

Bulgaria: grand coalition to form after weeks of wrangling

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After weeks of wrangling, a broad coalition is set to form the next government in Bulgaria. The coalition seeking to take over the reins of power in Sofia comprises the Socialist Party of Bulgaria (BSP), the Party of the Turkish Minority (DPS) and the Liberal Party of the former King Simeon II (NDSW). The government head is Sergej Stanishev (BSP).

The Balkan state was without a government for seven weeks following the June elections after several attempts by the BSP to form an administration were rejected by the Bulgarian parliament.

The BSP, which had emerged from the Stalinist Communist Party, formed an electoral alliance with seven small parties and received 31 percent of the vote, making it the strongest parliamentary faction. From the outset it had sought a coalition with the DPS, which emerged as the third-strongest party, and also wanted to include the NDSW in the government.

The NDSW of the former government chief Simeon Saxe-Coburg Gotha, who still likes to title himself “Tsar Simeon II,” lost 20 percent of the vote compared to the elections four years ago. In view of these losses, Simeon was at first reluctant to participate in the new government, saying he would not join a cabinet led by the BSP. Eventually he said he would only agree to the formation of a grand coalition on condition he kept the premiership. But the BSP insisted on appointing its own man, Sergej Stanishev, to head the government.

The attempt to form a minority government of the BSP and the DPS failed at the end of July, even after making many concessions to the right-wing parties.

Finally, President Parvanov assigned the task of forming a government to the second-strongest parliamentary grouping, the NDSW, which has only 53 of the 240 seats in the parliament. But the attempts to form an alliance of the conservative and right-wing parties did not come off. Both the Democrats for a Strong Bulgaria (FCB), around the former government head Ivan Kostov, as well as the Bulgarian Peoples Union and the Union of Democratic Forces were sceptical of the NDSW and at loggerheads.

Under massive pressure, Stanishev and Saxe-Coburg Gotha then came to an agreement. If their negotiations had failed, it would have resulted in new parliamentary elections, which would have probably had negative consequences for both parties, making the formation of a government even more difficult. Moreover, Brussels had put pressure on the parties in Sofia to arrive at an agreement so as not to endanger the country’s planned accession to the European Union in 2007.

The BSP has eight ministers in the new cabinet, the Tsar’s party five and the DSP three. Plamen Oreschanski, a non-partisan member of the new government who is one of the most hated figures in the country, takes over the finance ministry. At the beginning of the 1990s, as a member of the right-wing Kostov government, he was responsible for smashing up and privatising Bulgaria’s state-owned industry, leading to the pauperization of wide sections of the population.

“Continuity” was the incantation of all those involved in the new government. Above all, this means continuing with rigid financial policies in order ensure the country joins the EU in 2007. The government coalition demonstrated its reactionary character immediately on taking office by its attitude towards victims of the disastrous flooding which hit Bulgaria in the summer.

More than a quarter of the population were affected by devastating flooding at the beginning of August. According to conservative estimates, at least 20 were killed with damage estimated to be over \$630 million. Agricultural production was completely destroyed in several regions of the country. Tens of thousands faced utter devastation, with insufficient food and medicines. Only a few benefited from state assistance, receiving about €500.

As government circles have announced, the small assistance given to victims was at the expense of cuts elsewhere and renegeing on election promises.

Finance Minister Oresharski used the disaster as an opportunity to announce an even harsher budget policy. He flatly opposed a proposal by the ministry for social affairs

that donations made to help the afflicted areas enjoy tax exemption. Promises of a pension increase and 20 percent wage increase for public service employees will not be implemented.

At the end of August, representatives of the International Monetary Fund (IMF) made clear in discussions with the new government that the budget discipline laid down by the IMF could not be relaxed if the country wants to keep to the criteria stipulated for its EU entry. Government representatives said they were ready to follow the demands of the IMF, according to which the present budget surplus of approximately €600 million should remain untouched.

Like their predecessors, Stanischew together with foreign minister Kalfin and Meglena Kunewa, who was already minister for Europe under Simeon, visited Brussels immediately upon entering office. In talks with EU Commission President Jose Barroso and the German industrial commissioner Günther Verheugen Stanischew promised that his government would do everything necessary in the remaining 16 months to catch up in those areas where it had fallen behind.

The progress report set to be published by the European Union commission in October should finally determine whether entry can take place in 2007 or one year later.

The authorities in Brussels are insisting that the legal system be fundamentally reformed and that deep-going changes be introduced in agriculture and other areas. Above all, Bulgaria's economy has not yet been sufficiently liberalised in the eyes of the EU commission. In the coming months, the government wants parliament to push through approximately 30 laws.

The trade unions are also being brought on board in order to realise these policies, which have been pursued by various governments for 15 years and are directed against the mass of the population. The government has already reached agreement with representatives of Bulgaria's two largest trade union federations concerning economic, labour and social policies, whereby the unions have given their blessing to further welfare cuts in the name of strengthening Bulgaria. Labour and Social Affairs Minister Emilija Maslarowa (BSP) said the agreement with the unions provides a sound basis for further cooperation with the IMF.

From the outset, the broad alliance of bourgeois parties was marked by political instability. Conflicts are pre-programmed, which could also lead to the breaking up of the government coalition.

The first tensions already emerged during the appointment of 28 regional representatives. The NDSW accused its coalition partners of ensuring BSP and DPS were appointed in the larger and relatively wealthy districts, ensuring additional political and economic influence for the two

parties.

Relations between Simeon's party and the DPS remain strained. There have been fierce disputes over the last four years, during which both parties had been in government. It is well-known that the DPS—which since 1989 has been involved in each government—has strong links to Turkish businesses and represents their interests.

Oreschanski's radical austerity measures have also encountered criticism among sections of the BSP. The finance minister flatly refuses to discuss the demand for a one-off bonus payment to public service employees, proposed by the BSP and the trade unions in order to deflect the threatened protests.

Political observers assume that in this situation Simeon's NDSW could possibly play the role of opposition within the government and torpedo some of the coalition's projects in order to boost Simeon's chances in next year's presidential elections.

The increasing political crisis gripping the country is not a purely Bulgarian phenomenon. Similar conditions prevail in neighbouring Romania, which likewise is seeking to join the EU in 2007.

In Bucharest, the right-wing government under Calin Popescu Tariceanu could not implement the reforms of the legal system being demanded by Brussels, resulting in new elections being called after the government had been in office only six months.

Only after pressure from the EU did President Basescu Tariceanu withdrew his announcement to hold an early poll. Since then, his government has gone from one crisis to the next. In addition to the continuous conflicts between Tariceanu and Basescu, the cabinet—largely comprised of representatives of the country's narrow and extremely privileged upper layers—has been reshuffled several times.

The government in Bucharest has also faced growing popular opposition. The rise in Value Added Tax from 19 percent to 22 percent planned for 2006 has already unleashed violent protests. The increase in VAT is supposed to partly offset the tax break given to big business and the rich, who have profited from the introduction of a flat tax. In both Bulgaria and Romania, among the poorest countries in Europe, social and political tensions are clearly increasing.



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