

Drastic austerity measures hit Bulgaria

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According to a recent survey by the MBMD polling institute, two thirds of Bulgarians believe the current government led by Boyko Borisov has failed to improve the situation in the poorest country in the European Union. Shortly after being elected in the summer of 2009 the government had a 72 percent approval rating.

After the election, Boyko Borisov, head of the Citizens for European Development of Bulgaria (GERB), took over the prime minister's position from the Socialist Party's Sergey Stanishev. The latter party, which emerged as a successor to the former Stalinist state party, had been severely discredited by a series of corruption scandals. Now only 32 percent of Bulgarians have a higher regard for Borisov than Stanishev who, according to polls, has the support of just 16 percent of the electorate. Seventy-seven percent of respondents declared their distrust for the entire parliament.

Borisov conducted his 2009 election campaign under the banner of the struggle against the corruption of the previous government. Since the collapse of the Stalinist regime in the early 1990s, political power has alternated between openly bourgeois and Stalinist successor parties. Due to widespread dissatisfaction with all these governments, Borisov, who is advised and backed by the German conservative Christian Social Union, was able to establish a minority government in summer 2009 centred on his recently formed GERB.

In the meantime, Interior Minister Tswetan Tswetanow is facing allegations of "abuse of power". Tswetanow plans to establish special courts to prosecute members of the previous government on corruption charges. The opposition Coalition for Bulgaria has criticized these special courts as "institutions of the Interior Ministry, which serve as tools against political opponents".

The government is increasingly relying on political

support from the fascist Ataka (Attack) movement. This xenophobic and extreme nationalist party, which has its own paramilitary militias, supports the activities of the GERB minority government in parliament.

The media has especially promoted former World Bank economist and co-author of the GERB's economic program, Simeon Dyankov, who is also the country's finance minister. Dyankov insists on enforcing the dictates of the International Monetary Fund at the expense of the working population. Despite the media's efforts to boost him, Dyankov has a dismal approval rating of 20 percent.

The international financial and economic crisis has hit the workers in Europe's poorhouse especially hard. In 2008 net income in Bulgaria averaged just €240 (US\$320) per month—the lowest in the EU apart from Albania. Average earnings in agriculture and the hotel and catering industries are even lower—around €165 per month. According to trade union figures, one in five Bulgarians live under the official poverty level of €95 per month.

In 2009 gross domestic product fell by over 5 percent and by December 2009 the average household income declined from €485 to €425. Over the same period the unemployment rate rose to over 10 percent.

For a number of years Bulgaria has faced heavy pressure from the IMF, the European Central Bank and the EU to impose austerity measures. In mid-2009 the European Commission demanded that Bulgaria reduce its budget deficit to around 3 percent. In 2010 Dyankov introduced a new round of draconian austerity measures aimed at cutting public sector expenditure. At the request of the IMF, Bulgaria began a strict liberalization and austerity policy in the late 1990s.

Bulgaria offers unprecedented possibilities for European and international investors to exploit the country and its workforce. With a flat tax of just 10 percent Bulgaria has the lowest tax rate in Europe. At

the same time, expenditure on pensions, health care, education and administration have been cut. In May 2010, the parliament decided to reduce public spending by 20 percent—a decision immediately implemented by the government.

A bill to raise the retirement age and increase the contribution period for a state pension corresponds entirely to the demands raised by employers and was based on recommendations made by IMF. As was recently the case in France, the unions negotiated reductions in pensions in tripartite talks with the government and employers. At the same time, the unions undertook a number of token protests aimed at breaking workers' resistance to the government's measures.

On October 29, 2010, trade union representatives quit the ongoing negotiations and called a strike, charging that the Treasury had “broken the social peace”. A few weeks later the union bureaucrats agreed a comprehensive reform of the pension system with the government and employers.

The deal involves a gradual increase in contribution years from 2012 in order to be eligible for a full pension. By 2020 the contribution period for women is to increase from 34 to 37 years and for men from 37 to 40 years. Women currently can take retirement in Bulgaria at 60 and men at 63. From 2021 the retirement age will rise to 63 for women and 65 for men. In 2011 contribution rates will increase by 1.8 to 17.8 percent in line with demands made by the IMF.

As a result of the global economic and financial crisis many hospitals have been closed due to lack of funding. In 2007 one study revealed that thousands had died unnecessarily due to inadequacies in emergency services. The victims were turned away by hospitals or treated improperly.

Earnings for nursing staff and doctors range between €250 and €500 a month. Patients lacking the financial resources for “unregulated” payments face the risk of being poorly treated even in the case of routine illnesses. According to official estimates Bulgarians needing medical treatment pay out €750 million annually to medical staff in the form of “unregulated” payments.

“If the government continues its health policy in this manner there will soon be no more doctors. They will go abroad and never return”, Panayot Dimitrov, an

anaesthesiologist at a Sofia hospital, told *Balkan Insight* during a protest action on December 1.

Health Minister Stefan Konstantinov has responded to the decay of the public health system by introducing a bill for the liberalization and privatisation of health insurance. This corresponds to the interests of the major European insurance companies.

Simultaneously, the state has increased pressure on those paying insurance premiums by deducting such sums from their wages in advance. This is the reaction by the state to the fact that many people are withholding their contributions, preferring to pay doctors under the table in order to receive treatment.

In mid-2010 parliament enacted a decree cutting civil service pay by 10 percent. In addition, wages are to be frozen from 2011 to 2013 while the number of jobs in the public sector is to be cut by more than 10 percent.

Last year saw a series of protests by students against planned cuts in education. However, as is the case in the rest of Europe, the authorities ignored the protests.

According to one representative of the Bulgarian Academy of Sciences (BAW), Professor Boyko Georgiev, in 2010 the government reduced the salary of a full professor by 400 lew a month (€200) and halved the earnings of a postdoctoral assistant. The budget for the academy is to be reduced by a further 30 percent in 2011.

In November, staff at the science academy threatened to walk out if the government did not accede to their demands for the payment of an additional 110 million lew (€55 million) for teaching and research, and the prompt payment of all outstanding wages.

Financial allocations to the country's film industry have been reduced by a quarter. On December 1, hundreds of scientists, doctors, students and filmmakers conducted street protests in Sofia. Their anger was directed primarily against Finance Minister Dyankov's austerity program.



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