

Bulgaria: a second mandate for Boïko Borissov?

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Analysis

Since the beginning of 2013 Bulgaria has been undergoing a violent political crisis. On 20th February 2013, Bulgarian Prime Minister Boïko Borissov (Citizens for European Development of Bulgaria, GERB) resigned his position at the head of the government. Consequently parliamentary elections – held two months early since the vote was initially planned for early summer – have been called for 12th May. In spite of the protest movement, the outgoing Prime Minister's party is ahead in all the opinion polls. It remains to be seen when it will be able to govern.

Its vice-chairman, outgoing Interior Minister Tsvetan Tsvetanov has excluded the party from any «major» coalition with the Socialist Party (BSP) or an alliance with the extreme right-wing party, Ataka. He did not appear to be opposed to the idea of governing with the Rights and Freedoms Movement (DPS) or with Bulgaria for Citizens, created by Meglena Kuneva. After the last parliamentary elections on 5th July 2009, Boïko Borissov formed a minority government, comprising members of his party only, supported by other right-wing parties and the extreme right-wing party, Ataka.

A total of 38 parties and 7 coalitions are in the running for the vote on 12th May. 242 observers from the Organisation for Security and Cooperation in Europe (OSCE) will be present in the country to monitor proceedings. During the elections held on 23rd and 30th October 2011, the 21 observers present had ordered Bulgaria to improve its electoral process.

A country in crisis

Over these past few months Bulgaria has been shaken by popular protest movements. Demonstrations, the largest since the 1997 crisis, have been organised in around forty cities throughout the country. 16 years ago Bulgaria suffered a serious socioeconomic crisis (GDP growth rate collapsed by 10% (in 1996) and inflation exceeded 20%) which led to the fall of Prime Minister Jan Videnov's government (BSP).

In 2013, initial problems were caused by the rise in electricity prices which increased by over 20% between December and January. Electricity bills amount to an average of around €100 per home. 3 energy companies cover the territory, with the Austrian EVN in the south-east and the Czech companies CEZ and Energo-pro covering respectively the west (with Sofia) and the north-east of the country. In return for their positions of monopoly and a margin of 10% to 15% on bills paid, the 3 companies have committed to maintaining the Bulgarian network and to reinvesting in the country. Consumers accuse CEZ of supplying in certain areas electricity of less than the necessary 220 volts. For its part the company states that it has asked its cus-

tomers to pay for a period of more than one month, which explains the high amounts on the latest bills received. Electricity prices are set by the Energy Regulation Authority (DAKEVR) and are not controlled by the companies themselves.

The increase in electricity prices, which began in July (+13%) is the result of liberalisation of the Bulgarian energy market. On 24th January Bulgaria was taken before the Court of Justice by the European Commission (with Estonia and the United Kingdom) for incomplete transposal of the two gas and electricity directives in the 3rd liberalisation package (which should have been done by 3rd March 2011 at the latest). The Commission had asked for a fine of €8 448 per day for each of these directives. At the end of January, the government dismissed the president of the Energy Regulation Authority Anguel Semerdjiev, who was replaced by Uliana Ivanova.

Demonstrations against increased energy prices then evolved towards a demand for a moratorium on the payment of electricity bills, suppression of VAT on electricity, the opening of enquiries into the privatisation of Bulgarian companies and the use of European struc-

tural funds, the nationalisation of energy supply companies, a denunciation of the poverty in which they considered themselves condemned to live, the cost of living, deterioration of their living conditions as well as corruption amongst the country's political and economic elite. Students at Sofia University also demonstrated against the 8% rise in their registration fees, which amount to 500 leva, i.e. €255. The University academic board finally decided not to increase the fees.

The demonstrations were organised by members of civil society, notably via social networks. No political party or trade union was consequently in a position to stand out in this popular movement or to «recuperate» it for its own purposes. Railing against the political system and demanding the dissolution of political parties, the demonstrators called for direct democracy and the formation of a constitutional assembly on the model of the one set up in Iceland.

At the same time as these demonstrations, several people attempted suicide by setting fire to themselves, including the young Plamen Goranov in Varna (east), a student in Veliko Tarnovo (centre), a jobless father living in Radnevo (south), a 59 year old miner in Bobov (east) and a jobless father in Sitovo (north east). In all 6 people attempted to commit suicide by setting themselves alight, 4 died as a result of their injuries. «*One thing is certain, all these people chose this terrible death so that their cry of despair would be heard by all*» declared National Public Health Centre psychiatrist Hristo Khinkov. The President of the Republic, Rossen Plevneliev (GERB) announced three days of national mourning on 6th March in memory of the deceased victims.

A difficult socioeconomic situation

The protest movement has highlighted the difficulties, even the failure, of post-communist transition. «*Discontent had been grumbling in the background for several months. Everything was in place, it only needed a spark. It's not surprising that it came from electricity, energy was by far one of the country's most corrupt sectors*», says politologist Ognyan Minchev.

Bulgaria is the poorest country in the European Union. GDP per inhabitant is 55% below the European ave-

rage. Average wages are the lowest in the Union at 800 leva, i.e. €357 per month. The average old-age pension is €150 (the minimum pension is €76). The government has indicated that half of all old-age pensioners (53%) collect a pension of between 150 and 200 leva (77 to 102 €). Half of all Bulgarian households have 290 leva, i.e. €148.26 on which to live according to a study by the Institute of social and union sciences. One fifth of the population lives on only €120 a month. Boïko Borissov's government increased both the minimum income and the level of old-age pension at the beginning of 2013. Inflation remains high, at 4.4% in February 2013. The unemployment rate is 11.9%, with 28% amongst young people (15-25 year olds) and 40% for all those under 30 (figures obtained from the Chamber of Industry). The low level of education of some Bulgarians, the fact that the employment market is too rigid and the inefficiency of policies to assist with employment explain much of the unemployment. According to the European Commission on employment and social development, in 2011 half of the Bulgarian population (49%) risked poverty and social exclusion, compared with an average of 24% in the European Union.

The country does nevertheless have good economic indicators (budget deficit at 0.5% of GDP in 2012, and public debt at 16.3% of GDP), achieved at the price of an austerity policy which has certainly been efficient but which has slowed growth and led to an increase in unemployment and, consequently, a fall in consumption levels. The government has reduced public spending dramatically and between 2009 and 2011 it fell from 41.4% of GDP to 35.6%. Foreign investment is also down: whereas it amounted to over €6 billion in 2008, it represented only a third of that amount last year. Corporate debt amounted to 227% of GDP. Finally, the GDP growth rate should reach 1.4% in 2013, compared with 0.8% last year.

The winter demonstrations in Bulgaria are reminiscent of the protest movements recently witnessed in Romania and Slovenia, as well as in Montenegro and Croatia in 2012. According to an opinion poll carried out by the Gallup Institute, almost all Bulgarians (92%) support the protest movement. «*People are no longer afraid to*

contest the authorities in the street. They know that they are not alone and that opens the door to other demonstrations. If people are not happy they can make it known. The government cannot pretend nothing's wrong» pointed out sociologist Haralan Alexandrov.

Prime Minister Boïko Borissov attempted in vain to calm the demonstrators, by dismissing several ministers including Finance Minister Simeon Djankov (GERB), and announcing revocation of the Czech company and an 8% reduction in electricity prices from 1st March. In answer to the demonstrators' initial demands, the Energy Regulation Authority decided at the end of February to reduce electricity prices by around 7% from March. The Bulgarian Public Prosecutor, Sotir Tsatsarov, asked for withdrawal of the licence granted to the Czech power company CEZ, a demand that Czech Prime Minister Petr Necas (Civic Democratic Party, ODS) termed «political procedure». The prosecutor, who is also enquiring into the practices of the other two energy distribution companies, blamed the Energy Regulation Authority for having failed in its duty as regulator «by approving the high levels of expenditure» of the CEZ. But none of this succeeded in calming the demonstrators.

The resignation of Boïko Borissov's government

Boïko Borissov finally preferred to resign from his functions on 20th February 2013, a decision approved by 209 MPs (with 5 against and 1 abstention). «*We have our dignity and our honour. The people entrusted us with power; today we are giving it back to them*» declared the Prime Minister who said that he was leaving his job to «*maintain civil peace and stability in the country, to prevent any clashes and any kind of destabilisation*». «*I do not want to be part of a government whose police force strikes out at the people and where threats of demonstrations replace political debate*», said Boïko Borissov. «*We have done our best for 4 years, but every drop of blood spilled is to the shame of us all. I do not want to see blood in the streets. I cannot bear to see the Eagles Bridge (Orlov most, a crossroads in Sofia which was the scene of violent clashes) covered in blood*» he declared.

The Prime Minister's resignation forces (article 99 of the Constitution) the President of the Republic to begin negotiations with the largest and then the second largest parliamentary group, with the aim of forming a new government. If both of these two groups either refuses or fails, the Head of State must then turn to the 3rd largest parliamentary group. In case of repeated failure, he must appoint an interim government and organise more general elections with the following 2 months.

On 12th March 2013, Marin Raykov, Bulgarian ambassador to France, was appointed to the position of interim Prime Minister. He is assisted by 3 deputy Prime Ministers with responsibility for the Economy and Finance, Management of European funds and Employment and Social Policy, and himself acts as Foreign Minister. Bulgaria has been governed by an interim government previously, from 1994 to 1995 and again in 1997. Marin Raykov's task covers 3 main points: the organisation of democratic parliamentary elections, maintenance of stability and continuity in the functioning of State institutions and the re-establishment of confidence in the country amongst Bulgaria's European and Euro-Atlantic partners. On 28th March the interim Prime Minister requested aid from the European Commission to identify his country's problems in the setting of prices in the energy sector, and asked the Competition Commission to make public any abuse of dominant position in monopolistic structures in Bulgaria.

The government has adopted measures to assist the poorest people in the country. 41 million leva (€22 million) will be dedicated to the creation of temporary jobs and internships (60% of the amount) for 16 000 unemployed people and to aid for the most underprivileged (40%). Included in the latter are an exceptional allowance of 50 leva (€25.60) for the mothers of children with disabilities and for mothers who are currently on unpaid maternity leave and an exceptional allowance of 65 leva (€33) to help low income families (about 36 000 people) pay for electricity and heating. On 1st April, retirement pensions were also increased by an average of 9.3% (between 5 and 22 leva, i.e. 3 to 11 €).

The forces in place

«I believe that important changes to legislation must be decided by a new parliament» declared President Rossen Plevneliev, who said that he was opposed to the nationalisation of energy distribution companies and to that of distribution companies, a measure which he believes «would dissuade investors». «Our compatriots said clearly that they wanted simple things: they want honest politicians, they don't want their money stolen, they don't want to be lied to, they want to live a good life», he declared. The Head of State, who described his country as «an island of budgetary discipline» said that the budget would mean that social spending could be increased. «We don't have a magic wand to make people rich immediately, but when there is a low deficit, we can establish certain social and employment policies» he said. According to all opinion polls, unemployment is still the n°1 problem for Bulgarians.

Citizens for European Development of Bulgaria (GERB)

«The GERB is the only party that can stop the former communists», declared Prime Minister Boïko Borissov, referring to the socialists. He stated that his party had brought wealth to the country, contrary to what happened when the Socialist Party and the Movement for Rights and Freedoms were in power (2005-2009). The Head of Government indicated that his second mandate would be based on the German model where one does not spend more than one earns. «Borrowing will be possible only to make progress with «electronic government» and for infrastructures» he said, adding, «if we do that for 2 or 3 years, the situation in Bulgaria will improve». «We believe in Bulgaria. Europe believes in our party» declared the Prime Minister who received support from the European People's Party (EPP), the main political group in the European Parliament. Boïko Borissov has promised to pursue his financial stability policy and to maintain a flat tax of 10% for VAT, income tax and company tax. The fact that there is no real alternative offer to the policies implemented by the government is to the GERB's advantage. The party, which campaigns under the slogan, «We have a will», holds power at every level of State. After winning the parliamentary elections on 5th July 2009, it won the

local elections on 23rd & 30th October 2011, increasing its number of local representatives by 727 (from 856 to 1 583). Finally, on 30th October 2011, Rossen Plevneliev won the presidential election with 52.56% of the vote, ahead of his opponent Ivailo Kalfin (BSP), who won 47.44% of the vote.

Outgoing Prime Minister Boïko Borissov, who is seeking a 2nd mandate at the head of the government, is a candidate in the 25th circumscription of Sofia, where he is up against the leader of the Socialist Party, Sergueï Stanichev, and the leader of the Democrats for a Strong Bulgaria (DSB), Ivan Kostov.

The Socialist Party

The Socialist Party, which is the main opposition party, does not appear to be taking advantage of the current crisis whereas it had taken up a position on energy questions several months ago. On 27th January, the socialists managed to obtain the holding of a referendum on the building of a nuclear power station in Belene (north). Almost 2/3 of voters (60%) voted in favour of the project (planned since 1987) but turnout was low (20.22%). Parliament confirmed the decision to abandon the project, but the Party put the restarting of the plan to build the Belene nuclear plant station in its electoral manifesto. For the elections the socialists have presented the rescue plan that they want to implement within 100 days of the election, in order to restore the population's confidence as quickly as possible in the political class. It comprises 5 main points: the elaboration of new laws for the parliament and greater control of the executive, support for the poorest city councils, improvement of the business environment and of national companies, combat against youth unemployment, implementation of anti-trust legislation and, finally, access to the privatisation contracts of major companies. The socialists want to exonerate from income tax almost a million people who earn the minimum wage (310 leva) and introduce a new tax rate on income of over ten times the minimum wage, i.e. a new tax bracket of 20% for income of over 4 500 leva. «Our main objective is to reform income tax by the end of the mandate», declared MP Yanaki Stoilov, who said that there would be no change to company tax and VAT. The socialist party wants to increase the minimum wage, bringing it up to 450 leva

by the end of the mandate (it is currently at 310 leva) as well as family allowances. It promises to re-assess retirement pensions every year and not to make any more changes to retirement access conditions (either age or number of years' work). Finally, the socialists are in favour of greater State participation in the economy, and want to implement a reindustrialisation plan for the country (over 10 years), promising to create 250 000 jobs. *«Companies are in ruins, hospitals are bankrupt and in public companies fraud has reached unbelievable proportions. If the outgoing government was honest, it would say what kind of inheritance it is leaving behind it»* declared Sergueï Stanichev, who added, *«people are disgusted with politics, politicians and the institutions; they don't see anyone looking after them. The only sector that is not affected by the crisis is the banking sector, and that is not right»*.

For the general elections on 12th May, the Socialist Party has formed a coalition with 7 other parties: the Social Democrats, the Movement for Social Humanism, Security and European Integration, the Communist Party, the Agrarian Union Alexandre Stamboliiski, Nova Zora (New Dawn) and Evroroma. The Socialist Party leader, Sergueï Stanichev, has announced that he is not a candidate for the role of Prime Minister. Should the opposition coalition win, that job would go to Plamen Oresharski, former Finance Minister (2005-2009). The socialists have excluded any kind of post-electoral coalition with Boïko Borissov's GERB.

Bulgaria for citizens

Former European Commissioner for Consumer Protection (2007-2009) and former Foreign Minister (2002-2006) Meglena Kuneva, who leads the Bulgaria for Citizens party has presented a programme centred around 3 «pillars»: the government and extended citizen participation (Citizens' Bulgaria), economic growth, education and health (Growth for Bulgaria), development (Bulgaria of the future). She wants to reduce the number of MPs and build a true civic society, as well as a State that is responsible to its people. She wants electoral lists to be cleaned up. For the economy, she promises to create jobs (150 000 within the next 2 years), and undertakes to achieve budgetary balance and financial stability. She does not want to change

single rate tax and is opposed to nationalising the electricity market. *«We need true liberalization so that customers can choose between several energy suppliers»*, says Meglena Kuneva.

On 31st March, 1 789 party members from the Plovdiv region announced that they were leaving the party. They declared that they do not approve of the party's programme, which they described as superficial and populist. They are also opposed to the composition of the electoral lists which they say were drawn up without any kind of discussion with local structures. Meglena Kuneva described the departure of these members as a «conspiracy» behind which she sees the hand of the GERB party. *«The GERB and the socialists do not want to see anyone else on the political scene»* she declared.

Democrats for a Strong Bulgaria

The Democrats for a Strong Bulgaria (DSB) are standing in coalition with the Democratic Forum. *«Boïko Borissov has failed and has turned the social crisis into a political crisis. I will never support a Prime Minister who, in 4 years, has been incapable of solving the economic crisis»* declared former Prime Minister (1997-2001) Ivan Kostov. He has also excluded the idea of being part of a government led by Plamen Oresharski. Ivan Kostov promises to guarantee financial stability, to increase health spending from 4.1% to 6% of GDP and to reduce bureaucracy by 90%. *«You cannot boost the economy or create jobs because there is no money for that, but the State can create the conditions that encourage entrepreneurship»* he declared. The Democrats for a Strong Bulgaria had considered for a time joining forces with Unity, a party created by MEP Nadejda Neinsky, former member of the Blue Coalition (Sinyata Koalitsia). However, the attempt at forming a right-wing coalition to compete with the GERB failed.

Ataka

The extreme right-wing party Ataka is not opposed to a governmental alliance with the GERB, as long as the outgoing Prime Minister's party *«learns the lessons of the actions it has taken over the past four years»*, said its leader Volen Siderov. Nationalists were very visible in the demonstrations and Volen Siderov has continual-

ly stated his closeness to protestors. «Globalisation is good for some people, but not for everyone. Instead of strengthening countries, which is their aim, institutions such as the IMF or the World Bank marginalise them, dragging them into poverty and destroying their national industry or public sector» he declared. The nationalist leader is campaigning for a sovereign State, for preservation of the national identity and economy and the protection of the middle class and the social system. In his opinion there is «an ideological clash between the globalisation model and that of national identity».

The Movement for Rights and Freedoms

An increase in salaries and the combat against the dependency that exists between the political parties are the two priorities in the Movement for Rights and Freedoms manifesto (DPS), which represents the country's Turkish minority (around 8% of the Bulgarian population). The organisers of the social movement at the beginning of the year have not succeeded in uniting. Three of their leaders - Anguel Slavtchev, Dontcho Doudev and Yanko Petrov – are standing with Stefan Peev's Democratic Civic Initiative. They refuse any kind of coalition with either the GERB or the Socialist Party. Amongst the priorities set forth by Anguel Slavtchev figure a change in the law on referendums, the revocation of MPs, the adoption of anti-monopoly laws and the introduction of electronic administration.

Several political parties, including the GERB, the Socialist Party, the Movement for Rights and Freedoms, Democrats for a Strong Bulgaria, the Union of Democratic Forces (SDS) led by Emil Kabaivanov, the Party for Order, Law and Justice (RZS) led by Yane Yanev and Bulgaria for Citizens, have signed the Charter for honest elections, by which they commit to run an information campaign against buying votes, to guaranteeing transparency in terms of any gifts they receive and to cooperating with the election observers. Ataka has refused to sign the text, as has Ivaylo Frantz, who represents one of the demonstrator movements which declared that democratic elections were impossible in Bulgaria as long as certain political parties enjoy a monopoly over the country.

Few Bulgarians believe that the general elections of 12th May will improve either their personal situation or that of the country. «Abstention will definitely be high, benefiting the small parties and making a strong majority in parliament highly unlikely ... with a real risk of political instability in the short and medium term», warns political analyst Stefan Ralchev. «There is general dissatisfaction. In Bulgaria there has been a great

deal of disillusion with regard to the political system's ability to bring about the desired social change» says Daniel Smilov, programme director at the Center for Liberal Strategies in Sofia. «These elections, in which the protest movements will not take part, will lead to a dead end», declared politologist Tsvetozar Tomov.

The Bulgarian political system

There is only one chamber in the Bulgarian parliament: the National Assembly (Narodno sabranie) has 240 members, elected every 4 years from 31 plurinomial electoral circumscriptions that correspond to the country's *oblasti* (counties). The voting method is mixed: 31 MPs are elected by majority vote (using the *First past the post* system) and 209 are elected by proportional representation (closed lists) using the Hare-Niemeyer method. Candidates must be aged at least 21. A minimum of 4% of the votes cast is essential for a political party to be represented in Parliament. Finally, parties wanting to take part in parliamentary elections must deposit 10 000 leva (which will be returned to them if they win at least 1% of the votes cast) and collect the signatures of at least 7 000 voters. Independent candidates must be supported by at least 10 000 voters in the electoral circumscription where they are standing.

There are currently 6 political parties represented in the National Assembly:

- Citizens for European Development of Bulgaria (GERB, which means «coat of arms» in Bulgarian), created in 2006 and led by outgoing Prime Minister Boïko Borissov. The party has 117 MPs.
- The Coalition for Bulgaria (KzB), an alliance of 4 left-wing parties: the Social Democrats Party, Agrarian Union Alexandre Stamboliiski, the Movement for Social Humanism and the Socialist Party (BSP). This was created in 1990 and is run by former Prime Minister Sergueï Stanichev (2005-2009). It has 40 seats.
- The Movement for Rights and Freedoms (DPS), established in 1989 by Ahmed Dogan and led since January 2013 by Lioutvi Mestan, represents the Turkish minority. It has 37 MPs.
- The extreme right-wing party Ataka, created in 2005 and run by Volen Siderov, with 21 seats.
- The Blue Coalition (Sinyata Koalitsia), an alliance created in 2009, between Emil Kabaivanov's Union of Democratic Forces (SDS), the Democrats for a Strong Bulgaria (DSB), the party of former Prime Minister (1997-2001) Ivan Kostov and three other «small» parties, with a total of 15 MPs.
- The Party for Order, Law and Justice (RZS), created in 2005 and positioned as the spearhead against corruption. It is led by Yane Yanev and has 10 seats.

Reminder of the results of the Parliamentary Elections held in Bulgaria on 5th July 2009

Turnout: 60.20%

Political Parties	Number of votes won	Percentage of votes cast	Number of seats
Citizens for European Development of Bulgaria (GERB)	1 678 583	39,70	117
Coalition for Bulgaria (KzB)	748 114	17,70	40
Movement for Rights and Freedoms (DPS)	592 381	14	37
Ataka (A)	395 707	9,40	21
Blue Coalition (Sinyata koalitsia)	285 671	6,80	15
Party for Order, Law and Justice (RZS)	174 570	4,10	10
Lider	137 795	3,30	0
National Movement for Stability and Progress (MNSE)	127 470	3	0
Greens	21 841	0,50	0
Others	45 861	1,20	0

Source: Website http://pi2009.cik.bg/results/proportional/rik_00.html

In the last poll carried out at the end of March by the National Centre for the Study of Public Opinion, the GERB is credited with 24.4% of votes, ahead of the Social Party which is set to collect 17.5% of the vote, the Movement for Rights and Freedoms, 6.5%, Ataka, 5%, Bulgaria for Citizens, 3.5% and Democrats for a Strong Bulgaria, 2%.

The Prime Minister Boiko Borissov is still by far the most popular leader in the country (45.6% of positive opinion). Sergueï Stanichev comes 2nd with 27%,

Meglana Kuneva 3rd with 21.4%, Volen Siderov, 13.5% and Lioutvi Mestan, 9.7%.

The government that will be named after the elections on 12th May must both restore the confidence of Bulgarians in their institutions and their political class and re-establish a climate that is favourable to business. It will be a vast programme and a heavy task. «Change is imminent because we really have hit rock bottom» states the chief of the Skala polling institute, Tsvetozar Tomov.

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