Bulgaria: Strikes and protests against layoffs and austerity

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For the last two weeks, Bulgaria has witnessed widespread protests and an indefinite strike by railway workers. On November 30, in the capital Sofia, tens of thousands of demonstrators rallied outside parliament. The protests are directed against the 2012 budget, which involves drastic austerity measures, including raising the retirement age and pay cuts for public sector workers.

Prime Minister Boyko Borisov, who has led a minority government for the past two years, introduced the programme of cuts after his conservative party GERB (Citizens for European Development of Bulgaria) emerged as the victor in local and presidential elections held on October 30. This meant that GERB controlled all of the main state posts.

The protests have even been joined by the police union. “We are opposed to this reform and the type of decision making by the government”, a spokesman for the police union said. As the news agency *Novinite* reported, workers in the health and education sectors have also protested against low pay and the threat of layoffs. Protests by students have been announced.

On November 24, railway workers began an indefinite nationwide strike that has now been running for about two weeks. Every day, approximately 80 percent of both goods and passenger traffic is affected between 8 a.m. and 4 p.m. The strikes were called by the two main rail unions—KNSB (Confederation of Independent Bulgarian Trade Unions, the successor to the Stalinist unions) and the Christian trade union Podkrepa (Support).

In early November, in violation of the previously announced agreements with the unions, Finance Minister Simeon Dyankov, Transport Minister Iwaylo Moskovsky and the management of the state railway company BDZ announced that in January 2012, some 2,000 workers would be laid off and 150 trains withdrawn from service. In addition, ticket prices were increased by 15 percent from December 1.

The BDZ, and particularly its passenger operation, faces debts of almost €400 million. Among German investors alone, there is €170 million in loans outstanding. The KfW bank is demanding the return of 50 trains manufactured by Siemens because interest payments have not been made. At the beginning of the year, the World Bank made a loan of €300 million contingent on the dismissal of a quarter of the railway workers.

The reason for the indefinite strike, according to the KNSB and Podkrepa, is the provocative action by the state and rail management, which without warning or consultation announced mass layoffs and cuts. The unions are demanding a new contract, consultation regarding decisions on savings measures and the withdrawal of the privatisation plans for the only profitable division, freight transport.

According to the unions, workers are not willing to accept cuts in wages and have demanded the resignation of Railway Minister Vladimir Vladimirov.

So far, the unions have managed to suppress more-widespread strikes. The unions are part of the National Council for Tripartite Cooperation (NTZ), and work closely together with the government and big business.

At the turn of 2010-2011, the two major unions were able to strangle a wildcat strike by Sofia railway workers, which had broken out because of the non-payment of wages. In March, the government had to withdraw cuts and sackings when faced with the threat of a strike. When the minister of transport declared the “technical bankruptcy” of the railways, the two unions called off a general strike for October 2011 in favour of further negotiations with the government.

In response to the protests, Finance Minister Dyankov has already made clear that he will not give in to the pressure. “There is no money to distribute,” he told those protesting against the spending cuts, and threatened that the state railway would register for bankruptcy if the strike continues.

A nationwide protest by farmers began on November 28. According to Radio Bulgaria, farmers with thousands of tractors participated across the country. The farmers are protesting against cuts in subsidies in the 2012 budget amounting to about €135 million. Before the presidential elections in October, won by GERB candidate Rosen Plewneliew, the finance and agriculture ministers had promised to pay these funds.

Farmers blocked roads and border crossings, including links between the second largest city Plovdiv and Karlovo, between Varna and Burgas on the Black Sea, and the road between the former capital Veliko Tarnovo and Pleven. In the north, they blocked the border at Durankulak; in the south, the road to the border at Lesovo was also blockaded. Demonstrators from Stara Zagora and Haskovo also blocked a border crossing to Turkey.

From Monday to Wednesday of last week, farmers demonstrated with their vehicles in Sofia. The protest was then suspended until the end of January, in order to give the government an opportunity to revise its decisions regarding the cuts.

The cuts are hitting those with the lowest standard of living in the EU. In terms of population decline, the most telling indicator of poverty in Europe, Bulgaria is ranked number one. Since the collapse of the Stalinist regime in 1989, the population of nearly 9 million has plummeted by about 1.5 million through emigration and a falling birth rate. According to recent Eurostat figures, unemployment reached 12.9 percent in October.

The policy of privatisation and the subordination of Bulgaria to the diktats of the European and international finance institutions are supported not only by the successor to the Stalinists, the Bulgarian Socialist Party (BSP) and the various right-wing pro-EU parties, which have alternated in power, but also the unions.

The former World Bank economist and current deputy prime minister Simeon Dyankov, who pushed through a flat tax rate of 10 percent and a debt limit of a maximum of 2 percent of GDP, acts as a direct advocate for the international and European financial elite.

Although the IMF has praised the country’s exemplary compliance with the Maastricht criteria, growth expectations have been reduced from 3 to 2 percent. Bulgaria’s budget deficit fell by 4 percent in 2010 to well below 2.5 percent this year, and should be further reduced by 2013 as a result of the rigorous austerity measures. Before the global financial crisis, Bulgarian growth averaged 5 to 6 percent as a result of massive loans.

Now, production is collapsing because the banks will only lend on the most restrictive basis to the export-dependent economy. From January to September 2011, foreign companies invested €534.5 million, compared to €1.03 billion over the same period previously, according to the Bulgarian business daily.