

# Belligerent but poor



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As part of the globalised world Bulgaria is now subject to the mood of its new US "masters". In 2003 Bulgarians witnessed the shift from human security to corporate security and state security, and the growth of poverty and insecurity. The Government, detached from the concerns of the people, is manoeuvring in an imaginary world, congratulating itself on its brilliant foreign policy and contemplating positions in the EU and NATO. The Defence Minister's movements and opinions are covered by the media on a daily basis, while those of the Minister of Labour and Social Policy only on a weekly basis, if at all. Taking advantage of an exhausted and resigned population, the Government makes no bones about impunity.

In 2003 the Bulgarian people became involved in an illegitimate war - the war against Iraq - resulting from the invasion of an independent country in serious breach of its sovereignty and in gross violation of numerous rules and instruments of international law. Without holding a referendum or at the very least a public survey, the National Assembly voted to send Bulgarian troops to Iraq to join the US-led "coalition" forces in the fight against "terrorism". In its haste to implement this decision and meet the unexpected expenditure, the Government - the Ministries of Defence and Finance in particular - had to find the money to send a battalion to Iraq.<sup>1</sup>

This was done by reshaping the national annual budget and allocating an unknown figure to mount the "peace-keeping" operation. In spite of the Government's financial curtain it is not difficult to guess that this amount, which is believed to be almost BGL 100 million (around USD 63.3 million) has either partly or as a whole been relocated from other budgetary positions, possibly those for education or social assistance, or from loans, in which case it will make the burden of foreign indebted-

ness upon people's shoulders even heavier than before.

Bulgaria's involvement in the war has led to five Bulgarian soldiers being killed and another 30 wounded by Iraqi so-called terrorists fighting to free their land from foreign invasion. How many more will die is unpredictable, but numbers are bound to grow, since the US, fearing domestic discontent and protests, will be reducing the number of its troops in Iraq, thus exposing a greater number of nationals of the coalition's "member-states" to become war casualties.

## Socio-economic security

### *Unemployment, job security, informal sector*

In its "New Social Policy Strategy" (2002)<sup>2</sup> the Bulgarian Government envisages the implementation of nation-wide labour market programmes (one of which has been denominated "From Social Welfare to Employment") aimed at creating subsidised employment for disadvantaged social groups, i.e., the long-term unemployed.

The philosophy of the programme is broadly in conformity with the guidelines of the EU Employment Directives to the EU-Accession Countries. They also comply with recent post-modern social-democratic approaches to "activating" social policies. The efforts are shifted from providing compensation and benefits to ensuring employment. The emphasis is on prevention of long-term unemployment and social assistance. This means re-thinking the form of social protection and transforming it from direct (cash) assistance to providing competent and individual services.

The programme is aimed at providing employment for 100,000 people over a period of 12 months; its (gross) budget amounts to BGL 217 million (USD 137.4 million) calculated on the assumption that participants receive the monthly minimum wage while social security contributions (except unemployment insurance) are being paid.

The money available amounts to 0.6% of nominal GDP in 2003; net costs for the consolidated

budget have been estimated at BGL 80 million (USD 50.65 million), amounting to 0.2% of nominal GDP.

According to official statistics, during 2003 there was a steady decline in unemployment. The very high unemployment levels registered in 2001-2002 were sharply reduced from over 18% in September 2003 to less than 13% in November 2003. Some economists believe that together with economic growth the main reasons for these results are the active labour market programmes and certain measures taken against informal employment.

Regardless of how the statistics for each factor are interpreted, they both deserve a closer look to attempt to determine their overall effect, unemployment in particular. The programme's effect is not permanent and is also contradictory. Most of the jobs created are low-paid, fixed-term jobs and it would be interesting to know to what extent the wages paid to the temporarily employed correspond to the real usefulness of the work they do. The programme only alleviates the keen need for jobs for short periods at a time. While it is in operation it will transform people with "unemployed" status into people with "temporarily employed" status and vice versa.

In this aspect it is a kind of time bomb that could blow up the labour market if unemployment figures again reached high levels. With the mandatory registration of employment contracts introduced in April 2003 some workers from the informal economy became visible and their working status is now legal.<sup>3</sup>

<sup>1</sup> A 485-soldier Bulgarian Army infantry battalion serves at the Iraqi city of Karbala as part of a 9,000-strong 22-nation force under Polish command. Bulgaria is involved in peace keeping and not in combat operations.

<sup>2</sup> New Social Policy Strategy - Minister of Labour and Social Policy. [www.mlsp.gov.bgs/en/docs/strategy/index.htm](http://www.mlsp.gov.bgs/en/docs/strategy/index.htm)

<sup>3</sup> "During recent years, two developments on the Bulgarian labour market have caused particular concern among the authorities and social partners - the use of hired labour without a signed employment contract, and the widespread practice of employers paying social insurance contributions only on the basis of the national minimum wage rather than on employees' actual pay. The present Government has recently introduced two new inter-related measures - both long demanded by trade unions - adding to the efforts of previous governments to reduce the extent of these two problems. The National Council for Tripartite Partnership has agreed to these measures, which are: mandatory registration of employment contracts with the National Social Security Institute (NSSI); and the introduction of minimum social insurance thresholds, higher than the national minimum wage and set at different levels for the various economic sectors and occupations." European Industrial Relations Observatory. [www.eiro.eurofound.eu.int/2003/07/feature/bg0307101f.html](http://www.eiro.eurofound.eu.int/2003/07/feature/bg0307101f.html)

As a result of this in some sectors like the garment industry for the period April-August 2003 there was an increase of about 40% in the total number of employed workers.

The scenario is confusing, since different institutions report different figures for the same periods. According to the National Statistical Institute the number of people employed in the garment industry for August 2003 was less than 140,000, while according to the National Social Security Institute it was over 180,000.<sup>4</sup> It is always possible to use statistics and figures to one's own benefit, so if a country reports it has achieved its aims in a particular programme, it can obtain one of the five global UNDP Poverty Eradication Awards for 2003. That is exactly what the former Ministry of Labour and Social Policy did.

Despite all these so-called achievements the real situation in the country is still threatening for a large number of marginalised people. It is hard for young people with higher education to find jobs, with emigration being one alternative. The privatisation policy, implemented without taking into consideration the social consequences and without developing alternative employment programmes, will continue to keep the unemployment level high.

As far as economic growth is concerned there is another discrepancy between the number and share of newly opened jobs and growth rates. The employment rate is still 40%, so compared to EU countries (68-69%) Bulgaria holds the last place in Europe.<sup>5</sup>

#### *Poverty, income, living wage*

The overall number of people and the percentage of the population living in poverty is the highest in Europe.

About 45% of the population live below the absolute poverty line. The share of the "working poor" is expanding and involves people with dif-

ferent social and professional background and status - ranging from seamstresses and construction workers to physicians, teachers and scientists. The social gap between the majority of the very poor and the rich (the middle class is practically non-existent) has become dramatically wide.<sup>6</sup>

The average wage of BGL 280 (USD 177.3) is the lowest among EU candidate-countries. The average cost of heating in winter is equal to an average pension. There is no equivalent to this in other countries in transition.<sup>7</sup>

Household expenditures have increased steadily over the last two years. The tariffs for telephone and communications, water, heating, electricity and other services are expected to rise in the future without any clear compensation policy. This will obviously be a burden too hard for household budgets to bear.<sup>8</sup>

At the same time only 17.2% of the unemployed receive regular unemployment benefits. The minimum unemployment benefit is BGL 70 (USD 44). The period of payment, conditioned on length of service, varies between 4-12 months. These minimums are in fact only 60% of the legal minimum wage based on which social security contributions are being paid. Furthermore the legal minimum wage of BGL 120 (USD 76) is at the level of the poverty line. The trade unions estimate it should be BGL 300 (USD 190).

#### **A sense of social solidarity**

Trade union membership has fallen, but still remains high by Western European standards. However, trade unions do not appear to have been successful in preventing the decline in the standard of living and working standards. The attitude of most workers is characterised by a widespread apathy, with most of them saying that they would not take action in response to unpaid wages or other adverse conditions in their work. Despite these negative features, according to sociological

surveys Bulgarians appear to have retained a sense of social solidarity. In short, civilised values survive in economically insecure circumstances.

Bearing in mind all these conditions, it would be a miracle to expect new legislation to be implemented soon. The new Protection Against Discrimination Act and the new Law on Combating Illegal Trafficking in Human Beings in force since 1 January 2004 will need additional funds allocated by the Government. It will all depend on the priorities of the moment. ■

4 Information by the Bulgarian European Partnership Association.

5 Confederation of Independent Trade Unions in Bulgaria (CITUB); Institute for Social and Trade Union Researches. [www.knsb-bg.org/e\\_index.htm](http://www.knsb-bg.org/e_index.htm)

6 *Ibid.*

7 *Ibid.*

8 *Ibid.*