

Bulgaria: European business calls for harsher measures

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The right-wing government in Bulgaria, led by prime minister Boyko Borisov of the party “Citizens for European Development of Bulgaria” (GERB), has now been in office for one year. Following a show of support from European business circles after Borisov’s election, criticism of his government is now growing, centering on demands for the implementation of much harsher austerity measures.

GERB easily won the parliamentary elections in 2009. Borisov, a former mayor of the country’s capital of Sofia, was able to benefit from the slump in support for the so-called Bulgarian socialists and the conservative parties, which had completely discredited themselves in past years. Following the collapse of the Stalinist regime in the beginning of the 1990s these parties had introduced radical free market reforms, with catastrophic economic and social consequences.

In the 2009 election campaign Borisov posed as a man of the people, prepared to fight widespread corruption and the scourge of poverty. At the same time, in the wake of the 2008-2009 financial crisis, he assured the European elite that he would implement a radical austerity course aimed at intensifying the neo-liberal economic policies of the preceding government.

Borisov remained true to his word. Following the introduction of a flat tax of 10 percent, the country now has the lowest tax rates of all European Union member states. The costs of the crisis are to be paid exclusively by the working population.

Average income sank last year by approximately 300 euros per month. Unemployment is officially already over 10 per cent, although this figure is very unreliable and real unemployment is much higher. Conditions for the population also worsened following the increase in energy prices by 20 percent last year. In June the government adopted further measures substantially

worsening the situation, especially for public service workers.

Those layers benefiting from the policies of the GERB government are revealed in a study published recently by the Bulgarian Central Bank.

In the past three months alone 35 new euro-millionaires have been created in Bulgaria, and the number of the millionaires has risen threefold compared to a year earlier. The statistics also show that wealthy Bulgarians have invested their money in large sums with banks assuring high interest rates. In the first quarter of this year the total investment by private persons rose by half a billion euros—a growth of 12 percent.

The European elite is now demanding further measures aimed at increasing the profits and privileges of this wealthy elite, insisting that Borisov implement the brutal type of cuts already introduced in Romania, Hungary, Latvia and other Eastern European states.

In the prominent Bulgarian daily paper SEGA, Liuben Obretenov recently demanded that the government actively oppose “communist” sentiments in the population and free the state from any sort of social responsibility. The task of the state is merely to guarantee “social order and security,” he wrote, adding, “At the moment people in the northeast are suffering from the consequences of floods...On television I can see them complaining about the lack of state assistance. But why didn’t they insure their property beforehand?”

There could be no clearer expression of the contempt on the part of Bulgaria’s elite for broad layers of the ordinary population, who were already struggling to survive prior to the latest flood disaster.

In a balance sheet of the first year of the government the business magazine *Kapital* criticized its “hesitant” response to the economic crisis. In many spheres the

government has failed to take even the first step, the paper wrote, while *BusinessNewEurope* called upon Borisov to finally implement “unpopular measures”, in particular a “reform” of the public sector similar to that already carried out in Greece.

Alexander Andreev, head of the Bulgarian editorial board of *Deutsche Welle*, was even more blunt. Andreev criticized the fact that “little or nothing had been done in the sphere of overdue health and pension reforms”.

In his opinion this is because Borisov had shown himself to be a “gentle populist” and “lip reader”, who draws back from a confrontation with the population. “Populism and one year without serious reforms are therefore to be put on the minus side”, Andreev concludes.

At the start of this month the European Commission expressly called upon Bulgaria to maintain its budget deficit at around three percent. The government had shortly before adopted a budget based upon a 3.8 percent deficit and involving extensive cuts.

The World Bank and the International Monetary Fund have also made their recognition of the initial measures agreed by the government dependent on further “difficult steps” towards budget consolidation.

Meanwhile the EU bureaucracy in Brussels is worried that the economic figures presented by Sofia are unreliable and has ordered the European Office for Statistics to check the actual level of Bulgarian debt.

There is no doubt that Borisov will follow the demands raised by business and financial circles. Although GERB lacks an overall majority in parliament the party has been able to implement all measures with the help of the smaller, arch-conservative party of the so-called “Blue coalition”.

Now, however, following the criticism from Brussels and sections of the media the conservative parties have distanced themselves from Borisov, even raising calls for his resignation and new elections.

Borisov in turn is now co-operating ever more closely with the neo-fascist party Ataka. Ataka has already supported some of the government measures in parliament and in recent days and weeks the head of this ultra right organization, Volen Siderov, has fulsomely praised Borisov.

“Borisov is doing a good job, he is learning and I think he can remain in office for the entire legislative”,

Siderov declared in an interview on Nova TV. Siderov affirmed the necessity for cuts to deal with the economic crisis.

Ataka has close links to fascist gangs in the country, which are responsible for a series of attacks on minorities, Jews and homosexuals. Siderov is well known for his own public tirades against Jews and “gypsies”.

This is a serious warning. In Hungary the Orban government has flirted with the fascist party Jobbik in order to create the best conditions for the implementation of an austerity program. Now Borisov is taking a similar path in Bulgaria.



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