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**The Problems of Economy Integration of the Republic of Moldova
in the European Union System**

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Abstract: The fundamental problem of integration of Moldova in the EU is the faster growth of the national economy than the European one, creating an appropriate financial basis, avoiding poverty and increasing the life quality. The strategy and policies of growth and association of Moldova in the EU was not based on modern economic scientific theories. As a result, the economic development has been carried out primarily on the wrong doctrine and increasing policy and wrong economic integration, based, primary, on social consumption, which has not given a positive effect of European association expected from the reforms implemented in recent years. In the article it is proposed a new approach of economic development and association of Moldova, namely: the main emphasis to be stressed on focusing the investments for primary development of the exporting agro-industrial sector, by strengthening and supporting by the EU of the research and development activity in this field, by innovation and technical transfer oriented to competitive agro-industrial production for export. Achieving these priorities considerably will increase the potential of local economic integration in the EU and will get out the economy from decline, creating a solid economic basis for reducing the poverty.

Keywords: European association and integration; agro-industry; export; economic imbalance; investments

Introduction

The theoretical foundation of social-economic policy of association and integration of the Republic of Moldova in the European family was the doctrine of economic integration and growth based on consumption and operated by remittances primarily from the countries of the European Union and Russia. This paradigm has led, in the process of European integration and association, to fast increase of non-productive expenditures, including social ones, supported by the Government of the Republic of Moldova and to increase the tax burden towards the economic growth and domestic economic potential and the diminish of association rhythm and European integration. Finally, the social-economic potential of integration essential was reduced towards the European. As a result, gradually worsened the problem of association and integration of the economy of Republic of Moldova due to the economic and social imbalances, market expansion and deepening the social -economic crisis. All

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these have led to the reduction of the economic, social and political potential in the European integration process.

But the problem of integration got worse and more once with coming to power in the years 2001-2008 of a left ruling party, which under the slogan “European vector” of soviet-type development, which pleaded for a more social orientation, for a cesionist state model of general well-being. This communist doctrine of development based on consumption has reduced to minimum the financial-economic premises necessary for the reformation and integration in the European Union. This government instead to reduce essentially the unproductive costs, has increased considerably the social expenditures, the pensions, introduced a number of social facilities and has admitted the direct involvement of the State in the real economy. This tendency, at first sight positive, has led to the reduction of accumulations and investments in the local economic potential, increasing the inflation and decreasing the revenue already obtained, deepening the crisis and increasing poverty. All these have put in danger the possibility of the RM to association and integration in the European Union.

Therefore, solving the problem of association of the national economy in the European Union, it is impossible without changing the doctrine of growth and establish a new paradigm of development, which implementation would connect the Republic of Moldova to the European economic system.

Materials and Methods

The general nature and the characteristics of new economic doctrine of growth and integration of the Republic of Moldova in the European Union includes multiple conditions, elements and levels which are partly stipulated in the Association Agreement.

The new paradigm of development and association of the Republic of Moldova in the European Union includes: local growth economy system and integration in the European Union; activation of processes and integration of the European and regional factors that influence the growth of the national economy, especially, in the conditions of global financial-economic crisis; Moldavian-European integration and development at the interdepartmental, departmental and local level; the growth and integration of the social-economic system of local and European development at microeconomic level.

These elements, levels and domains of new doctrine of development and Moldo-European integration are closely related, interacting and influencing each other. At the same time, dominated, the nucleus of new paradigm of growth and integration constitute the reforms and policies of development achieved in the economic system at the national level that influence and determine the stability and integration effect at industry level and concrete activity.

The problem of new doctrine of economic growth and Moldovan-European integration requires: the analysis of factors and the specific of economic association and development process; by overcoming the socio-economic crisis and poverty; highlighting the influence of international and regional factors on the national socio-economic system.

The content and the effectiveness of new paradigm of development and Moldovan – European economic integration policies lies in the reactions on the acceptance or non-acceptance of these policies by the civil society, economic agents, potential foreign investors and state intervention in the activity of economic agents and of integration in European structures. These doctrine and new policies of integration include, on the one hand, social-democratic elements of development, reform of the justice, the fight against poverty and corruption, development of civil society, merged, on the other hand, with economic elements of free market, antimonopolism, combination of oligarchy, etc.

The political basis of economic growth and European integration is overcoming the socio-economic crisis in the process of recovering the local real economic sector.

New doctrine of growth will include the elaboration and realization of the development strategy of the real economic sector and its integration in the European economic system requires solving a set of problems:

- Highlight and achieving of a free and stimulating policy of growth and integration of the local real economic sector as a component part of the European development policy;
- Encouragement by the Government of the Republic of Moldova and by the European States of innovations, scientific-technical progress and the priority human factor in the types of activity, that are relatively more advantageous in the open local economy;
- Speeding up the process of privatization of the economic sector monopolized by the state and local administration, pursuing the goal of demonopolization by direct participation of the structures of the European Union in this process;
- Boosting the structural changes in the real sector of the economy adequate to a market European economic structure. The local economic structure, the place of the small and medium business must be similar to the structure of the European economy;
- Highlighting the most advantageous branches for the Republic of Moldova in the international and European Union's trade, the implementation in these activities of European stimulating policies which will allow intensification and integration of the real economic sector in the European one.

The Communist government in place to achieve the new doctrine of economic growth and a new strategy of development of the real national economic sector, practically stopped solving the set of problems described above.

Results

In such conditions, as a result of the Communist Government in the years 2005-2008, in the economy of the Republic of Moldova appeared specific situations, which have led to a deep economic -social crisis, a vicious cycle and a system of problems of association and integration in the European Union. In response to diminishing the incomes of economic agents, as a result of increase of taxes and social costs, the citizens and economic agents have diminished their possibilities of saving, investment and economic integration in the European Union. As a result, there appeared conditions of worsening the economic stagnation imbalance of the process of integration, and these, in turn, have generated diminishing the financial support of future social services provided by the State and have led to the situation, when economic and social imbalances took a character quite profound and chronic. The Communist government in place to realize this critical situation and to change the policy of development and to associate with the European Union stopped the relations with the IMF and missed out the chance to take advantage of the facilities and grants offered by the European Union and international institutions. In these circumstances we had the only support from the part of Romania.

The social-economic system of the Republic of Moldova since 2005, getting in a such vicious crisis, as more efforts the government made to suppress the phenomenon of crisis, the imbalance and solving the problems of social need by increasing social expenditures and inflation, more gains weight this negative phenomenon. The social-economic and political imbalance, the contradictions and tensions in

society peaked in 2009 and turned into antagonistic contradictions expressed in increasing the poverty, massive migration of the active labor force, forced change of the power, etc. The social-economic situation worsened more the problems of national economic integration in the European system, but also strengthened the civil society and confirmed the need of local association and economic integration in the European Union. The critical situation clarified and highlighted the unique direction of development that has no alternative-European vector and the integration in the European Union.

But, for the economic growth and association of the Republic of Moldova there is no more important problem than overcoming the social-economic crisis, reducing migration in the country of human labor, which is the greatest wealth of the country. The importance of the new paradigm and solving the problems of association and rapid integration in the European Union further increases, if we consider that the domestic economic potential, developed on consumption, consumed rapidly and essentially compressed and, figuratively speaking, is in a coma, and the social-economic system is bankrupted and is maintained due to the drops of the remittances pipette and those billions of foreign currency coming into the country from abroad with a much higher price, if we consider the disintegration of migrant families and destruction of the nation.

A special place in avoiding the bankruptcy of the Republic of Moldova belongs to EU and especially Romania.

Therefore, for the economic science and for the practical activity appears the most actual and important problem: to change the doctrine of growth and to speed the social economic reforms which constitute the basis of association and integration of the national economy in the European Union. Solving the problem of adherence of the local economic potential to the European one, is impossible without strengthening the society and changing the vector of development from CIS to the European Union and establishing of such a paradigm of social -economic development, which implementation would get the economy out of a coma and would connect to the European economic system.

Discussions

The Moldovan Society in the year 2009 for the first time convincingly gave voting power to achieve the economic growth and to associate and integrate the economy in the European Union. But unfortunately, the national economy since 2009 – the year of vestiture to power of the “Alliance for European Integration” and so far, is developed by inertia, practically on the same doctrine based on consumption growth, which obviously does not remove the economy from the deep crisis and not opened the doors to the European Union. It seems that some currents of the Government Coalition directly or indirectly support the development and Pseudo-Europeanization based on erroneous doctrine of economic growth. Because of the policies and actions of pseudo-association and pseudo-European integration primarily is based on consumption. The minority parliamentary coalition supported by the Communists, advocating the social consumption, policies and reforms implemented do not have the required effect and convincing to accelerate the process of complex integration of the social system in the European Union economy. This is confirmed by pro-European government practice, when strategic objectives such as airport or major commercial banks, and are ceded to the business of the CIS system.

The inconsistency policy of adherence and the European integration is reflected in the National Development Strategy “Moldova 2020” where it is emphasized changing the paradigm of economic development of the Republic of Moldova. This theoretic Strategy involves attracting investment, the

need to develop the export industry of goods and services. Also it is emphasized the need to promote knowledge-based sectors. However, this strategy highlights attraction and diffusion of investments limited in a number of priorities, beginning with education, roads, reducing financial costs, improving business climate and ending with reducing energy costs, stable ensuring of the pension system, quality of health, justice etc., implementation of which, according to governing opinion, will lead to increasing the living standards, as economic priority direction and poverty reduction. Highlighting as a priority practically the all national economic system shows that this strategy does not differ at all from the previous strategy and other government programs.

In our opinion, increasing the investment in these priorities, unfortunately, does not support and cannot fully realize the transition to a new doctrine of growth, association and European integration since the development is based again figuratively speaking on “spreading” the limited investments primary on social consumption and not productive investment priorities.

This it is confirmed by the fact that most investments are directed to the above priorities that constitute the social sphere of consumption. There is a paradox, because it is declared a new paradigm of development, association and European integration based on investment in the productive sector, but in reality, investments are directed primary again in social sectors, although it is absolutely necessary and the development of these directions.

This shows that the association and integration of national economies in the European family will be deprived by an essential sustainable growth of the real economy.

In our opinion, for the real change of the doctrine of economic development and ensuring real integration and association in the European Union, in perspective, we propose that in the Development Strategy “Moldova 2020” and in the future, mainly to be focused on the development and integration primary of the exporting agro-industry system by strengthening research activities and development of this area, through innovation and technology transfer, oriented to deep and final processing of the efficient and competitive agricultural production for export. In such conditions, there will be made the real foundation of integration of the exporting agro-industrial system in the economy of European Union countries. At the same time, the European Union will directly influence the exporting agro-industrial system, supporting by innovation and technical -technological transfers.

The priority development of the exporting agro- industry and its integration into the economic system of the European Union may be carried out with the support of European countries relying on the doctrine of economic nationalism promoted still by the German economist F. List. This doctrine provides a number of concrete policies including the introduction of the protectionist system for this branch, changing the legal system in order to stimulate the exporting agro- industry, institutional and business environment reorganization, their conversion into national productive force in order to achieve this priority.

This doctrine was the basis of a significant change in the US, Germany and other countries. For example, as a result of achieving this doctrine and developing as a primary branch the machine building industry, Germany has become one of the richest and most prosperous countries in the Europe. The development of the exporting agro-industry requires the development of programs, including the Moldovan-European in the agro-industrial branches. Among these programs we can highlight processing of fruits in juices and dried fruits or sublimed. The Republic of Moldova has about one million tons of fruit of which 50 percent is not processed because of various causes (Russian embargo, their un-interaction, etc.) and spoiled. Another branch of European integration is the development of the program for producing branded wines, champagne and cognac. It's hard to imagine

that a liter of ordinary table wine, peasants sell it for about 50 cents cheaper than a bottle of drinking water. Figuratively speaking much mind needs the Government to organize and stimulate collecting and transforming this wine into a wine brand, increasing 2-3 times the income. A special interest of economic integration would present the program of primary processing of the local tobacco and production of cigarettes, including flavors. Finally, it is necessary to develop programs for processing of sugar in candies and in other sweets. Unfortunately, the agricultural products mostly are exported as raw material and are returned thoroughly processed with a price 3-5 times higher.

Achieving the integration of exporting agro-industry in the European Union requires stimulating the integration process and implementation of these programs according to the practices of free economic zones; amending the legislative framework towards real protection of this branch. It is necessary to introduce a system of protectionism for agro-industrial products; duty-free of production means and advanced technologies, patents and other important innovations for the agro-industrial system. It is also necessary to grant loans in the agro-industrial system with an interest rate of 0.25%; creating a joint bank with state share up to 49% to attract financial resources of the population and economic agents. It is also necessary to create a branched system of small banks in the agro-industrial sector which would focus investments from remittances in priority sectors; would issue common and preferred shares (with a fixed interest rate of up to 15% in banking system and agro-industrial programs).

It is necessary that the assistances of the European Union and other global institutions and internal resources from other branches, including agricultural subsidies, while 2-3 years, to be focused primarily on the agro-industrial system to save the domestic economic potential.

Conclusions

Developing the exporting agro-industrial sector and its integration in the European structures will give the possibility to build roads, to increase wages and pensions and to achieve other priorities that are highlighted in the National Development Strategy "Moldova-2020". The implementation of these priorities and programs can considerably increase the economic domestic potential and to get the economy out of the coma, creating a solid financial -economic basis for avoiding poverty and increasing the standard of living of the population, the real association and integration of the economy of the Republic of Moldova in the EU economy.

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