

**CIVIL-MILITARY RELATIONS AND
DEFENCE BUDGETING IN BULGARIA**

by Dimitar Dimitrov

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The Centre for European Security Studies is an independent and non-profit foundation engaged in research, education and training on foreign policy and security affairs affecting the whole of Europe. A key mission is to promote democratic structures and decision-making procedures in this field, especially throughout Central and Eastern Europe where it works to support those organisations and individuals striving to establish civil societies under the rule of law. By facilitating a comprehensive process of learning, it aims to contribute to mutual understanding on all security matters, thus helping to build a stable all-European order.

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FOREWORD

by Peter Volten

When the Centre for European Security Studies (CESS) first approached the Volkswagen Foundation to seek funding for our European Fellowship Programme (EFP), we stressed two features of our scheme. One was the opportunity we wished to provide: for scholars from Central and Eastern European countries (CEECs) to examine an aspect of their own nation's transition in the defence field, under our professional supervision and with a period of 'study abroad' in the Netherlands. The other was the results we could expect: authoritative, original research on *civil-military relations* and *security policy-making* in CEECs – the two themes on which we decided the EFP should focus – and hence valuable additions to an English-language literature on these subjects which had been dominated hitherto by general (and often superficial) essays by Western analysts.

In terms of these aims, the programme has succeeded beyond our expectations. It is now in its final months, but by the end of 1999 some 25 fellows will have taken part in it and most will have seen their work published in this monograph series. For this success I have to thank all those members of my staff who have been involved in the exercise. In particular, I must mention EFP Co-ordinator Sipke de Hoop, who has been responsible for the selection of Fellows and overall management of the programme since early 1997; Joost Herman, who fulfilled this role at the start of the venture in 1996/97; and our administrators – Elena Herman and, later, Joke Venema – who have provided office support for everyone and much practical help to the Fellows themselves.

Coming from CEECs, our Fellows have faced the formidable challenge of writing-up their research in English, which for each of them has been a second language (or even a third). All have risen to this challenge, some impressively. Not surprisingly, however, their final submissions have required careful editing prior to publication. The lion's share of this demanding and time-consuming work has fallen to David Greenwood, Research Director at CESS. To him we owe a substantial debt for the effort he has expended in 'helping authors to say what it is they have to say' (in his own formulation). Thanks are also due to Sergei Malkin – and, latterly, Elzaline Schraa – for undertaking the final preparation of copy for our printer.

One last debt of gratitude I must acknowledge is to the Volkswagen Foundation, for providing the academic venture capital that made our programme possible. This was a courageous investment; but it has yielded regular dividends, of which this volume is a good example.

Indeed Dimitar Dimitrov's study is a sample of EFP output at its best. The reader will find here a thorough account of an important aspect of the Bulgarian 'transition': how the basis has been laid for a 'new model' defence budgeting system, within the framework of an all-round transformation of civil-military relations in the country. There are some original insights here too: for instance, the author's clarification of the dual character of the task that Bulgaria, like other CEECs, faced when confronting the

need for change in this domain after decades of subservience to Moscow. (It was necessary to organise the *domestication* as well as the *democratisation* of arrangements for security planning, programming and budgeting.) No less important, Professor Dimitrov also offers a candid critique of the current state of Bulgaria's procedures for resource allocation and resources management in defence plus several thoughtful suggestions on further reform.

Thus there is good reason to believe that, like earlier monographs based on EFP work that we have issued – by Anatoliy Grytsenko (on Ukraine), Zoltan Pecze (on Hungary), Halit Daci (on Albania) and Adriana Stanescu (on Romania), for example – this study will become a valued text for future students of political transformation in Central and Eastern Europe. Certainly it deserves to take its place as – to use another of David Greenwood's graphic phrases – a 'source of footnotes for the future' in the literature of transition.

Groningen
May 1999

EDITORIAL NOTE

Dimitar Dimitrov's text was submitted for publication before the approval by the Bulgarian National Assembly of the long-awaited new *Military Doctrine of the Republic of Bulgaria* on 8 April 1999. Among other things this document establishes revised policy priorities and authorises 'optimalisation of the structure of the Armed Forces' at a peacetime strength of 45,000 personnel (with mobilised wartime strength of up to 250,000). It provides, therefore, the clear planning guidance that had hitherto been lacking and legitimises programming and budgeting for radically restructured forces. In this respect it meets some of Professor Dimitrov's key criticisms (see especially pp. 50-58 below).

What remains to be seen is whether the powers-that-be in Sofia will now embark on the institutional and other reforms of the defence policy-making process which are advocated in the present study. There are reasons to hope that they will. For instance, in his prologue to the new official document Defence Minister Georgi Ananiev commits the administration to 'explaining' the *Military Doctrine* 'and to 'preparation of a White Paper on Defence'. There is, however, no explicit promise of the procedural changes in defence budgeting to which Dimitar Dimitrov attaches such importance.

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I. INTRODUCTION

The nature of the relationship between civilian authorities and the armed forces is a very sensitive topic for western countries as well as for Central and Eastern European countries (CEECs). Whether the tanks will go out someday on the streets or how the taxpayers' money has been spent – these questions deserve serious attention. Nowadays the likelihood of military coups is negligible in all but one or two European states. In this respect the general subordination of the military to civilian authorities is not a major issue. However, in the specific matter of the financing of defence, the principle that social priorities mediated by elected (civilian) politicians should prevail over military preferences is less well established. Yet defence and national security consume a large amount of resources. How these resources are allocated and by whom is of particular interest.

The general issue of sound civil-military relations and the particular question of the primacy of the elected domestic politicians' role in setting national priorities are also important in the context of the integration of CEECs in western security structures. All of these countries report success in establishing civilian control over their armed forces. However such unanimity is suspicious for a region with serious economic and social difficulties and with essential differences in the development of national democratic processes and economies. The question is whether these countries have put in place real democratic control over their military organisations and over the allocation of resources to defence. Does their understanding about such control coincide with the western understanding (or with western 'models')? If there is a difference, what is missing and what remains to be done. To what extent has there been symbolic change which has left old procedures and regulations (and people) unchanged?

These problems are common for all CEECs. During the last few years NATO, related organisations and many authors have devoted their efforts, articles and books to clarifying "what it means to achieve healthy civil-military relations and democratic control of the armed forces"¹. Most bodies and writers agree on the legitimacy of differences of understanding and practice in different countries determined by circumstances, and also accept that arrangements evolve. But they also agree on the existence of common characteristics. In one comprehensive formulation these are:

- "A constitutional and legislative structure with clearly defined responsibilities and appropriate checks and balances among state institutions;
- Clearly defined civilian control over the Ministry of Defence and the military establishment, with civilian officials of a government having key roles in both;
- Substantive and detailed, not just perfunctory, parliamentary oversight over security policy and spending; a parliament limited to a rubber-stamp role betrays poor democratic control of defence;
- Sufficient transparency of decision-making to allow for a thorough public scrutiny of defence matters;
- An informed national debate on security, in which a special role is played by civilian experts in government, media, political parties, and by independent sources of advice and critical assessments, such as research institutes."²

¹ M. Carnovale, "NATO partners and allies: Civil-military relations and democratic control of the armed forces", *NATO review*, 45.2, (1995) pp.32-35.

² *Ibid.*, pp.32-35.

Although these characteristics are expressed in general way, they have very precise application in the context of resource allocation. The establishing of healthy civil-military relations in general is impossible without implementation of their common principles in concrete areas. One area where a satisfactory institutional framework is crucially important is that of *budgeting* for defence.

Aim of study

This question of the institutional arrangements for resource allocation and resources management in a democracy is the subject matter of the present work. The purpose of the study is to elucidate budgeting for defence in Bulgaria, as one aspect of evolving civil-military relations in the country. It describes and evaluates the national budgeting process as an integrated system with some characteristic elements – procedures and regulations, people, organisational structures and an annual timetable. The examination covers Bulgaria's transition and transformation period 1989-1997, but past models for resource allocation are described also. It has the following specific aims:

- to review initial reforms from the beginning of the transition period, against the background of earlier practices;
- to compare the existing form of the relationship between civilian authorities and the armed forces within the Bulgarian budgeting process with western models for effective democratic resource management in general (that is with arrangements designed to ensure that resources are managed effectively in favour of the whole society, with control exercised by society over all the state's activities and all expenditures for them);
- to evaluate what has been achieved in Bulgaria, through an assessment based on (a) comparison between intentions and declarations (mainly in the period 1989-1992) and subsequent accomplishments, and (b) comparison with western 'models';
- to draw conclusions and make proposals for improving the present situation in the regulations, organisational structures and mechanisms for effective budgeting, subject to democratic control.

Throughout the work it is necessary to present simultaneously the development of processes for resource allocation and resources management in terms of their legislative basis, political context and procedural content. The focus of study is on the relationship between civilian authorities and the defence organisation.

Scope and content

To fulfil these aims it is necessary, first, to describe how resources were allocated to and within defence in the years of one-party rule under a 'command economy' regime. This is the subject matter of Section II, which summarises the policies and principles that were followed before 1989. The present situation in Bulgaria has its roots in the past. This is natural because such big systems as a national economy or defence economy cannot proceed so easily from one position to

another. During this earlier period two things predetermined the whole system of resource allocation: the total single-party control, over all activities in the society, exercised by the Communist party; and the participation of Bulgaria in the collective defence system of the Warsaw Pact (WP), especially the resulting close relationships and interdependence with the former Soviet Union.

The Communist party used its full authority in the process of defining priorities in accordance with its own party policy. But the real power was concentrated in a very little part of the organisation – its Central Committee, Politburo and Secretary-General. Decisions were taken by the Central Committee or Politburo and subsequently approved in a formal way by the state institutions – namely the Council of Ministers and the National Assembly. There was no *democratic* control in the true sense during these years, just rigorous *one-party* control. The National Assembly did not hold the executive accountable, and there was no transparency in the budgeting process. The voted state budget was unreal because many expenditures were outside it and were not even shown to the legislature. (The approach to resource allocation reflected the general state of civil-military relations: they were in fact party-military relations and budgetary power was just one of many different mechanisms for exercising total control over military activities. There was a direct bond between the Communist Party and the armed forces, also the Defence Minister usually had a very high party rank (membership of the Politburo) and was the highest military commander.)

The close relationships and interaction with the former Soviet Union were the second important element in the period 1950-1989, especially in the defence budgeting process. Bulgaria received considerable military aid directly from the Soviet Union and thus a big part of defence expenditures was not allocated through the channels of the state budget. Also Bulgaria harmonised its defence policy with those of its WP allies and mainly, of course, with that of the Soviet Union. The level of defence spending was co-ordinated with Moscow also within the framework of the activities and strategies of the WP. In this way discussion about the defence budget was perfunctory in the party or army elite. Defence expenditures and military activities were secrets of the highest degree and the society had no access to information about them. Any civil or independent expertise (out of party control) was impossible.

As in the rest of Central and Eastern Europe developments in 1989-1990 led to the rejection of this authoritarian approach. In Section III there is a description of the main events which were instrumental in changing relationships between civilian authorities and the military. On the international plane, at first place we have to put the general political change in Eastern Europe and the collapse of the totalitarian communist regimes. It happened in different ways in the different countries, but in general the results were one and the same. Democratic elections were held, the various national communist parties lost their monopoly of power, the establishment of the main elements of a civil society was begun, real power devolved to democratic institutions.

The formulation and implementation of new policies created new problems and tasks for newly-empowered elites: first, to accomplish a *domestication* of policy choices (with decisions taken in the country, rather than being imposed from outside)

and, secondly, to achieve some *democratisation* of decision-making processes.³ Consideration of national policy and national interests led to a sharp change in spending priorities, especially after the disintegration of the WP. Thus defence expenditures were reduced in all CEECs, principally because of economic circumstances. In the new political and economic environment the defence sector had to compete for resources on equal terms with all other parts of the public domain. To this we could add the increased aspiration of newly-elected democratic institutions for some oversight of military activities, including influence over defence spending. In Bulgaria early changes were made in legislation – a new Constitution was adopted in 1991 – and governments soon began depoliticising key state institutions. A new civilian defence minister was appointed and there were changes in the organisational structures of the Ministry of Defence (MoD). Bulgaria thus took the first basic steps toward the domestication of its defence policy and the democratisation of budgetary choices, showing a clear interest in western models of resource allocation and management.

Comment:

The main elements of these western models are considered in Section IV. Examined here are approaches to the formulation of national goals and priorities, and to the allocation of available resources – including the role of different authorities in these processes, their abilities and mechanisms of control. The principles and main characteristics of civil-military relations in a democratic society are presented as well as the modalities of civil-military interaction. The argument shows that to exercise adequate expenditure control and ensure efficient resource use requires, first and foremost, an effective budgeting system. This is the *sine qua non* of democratic defence resources management.

To what extent did the initial reforms introduced in Bulgaria in the early 1990s fulfil the essential prerequisites for effective democratic management of the country's defence effort? This question is addressed in Section V. The emphasis here is on the tasks and functions of state institutions in the budgetary process. The changes made after 1989 were carried further in the period 1993-1997. New laws were adopted about procedures for preparation of the state budget and the introduction of an accounting office; and a new military doctrine and national security concept were developed. Most important, Bulgaria declared its interest in close co-operation with NATO and from 1994 was an active participant in the NATO programme Partnership for Peace (PfP). These years also saw significant progress in the development of civilian expertise, and in the role of mass media and NGOs, in relation to defence affairs. In addition a start was made on the (continuing) process of reform of the Bulgarian Armed Forces.

There were changes too in the defence budgeting area. First, the Bulgarian Parliament accepted a new Law of Defence and the Armed Forces. After that, the Council of Ministers and the Ministry of Defence promulgated regulations for its implementation and established rules governing the financial activities of the MoD. The new law and regulations gave clearer definition to the roles and tasks of all participants in the defence budgeting process. However, although these were positive steps, the new planning and budgeting system was neither clear nor fault-free. In

³ International inputs or international influence played an important role in the development of civil-military relations and democratic control as shown in the following sections.

particular defence spending remained mostly oriented to inputs rather than to activities or capabilities.

Findings about the similarities and differences between present-day models and mechanisms of defence budgeting in Bulgaria and western models are presented in Section VI. The aim here is to identify existing problems and explain continuing differences. The main conclusion is that the basic elements of a normal democratic relationship between civilian authorities and the military are already in place: the elected President is the armed forces' supreme commander; there is a civilian minister of defence; there are new structures at the MoD, a constitutionally-approved right of the Bulgarian Parliament to exercise oversight, and transparency in the budgeting process exists in some degree. But the main question is about the details, relating to the mechanisms and concrete procedures necessary for effective democratic control. These are missing to a large extent, though many are in the process of being established. Here we should notice that perhaps the most important need is for an educational process directed to upgrading the qualifications of all people participating in the defence decision-making process.

If Bulgaria wants to establish relevant and appropriate civil-military relations – especially in the all-important budgetary arena – it must make further concrete changes: in the legislative field and regulations, in the methods of defence planning and budgeting, in the practice of those state institutions with a responsibility for exercising oversight, and in providing sufficient information for society-at-large. The necessary changes are outlined in Section VII. General conclusions and some speculation about future problems are presented here also. These problems are related mostly to prospects for continuing Bulgarian integration in Western security structures – and especially accession to NATO. The aim of this material is to highlight these matters for public discussion and to propose action in the following main directions:

- very clear co-ordination and interaction at the highest level of the state – between the President, Council of Ministers and National Assembly – on *policy*, the results of which should be expressed in an annual strategic document;
- introduction of a fixed-time procedure for *resource allocation* which should be stated in the Law of Preparation of the State Budget and the Law for Defence and the Armed Forces;
- introduction of *programme organisation* into the defence budget;
- the production of many more informative defence *publications*.

The establishment of full transparency in Bulgarian defence decision-making, and full accountability, requires these innovations.

II. RESOURCE ALLOCATION IN THE PERIOD 1950-1989

At the beginning we need to say a little about the political and economic system of the centrally-planned command economy which existed until the end of 1980s.

The first important factor was the leading role of the Communist Party. The whole societal life was extremely centralised and totally controlled. Decisions were taken at the highest levels of the state in an authoritarian, non-democratic way. Managerial functions executed by appointed and elected state officials were duplicated by a huge Communist Party apparatus with the latter's role dominant. That dominance was also constitutionally supported and it was exercised very strictly. The Communist Party used its full authority in the process of defining priorities in accordance with its own policy. The real power was concentrated in the Central Committee, the Politburo and Secretary General. The state owned 90 per cent of the production assets in the economy and executed a centralised price policy contrary to market principles.

The international setting was the second most influential factor. Bulgaria was in the Soviet zone of influence and this predetermined its defence policy. The latter was harmonised very closely with the Soviet Union on a bilateral basis and in the framework of the WP. In fact Bulgarian defence expenditures (or all resources for defence) were considered as a part of the defence system of the socialist bloc and in that sense they were not disputable. As one of the closest allies of the Soviet Union, Bulgaria received much economic and military help. In important respects, therefore, decisions in the area of defence were not domestic choices but the product of external influence and imposed international obligations.

During this period the state budget (including the defence budget) was considered more as an instrument for accounting purposes or calculation, not as a managerial tool. The budget was a function of the National Economic Plan (an official document, voted by the Bulgarian Parliament).

1. Resource allocation at the national level

Until the changes in 1989 resource allocation within the national economy was organised on the principles of centralised state planning. The main instrument was the National Economic Plan (NEP) with its two dimensions – the one-year plan and the five-year plan. Different institutions and organisations participated in the preparation of these blueprints but in practice there were two main players in the process – the State Planning Committee and the Central Committee of the Communist Party.

The *State Planning Committee* (SPC) had a central place in the planning process. It was the focal organ for the methodological and operational guidance of planning. As a committee it was subordinated to the government and was the administration's working authority in this area. In practice the SPC was an interdepartmental body with very broad control functions and rights in the preparation and implementation of plans. The governing bodies of the Bulgarian Communist Party (BCP) and the State Council did not participate directly, at the operational levels, in the process of aggregation of draft plans or the preparation of material,

financial and labour balances. The SPC took the main responsibility and did the main work in the following areas:

- preparation of draft one-year and five-year plans, economic forecasts, economic concepts and policies for the development of the national economy;
- together with the State Committee of Science and Technical Progress, supervision of implementation of new technologies included in the plans;
- action to avoid disproportion in the national economy's development;
- consideration and revision of all draft plans at ministry, committee and local authority level and their incorporation in the draft NEP;
- presentation of the draft NEP to the government.

In the whole planning process the SPC was supported by several other governmental bodies according to their responsibilities. These were: the Ministry of Labour and Social Care, the Ministry of Material-Technical Supply and the Ministry of Finance. The latter worked out the draft financial plan and draft budget as documents inseparable from the NEP. These were presented through the Government to the Parliament for approval. Individual ministries, committees, state agencies, local authorities and enterprises had their own planning bodies which worked out their draft operational and prospective plans.

The *Central Committee of the Bulgarian Communist Party* (BCP) had a very broad and extended organisational structure with many departments and personnel covering all aspects of societal life. In practice this party structure existed as a parallel state structure but with primacy over the state institutions. Its authority was based partly on Article 1 of the Constitution (accepted in 1971) concerning the leading role of the Communist Party in society, partly on other formal legislative provisions, and was extended through party structures in every institution, organisation and enterprise (including the armed forces). In that respect there was an interim stage in the planning process when the draft NEP (prepared by the SPC) was considered in the Central Committee before its presentation to the Council of Ministers. If the draft did not meet the Party's requirements it was sent back to the SPC for reconsideration and amendment. There were two main requirements: compliance with long-term party directives and congress decisions; and reconciliation of production and social programmes with material, financial and labour resources.

The planning procedure included several stages. The first embraced the work of the SPC on assessment and analyses of the implementation of the previous plan and specification of so-called control numbers (limits and required levels for achievement, or, also, state tasks). These numbers were the basis for preparation of the new 5-year perspective plan for development of the national economy. In the preparation process the SPC took into consideration the tasks, as formulated in the Communist Party programme, plus needs and available resources. The control numbers in practice formed the main content of the future NEP. They embraced the basic economic indicators of the volume and growth of production (at national level, by branches and by sub-branches), investment, the main limits for material supply, the structure of fixed capital (at the national level), foreign currency revenues and expenditures and many other items. The control numbers were specified by branches and ministries, and also by years (within the 5-year plan). All work during this stage was co-ordinated closely with the corresponding departments in the Central Committee.

The second stage included the SPC's work on the draft NEP on the basis of accepted control numbers. The SPC distributed the control numbers by ministries, committees and local authorities and – with their help – between the enterprises. At that level, organisations prepared their own draft plans. These drafts were then sent back to the corresponding state structures. Ministries, state committees and local authorities analysed these drafts, having in mind the relevant control numbers, constraints, production capabilities and resources. They aggregated these drafts, making also their own corrections, and prepared their own plans. These plans were sent to the SPC. Meanwhile the SPC made its own draft NEP which was compared to the drafts of the ministries and other state agencies. After further corrections (also in accordance with the Central Committee's recommendations) the SPC presented its final draft NEP to the Council of Ministers. During the planning process the SPC transmitted to all the state organisations and enterprises numerous requests for information, schedules, requirements and written instructions.

The third stage of the NEP preparation was its approval by the Council of Ministers and the National Assembly. After receiving the final draft of the NEP the Council of Ministers analysed it and made some corrections according to any Communist Party directives, congress decisions and control numbers (limits). The Council of Ministers also discussed all unresolved problems between the SPC and ministries and then took final decisions on them. The government co-ordinated and controlled the work of its ministries, committees and local authorities. In due course, the Council of Ministers made proposals to the Parliament for one-year operational and five-year perspective plans for the development of all branches of the national economy. The National Assembly (the Parliament) voted the NEP into law after discussions and minor corrections. It accepted and approved the state budget as an integral part of the plans. The voted documents had the force of law and were obligatory for every ministry, and for all state agencies, local authorities and enterprises.

The accepted NEP specified resource allocation at two levels: the *national* level – by branches and ministries (aggregated); and the *departmental* level – by ministries (detailed), regions and state agencies. Also there were classified detailed enclosures (by every ministry, committee and region) which included plans for military production (defence industry) and resources for a number of 'special' institutions and organisations (such as the Ministry of Defence, Ministry of Internal Affairs, Civil Protection Service and some other security services). These classified plans were presented in input terms (by material, financial and labour resources). Access to these data was very limited. The planning process of 'special' institutions and organisations was separated from the other (relatively more open) process. It was concentrated in 'special' planning bodies in the Ministries. Furthermore, these plans were distributed among such bodies in accordance with their direct involvement. Only the top state officials and party leaders and a 'special' planning department in the SPC had full access.

During the latter years of the period (after the acceptance of State Council Decree No. 56 in 1985) there were some minor changes in the procedures. These provided for the more active consideration of plans at enterprise level and also for contracts between enterprises to be reflected in plans.

All planning activities were realised in accordance with the Constitution, laws, decrees and decisions of the Council of Ministers, and direct decisions of the Central

Committee of the BCP (based on Article 1 of the Constitution) which were obligatory for the state organs. Usually these party decisions were taken to reinforce the BCP's leading role rather than to oppose or correct decisions taken by state institutions, because every decision at every level in the state was co-ordinated with the Communist Party apparatus. Ministers were at least members of the Central Committee, and some of them members of the Politburo (the highest party collective organ)⁴. Even if there were some party differences they were not made public: but some party functionary might be sent on another job (according to the official information in the newspapers). The Communist Party had organisations and structures in every institution and organisation and their leaders were members of regional party committees which also had broad rights. These bodies – at every level – took care of the promotion of the cadres, and approved in advance not only draft plans but every important question. Sometimes even if there was not a legal basis for the implementation of party decisions (for example, in the enterprises), in practice they were obligatory. To do otherwise meant to engage in activity against party policy.

2. Allocation of resources to and within defence

Leading defence economist Tilcho Ivanov has identified several characteristics of the old system for defence resource allocation and resources management⁵. They could be grouped in two categories: non-*democratic* features of decision-making, and features reflecting the intrusion of non-*domestic* considerations into policy choices (following the distinction made in Section I of this study). In the first category would fall

- the lack of transparency about all resource decisions and defence budgeting;
- the overriding priority accorded to defence spending over virtually all other social needs, entailing deficit in other sectors of the economy;
- the subordination of the national industrial base to defence goals;
- a state-imposed centralised price policy which allows the easy transfer of resources to defence at the expense of other sectors;

and in the second category would fall:

- strong subordination of national defence policy to the accepted WP coalition objectives and goals in a global conflict;
- keeping a big mass-conscript army equipped with highly standardised armament;
- existence of relatively big defence-industrial sector;
- significant war-preparedness, which includes keeping of high industrial for use in wartime and war reserves geared to global conflict.

The planning process for security and defence followed broadly the procedures outlined in the preceding sub-section but in practice was separated from that operated in other sectors. As noted, there were 'special' bodies in every ministry, committee,

⁴ I exclude the party congresses because they were held at 5-year intervals and in practice voted decisions prepared in advance by the party apparatus.

⁵ Tilcho Ivanov, *Defence economics and the security policy of the Republic of Bulgaria in the mid-90s*, (Sofia, 1998), p.22. (In the Bulgarian language.)

and local authority, in some bigger municipalities and in the defence-industrial enterprises. Although these were nominally subordinated to regular managerial structures, in practice they had a parallel 'special' structure at least for co-ordination. The following paragraphs describe the role of the principal participating institutions in the defence planning process.

The State Defence Committee was created in 1971 as a working forum on security and defence matters under the State Council (then the highest state organ, with a combination of legislative and executive functions). The Committee included the highest state officials: the Head of State and Secretary-General of the BCP (Chairman), the Prime Minister, and the Ministers of Defence, Internal Affairs, Finance and others. The exact remit and full composition of this committee were never published, nor were its decisions. The Committee had a Secretary (with a staff of defence experts, most of them military people) who did its day-to-day work and prepared proposals for consideration at top-level meetings. The Committee appears to have had a very broad spectrum of responsibilities and rights related to national security, defence, the armed forces and other special institutions. It approved and issued numerous documents on defence matters: decrees, directives, basic directions for the development of the national economy in relation to the needs of the armed forces and national defence. It issued also some documents related to wartime preparedness. All of this material was, of course, classified and never appeared in the public domain.

The Ministry of Defence and other ministries with troops in their structures worked out their own draft plans (one-year and five-year) and presented them in the 'special' planning bodies of the SPC (in full volume) and to the Ministry of Finance (for financial resources). These draft plans were discussed at working meetings at ministerial level, in the presence of the Chief of the General Staff. In case of disagreement, differences were resolved by the Prime Minister. Because of the high priority of defence, the military organisations usually received needed resources at the expense of other sectors of national economy. Proposals thus co-ordinated were included in the NEP – baldly expressed as a percentage of the National Income (an economic indicator similar to Net National Product). They were thereafter communicated to every ministry or agency – without any other data.

The 'Special' department in the SPC was the main co-ordinating organ in the process of defence planning. It aggregated the draft plans of all the security and defence institutions, the production plans of the defence industry, plans for arms trade (export and import) and so on. The department was in the structures of the SPC, but in practice its work was explicitly separated from that of other departments and access to its database was strictly limited. It participated very actively in all stages of preparation of draft plans for security and defence organisations as well as in the preparation of a wartime NEP. Its responsibilities included providing the required resources for defence in peace and war. It worked out the wartime NEP and other documents and produced the classified enclosures to peacetime NEPs.

The whole defence planning process was supervised by the *Central Committee's 'National and social security' department*. During these times there was no public discussion about defence and security matters. The defence planning process replicated the national planning process in its non-democratic, non-transparent and party-controlled decision-making. Moreover, there was little discussion within the defence organisation about the pursuit of economy and

efficiency. Artificial, non-market prices were one of the reasons for that. A second was that most matters related to resource use were discussed, dealt with and determined outside the country and thus were not really domestic decisions. In fact key resource decisions were taken first in the WP context (dominated by the Soviet Union) and in accordance with the aims and strategy of the coalition. Every member country accepted some coalition obligations and after that, at the national level, allocated funds to enable it to meet those obligations. The main job was fulfilled by the Ministry of Defence. In that way the defence planning and resource allocation processes became even more confined within the Ministry, because there was simply no point in predetermined matters being discussed at national level with other institutions.

Coalition partnership had two aspects: defence-industrial co-operation and military co-operation. In case of imbalance between coalition requirements and national resources, the Soviet Union played the role of clearing-house. For example, during the period 1946-1990 Bulgaria received significant military and defence-industrial help from the Soviet Union, of a total value equivalent to about US\$16.7 billion. (Bulgarian defence exports to the Soviet Union were worth US\$11.5 billion.) Much of that help was donated and thus not shown in the defence budget or in the NEP. The detailed information was known only to the 'special' department of the SPC, the Ministry of Defence and the Defence State Committee.

The high priority accorded to defence compared with other sectors of the economy created conspicuous distortions which were undoubtedly to the detriment of regular development. The hidden and non-democratic resource allocation and management did not allow corrections of that policy and were thus in themselves impediments to overall performance. It is not coincidental that all socialist countries faced serious economic difficulties, leading to the events of the end of the 1980s. Command economies proved that they are not able to allocate national resources in accordance with social needs and priorities⁶. Also the abilities for reaction of the communist leadership were very limited, because of inherent features of the command economies of the Soviet bloc:

- the authoritarian, non-democratic decision-making process, distorting priorities and objectives;
- the non-domestic, externally-imposed choices, based on bloc obligations and not national interests.

The relatively less developed and more closed economies of the CEECs were not able to bear that imbalance which led to serious economic difficulties and eventually political upheaval.

⁶ See David Greenwood, *The Economic consequences of the end of the Cold War*, Presentation made at the George C. Marshall European Centre for Security Studies, Garmisch-Partenkirchen, 6 March 1997.

III. THE CRUCIAL CHANGES IN 1989-1992

The world and Europe will remember 1989 as a year of radical change in CEECs culminating in the crash of their totalitarian communist regimes. The accumulated tension in the political systems of these countries, combined with serious economic difficulties (drop of production, shortage of food, foreign debt problems, etc.), was released spectacularly. It happened in different ways in different countries. The political situation in the individual countries, their respective political and cultural traditions dictated the different means and forms. There was a 'velvet revolution' in Czechoslovakia, a palace coup in Bulgaria and a virtual revolution in Romania. But all of these events had the same content – they put an end to communist/totalitarian rule.

1. 'Unexpected' change?

Some say it was all unexpected and unforeseeable. The West was certainly taken by surprise. Yet these events were not accidental or unheralded. Their immediate roots lay in the policies of *perestroika* and *glasnost* that began in the mid-1980s. These removed many taboos, not only in political life but also in the thinking and consciousness of the people in CEECs. Discussion on many problems was possible already and this, combined with easier (relatively) access to archives, led to the reassessment of events and persons in the recent history of these countries. This possibility for discussion and the airing of alternative opinions led to the erosion of the socialist (communist) value system built on the total monopoly of information and the proscription of 'unofficial' opinion. The expression of alternative views also led to the emergence of different kinds of informal groups and dissident movements (some of them already existing). Although these groups were created as ecological movements, trade-union organisations and even literary and artistic societies, they were considered as political forces because they were undermining the leading role of the communist party and its information-and-power monopoly.

In addition, the serious economic problems that these countries faced in the 1980s forced their governments to experiment with new mechanisms and structures for the organisation and management of their economies – including little steps in privatisation, use of some market instruments and the partial abandonment of central planning (e.g. in Hungary and Poland). These initiatives intensified the conflicts and problems in the socialist, centralised, planned 'command' administrative system of management built on the principle of total control in all areas of society – economic policy, culture, education, security and defence, even sport.

In this sense societies in CEECs were prepared for radical changes. The expectations for change certainly challenged the leaders of those communist parties which more cautiously (Bulgaria) or directly (GDR, Romania) announced their negative position with regard to *perestroika* and *glasnost*.

The big changes during 1989 were presented by the world's media also in a different way depending on their scope, importance and radical character. At first sight the Bulgarian contribution to these events seems modest. According to an official statement, the Central Committee of the Bulgarian Communist Party made some personnel changes during its plenary session on 10 November 1989. The Central Committee relieved Secretary-General Todor Zhivkov of his obligations

(together with some other members of Politburo). Politburo member and foreign minister Petar Mladenov was elected in his place. However these changes took place in the shadow of the fall of the Berlin Wall (the day before) and they did not seem so radical.

Although there are different assessments about these events – struggles within the party, palace coup etc. – in my opinion they mark the beginning of democratic reform in Bulgaria. They triggered the creation of an official political opposition in Bulgaria and the emergence of an independent press (November-December 1989), the abolition of Article 1 of the Constitution about the leading role of the communist party in the state (December 1989-January 1990), the restoration of fundamental human rights (especially with regard to citizens with Turkish national self-consciousness, in January 1990), and establishment of a roundtable during the spring of 1990 as a forum for negotiation between the ruling Communist party and the opposition. Three factors defined the speed of the democratic changes in Bulgaria: the strength of the Communist Party, the weakness of the opposition, and events elsewhere in Central and Eastern Europe.

The role of the military in the events of 10 November and after should be noted. The then Minister of Defence Dobri Dzhurov retained his post. He supported the new party leadership that took over from Todor Zhivkov. Also his first deputy defence minister and Chief of the General Staff, General Atanas Semerdzjiev, was appointed Minister of Internal Affairs immediately after these events. Such a direct participation of the military elite in political life – it could be positive or negative – was natural and inevitable because of the very high degree of politicisation of that elite and its direct connection with the Communist Party.

The development of democratic reform in Bulgaria was characterised as a more difficult and slow process than in some other countries. However the process should not be underestimated. The essential changes in the political environment during the period 1989-1992 were the following⁷:

- (a) Adoption of the new Constitution of the Republic of Bulgaria during the summer of 1991. Bulgaria was the first country among the CEECs to adopt a new fundamental law. The constitution laid down provisions for the further development of democratic society in Bulgaria. The fundamental rights and freedoms of citizens were confirmed and the institution of the President as a head of a state was created. The constitution also confirmed the division of powers and defined their functions. The armed forces received their mandate: Article 9 reads: ‘The armed forces shall guarantee the sovereignty, security and independence of the country and shall defend its territorial integrity.’ Also the constitution sanctioned military service and obliged the new parliament to accept a law for defence and the armed forces.
- (b) Parliamentary elections were held in the summer of 1990 – and again in the autumn of 1991 – and were assessed as honest and democratic. Regardless of the results, these elections confirmed the presence of a multi-party system in Bulgaria. Representatives of different parties took seats in the Parliament.
- (c) Simultaneously with the growing political pluralism in the society there was significant development of the ‘fourth power’ – the print and broadcast media,

Comment:

⁷ In this text I do not analyse who deserves credit for these changes or the concrete contribution of every party.

mainly the newspapers. In many cases they were party-oriented and party-controlled publications, but they represented a variety of opinions. The situation is not perfect, but it is much better than the previous total monopoly and control of information.

- (d) Adoption of the law for depoliticization of the armed forces, the Ministry of Internal Affairs, Ministry of Foreign Affairs and the judicial system. This law prohibited any political activities in these institutions. It prohibited all political propaganda and agitation and any party membership for their servants, including military professionals. The servants in these institutions signed declarations that they would not participate in political activities. Although the law imposed a blanket ban, in principle it was directed mainly against the monopoly and influence of the Communist Party which had party structures and organisations in these (as in all other) state institutions.

Only a small proportion of Bulgarian Army officers (2-3 per cent) did not sign these declarations, but not for political reasons. The majority of non-signatories were young officers looking for a way of opting-out of a military career.

2. The role of the state institutions in Bulgaria during 1989-1992

The political and constitutional changes altered the mission of state institutions because in the past years, during the totalitarian regime, their role was formal and very often decorative. They were appendages to the Communist Party apparatus. This refers mostly to the Parliament. The collapse of the communist system and the removal of party control allowed institutions to build a new image. Their immediate tasks were (a) to democratise the process of decision-making and (b) to make it in accordance with the national priorities and interest, or, in other words, to domesticate it. They were pressed by the society to do this and obliged by the constitution. It is appropriate to outline some of the more important features of their functions, with particular reference to the relationship between civilian authorities and the military and to democratic control of the armed forces.

First, the new constitution established the institution and office of President of the Republic. The President is the head of state, elected directly by popular vote. He (or she) is Chairman of the Consultative National Security Council and Supreme Commander-in-Chief of the armed forces, with powers to proclaim mobilisation or a state of war, and to appoint and dismiss the higher command of the armed forces on a motion from the Council of Ministers. Also the President can conclude international treaties, appoint and dismiss ambassadors, and address the nation and National Assembly (Bulgarian Parliament). The constitution prohibited the President to participate in the leadership of any political party (Article 95). Despite the direct vote, the constitution confers only limited presidential power, with more obligations and responsibilities devolving on the National Assembly and on the executive power represented by the Council of Ministers. Most presidential decrees should not only be approved by the Parliament but also exercised only through a motion from the Council of Ministers – for example appointments, proclaiming of mobilisation. The President was not given the right to submit laws to dissolve the National Assembly (except in some very limited cases). In this way the main accent was put on the work of the National Assembly and the Council of Ministers.

Article 1 of the constitution reads: ‘Bulgaria is a republic with a parliamentary form of government’. Thus the National Assembly was vested with legislative authority and received the right to exercise parliamentary control, to pass the state budget law and the budget report (account) – and other laws, of course, to resolve on the declaration of war, and, also, to approve any deployment and use of Bulgaria’s armed forces outside the country’s borders. In addition it has very broad power in international relations. The National Assembly shall elect the Prime Minister, and on his motion the members of the Council of Ministers (including the Defence Minister). According to Article 79, the permanent committees of the National Assembly shall exercise parliamentary control of the executive; and Article 80 gives them the power to require testimony and documents from any official and citizen.

The Council of Ministers acquired many obligations and rights in the implementation of state policy. Article 105.2 reads: ‘The Council of Ministers should ensure public order and national security and exercise overall guidance over the state administration and the armed forces’. The draft law of the state budget can be introduced only by the Council of Ministers. It also has the very important right to start the policy-making process by introducing proposals.

The Constitution established the base for future development and a framework for democratic relations. However, many of the obligations and rights of state institutions outlined in that basic Law awaited clarification in future legislation. The hard work on adopting these laws, their practical implementation and everyday enforcement was ahead.

3. Democratic control and the relationship between civilian authorities and the military

The first half of the period covered in this section includes removing Communist Party control and breaking the direct connection between the Party and the armed forces. These objectives were realised in different ways – through laws or decisions of the Council of Ministers and the Defence Minister. Political activity within the military was prohibited. The political departments and their corresponding structures in the armed forces were abolished. Most political officers were dismissed. The rest were reappointed to either professional military positions (given suitable military education) or put into newly-established departments for ‘moral-psychological preparation’ (patriotic education) and ‘Information and public relations’. Separation of Party and armed forces was accomplished successfully.

As a whole, though, the Bulgarian military was never highly politicised. Membership of the Communist Party was an obligatory prerequisite for the military career – and it was really obligatory – but few participated directly in party activities⁸. Also the Bulgarian armed forces were not used in internal politics (although this possibility existed) and the military as a whole had a good reputation, earning

⁸ They were accepted in the Communist Party already during their study in military schools as cadets without exception.

relatively high approval in opinion polls – ratings of between 60 and 70 per cent being typical.⁹

During the period 1990-1991 three governments – two of the Bulgarian Socialist Party, the successor of the Communist Party, and one broad coalition – considered the armed forces as a marginal institution and implemented no serious reforms. In 1990 Minister of Defence Dobri Dzhurov, who was definitely a political figure (as a member of the Politburo), was replaced by the Chief of the General Staff, General Mutafchiev. General Mutafchiev retained his post in successive governments and was considered a military professional not a political figure. At the beginning of the period he had no political office and he signed a declaration of depoliticization according to the law. Maybe during the first years of the transition period it was rational and convenient for all parties to compromise. In practice after the depoliticization the parties paid little attention to the problems of the armed forces, maybe because there were more serious concerns (foreign debt payments, significant drop in living standards). Both civilians and the military considered the situation as a bargain for non-interference in the armed forces' affairs. It is fair to speak of the acquiescent role of the Bulgarian Armed Forces during these times. The military recognised the supremacy of civilians (it was not new for them); and they were sufficiently loyal to respect this principle. Since the early 1990s a real danger of military coup never existed in Bulgaria. Thus at this stage the conclusion is that the necessary legal and political conditions were created for subordination of the military to civilian authority in Bulgaria. But the real process of establishing civilian and democratic control lay ahead.

As regards the domestication of defence policy in this period, we could note the removal of Communist party symbols and their replacement with national symbols – including traditional religious ceremonies and change of the date of the annual celebration of the Bulgarian armed forces.

So far as changes in the process of resource allocation are concerned, in the budgeting field, which is this study's special concern, the first serious change occurred immediately after the events of 1989. Defence lost its overriding priority in public sector resource allocation – mainly because it had been an externally-imposed priority. Maybe this was the most important change during this period – the change of priorities and the change of attitude towards defence. Defence expenditure stopped being an indisputable matter in Bulgaria. On the contrary, there was a broad discussion, embracing radical-pacifistic views and demands for a bigger military budget. The perennial question arose: "How much is enough?" – but for Bulgaria's own needs.

This question was reasonable because up to 1989 the armed forces had to defend the southern flank of Warsaw Pact territory, and had clear enemies and objectives within the coalition. In other words, the budget was determined by Cold War requirements. As shown in Annex 1, in 1990 and 1991 the defence budget was reduced relatively slightly. At the same time in 1990 the Treaty on Conventional Forces in Europe (CFE Treaty) came into effect, but Bulgaria had already reached the limitations defined in the agreement (with some little differences). Thus the question

⁹ See M.Mae Johnson, *Civil- Military Relations and Armed Forces Reform in Bulgaria*, Report, NATO Research Fellowship, Sofia 1994, p.6, and "MBMD opinion poll", *24 hours*, 22 January 1998.

for further reduction of the defence budget (and the armed forces) became only an internal Bulgarian question. The country faced the problem of taking independent decisions in defence, relevant to the national interest, without external influence.

During these first years, however, the politicians (or civilians in general) did not address the key questions: What is the new mission of the military? What should they do now and in the near future? Who are the possible friends and partners and the potential enemies of Bulgaria? The military, as disciplined people accustomed to receiving (and executing) orders, did not receive a clear new orientation. As a result old functions, tasks and structures, plus the size of the armed forces and the budget level, were preserved. In this way the initial formal subordination of the military to the elected politicians – characterised by imposing a very clear dividing line between civilians and military and the policy of non-interference – revealed its first defect. The civilians did not redefine the tasks of the armed forces. Yet they could not secure enough resources for preserving existing tasks and the current size of the armed forces. In the absence of dialogue neither the military nor the civilians tackled force restructuring.

Defence expenditures were reduced by approximately 25 per cent (as percentage of GDP, see Annex 1); and inflation in 1990, and especially in 1991 (above 400 per cent), eroded seriously the defence budget. Even so, the procedures for resource allocation in defence – and in the whole public sector – were not changed.

Civilian control in this field was limited only to the parliamentary vote – in the presence of the Defence Minister, a military man – and the right of the Council of Ministers to amend the defence budget draft proposed by the MoD (but in practice not to define its items). The MoD received its available portion of the state budget and resource allocation was its internal affair. The planning and budgeting system of the Ministry of Defence became even more closed than in the past because, immediately after the first changes, both the State Defence Committee and the State Planning Committee disappeared. Thus planning work was concentrated only in the Ministry of Defence. But this organisation had lost (for some period) its sense of direction.

During this period there was no change in the budgeting system in the Ministry of Defence – it was the same input-oriented system. The most essential change here was the new structure of expenditures that the MoD adopted for internal use. Spending was grouped in eight main items: salaries, business trips, other financial compensations, other operational costs, procurement, research and development, working capital and capital expenditures. At the same time the National Assembly usually voted and published only one or two figures of defence expenditures in the State Budget Law.

The end of 1991 marked a new beginning in the interaction between elected civilians and the military. It could be characterised with more fundamental changes in the existing model of relations between the military and the civilian authorities. There were changes in all areas – in legislation, in structures and in personnel. The leading factors for these changes were mainly political. The impulse for change came from the civilians. The second half of 1991 was rich in political developments. During the summer the new constitution was adopted. During this period Bulgarians voted three times – first in October in Parliamentary and local elections, then in December for President (in two rounds). The democratic opposition won all of these elections. Until that moment Bulgarian Socialist Party had the absolute majority in parliament which predetermined the development of democratic processes in the country.

The new government began with an ambitious programme for change in all areas – including the process of resource allocation and civilian control. The first change of the main symbol of civilian control took place. The National Assembly elected the historian Dimitar Ludzhev to the post of Minister of Defence – the first civilian to hold the position in recent Bulgarian history. The new Minister stated in an interview that the direction of reform in the armed forces would be:

- to create modern flexible armed forces, loyal to the legitimate institutions;
- to make early changes to key laws;
- to make early structural changes in the armed forces;
- to consider the separation of the armed forces and politics¹⁰.

Military reform had strong political and parliamentary support. In another interview the Chairman of the National Assembly, Stefan Savov, said that “The parliament have to outline the parameters of military doctrine and reform as a whole.....The laws connected with national security matters will be discussed immediately once drafts have been prepared by the government”¹¹.

At this time, the number of ministries was reduced and most high-ranking officials in the executive branch of government were replaced. The MoD was reorganised and a new management structure was created, as shown in Figure 1.

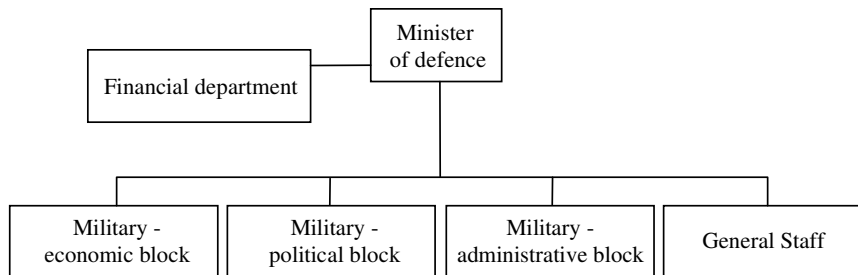


Figure 1: Structure of the Ministry of Defence

This structure permitted clearer definition of the obligations and responsibilities of civilians and the military professionals. The Council of Ministers appointed new civilian deputy defence ministers responsible for the component blocks. But the main idea in this structure was the following: The General Staff have to plan and request. After that the military-economic bloc (including military-repair factories and the commercial department) must contract and supply. The financial department pays (if, of course, outlays are in accordance with the approved and voted defence budget).

The financial department was subordinated directly to the Minister of Defence. Although the chief of this department was always a military man (and still is), this structure permitted the participation of civilians in the process of allocation and budgeting. However, this participation was confined to checking at the end of

¹⁰ See *Bulgarska Armiya*, 10 January, 1992 (in Bulgarian).

¹¹ *Ibid.*

the process (financial audit), because the main planning work was concentrated in the General Staff. The big problem during this second stage was the lack of trained civilian specialists with expertise to deal with military problems. In the past years there had been no relevant education for civil servants. The militarised organisational structure of the MoD had not permitted development of civilian careers. The high positions in the Ministry required obligatory military rank and military education (usually both school and academy). In that respect the category 'senior civil servant' did not exist.

Nor was there a body of specialists working in NGOs, or academic experts at the beginning of the 1990s. In these first years we could not speak about domestic civilian expertise. For that reason Philip Dimitrov's government (October 1991 - December 1992) used western advisers in the implementation of its reforms, including those at the Ministry of Defence. In this way the trained personnel problem was circumvented to some degree.

As an interim summary we could say that during this period Bulgaria made significant progress (compared with the past years) in establishing a democratic society and the legislative basis necessary for the continuation of reform. The change of the symbols, depoliticisation of the armed forces, confirmation of civilian primacy, with a civilian minister and civilian leadership at the Ministry of Defence, plus related structural and functional changes – these things deserve respect. But the changes did not yield a structure of civil-military relations in general or an approach to defence resource allocation in particular that conformed to the Western 'model'. Yet after 1989 CEECs expressed an interest in closer integration with European and Euroatlantic structures which meant closer co-operation with the West. That meant also acceptance and implementation of existing Western models of market economy and democratic politics including the system of civil-military relations and effective democratic resources management. Indeed in the first two or three years all of these countries reported that they had implemented these models. This claim was premature. This is apparent when one considers the essential elements of the western models of defence resource allocation and resources management and the general framework of civil- military relations.

Annex 1:Defence expenditures of Republic of Bulgaria 1990-1996 ¹²

Year	Defence expenditures		% of GDP	% of the State budget
	million leva	US\$ million		
1990	1615.0		3.56	6.16
1991	4433.6	254.1	3.27	6.86
1992	5748.0	243.2	2.83	6.99
1993	8113.4	292.9	2.71	5.40
1994	12919.8	230.6	2.32	5.17
1995	24000.0	378.3	2.89	6.15
1996	33485.8	432.6	3.01	7.07

Annex 2:Nominal and real GDP, budget and budget deficit in the period 1990-1996 (billion leva) ¹³

Year	Nominal GDP	Real GDP (1990-basic year)	Budget	Budget deficit (% of GDP)
1990	43 389	31 875	28 209	4.9
1991	131 058	16 043	65 572	5.8
1992	195 000	13 298	90 869	5.5
1993	298 934	12 438	143 597	9.5
1994	548 015	10 266	244 312	6.3
1995	871 396	12 283	377 923	5.7
1996	1,750 000	11 000	341 600	

Annex 3:Security and defence expenditures of Republic of Bulgaria 1989 - 1996 ¹⁴

Year	Security and defence expenditures		% of GDP	% of State budget
	million leva	US\$ million		
1989	2 964.0		5.21	8.92
1990	2 209.0		4.87	8.42
1991	5 544.0	317.7	4.09	8.58
1992	9 191.2	388.8	4.53	9.85
1993	13 009.2	469.7	4.35	8.66
1994	20 675.0	369.0	3.72	8.27
1995	39 093.3	616.2	4.71	10.02
1996	51 794.5	669.2	4.66	10.92

¹² Source "State budget laws".¹³ Source "Statisticheski spravochnik", Sofia, NSI 1991-1996.¹⁴ Source "State budget laws".

IV. CIVIL-MILITARY RELATIONS AND WESTERN MODELS OF DEFENCE BUDGETING

When the analyst has to describe existing approaches to defence resource allocation and resources management the task is like that of a soap-opera scriptwriter – he should follow several subject-lines, he should present different actors and characters (bad and good) and their relationships, all traced over a period of years. The difference between the two tasks is that, in the real world setting, the happy ending – getting an appropriate and sustainable budget, for example – is not obligatory, and very often it does not come about. However, very often (as in the soap operas) the large number of participants in the decision-making process, the connections between them, the different circulars, directives, procedures, planning and budgeting techniques involved – these do not allow the essential elements to be seen. Defence budgeting also has its own political and social environment. Sometimes this is not exactly defined and sometimes, in theory and in practice, tensions and confrontations arise.

1. Key concepts and terminology

One thing that has to be clear is the meaning of key concepts and the analytical terminology. There are four main terms which deserve our special attention: (1) Civil-military relations, (2) civilian control over the armed forces, (3) democratic control of defence in general and (4) resource allocation and resources management in the military arena. Use of these terms is very much in fashion in CEECs (including Bulgaria), but very often they differ from the common content and understanding. It is important, therefore, to establish the main elements of these terms, their scope and the inter-relationships among them.

1.1. Civil-military relations

The definition that these are 'all relations between civilians and the military or between the military and the society-at-large' does not give any essential information about them. There should be some delimitation and differentiation between these specific relations and total societal relations. First, civil-military relations arise due to some definite function – provision for defence. Second, the direction of these relationships is between the military and society-at-large but not always directly related to defence. Here we should look for delimitation. That could be reached by defining the direct participants in these relations. The specific interest of this study is on the functional connection – relations between civilian authorities and the military arising because of defence activity.

What are the criteria for this differentiation? In my opinion they are to be found in two directions:

- first, the presence of special, direct, immediate interests in carrying out defence activities and in defining, realising and developing defence policy – interests which are related to the fact that defence is an activity guaranteeing the independence and territorial integrity of the country;
- second, the presence of direct responsibility for national defence, defined by law.

Now on this basis we could name the main participants in the relationship between civilian authorities and the military: in the first place, the military (they satisfy both criteria); after that civilians in the legislature, serving on special committees, and in the executive branch, including the President, Council of Ministers, Minister of Defence and Ministry of Defence officials; and then a wider security community (comprising specialised non-governmental organisations (NGOs), academics, journalists, publishing houses and research institutes), plus the veterans' organisations; and, finally, defence-related industry (or the military-industrial complex). In this way we could exclude groups of civilians who consider defence as an external factor so far as their own activities and interests are concerned, as a matter which they take into consideration or whose influence they try to limit but which is a marginal concern for them.

Consider, for example, relations education-defence. Few teachers and educators have direct connections with defence and they do not usually have strong views about making changes in defence. Just sometimes they argue that the money spent on defence is too much, compared with the money available for education and their own remuneration. In other words, their objectives are not related *directly* to defence. They have no particular interest in the defence mission. Also we could not include the civil servants from the Ministry of Agriculture, for example, because they do not have special and direct interests and responsibilities related to defence.

The participants specified above have direct relations and direct responsibilities for defence. Their efforts and activities are directed to defining and improving defence policy, including resources management. Some of these participants have very strong and formal relations, some have informal links – but all of them work in the same field, all of them work for, with and within defence.

There are several basic principles of any system of civil-military relations. The first is *accountability*. That is the obligation of 'those have been delegated to carry out public functions to reveal, to explain and to account financially for their actions and decisions'¹⁵. Thus accountability as a broad concept has two aspects: obligations to describe and explain activities; and the duty to record and analyse the money spent on these activities. Related to the military, it means, first, to reveal all decisions and activities in defence, and second, to declare and justify all expenditures for military purposes.

Accountability is a multi-sided process. The executive authority is accountable directly to the national parliament, the MoD and the armed forces are accountable (and subordinated) to the executive, but all are accountable to society at large. This means that all of them should provide sufficient information to each other and to the wider society. In this respect the role of the 'security community' is very important – its members serve as mediators between officials and society because they are able to process information and they provide both society and the bureaucracy with competent comments and criticisms. Of course, in defence, there are some special problems with provision for accountability. As well as the usual impeding factors – the reluctance of the executive to provide information, bureaucratic incompetence, and so on – there are specific factors that apply in the

¹⁵ See Andrew Cox and Stephen Kirby, *Congress, Parliament and Defence* (Macmillan, 1986) p.9.

defence arena. One is 'national security' secrecy, another is the fact that there are very complicated questions for consideration, requiring a lot of information and specific skills. That limits the number of people able to participate in this process and again underlines the role of security community.

A second principle is the *primacy of the civilian authorities over the military*. This means not simply giving orders to the military, exercising command. It means that civilians take the main responsibility for, and have the crucial vote in, the defence decision-making process – according to the public interest and the civilian view on defence and security matters – and thus exercise control. The civilians receive qualified military advice: but they have the last word. The practical implementation of this principle means reasonable dialogue and discussion between civilians and the military on all matters and on resource allocation in particular. But the civilians have the right to decide what is to be done, what kind of security policy should be implemented and finally what resources should be allocated to defence. The military recognise this right of final decision and obey; but they also participate very actively in the decision-making process, giving advice and proposing different alternatives for choice. They may also lobby, exert pressure or try to exploit differences among the positions of civilian authorities and bodies. They may leak information to the security community in order to present positions better or explain to the public why they hold to some point of view. Sometimes the military can be very influential because of their knowledge, reputation, access to information, good organisation and clear objectives. But when the military use all of these approaches and means only to negotiate with the civil authority – without using force or threatening to use force – then it is legitimate behaviour in a democratic society. The principle of civilian primacy means also mutual understanding of the roles of the actors in this play, reasonable balance between them, mutual respect and a clear recognition that both sides must not abuse their power. Maybe this principle is the most sensitive principle in the system and sometimes the only one true criterion for the existence of normal civil-military relations.

A third principle refers to the *legitimacy of persons and bodies exercising power*. This principle follows immediately from the principle of civilian primacy in military affairs. The short description of legitimacy is that statesmen clearly derive their rights from the whole society through democratic and legal procedures (elections, referenda, parliamentary vote and so on). In that way they have been empowered by the society to promote the public will and in return should keep the electorate well informed about their intentions and accomplishments. The public representatives have to receive permanent support from the society. This means that they derive their right to rule in the name of the society in two ways: formally (by Constitution, laws) and informally (by direct public support and approval of their policy). The democratic society has enough means to change policies (and politicians) not in tune with the public will. Legitimacy is the basis on which the military obey civilians and the source of those civilians' power.

The fourth principle in civil-military relations is the recognition of the status of the military as a category of public servants with *professional autonomy*, privileges and special rules. As Huntington wrote 'Civil-military relations in the industrial democracies have been characterised by a high degree of military professionalism, effective military subordination to civilian leaders, recognition by civilian leadership of the military's role and competence, and minimisation of the political role of the

military.¹⁶ That is a recognition of the armed forces' particular standing as people who have the obligation to fight, and even to die, for their country. But the public or civilian acknowledgement of this does not mean that the military are fully independent or separated from the society. Most democratic countries perceive this principle in the meaning of 'citizens in uniform' – integrated in the society, obeying the laws of the society but with limited rights (voluntarily accepted by them) and compensated by the society. The military are a special kind of public servants but nevertheless part of the society. They are not a sect or caste.

The full integration of the military into society is achieved in different ways. The first one is using a broad social base for military selection and recruitment. In democratic societies representatives of all social groups can become military professionals and this accessibility receives strong support. The second way includes broad usage of civilian employees in the defence organisation where it is possible. This has been a notable trend in all countries during recent years, as public pressure for defence budget reductions has increased. Governments have tried to use military professionals only for military tasks. The process of 'contracting-out' – or transferring the responsibility for different activities from the armed forces to private (and civil) contractors – has been widely practised. In this way the military are incorporated in the society, working and collaborating with civilians, even in their specific professional sphere. There is another interesting tendency – the broader usage of civil housing, health-care and other services and facilities by the military and their families which makes easier their social integration.

Finally, *economic and political stability* appears to be a sine qua non for sound civil-military relations in the present-day world. Samuel Huntington developed the theory of measuring some aspects of such relations through economic indicators. 'There appears to be a "coup-attempt ceiling" and a "coup-success ceiling"', he wrote; '... in countries with a per capita GNP of about \$1,000 to about \$2,500, coups usually are not successful; in countries with a per capita GNP of \$2,500 or more, coups are rarely attempted.'¹⁷ (Samuel Finer, in his book *The man on horseback: the role of the military in politics*, expresses similar ideas.)

The present system of civil-military relations is very complicated and has many other aspects. But an unstable economy or political tensions could clearly influence it seriously and could very easily change the balance in it. Hungry, unpaid and confused troops could decide that they have another mission – to save the country. Thus an unstable society produces unstable (and potentially undemocratic) civil-military relations. The governments of modern societies bear a big responsibility here, especially when they try to involve the military in internal affairs, close to police functions – fighting drug traffickers, criminals, terrorists. But that means the society is ill and could not react to these dangers with 'normal' measures. In practice this action moves the military out of their barracks onto the streets. Thus political and economic stability is a condition and guarantee for sustainable civil-military relations. Put another way, it means that the military will not receive controversial signals (and even orders) from the civil authorities. The military will

¹⁶ Samuel Huntington, Keynote address, International conference on "Civil-Military Relations and the Consolidation of Democracy" in Washington, D.C., 13-14 March 1995.

¹⁷ Samuel Huntington, source cited in previous note.

have a clearer perspective about their mission and clarity about the resources for this mission defined by the society.

1.2. Civilian control over the armed forces

The term 'civilian control' very often has different meanings and hence differences in implementation. First, the word *control* is ambiguous. David Coombes wrote that '...doubtless many hours of debate have been spent on the subject ... [because of] the ambiguity of that expression.' In the English language the word has a broad meaning which covers directing, guiding and influencing (as in the exercise of parental control over offspring); but, Coombes notes, '*controle* in French, *controllo* in Italian and *controle* in Dutch have much more precise meanings as inspection, verification, checking against fixed standards, and are used especially in the field of expenditure (public and otherwise) to refer to the process of auditing.'¹⁸ This is the sense the word carries also in many Slavic languages; it means having the right 'to check, to observe, to inspect' and usually at the end of the process, saying 'good' or 'bad'¹⁹. The simplest model of this narrow understanding of civilian control is a civilian Minister of Defence saying 'good' or 'bad' (or trying to say this) at the end of all defence decision-making processes, but the uniformed General Staff actually running all the defence ministry's business without day-to-day civilian direction, guidance or influence. Of course, this model is an oversimplification, but in some degree it could explain the basis on which many countries claim to have introduced civilian control.

True civilian control over the armed forces has a much broader scope, in important respects coterminous with the scope of civil-military relations. But formal civilian control is governed by the law regarding relationships between the military and civilians who are authorised to exercise control over the military (who have direct responsibilities for carrying out national defence policy). These civilians are elected democratically and/or appointed according to the existing legislation and they are representatives of legitimate state institutions. Exercising control over the armed forces is a part of their job and they are delegated to do this by the society and they are accountable to the society. These civilians receive the right to control by public competition – through the ballot box – and have public approval. Also they bear the responsibility for their choices, decisions and activities. The relationships between the military and the civilians in this context are direct and formal, with a legal basis. In that way I consider as a participants in the process of civilian control of the military – the Minister and the Ministry of Defence, the Council of Ministers, the President, the parliament with its specialised committees, independent auditing offices and some other departments and agencies, created by law to help the executive and legislative authority.

In addition to this formal apparatus, however, effective democratic control (see below) requires the presence of a wider security *community* of journalists, NGOs,

¹⁸ David Coombes, *The power of the purse* (London: George Allen & Unwin, 1976), p.15.

¹⁹ This idea was also developed at the 1997 fellows-meeting within the present European Fellowship Programme. See also Valery Rachev's piece in Georgi Genov (ed.), *Security policy and civil-military relations in the countries in transition to democracy* (Sofia: Albatross, 1997) (in Bulgarian).

academics, publishing houses and institutes specialised in defence matters. These are the people who have the competence and expertise to hold the government and the military accountable. They have professional interests in defence and the right to receive information about defence. In effect they mediate between society, on the one hand, the military and officials on the other, having at the same time independence. Their advice, critiques and opinions are valuable both for society and for those in the defence business. But the members of the security community are not elected, they are not themselves accountable. Rather they are societal agents, exercising citizens' rights to obtain information from state bodies, to disseminate information and express their opinions and comments to the public at large. In my opinion, these activities are at the heart of *democratic* control, complementing formal *civilian* control.

In other words, my argument is that only civilian officials defined by law can exercise civilian control. They are elected by the society, they are accountable to the whole society and society will evaluate their work. Because civilian control over the armed forces implies broad and competent participation of civilians in all military activities, processes and structures, it entails also accountability – from the military to the civilians – in terms of economy, efficiency and effectiveness, financial accountability and programme (or policy) accountability. Civilian control also includes the right of authorised civilians to appoint, to promote and to dismiss high-ranking military officers and to make organisational changes within military structures. The civilians set up the frames of military activities, they define the military mission and tasks in accordance with national objectives and priorities. Civilian control also includes participation of civilians in day-to-day management of defence affairs, evaluation of military activities, programmes and proposals by non-military experts. These experts have a civil education plus relevant knowledge and experience in the defence field; but they do not belong to the military profession and their career and promotion do not depend on the uniformed hierarchy. Finally one of the most important rights of these civilians is to define and allocate resources to and within defence. This is 'the power of the purse'.

As a conclusion we could say that the system of civil-military relations in present-day democratic societies is very complicated with many interrelations, but also very well balanced. There are several conditions for the normal existence and functioning of civil-military relations in democratic societies, with accent on specific relations between civilian authorities and the military:

- a solid legislative basis to implement all of the principles governing civil-military relations, together with structures, procedures and techniques providing efficient organisational frames for defence activities and civil-military relations;
- provision for permanent official control and for the evaluation of defence activities by a well-developed security community;
- availability of sufficient information to guarantee transparency of the defence planning process plus a system which permits its diffusion among civilians and the military.

All of these are very dynamic and each needs special review and attention.

1.3. Democratic control

Democratic control is not limited only to the system of civil-military relations or civilian control over the armed forces. It includes the right of the society to be informed about all aspects of state policy and associated expenditures and to receive reasonable explanations as to why a particular policy has been chosen (or usually why things are not going well). Also democratic control includes oversight over all activities of the state authorities. Accountability in its two aspects forms the main content of democratic control. It entails also participation of society in the process of defining and implementation of national policy(ies).

Unfortunately the democratic system has few direct means to project the desires and will of the society – elections are at intervals of several years – but it has enough supplementary ways to influence politicians and statesmen. In other words, democratic control is very powerful but mostly indirect. Society as whole cannot participate directly but it authorises representatives to govern in its name. And if politicians are wise they will listen to the electorate. The present-day state machine is very complicated and the world is very dynamic. So society cannot be involved in day-to-day management. But the public can define the frame and the direction of the nation's development. The role of the politicians (or representatives) is twofold. They have to pay attention to the national will, but their mission is also to lead the nation, to generalise this will, to propose alternatives and to find the best solutions for achieving national objectives and priorities. In the defence field, as noted, the security community plays the role of moderator and negotiator between the society and the people who are directly involved in defence affairs – providing opinions, arguments, alternatives, competent assessment and keeping both sides in touch with each other.

It is not possible to elaborate a full theory of civil-military relations here, but we know the participants, the scope of their activities and their guiding principles in this study's specific field of interest. Defence budgeting and defence resources management are excellent examples of how democratic control works in this context

1.4. Effective democratic budgeting and resources management

In the defence budgeting process and defence resources management we find a key specific manifestation of democratic control: the same participants, the same principles, the same conditions for normality as in the general case, with some peculiarities. A good system of civil-military relations is characterised by the open consideration of different alternatives (in all aspects) and open choice among these alternatives. This is how it proves itself from day to day. In the domain of defence budgeting the alternatives and decisions are those related to resources which could be used for different purposes. In that way we see the place of defence budgeting in the overall national budgeting process.

Like other CEECs, Bulgaria has shown interest recently in emulating western models of effective democratic resources management. Speaking about these is somewhat problematical. First, there is a presumption that all resources management is 'effective' and 'democratic' – in western societies. Second, the word 'model' sometimes has different meanings. However, using this designation has some

advantages. It shows the desire of CEECs to reach a certain level of effective resource-use and to implement democratic principles in doing so.

Any society needs security, and organises a defence system to achieve it. But defence activities need resources. Neither the overall defence organisation nor individual military units receive these resources directly, nor are funds reserved for them. There are processes for the allocation of scarce resources at the national level, then within the public sector (between state institutions and agencies), and then allocation within the defence organisation. These processes are inseparable from the whole system of the national economy. They are conducted in the frame of democratic relations in the society. The latter transforms its will through a sophisticated political system into resource decisions, juxtaposing priorities and objectives with available resources. Assigning resources to objectives and objectives to available resources is the core of resource allocation, while resources management embraces every aspect of resource-use, at both the macro- and the micro- levels, and evaluation of that usage. In other words, resources management has a broader meaning than budgeting. Budgeting is the allocative part of the business, though most governments also take into consideration the internal and external stability of the economy plus the distribution of income and wealth.

Budgeting is part of a very complicated social-economic process. If we simplify that process, it would look something like the representation in Figure 2.

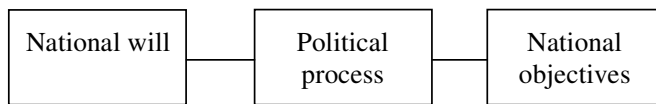


Figure 2

This is not the place for considering the question of measuring the national will and how, in what mysterious way, it is transformed into national priorities and objectives. Sometimes it is a big mystery. But in normal democratic societies it is accomplished. Moreover priorities are transformed into policies with real parameters (personnel, equipment, buildings). The budget translates these into resource requirements and is the first real step towards policy implementation. Also the time dimension is very important. If we add the time to the previous figure it will look like Figure 3 below.

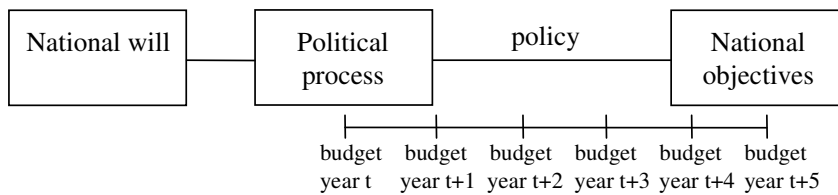


Figure 3

The budget is confined to a one-year period while the other processes (including the overall resource allocation process) have longer time-horizons. The budget has another very important characteristic – it shows the real cost of implementing national priorities and objectives.

When describing the modern approach to planning, programming and budgeting (PPB), Allen Schick says about the process: ‘PPB is the first budget system designed to accommodate the multiple functions of budgeting. Budgeting always has been conceived as a process for systematically relating the expenditure of funds to the accomplishment of planned objectives. In this important sense, there is a bit of PPB in every budget system. ... Every budget system, even rudimentary ones, comprises planning, management and control processes. Operationally these processes are indivisible ... Clearly, one of the major aims of PPB is to convert the annual routine of preparing a budget into a conscious appraisal and formulation of future goals and policies.’²⁰

2. The defence budgeting process – key features

Speaking about western models of defence budgeting we can distinguish four main elements. All of them must exist together. Usually the accent is put on the procedures and some specific planning techniques, but to have good working procedures you should have a balanced system of these elements and relations between them. Most of the conclusions here are valid not only for defence budgeting.

2.1. Setting national priorities and objectives

The listing of national priorities and objectives is the first element. It is the starting point of the budgeting process. One may argue that objectives are outside the scope of the process. But the budget – as a product of the process – is an instrument or tool to achieve some definite goals or purposes. To produce a good budget we need goals which have to be fulfilled. Then the assessment of the budget – as an instrument – is based on the degree of achievement of these goals.

‘Put in this way it is clear that budgeting cannot be regarded as book-keeping. Assigning resources to different purposes entails a valuation of the worthwhileness of the various objectives... Thus a budget involves allocation of resources to values. Government budgeting, seen in this light, is not just a working-out in monetary terms of the gamut of governmental activity. It is the setting of national priorities. Defence budgeting, for its part, is the refinement and establishment of defence priorities.’²¹

All western countries start their budgeting process in defence with some kind of top-level official document which outlines the objectives and goals of national defence according to the nation’s security and foreign policy. The frequency of

²⁰ Frimont J. Liden and Ernest G. Miller, *PPB – a systems approach to management* (Chicago: Markham Publishing company, 1968), p.27.

²¹ David Greenwood, *Budgeting for defence* (London: The Royal United Services Institute, 1972), p.8.

issuing of these statements depends on many factors (strategic environment, economy, threats, coalitions etc.) but usually they are published annually, or every two or three years, and thus facilitate scrutiny of results.

These documents have different names in different countries (National Security Decision Directives, Security Concepts, Defence Papers); but their content is common – they set out the contours of national defence policy. To produce such a document is a direct and immediate task of the politicians. Responsibility for this task lies in many countries with the executive power – the President, the Prime Minister, special councils or at least the Defence Minister, but not under this level. This is a political task. Who will issue these documents depends on the constitutions, laws and traditions. The most important is that the military do not participate directly in the process of setting national priorities and objectives. The democratically elected civilian politicians (or the society at large through its representatives) define the national objectives including those in defence. The role of the military is strictly limited. They might give advice or evidence if the national parliament or executive ask them to do this, but nothing more. Setting out of national priorities and objectives by taking into consideration all views and societal needs is the first touchstone for the existence of healthy civil-military relations and democratic control. Here the role of the security community is very important: they could make their big contribution, using their specific position as mediators²².

Political objectives should be defined precisely by the politicians in order that different alternatives for their achievement can be analysed. There are three main criteria for defining defence priorities: defence of what; defence against what; defence compared to what and by how much.

2.2. Medium- term economic forecast and resource limitations.

It is impossible to consider all alternatives in the beginning, before gauging some budget (or broadly) resource limitations. Defence is not an isolated sphere. It is a part of the national political-economic system. The resources allocated to defence should secure a stable and reliable defence system and at the same time their amount should permit sustainable economic and social development.

‘The allocation to defence is, in principle and in practice, inseparable from the allocation to other private and public purposes ... Budgeting for defence is an aspect of government budgeting in general. It is about pensions and trunk roads as well as the price of tanks.’²³ In that way the answer to the question ‘how much for defence’ receives a new content. As David Greenwood says again: ‘It is not possible to decide “how much for defence?” by a completely independent and partial evaluation of money costs on the one hand and military effectiveness on the other. What has to be decided is: how much for defence as opposed to other things? And this entails a general and interdependent allocative exercise.’²⁴

²² For example, consider the role of the RAND Corporation in the US debate on NATO enlargement and their study of the enlargement process.

²³ David Greenwood, *op.cit.*, p.8.

²⁴ *Ibid*, p.7.

Initial resource limitations constrain the military. Again (at least in theory) they have no direct access to resource allocation decisions at national level. In the western models the main player in that process is usually the Ministry of Finance (or similar institution) which prepares a medium-term economic forecast. From this basis of forecasting it is possible for the government to assess where its policies will lead and whether or not there is scope for additional expenditure in new or existing areas, or whether existing policies will have to be cut due to poor economic prospects.

The share of resources allotted to defence is derived from that forecast and government assessments. Of course, it is not a final decision. Many other state agencies and institutions are included in the decision-making process as well as the security community. Changes of resources in one or another public sector and expected consequences should be explained reasonably to the society. Usually the defined resource constraints are the first visible step in the defence budgeting process. After that there is enough time for corrections and future considerations. At the end of the budget preparations the government makes its final proposal which is presented to the national parliament for approval. It is a right of civilian authorities to allocate resources for defence. Resource limitation in the beginning has also a very practical meaning – it necessitates suboptimisation within the defence system.

3. Civilian and democratic control of defence budgeting

In the previous paragraphs I mentioned most of the characteristics of civil-military relations and democratic control putting the accent mainly on the relationships between executive power and the military. Now I would like to outline some other aspects.

3.1. The role of the national parliament

Peter Else²⁵ defines three broad aspects of legislative oversight: the legal role (control, audit); the managerial role (through allocation of resources thus looking for the best value for money); and the strategic role (linking policies and resources). He notes that ‘The British parliament has historically been confined to legal and managerial roles while the Congress in the United States has historically had a share with the executive branch in all three of these roles.’²⁶

There is a debate about the degree of legislative influence in the defence decision-making process. At one pole is the US Congress, at the other legislatures in Britain and France. In the UK the government takes all responsibilities for formulation of policies and allocation of resources. In this way the Parliament is not the leading player, but it has enough power to influence the directions of these policies and to improve some of their aspects using parliamentary debate, hearings, public support and publicity, and reserving at the end the right to vote directly against the government. The limited strategic role of the British Parliament has not only historical explanations but also organisational ones. For example, the parliamentary

²⁵ Peter Else, *Public Expenditure, Parliament and PPB*, (London, 1970), vol. 36, PEP, p.2.

²⁶ Andrew Cox and Stephen Kirby, *op.cit.*, p.9.

Defence Committee has only 11 members. In the Congress, there are several committees with many subcommittees, big staffs and access to use additional expertise (GAO, CBO (Congressional Budget Office), special reports, etc.). Also the Congress with its committees spends a lot of time on hearings, evidence, debates and in some cases can enter very deeply in defence matters.²⁷

3.2. Publications

There exists a lot of information embracing the whole defence budgeting process. This aspect is very important for the normal functioning of civil military relations. In addition to internal documents, circulating mainly within the executive authority, there are many other texts, published by different bodies, thus facilitating effective civilian and democratic control.

Thus, the UK government publishes a wealth of material on expenditure, as Command Papers (Cmnd). The UK Ministry of Defence publishes its Expenditure Plans, Performance Reports and papers on some specific topics. The Ministry also provides Parliamentary committees with classified reports on general defence policy or special issues, but after that the Defence Committee usually publishes open extracts of these reports. Parliament and Committees publish Reports, Reviews, Minutes of Evidence. Finally, the Governmental Statistical Service produces independent statistical reports, including an annual compilation of UK Defence Statistics.

The US Department of Defense does not publish all of the PPBS documents and supporting data bases on especially future activities and plans, but the main documents are published and are open for outside scrutiny and comment. The practice in the other western countries is similar.

3.3. Audit process

The audit process is the essential final stage in the public expenditure scrutiny cycle. There are a number of stages after the end of the financial year which involve checking that no more than the amounts authorised have been spent. In addition, there is an increasing emphasis on value for money (vfm) audit. The audit process conducted by the National Audit Office (NAO) in the UK includes review and appraisal of accounting and financial procedures, of the relevance and reliability of the data provided, use of government's assets, and so on. The American twin of NAO is called the GAO (General Accounting Office) and has similar functions – prescribing accounting principles and standards, auditing management systems, programmes, contracts, reviewing programmes. 'Clearly this range of activity allows the GAO to assist Congress in holding the executive and its agencies accountable at the policy, programme and financial level'.²⁸

The GAO and NAO audit and evaluate all government agencies, provide advice about legislative procedures for oversight and generally assist the legislature. The GAO produces almost 1000 reports per year to Congress, to Congressional

²⁷ See *American Defense Annual 1988-1989*, Lexington Books, 1989.

²⁸ Andrew Cox and Stephen Kirby, op.cit., p.69.

Committees and to Federal officials, and most of them are open documents. These auditing agencies provide detailed scrutiny, and their studies and reports really help the legislatures. The most valuable characteristics are their independence and the broad dissemination of their commentaries.

4. Relevant procedures and techniques for defence budgeting²⁹

The essential features of present-day western procedures for defence budgeting are summarised in the following paragraphs.

4.1. Principles of budgeting

Budgetary alternatives are appraised in terms of economy, efficiency, effectiveness – in other words, to yield best value for money. This presupposes the existence of some principles of budgeting which allow the assessment of these alternatives. There are three principles of note:

- (a) Since resources are scarce in relation to demands, the basic economic test which must be applied is that the return from every expenditure must be worth its cost in terms of sacrificed alternatives. Budget analysis, therefore, is basically a comparison of the relative merits of alternative uses of funds.
- (b) Incremental analysis (that is, analysis of the additional values to be derived from an additional expenditure) is necessary because of the phenomenon of diminishing utility. Analysis of the increments is necessary and useful only at or near the margin; this is the point of balance at which an additional expenditure for any purpose would yield the same return.
- (c) Comparison of relative merits can be made only in terms of relative effectiveness in achieving a common objective.³⁰

Adherence to these principles, implemented in the budgeting process, guarantees real effective democratic resource management.

4.2. Output-oriented budget systems

The main characteristics of present-day western models of defence resources management and defence budgeting include their output orientation, which means close relations between objectives and resources, and the measuring of results. There are different terms in this field. David Greenwood distinguished them on the basis of achieved integration, continuity and completeness.³¹ According to this the terms 'Functional costing', 'Output budgeting', 'Programme budgeting', 'Planning,

²⁹ I would like to stress on the separate existence of the procedures and techniques because very often they are wrongly associated with the whole budgeting process. They are an important element of the process; but they are instruments. They do not produce good budgets by themselves. Implementation of these procedures needs many people, resources and time.

³⁰ Frimond J. Liden and Ernest G. Miller (eds), *PPB - a systems approach to management* (Chicago: Markham Publishing company, 1968), p.27.

³¹ David Greenwood, op.cit, p.11.

Programming and Budgeting (PPB)' and 'Planning, Programming and Budgeting System (PPBS)' could be arranged in this order. Western countries use PPB or a PPBS. The most celebrated system in the last 30 years is the American PPBS.

'a. The PPBS is a cyclic process containing three distinct but interrelated phases: planning, programming, and budgeting. The decisions shall be based on and consistent with a set of objectives, policies, priorities, and strategies derived from National Security Decision Directives. The ultimate objective of the PPBS shall be to provide the operational commanders-in-chief the best mix of forces, equipment, and support attainable within fiscal constraints.

b. The purpose of the PPBS is to produce a plan, a program, and, finally, a budget for the Department of Defense. The budget is forwarded in summary to the President for his approval. The President's budget then is submitted to Congress for authorisation and appropriation.'³²

The PPBS tries to embrace (very successfully) the whole defence budgeting process. It is a fully-integrated managerial system geared to the size of US Armed Forces and their command chain. Other western countries use simpler systems.

The main contribution of these PPB procedures is that they present clearly the connection between inputs (personnel, procurement, R&D, operational cost, etc.) and outputs (military activities and capabilities needed to fulfil national objectives). Thus possible alternative usage of these inputs (or available resources) can be evaluated according to their contribution to the achievement of these national objectives. Two important conclusions stem from this: it allows optimisation of resources at Defence Ministry level (best value for money) and every unit and structure in the Ministry of Defence should clarify and justify its contribution to the common goals (accountability). In that way civilians and society at large receive the practical opportunity to enter more deeply into military matters, although the military has the leading role in the planning and programming. In practice all characteristics of civil-military relations mentioned above find their place in that process.

The PPB procedures also ensure reasonable consistency between the one-year budget and the longer period covered by defence programmes. The average number of approved major defence programmes is between 10 and 12, divided in many subprogrammes and programme elements. The proposed budget is allocated between them, thus securing achievement of defence objectives. At the same time the available budget resources can be aggregated very easily into input categories.

4.3. Full long-term costing based on the real market prices

The relevance of the information is very important everywhere; but I would like to stress this feature because of its special importance to the countries of Central and Eastern Europe with their developing market economies. The real assessment of alternatives requires relevant price information. For westerners it sounds very natural and indisputable, but for the countries in transition it has special meaning. Most of the armies in the former WP had (and some still have) their own factories, production

³² *The Planning, Programming and Budgeting System (PPBS)*, Department of Defense Document 7045.

lines, construction-building organisations, houses, hotels and other infrastructural assets. Because of the imperfect accounting system and cost-consideration, military planners receive wrong price signals which makes their plans and programmes unreliable. Western countries consider carefully every alternative, in cost terms, for a period of 7-10 years (in accordance with the economic forecast and available resources). That approach makes possible independent assessment and evaluation of military activities, usage of external (civilian) suppliers, and self-isolation of the military.

4.4. Defence budgeting based on existing programmes

Existing programmes are the next constraint. In the past there were some trials for implementation of zero-based budgeting but they came to nothing. Now the future projections of military capability and activities are based on existing defence programmes and their current results.

4.5. Revision and reassessment

This feature is directly related with the previous one. Only the resources included in the voted defence budget are really available. Western MoDs prepare detailed plans for defence expenditures for 3-5 years ahead. They may be discussed in the government or in the Parliament. They are not binding on the government or MoD but they give useful information, making it easier for military planners to use incremental analyses. The process needs continuous revision and reassessment. Usually access to information about future plans and the resources for them is limited to the executive power and the selected legislative committees exercising civilian control over the Armed Forces. Usually there are several bodies and organs for revision and reassessment in present-day western MoD structures (both civilian and military, with different levels of independence) as well as external auditing agencies.

4.6. Strict time-schedule

A strict time-schedule is crucial for the functioning of the budgeting process. It is based on formal legislation and internal MoD documents. There are two special reasons for keeping strictly to the time-schedule: to secure good co-ordination and to provide enough time for analyses and public scrutiny (including all kinds of means of democratic control). Usually the preparation for the new budget starts 14-16 months before the beginning of the financial year. Also the fixed-time procedures and designated stages in the planning cycle do not permit sudden changes in defence policy thus providing again time for additional expert scrutiny and making policy more predictable and compatible.

At first sight the overall system of civil-military relations and defence budgeting seem to be separated. But in practice all of the general principles of democratic control have their implementation in the defence budgeting process. That process is an inseparable part of the whole system. There are differences among

countries in the degree of interaction with other societal and political processes, and the level of implementation of these general principles and rules. These arise because of differences in the traditions, political culture and other characteristics of particular states. In the next section of this study attention turns to how the Bulgarian authorities and the military deal with these matters.

V. RULES OF THE BULGARIAN GAME IN THE MID-NINETIES

As noted earlier, the period 1989-1992 was very dynamic, with serious changes in many aspects of Bulgarian life. The society received promising momentum which unfortunately was lost. Political instability and partisan politics stalled reform. The further development of the society needed broader political support and new effort. During the period 1993-1997, however, there were important developments related to democratic control of the armed forces. These are reviewed here under four headings: the political framework of the reforms; the introduction of civilian control; changes in the legislative basis; and the modification of national and defence budgeting processes.

1. Political framework

Bulgaria is a new democracy, with consequent advantages and shortcomings. Although the country has a long and rich history, periods of real democracy are rare. Moreover it has just emerged from a long period of authoritarian rule. On top of that, the system of democracy is based not only on written laws but also on traditions, informal procedures, education, political culture and historical experience. As a result democratisation takes time. After the fundamental changes in Bulgaria during the period 1989-92 many additional things remained to be done.

In principle a nation's security and defence policy should be a consensus-type policy. The whole society unites around some common national interests and objectives. Sometimes to reach that consensus is very difficult – first, you should have a clear understanding about national interests or at least public debate on that topic, and, second, you need clear political will, expressed in political documents. In the Bulgaria of the 1990s, many of the political parties were (and still are) new parties – without a clear perception of their missions, without experience and without a clear electoral basis. In that situation it does not seem strange that many of the parties adopted similar programmes, full of such terms as 'market economy', 'privatisation', 'democracy', 'national security' but without concrete parameters or even ideas which could be discussed and analysed. After the end of the Cold War Bulgaria was in an absolutely new situation – the country had to decide how to formulate its own national policy without 'big brother's' help. In other words Bulgaria had to domesticate the national policy-making process together with providing for its democratisation. Bulgaria made partial steps in both directions. Because democratisation is a recurring theme throughout the present paper, I would like to say here something more about 'domestication' – to help explain the next events.

Bulgaria was considered for many years as a very close ally of the former Soviet Union and there were many reasons for that – political, cultural, ethnic and economic. In many aspects Bulgaria had no choice: according to the Yalta agreements (1945), Bulgaria was in the Soviet zone of influence. As a member of WP (which the Soviet Union dominated) and through different kinds of bilateral relations, Bulgaria was in strong dependence of Soviet policy. Bulgarian security and defence policy was subordinated to Eastern bloc policy and the question of national policy-making was not on the agenda at all. The Bulgarian political elite lacked experience in the area of strategic decision-making. The domestication process was therefore bound to be difficult.

There were other complications. First, many people in Bulgaria believe that there is a new division of influence between the great powers (US and USSR) agreed at the Malta summit (1990); and for that reason it is not clear where Bulgaria's place is in the new world order. Second, some political parties (mainly the Socialist Party and their supporters, of course) were not convinced of the irreversibility of the democratisation process as whole and in particular in international relations. Third, the tendency of preserving some aspects of the old situation was backed by new-born private economic interests. Fourth, the very complicated and dynamic strategic environment of the 1990s – especially WP and SU dissolution and, after that, war in Yugoslavia – led to a waiting position. Finally, there was the strong polarisation between the main political forces in Bulgaria, which blocked the policy-making process. As a result Bulgarian policy was a waiting and in many cases reactive policy. In other words, Bulgaria chose not to use actively these opportunities for domestication. The disagreement between political parties and the absence of a clear long-term security and defence policy led to much misunderstanding, especially in the armed forces.

Effective resource allocation to defence and sound resources management presuppose clearly stated long-term objectives. For seven years the Bulgarian political elite did not agree on a security and defence policy coherent with the Bulgarian national interest. After the events of 1989 successive governments proposed different emphases. The Left government dominated by the Socialist Party followed a cautious policy toward integration with the West and especially with NATO. At the same time the Union of Democratic Forces insisted on faster and full integration. Although relations within the framework of the Partnership for Peace (PfP) Programme, NACC and other NATO-related institutions were intensified, the real problem (and test) for security integration policy was the attitude toward NATO. Although the Socialist Prime Minister Jean Videnov stated that 'the Bulgarian government executes active policy in the frames of the Declaration of 21.12.1993 in three directions – relations with EU, with WEU and with NATO'³³, arguments were used that the real situation excluded early membership, because NATO had not changed enough towards an organisation of collective security and also any system of collective security without Russia would be impossible. In practice the question of integration to NATO was the main issue dividing the main political parties and their supporters.³⁴

The aforementioned National Assembly Declaration (accepted with a big majority) states that Bulgaria will 'continue the efforts for utilising the co-operation opportunities offered by NATO and the WEU. In case of their future expansion, Bulgaria will join them with full respect for its national interests'. In the next years that document also was interpreted in different ways by the main political parties.

Meanwhile Bulgaria received signals from outside, which seriously influenced its own policy. It seemed that the overall process of CEECs' integration revealed some common models of behaviour and was like a self-learning process. Different initiatives and steps directed to integration were 'copied' by all countries. It made their explanation and implementation easier. Such an initiative was NATO's PfP

³³ See *Duma*, 22 April 1995 (in Bulgarian).

³⁴ See Andrey Ivanov (ed.), *Bulgaria and NATO: The debate at Five to Twelve* (Sofia: Center for Strategic Studies, The Atlantic Club of Bulgaria, 1997).

programme which provoked serious interest among CEECs and signing its documents was considered as some kind of competition.

Bulgaria was among the first countries to join PfP in February 1994. In its PfP documents Bulgaria expressed its desire to harmonise its national defence budgeting process to the highest possible degree of compatibility and to participate actively in reciprocal exchanges on defence planning and budgeting. It was stated that civilian knowledge and expertise in defence matters would be promoted through international co-operation, including training courses for civil servants, parliamentarian and academics. The emphasis was put on the aim to facilitate transparency in national defence planning and budget processes and to ensure the democratic control of the Armed Forces.

2. Civilian control

The relationship between civilian authorities and the military in the first half of the period under review is clearly marked by the absence of a specialised Law for the Armed Forces. There were big expectations that such a law would be accepted but they did not become reality. In some sense the effort was an historical process – drafts were proposed to the Parliament and withdrawn repeatedly for revision. Every government tried to use the Law for its own political purposes. The main disputes were about the division of rights and powers between the President, Council of Ministers, civilian Minister of Defence and General Staff (in the broad frames of the Constitution). In the meantime the future law was awaited almost as a panacea for all the problems in the armed forces. Also its absence was a good excuse for delaying reform.

It is fair to say that during that period the military did more than civilian authorities. The General Staff took the initiative in the preparation of two important documents – Military Doctrine (1993) and a Council of Ministers' Decree on Reform in the Armed Forces (1995). The two documents were accepted by the Council of Ministers and gave the military some perspectives. But it is fair to say also that both had errors born by the wrong approach to them.

Bulgaria needed a new Military Doctrine: that was indisputable. But in the absence of the National Security Concept or clearly stated security and defence objectives it was difficult to incorporate in the Doctrine existing political views. Nevertheless that document outlined the defensive character of Bulgarian defence policy and described the defensive strategy and tactics of the Bulgarian Army. The document stated that Bulgaria does not have territorial pretensions and does not consider any country as an enemy. But the main weakness of the Doctrine was its general character and broad formulation of the tasks of the armed forces. And again this was not the fault of the military.

The next problem about reform was more serious. The Bulgarian Army did not receive a clear signal from the civilian authorities about the scope and directions of intended reform. Yet, all participants in the defence processes recognised that reform was vitally needed for the armed forces. It was clearly stated by the then Minister of Defence Valentin Alexandrov (in Professor Berov's government) that 'If we fail to promote the necessary reforms today, it will become absolutely urgent to implement them at a later stage under far more unfavourable and difficult conditions,

which applies to the Army as a whole, as well as to the entire officer corps, regardless of who should take my place'³⁵. And because Alexandrov considered himself not as political figure, he continued, 'This is a political issue. It is not the business of the Defence Minister or the head of the General Staff to determine whether we need 70,000 or 60,000 or 30,000 or 20,000 soldiers and officers. The supreme legislating organ must determine what army the country needs and secure the means for that army. Means must be secured. I have the impressions that the politicians are 'passing', so to say. There are no clear positions. There are disputes – and some of them are sharp accusations – and politicisation, which to a certain degree is artificial, but there are no clear and specific decisions that we should implement.'³⁶

The solution of these problems was very difficult, partly because of the very unstable international environment (the war in Yugoslavia had just started) and partly because of the volatile political situation in Bulgaria. During the period 1993 -1994 most of the time in the Parliament there was a 'dynamic majority' (strange broad coalition of the Bulgarian Socialist Party, part of the Union of Democratic Forces and the Movement for Rights and Freedom) supporting the Berov government. A further problem was the lack of resources for reform due to the economic crisis in the country.

Nevertheless the General Staff began work on a draft for reform. In the presence of fast-changing governments, Ministers and Deputy Ministers of Defence (some of them poorly prepared and incompetent), the General Staff performed as a stable and reliable state institution.

Until the end of the mandate of Professor Berov's government the problem with reform was not solved and it was pushed to the next socialist government of Jean Videnov which came to power after the elections at the end of 1994. During its first months in power the government released a *White Paper* describing the 'heritage' of its predecessors. A special chapter was devoted to Military, Police and Intelligence. In this document the bad situation in the Armed Forces was confirmed. The existing imbalance between the tasks and size of the Army, and on the other hand the extremely low level of financial and material-technical support of the Bulgarian Armed Forces, were noted. It stated that '...due to the steadily growing inflation, compared to 1989, in 1994 the Bulgarian Army budget had been reduced by a factor of five. However, the Army's tasks remained unchanged. The steady deficit in the financing of the Bulgarian Army and the constant drop in the budget of the Ministry of Defence deformed its structure. Virtually the entire part of the budget (91.3 percent) was used essentially to ensure the current upkeep of the Army at the expense of paying for its material and technical support.'³⁷

Finally at the end of 1995 the Council of Ministers accepted a Decree on Reform in the Bulgarian Armed Forces. The acceptance of that document was however, contrary to the spirit of new times, principles of civil-military relations and even with the aims of reform. The draft plan was prepared mainly by the General Staff and presented to the Council of Ministers without any discussions or presentation to the society. The formal decree consisted of one sentence: 'The Council of Ministers accepted the plan for Reform (classified)'. The actual plan was

³⁵ FBIS -EEU-94-172, Sofia, Bulgarska Armiya, 26 August 1994 (in Bulgarian).

³⁶ Ibid.

³⁷ FBIS-EEU-95-088, Sofia, *Kontinent*, 24 March 1995 'White paper' (in Bulgarian).

unknown even to parliamentarians.³⁸ Small wonder that the discussion in the Bulgarian media still continues; and the topic is not the results of the reform, but whether there is reform in the Bulgarian Armed Forces or not.

The next interesting characteristic of that period is that recently retired admiral Dimitar Pavlov was elected as civilian Minister of Defence. At first sight it was a movement in the wrong direction, but in practice he was considered as a civilian – but one with needed professionalism. In some degree the appointment was a natural reaction to the incompetence of some previous civilian top officials in the Ministry of Defence.

Even so, the non-regulated relationship between the military and civilians created serious problems. One of them was the so-called ‘colonels’ case’ – about the retirement of 330 colonels – which developed into a conflict between the civilian Minister of Defence and the Chief of the General Staff, General Lyuben Petrov. General Petrov was against their retirement and refused to sign the order for that. Because there was no adequate mechanism for resolving of such problems, finally he was dismissed. Some political analysts supposed that this led the BSP to withdraw its support for Professor Berov’s government, which collapsed soon after the dismissal.³⁹

3. Changes in legislation

During the examined period we could note as a very positive step acceptance of the Law for a Consultative National Security Council. This body includes Ministers, parliamentarians and party leaders; it is headed by the President. The need for such a co-ordinating centre was acute. Its main weakness is that it is *consultative*. Also the President’s rights (and obligations) to call sessions were formulated very broadly. In addition the budget for the council is not enough and there is a lack of competent expert support.

The long-expected Law for Defence and Armed Forces was accepted in the Parliament at the end of 1995⁴⁰. The popular and military view is that it is a balanced document and a good starting point for further reforms. The law confirmed again the basic principles related to defence, outlined fundamental activities and approved the structure of the Bulgarian Armed Forces (see Fig 5 for details). The Law stated that national defence will be provided for financially by the state budget and supported by the state and local authorities. The financial, material and technical provision was divided into the following categories: current expenditure, military production and repair, construction, social activities, military quality control, R&D, and other activities, including commercial ventures. Article 17 reads: ‘The expenditure side of the budget of the system of the Ministry of Defence is developed according to the full budget classification and is authorised by the National Assembly at least in the following respects:

³⁸ See Nikolay Slatinski, D.Yontchev, “The Army is marching barefooted to 21st century” *Banker*,45, 1996 (in Bulgarian).

³⁹ As a civilian Mr. L.Petrov was elected in the next Parliament as an independent candidate on the list of the BSP.

⁴⁰ *Law for the Defence and the Armed Forces of the Republic of Bulgaria*, promulgated in Durzhaven Vestnik (State Gazette), No. 112 of 27 December 1995 (in Bulgarian).

1. Expenditures for current maintenance;
2. Expenditures for investment for new armaments and technology, capital repairs and modernisation of the available armaments and technology and other capital investments in the defence sphere;
3. Expenditures for scientific research and development in the area of defence⁴¹.

In that way the Law foreshadowed at least some transparency in defence expenditures. Civilian primacy and civilian control were confirmed with the reaffirmation that the leadership of the defence and of the armed forces of the Republic of Bulgaria resides with the National Assembly, the President of the Republic and the Council of Ministers.

The Law enriched and defined more clearly the constitutional rights, duties and responsibilities of the state institutions concerning defence. I would like to outline some of them related mostly with the relationship between civilian authorities and the military as well as budgeting.

Together with its other constitutional rights (declaration of war, martial law, deployment and use of the Bulgarian armed forces outside the country - Article 26)⁴², the *National Assembly*:

- adopts by means of resolutions the national security concept and the military doctrine as proposed by the Council of Ministers;
- adopts long-term programmes for the development of the armed forces;
- designates the means from the state budget that are necessary for assuring the national security and the defence of the country;
- determines the size of the Armed Forces upon the suggestion of the Council of Ministers;
- exercises parliamentary control over activities connected with defence and the armed forces within the limits of the Constitution;

Article 27 reads: 'The *President of the Republic* is the supreme commander-in-chief of the armed forces of the Republic of Bulgaria'⁴³. Upon the proposal of the Council of Ministers, the President of the Republic endorses strategic plans for the activities of the armed forces and appoints and relieves officers of the high command of the armed forces and honours officers with high military ranks. The Law also describes his obligations and relations with the National Assembly in the event of war and his tasks as supreme commander.

The Law further states the responsibilities of the *Council of Ministers*. This body

- controls and implements the country's military policy;
- approves the structure of the Bulgarian Armed Forces and other military formations;
- approves plans for the organisational establishment of the armed forces and mobilisation plans;
- approves the Regulation for Career Military Service and the statutes of the armed forces;
- approves draft war-time budget.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Ibid.

Among other responsibilities, it is also the job of the Council of Ministers to control military production and direct state reserves.

The Law stated that the *Minister of Defence* and his deputies are civilians. The Minister is responsible and obliged:

- to exercise civilian control over the Bulgarian Army;
- to participate in the preparation and implementation of the concept of national security and introduce it to the Council of Ministers;
- to prepare the draft defence budget;
- to allocate the budget within the ministry, and to direct the financing and material and technical provision of the Bulgarian Army.

The Minister sends the Council of Ministers the following, in accordance with suggestions from the Chief of the General Staff: drafts of the country's military doctrine; the plan for the organisational establishment of the Bulgarian Army; proposals for appointments or and for the awarding of high military ranks; the general state wartime plan; and proposals for orders for general or partial mobilisation.

In addition to making 'suggestions' on all these matters, on his own account the *Chief of the General Staff* (Article 78)⁴⁴:

- organises the formulation of the military doctrine of the country;
- formulates the strategic and operational plans for the activities of the armed forces in times of war;
- manages and is responsible for the organisational development, readiness status, planning and maintaining the combat and mobilisation preparedness and combat capability of the Bulgarian Armed Forces;
- approves the plans for combat operations of the various branches of the Armed Forces and the plans for their operational, material, and technical support;
- formulates a draft plan for the financial, material, and technical support of the Bulgarian Armed Forces;
- submits proposals to the Minister of Defence on the appointment and discharge of personnel of the high command and on the promotion of officers to superior military ranks.

The new Law permitted a clearer distinction of rights and obligations, especially between the civilian Minister and the Chief of the General Staff. All orders of the Minister relative to the Bulgarian Armed Forces are signed by the Chief of the General Staff as well. In the case of disagreement between the Minister and the Chief the matter is passed for consideration and resolution by the Council of Ministers. Thus the Law secured again civilian primacy in the military matters.

4. National and defence budgeting

The National Assembly next accepted a new Law for preparation of the state budget⁴⁵. The old law dated from 1960 but had been amended in 1963, 1979 and

⁴⁴ Ibid.

⁴⁵ *Law for preparation of state budget* promulgated in Durzhaven Vestnik (State Gazette), No. 67, 1996 (in Bulgarian).

1992. Although its replacement was a priority for every government in the early 1990s, the work on it took almost five years.

This Law approved a new structure of the state budget: the main elements are shown in Figures 4 and 5 (with accent on the defence budget). The budget year was to be the calendar year. Special attention was paid to budget procedures. The process of budgeting starts with Guidance of the Ministry of Finance to every budget organisation, containing draft budget parameters. These are based on a forecast for the development of the national economy. The state organisations involved in the budget process prepare their own draft budgets in accordance with the Guidance, their requirements and tasks, and present these to the Ministry of Finance. After that there is a discussion between budget organisations and the Ministry of Finance. In case of disagreement the contradictions are resolved by the Council of Ministers which prepares the final draft of the state budget. The draft is presented to the National Assembly for discussion and acceptance. After the discussions in different commissions, the parliamentary committee responsible for budget matters prepares a written report. At plenary sessions the Parliament discusses that report together with the Finance Minister's Report and draft budget. The document reaffirmed the role of the Auditing Office as auditing body in all budget procedures.

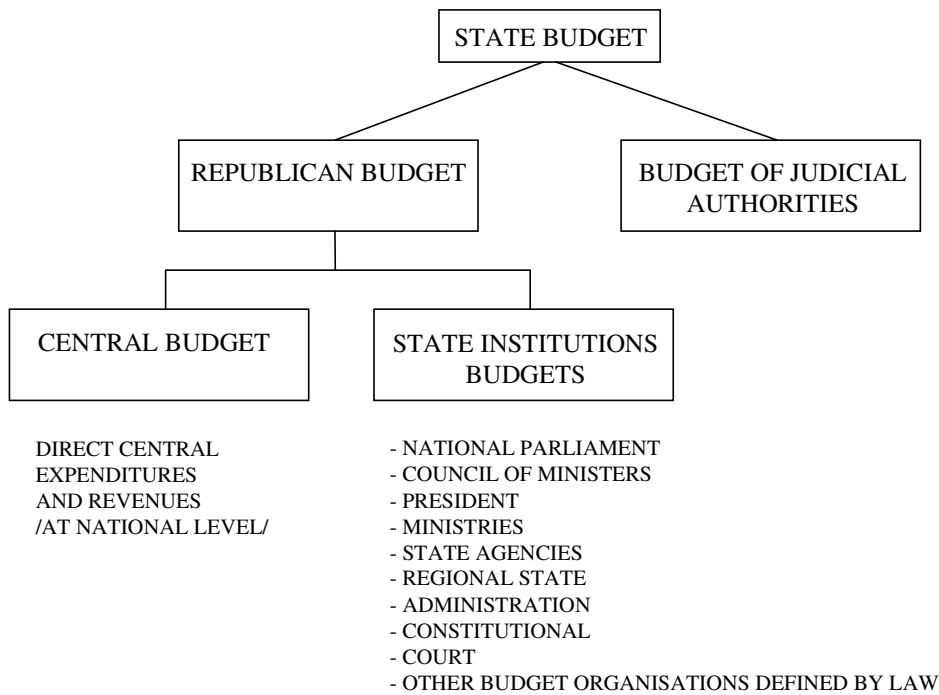


Figure 4: Structure of the state budget of Bulgaria

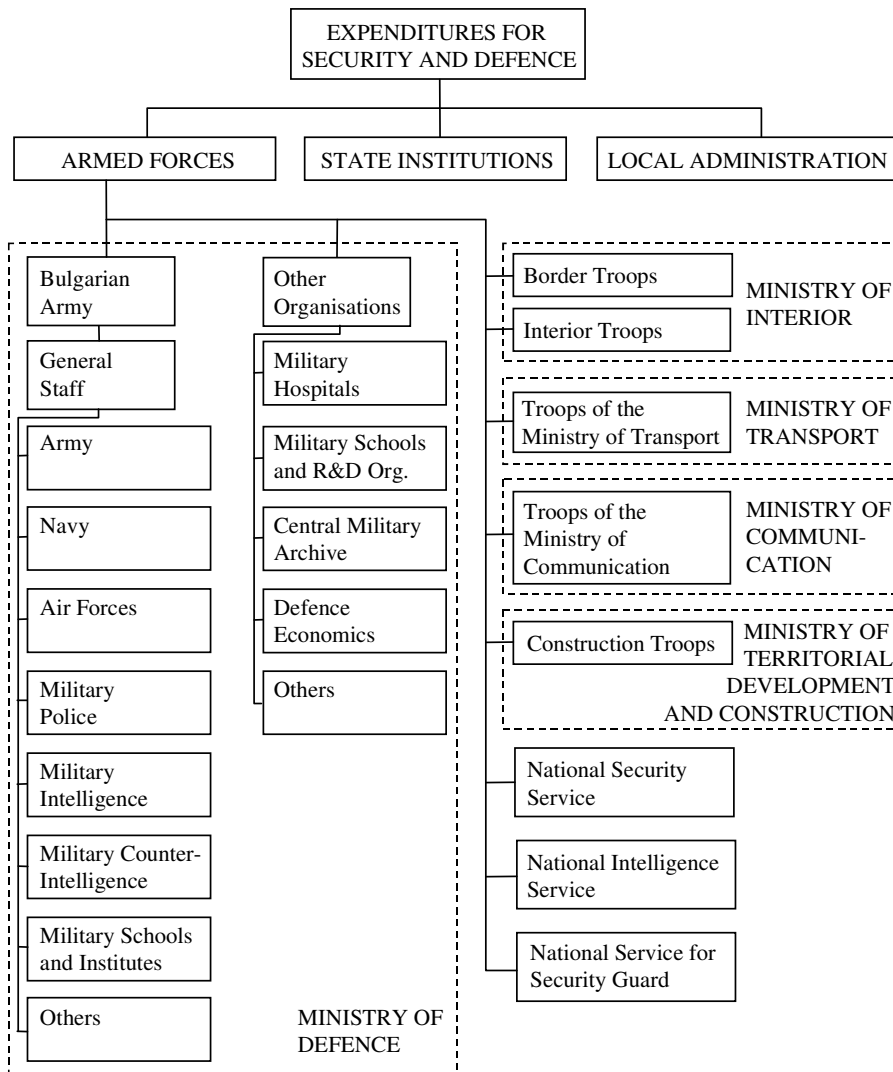


Figure 5: Expenditures for security and defence / by institutional budgets /

The annual Law for the State Budget itself is voted by component budgets. One month after its acceptance and official publication in the State Gazette, the Council of Ministers issues a Regulation on the execution of the budget which is more detailed. One month after the publication of this Regulation first-level budget holders (shown in the Law) have to present to the Ministry of Finance their detailed budgets in accordance with the Law and Regulation. The Ministry can thus control the overall budget process.

Although the 'preparation' law was a serious positive step, there are some weaknesses. One is the lack of reliable control mechanisms for implementation of basic budget principles. Another is the absence of fixed-time procedures. There are

possibilities for delay at any stage of the process because the timetable is not fixed in the Law and depends on the Ministry of Finance. In addition it is not clear what happens when the Ministry of Finance does not fund budget organisations in proper time. In principle they have to receive every month one-twelfth of the year's budget, but in practice there are always big delays with payments. Nor are these the only shortcomings. The budget structure has characteristics of a classical control budget. The link between the strategic objectives of the state and budget resources is unclear because of the lack of a programme budget orientation. Medium-term and longer-run policy cannot be defined and expressed within the existing system. Budget organisations are financed to execute routine everyday functions and tasks. Perhaps the main flaws in the legislation, however, were that the role of inflation was deliberately underestimated – there being no correcting mechanisms in the budget; and there was no basis provided for the assessment of the work of budget organisations, because appropriations are expressed only in input terms.

The 1996 Law for preparation of the State Budget and the 1997 Law for Defence and Armed Forces provided the framework within which defence budgeting now takes place in Bulgaria. They also made possible preparation and publication (which is important) of related internal documents and regulations by the Ministry of Defence, specifically on financial activities in the system of the department⁴⁶. That document described in details roles, rights and obligations in the defence budgeting process summarised in Table 1⁴⁷.

Table 1: Defence Budgeting Process

PERIOD	ACTIVITIES
January – February	Budget guidance by the Minister of Defence
March	Preparation of draft budget at lowest levels in the Armed Forces (battalions and brigades)
May	Aggregation of draft budgets at level Ground Forces, Navy and Air Forces
August	Aggregation at level Financial Department and Central Procurement Departments
August – November	Dialogue with Ministry of Finance
November	Draft State Budget accepted by the Council of Ministers
November – December	Discussion in the Parliament
December	Law for State Budget
01 January	Beginning of current budget year
January – February	Financial Department defines limits for budget holders at lower levels, reconsideration of their budgets in accordance with available resources
February	Discussions on the aggregated defence budget in the Higher Military Council (subordinated to the Minister of Defence) and approval by the Minister
10 days after approval	Preparation and approval of budgets for every unit in the Ministry of Defence

There are possibilities for correcting the defence budget – in the case of a change of economic conditions – in October-November

⁴⁶ “Regulations on financial activities in the system of Ministry of Defence” promulgated in Durzhaven Vestnik (State Gazette), No. 50 of 11 June 1996 (in Bulgarian).

⁴⁷ Table is based on Regulation 50 and Tilcho Ivanov, *Defence economics and the security policy of the Republic of Bulgaria in the mid-90s*, (Sofia, 1998), p.25 (in Bulgarian).

Several features of the system outlined in Table 1 are noteworthy. The most important are the following. Initial budget planning is from down to up, according to the financial guidance of the Minister of Defence. Budget planning is done in input terms, based on centralised norms for the use of resources. Financial resources are planned taking into account the requirements of centralised and non- centralised supply. The responsibility of centralised supplies are Central Procurement Departments in the Ministry of Defence and the General Staff. Reallocation of the voted resources at the end of the process is from up to down.

As a conclusion we can say that the aforementioned Laws and Regulations solved a lot of existing problems in the defence organisation as well as in the specific field of interactions between civilian authorities and the military. But not all such problems were solved. The measures established a legal basis for civil-military relations in the budgetary context. They advanced the democratisation process and the building of a democratic relationship between civilians and the military. Problems and shortcomings remain, however; and these are the subject matter of the next section.

VI. ASSESSMENT OF PRESENT ARRANGEMENTS

Making comparisons and assessments of institutional reform is sometimes a difficult and risky job, and mistakes are possible. But it is better to present these problems for public discussion and evaluation than to keep them behind closed doors.

In our area of interest, Bulgaria has made significant progress in the 1990s. The main elements of a normal democratic relationship between the military and civilian authorities are established. The list of achievements in the political sphere and legislation is very long. At the same time comparisons with the general models (or general principles) of resource allocation to and within defence are less encouraging. There are unsolved problems which impede progress. Also the process of establishing healthy civil-military relations and democratic control is very dynamic and in that sense the criteria for comparison are changing too.

In his book *Defence economics and security policy of the Republic of Bulgaria in the mid-90s* Tilcho Ivanov⁴⁸ finds several main shortcomings in the existing system of defence budgeting. He notes, first, a serious gap between resource allocation and resources management on one side and strategic objectives of the defence system in the new politico-military conditions on the other. The lack of a clearly-defined national security strategy and defence priorities hinders the reforms in the armed forces and the restructuring of the defence sector. The present process is oriented to current structures but not to future requirements. Secondly, the existing organisation of the budgeting process and budgeting procedures is flawed. It is not oriented to capabilities and activities but to the existing army structure. Thirdly, Ivanov says that the high level of centralisation of the allocation and management process demotivates the lower managerial levels in searching for effective decisions. Fourthly, he thinks that there is a need for greater implementation of specific analytical and managerial tools and techniques to support the decision-making process.

I would like to elaborate on these conclusions and findings in several directions, looking in turn at:

- the budgeting processes (procedural aspects);
- the strategic management of defence and medium- and long-term planning;
- medium-term economic forecasting;
- procedures and techniques in defence budgeting;
- the merits of an input-output oriented budget system;
- approaches to the revision and reassessment of defence programmes;
- the role of publications and the importance of audit;
- parliamentary control;

These observations are based on the situation, regulations and information existing in 1997/98.

1. The budgeting process

The careful reader will have noted some discrepancies between the time-schedules of the national budgeting process and the budgeting process in defence. This is because deadlines are not obligatory but at the discretion of the Ministers of

⁴⁸ Tilcho Ivanov, *Defence economics and the security policy of the Republic of Bulgaria in the mid-90s* (Sofia, 1998), p.24 (in Bulgarian).

Finance and Defence. The real practice is worse. The budget for 1998 was the first budget during the transition period to be accepted in time – at the end of 1997. For different reasons – elections, resignations, changes of government – it was common practice in the 1990s for the budget to be accepted several months after the start of the budget year. To this we have to add at least two months which the Council of Ministers needs to accept the Decree on the State Budget and some time for the internal allocation of available resources in the Ministry of Defence.

Until the final approval of their financial resources all budget organisations receive one-twelfth of their previous budget per month, which, combined with the high inflation during the examined period, permits very limited activities, directed mainly to current upkeep – salaries, food, electricity, and so on. Thus delays led to instability of the budget system, precluded any publications and debates in advance and made rational resources management impossible. The corollary of these unscheduled procedures is even worse: very often all these activities were compressed in one or two months, with the emphasis on getting the new budget ready as soon as possible. This makes impossible proper analyses of the budget and creates difficulties in the dialogue between civilian authorities and the military, because the latter simply have no time to present or to defend their arguments and the former cannot exercise effective democratic control (in the full meaning of that term).

The budgeting process requires much effort by all participants. In that sense effective budgeting takes time. The procedural aspect of budgeting is not only a technical matter. On the contrary, good scheduled procedures permit necessary analyses, proper dialogue between civilian authorities and the military, and they create new, broader opportunities for democratic control of the armed forces.

2. Strategic management of defence and medium- and long-term planning

Improved stability of the budgeting process and clear schedules will allow planning bodies dealing with defence to look ahead for longer periods and to use these plans for corrections in the future. Currently it is not clearly stated that such long-term plans should exist and be measured in cost terms. I have mentioned the strategic orientation of defence. Until recently the only officially-accepted document with long-term character was the classified Decree on the Reform in the Armed Forces (1995). According to information in the media, the heaviest and most expensive stage of reform was scheduled for the period 2000-2010 and it was not secured with the necessary resources. This put under suspicion the whole process of reform in the latter 1990s, and the most recently proposed programme must avoid becoming similarly discredited.

The questions of the strategic long-term orientation of defence and long-term planning are very important in respect of harmonisation of defence efforts with overall national policy. It is unfair to say that this is totally missing but the situation here looks more serious than in other fields. During the transition period Bulgarian politicians have not produced and endorsed a National Security Concept and Military Doctrine responding to the new conditions after the end of the Cold War. There have been several variants of such documents approved only by the Council of Ministers – a Military Doctrine in 1993 and a National Security Concept in 1996 – but not passed by Parliament (according to the Law). Acceptance of these documents is a political

question, or, in the context of this study, a question for the civilian authorities. I do not speak about the content of these texts. I say only that the budgeting process requires these strategic documents. The lack of a Law for Defence and the Armed Forces (until 1996) was some excuse for delay. Now that this Law has defined the roles of all participants in the decision-making process, it is very important for the armed forces to have soon their strategic guidance. All other problems are connected with it, and military reform most of all.

The Law for Defence and the Armed Forces is ambiguous about the acceptance and approval of strategic plans for the armed forces. Approval of these plans (by motion of the Council of Ministers) is one of the main obligations of the President (Article 28.1 of the Law) but it is not clear how the Chief of the General Staff, civilian Minister, Council of Ministers and President co-ordinate preparation, acceptance and approval of these documents. There is no schedule and nothing on frequency of preparation or mechanisms for resolution of differences if some of the participants do not fulfil their obligations (or refuse to do this). Finally it is not clear what the role of the National Assembly especially is.

The existing constitutional system of balances between different branches of power in Bulgaria sometimes gives opportunities for blocking manoeuvres – especially in the relationship between the President and the National Assembly or between the President and the Council of Ministers, when they are from different political parties. Appointment of the high command of the armed forces by the President (by motion of the Council of Ministers) is the simplest example. In that respect the existing Consultative National Security Council (headed by the President) could be used more effectively.

The question of the strategic orientation of defence is the most serious problem and yet one which could be solved successfully and quickly. The Bulgarian MoD does not regularly publish a White Book on Defence (or similar document) which in some other countries plays the role of strategic prospectus and gives the political framework for the development of the armed forces and presents the views of the civilian leadership of the MoD about that development. It should adopt the practice, not least because such policy statements provide good opportunities for the whole society to discuss defence matters and strengthen the democratic control of the armed forces. (See editorial note on p.ii above.)

3. Medium-term economic forecast and resource constraints

As was described in Section IV, long-term defence planning and the long-term economic forecast at national level are connected very closely. The latter projects the future allocation of available resources between the public and private sectors, the allocation of resources within the public sector and the related impact on the national economy.

There are unsolved problems in this field. They can be divided into three groups related with economic forecasting; resource constraints and defence planning in accordance with such constraints.

The problems with the economic forecasts produced in Bulgaria before 1998 can be expressed very briefly – they just were not true. The reasons for that were different – irrelevant and false information, political pressure and as a result wishful

thinking – but at the end of the budget year the result was the same: a huge difference between the forecast and real situation. The Bulgarian economic decline to 1997 (and especially the chronic inflation) provide the explanations. As a result there were budget revisions in the middle of the year (e.g. 1996) or the main budget parameters were simply not fulfilled. That situation complicated defence planning because, leaving aside other problems, defence received insufficient resources due to higher levels of inflation or lower levels of state budget revenues than in the forecast (which was the basis for the voted budget). It made the budgeting system unstable and forced defence planning bodies to keep some funds in reserve (not to allocate them). In practice it led to the centralised procedures described in the Financial Regulation 50 of 1996 and kept defence in its routine framework. In some sense this is more a managerial problem than a problem of civil-military relations. However, limited time and continuous change do not permit proper analyses in terms of cost and efficiency. This undermines the obligation of civilian authorities to define resources for defence and to keep their promise.

The next group of problems is related to resource constraints. The Ministry of Finance put some budget constraints in its initial budget guidance every year. Spending organisations, including MoD, seeking higher budgets, presented draft bids for resources which were several times higher than the limits in the guidance. After serious discussions with the Ministry of Finance, in the Council of Ministers and in the National Assembly, the spending organisations received voted budgets, very close to the initial constraints of the Ministry of Finance. All participants in the budget process assured themselves that they understood the situation. In fact, formulating bids without regard to (likely) budgetary constraints guaranteed massive gaps between draft budgets and voted budgets. The result was the preposterous record shown by the figures in Table 2.

Table 2. Expenditure required by the Ministry of Defence and the Percentage of the required Expenditure Approved⁴⁹

Year	Required expenditure (BGL mill.)	Required expenditure (USD mill.)	Budget of MOD (BGL mill.)	Approved as % of required expenditure
1990	1,708.0	602.1	1,656.6	97.0
1991	2,860.0	149.0	2,459.5	86.0
1992	8,400.0	359.9	5,630.0	67.0
1993	24,500.0	886.1	8,654.4	35.3
1994	37,600.0	1,074.3	12,919.8	34.4
1995	52,200.0	745.7	24,000.0	46.0
1996 February	81,000.0	1,046.5	33,485.8	41.3
1996 July	51,000.0	340.0	37,966.2	74.4
1997	900,000.0	551.1	357,192.4	39.7

⁴⁹ Nikolay Slatinski, D.Yontchev, "The Army is marching barefooted to 21st century" *Banker*, No.45, 11-17 November 1996 (in Bulgarian).

Such a situation satisfied neither the civilian authorities nor the military. Yet the farce was staged annually throughout the mid-1990s, according to an absurd ritual. The military refused to bid at realistic levels. Successive governments refused to accept unrealistic 'resource requirements'. So there was a perennial shrinkage in the armed forces, without any significant revision of roles and missions, force structure or (nominal) force potential.

This is related with the next problem of planning under constraints. During the transition period the military planners had a difficult job: they lacked strategic orientation and they received wrong signals from politicians that additional resources could be provided somehow. The result was postponement of real reforms. It is no coincidence that the third stage of the planned reform of the Bulgarian armed forces (related with restructuring, rearmament and new procurement i.e. the most expensive stage) was scheduled for the period after 2000. Also defence planning was inhibited by the fact that the civilian authorities (the National Assembly and the executive) did not express clearly their political will for reforms. The question is not only in the lack of strategic documents. After the end of Cold War and in the following years the size of the Bulgarian armed forces was preserved almost without changes – about 100,000 (slightly under the limitations of CFE treaty). The normal process of defence planning, based on that number, inevitably produced draft defence budgets several times higher than the resource limitations. This is the root cause of the gap in Table 2. But in the madhouse of Bulgarian politics in the mid-1990s it was nobody's fault! After all, Article 26 para. 8 of the Law for Defence and the Armed Forces stated that the National Assembly defines the size of the armed forces by motion of the Council of Ministers.⁵⁰ The absence of such an authorising parliamentary decision (and corresponding motion) made downsizing of the armed forces impossible. This decision has to be taken by the civilian authorities. While there is no such a decision, the military planners must produce higher defence budgets with an inappropriate expenditure structure. The sad result of this practice is a subsistence budget and insufficient resources for training, spare parts, investment and procurement. Officially, the problem was being addressed in 1998, but the record is none the less dispiriting. (See editorial note on p.ii above.)

4. Procedures and techniques

Usually the positive changes in a defence budgeting process are associated with implementation of a PPB system and since 1990 most CEECs have at least renamed their budgeting systems in this way. However, a PPBS is an instrument which has at least five important prerequisites – clear strategic long-term orientation of defence, clear procedures, true cost information (based on market prices), strong discipline and sufficient information on defence matters. These make the task of implementation of PPBS very difficult and my opinion is that it should not be the immediate objective of the Bulgarian MoD. There are many preliminary conditions before implementation and some of them are not manageable by the MoD. In the

⁵⁰ Law for the Defence and the Armed Forces of the Republic of Bulgaria, promulgated in *Durzhaven Vestnik* (State Gazette), No. 112 of 27 December 1995 (in Bulgarian).

Bulgarian case the change in procedures and techniques to date have been limited; and the MoD is *not* boasting PPBS.

The positive changes were mentioned before – accepted (and published) Regulations on financial activities in the MoD, new structures in the ministry and a new order of planning and interaction between these structures.⁵¹ The Regulations permitted clear civilian control on financial matters, exercised by the Minister of Defence, his civilian deputies and other civilian authorities. The accepted order of planning, budgeting and financing is far from PPBS, but this is understandable. The existing procedures (which go first down-up and then up-down) regulate planning and budgeting of activities connected with the current functioning of the armed forces. They are based on well-developed existing material norms, expenditure limits and the size of units. Planning and budgeting of development of the armed forces is concentrated at the highest level of the MoD – General Staff and Minister. The first part of budgeting (about current functioning) can be checked and tested easily by reference to unit size and medical, health and technical norms. Having in mind shortcomings in the budgeting process (mentioned before) and the present lack of resources, what is difficult to assess is the part of budgeting related to capital development. According to existing legislation, the Minister of Defence has enough rights and instruments to exercise these functions. However, this is not a problem for solution only by the Minister and the General Staff. In present circumstances capital spending cannot involve only the MoD. Yet it is not clear what mechanism should apply to decisions about big expenditures for investment and procurement. Usually in other countries there is an upper limit to a department's discretion and decisions for resources above that limit have to be taken by the Council of Ministers or by the national parliament. Such a mechanism is missing in Bulgaria's existing Law and Regulations.

5. Input-output budget systems

The Bulgarian defence budget is a typical input/cost-oriented budget. The Law for the State budget requires three identification elements – current expenditure, investment and R&D. The accepted structure of the defence budget used in the MoD (for internal purposes) is more detailed, but in practice it is the same input budget. It includes nine main spending categories: salaries, business trips, other financial compensations, other financial expenditures (including energy, fuel, rents, food, post services, P&F activities, and so on), procurement, R&D, working capital, investment, and expenditure for special purposes. That type of input budget does not allow measurement of the effective use of defence resources. Nor does it give information useful for organising reform and restructuring of armed forces. Such budget systems are simple and convenient for accounting purposes but they do make poor planning tools. When the armed forces accept new objectives and missions, their fulfilment has to be measured. This requires budgeting in terms of capabilities or outputs. Generating information in this form is a problem for both the civilians and the military. The civilian authorities have to require such a budget, which will make their

⁵¹ “Regulations on financial activities in the system of Ministry of Defence” promulgated in *Durzhaven Vestnik* (State Gazette), No. 50 of 11 June 1996 (in Bulgarian).

civilian control easier. From the other side, only if the military use output-oriented budgets can they represent easily their real needs and focus public attention on real gaps in defence provision, attributable to lack of resources.

6. Revision and reassessment of defence programmes

Obviously given the absence of defence programmes and programme elements from the budget generally, remarks here can relate only to the exceptions, which are good examples in Bulgarian conditions of the advantages of using programmes. There are several items in the internal MoD budget which have a programme character. They are related to reform in the armed forces, Euro-Atlantic integration including PfP, some international obligations, and preparation of Bulgarian forces for participation in multinational operations. Although full information about these line items is not published officially, there *is* more public attention on these problems, since costs and trends can be traced easily precisely because they are output-oriented. Their results are visible and measurable. This points the direction for reform in budgeting. Put shortly, revision and reassessment as processes exist (mainly in MoD), but their results and conclusions are not evident. (The main document with programme (output) character – the Plan for Reform in the Armed Forces – is not published, but information has appeared about discussions on it in the MoD and in the Consultative National Security Council. This takes us to the next group of problems, concerning access to information.)

7. Publication and audit

This is one of today's serious problems. But it could be solved easily and quickly. In the first place, Bulgaria presents information to different international organisations – UN, OSCE, NATO PfP – which could and should be published for Bulgarian citizens. It is not secret and it could be published very fast. Second, the existing Law on State Secrets (last amended in March 1990) is outdated and must be revised very soon. That Law is the main obstacle for defence publications and many of its formulations are really outdated. Third, the normal work of the National Assembly, Council of Ministers and (especially) MoD ought to yield publications. Unfortunately, it is not the case in Bulgaria. Yet there are problems which go beyond the borders of MoD – reform in the Armed Forces and related social problems, closing of small garrisons, relocation of military personnel and civil servants – which really require participation, understanding and the support of the whole society.

One of the main purposes of defence publications is to provide information to society, thus permitting proper analysis and discussion. This is the core of democratic control. In the existing situation the society sometimes can react very late to changes in the armed forces, because they already happened. Sufficient information on defence matters will improve the effectiveness of defence decisions just because of the open discussion. For me it is mainly a technical problem – it is manageable and relatively cheap. But the principal decision about defence publications has to be a political decision, taken by the civilian authorities and put in the Law for Defence and

the Armed Forces. The problem of information and intentions on defence matters is crucial for military planners at lower levels in searching for effective decisions.

Some words about the Bulgarian Audit Office. The Law for that office was vetoed by President Zhelev in 1991 but passed again by the National Assembly in 1995⁵². Its work is now gathering speed (some time was lost because of teething troubles), but its audit will be difficult without proper defence publications. However, the Office can contribute itself to defence publications thus discharging its duty to inform parliamentarians and society. The existing Law for the Audit Office incorporates these rights and obligations.

8. Parliamentary control

'Publication and audit' facilitate legislative oversight of defence activity; and existing legislation gives enough rights to the National Assembly to exercise effective parliamentary control. The question is in using these rights and existing parliamentary practice. Bulgaria is a parliamentary republic, but in the field of security and defence the executive branch has the leading role, approved by the Constitution. In that respect the Bulgarian case is closer to British than to American experience.

The National Assembly has the right and duty to oversee all defence activity, including budgeting, and to check the activities of the executive. It exercises *oversight* rather than *control* in the full meaning of the word. It does so in accordance with the general principles of civil-military relations. It can require information or alter defence policy (if necessary). Unfortunately parliamentary practice does not exploit these rights. Parliamentary discussions on defence matters are limited to the Law for Defence and the Armed Forces, defence budgets (as part of the whole state budget) and concrete matters in the armed forces (during the parliamentary question period every Friday). Many issues are discussed in a National Security Committee but not in the whole National Assembly.

Thus the Bulgarian parliament could improve its work on defence matters. There are some procedural or technical opportunities for that, but mainly it is a political question. Very often it concerns the interaction between the different branches of state power and the system of checks and balances between these branches. In that respect there are good opportunities in the work of the Consultative National Security Council.

⁵² *Law for the Auditing Office*, promulgated in Durzhaven Vestnik (State Gazette), No. 71 of 11 August 1995 (in Bulgarian).

VII. WHAT NOW NEEDS TO BE DONE

If Bulgaria wants to establish relevant and appropriate models of resource allocation to and within defence, it must make concrete changes in the legislative field and regulations, the methods of defence planning and budgeting, the practice of state institutions in exercising their control as well as their responsibility for providing sufficient information to society. The authorities' priorities should be:

- to impose co-ordination and interaction at the highest level – between the President, Council of Ministers and National Assembly;
- to introduce fixed-time procedures in budgeting;
- to adopt a programme organisation of the defence budget;
- to generate more defence publications.

Some of these problems have easy or obvious solutions but they need time and many resources. For that reason I consider them in two aspects – short- and long-term realisation. Moreover, they are not considered as problems for civilians *or* the military. They need joint effort and mutual understanding.

1. Co-ordination at national level

This group of problems is of supreme importance. There are two sets of requirements. The first relates to co-ordination between and within the different branches of power (and related institutions and structures). The second one relates to the results of this co-ordination – different types of strategic documents such as the National Security Concept, Military Doctrine, and so on. These are matters mainly for the civilian authorities.

There is an urgent need for the documents which define the whole defence process. The new political situation after the election in April 1997, and the victory of United Democratic Forces, should permit their early acceptance and adoption of a systematic approach to defence matters. At the time of writing, the documents are being considered at the MoD. Existing General Staff directives are not sufficient because they are not related to availability of resources.

In addition to the basic Concept of National Security and Military Doctrine, there should be issued every year a contemporary strategic document, signed by the President with clear procedures for its endorsement by the General Staff, MoD, Council of Ministers and Consultative National Security Council. The role of the latter has to be increased. It is a suitable instrument for co-ordination at national level between the different branches of power. There should be relevant changes in the Law for Defence and the Armed Forces, thus permitting a more active role for this Council in procedures for acceptance of strategic documents, in the consideration of the defence budget, and proposals for reform in the armed forces. There should also be more publicity on its meetings. The consultative Council's work should be supported by a research centre or institute directly subordinated to it, thus providing Council members with information plus analysis of different alternatives and proposals for decisions. As a relatively independent institution, this research centre could collect information from different services and institutions dealing with security matters and disseminate such information together with its own analyses and comment. Establishment of such a research centre would permit creation of a national security data-base and unification of policy research activities.

Reforms along these lines could be a solution to the problem about subordination of different intelligence and counterintelligence services. The Consultative National Security Council would be a suitable instrument for exercising effective civilian control of their activities. Of course, this would require changes in legislation, but even now there are no obstacles to discussion on intelligence matters in the Council.

2. Fixed-time procedures

Existing budget procedures in Bulgaria are a good basis for the continuation of reforms. The next stage should be setting a period of 14-16 months for the process of budgeting, making a clear distinction between the different stages and clearly defining the set responsibilities of participants in that process. Fortunately, these things could easily be done to permit general control and transparency of the process.

There is a need for close co-ordination between budgeting at the national level and the process in the MoD. A sound legally-mandated schedule will facilitate parliamentary control and supervision by the Consultative National Security Council. It also would permit harmonisation of the Bulgarian defence budgeting process with those of NATO countries.

New provisions in the Law for the preparation of the State Budget and corresponding changes in the Law for Defence and the Armed Forces could differentiate between the expert level and the political level of decision-making *and* show the dividing line between the role of the military in the budgeting process and civilian authorities. Western experience includes analyses of draft defence budgets by independent agencies thus providing more views on these matters (civilian views). In Bulgaria these analyses can be provided by the proposed Research Centre and by other 'outside' bodies. Here should be noted the role of fast-developing Bulgarian NGOs in the field of defence and security matters, which already have good potential and are able to provide expert comment to the authorities and to society at large.

3. Programme organisation of the defence budget

Full implementation of a programme-oriented budget (or full PPBS) in Bulgarian conditions would be a demanding task and requires maybe 3-4 years. However, there is no need for the final objective to be a fully-fledged PPBS. The realistic strategy for implementation of a programme-oriented defence budget – in my opinion – is to keep the present detailed cost structure of the budget (with slight changes) and group items in several main programmes suitable for publications in a *White Book on Defence* (as draft, real budget and report). My proposal is that these main programmes should be⁵³:

⁵³ Based on my study "Structural-organisational preconditions for implementing of planning, programming, budgeting system in defence", in *Defence resources management and Bulgarian integration to European and Euroatlantic security structures* (Sofia: University publishing house "Stopanstvo", 1996) (in Bulgarian).

- General Purpose Forces
- Forces for participation in international operations
- Reserve Forces and future conscript preparation
- Intelligence and Communication
- Integration to NATO
- Personnel qualification, medical and social security
- Military Construction and Family Housing
- Central Administration and related activities
- R&D
- Central Procurement
- Military-Repair Factories

If it is not possible to present strictly quantitative measures of performance for each category, it might be enough for the beginning to develop qualitative indicators and characteristics. This alone would be a serious step toward harmonisation of the Bulgarian defence process with western practice and enhancement of democratic control of the armed forces. This programme approach can be tested immediately through the programme 'Integration to NATO', which incorporates different activities with a clear objective, providing a suitable basis for public discussion and comments. That programme requires joint efforts of civilian authorities and the military and there is no need for a classified detailed expenditure structure. Resources needed for that programme can be published and presented to society.

Implementation of a programme-oriented defence budget will take time – to develop the rationale for change, for testing, changing procedures, preparing personnel, building information systems and researching. But a start, even in one of the proposed programmes, could be the trigger of overall change.

4. Defence publications

In my opinion the importance of publications is underestimated by the civilian authorities, although to generate more would not need many resources or time for preparation. The first step should be the official publication (in Bulgarian) of all the information delivered by Bulgarian authorities to such international organisations as OSCE, UN, the NATO programme PFP and related activities.

The second step should be the presentation of this (and other) information in an annual *White Book on Defence*. If political consensus on the reform of the armed forces exists, the MoD could publish here also its own objectives, the political framework of reform, future steps, plus material on such issues as all-volunteer armed forces and alternative military service, integration to NATO and Bulgarian participation in multinational forces. Such a publication would offer a good opportunity for the presentation of the official position of the Bulgarian MoD (and the position of civilian authorities) on these problems and promote public debate, especially if its arguments were supported by draft budgets and schedules. They would allow public assessment of MoD intentions and policies. A White Book would also have to present past expenditures on defence programmes and show what had

been accomplished with the money; and budgetary projections, to alert investors and arms producers to plans for defence procurement and investment.

The third step is revision of the outdated Law on State Secrets, which needs to be rewritten. The example and experience of democratic states which practise 'freedom of information' is clear enough; and these changes could be made without undermining the Bulgarian national security interest.

5. Conclusion

The Bulgarian transformation process has faced many difficulties and Bulgarian society has suffered hard times. Reform of the armed forces and the relationship between civilian authorities and the military cannot be excluded from the transition toward democracy, a market economy and a true civil society. It does however, take time and resources. No less important, it needs understanding.

This study shows that the Bulgarian defence budgeting process – its main focus of interest – is adequate to the development of democratic practice in the country. Certainly the basic elements of a normal democratic relationship between civilian authorities and the military with respect to resource allocation already exist. Clarification of constitutional rights, changes in the defence budgeting process, a new Law of Defence and Armed Forces (with last amendments from October 1997), military reform already started – these are proofs of that. Bulgaria has thus the potential for further democratic development in its legislation, institutions, structures and procedures. If society as whole and the civilian authorities are conscious of this (and existing shortcomings), then the question is how that potential can be used and what kind of changes should now commend themselves.

The latest changes in the Law of Defence and the Armed Forces, the clearly-stated political will for integration to NATO, the practical steps to this end taken in 1998, the recently-achieved financial and political stabilisation of the country – all of these augur well for movement in the right direction. Making its own choices, Bulgaria has 'domesticated' its national security policy and begun democratisation of its policy-making process. Future changes in defence budgeting should be in that direction. In the present study the essential argument has been straightforward.

Problem identification

Defence budgeting is an essential aspect of the relationship between civilian authorities and the military, considered in the light of civil-military relations and democratic control of armed forces. From that point of view, the defence budgeting process in Bulgaria could be improved by further refinement of existing legislation, procedures and techniques, by establishing a clear political framework for defence activities, and by providing to society sufficient information to bring real transparency to the decision-making process.

Assessment of present arrangements

The existing relationship between civilian authorities and the military in Bulgaria on financial (and other) matters is similar to the general principles of western models and represents a sound basis for further evolution. The many positive elements in Bulgarian legislation and political practice include confirmed constitutional rights, the

separation of powers, civilian primacy and established civilian monitoring of defence, and a well-developed system of checks and balances. The devil is in the details, which are important and should not be underestimated. However, required changes would not be costly, but delay could seriously frustrate reform.

Agenda for change

Numerous suggestions for improving present institutional arrangements have been made in the preceding pages. It would be tiresome to enumerate all of them again here. Suffice it to note that a solid case has been made for:

- measures to improve the high-level political co-ordination of defence decision-making based on democratic principles;
- adoption of a programme orientation in the defence budget, to make it more informative, and to facilitate policy analysis and public scrutiny;
- reform of the procedural aspect of defence budgeting as part of national budgeting, to include introduction of a rigorous schedule (but one which allows time for expert analyses and effective legislative oversight);
- production and dissemination of more defence publications, to create greater all-round transparency about planning, programming and budgeting activities for the benefit of everyone involved in, and affected by, these activities.

Considerable headway has been made in the domestication and democratisation of Bulgaria's national security policy – making enough progress to justify optimism about the future. As the country clarifies its priorities and pursues its goal of drawing closer to NATO – with a view to eventual membership – the prospects are good for the continuation of reforms in the armed forces, in defence resource allocation and resources management, and in democratic monitoring of the budgeting process. However, the course of reform requires continuous attention and purposeful work.

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