that make it significantly difficult to relocate.

Approximately one third of Moldova supports EU integration, while another third supports closer ties to Russia. The remaining third is undecided, said an informant, though the informant added that, “the idea of EU integration has split Moldova again.” A separate
informant spoke of the pro-EU supporters losing territory while the undecided population continues to grow. The informant stated that, “there is no clear dedication in words or actions for integration on behalf of the EU, there are inconsistencies - corruption, freedom, business conduct,” further adding, “unless something changes, EU integration may not happen.” An additional informant felt as if the “EU is throwing money at Moldova just to avoid some type of humanitarian crisis but accession is not a huge priority; their support is their way of saying ‘don’t bother us’.” According to the informant, “there is a new sense of urgency and a need for reform—actions not simply words.” While EU integration is doubtful to some, Moraru spoke of the “huge change and opportunities for progress if Moldova joins the EU.” She noted that a recent meeting regarding the Association Agreement, was an important first step to “highlight priorities for this year, the future and how Moldova is implementing reforms” in order to meet EU standards.

Regarding the EU’s support for Moldova becoming a member state, Moraru explained that Moldova is receiving strong support from the EU, noting that 2014 was the year with the most support. She further expressed that all of Moldova’s actions are being implemented in order to join the EU because it is a top priority. She also spoke of the Eastern Partnership Summit and Moldova’s goal is to receive the promise of candidate status. Moraru added that, “it is difficult now to say how member states will reply. Perhaps it’s not opposition but some are skeptical; still Moldova is trying to be as pragmatic as possible to understand views.” According to Moraru, Moldova understands the realities.

Even with the optimism of some that Moldova will one day join the EU, an informant mentioned that, “there are small chances that Moldova will receive immediate full support [because of its poor economic and political history].” As Moldova continues on the path to EU
integration, Moraru explained that EU integration must be tactical and strategic. She commented that a date has not been set for when EU accession could occur and noted that, “sometimes having a date is counterproductive.” She further explained an example with the Western Balkans, where countries took 18 months to transition into the EU. The Action Plan in Moldova is more complex, Moraru emphasized, “so it is difficult to predict or forecast… even the best fortuneteller will not be able to foretell.”

As of now, Moraru explained that Moldova has a four-year plan, yet it is unclear whether or not Moldova will apply for candidate status, since it will depend on the progress of policy implementation. While the country’s situation in the region can change, Moraru is confident that if Moldova is “on the right track and making progress, we will apply.” Moraru recognized that “it is not an easy process but it’s the only successful process that we have seen in the region as a successful model for development.” She firmly believes that Moldova’s only option for a successful future is EU integration.

It is pertinent to mention that Moldova has received assistance from external actors as it pursues closer ties with the EU and as it reforms its sectors. According to US Ambassador Pettit, the US is assisting Moldova with increasing foreign investment. He mentioned that the United States Agency for International Development (USAID) is “complementing EU efforts and aiming to prevent Moldova from becoming a failed state.” Ambassador Pettit also emphasized that, “by encouraging economic growth, welfare will improve – ‘a rising tide lifts all boats’.” He further described the US’ focus on advancing democracy and the economy. The Millennium Challenge Corporation (MCC) Compact, he noted, is “somewhat involved with the welfare of

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23 The MCC was established in 2004 with the goal of increasing developmental foreign aid. For a country to become eligible to receive assistance, the country must meet certain criteria including its active participation in working to reduce poverty and achieve sustainable economic growth. For additional information on the work of the MCC, see https://www.mcc.gov/
the nation since it enhances agriculture and infrastructure—it’s a $262 million aid package.” He concluded by stressing that, “economic growth is necessary to make resources available, because addressing specific goals such as welfare would not be sustainable in a weak economy.” Samuel Mikhelson, US Department Political and Economic Officer in Moldova added that, “the US wants to take practical steps and see lives improved” (personal communication, April 2, 2015). Finally, Don Carroll, US Department Director of the Criminal Justice and Law Enforcement Section in Moldova mentioned that, “the US supports a sovereign and democratic Moldova, integrated into Europe, free and at peace” (personal communication, April 2, 2015).

Estonian Ambassador to Brussels, Gert Antsu, spoke of the benefits of joining the EU or becoming a candidate (personal communication, March 23, 2015). He spoke of the experience his country underwent as it transitioned into the EU and stressed the importance of aspirations. He explained that aspirations set a benchmark for what kind of country one desires and helps a country become more attractive to everyone. “EU membership helped Estonia become a more attractive country,” Antsu noted, “and transformed it into an appealing place for investment.” He estimated the export increase to EU states to be around 75%. Antsu believes that EU integration is mostly responsible for the progress of his country. Being part of the EU, Antsu noted, “provides us with a sense of security… we feel safer from Russia.”

On the other hand, Irina Vlah, Governor of the Autonomous Territorial Unit of Gagauzia in Moldova, spoke in favor of strengthening ties with Russia (personal communication, March 16, 2015). She adamantly noted that Moldova’s future is with the Eurasian Economic Union.

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24 In March 2015, Ambassador Antsu was scheduled to travel to Moldova to serve as advisor to Moldova as it pursues EU integration.
25 Gagauzia, like Transnistria, declared independence from Moldova in 1991 in order to maintain their cultural and territorial independence. See Appendix AG for map of the region of Gagauzia.
Governor Vlah believes that the union can help Moldova economically and this is of extreme importance because Moldova “is interested in economic development and economic cooperation.” She further noted that Moldova already has “good economic relations and connections with Russia.” Vlah specified that “from the economic standpoint, Moldova is an agrarian country and we need to export products and it’s easier to do it to the East.” As she leads Gagauzia, her goal is to increase employment by opening mutual business with Russia. Vlah emphasized that in addition to mutual businesses that are already in place, Russia will provide additional financing for new businesses.

**The Recent Visa Liberalization Agreement**

Despite the many views on EU integration, one of the major steps in pursuing EU integration has been the recent visa liberalization agreement. According to Moraru, since the visa liberalization agreement, which took effect on April 28, 2014, “a total of 75,000-80,000 Moldovans have applied for a biometric passport, and just in this year, it’s been 30,000.” She expressed excitement noting that “this is incredible and a sign that it’s not about ideology but practicality.” However, one concern among some informants is that since Moldovans can now travel freely to and within the EU, they may seek ways to travel to the EU and try to get attain work illegally. Ghenadie Cretu, Migration and Development Program Director at the International Organization for Migration in Moldova, stated that the problem with Moldovans immigrating to the EU is that many lack the skills needed to work in the EU (personal conversation, March 10, 2015). He explained that most people who go to Russia to work are not

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26 The Eurasian Economic Union (EEU) is comparable to the EU in that it allows for the free movement of goods and services, however it is composed of the Russian Federation, Armenia, Belarus, and Kazakhstan. See http://www.eaeunion.org/?lang=en for further information on the EEU.
the prime candidates for jobs in the EU because unfortunately, those going to Russia are mostly farmers, construction workers, or the less educated citizens.

Regarding mobility as a result of the visa liberalization agreement, Dr. Habicht explained that the visa liberalization agreement is helping Moldovan citizens travel to the EU but it is also giving “a signal of trust to go beyond EU countries that have also done visa liberalization agreements so there is some form of convergence.” He believes that having additional official opportunities to travel is beneficial to the country and its citizens. In his opinion, the visa liberalization agreement is giving people more opportunities and willingness to return to Moldova. Carroll, US Department Director of the Criminal Justice and Law Enforcement Section in Moldova, also explained what the visa liberalization agreement may mean for Moldova and noted that, “exposure to the West due to visa free travel may be the change Moldova needs.”

### 4.4. Emerging Areas of Welfare States

The primary reason for creating an index for welfare was the lack of consensus on what constitutes welfare and the welfare state. In interviewing informants, it was evident that the areas that constituted welfare in Moldova significantly differed from previous research. Three major areas that emerged in interviews and were noted to substantially influence the welfare state in Moldova are human trafficking, migration, and corruption. These interviews showed that the welfare state is not limited to its institutional definition, which focuses on the state’s provisions to promote their citizens’ wellbeing. Rather, the welfare state can be defined as the condition of welfare or wellbeing in a country, not only state provision. Human trafficking, migration, and corruption can thus be seen as negatively impacting the wellbeing/welfare of Moldovan citizens.
Human Trafficking

Five of the ten informants interviewed specified that human trafficking is a major issue affecting Moldova. The issue appeared in reference to Moldova’s closer ties to the EU. An informant noted that, “it has made it easier for traffickers to exploit girls. Even though the new passport doesn’t allow them to work abroad, they are leaving and not coming back.” The informant further added that, “Moldovan government authorities are covering the traffickers, that’s why it’s hard to catch them and punish them. The government is corrupt.” Contrary to this argument, Moraru explained that human trafficking is no longer a major issue in Moldova. Although, she notes, it was prominent in the 1990s, the government is currently working on prevention, information and education. Moraru does not agree that the visa liberalization agreement has or will increase trafficking and argues the reason why girls were trafficked. She stated,

Here is my argument: why did some girls end up in trafficking? Because they wanted to go abroad. Before, they couldn’t go so they asked someone else who promised to get them a visa. Then they would end up being trafficked. Now they can go on their own without anyone’s help, they don’t have to ask for advice. If you want to go, you can go—you just need a biometric passport. There is no argument that this idea is true. I don’t see who will need help to go to the EU. This is giving more argument to why trafficking can’t happen.

Moraru shared concerns in other nations like in Arab countries where trafficking may be a greater issue. She explains the reason is because Moldova does not have consulates in those countries, which prevents Moldovans from seeking help if needed. She stated that Moldova is relying on cooperation from other countries that have international representation, such as international organizations, and improving relations with those countries so that aid is provided if the situation arises. On the other hand, an informant working directly with trafficked victims shared a story explaining the true reality of human trafficking in Moldova. The informant
passionately shared the case of a woman who works in Cyprus rendering assistance to Moldovan victims of trafficking. She was adamant about the severity of the problem and stated that, “trafficking is an issue, it continues on... It's happening everyday... You can call it what you like, you can try to paint the issue a different color but trafficking is still prevalent in Moldova.” In relation to a country’s state of welfare, “a country cannot possibly claim that it provides a state of wellbeing for its citizens if tens of thousands are trafficked each year,” said an informant.

**Migration**

Migration might seem to be a negative contributor to a country’s state of welfare since it involves people leaving the country, said one informant. Ghenadie Cretu, however, commented on the benefits of migration by noting that remittances help the country since these are mostly used in consumption. He stated that the International Organization for Migration (IOM) “helps channel that money into investments.” Cretu further elaborated on how the IOM is trying to help make Moldova become more attractive by using financial instruments to attract money back to Moldova. Migration is also beneficial, he noted, “because migrants can bring skills back to Moldova.” The IOM is also developing and implementing programs to bring Moldovans back to the country. An informant, however, noted that, “migration is not a substitute for welfare state development.”

Cretu further elaborated on Moldova’s dependency on remittances. He stated that, “the country is largely dependent on remittances (25% of GDP); this has been reduced and the impact is visible—the exchange rate went down sharply.” Depression of the Russian ruble has had a harmful impact in Moldova since according to Cretu, two-thirds of Moldovan migrants are working in Russia but with the crisis in Russia, their salary is worth significantly less. A

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27 See Appendix H for a partial script detailing the informant’s view on the issue of human trafficking in Moldova.
decrease in remittances is becoming a concern, he noted. The Moldovan Ministry of Labor, according to Cretu, quoted a figure that is an indication of the impact due to the Ukrainian crisis. This figure, Cretu said “is probably significantly higher, but as of January 2015, 900 Moldovans have returned to Moldova and registered for unemployment.” Cretu noted that this is a three-fold increase compared to the same time last year. He believes that migrants are returning because there are fewer jobs in Russia and because the same income in rubles is worth approximately 50-60% less. A separate informant further added that remittances are also affecting Transnistria because the Russian ruble is “worthless.”

Corruption

A final area of a country’s welfare was the rise in corruption. An informant noted that under the new government, progress has been limited and is in fact being reversed – “there is disaster on the side of reforms; this is an expression of deeply rooted corruption.” A separate key informant supported this claim explaining that, “there has been significant deterioration in the country driven by internal corruption.” The level of corruption, several informants stated, is among members of the Parliament. According to one informant, “Parliament members receive immunity and often, businessmen go into parliament so they are not prosecuted. The majority of Parliament is there not to be civic leaders but to protect themselves, their families and their assets.” A separate informant spoke of how Moldova is combating corruption through the political party reform, as Parliament members now have to report all contributions or donations. The issue, according to the informant, is that they are reporting money that has been donated, usually large sums, from people that have no money. “How is this possible?” the informant

28 The Russian Ruble (RUB) has weakened because of several major factors including the Western financial sanctions imposed on Russia as a result of the Russia-Ukraine crisis, a decrease in capital flow, the fall of oil prices and an overall slow economic growth in Russia. In January 2014, prior to the implementation of sanctions, the exchange rate varied between 32-36 RUB per 1 USD. In January 2015, the exchange rate reached 69.7 RUB per 1 USD. See http://www.xe.com/currencychart.
questioned. An additional concern is that Russia has financed political parties in order to continue exerting its influence in the country.

Two informants referred to the new infrastructure throughout Chisinau, Moldova’s capital. I recalled that as I arrived in Moldova and drove through the city, I began to notice many new residential and commercial buildings but my first assumption was that the country was prospering. An informant commented on the new infrastructure,

You ask who’s buying the apartments? No one. Not all the buildings are a result of needs; they are not market-oriented projects. How come, you may ask? Are they not satisfying building needs? Not entirely, it’s hiding a part of the corruption iceberg; there is a lot of dirty money that has to be justified. The easiest way as a real state developer is not to invest. There is so much money that the developer is a “washer.” There is a lot of corruption and it’s very easy to hide dirty money in construction.

The informant asked, “why would any ‘businessman’ want to invest in a place so close to Ukraine, with such bad corruption records?” Those that are investing in Moldova, the informant noted, “are most likely corrupt… Moldova is not bringing investors for the right reasons.” The informant added, “the elite in Moldova are fearful of being tried and put in prison, so Moldova is a safe haven. The rich don’t want to go anywhere.” The informant was very pessimistic about the future, emphasizing that “Moldova is not going far” and blamed the stalled progress due to the rise in corruption.

The following chapter is dedicated to discussing this research’s findings.
CHAPTER FIVE

Discussion

5.1 Introduction

The primary purpose of this research was to demystify the welfare state. In doing so, the study intended to examine the differences between post-communist EU accession and non-accession countries, as well as the EU. The secondary purpose was to compare the Republic of Moldova’s welfare state to its post-communist counterparts and the EU. Finally, this research sought to understand what constitutes the welfare state in Moldova as a means to gain a clearer appreciation of a country’s state of welfare. As this research progressed, I continued to find much wisdom in the words of Humpty Dumpty—words carry so many different meanings.

Scholars have clearly chosen the scope of welfare and the welfare state based on their specific interests. The same tendency was observed throughout my interviews and informal conversations. The experiences shared from the participants’ personal and professional backgrounds add to the complexity of welfare and the welfare state. These narratives allow us to further understand how welfare and the welfare state are viewed in general and also in the context of an individual country, in this case, the Republic of Moldova. Although the ten interviews are with individuals from distinct sectors, there are several threads that clarify key areas of welfare in Moldova, including areas of concern such as human trafficking, migration, and corruption.

I begin this discussion by focusing on the welfare proxy and its three components, followed by the three areas of concern over welfare in Moldova. In doing so, I connect these findings with the broader literature reviewed earlier.
5.2 The Welfare Proxy

It is without a doubt that the vast amounts of research on welfare and the welfare state can be overwhelming, simply because there is no agreed upon definition of welfare and the welfare state (Lowe, 1999), the diverse and often contradictory findings (Kim, 2010), and finally, a lack of an accurate measurement even if an acceptable definition were found (Greve, 2009). This research began as a means to add to the current understanding of welfare and the welfare state. The current literature places an emphasis on education, healthcare, and employment, which makes the welfare proxy used in this research a satisfactory measurement for a country’s welfare.

The quantitative data analysis of the welfare proxy provided an overview of the welfare states across the countries selected. Through the means evaluation, I was able to determine trends over the five years under study that gave an overall broad picture of how welfare in all country categories compare to that of Moldova. An unexpected finding was in Moldova’s welfare state as measured by the welfare index composed of healthcare, education and employment. Whereas scholars have found that non-EU countries have inferior welfare states (Adascalitei, 2012; Orenstein, 2008, Orenstein & Hass, 2005), Moldova’s state of welfare ranked higher than its post-communist non-EU counterparts and almost equivalent to the EU, including post-communist accession countries. While this may be a sign of optimism, it must be observed cautiously since healthcare, for example, is measured per capita, as confirmed by key informant interviews. Therefore, even though the percentage is higher, the actual spending remains much lower than in the EU. The issue faced is one of measurement, which provides an inaccurate picture of healthcare spending. This matter raises additional questions and concerns regarding
statistical findings in other research that may portray certain countries as being inferior or superior; an issue that is not addressed in the scholarly literature reviewed for this research.

Nonetheless, even though the GDP percent spent on healthcare is per capita, it is worth noting that this percentage has steadily increased for Moldova since the year 2000 by approximately four percent. It is possible that motivation to join the EU, as well as increased exposure to the EU have contributed to welfare state convergence (Schmitt & Starke, 2011). The EU, after all, place a greater emphasis on reforming their welfare states even though the welfare state is the sole responsibility of each individual country.

Contrary to healthcare spending, education as measured in terms of gross enrollment ratio (GER), is significantly lower in Moldova even when compared to its post-communist counterparts. While the GER does not measure the quality of the education, it provides a perspective on the number of students enrolled in the corresponding grade levels as a percentage of the school-age population. Interestingly, all country groups experienced a decline in GER in 2008, which could be tied to the EU financial crisis, though this needs to be investigated further. Considering the proximity of all post-communist countries to the EU, the financial crisis could have affected these countries regardless of their association to the EU. It could be speculated that as families experienced financial difficulties, students were forced to abandon school in order to seek employment and contribute to the income of their struggling households, thus accounting for a decline in GER. Nonetheless this is a speculation, for which neither scholarly literature nor my analysis provided clear answers.

Employment rate, as the final component of the welfare state proxy, also yielded interesting findings. Moldova had the lowest employment rate in 1996; it steadily increased until 2008 and shows a sharp decrease in 2011. The effects following the EU financial crisis may
have had an indirect impact on Moldova, but as interviews revealed, this seems unlikely since the majority of Moldovans work in Russia. Regardless, a crisis in a large area such as the EU, could have indirectly impacted the economy of the neighboring countries, including that of Russia. Furthermore, the employment rates in each year studied as part of the welfare state index were much higher in Moldova for the last two years studied. There is no explanation for this trend except that perhaps because so many people have left the country, the few that register as unemployed provide an inaccurate account of the employment rate. This explanation was corroborated by several informants and was also an issue of concern expressed by some informants since such statistics provide a faulty overview of what is truly occurring in a country.

As a proxy for measuring a country’s welfare state, one must take into account the means for measurement before arriving at a conclusion that Moldova, or any country for that matter, has superior welfare states. On paper, Moldova may appear like a country that is progressing and overcoming its communist past, but the informant interviews provided a deeper and more personal account of what is truly occurring in Moldova, not simply what is shown statistically. The interviews facilitated understanding of the divisions within Moldova, divisions based on cultural and political differences. The fact that several of the informants were pessimistic about Moldova’s future is understandable, considering what the country has endured. Nonetheless, the struggles—both external and internal—may provide a blueprint for post-communist nations considering EU integration.

5.3 Welfare Concerns in Moldova

There are many factors influencing Moldova as it pursues EU candidate status. Some of the informants for this research argue that joining the EU will unify the country and bring growth
and development, while others argue that ties with the EU have only split the country and created greater opposition from Russia. As the interviews showed, Russia has invested significantly in propaganda to persuade Moldovan citizens to retract from the idea of joining the EU. During my stay in Moldova and from conversations with pro-Russian citizens, I often heard that if Moldova were to join the EU, everyone would be Protestant or no one would be able to bury their relatives, only cremate them. Furthermore, people would also not be able to have pets around their house, and that everyone would be a homosexual. While these beliefs may not directly affect Moldova’s state of welfare, they show how Russian propaganda has instilled fallacies in the minds of Moldovan citizens and as a result created doubt and division within the country regarding Moldova’s path to the EU.

Ninety percent of the formal interviews I conducted agreed that joining the EU was in Moldova’s best interest. By joining the EU, Moldova could have greater opportunities to develop its welfare state, in this case meaning improving their healthcare and education systems, as well as having increased employment opportunities. Although joining the EU could positively impact Moldova’s state of welfare, there are three new areas of concern for Moldova’s welfare that emerged in the interviews.

It is understandable that human trafficking, corruption, and immigration were common themes and concerns of a country’s welfare. If we refer back to Merriam Webster’s definition of welfare, it notes that welfare involves being happy and healthy. Being happy and healthy can constitute an array of definitions and criteria, and like welfare, there is most likely no agreed definition. Nonetheless, one could state for a fact that human trafficking and corruption are never associated with the terms “happy” and “healthy.” At the same time, when people migrate,
it is often because of dissatisfaction with their country’s political, economic, or social situation (with some exceptions).

The fact that human trafficking, corruption, and migration are areas of concern for Moldova’s welfare is not surprising. What is surprising and intriguing, however, is why scholarly literature in the social sciences does not address these issues as part of the country’s welfare. It is understandable from the perspective of the welfare state since this is mostly viewed as an institutional body, but welfare in itself is the condition of the country. It is possible that scholars have not included human trafficking, corruption, or migration in their research of welfare states because these are not normally associated with state institutions. However, for Moldova, a country that has been referred to as a “hotbed for human trafficking” (Junker, 2011) and highly corrupt (Carasciuc, 2001), these three areas highly influence its welfare and welfare state, not directly related to an institutional body but simply as the state or condition of welfare in the country.

5.4 Conclusion

Veit-Wilson (2000) argues that the overuse of the term “welfare state” has made it seem meaningless. On the contrary, this research finds that welfare and the welfare state are anything but meaningless; these terms are in fact saturated with meaning. Whether this is fortunate or unfortunate, it is an issue we must deal with as we study complex areas like welfare or the welfare state. While there is a general understanding of these areas, researchers seem to choose the scope of welfare or the welfare state based on their interests and perhaps what data is readily available. This research is no different. Although the welfare proxy used in this study gathered the most common elements used in previous research, it found additional areas, which were
directly related to the Moldova. In doing so, this research further proved that welfare and the welfare state are loosely defined complex areas. The situation is only obscured when the welfare state is studied between post-communist and EU countries. As statistical analyses showed, optimistic findings do not necessarily provide an accurate portrayal of a country’s true condition.
CHAPTER SIX

Conclusion

6.1 Introduction

This research originated from both my personal interest in Moldova, having worked there from 2010-2012, and my academic interest in welfare and the welfare state. The key informant interviews and personal interactions with Moldovan citizens allowed me to reflect on how Moldova has changed since my initial journey to the country in 2012. While some of its citizens expressed a lack of hope, I was also able to experience people’s desire to improve their country. I now have a better understanding of the complexity of welfare and the welfare state, as well as Moldova’s welfare state and how it compares to other post-communist countries. I have a greater appreciation for the challenges Moldova has faced and is facing, as well as the nature of improvements that it may experience in the years to come should it decide to join the EU. I have also learned that even when there are specific variables that measure certain areas of welfare states, they may not provide an accurate picture of ground reality. Additionally, my research helped me answer all of my research questions and opened new areas of interest.

In this chapter I briefly discuss the questions that guided this research and suggests recommendations for future research.

6.2 Returning to the Research Questions

Three research questions were developed to explore the controversial meanings of welfare and the welfare state, as well as to gain a better understanding of these in relation to a country’s post-communist history and association to the EU. I conducted a case study analysis
of the state of welfare in the Republic of Moldova. Here I reflect on and summarize the answers to each of these questions.

**Question 1: How do the welfare states of post-communist EU accession countries compare to those of non-accession countries?**

The data analyzed showed that a country’s association to the EU is directly related to its state of welfare. These findings support current research that has found welfare states in the EU to be superior to those that are not part of the EU.

**Question 2: How does Moldova’s welfare state compare to its post-communist counterparts and the EU?**

While welfare states in the EU were found to be superior, the interviews pointed to some instances in which Moldova has a better functioning welfare state. This is the case despite the fact that it is yet to integrate with the EU. These findings were surprising because Moldova’s economy remains one of the worst in Europe. Informants explained this anomaly by noting that variables such as healthcare expenditure are measured per capita, thus yielding an inaccurate picture of a nation’s welfare. Furthermore, these findings raise questions regarding the welfare state of similar post-communist countries that have integrated into the EU.

**Question 3: What constitutes the welfare state and welfare in the Republic of Moldova?**

The informants of this research agreed that healthcare, education, and rate of employment are important measures of the state of welfare in Moldova. However, my interviewees also identified human trafficking, migration, and corruption as areas with significant impact on Moldova’s state of welfare. The presence of these is negatively affecting Moldova’s welfare.
6.3 Conclusion

This research has special significance to me because it allowed me to return to Moldova, my second home, and experience the country from a perspective that allowed for a deeper understanding of its welfare and welfare state. The lessons learned from the informants’ powerful stories and perspectives provide a clearer illustration and understanding to the statistical findings. In addition, this study opens additional areas of a country’s state of welfare that have been neglected in past research in direct connection to a country’s state of welfare. The individual stories allow us to understand why human trafficking, migration, and corruption are key areas affecting Moldova’s state of welfare, and why these should be further studied.

As a final point, this study also contributes to the fact that welfare and the welfare state are in fact very complex areas, but as researchers, we have the freedom to choose which areas we wish to study. Based on the vast amounts of research, it is unlikely that an agreed upon definition of welfare and the welfare state will ever be reached. However, rather than focusing on reaching a consensus, I find that it is most important to understand the problems and needs of a country and then focus on how to improve the welfare of its citizens. It is not the semantics that one should be focused on but rather improving lives and this can only be done by understanding the dynamics as articulated by the citizens of each individual country.
EPILOGUE

I did not know it, but Moldova became my second home the moment I arrived in 2010.

When people ask me what is so special about Moldova, being that it is one of the poorest countries in Europe, and many say has not much to offer, all I usually say is “it just is.” But it’s actually more than just the fact that it’s special to me—it’s the people, it’s the culture, and it’s its beauty. A country devastated after the collapse of the Soviet Union, Moldova is a strong country and there is great potential for development. When I talk with people, I see a hidden hope, even in the midst of so much corruption and oppression. One of the hardest things about my research was the realization of what I was no longer a part of, a country that is going through significant changes and possible history changing events. While many don’t have hope for Moldova, I know Moldova can become a country its citizens are proud of.

In the future, I hope to return to Moldova, but in the mean time, I am left to cherish the experiences my research has left me with.
References


Cretu, G. (2015, March 10). [Personal interview by the author].


Moldovan organization for aiding trafficked women. (2015, March 10). [Personal interview by the author].


Pettit, J. (2015, April 2). [Personal interview by the author].


Appendix A: MAPS

Appendix AA:
MAP OF MOLDOVA

Appendix AB:
MAP OF THE EU

Source: Map Chart
From web-site [http://mapchart.net/] accessed on September 9, 2015
Appendix AC:
MAP OF THE EU AND MOLDOVA

Source: Map Chart
From web-site [http://mapchart.net/] accessed on September 9, 2015
Appendix AD:
MAP OF NON-EU POST-USSR/COMMUNIST COUNTRIES

Source: Map Chart
From web-site [http://mapchart.net/] accessed on September 9, 2015
Appendix AE:
MAP OF EU ACCESSION COUNTRIES

Source: Map Chart
From web-site [http://mapchart.net/] accessed on September 9, 2015
Appendix AF:
MAP OF ALL COUNTRIES STUDIED IN THIS THESIS

Source: Map Chart
From web-site [http://mapchart.net/] accessed on September 9, 2015
Appendix AG:
MAP OF TRANSNISTRIA AND GAGAUZIA:
INDEPENDENT TERRITORIES IN MOLDOVA

Source: MoldovaGate
Appendix B: LIST OF COUNTRIES INCLUDED IN THESIS RESEARCH

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Appendix C: INFORMANTS

1. Anonymous - Program Director for nonprofit trafficking prevention institution in Moldova.
2. Anonymous - Program Assistant for nonprofit institution aiding trafficked women in Moldova.
3. Gert Antsu - Estonian Ambassador to Brussels
4. Don Carroll - Director of Criminal Justice and Law Enforcement Section, U.S Department of State. U.S. Embassy in Moldova.
5. Ghenadie Cretu - Migration and Development Program Director of the International Organization for Migration in Moldova.
7. Samuel Mikhelson - Political-Economic Officer, U.S Department of State. U.S. Embassy in Moldova.
8. Daniela Moraru, Deputy Director Foreign Affairs and EU integration.
10. Irina Vlah - Governor of the autonomous region of Gagauzia, Moldova
Appendix D: INITIAL EMAIL SENT TO KEY INFORMANTS

Dear Mr/Mrs _____,

I am a graduate student at DePaul University in Chicago and I am conducting research on globalization's impact on welfare state development in post-Communist countries, with a case study on Moldova. I would like to discuss the possibility of arranging a 15-30 minute interview with you regarding Moldova's welfare states and how [name of organization] is playing a role in its transition into the EU. An interview over Skype would work great but I will also be in Moldova from March 2-31st if an interview in person is best for you.

I would greatly appreciate your participation in my research as I find that it will greatly contribute to the field of welfare state development for transitioning countries. My schedule to meet is very flexible. Thank you for your time and I look forward to hearing from you.

Sincerely,
Claudette Sevcenco
Appendix E: INFORMATION SHEET

Information Sheet for Participation in Research Study

Globalization’s Impact on Welfare State Development in Post-Communist Eurasian vs. EU Accession Countries: The Case of the Republic of Moldova

Principal Investigator: Claudette Sevcenco, Graduate Student of the School of Public Service

Institution: DePaul University, USA

Faculty Advisor: Ramya Ramanath, Ph.D.

I am conducting a research study because I am trying to learn more about the role of globalization on welfare state development. I am asking you to be in the research because you are directly involved/knowledgeable in the subject of welfare state development. If you agree to be in this study, you will be asked to answer questions regarding Moldova’s welfare states post-Communism. The interview will include questions about Moldova’s welfare states, as well as reforms it is currently implementing as it integrates into the European Union. I will also collect some personal information about you such as your job title and level of involvement in each project or reform. If there is a question you do not want to answer, you may skip it.

This interview will take about 20-30 minutes of your time. Research data collected from you will be reported as aggregate or as group information, allowing the information about you to remain confidential. If you allow it and would like to be quoted, I can include your name in any paper I write about the interviews. I will give you a choice below to indicate whether you want to be linked to your statements and identified by name. I will record the interview in order to obtain an accurate record of what you have said. I will then transcribe the recordings into written notes. Any recording will be destroyed after I transcribe the information. However, you can decide not to allow me to record the interview and just allow me to take written notes.

Your participation is voluntary, which means you can choose not to participate. There will be no negative consequences if you decide not to participate or change your mind later after you begin the study. You can withdraw your participation at any time prior, during, or after the interview. If you change your mind later while answering the interview, you may simply choose to end it.

If you have questions, concerns, or complaints about this study or you want to get additional information or provide input about this research, please contact Claudette Sevcenco via email at CSEVCENC@mail.depaul.edu (preferred) or by phone at +210 401-0129.

If you have questions about your rights as a research subject you may contact Susan Loess-Perez, DePaul University’s Director of Research Compliance, in the Office of Research Services at 312-362-7593 or by email at sloesspe@depaul.edu. You may also contact DePaul’s Office of Research Services if:

- Your questions, concerns, or complaints are not being answered by the research team.
- You cannot reach the research team.
You want to talk to someone besides the research team.

The person at this number and email address may not be able to read or understand Russian/Romanian so it might be necessary for you to have someone you know who speaks English to help with the call or help translate your email.

*You may keep [or print] this information for your records.*

- [ ] I agree to allow the recording of the interview.
- [ ] I do not agree to the recording of the interview.
- [ ] I do not want my name directly linked to a quotation in a published paper or other use of the data for this research study.
- [ ] I agree to allow my name to be directly linked to a quotation of what I have said during the interview in a published paper or other use of the data for this research study.

Signature: ________________________________________________________

Printed Name: _____________________________________________________

Date: __________________________________________
Appendix F: IRB APPROVAL

DEPAUL UNIVERSITY

Office of Research Services
Institutional Review Board
1 East Jackson Boulevard
Chicago, Illinois 60604-2201
312-362-7593
Fax: 312-362-7574

Research Involving Human Subjects
NOTICE OF INSTITUTIONAL REVIEW BOARD ACTION

To: Claudette Sevcenco, Graduate Student, School of Public Service

Date: December 18, 2014

Re: Research Protocol # CS111814MPS
“Globalization’s Impact on Welfare State Development in Post-Communist Countries: The Case of the Republic of Moldova”

Please review the following important information about the review of your proposed research activity.

Review Details
This submission is an initial submission.

Your research project meets the criteria for Exempt review under 45 CFR 46.101 under the following categories:

(2) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, unless:
(i) information obtained is recorded in such a manner that human subjects can be identified, directly or through identifiers linked to the subjects; and (ii) any disclosure of the human subjects’ responses outside the research could reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects’ financial standing, employability, or reputation.

(3) Research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures, or observation of public behavior that is not exempt under paragraph (b)(2) of this section, if: (i) the human subjects are elected or appointed public officials or candidates for public office; or (ii) Federal statute(s) require(s) without exception that the confidentiality of the personally identifiable information will be maintained throughout the research and thereafter.

(4) Research involving the collection or study of existing data, documents, records, pathological specimens, or diagnostic specimens, if these sources are publicly available or if the information is recorded by the investigator in such a manner that subjects cannot be identified, directly or through identifiers linked to the subjects.

Approval Details
Your research was originally reviewed on December 1, 2014 and December 17, 2014 and revisions were requested. The revisions you submitted on December 18, 2014 were reviewed and approved on December 18, 2014.
Number of approved participants: 10 Total

You should not exceed this total number of subjects without prospectively submitting an amendment to the IRB requesting an increase in subject number.

Funding Source: 1) None.

Approved Performance sites: 1) DePaul University.

Reminders

- Under DePaul’s current institutional policy governing human research, research projects that meet the criteria for an exemption determination may receive administrative review by the Office of Research Services Research Protections staff. Once projects are determined to be exempt, the researcher is free to begin the work and is not required to submit an annual update (continuing review). As your project has been determined to be exempt, your primary obligation moving forward is to resubmit your research materials for review and classification/approval when making changes to the research, but before the changes are implemented in the research. **All changes to the research must be reviewed and approved by the IRB or Office of Research Services staff.** Changes requiring approval include, but are not limited to, changes in the design or focus of the research project, revisions to the information sheet for participants, addition of new measures or instruments, increasing the subject number, and any change to the research that might alter the exemption status (either add additional exemption categories or make the research no longer eligible for an exemption determination).

- Once the project is complete, you should submit a final closure report to the IRB.

The Office of Research Services would like to thank you for your efforts and cooperation and wishes you the best of luck on your research. If you have any questions, please contact me by telephone at (312) 362-6168 or via email at jbbloom8@depaul.edu.

For the Board,

Jessica Bloom, MPH
Research Protections Coordinator
Office of Research Services

Cc: Ramya Ramanath, Ph.D., Faculty, School of Public Service
Appendix G: STATISTICAL ANALYSES

Table 1 - Correlation Matrix for Welfare States based on EU Association (1996-2011)

*Pearson’s R*

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<thead>
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<td></td>
</tr>
<tr>
<td>2004</td>
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<td></td>
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<tr>
<td>2008</td>
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<td></td>
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Predictors: (Constant), EU_POST, POST_COM
Dependent Variable: WELFARE index (healthcare, employment, education)

Table 2 - Measures of Welfare States based on EU Association (1996-2011)

*Coefficients for Final Modela*

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<th>Variables</th>
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<td>WELFARE (1996)</td>
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a. Dependent Variable: WELFARE index (healthcare, employment, education)
Table 3 – Model Summary for Welfare States based on EU Association (1996-2011)

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a. Predictors: (Constant), EU_POST, POST_COM
b. Dependent Variable: WELFARE index (healthcare, employment, education)
Appendix H: PARTIAL SCRIPT OF CONVERSATION REGARDING HUMAN TRAFFICKING IN MOLDOVA

Interview conducted on February 10, 2015 with Program Assistant for nonprofit organization for aiding trafficked women in Moldova.

To some, human trafficking is no longer a major concern in Moldova. Can you please respond to this claim?

Yesterday we had a woman visiting us from Cyprus. She has a shelter for trafficked women and told us that one out of every five women that comes to her shelter is from Moldova. She came to Moldova in hopes to understand why women from Moldova are being trafficked. What is the cause? What is the root of the problem? She found that often times women, young ladies, have been promised a job and come to find out that it's not what was advertised. The woman was in search of hoping to tell others the realities that she faces with these trafficked women. She realizes the people in Moldova are aware of what's going on but she doesn't understand is why it’s happening and why it won’t stop!

She told us that much of what is being done has to do with the mafia. The women are often beaten, stabbed, burned with cigarettes all over their bodies, and are terrorized. They are brainwashed and many that escape have difficulty managing day-to-day activities. The woman told us the Romanian and Bulgarian mafias are some of the worse and that often times Moldovan women will not testify against their attackers.

They are afraid of what will happen to them and to their families, so let me say this… this woman visited us yesterday! Trafficking is an issue! If it weren’t an issue, all the NGO's that are working to either combat, prevent, rescue, or save young people from being trafficked would have shut their doors already!

Girls didn't just want to go abroad. When you have a country that has a weak economy, issues with social orphans, and no jobs, what are people going to do? They want to go abroad in search of a better life. Often times they have friends tell them about programs, the girls respond to adds in the paper or notices up on walls that promise jobs. They didn't just want to go abroad, they needed work and when they can't find anything here in this country, what are they to do? Even now there are still risks of women and men being trafficked. I hear of women from villages that work with different organizations that sell the young girls from their villages into trafficking. Orphans, both true and social, who don't have families who can support them often look for jobs and when someone offers help with room and board, how are they not going to say no?

We know of a young woman who went in search of work and was trafficked in China. We reached out to help her but she was so scared and full of shame she felt she could never return. In addition, just because someone has a biometric passport doesn't mean that they can't get trafficked. I don't know how many times I have heard of young women who have passports and who get visas and travel because friends told them about a job somewhere only to find out that they were in the process of being trafficked. Just because someone has entered a country legally doesn't take away the risk of being trafficked. I've heard of too many stories of girls that have gone to other countries in search of work, they befriend someone, maybe a guy who then becomes their boyfriend and turns around and sells her. This happens all the time.
I may be talking in circles but this is an ongoing issue. It's happening everywhere. Just because there is awareness doesn't mean that people are taking it seriously. How many times have we heard that too much alcohol is bad for you, smoking causes cancer, laying out in the sun is bad for your skin.... We are aware of issues but we continue on with our lives as if it's not going to happen to us or come close to us. Trafficking is an issue, it continues on. It's happening every day. You can call it what you like, you can try to paint the issue a different color but trafficking is still prevalent in Moldova.