

■ BULGARIA

A painful transition



Neoliberal policies led to a deterioration of the social safety net, impoverished the population further and did not encourage civil and social dialogue. Two years before its full membership in the European Union (EU), Bulgaria needs stronger and more balanced economic and social policies, elaborated and implemented in the framework of genuine civil participation.

Bulgarian Gender Research Foundation
Bulgarian-European Partnership Association

The stabilization of poverty and a deficit of democratic governance characterize Bulgaria only two years before its full integration into the European Union (EU) scheduled for 2007. Neoliberal policies applied by earlier governments (1997-2001 and 2001-2005) led to a complete failure of social programmes, impoverished the population further, and did not encourage civil and social dialogue. The Government which took power in mid-2005 will apparently not make any changes to the neoliberal model of economic and social development the previous Governments opted for.

Liberalization and unemployment

Further economic restructuring and liberalization from 2000 led to the sale of important public assets, such as most of the fossil-fuel power stations. Privatization of this kind has had a high social cost exemplified in the loss of thousands of jobs. At present less than half the population participate in the labour market. Economic effectiveness decreased by seven points over the last 10 years. The economic active population rate is alarming when compared to the EU: in 2003, for the EU-15 it was 71.4%, for the EU-25 it was 72.4%, and for Bulgaria, only 40%. The number of unemployed people doubled during the last ten years and at the end of 2003 reached more than 400,000 people.

Other negative trends and characteristics of the economy include the liberalization of key sectors and branches of the economy, such as transportation and telecommunications, maintaining a high share of the grey economy, and keeping low investment in new and high technologies. The GDP growth for 2004 was 5.7%, far from the 8%-10% target.

Poverty and income erosion

Poverty cannot be measured only in terms of income: it expresses itself in an inadequate standard of living, in the absence of possibilities to satisfy basic needs and in limitations to living in dignity. Seventy per cent of the population have still been unable to come to grips with the unprecedented level of poverty which has had such a negative effect on their motivation to work as well as on their profes-

sional and cultural development. Poverty degrades the scale of values of the population and generates aggression, negativism and disappointment, which in turn affect younger generations.

As a result of the restrictive policy of all transition governments, and especially of the last two governments, we can verify a continuous erosion of real income. In 2004 real income represented 47.7% in terms of the minimum salary and 50.3% in terms of the average salary compared to 1990. According to figures from 2003, Bulgaria has the lowest income among the countries of Eastern Europe EUR 140 (USD 172) compared to the Czech Republic, EUR 527 (USD 647); Estonia, EUR 455 (USD 559); Hungary, EUR 528 (USD 648); Latvia, EUR 298 (USD 366); Lithuania, EUR 338 (USD 415); Poland EUR 476 (USD 584); Slovenia, EUR 1,073 (USD 1,317); and Romania, EUR 170 (USD 209).

For the period 2001-2004 the average salary increased by 25.6%, while prices increased as follows: telephone 40%, electricity 95%, heating 40%, medicines 70%. Today every second Bulgarian has to make a choice between buying food and paying bills. According the Confederation of Labour, in order to survive, one person needs BGL 465 (USD 310). At the end of 2004, the income of 447,000 Bulgarians was between BGL 120 and 150 (USD 80-100) per month. During 2004 the cost of living increased by 7.3% and the share in non-alimentary goods and services increased 2.8 times.

The working poor

With procedural tricks and ineffective programmes which remained only on paper, like the one called "From social assistance to employment", the Government managed to lower the level of unemployment from 17.46% in January 2003 to 11.88% in November 2004. The employment created through these programmes is not sustainable and does not constitute "real" employment. The other employment deficit in Bulgaria is the syndrome of the "working poor", by which workers do not receive their salaries on a regular basis and there are no real mechanisms for guaranteeing the payment of wages. The remuneration that more than half of employed people receive is clearly insufficient to ensure a decent living. For example, in 2004, 57% of all employed workers paid social security on a gross remuneration equal to BGL 240 (USD 160). This results in the phenom-

enon of the "working poor", which was not tackled by the previous Government, to continue without a solution, despite the Government's promises.

Another indicator for increased insecurity in the labour market is the widening of the age bracket in which women and men are at risk of not finding work. In 2001 women were most at risk between the ages of 45 and 59 and men between 55 and 63. In 2003 the respective figures were 32-59 for women and 40-65 for men.

A deteriorating social safety net

The deterioration of social standards resulted in the deterioration of demographic trends. The population of Bulgaria is progressively decreasing. For the ten years following 1992 it decreased by 600,000 people. An additional drop in population of 700,000 inhabitants (9%) is expected by 2010. Negative population growth (-0.89%), sustained migration of the younger generation and a high mortality rate due to diseases (14.3 per 1,000) for 2002 are the consequence of the serious economic and social situation. According to the National Statistics Institute, the average life expectancy is also decreasing: from 75.1 years in 1990 to 72.1 in 2003. This is a further sign of an inoperative health system.

The main risk factors for health are poverty and marginalization; long-term unemployment; the low income of 90% of the population; the unhealthy way of life, which includes unbalanced and unsafe food; and unhealthy working conditions.

More women are poor

Poverty also has serious gender connotations. It affects women to a larger extent and in a different way for several reasons: women in the labour force are more affected by liberalization, privatization and the flexibilization of labour. It impacts on their job conditions and especially on their salaries. In order to ensure the survival of their families, many women are ready to accept any job under any job conditions. The liberalization of public services impacts both employed and unemployed women, in particular women heads of households.

The increase in the number of women-headed households, 65% of whom live in absolute poverty, is a gender issue. According to United Nations Development Programme sources, these households are poorer than male-headed households. Despite

the Government's poverty alleviation strategies, poverty continues to affect women, increasingly so with age. Three times as many women aged 60-65 years are poorer than men in the same age bracket. Poverty also affects the large ethnic minorities of Turks, Bulgarian Muslims and Roma people, women again being more vulnerable than men, with over 50% unemployment.

According to the research report of the Women's Alliance for Development and the Agency for Social Analysis¹, women above 50 years of age are the group most at risk of poverty. About half of women who live alone are poor. Psychological aspects of poverty, as well as its material base, are important. In this regard, 45% of women above 50 perceive themselves as poor, while two thirds of Roma women, and 47% of Turkish women, feel they are poor. At an individual level, this is expressed by feelings of marginalization, helplessness, low self-esteem and dependency. These women tend to live from day to day, without plans for the future. In general, resignation is the dominant response of Bulgarian women and Bulgarians to their poverty.

Lack of civil and social dialogue

In this context, there has been a deficit of civil and social dialogue which began in 1990. For this dialogue to take place a dose of goodwill to improve institutional capacity is needed. For the Government, the concept of civil and social dialogue is seen as a way of imposing its policies rather than a way of developing a system for respecting trade unions and non-governmental organizations and for taking into account the different opinions in civil society. Despite the Government's promises, the institutions for social dialogue and real negotiations under the format of tripartite cooperation, which are regulated in the Labour Code, have been totally neglected. The National Council on Tripartite Cooperation, which existed as a consultation body, was deliberately abolished by the previous Government and was turned into a mere function of the Ministry of Labour and Social Policy.

A bleak future

In this new framework, issues such as the income policy and remuneration are not discussed because they are subject to negotiation with international financial institutions. Other issues that were taken out of the tripartite dialogue are electricity and heating prices, communication services and healthcare services. Even institutions for social and civil dialogue like the Social-Economic Council, which are more or less in place, do not function.

Bulgaria desperately needs stronger and more

balanced economic and social policies, elaborated and implemented in the framework of a genuine civil and social dialogue. Given the trends registered during the last years of the transition, it does not seem likely that this balance will be achieved.

The recent national elections showed that people want a clear change. But Parliament is dominated by the same political forces that defined the development of the country during the last four years. The scant majority obtained by the Bulgarian Socialist Party obliges it to form a coalition government with other political forces, namely, the forces which have governed the country since the transition. The EU and international agencies exert pressure for the creation of a stable government and their main condition is that Bulgaria preserve the neoliberal paradigm which has governed its economic and social development over the last few years. In practice this means further deterioration of living standards in the years leading to EU accession.

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¹ *Women, Labour and Globalisation*- Women's Alliance of Development and Agency for Social Analyses, 2003.