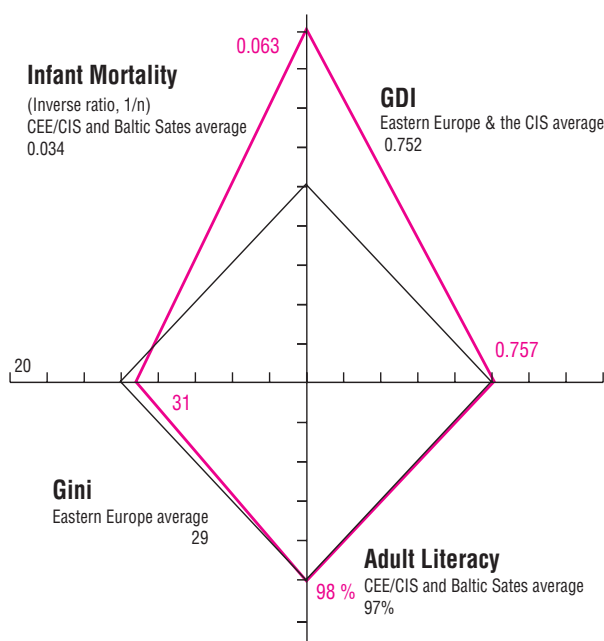


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*The Equity Diamond:* National values in terracotta compared to regional ones in blue.  
*Source:* **Infant mortality:** UNICEF, *The State of the World's Children, 1998*, **Adult literacy:** UNICEF, *The State of the World's Children, 1998*, **GDI** (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*).

*With structural reform, privatisation, attracting foreign investments and accession to the European Union among the government's priorities, Bulgaria will not avoid the negative effects of globalisation on social protection, especially among vulnerable groups. The negative effects of armed conflict in the Balkans on the Bulgarian economy and financial constraints related to structural adjustment programmes have also negatively affected the ability of the government to promote social development: the government has failed to institute better safety nets,*

## STRUCTURAL REFORM VERSUS SOCIAL DEVELOPMENT?

*stronger regulatory capability and more transparency to balance these effects.*

### SOCIAL RIGHTS SACRIFICED

At the end of 1998, Bulgaria had 8,230,371 inhabitants. Bulgaria is among the countries in the region with the lowest percentage of children and young people and the highest percentage of old people. Women comprise 52.2% of the population. In 1997, Bulgaria had the lowest population growth rate of the countries in transition—minus 6.9 per thousand people.

Structural reform and privatisation are complex phenomena, which inevitably affect the social and economic status of citizens. The impacts of macroeconomic shocks and reforms on the standard of living of individuals and households are serious. Among these impacts: decrease in public sector employment since 1989, which is only partially compensated by increase in private employment; substantial decline in real wages; deterioration in indicators such as health; and growing income inequality.

In 1998, the number of employed was 3,106,200—1.6% less than in 1997 because of structural reform. In June 1999, the number dropped to 2,970,800—4.3% less than the previous period (data from National Statistical Institute). The main reasons for this drop are: gradual withdrawal of the state as owner and producer through privatisation (by 1999, approximately 47% of all state property had been privatised) and restructuring of the economy. In June 1999, the percentage of the overall workforce employed in the state sector had decreased to 52.5%, compared with 56.7% in June 1998.

The government's efforts to combat unemployment failed. According to statistics of the National Employment Office (NEO), the rate of unemployment in 1999 was higher than in 1998. As of June 1999, the rate of male unemployment was 14% and the rate of female unemployment for the same period was 14.1%. Women's unemployment is increasing at a faster rate. Of registered unemployed, 52.7% are women. In September 1999, the ratio between unemployed men and unemployed women was 45.5%:54.5%

In the context of weakened state control, the processes of privatising state-owned property resulted in infringements on labour rights and social guarantees.

In the past few years, the social security system has had to adapt to profound changes resulting from social and economic adjustment. It has had to hold out against macroeconomic imbalances and collapse of production, growing unemployment, a rapid and steep decline in real personal incomes, and unfavourable demographic tendencies. In the face of these changes, the Bulgarian government has lacked the skills needed for effective management of social insurance funds and for reaching public consensus on a social security reform strategy.

The Bulgarian old-age dependency ratio continues to be the highest of all transition economies. This has implications for the social insurance system. Approximately 2.4 million pensioners receive pensions financed from contributions paid for or by 3.1 million insured contributors. There were 74 pensioners per 100 working people in 1997, 79 in 1998, and 80 in 1999. With this ratio, the pension system is financially unsustainable in its present form.

The high rate of unemployment limits the base for raising contributions. Contribution compliance evasion is widespread in the informal sector, which has emerged in the last few years. The average monthly pension barely exceeds 30% of the average monthly wage.

## POVERTY—A PERVERSIVE PHENOMENON

According to the estimate of «Podkrepa» Labour Confederation, people with minimum wage dispose of USD 1.08 per day, those with medium wage –USD 3.80 per day; pensioners with minimum social pension– USD 0.66 per day, pensioners with medium pension –USD 1.19 per day, and those with maximum pension–USD 2 per day.

Taking into account the complexities of poverty, the Bulgarian government should determine a poverty threshold. Academics working on the project «Poverty in Transition» have defined upper and lower poverty thresholds. Their definitions follow the requirements and regulations of the European Union and take into account the specific characteristics of the situation in Bulgaria. «Podkrepa» Labour Confederation estimates that around 65% of Bulgarians live between the serious and moderate poverty lines. Trade unions are pressuring government to announce a real poverty line equal to DEM200 (approx. USD100). The government has not adopted a normative document that could be used to determine the real magnitude of poverty and provide a basis for social assistance schemes.

«Podkrepa» states that the most vulnerable groups in the current economic situation are: families with children, long-term unemployed, old people and disabled people. There is no official calculation of the subsistence minimum in Bulgaria, and trade unions are insisting that this be done in the Tripartite Cooperation. The minimum wage in Bulgaria covers only five per cent of the real needs. Muslims, as well as the Romanies, have large families

with many children and it is very hard for them to meet even the basic needs for physical survival.

**Poverty is growing among women-headed households. They comprise 21.4% of households in Bulgaria and their number continues to grow because of higher life expectancy of women (63% of elderly people in Bulgaria are women). Of women-headed households, 64.9% live in absolute poverty. Women-headed households are poorer than male-headed households.**

For women, balancing their roles as breadwinners and primary caregivers has become especially difficult. As state support for families shrinks, especially for single mothers, more responsibility is shifted to individuals, who, in turn, appear to rely more heavily on kinship systems and local support networks.

The majority of Bulgarian citizens lacked financial means to participate actively in the process of privatisation, because opportunities to acquire property or make profits apart from salaries were restricted in socialist times. Lack of clear, consistent regulations and control over the privatisation process favoured the hidden privatisation of the existing assets. Differences in opportunities and income levels became more pronounced.

The 1999 study, «The impact of privatisation on women during the economic transition in Bulgaria», conducted by the Bulgarian Gender Research Foundation in cooperation with Women, Law and Development International, shows that women are disproportionately affected by economic restructuring. Young women, women during and after maternity leave, and women over age 40, face discriminatory practices in their employment conditions, discriminatory practices in hiring, evasion of labour and social provisions, sexual harassment, etc. Former allowances related to maternity and childcare leave and social security have been considerably reduced, making women less competitive on the labour market. The state has not taken appropriate legislative or administrative measures to curb or balance these trends.

Current Bulgarian legislation on non-discrimination is not in compliance with the provisions of the ILO Convention establishing the right to equal remuneration for work of equal value. In 1992, amendments to the Labour Code abolished the existent 'equal pay for equal work' provision. **The average monthly earnings for women as a share of male earnings in Bulgaria in the public sector are around 69%.** The government claims that women earn less because they have different levels of education and qualifications and shorter accrued working records, resulting from family responsibilities, *eg*, women taking leave to care for ill children.

According to the Memorandum on Economic Policies of the Government of Bulgaria to the IMF, August 20th 1999, the reduction of paid leave for education, maternity and childcare, and facilitation of termination of employment for misconduct or for economic reasons, are envisaged as amendments to the Labour Code. These measures are said to be needed to increase labour market flexibility. Women will be the first affected.

The conditions of work in foreign enterprises, especially textile and garment factories, are quite bad. These jobs are completely feminised. In addition to very low pay and lack of social security, continuous violations of labour and social provisions occur and existing agreements are disregarded.

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