



# BULLETIN

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## Far from Stability: The Post-Election Landscape in Bulgaria

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*Early parliamentary elections not only will not help restore political stability in Bulgaria but also could further deepen the chaos because of the high dispersion of votes and the expected difficulties with creating a coalition. For a country immersed in crisis, maintaining the post-election stalemate is particularly not beneficial because of the deteriorating economic situation and growing public pressure. Regardless of which party will return to power, one should not expect a significant improvement in Bulgaria's image in the EU or a positive settlement of the most important issues, including the country's rapid accession to the Schengen area.*

Although the winner of the early parliamentary elections of 12 May was the centre-right Citizens for European Development of Bulgaria (GERB, 30% of votes), for all four parties that exceeded the 4% electoral threshold, the results can be seen as satisfactory. GERB, the ruling party in 2009–2013, won for the second time in a row during unfavourable economic and social situations. The similar support for the Bulgarian Socialist Party (27%), which received more than 600,000 additional votes than in 2009, is because of the mobilisation of its permanent electorate and generational changes in the party. Also, for the Movement for Rights and Freedoms (11%), which represents the Turkish minority, and the nationalist Attack party (7%), the results are a confirmation of their stable positions on the political scene. Ironically, both owe their success to the same phenomenon: ethnic conflicts that both activate supporters of the extreme right and tend to involve Bulgarian Turks, which represent about 9% of the population. However, the large dispersion of votes, expected difficulties with creating a coalition, general fatigue with politics (turnout was only 51%), and irregularities disclosed by OSCE mean the elections are unlikely to help restore political stability to Bulgaria, and further, they are liable to deepen the chaos in the country and worsen its image abroad.

**Political Instability.** The political crisis in Bulgaria has been ongoing since mid-January, when mass protests appeared in the largest cities. The spark that led to the riots was an increase in electricity prices, but the demonstrations quickly became anti-system as an expression of anger with the political elites as such and the running dissatisfaction among various professional groups (such as doctors and students). The social frustration was so great that in many cases it took the form of self-immolation and physical attacks on politicians. Under pressure from protesters, on 21 February the prime minister and leader of the GERB, Boyko Borisov, announced the resignation of his government and offered to hold early elections. Borisov's strategy aimed not only at cutting himself off from the demonstrations and using the campaign to restore confidence in his party but also at limiting the possibilities for a political solution to the outrage. Twice in Bulgaria, in 2001 and 2009, elections were won by movements founded shortly before the vote that rode a wave of disappointment with the ruling parties. This time, though, the leaders of the protest did not have enough time to form a common political platform. This task was not helped by their internal disputes and an amendment to electoral law that lifted the financial threshold for registration of new parties.

Borisov managed to stop the decline in support for GERB despite the fact that during the campaign his closest associate, former Interior Minister Tsvetan Tsvetanov, was accused of eavesdropping on political opponents and members of his own government. Among the things revealed by recordings published by media were irregularities in how money was issued by the Ministry of Agriculture and dishonesty in public tenders. The wiretap scandal mobilised the opposition into an attack on GERB and raised concerns among NGOs and OSCE, which, fearing the possibility of electoral fraud, sent around 200 observers to Bulgaria. Distrust in Bulgarian elites is justified by serious problems with

the transparency of their activities, which are reflected in international statistics. Transparency International ranks Bulgaria after Greece as the most corrupt country in the EU (75<sup>th</sup>), while Reporters Without Borders reports the country has the greatest difficulties with freedom of the media (over five years, the country fell from 38<sup>th</sup> to 87<sup>th</sup>).

**The Economy—Main Reason for the Protests.** Although the economic crisis has been one of the major themes of the campaign, no party presented a credible strategy to neutralise its effects. Bulgaria, unlike neighbouring Greece and Romania, has managed to go without an international bailout, however its economy has for a long time been mired in stagnation. Restrictive fiscal policy implemented by the Borisov government has helped maintain both a balanced budget (with a deficit in 2012 that amounted to 0.8% of GDP) and low public debt (18.5% of GDP in 2012, which was about 2% higher compared to 2011), but this good macroeconomic performance was achieved by cuts in public spending as well as freezing pensions, social security benefits and wages in the public sector. Austerity, lack of prospects for growth and political turmoil have not been helpful in acquiring what is the driving force of the Bulgarian economy—foreign direct investment, which declined by around 70% (from €6 billion in 2008 to €2 billion in 2012), despite the fact that the government has introduced sophisticated incentives (including Bulgarian citizenship for the largest investors). The result of the stagnation has been growing unemployment (12.4% in March 2013, including 28.3% of people under 25 years of age) and social frustration, deepened by an awareness that Bulgarians have the lowest level of wealth in the EU. Solutions proposed by either GERB (looser fiscal policy, maintaining low income taxes) or the Socialists (waiving the flat tax, increasing social assistance) will not provide the country the means to get out of its difficult economic situation, which right now is the main reason for the protests.

**Post-Election Scenarios.** Currently, four post-election scenarios are under consideration: GERB or the Socialists establish a coalition with other parties, the creation of a technical government, forming a minority government, or holding new elections. None of these options guarantees a restoration of political balance in the country, and in conjunction with an expected second wave of demonstrations may even extend the period of instability.

Although the parties entering parliament have different profiles, no coalition can be automatically ruled out. The least feasible would be the creation of a “cabinet of national unity” of both GERB and the Socialists because of the strong personal animosities between them. But the participation of other parties in government is still possible. Depending on the final number of seats, the formation of an alliance of GERB and Attack (both parties cooperated informally in the previous parliament) seems to be likely, or the Socialists and the Turkish minority movement, which ruled together in 2005–2009, with the possible support of Attack. However, no matter who takes power, Bulgaria will face three challenges. First, the lack of a clear winner of the elections means that any government will have to conduct a strict dialogue with the opposition. Second, an invitation for nationalists to join the government will be poorly received abroad and will weaken the country’s position in the EU. Third, it is difficult to foresee how the possible return of GERB would be received by the Bulgarian street—a rally of 200 people that convened in Sofia after the announcement of the preliminary results could presage larger demonstrations.

Therefore, the difficulties with forming a party government may make the main actors decide to extend the mandate of the interim cabinet of Marin Raykov or to set up another technical government. This solution has already been presented by the Socialists, who supported the agreement with the non-parliamentary powers (including the “Outraged”) and offered the prime minister’s post to nonpartisan economist Plamen Oresharski. Most of this depends, however, on GERB, which has the first go at appointing a government, seeking perhaps to build a parliamentary majority, and if that fails, possibly a minority cabinet. If none of these scenarios occurs, new elections in autumn this year will be considered.

**Conclusions.** The elections confirmed the strong position of all the major parties in Bulgaria. But from the point of view of political stability, such a large dispersion of votes is not beneficial, especially since neither GERB nor the Socialists can carry out a program to repair the country. The new government will be limited by a fragile majority in the parliament, a demanding economic situation and growing social pressure, and as a result, along with the likely prospects of another economic downturn, the cabinet will be more inclined to maintain the status quo. This may lead to a further collapse of the economy and in plunging the state structures into corrupt systems.

The results of the elections have had implications on Bulgaria’s foreign policy, too. The deepening political chaos and lack of a strong centre for decision-making will lead to increasing external pressures to reconsider decisions of a strategic nature related to the energy security of the country (ban on shale gas exploration, abandonment of the nuclear power plant in Belene, the rejection of plans for the construction of the Burgas-Alexandroupolis oil pipeline). The possible entry into government of the nationalists would in turn have a negative impact on Bulgaria’s relations with Macedonia and Turkey, in which important topic are the rights of national minorities.

The unstable internal situation is not conducive to strengthening the country’s influence in the EU. Bulgaria’s authority is not raised by the practice of buying votes during elections, as disclosed by OSCE, neither by debates in the European Parliament on whether the country respects fundamental rights nor by the problems of successive governments in managing money from the EU budget. Regardless of which party returns to power, there is no expectation that it will improve the image of Bulgaria in the EU, and thus the country will fail to successfully finalize its most important issues, including rapid accession to the Schengen area. Despite this, the European Commission should engage in dialogue with the authorities in Sofia and present a clear plan to move the country closer to Schengen if there is progress in fighting corruption and other malpractice.