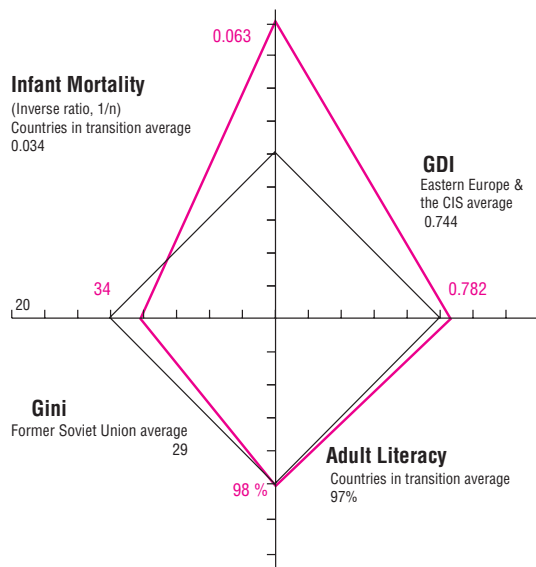


B U L G A R I A

R E P O R T

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The Equity Diamond: National values in terracotta compared to regional ones in blue.
Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*; **Adult literacy:** UNICEF, *The State of the World's Children, 1998*; **GDI** (Gender Development index): UNDP, *Human Development Report 1998*; **GINI:** World Bank, *World Development Indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

The process of transition from a centrally planned to a market economy in Bulgaria is taking longer than expected and causing hardship, controversy and disappointment in the social sphere. In 1996–1997, Bulgarians had to struggle for sheer survival. In 1996, the annual inflation rate was at 311% with currency depreciation at 3,000%. This seriously damaged people's incomes, devaluated savings and created massive poverty. The average monthly wage fell from the

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equivalent of about USD 110 in 1995 to USD 20 in the first months of 1997. The purchasing power of the population was reduced by half.

RE-DEFINING THE ROLE OF THE STATE

In pre-transitional Bulgaria the State owned and controlled virtually all spheres of economic, political and social life. The State was the only owner and the only employer. Thus it ensured total (and compulsory) employment for all workers. The State dictated a relatively egalitarian distribution of wealth. **Social services were provided uniformly, and in quantity if not in quality.**

Education was free and enrollment of school age children was almost 100%. Health care was free. Other social incentives included: early retirement (55 for women and 60 for men, but 45 for some categories of work); pensions nearly equal to the average working salary; social benefits such as a two-year paid maternity leave and stipends for university students. Special emphasis was placed on equality between women and men, and women were promoted in the field of economic activity.

These social services were based on ideology and did not reflect the economic capacity of the State to provide them. Social security was achieved through a massive re-direction of revenue, which exhausted the economic resources of the system. It was completely unsustainable, and, ultimately, it was not sustained. In its final years, the communist government incurred a huge foreign debt. Servicing this debt now means that the social achievements of the past were actually «borrowed». **In 1996, 63% of overall budget expenditures went to pay interest on the foreign debt.**

In 1989, with the disintegration of the Soviet Block, Bulgaria had an opportunity to make new choices for the future. Since then four parliaments, nine governments and three presidents have sought a development path that would take the country out of economic crisis and into the family of modern European societies. The reform agenda included creating a pluralist political system (first democratic elections were held in 1990), adopting a new constitution (1991), ensuring human rights and freedoms, liberalising

the economy, reforming the State administration, and developing civil society.

Despite early enthusiasm, the process of democratization has proved to be difficult and uneven. In the six years following 1989, Bulgaria was directly or indirectly governed by post-communists who slowed down reforms and were widely known for their economic policy of «nationalizing losses and privatizing profits» in the economic sector—which was still 80% state-owned. This brought on Bulgaria's deepest crisis in modern history.

ERADICATING POVERTY

In 1996–1997, Bulgarians had to struggle for sheer survival. In 1996, the annual inflation rate was at 311% with currency depreciation at 3,000%. This seriously damaged people's incomes, devaluated savings and created massive poverty. The average monthly wage fell from the equivalent of about USD110 in 1995 to USD20 in the first months of 1997. This is particularly significant in Bulgaria where the main source of income is wages and salaries and other sources of income less affected by inflation are minimal (income from property is 1.2% and from entrepreneurship is 6%).

Although employed, people faced poverty, hardship and insecurity. The number of households with income below subsistence level reached 54% in 1996; households below the social minimum were 41% in 1990 and 73% in 1996. The purchasing power of the population halved, creating changes in household consumption: the share of income spent on food increased from 36% in 1993 to 55.9% in 1997. The average monthly pension fell by 65% from 1990 to 1996. Drastic negative changes in the level of consumption and security occurred for women-headed households, pensioners, families with many children, people with disabilities, and people from ethnic minorities. This massive impoverishment was an unexpected result of the transition, and it had a shocking effect on the public.

Poverty is growing among women-headed households. These comprise 21,4% of households in Bulgaria and their number continues to grow due to higher life expectancy of women (63% of elderly people are women), the increase in divorces and the falling marriage rate. **Most (64,9%) of female households are poor by the standard of absolute poverty, but they are also poorer than male-headed households.** The impoverishment of women is rooted in structural gender inequality, but since this is generally not recognized, government interventions that address the issue are condemned to fail.

Another new phenomenon is the widening gap between income levels—in 1996 the wealthiest 20% of the population received income 5.8 times higher than the poorest 20%. While it is understood that these differences are inevitable in a free market environment, there is also strong public disapproval of income stratification and an expectation that everybody should have an equal start and equal opportunities and that the State should regulate incomes.

FULL (UN)EMPLOYMENT?

Unemployment was a new problem for Bulgarians. It occurred as a result of strong pressures.

The first was the crisis itself, which forced cuts in subsidies to industry, civil service and government administration, shrinking personnel to the minimum possible. Protective labour legislation was not changed or was neglected, especially affecting women in the private sector.

The second was structural adjustment, initiated in the 1996 agreement between Bulgaria and the IMF, which became fully operative in 1997–1998. The re-structuring of the economy required privatization and closure of loss-making enterprises. Both caused massive lay-offs. Employment in the public sector dropped by 21.1%. The private sector was not developed enough to absorb workers released by the structural reform. **In 1996 only 35.5% of the active population were actually working. In early 1998, registered unemployment was around 14%.** As a direct consequence of economic, social and demographic development, four people now depend on each worker in Bulgaria.

FROM EQUALITY TO EQUITY

The principle of equality between men and women was at the basis of Marxist doctrine and was seen as entitling women with full and equitable access to economic activity outside home. Equal access to employment, it was argued, would inevitably and automatically lead to equality in all other spheres. Women were provided with paid jobs outside home for ideological reasons, but more importantly, because cheap labour was needed. Although the principle «equal pay for equal work» was applied in practice and the State (as the only employer) provided unified salary rates for all levels and types of work, women received lower wages. Regardless of their academic achievements, women were given marginalized positions and limited career chances. As a result, several generations of Bulgarian women found it a frustrating experience to be «equal workers».

Institutions, NGOs and the public in Bulgaria believe the issue of gender equality is resolved. It is not a priority on the contemporary reform agenda. Promoting women's human and social rights has a certain «retro-communist» flavour and is seen as «reactionary» in the context of the transition to a liberal market economy.

Democratic changes offered new opportunities to women in three major ways: women researchers and activists could re-conceptualize equality between women and men and liberate it from the hypocritical images created by communist propaganda; women could organize themselves into independent organizations to address not only practical needs but also to advocate their strategic interests; women could participate in consultative and decision-making processes at local, national and international (mainly UN) levels.

The transition to free market and democracy **also placed new burdens on women and created new obstacles** to the realization of women's potential in two main ways. The first is the *deteriora-*

tion of the status of women, which manifests itself in poverty, unemployment and violation of women's rights as workers, increased violence against women and violations of women's human rights, increased reproductive risks, and political marginalization. The second is the *marginalization of gender equality on the national political agenda*.

Against this background it is extremely difficult to develop public discourse on women that would serve the purpose of achieving gender equality.

STRUCTURAL ADJUSTMENT

After the collapse of the economy and deep civic unrest, the ruling post-communist party stepped down, preliminary parliamentary elections were called, and the opposition United Democratic Forces came into power. The new Government committed itself to a programme of stabilization, reform and economic growth. A Currency Board was introduced on 1 July 1997. The local currency was tied to the Deutsche Mark, inflation was overcome, national currency reserves were increased, and a more predictable economic environment was established. The currency reforms have not had the desired effect however.

Structural adjustment reforms related to social security and social assistance systems are not a priority for the government, which has adopted only short-term responses to the negative impacts of structural adjustment on broad sector of Bulgarian society.

FROM UTOPIA TO REALITY

During the socialist regime, the educational system in Bulgaria was highly centralized and controlled and subject to constant reforms. In the post-communist period it could not utilize external resources and opportunities for support and development. Today, schools in Bulgaria face restricted budgets, low teachers' salaries, and maintenance problems. Subsidized school lunches and transport, especially important for children in rural and mountainous areas, have disappeared. Less than 1% of first to third level pupils are in private schools.

Health care is the area in which Bulgarians experienced the greatest deterioration since 1989. The former well-organized network of medical institutions and well-qualified medical workers is now under severe pressure. Guaranteed access to medical service is disappearing: many primary health centres and hospitals are closed down or operate with reduced capacity. Government expenditure for health care as a percentage of GDP decreased 3%–5% in 1993–1997. There are few private medical institutions and there are few people who can afford them.

Because Bulgaria delayed in establishing a medical insurance system, it missed the chance to build on the strengths of the existing system and to adapt it to the changed situation. Since medical care and health education are considered to be the joint responsi-

bility of central and local governments, the slow reform and decentralization of the state administration adds additional difficulty to the development of a new health care system.

STRENGTHENING THE FRAMEWORK FOR SOCIAL DEVELOPMENT

The new government has assumed responsibility for creating an appropriate socio-economic environment for development based on private initiative as pre-condition for all growth. The Bulgaria 1997–2001 Programme commits the government to financial and economic stabilization, privatization of state-owned enterprises, promotion of private business, elimination of corruption, administrative reform and decentralization.

The Programme is vague on social reform: the State should limit its re-distributive role and discontinue its paternalistic role. This will happen, it is argued, not because of some neo-liberal philosophy, but because there is nothing left to re-distribute. **Thus sustainable development and human development as strategic concepts are considered to be outside the mandate of this government.**

The Bulgaria 1997–2001 Programme has replaced the previous government's plan for creating «a modern socially oriented market economy» with state and private sectors competing on equal terms and with strong state regulation in all economic and social spheres, which was the basis of the National Programme for Social Development (the Bulgaria response to the Copenhagen commitments) adopted in 1996. The 1996 Programme has not been up-dated to reflect the new development strategies and there are no references to it in the new government initiatives.

SHORT-TERM LOSSES AND LONG-TERM GAINS

Communist Bulgaria had a relatively high level of social security. But the quality of services was low and there was no choice—you took what you were given. Human development is defined as «enlarging people's choices», which can only happen with democratization and economic growth. The current political and economic processes aim to lay the foundation for human development in the longer term—for now, the choices are only potential.

The Constitution of 1991 guarantees the broadest possible range of social rights, but the State does not have the means to enforce them. The State had to abdicate its constitutional obligations the moment the constitution entered into force. Since neither politicians nor NGOs are prepared to change the constitution, it stays as it is (for practical convenience) and nobody observes it, with the result that people do not trust the rule of law.

The government has no resources to provide social services, so it appeals to people to be «reasonable» and try to overcome difficulties themselves. Assuming that the government would provide services if it could, NGOs should continue to advocate on behalf of vulnerable and marginalized groups and make sure that

no opportunity for social development and equity is missed.

The changes in Bulgaria have created a new framework of accountability with respect to Bulgaria's international commitments. But with little continuity between governments, obligations are often forgotten. Current government priorities are integration into the EU and monetary reform. **The Copenhagen and Beijing commitments have never been a priority for the Bulgarian government.**

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