

Preliminary Analysis: Bulgaria

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1. Data Collection

Data collection for the World Governance Survey (WGS) in Bulgaria started in mid January. An initial list of respondents covering all groups of experts included 106 names. The basic principle was to select people with high social and professional standards who have interest in the development of the country (experts who were predominantly focusing on their specific professional area were not recruited).

Letters explaining the objectives of the survey were sent to experts and appointments for conducting the interviews were scheduled. The final list of interviewees was substantially reduced mainly due to unavailability of experts. Serious reason for not participating in the survey (refusals) were the upcoming Parliamentary elections in Bulgaria (June 17, 2001). Some respondents (mainly at high positions in the government bureaucracy) expressed reservations for participating in the survey.

Interviews were conducted in the period January 15 – February 20, 2001. The final list of the experts includes the following categories:

TABLE 1

Groups	Number of experts interviewed
Government	6
Business	7
Legal	6
Parliament	7
Academia	6
Heads of Local NGO's	4
Editors or reporters from the Media	6
Total:	42

2. Comments on WGS-Bulgaria Results

General Remarks

The actual results of the pilot WGS survey in Bulgaria provide, in our view, a fairly accurate account both of the socio-political situation in the country and the divide within the community of experts regarding the status and development of governance over the last 5 years. The divide within the country has evolved in the course of socio-economic transformations since 1989 (November 10, 1989 is being considered the starting date of the transition period). The ruling party at that time (Bulgarian Communist Party) “stepped back” from power and the social and political development started following a radically different path. Since the beginning of transformations two major streams of political analysis and action have emerged. The first one favors the more gradual transition approach that preserves (for a longer time) already existing social arrangements and evaluates the “socialist past” of the country positively; usually these people are closer to the Bulgarian Socialist Party (which inherited the former communist party). The second one is for radical transformation of society and evaluates the past negatively (usually this views belong to the main opponents to the

former regime). The split between these two alternative views exists at the political and the analytical level, i.e. both can be identified in the expert community and among politicians. The impact of this division should be taken in consideration when analyzing the WGS results: depending on who is in power, proponents of the opposite view evaluate developments in the country negatively (very often not very objectively). One of the effects of the above divide is that about 1/3 of the interviewees have been negative towards developments in the last 5 years; these are predominantly members of the opposition in Parliament and people from the judiciary.

Another important general remark about experts' assessment refers to the transition context in the last 5 years. Comparisons of the values of indicators show that there is no deterioration for any of the governance indicators. Among the basic preconditions for that is the 1996-1997 crisis that the country experienced. It was one of the most serious crises in the last 50 years. The crisis started in the financial and the economic sector and led to a political crisis: resignation of the Bulgarian Socialist Party government, elections in 1997 in which the current party in power (Union of Democratic forces) gained absolute majority. The national currency was drastically devaluated (45 X), 15 banks were closed (bankruptcy), savings of the population were devaluated substantially, GNP dropped down 10% in 1996 and 6.0% in 1997; there were numerous strikes and public protests.

The Parliament elected in 1997 managed to serve its full term (4 years) and the government of the UDF was stable during this period (1997-2001). This had not been the case for any of the previous governments since 1990. Still another important background factor are the upcoming elections (June 17, 2001). They have made some experts cautious in their assessments. In general, as political tension grows before elections, evaluations could be considered a bit exaggerated and/or biased.

In order to have a better idea of the absolute values of the WGS indicators the background information about the socio-economic and political evolution of Bulgaria (section 3) should be taken into consideration.

Socializing Dimension

For the socializing dimension, relatively high average scores have been obtained. The main reason for that is the soviet type totalitarian system which existed in the country until 1990; and the comparison quite evidently gives the present social system a much higher score. Under the old system mass media were controlled by the state and it was practically impossible to create associations of citizens without the prior approval of the official authorities. Respectively, the "freedom of speech" and the "freedom of association" indicators have obtained the highest scores on this dimension.

Many experts have, however, expressed more in-depth views analyzing the actual (not the formal) possibilities to express opinions. In this respect it has been noted that freedom of expression is gradually becoming more and more dependent on different conditions for access to media. Regarding media subsidized by the state, since 1990 they have been fully controlled by the ruling party. As far as private media are concerned, access and possibilities to voice alternative views are becoming more and more dependent on the proximity to economic or other interest groups.

TABLE 2

Socializing		Question Average	Total Question Average	Change (now-5 years ago)	Dimension Average
Participation in the political process					
Q1	5 years ago	3,26	3,33		
Freedom of speech - citizens	Now	3,40		0,14	
Q2	5 years ago	3,71	3,74		
Freedom of assembly - citizens	Now	3,76		0,05	
Q3	5 years ago	2,62	2,62		
Discrimination in politics (minorities)	Now	2,62		0,00	
Q4	5 years ago	2,10	2,23		
Gvt facilitation of public debate of policies	Now	2,36		0,26	
Q5	5 years ago	2,38	2,44		
Citizen support for law and rules	Now	2,50		0,12	2.88

Regarding “discrimination in politics”, two remarks could be made. First, there is a methodological problem (for respondents) related to the use of the scale. For this indicator, low values actually indicate lack of discrimination (and respectively a positive evaluation), while for other indicators the positive values are at the other end of the scale. Second, the average values obtained show that the situation in the country is problematic. This is related to the political representation of the Turkish and the Roma minorities. In the period 1990-1992 some important political and legislative steps were made to resolve the problems of the Turkish minority. Most of these efforts have been successful; nevertheless there is still a considerable potential for further improvement of the legal and civil arrangements for this ethnic group. The policies oriented towards the Roma minority have not been successful. Factors for that abound, and, as a result, this ethnic group (representing about 2% of the population of the country) tends to become marginalized in social, political and economic terms.

Regarding the government facilitation of public debate of policies indicator, the values obtained reflect a situation where several factors are operational: 1) the need for all governments since 1990 to cope with crisis situations and to implement “painful” reforms (price liberalization, restructuring of the economy, introduction of new taxes, reduction of subsidies, etc.); 2) the lack of tradition in organizing public debates and a NGO sector that has just started developing; 3) the high degree of polarization of political life which turns policy debate into intensive political/partisan “battles”; 4) the still low level of development of civil society.

The respect for laws and rules has been a specific problem of countries in transition. It is manifested at all levels. The low ratings for this indicator could be explained by several factors. First, the transition state of society and social order in general. Second, the inability of society to quickly generate new values and legitimacy that can effectively replace old (socialist) rules, values and norms. Third, the transition state of the legislation which has been fundamentally revised and/or replaced. All these factors have created a volatile legal environment and contributed to higher crime rates and, more generally, led to a reduced respect for laws, rules, norms and law enforcement agencies.

Aggregating Dimension

TABLE 3

Aggregating	Question	Total	Change	Dimension
	Average	Question	(now-5	Average
		Average	years ago)	
Interest aggregation in political process				
Q6	5 years ago	2,71	2,80	
Legislature representative of society (minority groups)	Now	2,90	0,19	
Q7	5 years ago	3,34	3,38	
Degree of real competition for political power	Now	3,41	0,07	
Q8	5 years ago	2,26	2,26	
Public preferences reflected in policy-making	Now	2,26	0,00	
Q9	5 years ago	2,48	2,51	
Does legislature effectively affect policy content	Now	2,55	0,07	
Q10	5 years ago	2,14	2,18	
Is legislature accountable to the public	Now	2,21	0,07	2.63

Quite naturally for a transition country, the “competition for political power” indicator has received the highest average scores. This is due both to the comparison with the past, as well as to the process of improvement of the political system in the country. The basic contenders for the political power have been the Bulgarian Socialist Party (BSP) and the Union of Democratic Forces (UDF). In the early 1990s, BSP -as a successor of the former communist party, has tried to adopt a “preservation of the past” strategy, while UDF has acted as a proponent of rapid change. Consequently, this controversy has been reproduced in the policies implemented and the enacted legislation. After the 1997 elections, UDF has gained absolute majority and started implementing IMF and WB recommendations and policies oriented towards EU and NATO accession. UDF politician even claim that “real transformations” in the country actually started in 1997 and that the period before that was “lost transformation-time”.

The other indicators in this dimension have received relatively low average values due to developments closely linked to the above-described political controversy. The ruling parties since 1990 have come to power based on populist promises and have, logically, not been able to meet the expectations of the people. The main reason for that has been the serious plummeting of the economy and the pressing needs for restructure and reform which have been contradicting public expectations of higher living standards and better life. In this respect, policies have rather reflected social necessities than public expectations and that has led to disappointment with the capabilities of the political class.

Regarding the different aspects of the legislature (accountability, affecting policy content and representation of public interests) this has been and still is one of the principal bottlenecks of transition. The necessity to operate in a dual environment (composed of a mix of old laws and new legislation) has posed a lot of problems referring to the linkages of policy decisions and legislative base of these decisions. Accountability mechanisms are still to be introduced and existing ones are not fully effective.

Executive Dimension

TABLE 4

Executive		Question Average	Total Question Average	Change (now-5 years ago)	Dimension Average
Government stewardship					
Q11	5 years ago	2,00	2,06		
Is GVT ensuring personal security	Now	2,12		0,12	
Q12	5 years ago	1,75	1,83		
Is GVT ensuring standard of living	Now	1,95		0,20	
Q13	5 years ago	2,41	2,64		
Are leaders encouraged to make tough decisions	Now	2,92		0,51	
Q14	5 years ago	3,27	3,38		
Does military accept subordination to civil GVT	Now	3,44		0,17	
Q15	5 years ago	3,26	3,38		
Is GVT committed to peaceful resolution of conflicts	Now	3,50		0,24	2.66

One of the main elements of public consensus at the outset of the transition in Bulgaria (1989) has been the principle of “social peace and non-violence”. This has been closely linked to the neutrality and/or non-involvement of the security forces (police and army) in political decision making. The strict adherence to this principle has made it possible for the country to avoid violent conflicts as those observed in neighboring countries.

Due to the difficulties in restructuring the economy and coping with the loss of traditional markets and partners, all Bulgarian governments have failed to improve the living standards of the population. The problem has rather been how to reduce deterioration of living standards. The fundamental contradiction for all political leaders has been to find the right compromise between the need to “make tough decisions“ and to deliver better living standards. Governments who have made the tough decisions have lost the subsequent elections, and those who have been hesitant end up in an economical crisis.

Regarding “personal security”, the background factor that should be taken into consideration is that crime rates and law enforcement have obviously deteriorated in the period after 1989. So far, criminal groups and especially organized crime have been the main beneficiaries of the introduction of higher human rights standards (additional opportunities to escape law enforcement). The final effect of reforms – higher personal security – is still a longer-term perspective as it needs better coordination between law enforcement agencies. Poor coordination gives criminals more room for maneuvering. As a result, public preferences have moved in favor of the “tough hand” approach in guaranteeing personal security.

Managerial Dimension

TABLE 5

Managerial		Question Average	Total Question Average	Change (now-5 years ago)	Dimension Average
Policy Implementation					
Q16	5 years ago	3,40	3,51		
Level of power to specialists v/s political appointments	Now	3,62		0,22	
Q17	5 years ago	2,07	2,12		
Existence of merit based recruitment for civil service	Now	2,17		0,10	
Q18	5 years ago	1,93	1,99		
Accountability of civil servants	Now	2,05		0,12	
Q19	5 years ago	2,10	2,26		
Clear decision making rules in civil service	Now	2,41		0,31	
Q20	5 years ago	2,45	2,49		
Extent of equal access to public services	Now	2,53		0,08	2.47

This dimension has proved hardest to reform in the years of transition and the average scores are just another account for these difficulties. The improvement witnessed is mainly due to the Law on Public Officials, elaborated and enacted by the current administration. Quite evidently, notable improvement has been possible in the reduction of the number of political appointees and in defining clear rules for the activities of public officials. However, still considerable time and continuity is necessary to overcome the inertia of the bureaucracy

inherited from the pre-1989 period (when the basic principle was that the ruling party and respectively its party and government administration have a leading role in society and are setting the rules that the citizens should obey).

Research of corruption in the last 2-3 years has shown that one of the basic impediments to administration restructuring and obtaining a “citizen friendly” bureaucracy is the existing corruption motivation among a substantial part of public officials.

Regulatory Dimension

TABLE 6

Regulatory		Question Average	Total Question Average	Change (now-5 years ago)	Dimension Average
Relationship between state and market					
Q21	5 years ago	2,36	2,56		
Does public office promote respect for property rights	Now	2,76		0,40	
Q22	5 years ago	2,07	2,17		
Are all economic regulations applied equally to all firms	Now	2,26		0,19	
Q23	5 years ago	3,81	3,82		
Is there corruption in obtaining a business license	Now	3,83		0,02	
Q24	5 years ago	2,31	2,55		
Is there consultation b/n public and private sector	Now	2,79		0,48	
Q25	5 years ago	2,15	2,50		
Does GVT account for new globalization trends	Now	2,85		0,70	2.72

Although notable improvement is being registered for 3 of the indicators on this dimension, the situation could be considered problematic. The basic background process that shapes the values of the assessments on this dimension is the massive process of privatization in the country. It has been accompanied both by positive and by negative effects. On the positive side is the increased respect for property rights and the more intensive interaction between the private and the public sector (in 1989 more that 95% of the economy was controlled by the state). Negative effects have been generated by widespread attempts to unlawfully redistribute public (state owned) wealth into private hands by employing various techniques that practically affect all economic transactions (corruption, tax evasion, draining of resources from state companies by “input-output” schemes, corrupt privatization transactions, smuggling of consumer goods, etc.)

Adjudicatory Dimension

TABLE 7

Adjudicatory		Question Average	Total Question Average	Change (now-5 years ago)	Dimension Average
Dispute resolution (particularly the judiciary)					
Q26	5 years ago	2,37	2,40		
Equal access to justice for citizens	Now	2,44		0,07	
Q27	5 years ago	2,24	2,30		
Extent of clear decision-making process in judiciary	Now	2,36		0,12	
Q28	5 years ago	2,17	2,22		
Accountability of judicial officials	Now	2,27		0,10	
Q29	5 years ago	2,83	3,16		
International human rights norms incorporated nationally	Now	3,49		0,66	
Q30	5 years ago	1,85	1,96		
Existence of non-judicial conflict resolution processes	Now	2,08		0,23	2.41

As noted in the last (2000) regular European Commission country assessment the functioning of the judicial system is one of the basic problem areas in Bulgarian society at present. The exception in this respect is the incorporation of international human rights norms in national legislation, where, due to intensive legislative changes related to the country's EU accession policy, notable progress has been made. Regarding the other elements of the structure and functioning of the judiciary, the status is unsatisfactory and progress is hardly visible.

There is a widely accepted consensus in Bulgarian society that the coordination (on all levels) between the judiciary, the prosecution and the investigation is poor, that the many legal procedures for citizens and businesses are slow and technically bad equipped, that there is a shortage of well trained staff, etc.

3. Analytical WGS Background: Bulgaria

The major objective of the suggested analytical framework is to provide basic background information that would make it possible to locate the actual values obtained for WGS indicators in the country specific context.

Political Development of Bulgaria until 1989

Bulgaria was the last Balkan country to gain independence from the Ottoman Empire in 1878 with the predominant assistance of Russia (the war of 1876-1878). As a result of this late independence and complicated structure of interests of the dominant European countries on the Balkans at that time, the territory of Bulgaria did not include parts where Bulgarian population was predominant. This linked closely the newly independent country to the problem of constantly looking for a “just solution” of the “national problem”. This in turn predetermined the participation of Bulgaria in several wars (Balkan war, First World War) and led to two national catastrophes, loss of territories, payment of reparations, etc.

The acceptance of the monarchy as a political system has preconditioned the initial structure of the Bulgarian state. The monarch (tzar) received fairly wide powers and this generated considerable instability of the political system of the country. The instability was produced mainly by the authoritarian decision making style of the monarchs. Authoritarian monarchs were also the main reason for several coups and authoritarian regimes until WW II. In economic terms due to late independence Bulgaria started its development as the least developed country on the Balkans. However, before WW II it was already the most industrialized nation in the region.

In the end of 1944, as a result of the agreements reached on the Yalta Conference, Bulgaria fell into the Soviet sphere of dominance and gradually became one of the closest satellites of the Soviet Union. The preconditions for such close ties are on the one hand, cultural and historic (historical gratitude for the independence, common religion, culture and alphabet), and, on the other, the strong communist party. After WW II, when the communist regime was installed, the ruling political elite (a large part of which was educated in the Soviet Union) further contributed to the setting up of the Soviet type of social system in the country. In this respect Bulgaria was maybe closer to the Soviet model than the other East European countries. As a result of this massive protest like those in Poland, Hungary, and Czechoslovakia did not develop in the period 1944-1989.

Over the period 1944-1989 the political system of the country followed the Soviet model: the general secretary of the communist party has absolute power. From 1956 to 1989 the leadership position was occupied by Todor Zhivkov who did not face any serious problems in preserving this post. Zhivkov did not try to gain larger independence from the Soviet Union (like Tito and Chausheko) although he had considerable personal authority. Such an alternative would have confronted Zhivkov with the communist nomenclatura which was predominantly pro-Soviet. In the end of this political career, after Gorbachov came to power, Zhivkov tried to slightly diverge from the Soviet path but was not supported by the communist political elites.

The policy of Zhivkov brought substantial economic benefits to the country (mainly access to cheap raw materials). Due to that, even in the period when economic growth in East European countries declined, Bulgaria managed to sustain an average growth of 4.3% for the period 1979-1988. Another factor for this growth were credits from western economic institutions. In the period 1986-1988 the foreign debt increased dramatically and emerged a one of the priority problems of the Bulgarian economy. The collapse of the COMECON after 1989 placed the country in a radically different economic situation.

Political Developments in the period after 1989

The specific feature of Bulgarian transition is that it began with the massive expulsion of large part of the Turkish minority living in the country. In the spring and summer of 1989 a total of 420,000 ethnic Turks left the country (forced emigration). The total population of the country in 1989 was approx 8.9 mil; the Turkish minority was about 10% of the population and the Roma minority about 2.5%. By the end of 1989, about 100,000 Turks returned. The main reason for this forced migration wave was the assimilation policy of the regime, initiated in 1985. This wave caused serious difficulties in agriculture and trade.

After Zhivkov was ousted from power in November 1989, Bulgarian society entered the phase of acute political and economic crisis (as in most other East European countries). One of the most important events in 1990 was the moratorium on the foreign debt (March 29, 1990). This moratorium, the subsequent collapse of the COMECON, the Gulf war, and the wars in former Yugoslavia, actually strangled the economy of the country due to the loss of markets, export routes, fresh credit, smuggling problems etc.

The first free elections (1990) were won by the Bulgarian Socialist Party (which inherited the communist party). BSP however gradually resigned from power forming a coalition government with broad political representation. At the next elections (1991) UDF (the main opposition group) managed to get the majority vote and form a government. This government was supported by the MRF (the political organization of the Turkish minority which managed to get 7.55% of the vote) but was unstable. Due to contradictions with coalition partners (MRF) and pressure by the oppositional trade union "Podkrepa" the UDF government resigned. It was succeeded by a "government of parity" supported by BSP and MRF (1992-1994). This government avoided making any major decisions in the sphere of the economy. In turn this led to growing political instability, dissatisfaction and substantial changes in public opinion.

In December 1994 BSP won absolute majority at the parliamentary elections. Overall, the government of Z. Videnov (BSP) did not undertake the reforms that would lead to the country to a faster transformation having two major objectives (for which there has been broad public consensus): functioning market economy and EU accession. The delays of economic restructuring combined with extended "unofficial" links of government ministers with the business and the financial sector led to a dramatic economic crisis in 1996: drastic drop of living standards, loss of savings, and collapse of the banking sector. The Videnov government was forced to resign by wide public protests and preliminary parliamentary elections were held in April 1997. UDF managed to get absolute majority and formed the present government with I. Kostov as prime minister.

In political terms, the period 1997-2001 could be assessed as the most stable since 1990. Over this period, the ruling party managed to get almost full control over national institutions (including the judiciary), which was hardly possible for the preceding governments. Over the whole period the main opposition parties – BSP, MRF, the Euroleft – were not factors that could influence changes in the political situation. The government managed to gain considerable support from the EU (invitation to start membership negotiations) and the US by supporting the NATO offensive against Yugoslavia. However, internal public support gradually decreased due to the rise of unemployment and stagnating incomes. Reduced support was manifested at the local elections in 1999. Despite the successful foreign policy

and the achieved macroeconomic stability, public support for the UDF actually dropped down to the level of support for BSP. Disappointment with politics and politicians led to a situation (beginning of 2001) when 35-40% of the population declared that they would not participate in elections. These developments, however, were favorable to a new political actor: Simeon II (the ex-monarch ousted from the country in 1946). Pre-election polls show that he is likely to get 35-40% of the vote and even get an absolute majority. The respective values for UDF are 15-20% and for BSP 12-15%.

Social and Economic Developments in the Period 1989-2001

Development of the country over this period could be generally described as “irregular movement” towards market economy. Three periods of sharp economic decline have been observed: October 1990-March 1991, January-May 1994, April 1996-February 1997. Stable economic growth and macroeconomic stabilization have been registered in 1998, 1999 and 2000 (the latter however have been at the expense of personal incomes which have stagnated).

The economic crisis that started in 1989 was characterized by a massive supply-demand disproportion; the so-called delayed consumption approximated the GNP. In 1989 savings in banks amounted to about USD 10 billion and GNP was about USD 22 billion. The first measures to resolve the problem were administrative (coupons) and led to further intensification of contradictions (strikes, street protests, etc.). After the first stage of price liberalization in March 1991, the market equilibrium was reached after a average rise of all prices with about 300%. Other measures enacted in the same period were a unified exchange rate (unrestricted currency market), reduction of subsidies, new taxation rules, etc.

Due to the moratorium on the foreign debt, financial resources were only available through international financial institutions (IMF, WB). The latter however would support economic policies oriented towards a rapid restructuring of the economy overcoming all inherited imbalances. Support was reduced after the resignation of the UDF government in 1992 and the “more social” orientation of the BSP/MRF supported government. Combined with the first Yugoslav embargo and the reduction of the former East European markets, this led to an economic isolation of the country. This situation was favorable for the economic expansion of Bulgarian private economic groups which had considerable involvement in the gray sector.

The second crisis period (1994) is associated with the introduction of the VAT. The weak element of the system turned out to be the currency market. The national currency was devaluated 94% in nine months, inflation reached 121% and incomes dropped 25%. External financing resumed after an agreement was reached with the London Club of creditors (foreign debt was reduced 49%). However, the lack of proper economic restructuring policies (e.g. closure of loss making state companies, etc.) led to an increase of the internal debt. The financial burdens increased and subsequently led to a deep crisis in the banking sector. Until the end of 1996, 15 banks were closed. As a result of this crisis the budget was paralyzed, national currency was devaluated; the average salary dropped to USD 8, monthly inflation reached 240%. In 1996 GDP plummeted with 10% and in 1997 with another 6%.

One of the basic coping strategies employed was the introduction of the currency board (at the firm insistence of the IMF). The new (present) government initiated a program for restructuring of the economy, introduction of pension and health insurance reforms and rapid privatization. Inflation dropped down to about 10% per year and in three consecutive years

growth was registered (1998 – 3.5%, 1999 – 2.5%, 2000 – 5.0%. The basic deficiencies of the adopted approach are stagnating incomes, high unemployment and perspective stagnation of the economy in the longer-term perspective.

Actually, the outcome of the June 17, 2001 parliamentary elections will show whether the current economic policies will continue, or there will be a more radical shift of direction and/or speed.