

# General elections on 5th October might not bring the political crisis in Bulgaria to an end.

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## Analysis

### Summary :

On 5th October next the Bulgarians are being called to ballot to renew the 240 members of their National Assembly (*Narodno sabranie*), the only chamber of Parliament. These general elections are the second to happen early after those of 12th May 2013. Sofia has had no less than three governments in under two years, bearing witness to the duration, and therefore, the seriousness of the political crisis in which Bulgaria has found itself. 18 parties and 7 electoral coalitions are running in this general election.

The party of former Prime Minister (2009–2013) Boyko Borissov, Citizens for the European Development of Bulgaria (GERB) leads in the polls. Its leader repeats that he will not accept the post of Prime Minister if he does not win an absolute majority. Many observers doubt that the elections will improve the country's political situation. The formation of another government may prove long and difficult, whilst the country needs stability and confidence more than ever before.

Bulgaria is the poorest state in the European Union and the most unstable politically. The GDP per capita is only 46% of the European average; the average salary is 425€/month and the retirement pension 150€. On 13th June last the ratings agency Standard and Poor's reduced Sofia's sovereign debt to BBB, due to the political instability which in its opinion is preventing the introduction of vital reforms in the country, a situation which the agency believes will not improve in the near future.

The civil service is largely ineffectual (the collection of taxes is only achieved in part), the labour market is stagnating, competition is weak and the work force only poorly qualified. The education system is not very effective and needs reforming. But Bulgaria's main problem lies in the weakness of the rule of law and in the burden of corruption and organised crime. Seven years after its entry into the EU Sofia is still under

Brussels' surveillance due to the incompleteness of the reforms of its police force and legal system.

### FOURTEEN MONTHS UNDER ORESHARSKI

Former Finance Minister (2005–2009) Plamen Oresharski, the Socialist Party's candidate, (BSP) became Prime Minister after the general elections on 12th May 2013. He formed a coalition with the Movement for Rights and Freedom (DPS) led by Lyutvi Mestanz, which was supported by the far right party, Ataka.

From the beginning of its mandate the government reversed the decentralisation process, assigned a new Directorate General to counter organised crime (GDBOB) to the National Security Agency (DANS) and modified the rules in force to appoint the director of the latter (now appointed by the parliament alone without any recommendation on the part of the President of the Republic). It announced the resumption of the project to build a nuclear power plant in Belene and modified the rules of the functioning of the National Assembly (MPs are allowed to leave their group and form a new one and the quota of MPs present for the work undertaken by the parliamentary committees was reduced).

But the most important change comprised the appointment on 14th June 2013 of Deylan Peevski, owner

of the media group New Bulgarian and controversial DPS MP, as the head of the National Security Agency (he has been accused of corruption in the past). This appointment led to many demonstrations which criticised a government controlled by the oligarchy. This seriously damaged already weak confidence levels in the new government. The decision was finally cancelled.

The government also resumed the construction of the Russian financed gas pipeline South Stream, which worsened the country's energy dependency vis-a-vis Moscow. Against this project, Brussels also decided to investigate the legal nature of the procedure. Since then Plamen Oresharski announced the suspension of the project and on 2nd June 2014 Brussels opened an infringement procedure against Brussels for its conduct regarding European energy rules.

Over the last fourteen months as government head the Prime Minister has not succeeded in implementing any of the reforms he promised, notably because of inter-party disagreements and internal disputes within his own party. The GERB and Ataka MPs have boycotted sessions of parliament. However the government survived five votes of no-confidence triggered off by the examination of investment laws, regional development, security, energy and fiscal policy.

On 25th May last the two government parties were easily beaten by the GERB in the European elections. The BSP won 18.93% of the vote (four seats) and the DPS 17.27% (four seats) whilst Boiko Borissov's party won 30.4% of the vote (6 seats). One third of the Bulgarians voted (35.84%).

These results led the DPS to withdraw its support to the government, which finally resigned on 23rd July, a resignation that was accepted the next day by Parliament 180 votes in favour, 8 against and 8 abstentions. This opened the way to the organisation of early elections. In line with the Bulgarian Constitution the President of the Republic, Rossen Plevneliev, suggested that the two main political parties, the GERB and the BSP, and then a third movement form a government. After the refusal of each of these to do so he appointed an interim government on 5th August last led by Gueorgui Bliznashki whose responsibility it

is to take care of current affairs until 5th October. A teacher of constitutional law and a BSP dissident, the new Prime Minister supported the demonstrators in the summer of 2013, who accused the government, led by Plamen Orecharski, of being "under the oligarchs' thumb." *"Political and moral stabilisation and the re-establishment of confidence of civil society in the country's political institutions are vital to ensure that early general elections take place,"* he declared as he took office. The new government immediately decided to create a consultation group comprising independent experts to promote the transparency of the decision making process linked to energy issues.

Last June Bulgaria also experienced a financial crisis. The Bulgarians rushed to the banks to withdraw their deposits in the wake of information that declared that several establishments had gone into bankruptcy, notably the Corporate Commercial Bank and the First Investment Bank, the country's 4th and 3rd banks respectively. The Corporate Commercial Bank, which represented 8.4% of the Bulgarian banking sector, was closed and placed under the special supervision of the Central Bank on 20th June after 700 million \$, one fifth of the deposits held by the establishment, were withdrawn.

The financial crisis came after the head of the Corporate Commercial Bank, Tzvetan Vassilev, was accused of corruption. Indeed the content of a 1.8 billion € portfolio i.e. 65% of the loans granted by the bank disappeared. The bank was finally closed on 11th July last. Three days later an audit revealed that 3.5 billion leva (i.e. 1.7 billion € i.e. 65% of the bank's portfolio) had been granted in 2013-2014 to business linked to Tzvetan Vassilev.

The result of this bank crisis was that the President of the Republic Rossen Plevneliev asked the government to launch a procedure to join the EU's Single Surveillance Mechanism. Bulgaria will be the first country outside of the euro zone to join this programme which will enable the European Central Bank to monitor the Bulgarian bank. This will not enter into force however before November next.

Parliament's refusal to adopt the latest adjustment budget on 4th August enabling a budgetary deficit

of 2.7% (instead 1.8%) notably to guarantee the deposits in the Corporate Commercial Bank and to fund some social programme, led to the dissolution of the National Assembly on 6th August by the President of the Republic.

Finally Bulgaria recently had to take in many Syrian refugees. Since the country was not really prepared for this inflow Sofia built a barbed wire fence along its border with Turkey to contain the arrival of any more refugees.

### WHICH POLITICAL CHANGE?

The crisis is so deep that no one believes that the general elections will help to define a majority or that they will lead to a credible alternative. The Bulgarians are disillusioned about all of their politicians. *"The confidence and legitimacy crisis is so strong that the functioning of society is even being challenged,"* maintains Antoniy Galabov, a teacher of sociology at the New Bulgarian University in Sofia.

Boyko Borissov repeats that his party will not participate in any government coalition that does not win the absolute majority of the vote. Tsvetan Tsvetanov, the head of the GERB campaign and former Interior Minister (2009-2013), indicated that his party favoured dialogue with other centre-right parties in order to come to a consensus over national priorities. We should note that Tsvetan Tsvetanov was sentenced on 30th May last by the Court in Sofia to four years in prison after being found guilty of having prevented a legal telephoning tapping operation authorised by a judge. The former Interior Minister has appealed against this judgement.

Boyko Borissov is brandishing the threat of a downturn in the crisis if the electorate disperses its vote in the general election. *"If there is no government Bulgaria will spiral into instability and people will die of hunger,"* he stresses. According to the opposition leader Bulgaria needs a loan of 5 or 6 billion leva from the IMF.

The opposition leader declared in Pripek, a village in the district of Kardzhali, a DPS stronghold, that the future government ought to include at least 10 Muslim ministers. *"Bulgarian Muslims should be a link and not*

*a dividing force between the parties,"* he indicated.

Boyko Borissov is also refusing any kind of alliance with the Reform Block. *"We are not going to work with charlatans,"* declared the former Prime Minister. The Reform Block coalition includes the Democrats for a Strong Bulgaria led by Radan Kanev who is standing in Varna, the Bulgaria for the citizens Movement of former European Commissioner (2007-2009) and former Foreign Minister (2002-2006) Meglena Kuneva, who will be standing in Sofia, the Union of Democratic Forces led by Bozhidar Lukarski, a candidate in Varna, the National Freedom and Dignity Party and the National Bulgarian Agrarian Union. The coalition was formed on 20th December 2013 in view of the European elections in May last.

The Reform Block favours a right-wing coalition which would exclude the BSP and the DPS. It would also like to amend the Constitution so that the next presidential election, planned for 2016, occurs at the same time as the general elections.

The Socialist Party appointed its new chair on 27th July last. Mihail Mikov was elected 377 votes in support at the party's 48th congress, ahead of the outgoing Economy and Energy Minister Dragomir Stoynev, who won 333 votes. He takes over from Serguey Stanichev, the present chair of the European Socialist Party (PES) to whom he is close. During the congress the latter asked for the socialists pardon for the mistakes he might have made. He also maintained that the GERB, the DPS and the President of the Republic Rossen Plevneliev, have made an alliance in this election. *"We shall not allow Bulgaria to be pillaged,"* he indicated. Mihail Mikov might say that *"October is a battle on the road towards a better, more open Bulgaria and a more responsible Socialist Party,"* but he is inheriting a much harder task with the reconstruction of a party undermined by internal division and political failure. The new socialist leader, who is standing in Sofia, indicated that 20% of the candidates put forward by his party are new.

Former President of the Republic (2002-2012) Georgi Parvanov left the Socialist Party at the beginning of 2014 and founded the Alternative for Bulgarian Renaissance (ABV) with former Foreign Minister (2005-2009) and

unfortunate candidate in the last Presidential election on 23rd and 30th October 2011, Ivaylo Kalfin. The party is fighting for the establishment of a presidential republic and says that it is ready to take part in any government coalition which would not include the Movement for Rights and Freedom.

Former TV journalist Nikolay Barekov formed Uncensored Bulgaria at the beginning of 2014. The party stood in the European elections on 25th May in coalition with the National Bulgarian Movement (VMRO) led by Krasimir Karakashanov, the People's Agrarian Union led by Roumen Yonshev and the Movement for Saint Georges Day led by Dragomir Stefanov. It won 10.66% of the vote and 2 seats in this election.

Nikolay Barekov, who is standing in Varna, is mainly standing as a corruption and organised crime buster but is himself the focus of an investigation for illegal activities in his electoral campaign during the European elections.

The coalition is experiencing some internal problems. The National Bulgarian Movement recently left it to form the Patriotic Front with the National Front for the Protection of Bulgaria led by Valeri Simeonov. The movement is fighting for a government that will save the nation, maintaining that "*after 25 years of experimentation on the left and the right Bulgaria is in a disastrous situation.*" He maintains that he will support a coalition led by the GERB under certain conditions.

### THE BULGARIAN POLITICAL SYSTEM

The Bulgarian parliament is monocameral. The Narodno sabranie comprises 240 MPs, elected every four years

within 31 electoral multi-member constituencies which match the country's *oblasti* (counties). The voting method is mixed: 31 MPs are elected by a majority method (according to the first past the post system) and 209 are elected proportionally (closed lists) according to the Hare-Niemeyer method. Candidates have to be aged 21 at least. A minimum of 4% of the votes cast is vital for a political party to be represented in Parliament.

The parties that want to take part in the general elections have to pay a deposit of 10, 000 leva (which is reimbursed if they win at least 1% of the votes cast) and collate the signatures of at least 7000 voters. Independent candidates have to have the support of at least 10,000 voters in the electoral constituency where they are standing.

At present the political parties represented in the National Assembly are:

- the GERB, which means "shield" in Bulgarian, the main opposition party created in 2006 and led by former Prime Minister (2009-2013) Boyko Borissov, 97 seats ;
- the Coalition for Bulgaria (KzB), alliance of four left-wing parties, the Social Democratic Party, the Agrarian Union, the Movement of Social Humanism and the Socialist Party (BSP) 84 seats;
- the Movement for Rights and Freedoms (DPS), founded in 1989 by Ahmed Dogan and led since January 19th 2013 by Lyutvi Mestan, represents the Turkish minority. It has 36 seats;
- Ataka, far right party created in 2005 and led by Volen Siderov, 23 seats.

**Reminder of the general elections results on 12th May 2013 in Bulgaria**

Turnout: 51.33%

Political Parties	No of votes won	% of votes won	No of seats
Coalition for Bulgaria (KzB)	1 081 605	30,54	97
Coalition for Bulgaria (KzB)	942 541	26,61	84
Movement for Rights and Freedoms (DPS)	400 466	11,31	36
Ataka	258 481	7,30	23
National Front for the Protection of Bulgaria	131 169	3,70	0
Bulgaria for the Citizens	115 190	3,25	0
Democrats for a Strong Bulgaria (DSB)	103 638	2,93	0
Others	508 655	14,36	0

Source : (<http://results.cik.bg/pi2013/rezultati/index.html>)

According to a most recent poll by Sova Harris, published on 3rd September, the GERB is due to win 42.2% of the vote. It is due to beat the Socialist Party which is due to win 31.4% of the vote, the Movement for Rights and Freedom 11.1%, Uncensored Bulgaria 7.3% and the Reform Bloc 7.1%.

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