BULGARIA'S DELAYED TRANSITION: AN ANALYSIS OF THE DELAYS IN BULGARIA'S POLITICAL AND ECONOMIC TRANSITION FROM SOCIALISM TO LIBERAL DEMOCRACY

by

ROBERT CASTLE

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This manuscript has been read and accepted for the
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Professor Susan L. Woodward

_______________ Date

Chair of Examining Committee

Professor Joe Rollins

_______________ Date

Executive Officer

Professor Gerald W. Creed

Professor Kenneth P. Erickson

Supervisory Committee

THE CITY UNIVERSITY OF NEW YORK

Abstract

Bulgaria's Delayed Transition: An Analysis of the Delays in Bulgaria's Political and Economic Transition from Socialism to Liberal Democracy

by

Robert Castle

Adviser: Professor Susan L. Woodward

Bulgaria's transitional pathway from socialism to free market liberal democracy has been extremely troubled and hesitant, with the European Union only satisfied that the country had created a functioning market economy in November 2003. Freedom House considered Bulgaria as a parliamentary democracy from 1991, but as a mixed statist-transitional economy until 1998. What accounts for the various delays, obstacles, and setbacks the country has faced since 1989? I argue that for the period 1989 to 1997, there was a lack of consensus among the Bulgarian public and elites on the pace and extent of political and economic reforms. This lack of consensus explains the delayed, inconsistent, and incomplete consolidation of democracy and a free market economy, as it permitted successive governments to avoid tough and unpopular policy decisions, at national, regional, and local levels, and ensured that those reforms that were undertaken were poorly and incompletely implemented. Lack of consensus allowed parliament to draft and approve poorly written legislation full of ambiguities and loopholes, while local politicians and government officials found it politically, ideologically, or economically expedient to delay and otherwise hinder the reform process. This dissertation shows how the lack of consensus is a result of the way Bulgarians experienced the latter years of socialism economically, politically, and socially. The social pact between rulers and ruled remained intact in Bulgaria through the end of communist authoritarianism, and had brought considerable economic, social and cultural development to the country. As a result, the population was not prepared for the inevitable pain

of the structural economic and political changes necessitated by the transition to a free market liberal democracy. Focusing on the role of consensus adds a further layer of complexity to the study of transitions, and through the dual case study of Bulgaria and the Rousse region, this study highlights the points of convergence among a range of theoretical approaches, opening the door for greater pooling of knowledge and research findings in future.

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Glossary

BSP	Bulgarian Socialist Party
BCP	Bulgarian Communist Party
UDF	Union of Democratic Forces
MRF	Movement for Rights and Freedoms
IMF	International Monetary Fund
EU	European Union
GNA	Grand National Assembly
GERB	Citizens for the European Development of Bulgaria
UNDP	United Nations Development Programme
EBRD	European Bank for Reconstruction and Development
BANU	Bulgarian Agrarian National Union
GDP	Gross Domestic Product
NMP	Net Material Product
CSCE	Conference for Security and Cooperation in Europe
NEM	New Economic Mechanism
SOE	State Owned Enterprise
PA	Privatization Agency
NATO	North Atlantic Treaty Organization
USAID	United States Agency for International Development
AUBG	American University in Bulgaria
MCI	Movement for Civic Initiative (Rousse)
COMECON	Council for Mutual Economic Assistance
PEC	Rousse Provisional Executive Committee
NDSV	National Movement Simeon the Second

Chapter One: Introduction, argument, and literature review

Introduction

Following the collapse of the socialist system in Europe and Eurasia from 1989 to 1991, the resulting 29 post-socialist states have followed a variety of transitional pathways. At one extreme, predominantly in Eastern and Central Europe, they have coalesced around the creation of stable, free-market, liberal democracies. At the other, predominantly in the ex-Soviet republics, the result is a variety of authoritarian regimes retaining mainly centrally controlled economies. The first, successful transitional countries are considered consolidated or semi-consolidated democracies based on liberalized economies, the rule of law, free and open multi-party elections, and a vibrant civil society. Those in the latter group are viewed as semi-consolidated or consolidated authoritarian regimes. In between lie transitional or hybrid regimes.

The European Union did not consider Bulgaria to have a functioning market economy until November 2003 (Crampton 2005, 420). Freedom House considered Bulgaria as a parliamentary democracy from 1991 onwards, but as a mixed statist-transitional economy until 1998. The country has remained on the cusp between consolidated and semi-consolidated democracy for all but two years since 1995, and since 2008 has been placed in the latter category (See Tables 1 and 2). This is despite sharing many more characteristics with the consolidated democracies of Eastern and Central Europe than with the countries of the former Soviet Union, including a non-violent end to socialist rule achieved via negotiations between the regime and opposition groups; early, multi-party open elections; a new liberal constitution (which came into force in July 1991) guaranteeing political and economic freedoms; the extraction of the

communist party from non-political arenas; and the opening of the economy to private enterprise and investment.

Table 1 Freedom House: Bulgaria's ratings in the Freedom in the World reports, 1987-2011

Year concerned	Free Not Free	Freedom Rating	Civil Liberties	Political Rights	Explanation
1987-88	NF		7	7	Communist, one party state
1988-89	NF		7	7	Communist, one party state
1989-90	NF		7	7	Communist, one party state
1990-91	PF		4	3	Dominant party (transitional); statist transitional;
1991-92	F		3	2	Parliamentary democracy; rights circumscribed through intimidation and inhibition
1992-93	F		3	2	Parliamentary democracy; statist-transition economy
1993-94	F		2	2	
1994-95	F		2	2	Parliamentary democracy; mixed statist-transitional
1995-96	F		2	2	Parliamentary democracy; mixed statist-transitional; corruption remains a problem
1996-97	F		3	2	Parliamentary democracy; mixed statist-transitional; Decrease from 2 to 3 in 95/96 – why? – increasing restrictions on media
1997-98	F		3	2	Parliamentary democracy; upward trend arrow – free and fair elections; reform govt
1998-99	F		3	2	Parliamentary democracy; mixed capitalist (transition); corruption and crime remain
1999-00	F		3	2	Parliamentary democracy; mixed capitalist
2000-01	F		3	2	Parliamentary democracy; mixed capitalist
2001	F	2.0	3	1	Political rights improved: consistent free and fair elections; inclusion of ethnic party in govt. Economy: mixed capitalist (transitional)
2002	F	1.5	2	1	Civil liberties improved: continued effort to bring pol, econ, and social environment in line with EU; improved ethnic and religious groups
2003	F	1.5	2	1	
2004	F	1.5	2	1	
2005	F	1.5	2	1	
2006	F	1.5	2	1	
2007	F	1.5	2	1	
2008	F	2.0	2	2	Decline in political rights due to backsliding in fight against corruption and org crime
2009	F	2.0	2	2	
2010	F	2.0	2	2	
2011	F	2.0	2	2	

Freedom House analysts assign a numerical rating from 1 to 7 for both political and civil rights, 1 being most free and 7 least free. The average of these ratings provides the freedom rating, where Free (F) = 1.0 to 2.5; Partly Free (PF) = 3.0 to 5.0; and Not Free (NF) = 5.5 to 7.0. Full details of the methodology used can be found at http://www.freedomhouse.org/report/freedom-world-2013/methodology

Table 2 Bulgaria's ratings in the Nations in Transit reports

Year	Dem	Elect	CS	Media	Judic	Corrupt	Gove	Priv	Mac	Mic	Explanation
1997	3.25		4.00	3.75	4.25		4.25	5.00	5.75		Polity: transitional; Economy :transitional.
1998	2.75		3.75	3.50	3.75		4.00	4.00	4.00	4.25	
2000	2.25		3.75	3.50	3.50	4.75	3.75	3.75	3.50	4.00	Stable, well functioning democ, free and fair elections
2001	2.00		3.50	3.25	3.50	4.75	3.50	3.50	3.25	3.75	Stable multiparty democ, functioning parl, high transparency,vibrant civil society

	Dem	Elect	CS	Media	Judic	Corrupt	Govern		Explanation
2003	3.38	2.00	3.25	3.50	3.50	4.25	3.75		3 trends of concern: 1. Gap b/w popular expectations and elite agenda; 2. Growth of anti-party sentiments; 3. Declining confidence in democratic institutions
2004	3.25	1.75	3.00	3.50	3.25	4.25	3.75		Free/fair elections held; enhanced CS activity; constitution amended to increase judicial transparency and accountability.
2005	3.18	1.75	2.75	3.50	3.25	4.00	3.5	3.5	Stable and democratic governance; increased CS advocacy; improvement in direct measurement of corruption;
2006	2.93	1.75	2.75	3.25	3.00	3.75	3.0	3.0	Formation of majority govt/EU reform process; legal system protects journalist; decentralization improves local govt; improved institutions, ombudsman; improved corruption measures;
2007	2.89	1.75	2.50	3.50	2.75	3.75	3.0	3.0	CS continued vibrancy and maturity; government interference in media, attacks on journalists; judicial transparency, accountability and functioning improved;
2008	2.86	1.75	2.50	3.50	2.75	3.50	3.0	3.0	Improved anti-corruption measures at lower levels
2009	3.04	1.75	2.50	3.75	3.00	4.00	3.25	3.0	Semi-consolidated; mismanaged EU funds, slow judicial reforms, corruption; interference and attacks on media; judicial resistance to reform; major corruption scandal.
2010	3.04	1.75	2.50	3.75	3.00	4.00	3.25	3.0	Semi-consolidated; no major improvements or deteriorations noted.
2011	3.07	1.75	2.50	3.75	3.00	4.00	3.5	3.0	Semi-consolidated; political infighting, politicization of presidency harmed national government; lack of further positive movement on corruption;
2012	3.14	2.00	2.50	3.75	3.25	4.00	3.5	3.0	Semi-consolidated; electoral problems; threats to judicial independence; lack of momentum on anti-corruption measures

Freedom House analysts rate each country in seven categories, on a scale of 1 to 7: electoral process (Elect), civil society (CS), independent media (media), national democratic governance, local democratic governance (jointly under Gove/Govern: the category of governance was split into two from 2005), judicial framework and independence (Judic), and corruption (Corrupt). Countries are then ranked according to the following scale: 1 to 2.99 = Consolidated Democracy; 3 to 3.99 = Semi-Consolidated Democracy; 4 to 4.99 = Transition Government or Hybrid Regime; 5 to 5.99 = Semi-Consolidated Authoritarian Regime; 6 to 7 = Consolidated Authoritarian Regime. Full details of the methodology of the reports can be found here: http://www.freedomhouse.org/report/nations-transit-2012/methodology

Why has Bulgaria experienced significant delays and obstacles on the road to becoming a fully consolidated free-market democracy, most notably in the area of economic reform? By the late 1980s, Bulgaria, like most of the other socialist states, was suffering economically. Previously high GDP growth rates had fallen almost to zero, industrial and agricultural production had declined, and "foreign debt rose from $2 billion at the end of 1984 to almost $7 billion at the end of 1988 and reached $10 billion a year later" (Giatzidis 2002, 36), representing 154% of exports by early 1990 (World Bank 2007). The economic situation at the onset of the transition in 1989/90 was far from ideal. Initial attempts at market-oriented reform were half-hearted and unsuccessful, and it took rampant inflation, slumps in production, and shortages across the country to prod the first non-socialist government, in 1991, into the first sustained attempt at reform. With World Bank and International Monetary Fund (IMF) backing (some would say insistence), "a bold and ambitious 'shock therapy' reform programme of tough economic stabilization and austerity was originated" (Giatzidis 2002, 84).

The success of this reform program was limited. The return of the Bulgarian Socialist Party (BSP – the former Bulgarian Communist Party BCP) to power at the end of 1992 (as the leading element of a nominally non-party regime) meant that there was little government support for making sure that the, admittedly impressive, institutional and legal reforms that had been passed by parliament were actually implemented in practice. This failure was most noticeable in the privatization program: "two waves of privatisation were scheduled but the first began only in January 1996" (Giatzidis 2002, 88). For the ex-communists, official privatization was far less rewarding, economically or politically, than the illicit transfer of state-owned assets into the hands of shady private business groupings, usually headed by former members of the state security forces, or by the "mutri" or "thick-necks" (former wrestlers or weightlifters). These

business groups, many formed during the last years of communist rule, were among the few successful enterprises in Bulgaria in the early 1990s, and undertook a range of activities from control of state-owned industrial and agricultural production, through black marketeering (especially during the blockade of Yugoslavia from 1991-95) to protection rackets and general crime (CSD 2002, 13). They benefitted from close political links, the crumbling state sector, and the political and economic uncertainties of the transition period.

The lack of effective reform, external economic factors, and continued political weakness combined to create a virtual meltdown of the Bulgarian economy in 1996 and 1997: GDP fell by 10% in 1996, inflation hit 310% in 1996 and 578% in 1997, unemployment reached 15% in 1997, and the value of the Bulgarian currency depreciated sharply against the dollar. "It was a devastating economic collapse: apart from the hyperinflation which was ruinous for the savings of ordinary households, it produced a deep recession, chaos in the financial system resulting in the closure of some 15 banks, and bankrupt public finances" (Nikolov et. al. 2004, 29).

Argument

Why has Bulgaria faced such a troubled and hesitant transitional pathway from socialism? Determining the role of societal consensus both before and during transition to and consolidation of free market liberal democracy will contribute to an understanding of the journey from socialism to post-socialism across Europe and Eurasia, and raise questions about the theoretical and empirical assumptions of the literature on the consolidation of post-socialist transitions.

This dissertation will argue that the lack of societal consensus on the pace and extent of political and economic reforms in Bulgaria primarily accounts for the delayed, inconsistent, and incomplete consolidation of democracy and a free market economy. It will further explain and illustrate the processes that prevented the formation of such a consensus.

Consensus can be defined as "a commonly agreed position, conclusion, or set of values, and is normally used with reference either to group dynamics or to broad agreement in public opinion. More generally, it refers to the sharing of a set of ideas, norms, and values among the members of a whole society" (Scott and Marshall 2012). In the context of the transition to a liberal, free market democracy, "individuals should be able to assess and accept the principles according to which they are governed. Principles should be *generally* acceptable, thus reflecting a consensus of citizens' beliefs" (Klosko 2004, 4). Rustow argues that we need a conceptualization which "transfers various aspects of consensus from the quiescent state of preconditions to that of active elements in the process" of democratic consolidation (1970, 362). Consensus for this purpose is not a uniformity of opinion within a society, at a given moment in time. Rather, it relates to the degree of acceptance by citizens and rulers in a newly democratizing state of the new rules of the game and the changes these rules imply.

Pace of transition can take the form of either a rapid transformation or a gradual adjustment of the economic and political system. Extent of transition refers to how complete reform should be: a full market economy, or a mixed state-market economy.

I propose that for the period 1989 to 1997, there was a lack of consensus among the Bulgarian public and elites on the pace and extent of political and economic reforms. This lack of consensus permitted the creation of a space in which successive governments could avoid

tough and unpopular policy decisions, at national, regional and local levels, and in which those reforms that were undertaken were poorly and incompletely implemented. Lack of consensus at the national policy making level allowed parliament to draft and approve poorly written legislation full of ambiguities and loopholes. Local politicians and government officials charged with implementation of this legislation, themselves lacking consensus over the desirability of the proposed reforms, found it politically, ideologically, or economically expedient to delay and otherwise hinder the process, knowing that a change in national government could well bring about a change in policy direction and cause existing reforms to be undone.

The lack of consensus is a result of the way in which Bulgarians experienced the latter years of socialism economically, politically, and socially. Socialism was successful in raising the standard of living for much of the Bulgarian population. Writing about the socialist bloc in general, Przeworski argues that by the 1970s socialism had become nothing more than "an implicit social pact in which elites offered the prospect of material welfare in exchange for silence" (1991, 2), and that it was the failure of the elites to keep their side of the bargain that precipitated the collapse of the socialist system in Eastern Europe. I argue that this social pact remained intact in Bulgaria through the end of communist authoritarianism and that as a result the population was not prepared for the inevitable pain of the structural economic and political changes necessitated by the transition to a free market, liberal democracy. Lack of consensus within the elite, caused by diverging views on the future direction of the country, in turn, cost them the trust and confidence of the public as some of them attempted to move forward with the reform process.

Literature on transitions

The collapse of socialist governments across Eastern and Central Europe in 1989, followed closely by the disintegration of Yugoslavia and the break-up of the Soviet Union, was almost completely unanticipated by exactly those observers who were best placed to foresee it – political scientists, and in particular, those engaged in the study of what Samuel Huntington (1991, 3) labelled the "third wave" of democratic transitions from authoritarian regimes. This "dismal failure" (Przeworski 1991, 1) of political science prompted multiple attempts to address the questions of how and why such a rapid termination of the existing second world order could occur.

Guillermo O'Donnell and Philippe Schmitter, in their analysis of democratic transitions in Latin America in the 1980s, argue that transition starts with liberalization of citizens' rights (e.g., habeas corpus, freedom of speech, assembly, religion, press, and political opinion), proceeds through the redefinition of the rules of the political game (the imposition of restrictions and obligations on the rulers, and the granting of participatory rights to the people), and concludes with the creation of a new form of regime. This may be democracy, but it may also be a different form of authoritarian rule, or simply confusion and instability, even revolution (1986, 3-7). The predominant factors in the transition are domestic: "there is no transition whose beginning is not the consequence – direct or indirect – of important divisions within the authoritarian regime itself" (1986, 19). The outcome will depend largely on the balance between hard- and soft-liners within the regime, the alliances made within the regime and between the regime and other forces in society, and the nature and extent of the negotiated pacts which characterize the end of authoritarian rule – these pacted transitions feature extensively in subsequent analyses both of Latin America and the former socialist bloc.

The collapse of socialist regimes after 1989 provided new and promising case studies. Transitologists (Schmitter and Karl 1994; Karl 1993; Wiarda 2001; Linz and Stepan 1996) closely follow the approach of O'Donnell and Schmitter: elites matter and they instigate transition in an attempt to legitimate their rule; socio-economic preconditions matter much less. Huntington allows for the role of other factors such as declining economic performance, the influence of the Catholic Church, and external actors' attitudes, but the path to democratization is primarily dependent on political elites, their composition and strategies (1991). Transitions occur via negotiations and pacts, entered into willingly by the dominant faction within the regime in order to pre-empt sudden or violent overthrow and ensure a soft landing for members of the ruling elite and their supporters. If successful, these pacted transitions lead to stable democracy; if unsuccessful, to weaker democracies, continued authoritarian rule, or civil war (Karl and Schmitter 1991, 159).

Area studies specialists dispute these assumptions. Valerie Bunce (1999a) argues that the end of socialism was brought about not via elite-led reforms, but by the role of the people in demanding change. Elsewhere (1999b), she argues that socialism failed because the design of domestic institutions destroyed it from within, weakening central power and redistributing it to the lower levels and thereby undercutting economic performance. These factors combined with the disastrous financial situation faced by the socialist states as they attempted to borrow their way out of economic crisis, and by Gorbachev's retreat from the Brezhnev Doctrine. Stathis Kalyvas differs from Bunce on this point, disaggregating economic decay – which may have been occurring over many years – from political breakdown – which may occur when regimes make attempts to address economic problems through some degree of economic and political liberalization. Exceptions to strict central planning opened up opportunities for perceptive party

officials to use their political power for economic gain, in the process becoming the first business entrepreneurs and switching their allegiances from the state to the market. This broke the regimes' institutional discipline, leading to a spiral of demoralization, unofficial desertion of the party, especially by younger members, and further accelerating both political and economic decay (Kalyvas 1999).

This institutional legacy helped create three pathways from socialism: democracy and capitalism in relatively harmonious coexistence; semi-socialist economies coexisting with authoritarian political regimes; and the middle ground, politically between dictatorship and democracy, and economically between socialism and capitalism (Bunce 1999a). To demonstrate transitology's weakness in treating the post-socialist situation, Bunce points out the unprecedented multi-level transition process, from authoritarian government to democratic, from centrally planned to market economy, and in some cases from sub-state to statehood, as well as the de- and re-alignment of international alliances (Bunce 1999b).

In his study of the Soviet/Russian transition, Michael McFaul attempts to bridge the gap between the transitologists and institutionalists, arguing that the mode of transition influences the kind of political regime that results, but that different modes may, in fact, result in the same outcome. The establishment of flawed yet democratic institutions in Russia in the absence of a pacted transition, he contends, reduces the causal significance of pacts in general. Instead, he suggests the degree of contention over the agenda for change and the level of shared knowledge about power balances are two prior variables that influence the mode of transition (McFaul 2001, 368).

Barbara Geddes uses a game-theoretic approach to argue that the varying incentives facing the rulers of different regime types best explain the different results. Personalist regimes tend to cling to power for as long as possible, reducing the likelihood of a negotiated transition and increasing the chances of rebellion and revolution. Military rulers, placing the unity of the military above their own personal survival, prefer to negotiate transition while they have the ability to do so, and peaceful transitions are the norm. Single-party regimes, whether under pressure from outside donors or from popular opposition movements, have mostly followed negotiated transitions, sharing with military regimes the preference for maintaining some role in the new system rather than hanging on to the last moment and risking revolution and the loss of all power, and possibly liberty, too (Geddes 1999). Bunce argues that Romania, the former Yugoslavia, and Albania do not adhere to Geddes' schema (perhaps due to a lack of clarity over how the Albanian and Romanian regimes are coded), due to the lack of Soviet control over the military and security apparatus which allowed national leaders in these countries to use the military for political purposes, hence their more violent transitional trajectories (Bunce 1999b).

Other theories refer in one form or another to the neo-liberal argument that liberalization of markets will lead inevitably to democratization. Adam Przeworski provides an extensive critique of this approach and the reliance on neoliberal ideas of free market democracy that have little or no empirical support (1992, 46). For Przeworski, the collapse of socialism was precipitated by the failure of the elites to maintain their side of an implicit social contract that promised greater material welfare in exchange for the complicity of the population in the socialist pretence. The process of change was hastened by Gorbachev's removal of the Soviet veto on reform, but it was the ideological as well as financial problems faced by socialism that proved crucial (1991, 6-7).

Democratic consolidation and Bulgaria

The consensus of the transitology literature in the 1990s was that the former socialist countries were not only setting out from a common departure point – state socialism – but were also en route to a common destination - democracy and the free market - because, as Francis Fukuyama (1992) had observed, the West had won, and liberal capitalism was the only game in town. As Bunce puts it: "the homogeneity of the socialist past and the homogeneity of the contemporary international political economy pointed in unison to the same prediction: postsocialist regimes would resemble one another in form and functioning" (Bunce 1999a, 757). However, by the end of the decade, the initial rapid pace of transition across the post-communist world had slowed considerably, and some countries had begun to backslide into authoritarianism (some had never moved beyond this) or at best, stagnation. The path-making progress of Poland, Hungary and the Czech Republic had slowed and was clearly the exception rather than the rule. This intensified the debate over what constitutes a successful transition and what explains the significant variation in democratic consolidation across the post-socialist countries (Carothers 2002, 8-9). For Bulgaria, this debate includes questions over what constitutes democratic consolidation; the issue of support for change; and the obstacles and opposition to change.

What constitutes democratic consolidation?

The concept of democratic consolidation originates with Dankwart Rustow, who referred to it as habituation, the phase following a transition to democracy, in which the very process of democracy acts to strengthen its foothold in a society. For Rustow, the habituation of democracy can be damaged, even fatally so, by failures to resolve important political questions during this phase (Rustow 1970). Success is by no means guaranteed. What form a successful democratic

transition takes is elaborated by O'Donnell and Schmitter (1986, 6); Linz and Stepan (1996, 3); Dahl (1971, 3); Holmes (1997, 343-345); and Schmitter and Karl (1991, 76), who refer to various procedural necessities such as an elected government, universal suffrage, regular elections, and accountability. Measuring the success or otherwise of a transition, and the consequent efforts at consolidation, has become a mini-industry in political science, with indices published by Freedom House, the Polity Project, the Economist Intelligence Unit, and the Bertelsmann Transformation Index, among others.

The Freedom House reports are the best-known and longest running, and so are utilized here. The main reports relevant to Bulgaria are the annual Freedom in the World report and the Nations in Transit report, first published in 1995, and annually since 2000. A brief examination of how Bulgaria's ranking has changed over time will help demonstrate not only the problems the country has faced since 1989, but also the problematic nature of democratic ranking in general. According to the Freedom in the World reports, Bulgaria moved from Not Free to Partly Free in 1990, and to Free in 1991, advanced from a score of 3 on Political Rights in 1990 to the top score of 1 in 2001, but slid back to 2 in 2008. Politically, the country has been characterized as a parliamentary democracy since 1991, but the economy has moved from statist transitional in 1991 through mixed statist transitional from 1991 to 1997, becoming a mixed capitalist economy in 1998. The Nations in Transit reports show a greater degree of variance in how Bulgaria is described: the Bulgarian polity is described in 1997 as transitional, as is the economy. By 2000, the country is classified as a stable, well-functioning democracy, but by 2009 has apparently deteriorated into a semi-consolidated democracy, which it remains to this day. The democracy scores (where 1 is best, and 7 worst) began at 3.25 in 1997, dropping to 2.25 and 2.00 in 2000 and 2001, before rising to around the 3.00 mark (or above), which marks the borderline between

consolidated and semi-consolidated democracy, in 2003, where it has stayed ever since (Table 2).

From Robert Dahl onwards, a central feature of any definition of democracy is the role of the people, and a crucial factor is the degree of responsiveness of the government to its citizens, their preferences and demands (Dahl 1971). Almond and Verba further argue that consensus within a society, in the form of what Talcott Parsons calls "limited polarization," is essential for the peaceful resolution of normal political differences (Almond and Verba 1989, 358). Huntington notes that among third wave countries, a peaceful, consensual transition, one in which participants agree on the basic desirability of democracy and the general procedural form that it should take, has the greatest likelihood of leading to the consolidation of democracy (1991, 276). Applying this to post-socialist transitions, Bunce suggests that the key factor determining successful consolidation is the degree to which a rough consensus was reached over the shape of the political and economic regimes that would succeed state socialism (Bunce 1999a, 761). It is this concept of consensus that lies at the heart of this dissertation's argument.

Support for democratic transition and consolidation

Albert Melone (1998) argues that the 1989-90 roundtable talks in Bulgaria that led to a new, post-socialist constitution and multi-party elections were remarkably successful in forging a consensus on the political transition, even in the absence of the usual pre-conditions for democracy such as economic stability, civil society, competitive party system, and an established middle class. However, he and Giatzidis (2002) agree that while the transition to democracy has been a success, its continued consolidation has been inconsistent because of the continuing

strength of the communist (now socialist) party (BSP) and the inherent weakness of the political opposition in 1989 and for several years thereafter. The former communists were able to dictate the terms of the transformation and ensure a significant role for themselves in the amended Bulgarian system. The weakness of the opposition forces owes much to the successful co-optation of the intellectual class into the socialist system, the naïve and amateur nature of the opposition leaders who expected that simply being anti-communist would ensure their success, and their failure to establish themselves outside the major urban centers, as well as their failure to develop a convincing vision of what post-socialist Bulgaria might look like (Melone 1998, 26-27; Giatzidis 2002, 20-23; Creed 1998, 265-278).

Struggling to unite a multitude of factions and mobilize support beyond the cities, the opposition parties were in a much weaker position than equivalent forces in other countries at the same time, lacking the organizational history of Solidarity in Poland or even Charter 77 in Czechoslovakia. Rural residents in Bulgaria, 35% of the population, had benefited with higher living standards from the collectivization of farming (Creed 1998, 125) which constituted 96% of arable land (Meurs and Begg 1998, 246). Further, Bulgarian agriculture had no history of large private commercial farming, and pre-WWII landholdings were highly egalitarian. Post-1989 de-collectivization split up large cooperative farms into a patchwork of smallholdings that were commercially non-viable, hence extensive rural opposition to the process. In Hungary, by contrast, a similar level of collectivization had occurred under communism, but the privatization process had already begun during the 1980s, and different pre-war patterns of land ownership meant post-1989 reforms left the land in large blocks that facilitated competitive private farming (Meurs 2001, 90-106). Bulgaria's peasants, therefore, had little to gain from supporting privatization policies promoted by urban, predominantly Union of Democratic Forces (UDF)

politicians. This undermined potential support for the opposition in rural areas, and boosted support for the BSP. The opposition also lacked experienced political organizers and administrators when it managed to gain office briefly in 1991-92, while the continued strong showing of the BSP in both national and local elections (even those it did not win) meant it could publicly support reforms in order to placate urban voters and international agencies while privately preventing the implementation of those changes that challenged their position. The BSP did not have things all their own way, however, and were not immune from organization problems and internal disagreements, while the UDF learnt quickly from their earlier mistakes and began moving to a more unified party structure after the collapse of the Dimitrov government in October 1992. The frequent changes in government in the first eight years after 1989 demonstrate the inability of any one party to impose its will on the country, and therefore explanations for the delayed transition that place the blame solely on the BSP are flawed and simplistic. From 1989 to 1997, there were four parliamentary elections and eight changes of government, leading to "the absence and ineffectiveness of the state and its institutions," "great dissatisfaction with the competence of politicians and the nature of political activity," and "mass withdrawal from politics, leading to unparticipatory political processes and to political apathy" (Giatzidis 2002, 62-63).

According to Aslund, Boone and Johnson (1996), one of the determinants of a rapid transition is consensus on the need for extensive economic and political reforms. Recent work by economists Cervellati, Fortunato and Sunde argues that a minimal consensus on economic and political reform is necessary for the establishment of institutionally strong democracies (2011). Bristow argues that for Bulgaria, "the fundamental problem has been the failure to create, in the

country and the Assembly, anything resembling a significant constituency in favour of even parts of a reform programme" (1996, 229).

Drawing on multi-year, multi-country public opinion research, Rose, Mishler and Haerpfer (1998) argue that because new post-socialist regimes cannot rely on pre-existing or habitual support from citizens, progress towards democratic consolidation depends on the extent to which the quality of governance provided matches the demands and expectations of the electorate (1998, 8). The attitudes of citizens toward the new regimes are primarily influenced by their experience of both communist rule and the transformations that follow it. The authors identify four broad trends within public support: democrats strongly disapprove of the socialist regime, and strongly support the new regime; skeptics disapprove of both regimes; compliant groups approve of both old and new regimes; and reactionaries prefer the old regime to the new (1998, 201-2). Successful consolidation depends on increasing the number of citizens who identify as democrats and decreasing the number who are reactionary. While data for Bulgaria from surveys such as the New Democracies Barometer used by Rose, Mishler and Haerpfer demonstrate broad acceptance of democracy as the only game in town, there is less support for the concepts of free market democracy and economic reform. In 1991, half of Bulgarians approved of the old economic regime, against 30% for the new system, and this disillusionment has grown over time, demonstrating not so much a desire to return to communist rule, as "serious doubts about the ability of the parliamentary system to be effective in the making of policy" (Bristow 1996, 227).

Obstacles and opposition to reform

A further set of issues in the consolidation of free-market democracy have focused on the implementation of the economic reform agenda. While macroeconomic stabilization, price liberalization, and privatization of state-owned assets were encouraged by Western financial institutions and advisers from the beginning of the transition period – notably by Jeffrey Sachs (1993) – later observers identified several obstacles. As Venelin Ganev (2001) confirms, Bulgaria often figures in transition studies as an outlier or anomaly that exemplifies what not to do in a transition. Economic reforms were promised but only partly implemented, privatization of state assets either did not occur or took place behind closed doors without political or legal oversight (Zankina 2010), and extensive obstacles to liberalization remained both in law and in practice, exemplified in the absence of any large-scale privatization campaign until after 1996/7, despite successive governments passing legislation to instigate this process (Derleth 2000, 122-193). Each government faced difficulties implementing those reforms that were passed, often due to the severe financial situation: by 1989, foreign debt had reached $9.2 billion, placing a major constraint on the government's capacity to undertake transitional reforms (Bristow 1996, 28). The privatization agency faced logistical problems in its operation while essential laws on business practice, taxation and financial structure were still being written, and lacked a workforce trained in the valuation process (Due and Schmidt 1995, 71-72).

Joel Hellman argues that it has been the early winners from the transition – enterprise entrepreneurs, bankers, local officials, and Mafiosi - who have presented the strongest opposition to continued transformation (1998). In Bulgaria, the winners are identified by Ganev, who argues

that state structures in early post-socialism became increasingly dysfunctional as those in power[1] set about extracting resources, both material and informational. Government leaders and ministers undertook the transfer of financial, industrial and intangible assets from the state to a new entrepreneurial elite, a process Ganev describes as "reversed Tillyan" (2007, 180-186). Cases include the use of off-budget funds to move financial resources from the state to private businesses; creation of an unregulated banking sector which borrowed money from the state and lent this money to new credit millionaires who never repaid the loans, causing the collapse of 15 banks in 1996 and 1997 (Nikolov et.al. 2004, 29) and the swallowing of the debt by the state; and the flow of personnel and highly valuable information from state to the private business sector. The deinstitutionalization of information included the transferal and eventual dissolution of both the Institute for Social Governance, the largest social science library in the country with sociological surveys, polls, and other data, and the Center for Information Technologies and Automated Systems, which held data on economic infrastructure, exports, business contacts, and computer databases on the economy (Ganev 2007, 52-53).

Przeworski argues that, for the post socialist world as a whole, the pain of transition will erode confidence in the process, and governments will need to "vacillate between the technocratic political style inherent in market-oriented reforms and the participatory style required to maintain consensus" (1991, 183). He goes on to suggest that reforms will inevitably provoke resistance due to the negative costs involved, creating an anti-reform coalition of bureaucrats, unskilled workers, and public employees (1991). Discussing land reform in eastern

[1] According to Ganev, these include prominent BSP politicians Andrei Lukanov, Prime Minister in 1990; Zhan Videnov, Prime Minister from 1995 to 1997; and MP Krassimir Premyanov (Ganev 2007). BSP politicians may have benefitted most during the early years of transition, due to their longer periods in office, but UDF politicians have also been linked to the kind of state-capture activity Ganev describes: by 1996, the Olymp business group had developed close ties to leading UDF politicians, including Mario Tagarinski, a future minister of state administration, and Evgenii Bakardjiev, head of the UDF election campaign committee and future vice prime minister (Kostadinova 2012,104).

Ukraine, Jessica Allina-Pisano contends that certain state actors, often at the local level, oppose liberalizing reforms out of concern for their negative consequences, either on the society or on the situation of the individuals themselves, and so “pursue a strategy of sub rosa resistance” (2004, 555). This suggests that delayed or unconsolidated transitions may also be due to deliberate behavior and choices made by those tasked with the implementation of reform. Katherine Verderey identifies multiple strategies adopted by local agrarian elites, officials, and residents to oppose, delay and sometimes subvert the land restitution process in Romania, ranging from manipulation of land surveys, withholding of information, levying excessive fees, to soliciting bribes. The process was widely viewed as creating as much injustice as it was designed to resolve, and national politics was too fragmented to allow control over what went on at the local level (2002).

For Bulgaria, the nature of the transition in the countryside has created ample opportunity for such sub-rosa resistance to thrive. Gerald Creed (1998; 2010a; 2010b) argues that the democratic and economic transformation since 1989 has been ambiguous, inconsistent, and often damaging to the interests of the rural population. While villagers were often able to ameliorate the negative aspects of socialism through a process of domestication - working within the constraints of the system to extract concessions from the authorities and make an oppressive, intrusive system tolerable (1998, 2-4) - attempts to use the same tactic during the transition have largely failed. The urban-based Union of Democratic Forces (UDF) was insensitive or hostile towards the rural population, viewing agriculture as a symbol of socialist control and rural residents as supporters of the former communist party (BSP). Discontent with the transition in rural areas was dismissively labeled as socialist nostalgia, ignoring underlying legitimate

political, economic and social concerns. The result is “a shallow notion of democracy” in the countryside and a loss of hope for improvement (Creed 2011, 115).

The predominant explanation for Bulgaria’s slow transition and supposedly persistently unconsolidated democratic system focuses on the presumed backwardness of the country in terms of economic and political development (Elster, Offe and Preuss 1998, Kaplan 2005, Giatzidis 2002). The origins of such a viewpoint are to be found in Western conceptualization of the Balkans as a backward, bloodthirsty and conflict-prone region, as explained in detail by Todorova (2009a). Petrovic argues that “the main reasons for the slower progress in post-communist reforms … are not related to any structural disadvantage caused by longstanding historical or geographic factors” (2008, 141). While the country had little experience of democracy (Crampton 2005),[2] post-1945 economic development undermines the other half of this argument. Stephan Haggard and Robert Kaufman in their comparison of Poland, Hungary, Czechoslovakia, Romania and Bulgaria reveal that, far from being a hopeless laggard struggling to keep up with its Central European neighbors, Bulgaria under socialism showed the highest level of GDP growth from 1960 until 1990, had similar levels of infant mortality, immunization, state employment, hospital beds per capita, and industrial/agricultural labor force division, and a host of other economic and social welfare indicators as the other four countries (2009, 166, 171, 187, 385). Details of the Bulgarian economic situation can also be found in Crampton (2005), McIntyre (1988) and Giatzidis (2002). Thus, the explanation that Bulgaria’s delayed transition was due to its comparatively underdeveloped economic position in 1989 does not stand up to empirical scrutiny.

[2] One notable exception is the 1879 Turnovo Constitution, drawn up just eleven months after the liberation, and widely recognized as one of the most liberal and democratic constitutions of its time.

Research design and data collection

To test my hypotheses, I demonstrate that consensus was lacking among both elites and the general public in Bulgaria between 1989 and 1997, and account for its absence via an examination of the political, economic, and social situation before and after 1989. This is achieved through observation of political debates, elections, acceptance of or opposition to legislation, public opinion, and other forms of discourse. I then demonstrate a relationship between this lack of consensus and the creation and implementation of reforms. Here, a low level of consensus is shown to correlate with inconsistent, delayed and incomplete implementation of political and economic reforms. Finally, to show that this correlation also demonstrates causality, I establish that individuals at both national and local levels, taking advantage of the space created by the lack of consensus, purposefully delayed or obstructed the implementation of reforms due to a lack of belief in the pace and extent of the changes being proposed.

In Bulgaria, as in many other former socialist countries, resistance to economic and political changes has often been labeled as nostalgia for socialism (see Creed 2010b for a critique of this tendency), and this resistance has often been strongest in rural areas. To demonstrate that the lack of consensus about the transition extends beyond rural areas, I chose a case study of the Rousse oblast (region) in north-eastern Bulgaria. The Rousse oblast contains both a major urban center (the city of Rousse with 200,000 inhabitants) and extensive agricultural land.

The lack of consensus on the political and economic changes in Bulgaria is reflected in the inconsistent behavior of the main political parties (lack of coherent party position, internal disputes, factional divisions, reversal of position on issues), in the resulting legislative behavior of consecutive governments on issues relating to the pace and extent of reforms (reversal of policy decisions, amendment and/or repeal of previous legislation, failure to pass legislation),

and in a clear pattern of obstruction and delay at the local level of those reforms that were passed, thereby connecting the lack of consensus with the delayed implementation of reform. The extant justification for this behavior, i.e., observed in the opinions and stated motivation of participants, is identifiably based on a lack of support in principle for the pace and extent of the reforms.

The existence or absence of consensus in Bulgaria is measured using data from longitudinal public opinion surveys: The New Democracies Barometer, run since 1991 by the University of Aberdeen, nationwide surveys in the post-communist countries measuring support for democracy, attitudes to economic and political change, and other indicators relevant to transitional societies; the Eurobarometer series of surveys carried out by the European Commission; and surveys carried out by Bulgarian research institutes and NGOs. Measuring the degree of satisfaction with the system in Bulgaria prior to the end of socialism was a more difficult task, and relied more on interviews and secondary research.

Post-socialist reforms cover a multitude of changes in the economic and political spheres and are too extensive to be comprehensively evaluated. I focused on the privatization process both nationally and locally as well as the restitution and sale of municipal property at the local level. Land restitution and the breakup of agricultural cooperatives were not directly examined as these are the subject of existing comprehensive studies (Creed 1998; Meurs 2001), although they are mentioned where relevant and necessary. Political reform is represented by examining the democratic functioning of institutions such as the privatization agency and the legal system, and at the local level by an in-depth study of the relationship between the mayor and municipal council in Rousse.

To measure the degree of success or failure of the economic reforms, I used official Bulgarian government statistics, as well as a variety of reports published by the World Bank, IMF, United Nations Development Programme (UNDP), and domestic Bulgarian research institutes, such as the Institute for Market Economics and the Center for the Study of Democracy. Examples of the data are the number of privatization deals; the size of the firms privatized; the share of industry and business in state and private hands; proposed deals that were not finalized along with reasons for the failure; and the number of industrial and small business units that were not offered for sale.

The degree to which reforms were delayed or inconsistently implemented due to the deliberate action or inaction of national and local officials and staff was measured via research in local and national government archives including: the Central State Archives, with documentation from government departments, political parties, and parliamentary records; the archives of the Bulgarian Parliament; and regional and local government archives in Rousse, with material on municipal council meetings, committees, party activities, and such. Internal party memoranda; reports of national and local party meetings; municipal council meeting minutes; and communications between central and local government officials all revealed signs of intra-party or intra-organizational conflict over the nature of the reform process. Archival research was supplemented by a series of semi-structured interviews with participants in local and national government, education, industry, businesses, and other researchers. These interviews provided the chance for those people directly engaged in or affected by the reform process to discuss their attitudes and motivations towards the changes, and to identify the concepts used by the participants to make sense of the transition process.

Chapter outline

Chapter Two widens the discussion of consensus introduced in the previous chapter, and outlines Bulgaria's experience under socialism. It is the nature of this experience that I argue is the key to understanding the delayed, inconsistent, and incomplete consolidation of democracy and a free market economy in Bulgaria. Finally, the chapter will review the events of 1989: the end of single party rule and the beginning of the transition process. Chapter Three examines how economic restructuring and privatization in Bulgaria were affected by the lack of consensus among the population and the political elite on the pace and extent of reforms. The chapter also looks at alternative explanations for the delayed reform process, in particular Ganev's (2007) arguments about state capture, and the general contention that the process of transition overwhelmed the limited financial and organizational capacity of both national and local government. Chapter Four investigates how the lack of consensus in Bulgaria over the pace and extent of the reform process manifested itself on a local level, by using as a case study the town of Rousse, situated in the north east of Bulgaria, on the Danube river. An examination of de-communization measures (removal of statues, street renaming, etc.); the sale of municipal housing; and the privatization of state and municipal enterprises reveals the ways in which the transition process was delayed in one town and region, with implications for how this scenario was repeated across the country. In the concluding chapter, findings of the earlier chapters are placed in the context of post-socialist transitions more broadly, and finally the contribution of this dissertation to the comparative politics literature is discussed.

Chapter Two: Bulgaria's distinctive history and socialist experience

Introduction

This chapter widens the discussion of consensus introduced in the previous chapter, and outlines Bulgaria's experience under socialism. It is the nature of this experience that I argue is the key to understanding the delayed, inconsistent, and incomplete consolidation of democracy and a free market economy in Bulgaria. Finally, the chapter will review the events of 1989: the end of single party rule and the beginning of the transition process.

By successfully raising the standard of living for the vast majority of Bulgarians, socialism bought the acquiescence of the population, even as its ideological power declined in the 1970s and 1980s. The "implicit social pact" (Przeworski 1991, 2) between rulers and ruled remained intact in Bulgaria even after much of the rest of Eastern Europe had been overtaken by the sudden and unpredicted revolutionary changes of 1989. The pact was not subjected to the kind of popular dissent and unrest, divisive ethnic tensions, or strong external influences visible elsewhere. There were no mass public uprisings or street protests, no violent counter-strikes by the government, no revolution, peaceful or otherwise. The end of state socialism in Bulgaria was by elite coup, negotiated amongst the upper levels of the Bulgarian Communist Party (BCP) against the long-term leader Todor Zhivkov, and carried out swiftly and peacefully by reform (or survival) minded leaders. Bulgaria experienced transition from above, not revolution from below. The nature of both Bulgarian socialism and its demise would have a profound effect on the manner and pace of the political and economic transformation to follow. The population was not prepared for the inevitable pain of the structural economic and political changes necessitated by the transition to a free market liberal democracy. Lack of consensus within the elite, caused

by diverging views on the future direction of the country, cost them the trust and confidence of the public as some of them attempted to move forward with the reform process.

The concept of consensus in post-socialist transitions

As noted in the previous chapter, conceptions of democracy include the idea that "individuals should be able to assess and accept the principles according to which they are governed. Principles should be *generally* acceptable, thus reflecting a consensus of citizens' beliefs" (Klosko 2004, 4). Discussing transitions to democracy, Rustow states that "consensus on fundamentals is an implausible precondition" and proposes a model of democratization which "transfers various aspects of consensus from the quiescent state of preconditions to that of active elements in the process" (1970, 362-3). Therefore, when investigating the role of consensus in Bulgaria's transition, it will be important to look for evidence of the presence or absence of this active element of consensus in the actions of the parties involved in the transition. What efforts were made by the instigators of Bulgaria's transition to nurture agreement or even understanding amongst the population regarding the options available to the country? Determining this will be one of the tasks of Chapters Three and Four.

The form this transition would take has been the subject of extensive debate amongst political scientists, as the literature reviewed in the previous chapter shows. However, a certain degree of consensus emerged during the 1990s that the former socialist countries were not only setting out from a common departure point – state socialism – but were also en route to a common destination, democracy and the free market: "the revolutions in Central and Eastern Europe represented a mass rejection of the socialist system…with the rejection of communism came a powerful and sincere affirmation of democratic principles" (Orenstein 2001, 3) or as

Francis Fukuyama observed, the West had won and liberal capitalism was the only game in town.

For most states emerging from socialism, the policy choices available to them were limited by the predominance of the neo-liberal orthodoxy often referred to as the Washington Consensus, which propounded a package of rapid reforms: stabilization, liberalization and privatization. Deficits should be cut, money supply limited, and subsidies removed; then price and trade liberalization should be introduced, allowing market rationality to prevail; and finally state-owned enterprises should be sold off to the private sector to facilitate adjustment to market forces. A brief review of these processes in Poland and the Czech Republic, drawn from Mitchell Orenstein's book *Out of the Red*, helps demonstrate the importance of consensus in the successful implementation of reform.

Poland is often cited as the poster-child for shock therapy neoliberal reforms after 1989, and it did indeed demonstrate impressive economic growth during the 1990s, with positive GDP growth from 1992 onwards, decreasing inflation (after an early increase), and an increase in foreign direct investment (for details, see Table 1). However, contrary to the predictions of Przeworski,[3] Poland managed this while still experiencing "a start-stop-start pattern of reform and reaction between parties that support radical reform and those that support social stability and a more moderate pace of change" (Orenstein 2001, 58). By contrast, the Czech Republic, despite pursuing a more consistent path of neo-liberal reforms[4] without the policy alternations

[3] He argues that "governments are likely to vacillate between the technocratic political style inherent in market-oriented reforms and the participatory style required to maintain consensus" and ultimately "undermine the popular support for democracy" (Przeworski 1991, 189-90).
[4] Orenstein's interpretation of the Czech situation can be questioned on the grounds that Finance Minister then Prime Minister Vaclav Klaus pursued a very gradual path of reform to avoid losing the support of workers in the major industries, but the important element here is the lack of policy reversals during the transition, in comparison with Poland.

seen in Poland, experienced less successful economic growth. Orenstein argues that it was the weakness of governments after 1996 that delayed learning from the mistakes and prevented a corrective change in course, as “powerful, rent-seeking interests had infiltrated the leading reform party and caused it to perpetuate” the mistakes (2001, 94-5).

In Poland, the government proved willing to give up the policies of shock therapy when they lost parliamentary and public support: “by 1992, it was commonly acknowledged that Solidarity had lost public support for its program of economic transformation” but instead of pushing ahead in an authoritarian manner with shock therapy, there was a recognition that “what Polish leaders needed was renewed popular support for the transition to capitalism” (Orenstein 2001, 48). In Czechoslovakia, with the prospect of secession looming large in the public consciousness, the government of national understanding created in 1989 made an early decision to delay radical economic reforms until a democratic mandate was won at the ballot box, and the program was subjected to extensive debate in government, opened for public commentary and interest group negotiation, voted on in elections in 1990, and passed by the new parliament. This “helped to convince the public that the program was fair and acceptable” which “helped maintain public approval of the program even as its harsh effects were later felt” (Orenstein 2001, 73). Policy alternation in Poland helped keep many of the problems in the reform process under control, but kept the general direction of those reforms, which was the subject of general consensus among society and elites. Chapter Three will show how in Bulgaria, policy alternation meant policy reversals, as there was no consensus on the general direction of, or need for, the reform process.

Table 3: Comparative statistical indicators for Poland, Czech Republic and Bulgaria, 1989-1998

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
GDP Growth Rate (%)										
Poland	0.2	-11.6	-7.0	2.6	3.8	5.2	7.0	6.0	6.8	4.8
Czech Republic	1.4	-0.4	-11.5	-3.3	0.6	2.6	5.9	3.8	0.3	-2.3
Bulgaria		-9.1	-11.7	-7.3	-1.5	1.8	2.9	-9.4	-5.6	4.0
Inflation										
Poland	251.1	585.8	70.3	43.3	35.3	32.2	27.8	19.9	14.9	11.6
Czech Republic	2.3	10.8	56.6	11.1	20.8	10.0	9.1	8.8	8.5	10.7
Bulgaria	na	26.3	333.5	82.0	73.0	96.3	62.0	123.0	1082.0	22.2
Unemployment										
Poland	0.1	6.1	11.8	13.6	14.0	14.4	13.3	12.3	11.2	10.6
Czech Republic	0.0	0.8	4.1	2.6	4.3	4.4	4.1	3.9	4.8	6.5
Bulgaria	na	1.8	10.5	15.3	16.4	12.8	11.1	12.5	13.7	12.2
Government Expenditure (% of GDP)										
Poland	48.8	39.8	49.0	49.5	54.3	49.3	47.2	45.8	44.9	43.4
Czech Republic	64.5	60.1	54.2	52.8	42.2	44.0	43.1	41.7	40.9	40.6
Bulgaria	58.9	59.3	47.0	48.7	55.0	60.0	55.0	55.0	50.0	40.0
Foreign Direct Investment (bn USD)										
Poland	0.0	0.0	0.1	0.3	0.6	0.5	1.1	2.8	3.0	6.6
Czech Republic	na	na	na	1.0	0.6	0.7	2.5	1.4	1.3	2.5
Bulgaria	na	0.004	0.056	0.042	0.040	0.105	0.098	0.138	0.507	0.537

Source: Orenstein 2001, 59. Figures for Czech Republic prior to 1993 are for Czechoslovakia. Bulgaria figures from Bideleux and Jeffries 2007, 95. Government expenditure for Bulgaria from Bristow 1996, 151, 157; EBRD.

For Poland and the Czech Republic, the successful implementation of reform programs (even though for the latter the degree of success was lower than hoped) demonstrates that "a high degree of social consensus on economic system choices and policy objectives may be required in order to turn democratic policy alternation into an effective mechanism of policy learning" while "in countries without such a consensus…policy swings can be expected to be greater because there are fewer perceived limits to policy entrepreneurship" (Orenstein 2001, 142-3).

Bulgaria's distinctive history

There is a form of symmetry between Bulgaria's entry to and exit from socialism: the process and experience differed significantly from other East European countries, was controlled largely from above, and occurred without significant protests or violence. Explaining the collapse of communism across the region, Gale Stokes argues that "since Stalinism was imposed by force, because it was perceived as being Russian, and because it did not work economically, it was only natural that opposition arose" (1997, 164). Bulgaria does not fit this analysis.

During the Second World War, Bulgaria had sided with Germany, but avoided being drawn fully into the war. Notably, it did not send troops to the Eastern Front and refused to deport its Jewish population to Germany.[5] The entry into Bulgaria of Soviet troops, on September 8, 1944, was peaceful, and the subsequent communist takeover of power in Sofia took place with minimal bloodshed, and with some surprise on the part of the local communist partisans (Crampton 2007, 280). Bulgarian troops even served alongside the Soviet army: "the majority of the regular Bulgarian army was then attached to Marshal Tolbukhin's Third Ukrainian Front and was to fight alongside its new allies all the way to Budapest and Vienna, leaving behind 32,000 dead" (Crampton 2007, 303).

Bulgaria's acquiescence to the Soviet advance into Eastern Europe was due mainly to the history of relations between the two countries: Russia's role in the liberation of Bulgaria from 500 years of Ottoman rule, in 1878, left a lasting legacy in the Bulgarian psyche of brotherhood and solidarity.[6] There was also a long history of radical political thought – and action – in the

[5] For details see Michael Bar-Zohar's 1998 book, *Beyond Hitler's Grasp: The heroic rescue of Bulgaria's Jews.*

[6] This is not to say that the Bulgarian-Russian relationship has always been so positive: there were many among the Bulgarian intelligentsia during socialism who despaired of Zhivkov's subservient behaviour and sought to distance Bulgarian culture from that of the Russians: A popular joke in the later years of socialism went 'Was the film you saw last night good, or was it Soviet?'

country, beginning with the formation of the Bulgarian Agrarian National Union (BANU) in 1899 and the Bulgarian Communist Party (BCP) in 1903 (as the Bulgarian Social Democratic Workers Party). In 1919, following Bulgaria's disastrous experience in the Balkan and First World Wars, Alexander Stamboliski led BANU to victory at the polls, with the BCP coming second. The Communists remained a significant force in Bulgarian politics throughout the 1920s and 1930s despite being officially banned after a failed uprising in September 1923, and during the Second World War "the Communists' record of resistance was a fact which to many legitimized their participation in the government" in 1944 (Crampton 1987, 146). The result of this was that "in Bulgaria the Communists were not directly (or not to any great extent) identified with foreign political domination" (Todorova 1992, 165). Consolidation of power by the Communists was assisted by Soviet party advisers, and by the presence of Soviet troops, but the latter were removed by the end of 1947 and would not return – unlike in Hungary and Czechoslovakia – and Misha Glenny argues that "the party's relative popularity was undoubtedly bolstered after the war by its close association with the Soviet party… [as] Russia was regarded as a friend and protector of Bulgaria" (1993, 166). Others argued that, "While communism in Central Europe functioned as a tool of Soviet imperialism, in Bulgaria it was believed to stand as a defender of national sovereignty" (Petrova 2004, 178).

Before turning to the third way in which the Bulgarian experience does not conform to Stokes' argument for the collapse of communism, two further historical elements that predisposed Bulgaria to an acceptance of communist rule should be mentioned: first, the legacy of Ottoman occupation, or the "Turkish yoke" as Bulgarians commonly call it; and second, and related to the first, the egalitarian nature of Bulgarian society.

Discussions of the legacy of 500 years of Ottoman rule are many and diverse in their arguments and a full account of them is far beyond the scope of this dissertation. What interests us here are the ways in which ordinary Bulgarians adapted to and coped with the imposition of governance from outside—and would later do a similar thing with communist rule. While likely apocryphal, the tale of why Bulgarians shake their heads for yes and nod them for no sheds light on assumptions about the Ottoman legacy on everyday life: During the Ottoman rule, Turkish troops would forcibly convert the Orthodox Bulgarian peasants to Islam, often holding a sword to their neck and asking them if they accept Islam as their religion. By nodding the peasants would avoid having their throats cut, signal to the Turks that they accepted Islam, while internally knowing that, within their community, a nod meant no rather than yes.

Crampton describes these tendencies thus: "During the long centuries of Ottoman rule Bulgarian culture survived primarily in the small, often self-sufficient villages and in the monasteries which were by definition distanced if not divorced from society and the official apparatus of the state" (2005, 266). This was reflected in a low level of political engagement even after liberation in 1878, which continued through the first half of the 20th Century and into the socialist era. Bell argues that "during the Communist era, Bulgaria developed a reputation for passivity" (1990, 418), but it seems clear that this tendency was already well established. Bristow notes that "Bulgarians claim that stoicism is a defining national characteristic, developed to cope with the long Ottoman occupation and proving valuable during the communist decades" (1996, 227). According to Crampton, "when confronted with a political system which he disliked the Bulgarian tended to respond with apathy and withdrawal rather than with opposition and confrontation" (2005, 196). The implications of this stoicism for dissent and opposition to the Communist regime will be discussed later in this chapter.

The second historical factor of interest is the egalitarian nature of Bulgarian society throughout the centuries, also shaped by the Ottoman occupation. As Stokes notes: "the landed elite, which had existed for several centuries, was ejected just before the beginning of the modern era…the conquering Ottomans annihilated it" (1997, 57) which allowed the country to develop "one of the stablest and most respected peasant traditions in Europe" (Todorova 1992, 154) based on small-scale landholdings and agricultural production. Under Ottoman rule, Bulgarians may have suffered from bouts of religious and economic persecution, but they also "enjoyed the blessings of peace and relative prosperity"[7] (Crampton 2005, 29). Hoffman describes "a deep and old communitarian strain in Bulgarian culture. Foreign travellers from very early times observed the communitarian and egalitarian tendencies in Slav social organisation" (1999, 312). Egalitarian principles are evident in the policies of the Bulgarian Agrarian National Union (BANU) government of 1919 to 1923, whose program aimed at creating "a society in which all held enough but none too much land… [and] the peasant proprietor was to be helped by the cooperatives" (Crampton 2005, 147). As Oren states, "the Agrarian regime was determined to ensure that the countryside received a proportionate share of the public expenditure" (1973, 10). These factors will be important in accounting for the continued support for the successor party to the BCP, the Bulgarian Socialist Party (BSP) after the changes of 1989.

Returning now to Stokes' third reason for the collapse of communism in Eastern Europe, that it did not work economically, we again find contrary evidence from Bulgaria. When the

[7] From the 1960s into the 1980s, Bulgarian scholars of history focused increasingly on the tsars and khans from the country's medieval past, which "was perfectly acceptable to the Communist leadership because it saw in such historiography the ideal legitimation of its authoritarian and, often, totalitarian ambitions" (Todorova 1993, 1108), and as a result the Ottoman empire, which put an end to this "glorious" period in Bulgaria's history, was almost universally portrayed as oppressive and violent. Since 1989, Bulgarian historians have begun to take a more nuanced view of the "Turkish yoke."

Communists consolidated their power from 1944 to 1948, the country was still predominantly agricultural, with limited industrial and manufacturing facilities. Three-fourths of the population lived in villages and were engaged in small scale farming (Bell 1990, 418), with agriculture contributing 59% of net material output in 1948 and industry just 23% (Lampe 1986, 144). Reflecting the closeness of Bulgaria's socialist leaders to Moscow, the first order of business of the new regime was to implement an emergency, two-year plan in 1947 and a full five-year plan in 1949 which focused on a rapid shift from agricultural to heavy industrial production (Crampton 2005, 188).[8] Progress was swift: the balance between agriculture and industry swung from 30:70 in 1949 to 67:32 by 1956, and growth was impressive: annual average growth rates of Net Material Product were 9.40% from 1953-60, 6.70% from 1961-65, and 8.75% from 1966-70 (Giatzidis 2002, 26). The collectivization of agriculture was undertaken, not without opposition (Crampton 2005, 188; Creed 1998, 53-69), and completed between 1956 and 1958. Although agricultural development and reform continued after this date – most notably with the creation of massive agro-industrial complexes in the 1970s – official attention would remain on heavy industry and trade for most of the next 30 years or so (Lampe 1986, 148-9).

Of particular importance in terms of popular support for socialism are the major infrastructure development projects undertaken in the 1950s and 1960s, as they created a rapid and highly visible improvement in the ordinary citizens' standard of living. Large scale public works projects included electric power plants, shipyards in Varna, Rousse and Bourgas, the Dimitrovgrad chemical works and the Pernik metallurgical complex, the extension and electrification of the railway network, new road construction, the first bridge over the Danube at

[8] The Bulgarian Communist Party Congress of 1948 resolved that "the main economic and political task of the First Five Year Plan is to lay the foundations of socialism in Bulgaria by means of industrialisation and electrification, as well as the establishment of a cooperative farm system and mechanisation of agriculture" (Carter 1987, 70).

Rousse (built with Soviet assistance from 1952 to 1954), the provision of telephone, water, sewage, and electrical services to small towns and villages, multiple building works including courthouses, schools, university facilities, post offices, railway stations, central and municipal government buildings, theatres, libraries, museums, monuments, and public spaces, as well as the creation of an entirely new town, Dimitrovgrad, in south central Bulgaria (Znepolski 2009, 278-80). "The results were highly impressive…By the early 1960s, Bulgaria had firmly established the basis of modern economic growth and structural change" (Lampe 1986, 9). An entire generation quite literally helped build socialism: "the brigadier movement, in which young Bulgarians were asked to leave their everyday lives and build for the homeland (we build for the homeland [*stroim za rodinata*] was the motto)" provided one of the founding myths of Bulgarian socialism, and helped integrate socialist ideas into everyday lives (Scarboro 2012, 20). From the late 1940s all the way through to the late 1980s, the brigadier movement comprised as many as 500,000 young workers each year, sent out across the country to build (in the 1940s and 1950s) the physical infrastructure of socialism – the town of Dimitrovgrad, the Lovech-Troyan railway, the Georgi Dimitrov and Stamboliski dams – and then (in the 1960s, 1970s and 1980s) to further the scientific and agro-industrial revolutions of the established socialist state (Scarboro 2012, 21).

From the late 1960s, economic planning shifted to intensive rather than extensive growth, focusing on improving the productivity of labor and capital. Production did increase, but at lower annual rates than in previous years. The government promised – and delivered – greater investment in consumer goods, education, health, and accommodation (Crampton 2007, 355). "Massive industrialisation, advances in agriculture, the elimination of illiteracy, and urbanisation brought about a rapid rise in living standards. Many experts agree that Bulgaria's achievements,

at least until the 1980s, were spectacular" (Giatzidis 2002, 35). The rapid growth of the tourism industry along the Black Sea coast and around the winter sport centers in the Rhodope and Rila mountains from the 1960s onwards also contributed much-needed foreign currency to the economy, with the number of foreign visitors rising from 8,500 in 1956 to five million in 1980, one-third from hard-currency countries (Carter 1987, 74). In the 1980s, things began to decline, due to inherent problems within the system of central planning in general, and to Bulgaria's specific reliance on scientific and technological development, only achievable with the import of western technology and therefore a major drain on the country's foreign currency reserves (Crampton 2005, 202). This decline was far from visible to ordinary Bulgarians, or to visiting Western professors, such as Frederick Chary of Indiana University who observed on a trip to Sofia in 1985 that "the shops are filled with abundant domestic and foreign goods, and even the remotest villages seem to be faring well. Every household has access to appliances like televisions, refrigerators and washing machines. Almost every family in Sofia has a car and many have villas outside the city" (1985, 381).[9]

With hindsight, however, it is obvious that Bulgaria was building up unsustainable foreign debts while failing to address falling industrial production, low quality manufactures, and continued problems in agriculture, but many Bulgarians would have agreed with the assessment in 1988 of the residents of the village of Zamfirovo in the north-east of the country that "the Bulgarian Communist Party had performed credibly. Most adult villagers had witnessed a remarkable improvement in their living conditions under communism" (Creed 1993, 61). Stephan Haggard and Robert Kaufman in their comparison of Poland, Hungary, Czechoslovakia,

[9] Although other reports from the time offer a similar picture of Bulgaria during the early 1980s, Chary's observation overstates the extent of car ownership significantly: Crampton gives a more realistic figure of 34 vehicles per hundred households for 1983 (2007, 355).

Romania and Bulgaria reveal that Bulgaria under socialism showed the highest level of GDP growth from 1960 until 1990, had similar levels of infant mortality, immunization, state employment, hospital beds per capita, and industrial/agricultural labor force division, and a host of other economic and social welfare indicators as the other four countries (2009, 166, 171, 187, 385). The relative stability and prosperity of the period up to the mid-1980s would be seen by many as a stark contrast to the instability, inequality, and economic decline of the early transition years.

Many aspects of socialism were welcomed by ordinary Bulgarians – improved living conditions, education, health care, pensions, job security – and those aspects – such as reduced personal freedoms, restricted and often predetermined career choice,[10] limited range of consumer goods, even the harsh repression of some elements of society – which were less welcome were often rationalized as the price paid for the benefits of the system. "The greater part of the people lived relatively satisfactorily. And most importantly – peacefully. Everyone had work, there were no unemployed. It was guaranteed that you wouldn't die of hunger,"[11] The benefits extended beyond the basic essentials of life: "people could go on holiday…you could go to the mountains, you could spend a whole month there…you could have a rest,"[12] or their own holiday home: "after 1972, 1973 the state authorities realized that Bulgarians would like to have something besides their everyday apartment, so they started delivering them small plots of land, half a

[10] This did not automatically mean that Bulgarians were unhappy at work: even as late as 1988, 78% rated their job satisfaction as high or very high, and only 5.4% as low or very low (Genov 2001, 471), although this survey did take place under socialism, so survey data reliability may be questionable as respondents may have hesitated to reveal their true feelings for fear of repercussions.
[11] Marko Todorov, manager of a state firm. Interview with the author, Rousse, Bulgaria, December 2011.
[12] Rumiana Petrova, university lecturer. Interview with the author, Rousse, Bulgaria. June 2012.

decare, to everyone who wanted. And they built something there, planted some trees, some orchards, some vineyards."[13]

The history of acquiescence to the imposition of authority also helped Bulgarians survive the socialist years by turning inwards once again to their own circle of family, friends, close colleagues – a strategy that would later be named (initially by a Russian commentator) "Nashism" or "our people": "it is employed to designate a high degree of closeness and trust that has a personal nuance and exceeds or runs counter to relations regulated by ethic [*sic*] norms and the law" (Mitev, Tomova and Konstantinova 2001, 59). Under communism, these relations helped in establishing *vruski* (ties) that would facilitate *uslugi* (favors) both political and economic, a well-established way in which citizens of Bulgaria (and other socialist countries) were able to survive the shortages and difficulties of life under an authoritarian regime and a centrally planned economy (these may have been less severe than in, for example, Romania, and were certainly not as extensive as many Western commentators made out, but the centralized nature of the socialist economy did mean that, at times, certain goods were not available everywhere in sufficient quantities to meet demand. The state was also highly intrusive in people's lives, as discussed later in this chapter). As Ragaru argues, "to get by, ordinary citizens had to devise survival strategies, which included the mobilization of social networks and social capital" (2003, 213). "To get things done, it wasn't necessary to pay. You just had to have a close friend, to have the necessary connections. Social networks were created through a different method, not through money: the system wasn't commercialized, but it exploited us in a different

[13] Yavor Dimitrov, civil engineer. Interview with the author, Rousse, Bulgaria, July 2012.

way"[14] permitting a degree of accommodation[15] with the communist system that would also affect the transition process, as will be seen in the next two chapters.

Opposition and dissent under socialism

The consolidation of power by the Communist Party after 1944, although welcomed or accepted by many, did meet with resistance and involved a significant degree of repression which would have a lasting effect on the political climate in the country. In this respect, Bulgaria followed the trend of other Eastern European countries: a brutal period of consolidation of communist rule - featuring trials, execution or exile of opponents, banning of political parties other than the Communist party, and internal party purges – was followed by the establishment of a one-man dictatorship, and a softening of the regime after Stalin's death and denunciation.[16] Immediately following the seizing of power by the Fatherland Front (the left-wing coalition that included the Communist Party and other left wing parties) in 1944, a People's Court for War Criminals was established, and passed 9,155 sentences, 2,730 of which were death sentences and 1,305 were life imprisonment (Petrova 2004, 163). An unknown number of extra-judicial executions had already taken place after the communist takeover of September 9, 1944 (estimates range between 625 and 30,000 people – Kalinova and Baev 2000, p 30, in Petrova, 2004, 162) and a further wave of trials, executions and imprisonments would occur as the Communist Party removed opposition from within the Fatherland Front – notably BANU leader

[14] Christo Traykof, Manager of a state firm. Interview with the author, Sofia, Bulgaria, July 2012.
[15] Zlatko Anguelov, a doctor and journalist who would later be closely involved with the Movement for Rights and Freedoms and its leader Ahmed Dogan, describes in his memoirs how this fed alienation from the system: "People simply preferred not to bother provided they could *arrange* their existence and the existence of their children. They were all experts at *arranging*" (2002, 128, emphasis in original).
[16] This softening did not extend to improved relations with Yugoslavia that had become extremely belligerent since the Tito-Stalin split of 1948, which put an end to any consideration of a Bulgarian-Yugoslav federation.

Nikola Petkov in August 1947 – and from its own ranks – such as Traicho Kostov, a possible successor to Georgi Dimitrov, who was tried and executed in December 1949 (Crampton 2005, 180-91). Between 1944 and 1962, around 100 prison and labor camps were established across Bulgaria,[17] through which at least 17,000 people passed (Todorov 1999, 40). The most notorious were Belene on the Danube river (where up to 5000 prisoners were held at any one time) and Lovech in north central Bulgaria, which opened in 1956 and where 200 political prisoners were killed before its closure in 1962 (Znepolski 2009, 118-26; Petrova 2004, 161-64).

By the late 1950s, the Communist Party was secure in its power, and political terror in Bulgaria gave way to a more sophisticated form of ideological control. This had much to do with the rule of Todor Zhivkov, who emerged as Vulko Chervenkov's successor as General Secretary of the Communist Party in 1954 and whose nearest rival, Prime Minister Anton Yugov, lost his position in 1962 (Crampton 2005, 191-93). Zhivkov would rule the country until forced out in a party coup on November 10, 1989, during which period prospective opposition was dealt with by the use of both carrot and stick: the latter included expulsion from the Communist Party, internal exile, and prison; while the carrots were the economic advances mentioned earlier in this chapter and the successful co-optation of intellectuals to the socialist cause. Todorova states that "in the peculiarly paternalistic scene of Bulgarian political life, Zhivkov managed to implement a successful policy of dividing or corrupting the intelligentsia while not creating martyrs or saints" (1992, 162).

[17] Todorov breaks the history of the Bulgarian camp system into six main stages: 1945 to 1949, forced labor camps established near coal mines, dams, and agricultural areas; 1949 to 1953, the peak years for deportations to the camps, with political prisoners concentrated in Belene; 1953 to 1956, a post-Stalin reduction in the numbers of prisoners; 1956 to 1959, an increase in sentences, due in part to the Hungarian uprising and a crime wave in Sofia; 1959 to 1962, the labor camp at Belene was closed (although a prison remains there to this day) and most prisoners released, with the remainder transferred to the new camp at Lovech; and 1962 to 1989, the Lovech camp closed in 1962, although political – and increasingly those convicted of loose morals – prisoners were still sentenced to hard labor. Turkish activists were sent to Belene prison as late as the 1980s (Todorov 1999, 39-40).

> Artists and writers were courted and pampered by the Communist government. They were the ones who touched people's minds and hearts more effectively than any politician or lecturer could. In recognition of this importance, they were elevated to positions of great respect and privilege, as long as they were useful to the system (Yakimov 2006, 165).

If the carrot failed, then the stick was not far behind: the writer and poet Georgi Markov, one of Zhivkov's favorite intellectuals, benefitted from the regime's patronage until fleeing to the UK in 1969, where he worked for the BBC's Bulgarian service, broadcasting frequent critiques of the Zhivkov regime drawn from his inside knowledge. In 1978, it seems his criticism was no longer tolerable – he was stabbed in the leg by the point of an umbrella while crossing Waterloo Bridge, and died several days later of ricin poisoning (Paton Walsh 2005).

Dissent was not completely absent, but it was isolated and individual rather than widespread, organized, and collaborative. Examples include the book "Fascism" by philosopher Zhelyu Zhelev (who would later be the first elected President of Bulgaria) which was published in 1982 before being quickly banned and its author internally exiled, and some limited attempts by individual intellectuals, encouraged by the Prague Spring of 1968-69, to publish and distribute leaflets against the regime (Petrova 2004, 165-6). Despite this, no culture of protest was created, and "intellectuals either lapsed into the posture of what E.P. Thompson has called attentism (that is, the wait and see policy), or acted on the premise that compromise was to be preferred over passivity" (Todorova 1992, 162). Zlatko Anguelov, a doctor, journalist and, after 1989, political activist takes a harsher view: "In a nutshell, while the purported calling of the intelligentsia was to uphold freedom, the actual intelligentsia was required by the communists to justify the communist regime 'scientifically'. In complying, we inflicted upon ourselves an

unbearable moral curse: we justified totalitarian[18] communism with our surrender rather than with our intellectual work" (2002, 9).

The turning point for dissent in Bulgaria was not, as it was for the rest of Europe, 1968, but rather 1985, the coming to power of Mikhail Gorbachev, and the policies of *perestroika* and *glasnost*. Although access to information from Western Europe had increased during the early 1980s, partly as a result of the Helsinki agreements which ended the jamming of radio and television broadcasts, and the images of consumer choice, affluence and freedom were in sharp contrast to the bare shelves, shortages, and privations that were beginning to be experienced by ordinary Bulgarians, it was the wave of Russian-language literature from *perestroika*-inspired Soviet publishers that had the greatest impact on Bulgarian society. Russian newspapers and magazines were freely available across the country, often outselling domestic publications, and Bulgarian television regularly broadcast Soviet programs (Crampton 2007, 379). "At the beginning people thought that maybe with *perestroika* things could be improved considerably, but over time they realized these were just stories hiding the need for greater changes."[19]

As one of the longest serving leaders of any socialist state, Zhivkov was a master of survival, helped by his calculated obedience to the Soviet leadership. He had survived the fall of Khrushchev, the rise and fall of Brezhnev, and the brief rule of both Andropov and Chernenko. In attempting to adjust Bulgaria's policies to conform to the changes brought by Gorbachev, Zhivkov introduced his own version of Soviet "new thinking" with the 1987 July Concept, which

[18] The use of the terms totalitarian and totalitarianism in reference to Bulgarian socialism can be controversial: it certainly differs from definitions proposed by Arendt, Linz and other political scientists in the West. In Bulgaria, the term totalitarianism is often used interchangeably with socialism and communism: if there is a guiding principle behind this, it appears to depend on the political perspective of the person using the term – those with more positive attitudes towards the period of socialist rule are unlikely to use it, while those referring to the period in a more negative light appear to use it with abandon. Throughout this dissertation, it is used when quoting an author, or referencing their words and arguments.

[19] Christo Traykof, technology manager in a state firm. Interview with the author, Sofia, Bulgaria, July 2012.

on paper echoed and accepted reform wholeheartedly (Bell 1990, 418). However, Gorbachev viewed Zhivkov as something of a dinosaur, a relic from a previous age of communist history, and both personally and economically had already begun to undermine his rule: on Zhivkov's visit to Moscow in 1985 he was kept waiting for two days before meeting the Soviet leader, and in 1987 Gorbachev accused Zhivkov of having too much *perestroika* and not enough *glasnost* (Crampton 2007, 383); recognizing the crisis in the Soviet economy, Gorbachev had quickly moved to reduce Soviet subsidies to its Eastern Bloc partners, and Bulgaria's reliance on Soviet oil and gas, both for domestic consumption and for sale on the world market to generate the hard currency needed to service its growing foreign debt burden, would soon become an even greater problem, as supplies and revenues decreased, paving the way for the disastrous economic collapse of the early 1990s.

By the late 1970s socialism in Bulgaria had for many lost its sheen, due in large part to widespread petty corruption and the suspicion of even greater illegal dealings at the higher levels of party and government. Socialism's egalitarian principles were openly flouted by party officials who shopped in Sofia's hard currency stores, used official automobiles for personal business, and jumped the long waiting lists for cars, housing, and other benefits. Misappropriation of official fuel supplies, corruption in the duty free shops, overcharging customers, creative accounting and embezzlement: all were increasingly commonplace, and although dealt with harshly when uncovered, for most Bulgarians they were viewed as the tip of the iceberg (Crampton 1988, 376). A new generation of *komsomol* leaders (the communist youth organization) arose, organized brigades and other events not for the traditional ideological reasons, but to "go somewhere, recite a speech, after which they would organize an orgy, drinking, girls and so on. And this demoralized people … who just wanted to make things more

normal. A new slogan was created: 'don't criticize the system, use it!'"[20] The result was that "disaffection with or simply lack of interest in the party and its ideas led to widespread cynicism and a precipitate decline in ideological belief" (Crampton 2007, 381).

In some ways, one event would soon serve as a catalyst for opposition to Zhivkov's rule, both inside and outside of the Party: the Chernobyl nuclear disaster of April 1986. Bulgarians learnt of the disaster not from their own government, which initially issued a denial (via the BCP newspaper *Rabotnichesko Delo*) that any accident had occurred, but from Radio Free Europe and BBC broadcasts (Petroff 2009). Radioactive clouds drifted over Bulgaria, but even once news had broken, the regime was slow to advise citizens how to protect themselves from the radiation, while at the same time importing radiation-free foodstuffs and supplying party leaders with anti-radiation drugs (Mitsuda and Pashev 1995, 90). The openness of the Soviet leaders and media in dealing with the catastrophe stood in stark contrast to the Bulgarian response, and provided an increasingly disillusioned public with further evidence of their country's ideological stagnation. Chernobyl brought environmental issues into the spotlight, and what was revealed was not a pretty sight.

Heavy industrialization during the early years of socialism in Bulgaria had modernized the country but ravaged the environment. Socialist planning prioritized speedy industrialization and not its ecological credentials. Even where efforts were made to keep industry and urban areas separated the intent did not keep pace with the reality: "the chemical works in Dimitrovgrad and Vratsa were initially sited some distance from the built-up area, but by the

[20] Christo Traykof, manager of a state firm. Interview with the author, Sofia, Bulgaria, July 2012. The slogans (or лозунг in Bulgarian) were a common feature of socialist life: used to inspire the people to achieve greater socialist success, they often conflicted with the observable realities of life, and many also made unwitting jokes about the period: "All communists, under the ground!" (at a coal mine); "Every Komsomol: an example to hooligans!"; "Do not let a single patient die without medical help!" (at a hospital).

early 1980's housing had been built to within a thousand metres of them" (Carter 1987, 86). By the late 1980s the effects were impossible to ignore: air pollution from coal-burning power stations in the Maritsa valley near Plovdiv; chemical plants that polluted rivers, ground water, reservoirs, and the Black Sea; degradation of soil and vegetation with lead, zinc, copper and other heavy metals; overuse of pesticides, herbicides and fertilizers; acid rain; and industrial pollution in all major cities (Yarnal 1995, 9-10). One particular form of pollution would soon prove to be a focal point for criticism of the regime: poisonous clouds of chlorine gas that regularly enveloped the town of Rousse, on the Danube in north east Bulgaria.

Rousse is an historic town that was at the forefront of the Bulgarian national revival from the 1850s onwards, boasting the first railway line, cinema, telegraph, newspapers, stock exchange, schools and other trappings of modernity, although after the Socialists came to power in 1944 it suffered from the common side effects of centralized economic planning – a series of economic growth plans which prioritized rapid development, creation of heavy industry, and urbanization without regard for longer-term efficiency, environmental protection, and sustainability: issues that were easy to overlook during the growth years of socialism but which were beginning to have an impact by the 1980s. In the early part of the decade, the environmental situation took a turn for the worse, as Romania built several chemical plants directly across the river in the town of Giurgiu. Air and water pollution soared, with regular gas emissions from the chlorine and caustic soda plants in Giurgiu exceeding permissible limits by up to nine times. Incidences of lung disease increased from 969 per 100,000 in 1975 to 17,386 per 100,000 in 1985 (Baumgartl 1993, 163-4).

Concerns about this growing threat to citizens' health began to spread, and newspapers and magazines published articles and letters on the issue, albeit nothing openly critical of the

socialist regime or overtly political in nature. The turning point appears to have come on September 23 and 25, 1987, when two larger than usual gas emissions hit Rousse, provoking a small group of mothers, some of whom worked for the parks and recreation service, to stage a protest in front of the Communist Party headquarters in the town. This protest, on September 28, drew 500-600 mothers, many pushing prams or accompanied by their young children, carrying signs saying “Air for Rousse,” “Life for Our Children,” and “Stop Ecological Genocide” (Desai and Snavely 1998, 35-36). This was the first of several organized protests in the city, and the first in over 40 years of communist rule. On November 11, a further demonstration in front of the Communist Party headquarters in Rousse was filmed by a crew from Bulgarian National Television (see Figure 1). This film, along with footage of the chlorine gas clouds and citizens of Rousse covering their mouths – and those of their children – with improvised masks, would be made into a film called *Dishai* (Breathe), and shown to several hundred intellectuals and professionals in Sofia in February 1988 (Antonova and Kamenova 2008, 231-35).

Figure 1: Protests in Rousse, 1988

(National Archives – Rousse).

In Sofia, the pollution of Rousse and the protests it inspired led to the creation on March 8, 1988, of the first civil environmental group in the country – the Committee for the Environmental Protection of the City of Rousse (Mitsuda and Pashev 1995, 91). In April 1989, the environmental NGO, Ecoglasnost, was formed in Sofia, with the founding members including many of the newly emerging dissident community, and the originators of the Rousse committee. This group, unlike the Rousse committee, was announced publicly and soon began to express its demands (which still centered on greater official concern for the environmental situation in the country, as well as openness and transparency in governmental environmental policy) through public meetings and the collection of petitions. Although the regime took steps to suppress Ecoglasnost, it quickly spread across the country, and wider events would soon create more favorable conditions for its continued existence.

The government had previously agreed to host a meeting of the Conference for Security and Co-operation in Europe (CSCE) in Sofia in October 1989. Ecoglasnost took full advantage of the presence in the city of international delegates and representatives of European governments, as well as large numbers of foreign newspaper, radio and television journalists, to raise their profile and promote their cause. Activists gambled that the regime would want to avoid further negative publicity during the conference, which was fortuitously on the topic of environmental protection and economic growth, and this initially seemed to be the case. After nine days of campaigning openly on the streets, collecting over 5,000 signatures, and launching Charter 89, a document calling for the protection of Bulgaria's environmental heritage, Deyan Kiuranov, a leading member of Ecoglasnost stated, "It seems we are being tolerated…while journalists and diplomats from 35 countries are in Sofia. We must speak out while we have the chance" (Searle and Power 1989a).

The official tolerance of Ecoglasnost's activities did not last long: on October 26 security forces moved in on the organization's public presence in a Sofia park, beating some members, and arresting more than 20 of them. The crackdown came in front of Western delegates to the CSCE conference, and was quickly condemned by them. Some of the delegations threatened to walk out of the conference if the matter was not resolved, and the Bulgarian authorities announced that they "regretted" the incident. However, at the same time, further arrests and internal deportations of dissidents were carried out, and public meetings of Ecoglasnost were banned (Searle and Power 1989b).

One of the problems facing the authorities when dealing with the unexpected emergence of dissidence in Bulgaria was the nature of the protests and the demands that were made. The six female employees of the local parks department in Rousse who organized the first protests in the city were not political agitators in any way: instead, "they had reached a point at which they felt they could no longer tolerate seeing their children's health being ruined and could not countenance the state and city authorities' inaction" (Desai and Snavely 1998, 36). The protesters were predominantly women, many of them mothers with children, and their demands were for clean air, not for political change. Ecological issues did not directly confront the party line, and environmental protesters included many from the scientific establishment. Furthermore, the early dissident groups, such as the Rousse Committee, were overwhelmingly made up of a small circle of intellectuals,[21] at least half of which were members of the Communist Party, some even of the Central Committee (Mitsuda and Pashev 1995, 93). Finally, "*glasnost* was the weapon that allowed dissidents to organise themselves and take the battle to the field of

[21] One participant has said that the five or six informal organizations all had an overlapping membership of 200 or so people, who participated in all the organizations, regardless of their stated purpose: "We were all the same people" (Baeva, quoted in Zankina 2010, 130-31).

discourse" (Petroff 2009) as Zhivkov sought to emulate Gorbachev and "adopted the rhetoric of *perestroika* while religiously avoiding its practices" (Mitsuda and Pashev 1995, 92). The Party was therefore in a difficult situation when it came to cracking down on the protests and groups, and had to fall back on accusations based not on subversion or acting as an enemy of the people but on "creating structures, parallel to the already existing ones" (Mitsuda and Pashev 1995, 93). Arrests were made, protests and meetings blocked, organizers sent into internal exile, but by mid-1989, the regime faced other problems.

The Turkish question: the "Revival Process" and the "Great Excursion"

The Turkish minority in Bulgaria had suffered throughout socialism: in 1950 Chervenkov threatened to force a quarter of a million Turks out of Bulgaria into Turkey (162,000 were eventually admitted by Ankara); a further 130,000 were allowed to leave between 1968 and 1978; and in the 1970s, Turkified Pomaks were forced to adopt Slavic names or be sent to Belene prison camp (Crampton 2005, 190-91, 199). But in 1984/85, Zhivkov began what was termed the "Revival Process": claiming that Bulgarian Turks were not ethnically Turkish, but rather Bulgarians who had been forcefully converted to Islam under the Ottoman Yoke, they were now re-introduced to their Bulgarian heritage and traditions – with the help of the militia and the army (in its largest military operation since World War Two) (Crampton 2005, 204-5). Over the winter, at least 850,000 Turks were forced to change their names (Petrova 2004, 166), Turkish newspapers were closed, radio broadcasts in Turkish stopped, and the speaking of Turkish in public banned (Crampton 2005, 205).

Peaceful resistance by Turkish communities led to mass arrests, beatings, imprisonment, and several deaths, but the isolated nature of many Turkish regions combined with a media blackout meant a lack of information among the wider population, which was reflected in extremely limited organized opposition – Ahmed Dogan, who would become an important Bulgarian Turkish politician after 1989, did create the Turkish National Liberation Movement in 1985, but he was swiftly arrested and imprisoned, and the organization all but disappeared (Petrova 2004, 166-7). International condemnation was widespread, and the domestic political gains were limited. Despite this, Zhivkov would return to the Turkish issue with a vengeance in 1989, with far greater consequences.

Simmering discontent among the Turkish community came to a boil again in spring 1989, when several hunger strikes were orchestrated by the underground opposition (led by Dogan from his prison cell) amid rumors that a forthcoming easing of travel restrictions would not be applied to the Turkish minority. Protesters clashed with police during late May, resulting in at least seven deaths, 28 serious injuries, and the expulsion of 10,000 Turks from the country (Petrova 2004, 169-70). In a staggering miscalculation, Zhivkov went on television on May 28 and declared that any Turks who felt they would be better off in Turkey were free to leave the country. By August, 344,000 had called his bluff and done just that (Crampton 2005, 210). The international political condemnation was extensive: worse still, the domestic economic impact was crippling – most of the Turks who left Bulgaria had worked in agriculture and their departure meant that crops were left to rot in the fields.

Endgame

It would, however, be neither the environmental protests nor the Turkish unrest that would ultimately bring Todor Zhivkov's reign as longest-serving East European leader to an end. Instead, elements within the Communist Party itself took the opportunity presented by *glasnost*, Bulgaria's declining economic situation, and Zhivkov's increasing isolation in the international community to put into action a palace coup. Pressure had been building within the regime for years, intensifying after Gorbachev's accession to power in the Soviet Union in 1985, and by mid-1989, the reformist faction of the Communist Party had secured enough support to make its move. International condemnation for the anti-Turkish policies fell mostly upon Mladenov, who appears to have decided at this point that the only viable course of action was for the reformers to oust Zhivkov. Although less visible to the outside world than disagreements in other socialist states, internal politicking among these factions had already led to sporadic and inconsistent reforms,[22] as well as weakened official responses to instances of protest, all of which served to further embolden the emerging opposition groups. Mladenov stopped off in Moscow on his return from a trip to China in late October 1989, arguably to enlist Gorbachev's support for the coming coup, and on his return denounced Zhivkov and resigned from the Politburo. By November 8, Dobrin Djurov, Minister of Defense, and two other old partisan colleagues had told Zhivkov he must resign (Crampton 2007, 387-88). At a special meeting of the Politburo on November 10, Zhivkov stepped down and was replaced by Mladenov, who over the next few weeks oversaw a radical restructuring of the Communist Party leadership, the promise of economic and social reforms, apologies for abuses under the Zhivkov regime – such as the

[22] The New Economic Mechanism (NEM) was introduced from the early 1970s, but intensified from the early 1980s. Aimed at improving productivity, quality of goods, competitiveness in international trade, and technological developments, the NEM ran into immediate difficulties. One of the methods to achieve the goals of the NEM was to be decentralization of decision making and management, but as Bristow describes, "decentralization requires local management to have the expertise to carry its new responsibilities but, after decades when they were merely administrators, where were managers supposed to acquire this expertise?" (1996, 16). For an extensive pre-1989 examination of the NEM reforms, see Crampton 1988.

forced exodus of Bulgarian Turks – and even the suggestion of open elections. By the end of the year, the Communist Party had agreed to give up its monopoly of power and to hold free elections within six months.

Here we return to the notion that, as with its emergence, the end of socialism differed from other East European nations. As Stokes argues, "the democratic turn in Bulgaria was not a broad popular movement…since it was initiated by party reformers who pushed Todor Zhivkov out…the mobilization took place after the change" (1997, 178). Linz and Stepan quote Ecoglasnost leader Deyan Kiuranov: "much as I would like to, I cannot give the opposition credit for the sophisticated palace coup" (1996, 336).[23] While the environmental movement in Bulgaria did represent a unique and previously unseen form of contention within Bulgarian socialist society, the real forces behind the political changes of 1989-90 emerged from the communist elite itself. Developments from November 10 until the first democratic elections in June 1990 help to justify these arguments.

One of the first tendencies to emerge after November 10 was that "the demonstrators – now in the hundreds and thousands – entered the political stage, and politics became the national preoccupation, if not obsession, for the next couple of years" (Petrova 2004, 171). Protests spread in Sofia and other cities, and membership of Ecoglasnost and other rapidly emerging dissident groups multiplied. The demands of protesters increased along with their numbers: one week after the coup, on November 18, the first mass meeting took place in Sofia, with 50,000 people gathering outside Alexander Nevsky Cathedral in the center of Sofia, behind the National Assembly building, represented by a new umbrella organization, the Union of Democratic

[23] This is not to deny the significance of the opposition movement, which took advantage of the opportunities presented by *perestroika* and *glasnost* and "forced its way through the gap between Zhivkov's repressiveness and the degree of permissiveness enforced on him by the winds of change" (Brown 1991, 191).

Forces; a similar number gathered on December 14, and demanded an end to the leading role of the Communist Party, democratic change, and roundtable talks between the Government and opposition forces (Power and Searle 1989a).

The December 14 meeting came in response to a special session of the Communist Party Central Committee, at which several of Zhivkov's old guard were ousted from their positions, but which did not address the question of the leading role of the BCP. While reformers within the Party had initiated the reform process, "popular demonstrations…began to play an increasingly large role in putting pressure on the leadership to speed the pace of reform" (Bell 1990, 419). In December, the BCP agreed to round-table discussions on the country's political structure, and in January they recognized the end of their political monopoly, promised multi-party democracy and the separation of party and state (Crampton 2007, 390-91). In this they were successful in re-branding themselves as political reformers, even democrats. Giatzidis concludes that "the opposition was completely disarmed because the BCP had conceded most of its demands before it had even had time to articulate them" (2002, 49). As a visual guide to the discussion in the remainder of this dissertation, Appendix One shows major political and economic developments in Bulgaria from 1989 to 1997.

Roundtable talks and the exit from socialism

The continuing strength of the Communist Party and the inherent weakness of the political opposition shaped the nature and outcome of the first stage of reform after November 10. The former Communists were able to dictate the terms of the transformation, and ensure a significant role for themselves in the new Bulgarian system. Taking advantage of their relative

stability as a ruling party, in comparison to other Socialist regimes, the BCP (renamed the Bulgarian Socialist Party in April 1990) had the time to watch and wait as "the format for dismantling the Communist system was rehearsed in other East European countries" (Melone 1994, 259). Of particular importance was the role of the roundtable talks in Poland and Hungary, which were emulated in Bulgaria from January 3 to May 14, 1990. Unlike in the former countries, however, "instead of reducing the power and influence of the BSP, it legitimized and rehabilitated the former Communist Party as a significant factor in the country's political life" (Giatzidis 2002, 50).

The major factor allowing the Communists control over the talks was the continuing weakness of the opposition forces, who struggled to unite a multitude of factions and mobilize support beyond the cities. The lack of a history of dissidence and protest meant a lack of individuals with the experience and character necessary to forge a strong opposition movement (as noted earlier, many intellectuals had been successfully co-opted by the regime). The nascent democratic organizations were faced with one of the most deeply entrenched party organizations in Eastern Europe: well into the 1980s, party members made up one-eighth of the population, and were present in a quarter of all households (Melone 1994, 260) which meant that even when the party lost one quarter of its members between November 1989 and April 1990, it remained an extremely influential force (Spirova 2008, 486). Recognizing the difficulties they faced in taking on the might of the BCP, the multitude of opposition groups (around 50 by the end of 1989: Bell 1990, 420) came together under the umbrella Union of Democratic Forces (UDF) and

agreed upon a delegation comprising representatives of fourteen groups[24] who would take seats at the Roundtable (Melone 1994, 260).

For a country with a history of violent political change,[25] the Roundtable talks were remarkably successful in negotiating a peaceful transformation of the basic political system, and allowed both the reform-minded Communists and the nascent Democratic forces to express their demands, criticize each other, accept compromises and make concessions without letting the country backslide into physical confrontations or civil war. To achieve this, participants agreed not to discuss the liability, political or judicial, of the Communist Party for crimes committed during their rule. In addition, "all participants unanimously decided that an open, public discussion of Turkish minority rights would jeopardize the democratization process by further consolidating and strengthening support for the emerging nationalistic parties" (Kolarova 1993, 34). Even at the earliest public meetings after November 10, those who tried to raise the issue of minority rights often found themselves shouted down by the masses, and the leaders of the opposition groups sought to avoid creating yet more divisions within an already fractured alliance. The Roundtable talks created an informal institutional mechanism for negotiated change, in which the BCP gave up its monopoly of power in return for guarantees of its future

[24] These included the Bulgarian Workers' Social Democratic Party (United), the Nikola Petkov Bulgarian Agrarian People's Union, the Club of Victims of Post-1945 Repressions, the Independent Association for the Protection of Human Rights, the Ecoglasnost Independent Association, the Podkrepa Independent Labour Federation, the Glasnost and Democracy Club, the Civic Initiative Movement, the Committee for Defence of Religious Rights, Freedom of Conscience and Spiritual Values, the Independent Student Societies and the Radical Democratic Party (Melone 1994, 260).

[25] Inter-war Bulgarian politics were among the bloodiest in Europe: beginning with the 1918 Radomir peasant uprising, the next two decades would see an almost continuous stream of violent unrest in both town and country, brutal suppression by the government and armed forces, and a blood feud of political assassinations. These included: Stamboliski's BANU party took revenge on the "parasitic" bourgeois class, and Stamboliski himself was overthrown in a coup in 1923, tortured, and his body hacked to pieces, with the head sent to Sofia in a biscuit tin. Thousands of BANU activists were also killed; in 1923 the Communist Party began an ill-fated uprising across the country, culminating in the 1925 bombing of the Sveta Nedelya church in the center of Sofia, which killed 130; from 1923 to 1926 the Country suffered from the Tsankovist Terror, in which around 16,000 Agrarians and Communists were killed; the Macedonian question was behind a further 800 political murders between 1924 and 1934; and there were two further coups, in 1934 and 1935 (Bidelux and Jeffries 2007; Crampton 2005, 2007; Giatzidis 2002; Oren 1977; Znepolski 2009).

role in the political arena. Participants agreed that a new Grand National Assembly (to function both as a regular parliament and as a constitutional convention) should be elected, and that its first order of business should be the creation of a new constitution for the country. The talks created "a modus vivendi making it possible for the Communist leadership and governing functionaries to transfer loyalty and bestow legitimacy peacefully in order to institute political change" (Melone 1994, 268).

As will be seen in the next chapter, the consensus achieved at the Roundtable Talks would not become a regular feature of Bulgarian politics, and there were several examples of intransigence and obstruction during the talks themselves. One of the first issues to cause problems was that of media access: UDF members quite accurately recognized their fledgling organization was highly disadvantaged in terms of newspaper, radio, and television access compared to the Communist Party, and so demanded access to the printing presses, equal time on radio and television broadcasts, and office space for the organization. To keep up the pressure on the BCP, the UDF played its strongest hand – a return to the streets: a mass demonstration of around 150,000 people was held on January 14, 1990, two days before the Roundtable was due to re-convene. The government agreed to the demands, but the UDF continued to complain about intransigence from the BCP, and on several occasions threatened to leave the talks over opposition delays, the editing of television reports, and perhaps of greater significance, the date for the first democratic elections (Melone 1994, 262).

From the beginning of the Roundtable negotiations, the BCP had pushed for an early date for the first democratic elections, knowing that the UDF would struggle to match the Communists' organizational capacity nationwide. UDF leaders hoped for an autumn election, while the BCP wanted it to be in spring – ultimately, the two sides agreed upon two stages of

elections, on June 10 and 17. The two dates were the result of a further compromise over the nature of the electoral system: the BCP wanted a first-past-the-post system, which would favor the national prominence of the party's reformist leadership, while the UDF knew that proportional representation (PR) would favor the multitude of smaller parties that made up the opposition forces. The outcome was a mixed system, where half of the 400 deputies would be chosen via PR, and half by majority vote (Crampton 2007, 392).

First democratic elections, 1990

The election campaign began immediately after the decision on the electoral system was reached, in March 1990. The UDF began with a high level of confidence – they believed that the election would be a referendum on 45 years of communist rule (indeed, "45 years is enough" was one of the main campaign slogans – see Figure One for examples of the UDF and BSP campaign materials) and focused their campaigning on Communist atrocities, referring to the BCP as murderers and mafia (Bell 1990, 427). They also had the support of the United States, who had decided to send in "a diplomatic SWAT unit in an attempt to bolster the UDF campaign and contribute to the defeat of the BCP" armed with $1.3 million (Glenny 1993, 175-76). However, the money was wasted, the campaign was poorly organized – due in large part to the overconcentration of the UDF organizers in Sofia and other major cities, and the lack of an effective grassroots party organization - and the UDF failed to gain crucial support in the countryside, due in part to a successful BCP campaign that emphasized the American support and played on the rural population's fear of a foreign takeover of land.[26] As Creed argues,

[26] The BSP also undermined support for their major rival in the countryside, the Bulgarian Agrarian National Union (BANU), by highlighting the fact that BANU and the UDF had discussed the possibility of a coalition government, thus playing on rural dislike for the UDF and the fear of foreign (American) supposed plans to take over the

"villagers feared the economic consequences of opposition programs, especially privatization and the probable elimination of village industrial branches" (1993, 58).

The newly renamed Bulgarian Socialist Party, on the other hand, fought an extremely successful election campaign, playing up their role in initiating the transition from socialism - campaign slogan: "We started the changes!" - and avoiding all mention of Marxist ideology. Instead of the red banner, the Party used the Bulgarian flag at rallies, and promised to safeguard the economic and social gains of socialism while overseeing a gradual transition to a market economy – a strategy that played particularly well to the hard-core of party supporters, in small towns and villages (Bell 1990, 428). BSP leaders emphasized the differences between the new party and that of Zhivkov, and, as Creed argues, the latter's removal "was effective, at least temporarily, in convincing many Bulgarians that the untrustworthy trustees had been eliminated and that progress was possible within the existing ideological framework" (1993, 58). The party also benefitted from an enormous advantage in terms of financial, material, and human resources, with a nationwide network of grassroots clubs and organizing committees. Local party and government officials used traditional techniques to put pressure on the population in the countryside, while in the cities the party's image was carefully cultivated to appeal to the urban voter (Bell 1990, 428).[27]

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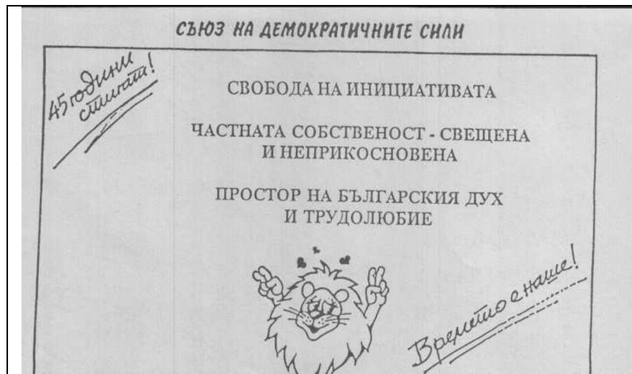
countryside by selling it to American investors (Glenny 1993, 175). The perception of American involvement in the country's affairs was not helped by the hundreds of US advisors who set up shop in the Sheraton Hotel in Sofia, and by the US Ambassador's appearance at the final UDF rally before the elections (Smollett 1993, 11).

[27] While in the countryside the BSP focused on the considerable progress socialism had brought to villagers, in the cities they focused on the intellectual aspects of communism both in Bulgaria and worldwide. Smollett describes how at one BSP rally, Angel Wagenstein, a film and theatre director, satirised the UDF's obsession with moving towards Europe in a speech which said "The UDF has dispatched a blue express train hurtling towards Europe, where backward Bulgaria will learn civilization; well, we ask of the UDF only to include one small red caboose on their blue train, and in it will ride Geo Milev and Nicola Vaptsarov, Pablo Picasso and Sean O'Casey…' and there followed a long list of all the greatest Communist intellectuals of Bulgaria and the world" (1993, 11).

Figure 2 shows selected campaign materials from the 1990 elections, which visualize the differences between the two parties. The BSP campaign was assisted by a British public relations firm, and is notable for its use of color, simple yet eye-catching artwork, and the simple slogan: “Vote for the BSP: the party of change, democracy (last word unreadable).” The UDF fliers are in stark relief to those of the BSP, and demonstrate several points: first, they were in black and white – perhaps due to the greater difficulty the party had in gaining access to printing paper and equipment during the campaign; second, they carry far more information and slogans than the BSP fliers, which were far simpler and made fewer and simpler political statements; and finally the phrases are in themselves more complex and confrontational than the BSP slogans, including “45 years is enough,” “Private property – sacred and inviolable,” “outlet for the Bulgarian soul and industry.” The map of Bulgaria with a black skull flag placed at every site of a prison or labor camp during communism was a strongly divisive poster used during the campaign.

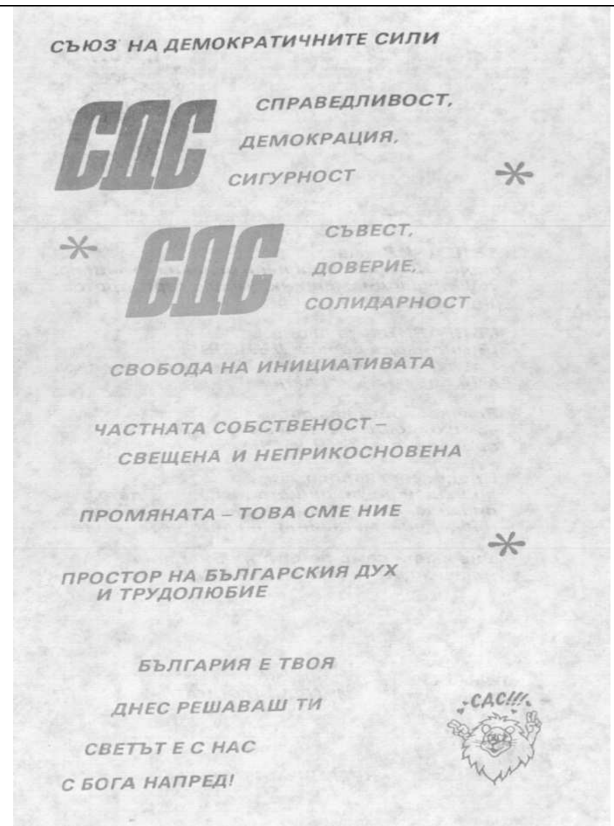
Figure 2: Election campaign materials, 1990

“Vote for BSP, party of change, democracy”



"Union of Democratic Forces: Freedom of initiative; private ownership – sacred and inviolable; outlet for the Bulgarian soul and industriousness" Across the corners: "45 years is enough!" and "The time is ours"

"45 years is enough"



"Union of Democratic Forces. Justice, democracy, security. Conscience, trust, solidarity. Freedom of initiative. Private ownership – sacred and inviolable. We are the change. Outlet for the Bulgarian soul and industriousness. Bulgaria is yours. Today you decide. The world is with us. Forward with God!"

Top row: BSP materials. Bottom three images: UDF materials. BSP materials from the Ellis Collection at the University of Essex; UDF materials from the Union of Democratic Forces, "45 Years is Enough!" *Making the History of 1989*, Item #657, http://chnm.gmu.edu/1989/items/show/657 accessed March 04 2013, 1:59 pm.

This is all in stark contrast to the experience in other socialist countries. Kalyvas (1999) outlines how ruling parties fared poorly in the first democratic elections due to a lack of understanding of electoral rules, miscalculations of electoral bargains, and an inability to fight an open election campaign. Polish communists introduced an electoral law that disadvantaged them, while in the Soviet Union the limited competition for seats in the Congress of People's Deputies after 1988 led to the radicalization of party disputes, put them in full view of the public, thus damaging the image of the party, and in the March 1989 elections, voters exercised their new

rights and punished certain party candidates. Kalyvas argues that in Poland and Hungary, "leaders of both the regime and the opposition grossly overestimated the popular appeal and electoral chances of communism" (1999, 331). Even in the area of party membership post-1989, the Bulgarian Communist Party did not suffer the same implosion in membership as elsewhere: from a comparatively high level of party membership of around one in ten adults, the Party did decline to 726,000 in 1990, around 73% of its 1989 level, but the fall did not continue (Spirova 2008, 486). There would be little evidence in Bulgaria to support Kalyvas's claim that "single-party rule had destroyed the ability of ruling parties to compete" (1999, 338).

In what was declared by Western observers as a free and fair election,[28] the BSP won 211 seats, the UDF 144, the Turkish Movement for Rights and Freedoms (MRF) 23, BANU 16 seats, and non-party candidates 6 (Crampton 2007, 392). The results were greeted with shock and disdain in the West, seen as a sign that Bulgaria was not committed to the transition to democracy and free market economy. The *Economist* called Bulgaria "Where old parties die hard," referred to the results as "Comback," and said "of all the upheavals in Eastern Europe, Bulgaria's may be the hardest to understand" (Economist 1990a, 59; 1990b, 68). With hindsight, however, the reasons for the BSP's success are clearer: their campaign was better organized than that of the UDF; they had far greater organizational capabilities across the whole country, rather than being limited to the larger cities as the UDF was; their message was one of security and protection of past gains, rather than the largely negative anti-communist campaign of the UDF;

[28] UDF allegations of widespread election fraud, intimidation of voters, and voting irregularities were found to be unsubstantiated by observers from the National Republican Institute for International Affairs and National Democratic Institute for International Affairs Joint International Delegation (NRI and NDI. 1990. *The June 1990 Elections in Bulgaria.* Washington, D.C.). Other observers accepted as believable Peter Beron, Secretary of the UDF, who claimed fraud may have accounted for up to 5% of the result, but still offered "a highly qualified 'yes' in answer to the question whether these elections were free and fair" (Ludford, Sarah. 1990. Memo on election observations, June 1990, Ellis East European Elections Collection, unsorted archival material held at University of Essex library).

older voters had much to be grateful to the BSP for, having seen their living standards increase significantly during socialism; and the UDF did little to convince voters that they could offer a viable alternative. The UDF understandably lacked experience and organization skills, but perhaps more importantly the coalition assumed that Bulgarians from all walks of life shared their overwhelmingly negative opinion of socialism and would therefore support the UDFs demands for radical and rapid change. In reality, as has been seen throughout this chapter, the experience of socialism in Bulgaria varied considerably, and for many had been a predominantly positive period in their lives. Although even staunch supporters of the BCP/BSP may have agreed with the need for reforms and greater political freedoms, the country and its leaders, both old and new, lacked consensus on the pace and direction of these reforms. The UDF failed to recognize this lack of consensus, and the coalition's poor showing in the first post-socialist elections reflects this.

The BSP may also have been surprised – and not a little disconcerted – by the results: the Party leader Andrei Lukanov is said to have wanted an equal split of 40:40 % between the UDF and BSP "so that they would be forced to govern Bulgaria in a grand coalition" (Glenny 1993, 175) and thus share responsibility for dealing with the looming economic crisis and difficult reforms that would soon be necessary. The UDF leader Zhelyu Zhelev, however, had already stated that "we reject coalition with the communists, who have changed their names and policies but cannot get away from their responsibility for past deeds" (Searle and Power 1990a), and after the election at a rally of 50,000 disappointed UDF supporters, he declared that "we will enter the National Assembly as an opposition that will confront the Communist Party with its crimes, and insist it take responsibility for everything it has done under its rule" (Bohlen 1990, A12). With the first democratic elections in more than 45 years returning to power the very party that had

instigated single party authoritarianism in the country, and the opposition clearly stating its intention to continue to confront the victors in parliament, the stage was set for the partisan struggles that would characterize Bulgaria's delayed transition.

Conclusion

Bulgaria experienced socialism in a markedly different manner than most other East European countries: it was not imposed by force from outside, there was an existing solidarity with the egalitarian nature of socialist ideals and with their Soviet promoter, and the country had a history of stoicism under difficult circumstances. Add to this the considerable economic and social improvements brought by socialism during the 1950s, 1960s and 1970s, and the lack of dissidence and opposition that characterized Bulgaria's socialist period is more understandable. These factors also affected the nature of the end of socialism, which came through elite coup rather than mass protests and pressure. Politically savvy former communists were the driving force behind the initial stages of Bulgaria's transition, as roundtable talks led to agreement on the basics of democratic change, and democratic elections were held in June 1990. The elections returned the former Communist Party, now renamed the Bulgarian Socialist Party, to power with a small majority in parliament, in contrast to the rest of Eastern Europe (excluding Romania) where voters expressed their displeasure with the previous regime at the ballot box. "Bulgaria bucks the trend" (Glenny 1993, 164) became a common refrain during the early years of the transition, with consequences that will be investigated in Chapters Three and Four.

Chapter Three: The problematic birth of democracy and the free market in Bulgaria after 1989

Introduction

This chapter will examine how economic restructuring and privatization in Bulgaria were affected by the lack of consensus among the population and the political elite on the pace and extent of reforms. Analysis of those reforms that were introduced will be interwoven with first-hand accounts of the period, together with opinion poll data and details of legal and institutional changes, to provide a picture of Bulgaria between 1989 and 1997. The chapter will investigate alternative explanations for the delayed reform process, in particular Ganev's (2007) arguments about state capture, and the general contention that the process of transition overwhelmed the limited financial and organizational capacity of both national and local government. This chapter and the one following will draw upon the findings from chapter two, and Gerald Creed's (1998) argument that post-1989 Bulgaria cannot be understood without reference to what came before, without recognizing the degree to which socialism had become domesticated, accepted, and integrated into all aspects of life, and the unique interplay of these factors and the introduction of political and economic reforms during the transition. This helped shape a widespread resistance to ideas imported and imposed from the West which demanded a neo-liberal economic transformation of the country that was strongly at odds with its history and culture.

Harsh economic and political realities

Bulgaria's first democratic elections in more than 45 years returned the newly renamed Bulgarian Socialist Party (BSP) to power with a small majority in the 400-seat Grand National

Assembly (GNA), but it was to be a short-lived and hollow victory for the reformed communists. The economic situation of the country was dire: foreign debt had reached $9.2 billion by the end of 1989 (at a time when total GDP was estimated at $22 billion); hard-currency exports had collapsed, replaced by Western imports that only made the situation worse; and with $3 billion of debt repayment due in 1990 alone, the position was unsustainable (Bristow 1996, 28). Politically, the opposition Union of Democratic Forces (UDF) refused any advances from Prime Minister Andrei Lukanov, who felt that to resolve the appalling economic crisis "the remedies were so severe that they would be accepted by the whole nation only if they were enacted by a coalition government" (Crampton 2007, 393). Instead, supporters of the UDF took to the streets, erecting a tent "City of Truth" near the parliament, strikes were called across the capital, and some opposition MPs boycotted the Assembly (Smollet 1993, 11; Bristow 1996, 34). The GNA convened in July, and almost immediately found itself mired in controversy: President Mladenov was forced to resign after video footage of events surrounding the December 1989 public demonstrations appeared to show him suggesting it would be "better if the tanks were to come."[29] Despite a short delay, the GNA made its first significant compromise and appointed philosopher and dissident Zheliu Zhelev as President, with the Vice President's position going to the BSP candidate General Attanas Semerjiev, with Andrei Lukanov of the BSP becoming Prime Minister.

Lukanov's government found it almost impossible to govern, however. The economy went from bad to worse, with industrial production falling by 13%, monthly inflation reaching double digits, and unemployment more than doubling from 31,000 to 65,100 between July and

[29] "По добре танковете да доидат" – reported by several newspapers at the time, the phrase has passed into national folklore in Bulgaria, although the actual recording was of low quality and Mladenov claimed that the words were taken out of context (Partos 2000).

December (Bristow 1996, 32-33). Shortages of basic foodstuffs led several cities to introduce rationing, and oil supplies were dwindling, due both to decreased Soviet exports and the UN embargo on Iraq (Chiodini 1991, 49).[30] Outside the GNA, a new wave of strikes in the late summer and autumn of 1990 helped bring events inside to a standstill, and by the end of November the Lukanov government had resigned. It was replaced by a caretaker government led by jurist Dimitar Popov, made up of representatives from the BSP, UDF, and the Bulgarian Agrarian National Union (BANU), under whose rule an "agreement was reached on a 200-day 'social pact' between the government, trade unions and employers" to end the labor unrest and allow economic reform to begin (Bideleux and Jeffries 2007, 96).

Crampton points out that the months of strikes, protests, and political stalemate had one positive outcome: "Bulgarian politics, all now recognized, had to be rescued from the streets and a new, effective constitution devised" (2007, 393). Reflecting this, the GNA set to work drafting the new constitution which, despite some last-minute protests from UDF representatives including 23 who went on hunger strike, was ratified by 309 of the 400 members on July 12, 1991 (Melone 1998, 131-133). As "the only country in eastern Europe which linked its first post-communist election to the drawing up of a new constitution" (Crampton 2007, 392),[31] Bulgaria was remarkably successful in achieving a rapid political transition from a single-party state to a parliamentary democracy. As Melone argues, "with a minimum amount of violence and bloodshed, Bulgaria may no longer be classified as a totalitarian or authoritarian state. The

[30] The Iraq embargo cost Bulgaria dearly, as would its previous profligate trading policies with other third world nations whose political and economic situations were often highly unstable: in 1990, Bulgaria was owed $2,357 million from the third world: $1,239 from Iraq, $265 million from Libya, $195 million from Nicaragua, $142 million from Nigeria, $109 million from Algeria, $76 million from Yemen, $74 million from Syria, $71 million from Angola, and $54 million from Ethiopia (Pishev 1991, 109).

[31] The first post-1989 constitution in the Czech Republic came into force in January 1993, after the velvet divorce from Slovakia; Poland did not introduce a new constitution until 1997, and Hungary's first post-socialist was not created until 2011, although the prior constitution was heavily amended in 1989.

constitution adopted in July 1991 … contains most of the features of what are universally understood as democratic values" (1994, 271).

This success would not be repeated in other areas of the transition. Instead, Bulgaria would be subjected to a delayed, inconsistent, and incomplete consolidation of democracy and a free market economy. Economic reform efforts would be hampered by "the extreme instability of parliamentary coalitions and the consequent difficulty of maintaining the support of the legislature for executive action" (Bristow 1996, 33). From 1990 to 1997, Bulgaria had seven different governments, none of which lasted the full four-year mandate, as power switched from the BSP to the UDF and back again, interspersed with temporary or caretaker regimes which further delayed and disrupted the reform process.[32] Although meeting Huntington's minimalist criteria for democratic consolidation,[33] Bulgaria's situation after transition was closer to the situation O'Donnell and Schmitter describe as "confusion, that is, the rotation in power of successive governments which fail to provide any enduring or predictable solution to the problem of institutionalizing political power" (1986, 3). Bulgarian historian Roumen Daskalov suggests that this uncertainty and inconsistency "reflected the lack of a 'social consensus' or psychological readiness for drastic change among the general population" (1998, 11). He does not develop this line of argument further, however, leaving unanswered the questions central to this dissertation: what were the causes of this lack of consensus, and how did it affect the pace and extent of the transition process at a national level, a task the rest of this chapter will

[32] In contrast, during the same period Hungary held two elections, in 1990 and 1994, which elected two governments that lasted their full four-year mandate; the Czech Republic had two governments from 1992 to 1998, both under Prime Minister Vaclav Klaus; and Poland had three elections, in 1991, 1993 and 1997, with several changes of prime minister but longer-lasting coalition governments.

[33] This is the two-turnover test: "by this test, a democracy may be viewed as consolidated if the party or group that takes power in the election at the time of transition loses a subsequent election and turns over power to those winners, and if those election winners then peacefully turn over power to the winners of a later election" (Huntington 1991, 266-67).

undertake by looking at the issues of economic reform, privatization, and democratization. Chapter Four will then take this analysis further by concentrating on the town of Rousse in northeast Bulgaria and its experiences between 1989 and 1997.

Introduction of economic reforms, 1991 to 1997

The transition from socialism in Eastern Europe is often synonymous with the implementation of neo-liberal market reforms, most notably liberalization of markets and privatization of state-owned industrial, commercial, and social enterprises. As Francis Fukuyama (1992) observed, the West had won, and liberal capitalism was the only game in town. “When Central and Eastern European countries emerged out of the red in 1989, they fell into a world dominated by liberal and, in economics, neoliberal discourse” (Orenstein 2001, 1). From the early days of the Bulgarian transition, politicians from both sides of the divide made clear their acceptance of the need for extensive economic reforms: the UDF platform for the 1990 elections stated “the democratic opposition considers market economy as the only possible way out of the economic crisis” and “the main question of the transitional period is that of property ownership. Private ownership is the basis for economic democracy” (Boyadjiev 1990, 50). The Socialist election platform for the same year stated that “the BSP stands for an ACCELERATED transition towards <u>a market economy,</u> for ACCELERATED establishment and developments of its three major component parts, i.e. market of goods, market of capital and market of labour” (BSP 1990, 4, emphasis in original).

Due to the resignation of the Lukanov government in late October 1990, the task of introducing the first market reforms fell to the caretaker government of Dimitar Popov, which

introduced price liberalization on February 1, 1991: this liberalized nearly all domestic prices;[34] eliminated import and export restrictions; released foreign exchange dealings and opened the currency to a market-determined exchange rate; and severely reduced state subsidies (Bristow 1996, 34-35). The UDF government of Philip Dimitrov, which came to power with the help of the Movement for Rights and Freedoms (MRF) after new elections in October 1991, continued the policies of agricultural de-collectivization and property restitution begun by the Popov regime, and a law on privatization was passed in April 1992. The Dimitrov government lost a vote of no confidence in October 1992, and was replaced by a technocratic government headed by Lyuben Berov, an economics professor. Berov had been asked to move Bulgaria more swiftly along the path of economic restructuring and privatization, following an "action plan," "but his government was all plan and very little action" (Bideleux and Jeffries 2007, 101). The brief caretaker regime of Reneta Indzhova that took office when Beron finally resigned (after six no-confidence votes had defeated his political stamina) in September 1994 had little time to make any significant policy decisions, and the BSP government of Zhan Videnov from December 1994 to December 1996 introduced amendments to the privatization law, including proposals for voucher-based privatization, although their implementation was limited (Bideleux and Jeffries 2007, 103).

Privatization: progress and problems

By December 1995, more than 24,000 entities had been privatized. However, "most units (about 22,000 shops, restaurants, hotels, warehouses, small production enterprises, etc.) passed

[34] The results were predictable: vegetable prices rose by 55% and fruits by 21%, leading the government to introduce retail price ceilings for bread, milk, sugar, vegetable oil and children's food on 23 March, in order to avoid more serious general food price inflation (Wyzan 1991, 91).

into private hands through restitution" (Prohaska 1996, 1). This process began quickly: by June 1992, 65% of properties that had been expropriated by the socialist state had been returned to former owners or heirs, and this figure reached 83% a year later (Bideleux and Jeffries 2007, 100). The situation regarding privatization of medium and large scale enterprises was not so positive. Beginning in 1992, the Privatization Agency proposed (and parliament approved) lists of those state enterprises deemed suitable for sale. The list for 1993 included 200 enterprises "from such sectors as machine building, electronics, electrical engineering, woodworking, food processing and agriculture, telecommunications, construction, transportation, and tourism" (Due and Schmidt 1995, 61). Only 56 deals were concluded, however, and only four of these were carried out via the Privatization Agency: most were handled by the ministries of trade, industry, and construction, and most of the enterprises sold were municipal rather than state properties[35] (Due and Schmidt 1995, 61). By 1994, only a single large enterprise (from 16 included on the list) and 17 medium enterprises (out of 870 proposed) had been privatized. By 1996, "less than 6 per cent of state enterprise assets were privatized" (Bideleux and Jeffries 2007, 100). In the same year, only 27.8% of industrial output came from the private sector, suggesting that the bulk of the country's industrial base remained in state hands (Mihov 1999, 34). The increased role of the private sector in industrial output, trade and employment must also be placed in the context of the dramatic decline in the state sector output: "in other words, 'privatization' has occurred via sectoral collapse, not ownership transfers" (Schlack 1993, 520-1). Table 4 gives further data regarding the limited nature of privatization in Bulgaria.[36]

[35] This is significant as sales handled by ministries or municipalities were generally of smaller enterprises with less overall significance to the national economy. The exceptions were larger enterprises that were quietly and often fraudulently transferred from state ownership into the hands of the new breed of business groupings that emerged after 1989, and which are discussed later in this chapter.
[36] For comparison, in Poland in 1991, 228 sales were completed, out of 8,453 state owned enterprises (SOEs); in 1993 the figures were 992 out of 5,925; in 1995 they were 1,610 out of 4,357, and by 1997 were 2,241 out of 3,478

Table 4: Privatization in Bulgaria, 1992 - 1997

	1992	1993	1994	1995	1996	1997
Share of small firms privatized	na	0.9	2.6	7.2	15.2	21.1
Privatization revenues (cumulative, % GDP)	na	0.4	1.5	0.9	2.9	5.6
Private sector share of GDP	25	35	40	45	45	50
Total privatizations concluded	0	116	549	1521	3091	912
Of which were state enterprises	0	63	165	308	516	588
Concluded by Privatization Agency	0	11	36	69	146	83
Concluded by Ministries/Committees	0	51	129	240	369	506
Of which were municipal enterprises	0	53	384	1,213	2,575	324

(Bulgarian Privatization Agency; EBRD 1999, 204; Deunwald et. al. 2006)

From Table 4 we can see that the majority of enterprises privatized between 1992 and 1997 were municipal, and, therefore, of smaller size and less significant to the overall economy. Of those enterprises privatized by the state, the majority of deals were carried out via direct ministry or committee decision, rather than via submission to and approval from the Privatization Agency (PA), again suggesting smaller scale and significance. Large-scale enterprises were among those most likely to face a delayed privatization process: by the end of 1994, the largest enterprise to be sold was the SOMAT international transport agency, sold to Willy Betz International for $55 million;[37] then came the Hotel Vitosha, sold for $41 million; and the Zagorka brewery for $21 million: nothing else sold for more than $5 million during that time (Mladenova and Angresano 1997, 504).

It is difficult not to agree with Crampton's characterization of the period between 1991 and 1995 as one of "treading water" as "the governments since 1991 had been indecisive and had done little to bring about real or effective structural change" (2007, 400). This indecision led

(IMF. 1998. *Republic of Poland: Selected Issues and Statistical Appendix.* IMF Staff Country Report 98/51 Washington, D.C.: IMF. 83). Although Polish privatization would really pick up speed from 1996, these figures still reveal a greater number of sales proportionately in comparison with Bulgaria: 16% of SOEs were sold in 1993, compared to less than one per cent in Bulgaria; in 1995 the difference was 36% in Poland to 7.2% in Bulgaria.

[37] Even this success story comes with a less salubrious footnote: late in 1989, the Ministry of Transportation began to allow the managers of the 29 state- owned trucking companies to sell thousands of vehicles at second-hand prices, before breaking up the sector into 240 regional and 17,000 individual companies, mostly owned by politically connected nomenklatura. When Willy Betz bought the SOMAT agency, it had already been stripped of a considerable amount of assets, thus depriving the state of revenue and the country of greater investment in jobs and sector development (Ganev 2007, 50-51).

directly to the catastrophic collapse of the banking system and the resulting economic crisis of 1996 to 1997: GDP fell by 10% in 1996 and 6% in 1997, inflation hit 123% in 1996 and 1082% in 1997, unemployment reached 13.7% in 1997, and the value of the Bulgarian currency depreciated sharply against the dollar. "It was a devastating economic collapse: apart from the hyperinflation which was ruinous for the savings of ordinary households, it produced a deep recession, chaos in the financial system resulting in the closure of some 15 banks, and bankrupt public finances" (Nikolov et. al. 2004, 29).

Accounting for the absence of consensus

What caused this indecision and delay that conspired to bring Bulgaria to the "brink of bankruptcy, starvation, and collapse" (Crampton 2007, 400)? Political scientists have long believed that a certain level of agreement or consensus within a society is a necessary (although not sufficient) condition for a functioning democracy,[38] so can we identify a lack of such consensus in Bulgarian society? Not entirely. Surveys and reports from the early days of the transition show strong support for democratic ideals: in May 1991, 76% of Bulgarians approved of the change to democracy (Ghodsee 2011, 177). The New Democracies Barometer, a survey first taken in 1991, showed that 60% identified themselves as democrats – "people who dislike the old regime and are positive about a pluralist regime" – while 64% viewed the new regime positively against 30% who felt the same about the old regime (Rose and Mischler 1994, 169). A pre-election survey in September 1991 asked potential voters across the country if they felt the multi-party system was good for Bulgaria: 63% answered affirmatively (BAFECR 1991, 2). Certainly the response of citizens to the overthrow of the Zhivkov regime and the promise of

[38] See the discussion in Chapter One.

democratic change was positive: "it was something like a rebirth, I have never been so happy in my life…it was such a beautiful surprise to know that Todor Zhivkov is no longer there. We hated him. All of us. The whole country."[39] Another recalled that "it was a Friday afternoon, the 10th of November, and the neighbor came out of their apartment, and said, come on, did you hear the news, Todor Zhivkov is down, come: immediately we gathered together and started to drink."[40] In Sofia, a participant in the first mass meetings in November and December 1989 described the "euphoria… people were smiling, happy, because they were expecting something."[41]

What is noticeable about the response of people to the sudden and unexpected changes that began on November 10, 1989, is the focus on the removal of Todor Zhivkov, and his unpopularity, rather than on the end of socialism. In part, the leaders of the internal party coup promoted this response as they "started massive attacks against him, expelled him from the party, and, using terms that only days before would have seemed inadmissible, laid all the blame on him" (Fotev 1996, 20). As described in Chapter Two, for many Bulgarians, socialism was, on balance, a successful experiment, one which brought rapid economic growth, free education, healthcare, housing, guaranteed employment, cultural and social benefits. It should not be surprising therefore that Bulgarians could feel euphoria over the removal of Todor Zhivkov from power – identified as he was with the "deep ideological and cultural crisis" of the late 1980s (Fotev 1996, 18) – while still holding dear the achievements of the system over which he ruled. A closer look at the hopes and expectations of ordinary Bulgarians at the beginning of the

[39] Rumiana Petrova, University Lecturer. Interview with the author, Rousse Bulgaria, June 2012.
[40] Yavor Dimitrov, local politician and businessman. Interview with the author, Rousse, Bulgaria. July 2012.
[41] Dora Zabunova, accountant. Interview with the author, Sofia, Bulgaria, July 2012.

transition helps shed light on this dichotomy, and suggests reasons for the lack of consensus over the pace and extent of the transitional reforms.

Discussing the changes of 1989 and beyond with Bulgarians from all backgrounds, one common memory stands out: how the events of 1989 came as a surprise to everyone. As discussed in Chapter Two, Bulgaria lacked a history of serious dissent or protest, and when this began to change during the mid-to-late 1980s, the aim of protesters was to rectify an identifiable problem (such as cleaner air for Rousse, an end to the pollution of the Danube and other rivers, respect for the human rights of the Turkish minority) by appealing to the Communist leadership, not to overthrow or dramatically change the system. Indeed, "most of the politically active Bulgarian dissidents in the late eighties had emerged more as critics and reformers within the ruling party than as active adversaries of the regime" (Kolarova 1996, 543). No one was making plans for what would come after socialism. For Rene, a midwife in the northeast of Bulgaria, the changes were "something completely new, to the people around me and myself, totally unexpected, we didn't know what would follow."[42] When people began to think about what the changes might bring, "the expectations were that people would be free, they would be able to work and earn money, to travel abroad, to raise their standard of living, to be like Europeans."[43] Unsurprisingly, Bulgarians had little or no idea of what to expect from the transition to a free market democracy, of what capitalism actually meant: "many people talked about how things would now function according to the market, with little idea of what this meant."[44] Few anticipated the tremendous economic and social costs that the liberalization of the economy would bring. They believed that "they would wake up the next day and find a river of oil, of

[42] Reneta Raynova, midwife. Interview with author, Rousse, Bulgaria, July 2012.
[43] Rumiana Petrova, university lecturer. Interview with author, Rousse, Bulgaria, June 2012.
[44] Christo Traykof, businessman. Interview with the author, Sofia, Bulgaria, July 2012.

honey, of wealth. This was the biggest illusion, for which the people were not guilty. The guilty ones were those who rode this wave of change."[45] "For the most part, Bulgarians continued to believe in a sort of state socialism, and a caring, paternal state" (Daskalov 1998, 12).

Politicians on both sides failed to correct this utopian view of capitalism and democracy. For the Bulgarian Socialist Party (BSP), there was little mileage in doing so: they were busy attempting to distance themselves from responsibility for the economic mess the country found itself in by renaming the party, expelling hardliners, and reminding the population that it was the initiator of the changes in the country: "the BCP adopted a proactive approach on the domestic front. It championed and publicized its own metamorphosis … renamed its newspaper, *Rabotnichesko Delo* to *Duma* [which] showcased the ideological transformation of the Bulgarian Communist Party into the Bulgarian Socialist Party" (Dimitrova 2001, 170).

For the Union of Democratic Forces (UDF), the lack of realism was perhaps less a conscious decision than a result of the manner in which the UDF emerged: thrust unexpectedly onto the national stage in the days and weeks after November 10, 1989, intellectuals such as Zheliu Zhelev, who would become the UDF leader and subsequently President of Bulgaria, had no time to prepare for their new roles. Zhelev's book *Fascism,* a thinly veiled critique of totalitarianism, was banned just weeks after its publication in 1982, and the author internally exiled. "Zhelev's views on totalitarianism had been formed from his experience living within a totalitarian system; his knowledge of the working of a democratic system – how could it be otherwise? – came from books" (Bell 1998, 3). The nascent opposition movement further suffered from "amateurism, the rise of a host of mere opportunists and careerists, … the widespread phenomenon of 'turncoats' moving from the communist to the anticommunist side,

[45] Dora Zabunova, accountant. Interview with the author, Sofia, Bulgaria, July 2012.

and the difficulty of developing a clear alternative to the former Communists" (Daskalov 1998, 14). The decentralized nature of the UDF, which for the 1990 elections comprised 18 distinct parties and organizations,[46] meant that "the platforms of the coalition partners were quite diverse … and there was also an obvious lack of unifying ideas"[47] (Koulov 1995, 248). UDF supporters were also somewhat blinded by the euphoria of the changes: "the first year, 1990, this was the best year, I remember, because it was full of hope, and there was this party, the CDC [UDF] and many people were in love with the members of this party … because they looked so different, these people. They were like human beings, they were honest, they were pure, they were modern, and they were European."[48]

Where both parties' reluctance to face the harsh realities of the transition's likely economic and social impact can be seen most clearly is in their manifestos for the 1990 elections. Extensive content analysis of the UDF and BSP documents reveals that the most common phrases for both parties were freedom, democracy and rights, while the least common were privatization (absent from the BSP document), responsibility and justice. The authors of the study conclude that "the political elites of 1990 … actually use similar political language based on abstract political values and shirking of concrete responsibilities" (Dimitrov, Kabakchieva

[46] These were: the Federation of the Independent Student Societies, the Independent Society for the Protection of Human Rights in Bulgaria, the Bulgarian Social Democratic Party, the Bulgarian Agrarian People's Union "N. Petkov," the Democratic Party, the Federation of the Clubs for Glasnost and Democracy, the Green Party, the Radical Democratic Party, the Independent Labor Confederation "Podkrepa," the Democratic Front, the Political Club "Ecoglasnost," the United Democratic Center, the Movement "Civil Initiative," the Committee for the Protection of Religious Rights, Freedom of Conscience and Spiritual Values, the Club of the Illegally Repressed since 1945, the Party of Freedom and Progress, the Alternative Socialist Party, and the New Social Democratic Party (Koulov 1995, 258).

[47] Koulov gives the following example to demonstrate just how far apart some of the UDF coalition partners ideas were: "The Bulgarian Social Democratic Party…claimed that the state sector should play an important role in the economy and favored a 'socially directed economy, strong trade unions and a well-developed social safety net. The Democratic Party…argued that the state sector should be limited…to specifically designated economic activities" any profitable state enterprise should be sold, trade unions limited to avoid parasitism, and self-help should replace the social safety net (1995, 248).

[48] Rumiana Petrova, university lecturer. Interview with the author, Rousse, Bulgaria, June 2012.

and Kiossev 1996, 51-53). Despite these similarities, the election campaign itself was characterized by extreme polarization between the BSP and UDF: "the difficult economic conditions … shifted the emphasis in the pre-election period towards emotions and ideological, rather than economic, strategy differences [and] developed an atmosphere of relatively low level of tolerance for 'other' opinions and further deepened the political division in Bulgarian society" (Koulov 1995, 250). The UDF portrayed the elections as a referendum on 45 years of communist rule, and attacked the BSP as "murderers" and "mafia," while the BSP "presented itself as the party of 'responsible, conservative change,' stressing the experience of its leaders … and pledging a gradual transition to a market economy in which no one would suffer" (Bell 1990, 428).

From this point on, it becomes harder to determine who was leading whom: public opinion polls show a lack of commitment to economic reforms such as privatization, and political actions show a lack of determination on the part of both parties to implement such reforms, but which came first? It seems likely that this reflects the overall lack of consensus in the country, across all levels, town versus country, young versus old, left versus right, over the pace and extent of the macroeconomic policies that the shift to a free market economy demanded. The experience of socialism in Bulgaria had not created a common enemy for politicians and citizens alike to unite against: Zhivkov may have been unpopular, ordinary people may have longed for greater freedoms, but no-one wanted to give up the significant achievements made since 1944: "while socialism is rejected as an inefficient and discredited economic system, the type of social security that only socialism can provide is not" (Koleva 1996, 42). In 1991, 62% of Bulgarians favored a social-democratic system similar to Sweden, with only 12.3% preferring a US-style system (Vassilev 2003, 347). Socialist ideas remained

strong among the population: 18% of respondents to a poll in May 1991 agreed with the statement "the most just way to distribute wealth and income is to give to everyone more equally," and when asked "if you reflect on your experience of socialism in Bulgaria, what is your attitude to it?" 8.1% expressed full approval, and 16.7% a high degree of approval. Around 80% "defended the need for strong state intervention in social policies and demanded that the government guarantee every individual employment and a minimum standard of living" (Gornev and Boyadjieva 1996, 101-102).

Polls in 1990 and 1992 showed 71.2% and 62.7% respectively did not accept a wide income margin in society, and 71.6% and 78.8% respectively approved of raising wages for all social groups. These tendencies have endured: a September 1992 poll showed that 87% wanted the state welfare system to continue, 83% supported full employment, and 76% agreed with price controls or government subsidies for certain foodstuffs (Troxel 1993a, 389). In Gallup polls taken in 1992 and 1993, more than half of respondents approved of insignificant property inequality (Koleva 1996, 40). Two polls in November 1994 revealed that an average of 51% of Bulgarians disagreed with the statement "the less the state interferes with the economy, the better" while only 27% agreed; and 81% agreed that "the state should provide jobs for everyone willing to work" (BAFECR 1994, 4). By the time of the 1996 and 1997 Central and Eastern Eurobarometer surveys, Bulgarians' approval of the free market system reached only 44% and 52% respectively, while 75% in 1997 claimed to be dissatisfied with the way democracy is developing in their country (European Commission 1998, 42). Reflecting on this environment, Bristow argued in 1996 that "the fundamental problem has been the failure to create … anything resembling a significant constituency in favour of even parts of a reform programme" (229).

Political divisions: conflict and policy failure

One argument put forward for the failure of Bulgaria's political elite to create such a constituency since 1989 is the lack of a unifying figure, such as Vaclav Havel in Czechoslovakia or Lech Walesa in Poland, "with the charisma to excite the public imagination for reform and the political legitimacy to effect such reform" (Bristow 1996, 228). Zheliu Zhelev had considerable moral authority, but lacked both the constitutional power and the political abilities to overcome the bitter divisions between the BSP and UDF, and within the UDF. Furthermore, there was no indication from politicians from any party that they were ready to accept Zhelev or anyone else as such a unifying figure, even if any form of consensus over the pace and direction of the reform process had existed. The increasing polarization between reds (socialists) and blues (democrats) meant there was little likelihood that agreement could be reached. Zhelev himself made it clear that he wanted nothing to do with the socialists: "we reject coalition with the communists, who have changed their names and policies but cannot get away from their responsibility for past deeds" (Searle and Power 1990a).

Perhaps a stronger alternative explanation for the lack of progress on transitional reform lies with the nature of the UDF, and the increasingly hardline anti-communist stance it took during the initial transition years. Internally, the UDF showed little cohesion, with ongoing "tempestuous quarrels and a whole series of splits and secessions of parties, groups, and personalities" most clearly demonstrated by the refusal of 39 UDF deputies to sign the new constitution in 1991 (Daskalov 1998, 15). This protest was the outcome of a struggle among three different factions within the UDF: dissidents – the small number of intellectuals who had been the first to organize against the BSP; the older 1940s opposition – members of the old parties defeated by the socialist regime after 1944 (the Bulgarian Social-Democratic Party and

BANU for example); and the newcomers, or "young lions" – young professionals from law and journalism who joined the UDF after January 1990. Ultimately, it would be the third group, also termed the "dark blues," who succeeded in taking control of the party and, in the 1991 elections, of parliament (with the support of the Movement for Rights and Freedoms).[49]

Once in power, the UDF government, led by Philip Dimitrov, exerted considerable energies in seeking retribution against the former communists, actively pursuing senior members of the Zhivkov regime, including former Prime Minister Andrei Lukanov, who was arrested in July 1992 on charges of misappropriation of state funds (Bideleux and Jeffries 2007, 100). Dimitrov's regime did preside over the first privatization law, in 1992, but far more time and energy was devoted to the issue of retribution and restitution. Laws were passed which confiscated the property of the communist party and related organizations such as the Communist Youth Organization and the Fatherland Front; banned top communists from serving on governing bodies of banks and other financial institutions; restricted pension payments for paid communist party activists; introduced the "decommunization of Science and Education"; and mandated the restitution of all properties seized by the socialist regime since 1944 (Kolarova 1996, 543). The fervor with which the Dimitrov regime pursued these measures shocked even President Zhelev, who appealed the Panev Law (on the barring of former communists from any top academic posts) to the Constitutional Court, along with the Board of Religious Affairs, a socialist-era institution that was being used by the UDF government to purge the Holy Synod of the Bulgarian Orthodox Church (Bell 1999, 239). The rift between Zhelev and the Dimitrov government would continue beyond the latter's downfall, as the dark blues continued to blame

[49] The conflict and its outcome are detailed in Petrova, 1998. The first two groups became disillusioned with politics, and mostly stepped away from the national stage, while those who stayed broke into smaller and smaller groups, arguing over more and more insignificant differences, which allowed the Dark Blues to take control at the local and national level, ensuring their voice would be heard as the election approached.

Zhelev and the light blues for the return of the communists to power. The UDF also continued to lose members, and became "a sect of believers divorced from political reality." At the Party's fifth anniversary celebrations, not a single original founder was present, and "in his address, Philip Dimitrov stated that all those who had left the organization, 'were now partners of the Communists'" (Bell 1999, 242). The scope of the restitution law was gradually enlarged from houses and small businesses to include arable land, urban property, and industrial buildings. Critics argued that "the country's two-year preoccupation with this issue only served to delay action on the more important task of privatizing state enterprises" (Schlack 1993, 522), and that "the restitution laws (especially in agriculture) in fact delayed the privatization and basically destroyed the existent productive assets" (Kolarova 1996, 543). In March 1992, the regime passed a hastily-prepared amendment to the law on agricultural land, ruling that all agricultural collectives be liquidated by November of that year. Among the rural population this move proved extremely unpopular and was a significant factor in the success of the BSP at the polls in 1994,[50] as well as a policy that would attract action from the next government. While the Dimitrov government's preoccupation with restitution and retribution impacted its ability to move forward with other reform measures, of greater import was its short time in office, which itself owed much to the internal divisions within the UDF that were in part caused by the lack of consensus over the pace and direction of the reform process. Thus, the infighting and divisions within the UDF can be seen as symptoms rather than causes of the lack of consensus, and do not undermine the main arguments presented in this dissertation.

A similar analysis holds for the behavior of the Bulgarian Socialist Party, which had successfully managed the shift from single party rule to multiparty democracy, but was also not

[50] For extensive analysis of agriculture in Bulgaria before, during and after the transition, see Creed 1993, 1995, 1998; Kaneff 1996, 1998, 2004; Meurs 2001; and Meurs and Begg 1998.

above the kind of in-fighting and incoherent policy making that afflicted the UDF. The necessary changes had not come easily: "as it slowly negotiated a space for its new socialist reincarnation, the BCP walked a fine line between a willingness and a resistance to reform" (Dimitrova 1998, 175). It engaged in an internal lustration strategy that saw older, ostracized members rehabilitated, several members of Todor Zhivkov's politburo purged (and subsequently prosecuted) for their crimes under communism, and allowed a range of opinions to be expressed concerning the future of the party[51] but "never tolerated splits at important moments, such as elections, and always managed to preserve its unity and keep its parliamentary group in strict obedience" (Daskalov 1998, 13). The BSP has also been accused of using its access to the intelligence apparatus to leak information on the past lives of opposition politicians accused of having been informers for State Security, including Petar Beron, one of the founders of Ecoglasnost.

Even President Zheliu Zhelev did not escape suspicion and accusations: Beron himself, when asked about the infiltration of State Security into the dissident and opposition movements before November 10, 1989, stated that "we have very strong reasons to think that Zhelev himself was, if not an infiltrator, … acting in very close agreement with the Communists" (in Melone 1998, 46). Such accusations and allegations would become an everyday feature of political life in Bulgaria, perpetuated by the selective and limited opening of the State Security archives: evidence of the destruction of dossiers or their use as tools of blackmail continues to the present day.[52] All sides benefitted: "the major parliamentary forces had a common interest in not

[51] These "ideological platforms" included reformists in the Alliance for Social Democracy, Western-oriented "Road to Europe," and the conservative "Marxist Platform" (Daskalov 1998, 13).

[52] For information on the struggle over the State Security Archives, see Englebrekt 1994; for information on the Security Services' role in the transition, see Zankina 2010, particularly Chapter Seven; for information on the process of lustration in Bulgaria, see Bertschi 1994. One local politician in Rousse informed me that he had once been shown his dossier by a close friend with access to the archives, yet several years later, when the archives were

opening them to the public: the UDF, because there were certainly more 'informers' in its ranks; the BSP wanting to hold the threat of exposure over its opponents as long as possible" (Daskalov 1998, 23). According to one democratic political figure of the time, "the communists pursued a double objective. On one hand, they aimed at compromising and thus getting rid of strong people in the blue cohort…on the other hand, they wanted to shake the entire democratic movement by investing it with uncertainty and suspicion, and by fragmenting it into weak factions. They achieved both objectives" (Anguelov 2002, 186). The issue of lustration further divided the BSP, the UDF, and the country and made consensus-building yet more difficult.

The limited extent of dissidence and opposition in Bulgaria pre-1989 has been commented on earlier in this Chapter, and in Chapter Two, and it also had a negative impact on consensus creation between and within political parties. First of all, since the 1960s and the easing of openly repressive measures, the party had co-opted most potential dissidents, particularly in the academic and literary fields,[53] and as a result there were few members of the emerging political classes who were not susceptible to accusations of being informers. Vice President Attanas Semerjiev recalled, "Who was not in Bulgaria's nomenklatura? The whole elite – in political life, management, science, or in the economy – they were all on the nomenklatura lists" (in Melone 1998, 99). Marko Todorov, a member of the Grand National Assembly and later a minister in the Berov government, further argues that Bulgaria lacked a "brains trust" or "political elite who knew in advance what they wanted to achieve and how they

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temporarily opened to certain individuals for inspection, he could not locate his file. When he enquired, he was told the file did not exist. To this day he is uncertain if the file was simply misplaced, destroyed, or taken by someone for the purpose of *kompromat* or use against him in the future (Interview with the author, Rousse, Bulgaria, July 2012).

[53] Georgi Markov, novelist and playwright, was one such literary figure who became closely associated with the Zhivkov regime before defecting to the west in 1969. In his book *The Truth That Killed* he describes in great detail the ways in which the intelligentsia were wooed by the regime: housing, cars, easy jobs, foreign travel, access to all the benefits of the nomenklatura, even hunting trips with Todor Zhivkov himself, and how successful this approach was in keeping dissent under wraps. For his revelations about life in socialist Bulgaria, Markov was assassinated in London in 1978 at the behest of the Bulgarian regime.

would achieve it"[54] and that this contributed to the delayed transition in the country. As a participant in the earliest discussions within the UDF, Todorov observes that "we at least should have been able to find a common language and to try to do something together. It was not possible." Instead, party members discussed personal interests, opportunities for career advancement, for finding a political niche to occupy, and not what they should have been discussing: "the development of the country, what kind of state do we want, what kind of economy, taxation, financial policies, education – we didn't talk about these things at all."[55]

As noted earlier, the Dimitrov government spent much of its short tenure in office focused on retribution and restitution, and the latter would prove to be its downfall. The UDF government had secured only 110 of the 240 seats in Parliament, and relied on the tacit support of the Movement for Rights and Freedoms (MRF).[56] When the UDF passed the Restitution of Arable Land Law, the MRF felt that its supporters – ethnic Turks who had owned relatively little land before socialism – would be disadvantaged, and sought instead to have land redistributed according to the labor contribution of collective farm workers. The UDF's insistence on their path of restitution pushed the MRF closer to the BSP's position, and in a vote of no confidence on October 29th, 1992, the MRF voted against the UDF, swinging the balance in favor of the BSP. This led to the technocratic government led by Lyuben Berov, which ruled from December 1992 to September 1994, ostensibly with the intention of accelerating economic reforms and restructuring.

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[54] Marko Todorov, member of the GNA. Interview with the author, Rousse, Bulgaria, December 2011.
[55] Marko Todorov, member of the GNA. Interview with the author, Rousse, Bulgaria, December 2011.
[56] The lack of a majority in parliament did not make the Dimitrov government treat its junior partner, the MRF, with any greater respect: Minsters kissed the cross when taking office, and Dimitrov appeared shocked when Ahmed Dogan's MRF party voted against him in the no-confidence vote (Bell 1999, 240).

The Berov and Videnov regimes

Berov's government, like those before it, manifestly failed to construct any form of consensus around the overall pace and extent of the economic reforms and in many instances it worked against the decisions already taken. One example is the area of price controls, which had been radically cut to only around 18% of all goods in 1991, but were re-introduced over time by the Berov and Videnov governments so that by 1996, 45% of prices were under government regulation (Wyzan 1998, 24). With the BSP taking 125 out of 240 seats in the new parliament in December 1994, there was some hope that the secure majority would allow the government to take decisive action on economic restructuring. However, the scale of the BSP's victory, along with a short-term improvement in the overall economic situation in the country, led to significant arrogance among the younger policy makers, and a lack of agreement over how radical the measures should be. The favorable macroeconomic situation caused many in the BSP to feel they had "achieved the dream of the reformed communists: 'a communist state without authoritarianism'" (Kolarova 1996, 543). The sense of urgency receded, and there was less pressure on the BSP to actually move forward with the policies of restructuring and privatization that were promised during the election campaign but which didn't sit well with the party leaders. Instead, the Videnov government's "legislative agenda gave priority to retrospective legislation: amendment and revocation of restitution and retribution laws passed by the UDF government" (Kolarova 1996, 534). The decisions made during the BSP government of 1994 to 1996 led directly to the severe economic crisis of 1996 to 1997. To demonstrate the lack of consensus under the Beron and Videnov regimes, the following sections look at privatization policies and an example of foreign direct investment, followed by an examination of the state of the Bulgarian public administration to determine its role in the slow pace of economic reforms.

Continued privatization problems

The lack of consensus over the pace and extent of the reform process at the national policy making level allowed parliament to draft and approve poorly written legislation full of ambiguities and loopholes, helping to create a space where reforms were delayed or subverted, and in which those reforms that were undertaken were poorly and incompletely implemented. Politicians and government officials charged with implementation of legislation, themselves lacking consensus over the desirability of the proposed reforms, found it politically, ideologically, or economically expedient to delay and otherwise hinder the process.

The basic law on privatization of state-owned assets, introduced in 1992, went through 170 amendments, deletions, additions and other changes between 1992 and 1996[57] which had a detrimental effect on the privatization process. Some of the earlier amendments were necessary due to the hurried manner in which the initial legislation was passed (Bristow 1996, 192), but many changes were made as a result of a significant shift in the ideology underlying the process. As Crampton explains: "ideology … persuaded the government to switch to the voucher system of privatization because this in theory allowed ownership to pass to the majority of the population and not to a small, wealthy section of it" (2007, 403). As result of this switch, cash privatization slowed considerably, with just 309 of the 584 deals planned for 1995 actually finalized (Minassian 1998, 331). This was despite a change in the payment methods that allowed debt for equity swaps as part of the privatization process. The change was encouraged by the London Club, Bulgaria's major foreign creditor, and passed into law in November 1994

[57] These changes include deleted sections, amendments, minor word changes, and new clauses (закон за преобразуване и приватизация на държавни и общински предприятия (Law for the Transformation and Privatization of State and Municipal Enterprises) http://www.mi.government.bg/bg/library/zakon-za-preobrazuvane-i-privatizaciya-na-darjavni-i-obshtinski-predpriyatiya-zppdobp-otm-261-c25-m258-2.html, accessed on February 15, 2013. The number of changes was calculated from a close reading of the law and its development over time.

(Mladenova and Angresano 1997, 509-510). The voucher program ran into immediate difficulties, as it dramatically over-estimated the degree of interest among Bulgarians: in 1994, 79% expressed no intention of participating in the process (Mladenova and Angresano 1996, 505). There were also implementation delays as deadlines, lists of enterprises, and the share of enterprises offered (to meet IMF and World Bank requirements)[58] were subject to various changes (Minassian 1998, 331), and because the original legislation lacked important details (leaving them for the Council of Ministers to decide), there was controversy over the negotiability of the vouchers (Bristow 1996, 199-200).

Pressure from external creditors had been an issue for Bulgaria since 1989: the first post-socialist government had declared a moratorium on foreign debt repayments in 1990,[59] which effectively cut the economy off from further assistance until the first UDF government in 1991 renegotiated with the London Club, the IMF and the World Bank, and rescheduled debt payments. The World Bank and IMF both made early assistance dependent on the passage of a privatization law, budget law, wage control among other elements, demands which were met by the first UDF government and its non-partisan successor (Wyzan 1993, 139). The Videnov government would once again place the country's relationship with its creditors in jeopardy, due

[58] For example, the IMF agreement with Bulgaria in July 1996 stated that "Cash privatization will be accelerated while the mass privatization program will be enhanced so that at least 25 percent of state-owned assets will have been transferred to private ownership by end-1996 and at least an additional 25 percent next year" (IMF 1996).

[59] Lukanov's government was not consistently antagonistic toward the west: in spring 1990 a delegation from the United States Chamber of Commerce, led by its vice president Richard Rahn, visited the country after an invitation from Lukanov himself. The group put together a 600 page plan of action which provided "precise details" on how to "adopt a privatization program, begin basic monetary reform and allow free circulation of foreign currencies, eliminate wage and price controls…and agree on tax reform" (Binder 1990). Although the plan was accepted by the Grand National Assembly in late 1990, Lukanov's government had no chance to implement its provisions, as it collapsed before the end of the year. While it has been said that "the former communist Lukanov clearly was desperately seeking international responsibility by trying to associate himself with Mr. Rahn" (Jackson 1991, 207), Rahn himself claimed (in 2009) that "privatization was a success" and a review of the plan by the US conservative libertarian Independent Institute concluded that "the Bulgarian Economic Growth and Transition Project was the crucial influence at just the right time in order to make the enormous and rapid progress possible for the people of Bulgaria" (2009).

to the sluggishness of its structural reforms, which led the IMF to withhold a tranche of lending in 1995 (Wyzan 1998). It would not be until the second UDF government took office in 1997 that Bulgaria's relationship with its foreign debtors would be placed on a more even keel.

Prime Minister Videnov was a reluctant convert to the religion of the market, and was "doctrinally opposed to privatizing public utilities, military-industrial complexes and the major state banks" (Bideleux and Jeffries 2007, 103). Ganev goes so far as to argue that Videnov remained committed to Marxist-Leninist ideological premises and "claimed that … their policies represented a viable alternative to capitalism" (1997, 134). In coalition with a new breed of entrepreneurs within the party, the old guard ideologues "turned the National Assembly into an ideologically charged arena where debates over symbolic issues and endless efforts to expurgate existing laws eclipsed constructive policy making" (Ganev 1997, 134-135). Deputies from the BSP turned debates over the parliamentary rules of procedure, changes in laws on the environment, land ownership, armed forces[60] and others into "battles rather than negotiations, imposed rather than democratic decisions," taking up the parliamentary timetable and preventing discussion of other, more pressing issues (Prodanov et al. 2009, 256-257). The antagonism towards market reforms was also evident in several high-profile privatization cases during both the Berov and Videnov governments, as detailed by Bristow (1996). Several large hotels in Sofia were due to be privatized in 1994, but the Committee for Tourism blocked the move, with help from the Council of Ministers, apparently on the grounds that the only interested parties were foreign investors, and that this would be harmful to the local tourism industry. The sale of six

[60] Since the days of the Roundtable negotiations, the UDF had expressed a desire for Bulgaria to join NATO, while the BSP remained circumspect, willing only to agree with the need to reorient Bulgaria's foreign policy and military alliances. President Zhelev signed the Partnership for Peace agreement with NATO in February 1994, at which time the BSP government "failed to clarify its position and adopted a rather ambiguous stand. The issue acquired an ideological character and became a choice between Russia and NATO, between East and West, between democrats and non-democrats" (Giatzidis 2002, 144).

cement producing companies had already suffered a similar fate, with the minister for construction arguing "that Bulgaria still lacks adequate experience in the privatization of an entire subsector and the State's interests may thus be impaired" (Bristow 1996, 208). Finally, the sale of Balkan Airways, which began in early 1993, illustrates the lack of realism inherent in many privatization deals: the company was massively overvalued (at $80 million) by the Privatization Agency, despite having large operating losses and extensive foreign-currency debts as it attempted to upgrade its obsolete Russian fleet with new Western aircraft. The privatization process would drag on for many years, until the airline was finally sold for $150,000 to an Israeli consortium in 1999, before being wound up in 2002 (Bristow 1996, 209-10; Flight International 1999).

Foreign investment in the automobile industry: Rover and Daru Car

A further example of the failings of not just the privatization process but the overall approach to foreign investment is the case of the British car maker Rover and its disastrous foray into the Bulgarian market. In 1994, seeking overseas assembly facilities and new markets for its Maestro and Montego range, Rover settled on Bulgaria after successful negotiations with the government, who promised reduced import duties on the CKD (complete knock down) kits and parts, along with governmental orders for several thousand vehicles. The location chosen was in Varna, on the Black Sea, for ease of access to shipping, and because an existing fork-lift manufacturing plant provided both facilities and a trained workforce. Rover purchased the plant for $1.4 million, and as part of a joint venture with private Bulgarian consortium Daru Car, invested a further $20 million on construction of a state-of-the-art manufacturing plant, designed to produce 10,000 cars per annum. This was the largest foreign investment in the country post-

socialism, and the plant was officially opened by President Zheliu Zhelev in September 1995, after volume production had begun in June. From here on, however, the project quickly collapsed, and Rover closed the factory in May 1996, having sold fewer than 500 vehicles. Rover blamed the failure of the government to honor its commitments, as it had not reduced import duties nor ordered vehicles for government agencies. The import duty issue was crucial: the Czech car manufacturer Skoda had begun importing a similar vehicle, the Felicia, which benefitted from a 50% reduction in duty, making it far more attractive to buyers. In addition, Daru Car failed to create a dealer and servicing network, making it hard for prospective buyers to learn about the new models or be confident in after-sales care, although many Bulgarian buyers were no doubt deterred by what was by 1995 seen as a dated, low-end, overpriced British cast-off, and chose more luxurious second-hand BMWs and Mercedes from Germany instead (Hotten 1996; Bitzenis 2003; Adams 2011). The Bulgarian government denied it was responsible for the failure, with Deputy Prime Minister Roumen Gechev blaming Rover for the uncompetitive vehicles and lack of clear marketing strategy (Hotten 1996). While a detailed investigation into the failed investment was never undertaken, it is fair to conclude that the project initially appeared to have Bulgarian government support (with the plant opened by the President), but that this support apparently did not reach all levels of the administration (hence the failure of the Bulgarians to honor the promise of reduced import duties for Rover), further suggesting a lack of government consensus – or at the very least, co-ordination – over economic reforms.

Problems of public administration

This lack of any consensus on privatization and other economic reforms at the highest levels of government inevitably had an impact lower down the administrative scale. The

privatization process was directly impacted by a combination of problems, each of which is discussed in this section. First, the process was delayed by a lack of qualified personnel to carry out valuations – instead, international accountancy firms were contracted to fulfill this task, which led to accusations of both under- and over-valuation, as well as undue foreign influence (see Chapter Four for a local example of the valuation controversy). Second, the staff at the privatization agency faced incompatible incentives: their agency's success depended on the timely completion of the privatization process, yet their individual positions would cease to exist once the agency completed its task. The process was slowed still further when key members of the agency left for positions in the private sector. Finally, the privatization agency found it hard to act while essential laws on business practice, taxation and financial structure were still being written: uncertainties around bankruptcy legislation and the treatment of existing debts, for example, complicated the valuation, tendering and bidding process (Due and Schmidt 1995). This section looks at the socialist legacy in public administration, how it affected the ability of the bureaucracy to adapt to the changes inherent in a transition to a free market economy, and whether an argument based on administrative inefficiency helps or hinders the lack of consensus thesis (the related issue of how this legacy impacted democratization is dealt with in the following section).

Due to the peaceful nature of the end of socialism in Bulgaria, there had been little change in the bureaucracy, and due to the nature of socialism itself, the state bureaucracy had never been the most dynamic institution in a nation of semi-functioning institutions. After the end of socialism, it would take almost ten years before the first laws on public officials and public administration were passed, for they were often shut out of the legislative agenda by

seemingly more pressing issues or caught in the parliamentary backlog created by the frequent unexpected changes in government.

Moreover, the accumulated problems of 45 years of socialist rule would take longer still to deal with.[61] The structure of socialist public administration was not suitable for the transition to democracy and a free market economy. Eric Rice of the World Bank identified five principles to guide the rebuilding of national and local government administration in order to overcome the capacity constraints of the existing system: "subnational governments and private enterprises [should] assume many functions of central governments…policy transparency and a voice for the public in the policy-making process…creation of a hospitable business environment…concern for public welfare and social justice… [and] efficient government at all levels" (1992, 116). The environment within public administration, on both local and national levels, was hardly conducive to the efficient implementation of policy decisions, before taking into account the inconsistent nature of the policy making process, the frequent reversals, and lack of overall vision or direction. As Mitev says, "in these conditions, social initiative from below was as inconceivable as efficient administration from above" (1998, 40).

An additional problem in the state administration was the politicization of many bureaucratic positions. The head of the Sociology Institute of the Bulgarian Academy of Sciences, Georgi Fotev, states that "at the time of totalitarianism a very careful selection of the staff in the state apparatus, especially in key positions of power … had been made. The people

[61] An American study by Professors Richard Orman and Stephanie Hallock Johnson for the USAID Local Government Initiative into the progress of public administration reforms and higher education noted in 2000 that problems remained regarding "a number of key issues indispensable for a modern and efficient administration, such as creating working conditions and career opportunities; ensuring that public servants with appropriate knowledge and skills are recruited, developed and retained; introducing a mechanism to stimulate job rotation; remedying the generally low level of salaries; assuring open competition for entering the civil service; and introducing and implementing clear procedures and mechanisms for investigating maladministration and corruption. As a result, administrative structures in Bulgaria remain weak and public institutions cannot attract and retain qualified staff" (Hallock Johnson and Orman 2000, 14).

most loyal to the totalitarian rule had been recruited and professionally trained for these positions, and they were privileged members of the *nomenklatura*" (Fotev 1996, 22). The situation continued after November 10, 1989, as each successive government would bring with it its own group of trusted workers,[62] for positions well below the usual top-level political appointments we see in the United States and other countries, and those existing employees who retained their jobs had to adjust accordingly. "There were ample possibilities for governmental control over the public administration in terms of appointment, promotion, and staying in office. … This gave an opportunity to all governments to change common public officials and to put political pressure on them" (Smilov 2002, 342). Employment could often depend on the notion of *nashi hora* (our people): "Hiring and firing at top administrative levels depended entirely on whether the individuals in question were 'ours'" (Mitev 1998, 45). For the managerial teams in state-owned enterprises, along with the middle and high-ranking government officials overseeing these enterprises, "the objective becomes the maximization of their personal gain during the short period of the current administration. In such an environment, the silent objection of managers to privatization in which they take no part is only natural" (Pamouktchiev, Parvulov and Petranov 1997, 206). This tendency was only strengthened by the lack of elite circulation in the country during the first decade of transition: "former apparatchiks together with state socialist technocrats dominated the postsocialist regime" (Higley and Lengyel 2000, 12). Zankina finds that "the elite of the transition is predominantly communist/socialist (42.2%) with UDF constituting 24% and MRF 3.6%...appointed [non-partisan] positions account for 22.4% and the remaining percentage is distributed between small parties and independent candidates

[62] A similar situation was to be found in Hungary, despite the lack of such a close relationship between the party and the civil service under communist rule as existed in Bulgaria. Farinelli (2009) describes the sometimes intense politicization of the civil service in Hungary, and its impact on the transition process, including entry into the European Union in 2004.

[who] were often BSP sympathizers" (2010, 234). A stagnating public administration reduced the ability of the government to implement what reforms were attempted, while the frequent changes in government coupled with the wave of political hiring and firing that followed each change made consistency in the reform process almost inconceivable. The lack of any consensus or understanding across and among the political parties exacerbated this situation by removing any sense of where reform was heading, or indeed whether it was even desirable.

The role of values in the delayed democratic consolidation

Many of the problems that were encountered during the passing and implementing of economic reforms such as privatization can also be viewed from the wider perspective of the process of democratic consolidation. By the mid-1990s Bulgaria was, as Melone points out, "well on its way to meeting the criteria[63] set out by Huntington (1991) for a successful transition to democracy" (1996, 231), and there were "no significant social and political forces, ideological conceptions, etc. that oppose the fundamental values of modern Western democracy" (Fotev 1996, 29). The institutional arrangements for democracy were in place at a very early stage in the transition, but this did not mean that they necessarily functioned in the manner intended, or that the individuals involved in their implementation had the skills, understanding, or desire to ensure their success.

[63] This was the two-turnover test: "by this test, a democracy may be viewed as consolidated if the party or group that takes power in the election at the time of transition loses a subsequent election and turns over power to those winners, and if those election winners then peacefully turn over power to the winners of a later election" (Huntington 1991, 266-67). Other criteria are elaborated by O'Donnell and Schmitter (1986, 6); Linz and Stepan (1996, 3); Dahl (1971, 3); Holmes (1997, 343-345); and Schmitter and Karl (1991, 76), who refer to various procedural necessities such as an elected government, universal suffrage, regular elections, and accountability.

As Fotev notes, “the democratic functioning of the new institutions and state agencies … depends to a very great extent on the people working in them” (1996, 22). Zlatko Anguelov, a journalist and political activist during the early transition, argues that “Bulgarians seemed to be afraid of democracy. They were so well accustomed to the modest benefits granted by the communist state that they hardly aspired to anything more…the mere idea of competition and effort was resentfully interpreted as a new condition of fearful loneliness. People were scared that the state might abandon them to their own resources” (2002, 188). There are several issues at stake here. First of all, common to many post-socialist societies, these people lacked any incentives to work harder and engage in the kind of ideological and practical adjustments that the new realities of liberal democracy and a free market economy dictated. This was a legacy of the socialist system, which Mitev describes as “a social contract based on mutual irresponsibility: the rulers ruled as they pleased, the ruled worked as little as they could. Loyalty to the regime guaranteed a job and with it the possibility, unknown in the West, of turning the workplace into a refuge from work. Social initiative from below was as inconceivable as efficient administration from above” (1988, 40). Poor worker performance was recognized by the socialist regime as far back as 1983, when at a hastily-convened conference in Varna, Todor Zhivkov railed against the poor quality of Bulgarian goods. The conference blamed the “lack of incentive in management and in the workforce, that virtually insatiable demand at home released the producer from market discipline, and that the Bulgarian economy lacked a competitive ethos” (Crampton 1998, 342-3). In September 1986, *Rabotnichesko Delo*, the official Bulgarian Communist Party newspaper, discussed how “the equivalent of 30,000 jobs were now being wasted by absenteeism while the black economy, or ‘illegal organizations and working groups of a semi-private nature,’ … involved as many as 10,000 people in Sofia alone” (Crampton 1988, 348).

The nature of work under socialism was to blame: employment was guaranteed, but workers had little say over where they would be employed, and could be sent to the remotest parts of the country far from home and family. In some areas, the process was seen as positive - a civil engineer fondly recalled his time at university thus: “After you graduate, in five years, you should receive or be awarded a kind of delivery [position]. The university cared about where the position was, it was not a free market, they would find you a job.”[64] For others, it involved moving far from school and home to a remote region - a midwife from Rousse recalls: “I went to medical college, in Varna, studied midwifery, worked for three years in a village, following an obligatory distribution of students at that time to specific workplaces.”[65] Such centralized control over work placements gave the population job security, but offered few incentives for personal initiative – in fact, it did the opposite: a sure way to bring the attention of superiors – and potentially that of State Security – would be to demonstrate any kind of independent thinking. Workers put in the hours necessary and kept their heads down and their noses clean.

The alternative wasn’t pleasant: during the Stalinist period of regime consolidation after 1944 being declared an enemy of the state brought severe consequences: “an enemy was everyone who dared to have thoughts different from the instructions provided by the top authority: the Central Committee of the Communist Party. This was sufficient for them to be deprived of freedom and to land in prison” (Genchev 2003, 34). In later years there was less risk of imprisonment for speaking your mind, but employment was given by the state, and could be taken away too: “I remember there was a lady here in the university who worked in the administration when I came here in 1987. She was the person who was always telling the truth, a very highly respected person. Then one day I learned that she had been asked to leave, and there

[64] Yavor Dimitrov, civil engineer. Interview with author, Rousse, Bulgaria, July 2012.
[65] Reneta Raynova, midwife. Interview with author, Rousse, Bulgaria, July 2012.

was no explanation."[66] Zankina describes in detail the carrot and stick policies adopted in the 1980s by Department Six of the Security Services, responsible for internal observation and control, including "repression ranging from arrests and outright violence to blackmailing and threats… [and] other means of persuasion…such as granting certain privileges in exchange for collaboration. Travel abroad, residence in the capital city, access to academic institutions and degrees were all used" (2010, 251). "We had a very strong repressive apparatus. On the one hand, the militia had always been everywhere. On the other hand, many people were informers, many people informed even on their own, even on their wife, on their husband."[67]

Rueschemeyer and Evans noted that building a cohesive and efficient bureaucracy is a long-term process that cannot be undertaken on an ad-hoc basis, and that newly established state institutions lack "non-institutional sources of cohesion" (1985, 59). Ganev interprets these sources as a "commitment on the part of newly appointed functionaries to a work ethic and professional standards conducive to efficient, corruption-free modes of running the respective institution" (Ganev 2001, 210). Many people struggled to come to terms with the sudden collapse of the socialist system, and with it the certainties and securities that system provided for them. For the older generation who had experienced the dramatic improvement in living conditions under socialism, the sudden change was often perceived as a threat to the achievements of the last 45 years. With price liberalization leading to rapid inflation, the economic crisis creating mass unemployment, and society appearing to succumb to a wave of crime and violence, many people clung onto their state jobs as the only form of stability in their lives, and given the rapid changes in government during the early transition years, most were loath to draw attention to themselves by being identified as a political activist or strong believer

[66] Rumiana Petrova, university lecturer. Interview with the author, Rousse, Bulgaria, June 2012.
[67] Christo Traykof, businessman. Interview with the author, Sofia, Bulgaria, July 2012.

in any political or ideological position as this could easily signal their unsuitability come the next change of regime. As Bristow notes, "workers may recognize in the abstract that past practices cannot continue, but it takes a very considerable exercise of faith for a worker to sustain that recognition when his or her own job is under threat" (1996, 224), and the lack of a political party or figure in which to place such faith combined with the continuous change in government and the resulting shift in policy direction were all impediments to action. Even ten years after the start of the transition there remained a degree of resistance to the kind of changes in working practices expected – or required – by foreign investors and agents of international organizations. Andrew Anderson, regional head of a joint European Union and United Nations Development Programme initiative begun in 1998, Beautiful Bulgaria, describes difficulties with staff in Varna: "we struggled to get essential staff to stay after 5pm when the Evaluation Committees ran on – this could mean postponing the awarding of contracts for weeks, and I often had to pressurize people to attend and stay."[68] Similar issues are described in Hallock Johnson and Orman (2000).

Second, the reorientation of an entire society requires education, and can only be achieved over the long-term with a commensurate long-term commitment on the part of both the government and citizens of the society. This necessitates exactly the kind of consensus on the pace and extent of the reorientation process that was so lacking in Bulgaria for the first post-1989 decade. Changes in curricula, the revision of textbooks, and the absorption of previously discarded economic and political ideas: all were extremely difficult to achieve without a clear idea of what kind of society they were intended to help create. For 45 years, Bulgarians had

[68] Email communication with the author, April 2013. The Beautiful Bulgaria program was established to restore historic buildings in a number of cities and towns across the country, utilizing local contractors to help reduce unemployment and provide on the job training. Alongside these main aims came capacity building amongst local municipal staff, generating understanding and experience of the EU funding process, and creating a rapid and visible improvement in neglected urban centers. The program continues to this day: http://www.beautifulbulgaria.com/bg/

learned at school, in the workplace, in their personal experiences, everywhere, that socialism was better than capitalism. “They were taught ‘capitalism is a system where men are enemies of each other. Men are wolves to each other’. They had been taught about socialism, and about capitalism. They had experience of socialism, but they had no experience of capitalism.” When the system changed, all they knew of capitalism was “that it pays to be a wolf, to look out only for yourself.”[69] The focus of higher education was preparing specialists for the centrally planned economy, via a specific understanding of Marxist theory. The system was entirely unsuitable for the teaching of free-market economics after 1989: textbooks were only available in western foreign languages, which were not widely spoken outside the pedagogical and tourist disciplines; the Bulgarian language lacked equivalent terms for the concepts of capitalism such as opportunity cost, scarcity, marginal analysis and so on; faculty were reluctant to make changes that might undermine their influence and incomes; and the academic bureaucracy labored under the same issues facing other state institutions discussed earlier. It was “a question not just of willingness to change but of professional competence and a lack of new theoretical knowledge” (Koeva and Yakimova 1998, 90).

Enormous changes were made in higher education immediately after the collapse of socialism: the education law of 1990 gave higher education institutes far greater autonomy than under the previous regime, and several new, private universities opened, including the American University in Bulgaria (AUBG), the New Bulgarian University, and the Varna Free University, all of which were able to offer new, more dynamic subjects and teaching styles. However, these private institutions accounted for fewer than 10% of all students (Slantcheva 2003, 429) and faced a hostile governmental bureaucracy, public suspicion (AUBG was suspected by many of

[69] Christo Traykof, businessman. Interview with the author, Sofia, Bulgaria, July 2012.

being a CIA front), and a lack of accountability. Legislative changes by the BSP government in 1995 brought back a degree of centralized control but did little to address the problems of "institutional infrastructure and financial support, faculty remuneration levels, academic legal structure, recruitment of a new generation of scholars, demands for professional accountability, and the legacy of socialist science and education" (Slantcheva 2003, 425).

Had there been consensus on the educational changes needed to help guide Bulgaria through the transition, there still would have been the question of resources. The severe economic crisis after 1989 meant that successive regimes struggled to keep basic services running, and education suffered a dramatic decline in funding at precisely the time major changes were needed to provide the training a new, democratic, capitalist society demanded. Throughout the 1990s schools and universities suffered from declining wages (often teachers would go for months without receiving their salaries), crumbling infrastructure, outdated textbooks and curricula, and political neglect. The share of the national budget (itself declining) spent on education fell from 3.2 percent in 1992 to 0.9 percent in 1997 (Slantcheva 2003, 427). A member of one of the non-partisan governments, who worked on the issue of education and would later become a university rector, recalls that members of the cabinet "were simply not interested in my work. Each was looking out for his own interests. … I could not reach any agreement on the question of change. Nobody was interested in my work."[70] The lack of real change in the education system, along with the decline in employment opportunities, would contribute to a third problem that impacted institutional functioning: brain drain.

[70] Marko Todorov, former minister and university rector. Interview with the author, Rousse, Bulgaria, December 2011.

From 1989 to 1996, some 650,000 Bulgarians left for short-term or permanent stays in another country, from a population of under 9 million in 1989 (Adnanes 2004, 797). UNDP figures suggest that the largest single group was young people between 20 and 35 years of age: 35% of all emigrants fell into that age group in 1989, 44% in 1990, and 34% in 1991 (UNDP 1996, 89), and small-scale survey and anecdotal evidence suggest this trend continues to the present day, with the highly skilled and educated also over-represented in the numbers of emigrants.[71] With Bulgaria undergoing a demographic crisis – between 1990 and 1998 the birth rate declined by 35%, the death rate increased by 15%, and the fertility rate declined by 37%, well below the natural replacement level (Vassilev 2005, 15) – the large levels of emigration during the 1990s are placed in even starker relief. Horvat has argued that "if we assume that highly skilled persons and intellectuals are part of a political, diplomatic, scientific, cultural, managerial or military elite that is an invaluable driving force of social change in transition countries, the possibility of their emigration in large numbers [will create] severe hardships in implementing transitional reforms" (2004, 90). Emigration was not the only demographic factor affecting institutional reform in the 1990s: there was also significant internal brain drain, as professors, schoolteachers, doctors, scientists and others were forced to leave their professions and take up other occupations to make ends meet. "I remember one person, who was dean of the faculty of education and sciences, and she worked for one year, she had a stall [selling cheap gifts] in the center of Rousse … because it was quite impossible for her to survive."[72]

[71] See Adnanes 2004; Horvat 2004; and Christy 1996. From a personal perspective, having spent almost 10 years teaching at several universities across Bulgaria, it is clear that a majority of students wished to travel, study, or work abroad, either short-term or permanently. In conversations over the years with colleagues and current and former students, many of them have managed to do just this, and when reminiscing about what has become of former classmates, the most common response is "oh, they moved to XYZ country."

[72] Rumiana Petrova, university lecturer. Interview with the author, Rousse, Bulgaria, June 2012.

Each of these issues – work ethic, education, and brain drain – contributed to the difficulties Bulgaria faced during the first decade of transition. Changes in employment practices and employer expectations are not easy to achieve in a short space of time, and educational changes can take a generation to work through the system. Even assuming that any post-1989 government could have found the political will within its ranks to do so, attempting to introduce such changes when society lacked a clear consensus on the pace and direction of the transition as a whole was inevitably an impossible task. Brain drain deprived Bulgaria of tens of thousands of young and educated workers who had the potential to adapt most rapidly to the changing work environment of the free market economy, as well as the youth, idealism and energy to build a new democratic state.

Obstacles to judicial adaptation to democracy and market economy

Free market democracy demands a functioning legal system, and a legal framework designed specifically to meet the particularities of the capitalist system. This section examines explanations for the delayed transition that center on the problems faced by the judicial system in Bulgaria, and assesses the extent to which these contradict or complement arguments about consensus. According to Schonfelder, "Bulgaria possesses one of the most independent judiciaries of the post-communist world … that has turned into an effective countervailing power" (2005, 61-62). The Constitutional Court voided around 145 laws during the first ten years of democracy, including certain elements of the UDF-led lustration process, such as discriminatory articles in the Banking and Lending Law of 1992, which banned top communist era officials from holding management positions in the banking industry, and the Pensions Law of 1992, which restricted pension payments for communist party activists (Kolarova 1996, 543).

However, this strong performance in one aspect of legal activism forms part of what Schonfelder calls the paradox of the Bulgarian case, as “in spite of this significant achievement the actual performance of the judiciary has failed to match expectations” (2005, 61). One example relates to the ability of parliament to introduce and implement the substantial body of both substantive and procedural law that the transition to a free market liberal democracy entailed, and for the judicial system to uphold it in practice. Laws related to bankruptcy, property ownership, contract law and so on all had to be amended to suit the market economy, or introduced where they did not previously exist.

In their discussion of the problems of contract law enforcement in Bulgaria in the mid-1990s, Koford and Miller point out that even when businesses were successful in pursuing court cases about breach of contract, the outcomes were often far from satisfactory: one firm was expecting to receive a chicken farm as compensation for a broken contract; however “the chicken farm was bankrupt. The firm did not really want a chicken farm. It could not sell the farm however, since the farm was state property. The firm planned to take out a bank loan using the farm as collateral and then default on the loan. The firm would obtain money this way, although less than it would like” (2005, 33). As Schonfelder explains in relation to debt collection, “up to 1997 the dysfunctional influences of anti-market statutes left over from communism, in conjunction with some other features of the institutional framework, were so predominant that those reforms which were actually undertaken, for example in civil and commercial law, could not provide much of an improvement” (2005, 69).

One explanation for poor performance in the judicial system is the lack of resources, which acts as a further hindrance to both reform and practice of the law: “judicial salaries are low, the support staff and equipment are inadequate, and the workload is heavy. Judges share offices and use antiquated typewriters to prepare draft opinions and memoranda” (Melone 1996,

237). For the privatization process, disputes over the legality and/or existence of property documentation have to be solved through the over-worked and under-resourced court system, which clogs up the process and slows sales of state enterprises: at the end of 1994, over 12,000 claims for restitution of industrial enterprises were waiting for legal adjudication (Mladenova and Angresano 1996, 506). There is also the widespread belief that the judicial system is corrupt, and that justice is now a commodity to be bought and sold (whereas under communism it was just a tool of the state applied in an often arbitrary manner). From a high of 55% in 1990, levels of public approval of the judiciary dropped steadily during the 1990s, bottoming out at around 10% by 1995 (Mitev 1998, 54). This is unsurprising when viewed alongside popular conceptions of democracy in the early 1990s, which saw it as "a form of government based on constitutionally guaranteed equal rights and free development of all citizens, on social justice and *observance of the law"* (Koleva 1996, 44, emphasis added). By the mid-1990s, the public displays of impunity on the part of businessmen, politicians and criminals had shown the reality of the law to be unequal to its democratic ideal. Attempts by different governments to muzzle the independence of the judiciary revealed a lack of respect for the legal system at the highest levels of state (Schoenfelder 2005)[73] and members of organized crime groups, or *mutri* are open about the "network of the judges, lawyers and prosecutors, whose common task is to 'settle problems when the boys get them'… 'we get in [prison] and after a short while they get us out'" (Petrunov 2006, 318). Judicial reform and legislation were of low priority for parliament: the 1991

[73] Political interference included an attempt by the Council of Ministers to exert control over the budget requests of the Supreme Judicial Council (whose budget is set by the National Assembly directly); the 1994 Law on the Judiciary, which demanded at least five years of experience for any judge or prosecutor (effectively barring any non-communist jurists) – this law was returned to parliament by President Zhelev, passed once again, and then referred to the constitutional court, which struck down several provisions; and in August 1995 the Council of Ministers evicted the Constitutional Court from its offices, claiming the move was temporary and the space was needed for the Electoral Commission. The Electoral Commission repeatedly stated that it did not need the space. The dispute was resolved in September 1995 when the Supreme Court ruled in favour of the Constitutional Court (Melone 1998, 229-239).

Constitution required the establishment of a Supreme Court of Cassation and a Supreme Administrative Court, but due to delays by government and opposition deputies, this was not achieved until June 1994 (Melone 1996, 238). Politicians were often perceived as misusing the legal system to settle their own disputes, such as the lustration laws (later to be repealed by the Constitutional Court) passed by the first UDF government, which served to further undermine public confidence: "'backward-looking justice' proved to be incompatible with the mass expectations for 'forward-looking' impartiality; the already divided public perceived the strong commitment to retributive legislation as a symptom for non-democratic, authoritarian and even 'Stalinist' trends within the anti-communist coalition" (Kolarova 1996, 543).

All of these problems helped ensure that Bulgarians had little faith in the legal system in their country, preferring to resolve disputes in other ways (such as through the multitude of private insurance companies that sprung up in the immediate post-1989 chaos, but which were often little more than fronts for extortion and protection rackets),[74] and ultimately this harmed the creation of "a constitutional culture supportive of the substantive goals promised by democratic ideology" (Melone 1996, 231). Ultimately, problems with the legal system in post-1989 Bulgaria had a significant impact on the implementation of reform measures, in much the same way as problems with public administration did. However, as analysis earlier in this study

[74] These companies purported to offer vehicle, business, and home insurance, but would offer their clients little more than a sticker that the client could display on their property. This sticker made clear to any potential thieves that the property was protected by a certain group, which had a well-known reputation for ruthlessly dealing with any perpetrators that were caught. In some towns, businesses and vehicle owners had just one company that provided these "insurance" services, and unprotected properties were the target of fire, theft, vandalism and so on. In larger towns, the insurance companies controlled certain areas, while others might be more lucrative, and therefore open to competition, which often consisted of an escalation of violence only ended by negotiation and possible agreement between the companies. When a vehicle was stolen, the insurance company would often act as a middleman between the thief and owner, allowing the owner to buy the vehicle back, for a fee of course. The methods and composition of these insurance companies evolved over time in response to sporadic and limited government regulation, and their successor companies remain extremely influential in the country today: one example is the TIM Group, in Varna, who were recently linked to the self-immolation of Plamen Goranov (http://www.novinite.com/view_news.php?id=150038). For more details on the insurance industry, see Nikolov 1997.

has shown, the lack of consensus among political elites had already caused an inconsistent policy making process, so legal delays can be understood more as a consequence of the lack of consensus than as a distinct causal factor in the delayed transition.

"Preying on the state": State capture as an explanatory variable

Another school of thought regarding the delayed transition in Bulgaria argues that the country's failure to proceed along a consistent path of market reform after 1989 is the result not of an absence of direction, but rather the consequence of a deliberate *mis*direction of the reform process along a pathway which brought extensive benefits to a small sector of society. This section will examine this approach and discuss how it relates to the lack of consensus argument. Venelin Ganev has termed this process "preying on the state": whereby the Bulgarian state structures in early post-socialism became increasingly dysfunctional as those in power set about extracting resources, both material and informational. Government leaders and ministers undertook the transfer of financial, industrial, and intangible assets from the state to a new entrepreneurial elite, a process Ganev describes as "reversed Tillyan" (2007, 180-186). Cases include the use of off-budget funds to move financial resources from the state to private businesses; creation of an unregulated banking sector which borrowed money from the state and lent this money to new credit millionaires who never repaid the loans, causing the collapse of the banks and the swallowing of the debt by the state; and the flow of personnel and highly valuable information from state to private sector. The deinstitutionalization of information included the transfer and eventual dissolution of both the Institute for Social Governance, the largest social science library in the country with sociological surveys, polls, and other data, and the Center for Information Technologies and Automated Systems, which held data on economic infrastructure,

exports, business contacts, and computer databases on the economy (Ganev 2008, 52-53). These processes began under the Lukanov government and were most likely orchestrated from the highest levels of government, and carried out by trusted subordinates. Upon taking office, future governments found that they lacked basic information about various economic sectors, and had to start anew accumulating data on agricultural trade or industry potential. As Ganev states, "it would be naïve to believe, however, that the information was actually lost. Rather, it was 'reappropriated' by those who had access to it, those who also had plans about how to use it in future" (2007, 54).

Even here, though, we can observe a lack of consensus among those involved (not to mention society as a whole). As Ganev states, "the demolition of the state does not come about as the realization of an insidious comprehensive plan; state structures are whittled away as winners strive to perpetuate their victories" (2007, 120). Those involved lacked a common vision of Bulgaria's future – instead, they were concerned with their own short-term gain and any bias against free market reforms and democratization came not from an ideological perspective but from the greater opportunities for extraction that a weakened state provided. Using Hellman's (1998) arguments about winners and losers in post-communist transitions, Ganev provides a detailed account of how one group of winners took advantage of the post-communist uncertainties and became the strongest economic conglomerate in the country.

Multigroup was established by Ilia Pavlov, a former wrestler[75] who married into the family of the director of military counterintelligence, supported by eight former government

[75] For a detailed examination of the connection between the sporting, state security, and police sectors and how they became central to the growth of Multigroup, other business conglomerates, and organized crime in general, see Tsvetkova 2008; Petrunov 2006; Nikolov 1997, as well as multiple Bulgarian exposes and investigations such as Petrova 2007 and Zlatkov 2007 and 2008. The link between sports, state security, and police is less surprising when

ministers, three former directors of state-owned enterprises, and a former head of Department Six, the most powerful State Security agency (Ganev 2007, 102). Through international and domestic deals concerning oil and gas imports, chemical and metal production, tobacco production and distribution, banking, and sugar imports, Multigroup grew rapidly to control over 120 Bulgarian companies, with operations exceeding $1 billion as early as 1993, as its position enabled it "to exploit various lucrative opportunities by raiding a logistically vulnerable public domain" (Ganev 2007, 95-103).

Although the largest such group, Multigroup was not alone in its activities. Across the full spectrum of state activity, both organized and ad-hoc groups joined together in dynamic and flexible networks or coalitions of personal and formal connections to identify and take advantage of the opportunities afforded by the dislocations of the transition period. The *vruski* (ties) that facilitated *uslugi* (favors) which under communism were "instrumental in mitigating the effects of political repression and in preventing the atomization of society" (Ragaru 2003, 217) would remain essential during the uncertainties of the transition. Ragaru argues that "because they build upon a reading of politics as distant and alien and stress personal trust at the expense of social trust, *uslugi* indeed hamper the emergence of a clear dividing line between the public and private spheres, and encourage the development of clientelistic political relations" (2003, 208). A further problem for the transition in Bulgaria was the lack of a strong sense of morality when it came to providing *uslugi* to those with whom you had close *vruski.* "Many people in Bulgaria don't look at criminal activity as a bad thing when it is for themselves and their circle. They identify with a small group and what they do in the interests of the group, they accept as good." The author of these words, a manager of a large state firm under socialism and a businessman after 1989, went

one considers that the major sports schools and clubs were established by the army and the militia: CSKA by the army, and Levski by the militia (Petrunov 2006, 307). For a similar story from the former USSR, see Volkov 2002.

on to relate a post-socialist story of how the manager of a building owned by the state offered to rent space in the building to the businessman at a much lower rate than normal (and without the usual unofficial surcharge that he levied on other renters), explaining that this was because he knew the father of the businessman, and respected him for being an honest man.[76]

The result was the proliferation of "spontaneous (quiet and illegal) privatization … [as] former authorities sought to transfer ownership of state-owned property to themselves or friends at a low price without a public auction" (Mladenova and Angresano 1997, 507). Ganev gives the example of the Orion group, formed immediately after 1989 by a small group of personal friends who "trusted one another and shared the ambition of turning themselves into big-time capitalists," which they achieved through close connections with the Videnov regime after 1994, before losing political favor after the banking crisis of 1996 (2007, 78-80). Table 5 shows the degree of connectivity between the government and both Multigroup and Orion. Changes in the government did affect the fortunes of the two groups, but both managed to continue their operations, albeit at a reduced level, while their closest political patrons were out of power. Kostadinova recounts how "ideologically, Videnov had prevailed over his intraparty rivals at the 1994 election, but failed to completely defeat Multigroup, whose resources were sufficient to weaken the prime minister's favorites [Orion]" (2012, 103), and goes on to describe how the connections between the government and such business groups were constantly evolving and highly responsive to changes in the political environment. She argues that "the groups also survived because the Bulgarian political parties were in constant need of financial resources" and that it was precisely "the politics of partial reform of the early 1990s [that] enhanced the

[76] Christo Traykof, businessman and former manager in a state firm. Interview with the author, July 2012.

formation and sustained the existence of specific business circles around each elite group in power" (Kostadinova 2012, 116, 96).

Table 5: Connections between the government and the two main business groups, Multigroup and Orion, 1989-1998

Years	Group	Government(s)	Connections
1989-95	Multigroup	Lukanov (89-90) Berov (92-94)	Veselin Blagoev, chairman of Privatization Agency Ivan Kolev, deputy minister of trade Spas Gelemezov, director of Bulgartabak Ljubomir Filipov, chairman Bulgarian National Bank Dimiter Sokolov, chairman of National Energy Committee Andrey Lukanov, Prime Minister
1994-98	Orion	Videnov (94-96)	Krassimir Raidovski, director of press center, Council of Ministers Ljubomir Kolarov, Chairman of Mail and Long Distance Communication Committee Mikhail Danov, Director Bulgarian Telephone Company Zlatimir Orsov, BSP Deputy, member of parliamentary committee on agriculture

Connections refer to people employed by or part of the business group and their former or subsequent positions in government or national administration. Multigroup appears to have operated as an employer of former government administrators, while members of Orion became employees of the government (Ganev 2007).

The lack of consensus as an ongoing process

Bulgarian society as a whole was not slow to draw conclusions from these and other examples of the wild capitalism that dominated the early years of the transition. Politicians spoke loudly about their plans for reforming the country's economy, including privatization of state-owned enterprises and price liberalization, but their actions failed to match their rhetoric, and the reform process lurched from one direction to another. At the same time, it was obvious to the public that ownership of the industrial and commercial infrastructure of the country was shifting from the state to newly emerged business conglomerates in the private sector, through uncoordinated, ad-hoc privatization: "this 'wild', 'quiet' or 'spontaneous privatization'[77]

[77] "This kind of ownership transfer is considered 'quiet' if the information concerning the sale is not made public, or 'illegal' if working rules are violated" (Bitzenis 2003, 78).

included the sale of portions of state owned assets at their listed book value [which] due to accounting practices under the previous system…had little relationship to any probable market valuation" (Jones and Rock 1994, 313). Many of these enterprises were sold for nominal sums of one dollar, and subsequently broken up or subjected to extensive asset stripping, regardless of the impact on the local or national economy. An example was the heavy machine building plant in Radomir, into which the communist regime had invested millions, purchasing high technology machinery, "including a huge industrial loom, which was just one of two in the world. One in Japan and one in Bulgaria. Expensive technology…and all of this eventually was discarded, and sold as scrap."[78]

Conclusion

While missing many of the achievements of socialism, such as full employment, healthcare, education and stability, Bulgarians were less attached to the system of central planning, having witnessed its shortcomings first hand in the latter years of socialism, but they had little knowledge of what free market capitalism looked like elsewhere, or was supposed to look like according to the textbooks, and drew their impressions solely from what they saw occurring in front of their eyes. In the past, Ghodsee notes, "communist ideologues had warned that capitalism was an immoral system, and privatization seemed to provide empirical evidence that those who were the least scrupulous were the ones that benefited the most from the sudden dismantling of the socialist system." A common expression said that "everything they told us about socialism was wrong, but everything they told us about capitalism was right" (Ghodsee 2011, 184-5). The corrupt and immoral stripping of the country's industrial base through insider

[78] Christo Traykof, businessman and former manager in a state firm. Interview with the author, July 2012.

privatization "made things very difficult here, and took away the hopes for serious change among people, who were intelligent, literate, knowledgeable and not connected to the government."[79] Had there been an opportunity in the early days of the changes when public opinion, led by the political elite, could have coalesced around a coherent program of swift, targeted and extensive reform of all sectors of Bulgarian society, the time had clearly passed. "Political cynicism grew and the word 'reform' itself evoked only mockery in public opinion" (Daskalov 1998, 29).

This chapter has shown how between 1989 and 1997 economic reforms were promised but only partly implemented, state assets were only partially privatized, sales often took place behind closed doors without political or legal oversight, and extensive obstacles to liberalization remained both in law and in practice. The contention here is that these problems were the result of the lack of consensus on the political and economic changes in Bulgaria, reflected in the inconsistent behavior of the main political parties, in the resulting legislative behavior of consecutive governments on issues relating to the pace and extent of reforms (reversal of policy decisions, amendment and/or repeal of previous legislation, failure to pass legislation), and in a clear pattern of obstruction and delay of those reforms that were passed. Even where these delays can be attributed to other motives, such as diverting resources from the state for personal gain or the lack of resources, the lack of consensus helped to create a conducive, or at the least permissive, environment for political and economic agents to act. The next chapter will take these themes and investigate their impact at a local level, in the town of Rousse, in northeastern Bulgaria.

[79] Christo Traykof, businessman and former manager in a state firm. Interview with the author, July 2012.

Chapter Four: A case study of Rousse and the transition process

Introduction

This chapter will investigate how the lack of consensus in Bulgaria over the pace and extent of the reform process manifested itself on a local level, by using as a case study the town of Rousse, situated in the north east of Bulgaria, on the Danube river. An examination of the debates over de-communization measures (removal of statues, street renaming, etc.); the struggle between the mayor and municipal council over the sale of municipal housing; and the slow and patchy privatization of state and municipal enterprises will reveal the ways in which the transition process was delayed in one important town and region, with implications for how this scenario was repeated across the country.

History

Rousse[80] is an ancient settlement, on the banks of the Danube, with neo-lithic and Thracian inhabitants pre-dating the Roman presence, when the town became a major military and economic center known as *Sexaginta Prista*, or the Port of Sixty Ships, in the first century AD. During the Ottoman occupation, the town was named *Rustchuk* (Little Rousse) and was the administrative center of the Danube *Vilayet* and seat of the liberal Ottoman governor Midhat Pasha from 1864 to 1868. Under his rule, the first printing office in Bulgaria was opened (1864), beginning a series of "firsts" for the town: the first railway line (which when completed led to

[80] The name Rousse is transliterated from the Bulgarian *Русе* in at least two different ways: Rousse and Ruse (more rarely as Russe). Throughout this dissertation I have chosen to use the longer form Rousse for two main reasons: first, it is the form I was first introduced to upon arrival in the town in 1998; second, as the shorter form Ruse usually omits the accent on the final vowel, it fails to inform the reader that the correct pronunciation of the town is [□rus□].

Varna on the Black Sea coast, 1867); first steel ship produced (1881); first privately owned bank (1881); first technical school (1881); first modern meteorological station (1883); first chamber of commerce (1890); first insurance company (1891); first elevator (1896); first movie projection (1897); first oil refinery (1933). Rousse played an important role in the National Revival from the mid-1800s on, became a center of the revolutionary movement of the 1860s, and was one of the main entry points for the liberating Russian troops in 1877. In 1880 the town had a population of 26,156 compared to the new capital of the Kingdom of Bulgaria, Sofia, which had 20,501 citizens. Around the turn of the century there were 14 foreign consulates in Rousse, including those of Great Britain, France, Austro-Hungary, Germany, and Russia, along with over 4,000 resident expatriates. Although the town suffered a decline in importance between the first and second world wars, with a population of just 41,447 in 1934 (Sofia had reached 287,000 by then), the socialist period returned the town to its position as an important economic, transportation, cultural and educational hub, based on new port facilities, the Danube Bridge built between 1952 and 1954, rapid industrialization in the heavy machinery, chemical and light industrial sectors, a technical university, opera, theatre, and cinema facilities, and an influx of new residents from the surrounding rural areas (by 1985, the population peaked at close to 200,000).[81] Outside Sofia, Rousse ranks alongside Plovdiv, Varna and Burgas in terms of its size and significance, and, as shown here, the town has often found itself at the forefront of changes in modern Bulgarian history, a situation that would be repeated at the end of the socialist era.

[81] Details of Rousse's history are taken from the official homepage of the town, http://www.ruse-bg.eu/index.php, the regional library, http://www.libruse.bg/, the regional history museum, http://www.museumruse.com/, and the tourist information center, http://tic.rousse.bg. Sofia's history is taken from the official homepage at http://www.sofia.bg/index.asp, and the city's cultural homepage at http://sofiaculture.bg/130/index.php.

Rousse and the end of socialism

Chapter Two discussed the events surrounding the removal of Todor Zhivkov from power in 1989, and the limited role played by mass protests at that time. Throughout the years of socialism, Bulgaria had experienced notably few instances of protest, rebellion, or dissidence. In such a docile, non-contentious environment, even small-scale instances of dissent stand out and take on greater significance in terms of the political opportunities which they exploit. The 1987-88 protests in Rousse over pollution caused by large chemical plants across the river in Giurgiu, Romania, are an example of such small-scale instances. As described in Chapter Two, the protests originated with six ordinary women, mothers who were afraid for their children's health, and would provide the impetus for the formation of the environmental movement (and future political party) Ecoglasnost in April 1989 and larger protests in Sofia in October 1989. These six women led an informal movement that grew from the small initial gathering on September 28, 1987, of around 500 protesters to the 2,000 to 3,000-strong crowd who joined the "mothers with prams" demonstration on February 10, 1988. Once again Rousse found itself at the forefront of new developments across Bulgaria.

The fact that so many Rousse citizens were willing to express their dissatisfaction with the socialist government over the ecological crisis facing the town, and to do so in a manner that had not been seen in the country before, demonstrates just how strongly they felt about the problems caused by the Romanian chemical plants. That the protests would ultimately prove to have little impact on the internal maneuverings that brought down Zhivkov (except so far as they may have provided impetus to the planned coup) is of less importance here than the light they shed on the hearts and minds of the people involved. From the previous two chapters, it is clear that the bulk of the Bulgarian population was not prepared for the end of socialism, being caught

by surprise with little or no idea of what democracy and (in particular) capitalism would mean for their country. What the protests in Rousse and Sofia show, as do the post-coup mass meetings across the country, is that despite their lack of foresight or knowledge, the Bulgarian people were willing, and capable, of expressing their hopes, desires, and even demands in an open and democratic manner. The immediate post-November 10 environment was ripe for rapid and extensive political, social and economic changes, had there been agreement on what shape these changes should take. A close study of developments in Rousse provides us with an opportunity to understand how this potentially fertile environment turned sterile and unproductive and the transition from socialism to free market capitalist democracy was delayed.

Decline of the environmental movement

Almost immediately following the ouster of Zhivkov, and certainly by early 1990, Ecoglasnost began to fragment. The conditions that had helped raise the environmental movement to the forefront of protest in Bulgaria shifted, from a brief situation of political pluralism as interest groups and parties emerged from across the political spectrum, to a bi-polar system as opposition forces consolidated under the umbrella of the Union of Democratic Forces in order to take on the still-powerful Communist party. As Mitsuda and Pashev point out, "the structure of Ecoglasnost was horizontal, rather than vertical. The post-Zhivkov bipolar political structure did not leave much space for a movement of this kind" (1995, 99). The Green Party split itself off from Ecoglasnost in early 1990, and although together the two groups won 32 seats in the new 400-seat Grand National Assembly after the June 1990 elections, this was the high point of their political success: divisions in the UDF; the switching of public concern from the environment to economic survival in the harsh early days of transition; and the continued

success of the Socialist party all served to undermine the initially significant position of the environmental movement in Bulgaria after 1990. Nationally, “the partisan, political bickering that broke out in the environmental movement after 1989 in many ways soured the general public on environmental organizations” (Desai and Snavely 1998, 41) and one of the movement’s founders admitted as much at the 2nd anniversary of the Rousse Committee on March 8, 1991, when he stated: “we do no longer work for Ruse, neither for ecology; we became egoists [*sic*]” (Baumgartl 1993, 171).

This was also the case in Rousse, partly because the six women responsible for the first organized demonstrations had been clear from the beginning that their aim was to stop the noxious emissions from the Romanian chemical plant in order to protect the health of the town’s children: they wanted to spur the government into action, not to overthrow it. Once the political changes began in Rousse after November 10, 1989, the women returned to their jobs and families, and allowed others to take up the reins of the nascent civil society organizations that the demonstrations had given birth to.[82] Many of those who came forward to lead these organizations had similarly idealistic views on the future direction of the town and of Bulgaria. One of these organizations, the Movement for Civil Initiative (MCI), declared at the end of November 1989 that it was not a political party and had no pretentions to hold office. Instead, it called for electoral reform, free democratic elections, a new constitution to be approved by national referendum, the dismantling of all aspects of the totalitarian state, freedom for political prisoners, and legal proceedings against those responsible for the economic, political, ecological and national crimes committed during socialism (MCI 1989). The local environmental

[82] The women have been the feature of a Bulgarian National Television documentary *Шест Жени* (Six Women) and a book *Демонтаж: Една Балканска История от Края на XX Век* (Demontage: A Balkan Story from the End of the 20th Century). Details of their aims and intentions are drawn from this book (Antonova and Kamenova 2008).

movement, many of whose members also participated in the MCI, formed its own branch of the Ecoglasnost organization, and removed itself from politics, preferring to concentrate on issues such as monitoring Danube pollution levels (Desai and Snavely 1998, 41).

That the initially promising resurgence of civil society in Rousse from 1987 did not continue at the same pace or with the same impact after the early days of the transition deserves closer attention. One factor may well be economic: much of the population would soon be preoccupied with finding food, surviving power and fuel shortages, and clinging onto the dwindling number of jobs – they simply did not have the time, money or energy to expend on civic participation. Linz and Stepan's (1996) work on democratic transition and consolidation suggests another explanation, focused on the relationship of civil and political society. Political society is the "arena in which the polity specifically arranges itself to exercise control over public power and state apparatus" while civil society refers "to that arena of the polity where self-organizing groups, movements, and individuals, relatively autonomous from the state, attempt to articulate values, create associations and solidarities, and advance their interests" (7-8). Both arenas are essential to a successful democratic transition and consolidation, but all too often leaders from each fail to acknowledge the other's importance, with political society leaders arguing that once the old system has been overthrown, civil society should take a back seat and allow the political leaders to move forward with the construction of democracy, and vice versa.

The fact that so many of those involved in the outburst of civil society activity from 1987 until 1989 would soon voluntarily step back from the civic stage and either return to their private lives or focus their actions on smaller scale projects does seem to legitimize Linz and Stepan's arguments. Despite early positive signs, civil society in Rousse – and across the country – failed to develop the "capacity to generate political alternatives and to monitor government and state"

and was therefore unable to "help resist reversals, help push transitions to their completion, help consolidate, and help deepen democracy" (1996, 9). Connecting Linz and Stepan's work to the central concern of this dissertation – the lack of consensus about the pace and direction of the transitional reform process – begs the question "why?" Why did civil society not emerge in the early post-1989 period as a worthy counterbalance to political society? One answer may be that the population of Rousse (and beyond) lacked consensus on what the role of civil society should be – under socialism, much attention was paid to voluntary civic engagement (which in reality was mandatory) through such organizations as the Komsomol (Young communist leaders), the Young Pioneers, and the multitude of work brigades, so it is not surprising that citizens were suspicious of the new groups emerging after 1989. Nationally, the speed with which the leaders of these organizations – such as Podkrepa, the independent trade union, or Ecoglasnost – began acting in the same self-serving manner as the former Communist nomenklatura shocked the country, and left many disillusioned and skeptical about civil society. Further damage was caused by a decision of the Council of Ministers in 1990 which exempted foundations from certain taxes, including import duties. People rushed to register non-profit organizations and, "under the guise of foundation status … began to import cigarettes, alcohol, oil and consumer products, purely for the purpose of making money" (Snavely and Desai 1995, 35).

Socio-economic costs in Rousse after socialism

The dire situation facing Bulgaria from the end of 1989 has been described in detail earlier in this study, and all of the national problems of inflation, rising unemployment, collapsing industrial and agricultural production, shortages of food and fuel were to be found in Rousse. On many levels, however, the town and surrounding areas were more severely hit by the

transitional crises than almost any other region in Bulgaria. Table 6 gives a number of comparisons among the Rousse region, Sofia, and the country as a whole over the period 1989 to 1991, while Table 7 shows unemployment rates for Bulgaria, Sofia, and Rousse from 1990 to 1993, which reveal that the country as a whole suffered a significant increase in unemployment from 1990 to 1992, after which the growth of unemployment in Rousse began to outstrip the rest of the country, and the city of Sofia in particular.

Table 6: Relative regional indicators 1989 and 1991

Indicator		Bulgaria	Sofia	Rousse
Relative internal immigration	1989	100	117.5	83.4
	1991	100	104.6	34.9
Net material income per employed	1989	100	136.4	74.3
	1991	100	117.7	88.3
Average salary	1989	100	111.4	95.5
	1991	100	109.5	93.5

Source: Minassian and Totev 1996, 73-74.

Table 7: Unemployment rates in Bulgaria, Sofia and Rousse, 1990 to 1993

	1990	1991	1992	1993a	1993b
Bulgaria	1.7	11.1	15.3	15.6	15.7
Sofia (city)	1.4	8.1	8.9	9.0	8.8
Rousse	1.5	11.3	17.7	20.2	20.7

Source: Minassian and Totev 1996, 64. a – end of first quarter; b – end of second quarter.

In Table 6, for each category, not only did Rousse perform poorly compared to Sofia and the national average, it was also either last or second to last (above Haskovo) in comparison to all other regions. The net external migration from the Rousse region was a particular problem: central planning sought to maintain population levels to ensure sufficient workforce numbers, and the severe pollution from the Romanian chemical plant had already caused many to flee the city. Research suggests that the number of ecological refugees may have reached as many as 20,000 by 1989 (Mitsuda and Pashev 1995, 91). The motivation was obvious – the health of the population, particularly the children, was under attack: 3,500 people suffered from “Rousse Lung,” an unidentified lung disease; the overall level of lung diseases increased from 969 per

hundred thousand residents in 1975 (before the chemical plant was built) to 17,386 in 1985; and skin diseases and allergies rose too – 86,000 children and 62,000 adults (almost three quarters of the city's population) were outpatients of the medical system in 1986 (Baumgartl 1993, 163-164). While under socialism the authorities could clamp down on the exodus, after 1989 there were no such controls, and the continued pollution (the Romanian plant would not cease production until late 1991) combined with the overall economic decline meant that many people – especially the young and educated – sought employment elsewhere, either in Bulgaria or abroad (see Chapter Three for a discussion of the implications of this "brain drain"). The Rousse region lost the second-highest number of citizens of any region in Bulgaria between 1989 and 1992, dropping from 848,800 to 767,600 (Haskovo lost the highest, almost 150,000 people) (Minassian and Totev 1996, 54).

In an economic analysis of Rousse prepared for the United States Agency for International Development (USAID) in January 1994, unemployment was recorded as 16% overall, but as high as 33% for those with just high school diplomas, and was "especially high in skilled jobs in manufacturing, trade and construction," contributing to the fact that "over the last three years about one-third of the City's population has been jobless for a month or more" (Finley 1994, 3). The report goes on to note that "one of the primary strengths of Rousse is its location. As a port city on the Danube, it offers easy access to the nations along the river as well as to the Black Sea" (Finley 1994, 6). However, precisely at the time that Rousse's industries were looking for new markets in Western Europe, access to these markets was proscribed by the UN sanctions regime on the former Yugoslavia, which entailed a partial blockade of shipping on the Danube River. The cost to the Bulgarian economy was considerable: up to $3 billion in lost trade in 1992 and 1993 (Due and Schmidt 1995, 57). The country had already seen $1.2 billion

wiped from its accounts following the Gulf War in the form of Iraq's debts to Bulgaria for construction, medical and other developmental assistance and the refusal of the UN and US to indemnify the foreign debts of Saddam's regime (Pishev 1991, 109). The sanctions also had the unintended but easily anticipated effect of boosting the illicit economy in Bulgaria, with sanctions-busting boosting the wealth of the new "business groups" (see Chapter Three) who kept Yugoslavia supplied with oil and other essentials. The sanctions regime played a major role in the reduction of shipping tonnage on the Danube, which dropped from 100 million metric tons in 1987 to 19 million in 1994 (Schlacter 1999). For Rousse, it was a double blow – the restricted access to foreign markets affected the local industries, and the port itself along with the region's largest employee, the state-owned shipyard, lost traffic and orders.

Almost all the employers in the region – with the exception of the shipyard, which added workers during the early 1990s – were suffering from a loss of export markets and serious overcapacity. Table 8 shows the composition of companies by economic sector:

Table 8: Composition of Rousse companies by economic sector, 1994

Sector	% of Total
Trade, Tourism and Services	20
Construction	14
Financial	10
Agriculture and Food	9
Mechanical Engineering	8
Service	8
Transport	7
Industrial, Office Electronics and Software	6
Textiles, Garments and Shoes	6
Applied Engineering and Chemistry	5
Commodities and Brokers	4
Furniture	3

Source: Finley 1994, 17.[83]

[83] Accurate and accessible data for the economic situation in the early 1990s in Bulgaria are hard to find, and this is particularly the case for regions and towns such as Rousse. The data from 1994, while not ideal, represent some of

The construction sector, dominated by several large state and municipal firms, had around 50% overcapacity in 1994; the mechanical engineering sector, suffering from lost export markets (most of the production had previously gone to COMECON countries), had overcapacity of up to 80%; the transport sector included the port and state shipping company as well as the airport, which would soon be closed to commercial flights due to unprofitability; and the industrial and office electronics sector found itself in serious trouble, with up to 90% overcapacity, due more to uncompetitive products than difficulties in gaining access to new export markets. The USAID economic report clearly states that many firms would need to downsize and diversify if they wished to stay competitive, but that business failures and increased unemployment were both likely (Finley 1994, 9-15). For those out of work, or struggling on their existing salaries, the nascent free market offered the chance to go into business for themselves, and national figures show nearly 163,000 new firms were registered up to February 1993. Surveys found, however, that the new private sector "accounts for only a relatively small proportion of economic activity in contrast to the situation in other transitional economies," with many of the new firms employing only family members, or existing *de jure* and not *de facto* (Bartlett and Rangelova 1997, 236-239).[84] In Rousse, an estimated 10% of the labor force had started or tried to start a business of their own, although USAID warned that "most are probably looking at restaurants and retail outlets, where the risk is high and the potential for market saturation great" (Finley 1994, 4).

the clearer and more reliable data from this period that I have managed to source to date, even taking into consideration the ideological bias of the source, USAID.

[84] Other post-transition changes also impacted the number of private businesses established: until well after Bulgaria had joined the European Union in 2007, foreign individuals were prohibited from owning land, or property that came with land. They could, however, perfectly legally own a Bulgarian company, which would then own the land – one more reason why statistics connecting the number of private companies to the economic prospects should be viewed with caution.

For many of the citizens of Rousse, the early post-1989 years were a constant struggle. Educational levels were notably higher than the national average, with 20% having a university education and 40% having a specialist education (Finley 1994, 2), but this was no guarantee of protection from the damage wrought by the introduction of market forces. Those in the education sector were particularly badly affected, with teachers and lecturers going months without salaries: "Many of my colleagues who were university lecturers decided to change their jobs … I remember a colleague of mine who taught German, she became a secretary to someone because she could no longer survive on this salary."[85] The nationwide economic crisis led to factories and enterprises failing, no money for salaries and terrible shortages: "absolutely every type of household good and foodstuffs disappeared from the shelves and we started to see huge queues."[86] People's lives revolved around the shortages: "we had to wake up at four o'clock in the morning to go and queue to buy bread. We had to wait for three or four hours to buy bread. Some people who kept their sense of humor said that Bulgaria was like a discotheque, because there were two or three hours with electricity, three hours without."[87]

During this period, crime became an important issue both in people's consciousness[88] and statistically. While the new business organizations were extracting millions of dollars through bank fraud, fixed privatization deals, or sanctions-busting, the full extent of which would not come to light for many years, ordinary people were more immediately concerned with the increase in common and petty crimes in Rousse and the surrounding villages, and the connection to the economic crisis. At a meeting of mayors from ten such villages in December 1990, discussion centered on the problem of security in the region, with a succession of speakers

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[85] Rumiana Petrova, university lecturer. Interview with the author, Rousse, Bulgaria, June 2012.
[86] Irina Kovacheva, teacher. Interview with the author, Rousse, Bulgaria, July 2012.
[87] Reneta Raynova, midwife. Interview with the author, Rousse, Bulgaria, July 2012.
[88] Nationwide, four out of five citizens consistently ranked crime as a "very serious" problem: 81.9% in 1992, 78% in 1993, 86.3% in 1994, and 83.8% in 1995 (Genov 2001, 473).

bemoaning the lack of *militzioneri* or militiamen (as the police were known under socialism) to patrol the villages, as well as the lack of transport, and supplies of and money for fuel (National Archives – Rousse 1990a). In a report submitted to the Municipal Council in early 1991, the Director of the Rousse Police Department provided the following statistics: in 1988 there were 470 criminal offences; in 1989 1,073, and in 1990 1,797, with the largest number involving theft from private and municipal property, including medicines, food, and fuel. Several "worrying" tendencies are noted, including an increase in youth offending; a three-fold increase in re-offending; a doubling of crimes committed by the unemployed; and the emergence of organized groups of criminals (National Archives – Rousse 1991a). Under socialism, a teacher recalls, "we were afraid of being monitored, of freely speaking our opinions. Now there is another fear. That they don't break into your house and beat or kill you."[89]

Removing the symbols of socialism

After the fall of the Berlin wall, among the most forceful images to emerge from Eastern Europe were those showing the removal of communist statues, plaques, slogans and other symbols from public spaces and buildings. The destruction of the Berlin Wall itself was soon followed by the pulling down of statues of Lenin across the Eastern Bloc, many of these cathartic feats accomplished by ordinary citizens, and accompanied by celebrations. In Bulgaria, too, the large statue of Lenin in the center of Sofia was removed,[90] as were the hammer and sickle reliefs on the former Communist Party headquarters and the red star on the top of the same building,

[89] Irina Kovacheva, teacher. Interview with the author, Rousse, Bulgaria, July 2012.
[90] This statue recently reappeared at the Museum of Socialist Art, opened in 2011, alongside a multitude of other statues, sculptures, paintings and artworks created during the socialist period and depicting, among others, Lenin, Stalin, Georgi Dimitrov, Todor Zhivkov and his daughter, Ludmilla Zhivkova.

and a multitude of other statues and artworks. Interestingly, one of the major symbols of socialism, the Dimitrov Mausoleum, would not be removed until 1999, and even then with great difficulty.[91] However, "for certain communist-era monuments, the events or personages they were intended to commemorate failed to offend postcommunist sensibilities sufficiently to necessitate their removal, public memory regarding these monuments was ambivalent or, in some cases, relatively positive" (Kelleher 2009, 40). For much of its history, socialism in Bulgaria brought positive economic, social and cultural developments to the country, which helps explain the population's reluctance to tear down monuments to this period. To the present day, the country remains well populated by Russian and Soviet Army memorials, and monuments to the anti-fascist communist forces, with the latter often incorporated into (or located near) more sweeping homages to Bulgaria's 1300 year history and its glorious socialist future, such as the Shipka and Buzludzha memorials at the top of the Shipka Pass in the Stara Planina mountain range in the center of the country. Rousse is no exception to this trend – and in fact the last remaining Bulgarian statue of Lenin still in its original location can be found in the Rousse region, in the town of Novgrad on the road to Svishtov (See Figure 3 for photos of these and other monuments mentioned in this chapter).

[91] Maria Todorova describes how the mausoleum was constructed in six days in 1949, yet took two failed detonations and seven days to be demolished in 1999; and relates in detail the controversy surrounding the demolition: many important figures of the Bulgarian transition, from all political persuasions, "spoke or wrote against the destruction as an uncivilized act, bespeaking antihistoricism" (2010, 415).

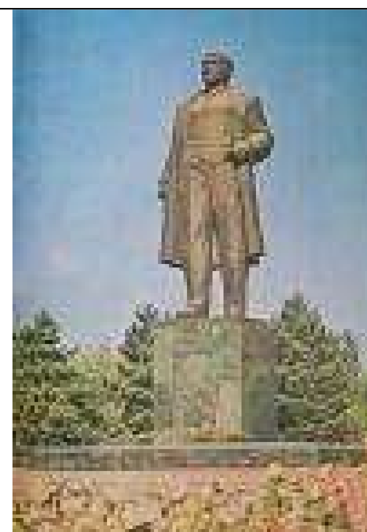
Figure 3: Socialist statues and monuments in Bulgaria

Statues of Lenin, Georgi Dimitrov, and other Communist figures, now displayed together in the Museum of Socialist Art in Sofia, Bulgaria (Author's collection)

Socialist-era memorial "Buzludzha." Shipka Pass, Stara Planina mountains, Bulgaria. (Author's collection)

The Shipka Memorial, Stara Planina mountains. Built to commemorate the crucial battles that took place at the Shipka Pass during the Russo-Turkish war of 1877-8, it was opened in 1934. The Buzludzha socialist monument was built about 12km away by road (Photo: public domain).

Statue of Lenin in the town of Novgrad, Rousse Province, 60km east of Rousse. The statue has remained in the town square since the fall of the socialist regime, and is well kept, with no graffiti or other defacement (Author's collection, July 2012).



Monuments and statues in Rousse. Clockwise from top left: 1. The Statue of Liberty, located in Freedom Square in the heart of Rousse, is dedicated to the Russian and Bulgarian heroes of the Liberation. Built in 1901, it is central to the historical and cultural identity of the town and its citizens, and is the site of numerous ceremonies and celebrations. The statue's hand points towards Russia. 2. The Soviet Army Memorial, at the entrance to the largest of the town's parks, has been subject to graffiti at different times, but is generally accepted by the citizens. There are occasionally wreaths and flowers placed here on historical dates. 3. The statue of Georgi Dimitrov that stood outside the Opera from 1982 to 1990, and which was often confused for an unknown composer. 4. The statue of Lenin, which stood at a roundabout at one of the entrances to the city: the statue was removed after socialism, but the pedestal remained until the late 2000s. 5. The Memorial of the Heroes Fallen in the Struggle against Fascism is located at the intersection of Alexandrovska Street (the central pedestrianized thoroughfare that stretches from the Soviet Army Memorial to Freedom Square and beyond) and Tsar Osvoboditel Boulevard opposite the Central Hali, or market hall. Flowers and wreaths are also laid here on important dates. 6. The Pantheon of the Heroes of the Bulgarian National Revival and the Liberation. (Photos: www.bulgarian-monuments.com, www.ruselive.com)

The question of socialist-era statues and monuments was, however, subjected to considerable scrutiny after 1989, and a closer look at how these discussions played out in the Rousse Municipal Council reveals a lack of consensus on the way the new Bulgaria should deal with its communist past. At a meeting in mid-1991, a proposal was made for the formation of a work group to dismantle and remove the statue of Lenin that stood at one of the entrances to the town, and the statue of Georgi Dimitrov, the original Communist leader after 1944, which stood outside the opera house. Mention was made of the numerous offers of free labor or financial assistance to the council to remove the statues, but several council members raised objections based on historical and political grounds. Veselin Zayakov urged the council not to repeat the mistakes of 1944, when many monuments related to the Bulgarian monarchy were defaced or destroyed, and Ivan Ivanov stated that "we accept a large moral responsibility in making a decision on this matter." The councilors appeared to agree on one point – that the removal of the Lenin statue was more straightforward than the removal of the one of Dimitrov (although even here one councilor raised the diplomatic question of relations with the Soviet consulate in the town, which he felt needed to be informed of the decision regarding Lenin in advance – this was accepted by the council in a vote). Several councilors noted that Lenin was not a Bulgarian hero, but that Dimitrov was a significant figure in Bulgarian history, and that even though there were many who did not want to remember this period, perhaps the statue should be left as a monument for future generations. All seemed to agree, however, that the right place for the statue of Dimitrov was not in front of the Opera House (where he was frequently mistaken for an unknown composer) but in the town park, or History Museum. One unorthodox suggestion (yet not entirely unrealistic: a bronze statue of Lenin from Czechoslovakia that now sits in Seattle in

the United States was purchased for $13,000 in 1992)[92] was "to sell it to the West for a huge sum. There are millionaires there, who don't know what money is" (National Archives – Rousse 1991a).

Socialist governments across Eastern Europe had imposed their ideological control over society in all manner of ways, from the re-writing of school textbooks and the prescribing of acceptable topics for literature, art, and scientific research, to the physical manifestation of the socialist ideal in new cities (like Dimitrovgrad in Bulgaria), large-scale public works, statues and monuments. They also sought to engrain socialist ideology into the urban landscape through the renaming of buildings, roads, parks, schools and other buildings. Concluding their investigation into the toponymy of communist Bucharest, Light, Nicolae and Suditu argue that "street names have much to tell the geographer about both the nature of the Communist city and about wider issues concerning the ways in which ideology was manifest and reproduced in Communist states" (2002, 143). Similarly, the changes in the physical environment such as the removal of statues (discussed above) and the renaming of streets, buildings and parks that occurred after the fall of communism in Bulgaria surely have something to tell us about the degree to which communist ideology was rejected after 1989. Under socialism, Bulgaria was so committed to the renaming process that from 1949 to 1956 the Black Sea city of Varna, one of the largest cities in Bulgaria, was renamed Stalin. In Sofia, streets were named after not just international and national socialist heroes such as Stalin, Lenin, Georgi Dimitrov and Vasil Kolarov, but also after socialist attributes and symbols: Bulgarian-Soviet Friendship, The Great Turning Point, Hammer and Sickle, and so on. Stadiums, universities, hospitals, parks and schools were also given

[92] Having only been unveiled in the town of Poprad, Czechoslovakia in 1988, it was removed in 1989, and purchased by an American teacher, Lewis Carpenter, in 1992, and then shipped to Seattle (http://arfarfarf.com/fremont/lenin_statue.php).

similar treatment (Popdimitrov 2007). After 1989, these were changed once again, meaning that some people had lived at three different addresses within the space of 50 years, while living in the same house.

In Rousse too, many street, park and building names had been changed under socialism, and there were some notable reversions of names post-1989, such as the 9th of September square reverting to Alexander Battenburg square; the 9th of September street reverting to Alexandrovska; Georgi Dimitrov street renamed Borisova; and Boulevard Lenin reverting to Tsar Osvoboditel Boulevard. The process was not without controversy, however, as another visit to the records of the municipal council reveals. At meetings of the Provisional Executive Committee during the summer of 1991, numerous motions were proposed, discussions held, and votes taken on the matter of renaming streets, schools, squares and other public spaces and buildings. A commission had been established to draw up lists of objects to be renamed, along with suggested names, and their recommendations were discussed and voted upon by the committee. While the renaming of objects such as kindergartens proceeded smoothly, many of the proposed changes to streets and squares invoked fierce arguments, with outspoken support from some in favor of keeping the socialist-era names. Voting was often split evenly across the committee (at a time when members were appointees rather than elected on party affiliation, and so decisions could not be said to reflect party political polarization), and many decisions were sent back to the renaming commission for review and alteration (National Archives – Rousse 1991b). As with the removal of the statues of Lenin and Dimitrov, it is clear that there was no consensus within the local community regarding the nature and extent of the post-socialist renaming process. A Sofia University survey into the names and usage of Rousse squares found that for many citizens the names themselves held less ideological significance than the role and

usage of the spaces concerned. Thus, Freedom Square was referred to by many survey respondents as simply “the square” or “the center,” while other squares were known for current or former institutions that lay nearby: “the square by the old post office,” “the square in front of 1001 Goods [shop]” (Toncheva 2006). There was no rush to wipe the socialist names from the streets and spaces of Rousse: indeed, in 1998 the Tourist Information Office was still handing out maps of the town featuring the socialist names, and to this day taxi drivers will refer to various locations by their socialist names, such as the former cinema Maxim Gorky instead of the current structure, the Royal shopping mall.

Local government and the reform process

Having been at the forefront of the emerging dissident movement in Bulgaria in the late 1980s, citizens of Rousse were eager participants in the first democratic elections in 1990. Although the Bulgarian Socialist Party (the former Communist Party) won the elections, with 53% of the seats in the 400 member Grand National Assembly, which shocked many observers (see Chapter Two for an examination of the results nationally), in cities and towns with populations of around 200,000 or more, the Union of Democratic Forces was dominant. This was the case for Rousse, where the UDF won four of the five majoritarian seats in the smaller single mandate district (mostly urban), and three of the seven seats from the larger proportional district (the urban area along with large rural areas) (Koulov 1995, 244-5). The first opportunity the people of the city would have to choose their local government was not until the following year, 1991, when the UDF took both the mayoral election and a large majority of seats on the municipal council (in the national elections, the Rousse district returned four UDF, three BSP, and one Movement for Rights and Freedoms (MRF) deputies to the National Assembly).

At this point, in a city with the recent history of Rousse and that voted decisively for the UDF in both the 1990 and 1991 elections, we might expect to observe a strong commitment to reform measures designed to speed up the transition from socialism. However, rather than becoming a force for change, the local council became bogged down in a series of conflicts with the mayor that demonstrate just how little agreement there was even between members of the same political organization over the pace and extent of the post-socialist reform process. The following sections detail how these conflicts played out in two particular areas of reform: the sale of municipal housing and the privatization of municipally owned enterprises.

Municipal housing

Following the Second World War, housing was a priority for Bulgaria as for other socialist countries, and extensive new residential estates were constructed in all urban areas to accommodate the massive influx of new workers from rural areas. In the 1950s and 1960s, the style was Socialist Realism, while by the 1970s this had moved on to Modernism, as cost concerns drove greater use of poured concrete and prefabricated panel apartments (Kelleher 2009, 69). Bulgaria differed from other socialist regimes, however, in the share of housing that remained in private hands: at the time of the 1985 census, 84.4 per cent of the national housing stock was privately owned, by far the highest level in Eastern Europe (World Bank 1991, 12). This was a reflection of the lack of a landowning class and longstanding egalitarian traditions in the country, which even under Ottoman rule ensured that Bulgarians owned their own land and properties. In the newly growing urban areas, new construction was financed by requiring residents to put their names on long waiting lists, while still paying well in advance for their apartments. Access to housing was at the discretion of municipal housing authorities, who also

maintained a stock of public housing that was rented to those most in need, or key workers whose assignments to different cities and towns across the country necessitated shorter term rental accommodation rather than long-term ownership. These municipally owned apartments would become the battleground for a lengthy struggle between the mayor of Rousse, Asen Tasev, and the municipal council, headed by Yavor Dimitrov.

After taking office in October 1991, Mayor Tasev introduced a moratorium on the sale of municipal housing to their occupants, except for invalids and for those who had made advance payments for many years. This was intended to be a temporary measure to allow time for adequate valuations to take place. However, when the municipal council moved to begin the sale process, in order to gain funds to build new, much needed public housing, the mayor continued to block the passage of the necessary decisions. Yavor Dimitrov, chair of the municipal council, described how "the mayor filed a suit, to court, when he didn't agree with our decisions" and, due to the lack of clear laws defining what was municipal property and what was state, "the court did not accept any decisions from the municipal council because as there wasn't anything that was officially municipal property, what were they deciding about anyway!"[93]

The council continued to press the issue throughout their mandate, several times passing decisions that required the mayor to "make a reasoned proposal to the Council of Ministers to update the regulations on the sale of municipal housing or to give the right to the municipal council to sell at market prices" (National Archives – Rousse 1993a); or "to urgently accept the

[93] Yavor Dimitrov, Chairman of Rousse Municipal Council 1991-1995. Interview with the author, Rousse, Bulgaria, June 2012. It is not clear from interviews or archive research whether the court acted upon the instructions of the mayor or on their own initiative. However, the history of the legal system in Bulgaria since 1944 would strongly suggest that the mayor would have exercised strong indirect, if not direct, influence over the court's decisions. Under socialism, courts mostly served to further legitimize decisions taken by the Communist Party, through national or local government, and the membership (and most likely the political perspective) of the Rousse court in the early 1990s remained the same as before 1989.

submitted request for the purchase of apartments" (National Archives – Rousse 1993b); or to remove the power of the mayor to continue the moratorium introduced in 1991. Discussions over several council meetings raised the following arguments: "the municipal budget has no money for building new, urgently needed social housing" and selling existing apartments is necessary in order to raise money for new construction, even if "we have to sell 700 properties in order to build 180, but how else will we be able to build?" Those opposed to the sale pointed out that "the cost of building a new apartment was about 400-500 thousand leva, and to sell apartments for 20-30 thousand leva was unacceptable" and that "it was necessary to establish a commission to sell the properties, so as to protect municipal interests." The deputy mayor reminded the council that "Bulgaria has no document which permits municipalities to sell their properties" (National Archive – Rousse 1993b). On another occasion in 1994, by which time no sales had been made, opponents argued that selling municipal housing would reduce the ability of the town to retain decent, well-trained jurists, as they are among those reliant on public housing in the town: "If the municipality doesn't do everything possible to retain these specialists, we run the risk of only working with young, ill-prepared jurists" (National Archives – Rousse 1994a).

Such concerns were not limited to the judicial system. The socialist housing system was "understandably imbedded in the overall political and economic system" and "units were allocated through a socialist administrative method of distribution in accordance with housing need" (Tsenkova 2009, 27-28). Central planning often dictated rapid changes in the economic activities of certain regions, which in turn dictated the movement of workers who needed to be housed. House building could not occur swiftly enough to meet such planning changes, and so "public rental was essential for the socialist housing system … mostly apartments owned and managed by state enterprises [or] municipal companies" (Tsenkova 2009, 42). The defense of the

public rental sector that was undertaken by some members of the Rousse Municipal Council demonstrates that the principles of socialist housing policy had become strongly embedded in the consciousness of the local population, and conflicted sharply with the ideas of the free market and privatization promoted by other local politicians.

In September 1995, just two weeks before the final meeting of the municipal council's term, Mayor Asen Tasev submitted two official objections to earlier Council decisions on the sale of municipal housing. In them, he outlines several administrative reasons why the sales could not go ahead, including that the properties in question first need to be submitted to the Ministry of Finance in order to be "de-activated" as state properties before being activated as municipal property, and that although such applications had been made, there had not yet been a response from the ministry (National Archives – Rousse 1995a). Although such objections did have a basis in the confused legal situation of the time (the first Municipal Law would not be passed until 1996), in reality they were little more than delaying tactics, as other municipalities facing the same legal situation had moved ahead with housing sales.[94] The municipal council voted on both objections, and rejected them by 38 to zero. The inactivity of the mayor was a problem not just on this issue, but (as will be shown in the next section) on the question of privatization as well. The council chair recalls that the mayor "was a very strange guy. He actually wanted nothing, except for having two bottles of whisky every day. He was not caring about financial motives. He just wanted to live his life."[95] The underlying motives behind the mayor's actions – or lack thereof – are of course unknowable (he died in the late 1990s), but their results clearly show that the delay in the sale of municipal properties was not primarily due

[94] Yavor Dimitrov, Chairman of Rousse Municipal Council 1991-1995. Interview with the author, Rousse, Bulgaria, June 2012.
[95] Yavor Dimitrov, Chairman of Rousse Municipal Council 1991-1995. Interview with the author, Rousse, Bulgaria, June 2012.

to a lack of consensus among local politicians, but rather the result of bureaucratic inefficiency and inertia.

Privatization of municipal enterprises

As discussed in Chapter Three, the process of privatization in Bulgaria after 1989 was far from straightforward, with significant delays, obstructions, and problems continuing throughout the 1990s. The records of municipal council meetings shed considerable light on how the process played out in Rousse. The question of the sale of state and municipal-owned enterprises was raised at a meeting of the Rousse Provisional Executive Committee (PEC) in February 1991, where it was announced that the national Council of Ministers had instructed the PEC to begin the privatization process for three Rousse firms, "Heavy Machinery Constructors," the shipbuilding and repair company "Ivan Dimitrov," and the plastics manufacturing firm "Peter Karaminchev," which were to be offered to foreign investors. However, the PEC immediately raised objections, with members arguing that "we have to be competent to engage with this problem," "my opinion is that it is risky to rush into taking a debatable decision," "we are not specialists," and "I'm not convinced that these firms should be given to foreign investors." The meeting ended with a decision that "The provisional executive committee is not in a position to determine which firms on the territory of Rousse should be privatized. We believe that this question is within the competence of the Privatization Agency according to the Law of Privatization" (National Archives – Rousse 1991c). When the issue returned to the PEC in July 1991, it was first subjected to a discussion as to whether it should be included in the agenda for the meeting, and then postponed to the next meeting, the reason being a lack of consensus among the committee as to the timetable and even the desirability of privatization. One comment,

referring to the proposed sale of several shops in a newly developed region of the city, showed continuity with socialist central planning principles: “what is the guarantee that after these stores are auctioned off that they will fulfill the needs of the region? I suggest they remain municipal property.” Another deputy took a more capitalist line, giving his opinion “that it would be better to rent out these objects, because after ten years the price will be much higher” (National Archives – Rousse 1991d).

No decisions on moving forward with privatization were taken during the mandate of the provisional executive committee, but there was hope that with the coming into office of a new UDF mayor and UDF-led municipal council in October 1991, progress could be made. As with the sale of municipal housing discussed earlier, however, this was not to be the case. One obstacle was the lack of legal and administrative framework within which privatization should take place. The national government would pass the first privatization law in the summer of 1992, which laid out the main framework, but left most of the detail to the ministries and state agencies to work out. This, along with the obstacles discussed in Chapter Three, helped to delay the process of privatization of state-owned enterprises. Before the municipalities could embark on any privatization programs themselves, they had first to determine ownership rights. This entailed submitting an application to request that property be removed from the list of state-owned property and placed on the list of municipal ownership. Once this was achieved, which took over a year, “the concrete rules and terms [of municipal privatization] depended entirely on the initiatives of the different municipality councilors, the local political powers, the mayors and their subordinates – clerks in the city administrations” (Dimitrov and Kotsev 2000). Under socialism, enterprises within the same sphere of activity were generally grouped together under one large company or conglomerate – for example, all supermarkets and food stores were

combined under the *Hranitelni Stoki* company. These larger bodies had to be broken up into their constituent parts, which were then offered for privatization depending on circumstances. In Rousse there was clear disagreement between the UDF mayor and the UDF-led municipal council over the need for privatization, and despite the best efforts of the council to move the process forward, by 1995 few enterprises had been sold.

Once again, municipal council records reveal how the process was obstructed by the mayor and a small number of councilors. At meetings from 1993 until the end of the mandate in 1995, a range of objections and obstacles were raised against the privatization process: questions over who should oversee the process, the municipal council or the municipal administration; referral to a special commission to determine the rules of the privatization process; the halting of privatization proceedings for enterprises that were in temporary buildings, or subject to unresolved restitution claims; arguments that renting would produce more revenue than selling, particularly at a time of high inflation and economic uncertainty; accusations that those in favor of selling were playing a game of base populism with the town's population; and a refusal by the mayor to consider additional compensation for the extra work to be undertaken by the municipal administration in carrying out the privatization process (National Archives – Rousse 1994b, 1994c, 1995a; Dimitrov and Kotsev 2000). Figure 4 shows the relationships between the different offices involved in the privatization process in Rousse: the dotted lines represent the eventual low-profile role that the mayor adopted in the second half of his mandate, passing responsibility for coordination between the mayor's office and the council to his deputy mayor for privatization, who worked directly with the privatization commission, which in turned worked directly with the municipal council.

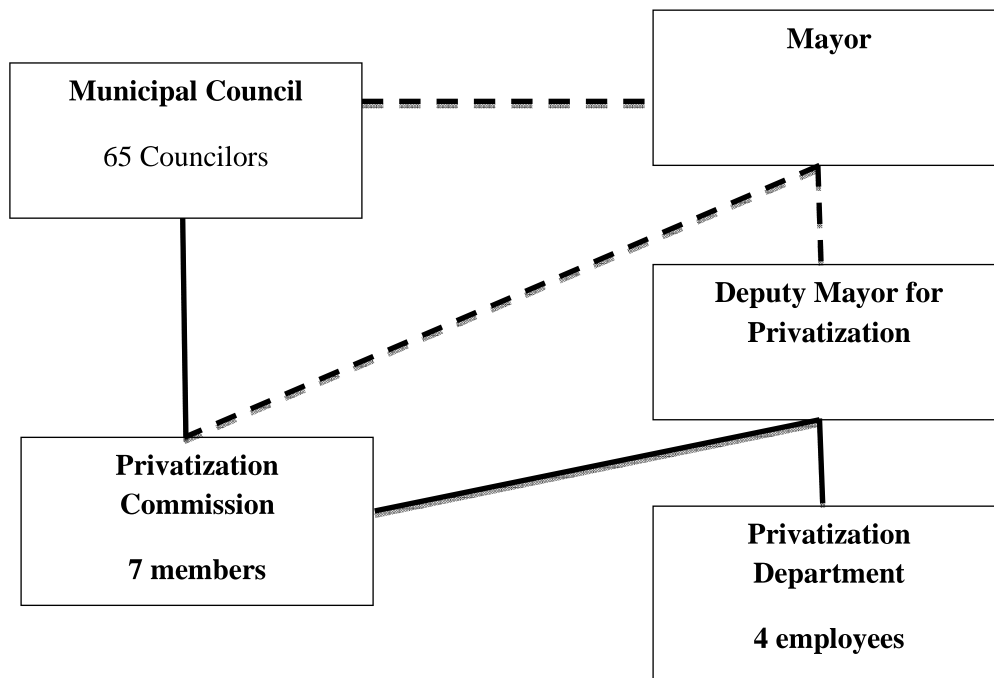


Figure 4: Structure of Rousse Municipality Privatization Administration

(Dimitrov and Kotsev 2000)

Table 9 shows a list of the 23 municipally owned enterprises, their areas of activity, whether they were offered for privatization, and if so, the date of sale. The information covers the period 1992 to 1997, and demonstrates the effect of the delayed privatization process – the first sale is recorded as July 1995. The overall economic situation of the municipal firms was far from positive – 12 out of the 23 entities were operating at a loss (Finley 1994, 28). The sale of municipal property was not the only way in which former state-run enterprises entered private hands: in Rousse as across the rest of the country, large numbers of small businesses, shops, restaurants, small manufacturing concerns and other enterprises were returned to private ownership through the restitution process begun in 1991. What can be seen from the figures for municipal sales in Rousse is that the earliest firms to be sold were relatively small, often consisting of just one or two stores, while the larger municipal concerns, such as construction

firms, were not privatized until 1997. In Poland, a similar situation existed in the immediate post-1989 period, with 60,000 mostly small scale retail enterprises privatized by mid-1991, constituting around 70 per cent of the sector (Sachs 1991, 2-3). According to the World Bank, "by the end of 1992, small privatization in Poland was almost complete, with the privatization of 194,000 units, i.e., 82 percent of the units existing in 1989" (Nellis 2002, 8). Controversy over the sale of medium and large scale enterprises, and indeed over economic reform in general, would subsequently slow the pace of the privatization process, but "the willingness to abandon shock therapy when it lost the support of parliament and allow democratic policy alternation" (Orenstein 2001, 26) proved to be of greater importance for Poland's economic transformation.

It is also possible to discern a trend of retaining municipal ownership over certain areas considered central to a socialist outlook on economics and society: the parks department, educational facilities, street cleaning, and cultural and artistic enterprises. This is consistent with the attitudes of local politicians that are revealed through the municipal council minutes, and what we might expect to find under conditions of a lack of consensus in the wider society over the pace and extent of the economic liberalization process.

Table 9: List of municipal enterprises 1992-1997 and examples of privatization.

Area of activity	**Name of object**	**Activity**	**Sold**	**Earliest example of privatized elements**	**Date of privatization**
Industrial	*Изкуство*	Furniture and children's goods	Yes		
	Хлаб и Хлебни Изделия	Bakeries	Yes	Bakery	25/06/1997
Trade and Services	*Промишлени и Битови Услуги*	Industrial and domestic services	N/A		
	Сияние	Domestic chemical products	Yes	Four component parts, incl. warehouse and stores	16/06/1997
	Стремп	Trade	N/A		
	Свежест	Dry cleaning, laundry	No		
	Нармаг	General stores	Yes	Furniture and domestic goods store DIY Store	31/07/1995 31/01/1996
	Хранителни Стоки	Food stores		Food store Food store	31/07/1995 01/08/1995

Construction	*Промишлено и Гражданско Строителство*	Industrial and city buildings	Yes	Single entity	02/04/1997
	Инвестрой		N/A		
	Културно, Битово и Жилищно Строителство	Cultural, domestic and housing construction	Yes	Single Entity	02/04/1997
	Строймонтажпроект		N/A		
	Монтаж и Инсталация на Системи	Electrical and water system installation	Yes	Single entity	02/04/1997
	Факел	Street and building repairs	N/A		
	СРП Лозен	Building and repair services	N/A		
Community and Household Activities	*Паркстрой*	Parks and gardens	No		
	Истър	Road maintenance	Yes		
	Чистота	Street cleaning	No		
	Обредни Домове	Ritual houses	No		
Other	*Общинска Собсвеност и Имоти Услуги*	Municipal property services	No		
	Регионален Учебен Център	Regional learning center	No		
	Знаково Стопанство	Street signage	N/A		
	Културен Отдих и Художествена Украса	Cultural and artistic services	No		

Source: National Archives – Rousse 1995c, 1995d.

National problems – local manifestations

We have already seen in Chapter Three how the privatization process at the national level, via the Privatization Agency and various ministries, was delayed, obstructed and diverted, the consequences of which were felt across the country, Rousse included. As mentioned earlier in this chapter, the town was an important industrial, transport, and trade center, and its economy suffered more than most in the immediate post-1989 years, with high unemployment, outflow of working-age population, and the effects of the Yugoslav blockade. Many of the largest employers in the town were state-owned enterprises rather than municipal ones, and the delayed privatization process meant a lack of the investment that was vital if the companies were to

modernize and access new markets in Western Europe. Table 10 lists some of the largest state-owned companies in Rousse, along with the year of their privatization. For comparison, the table also lists the only three companies privatized during the period under consideration in this dissertation, 1989 to 1997 (two companies were privatized between 1998 and 2001, and then 57 have been privatized since 2002).

Table 10: Major state companies in Rousse and dates of privatization

Company name	Area of activity	Date of privatization
Оргахим– Orgachim	Paint, lacquer, glue manufacturer	2002
Каолин – Kaolin	Construction aggregates	2003
Труд– Trud	Manufacturer of fire-retardant materials	2003
Русенска Корабостроителница – Rousse Shipyards	Shipbuilding and repair	2004
Захар-Био – Sugar-Bio	Sugar and sugar products	2004
Елпром Наиден Киров – Elprom Naiden Kirov	Electrical fixtures and fittings	2004
Петър Караминчев - Peter Karaminchev	Plastics manufacturing	2009
Дунарит – Dunarit	Military and industrial manufacturer	2005
Агромашина/Спарки – Agromachina/Sparky	Agricultural machinery	1997
Дунав Прес – Danube Press	Printing	1996
Хидропробивна Техника/Лифтън България – Hydraulic Lifting Equipment/Lifton Bulgaria	Hydraulic equipment manufacturer	1994

Source: compiled from the Bulgarian Agency for Privatization online privatization deal database; available at http://www.priv.government.bg/public_register/privcontrol.

Another national problem that had a local impact on Rousse was the lack of personnel experienced in the principles of a market economy, and in particular the valuation and sale of state property. As seen in Chapter Three, conditions in Bulgaria caused internal and external brain drain, and a lack of education and training hampered the effectiveness of the government agencies tasked with the most urgent economic reforms. Local councils in particular found themselves in a difficult situation when assessing the value of municipally owned properties, both housing (as seen earlier in this chapter) and enterprises. In January 1996, the issue of

tendering the valuation process to an outside company[96] was raised at the Rousse Municipal Council meeting, and a lengthy discussion ensued. The council learned that the United States Agency for International Development (USAID) had introduced a program whereby international accounting firms, such as KPMG-Peat Marwick, were invited to assist Bulgarian municipalities with their restructuring and privatization programs. KPMG's work in Plovdiv and Kurdjali had proven to be highly successful, and had put Plovdiv at the forefront of the privatization process in Bulgaria, while Rousse lagged far behind. The mayor (by this time Dimitar Kalchev of the Bulgarian Socialist Party, BSP) told the Council that Barentz Group, a KPMG subsidiary, was ready to extend their contract with the municipality for privatization evaluation and advice. The head of the privatization commission, Mr. Genov, argued that "the help of the Barentz Group will be exceptionally important for privatization in the municipality." Others in the council disagreed. They argued that they did not believe that legal analysis and valuations should be carried out by the same firm, and that the prices determined so far were too low, which meant that the municipality would benefit more from continued rents (levied also on municipal enterprises such as shops and restaurants) than from immediate sale. Furthermore, the process of valuation called for more than one firm to submit its findings, thereby introducing an element of competition. The counter-argument from the mayor's side was that the current firm, Barentz Group, had already provided satisfactory valuations, and to insist on a competing firm to repeat the work would only waste significant amounts of money, and could lay the council open to legal action. The contract with Barentz was accepted by the council after a vote, but the issue did not disappear from future council discussions (National Archive – Rousse 1996a).

[96] A common practice in the former socialist countries, which all suffered from a lack of trained personnel in these areas, and which sought greater credibility with foreign investors through the use of world-renowned accounting firms.

The frequent change of government in Sofia, and the preoccupation with parliamentary battles both across and within parties, not to mention the multitude of incentives for personal or family enrichment or advancement that national politicians faced, meant that relations between the central and local government were rarely at the top of the national agenda. Local government was heavily dependent on grants from the state to meet its responsibilities, and at a time of general economic shortage, resources for local government were especially stretched. Furthermore, as the Council of Europe noted in a 1998 report on the situation of regional and local self-government, "the ubiquitous tension between centralisation and decentralisation takes on a particular form in Bulgaria, which was for many years a state managed directly from the 'centre'." There were particular problems during the crisis years of Berov's government: "In 1995 and 1996, the development of municipal self-government was completely blocked. Municipalities in particular suffered greatly from the isolation imposed on them by the central authorities, which occasionally left them in an exceptionally difficult situation" (De Sabbata and Cuatrecases 1998, 9-11). This isolation meant that the municipalities received little guidance or help from the center. Marko Todorov, member of the Rousse Municipal Council from 1995 to 1999, recalls "when I worked in the municipality we had no contact with the center. We never had any guidance or any advice from Sofia. We never received any information from Sofia. And they never asked for our opinion."[97]

In Rousse as in Sofia, the early years of the transition were marked by a lack of any charismatic and trusted political figures who could reconcile people's hopes for the future with their desire to retain the gains of socialism and provide a vision of how the country could move forward to democracy and a free market economy. As mentioned earlier, the first democratically

[97] Marko Todorov, Rousse Municipal Council member 1995 to 1999. Interview with author, Rousse, Bulgaria, December 2011.

elected mayor proved to be rather less than dynamic when it came to introducing reforms, particularly in the areas of housing sales and privatization. Despite the fact that the mayor was from the same party (Union of Democratic Forces, UDF) as the majority party in the council, relations between them quickly soured, and remained strained throughout their four year mandate. In his final report to the municipal council at the end of September 1995, Chairman Yavor Dimitrov declared that "not infrequently the municipal council and the mayor of the municipality found themselves at odds with one another" over such problems as the lack of information sharing between the two bodies; the continuing moratorium on the sale of municipal housing; failure by the mayor to implement the decisions of the municipal council; the blocking of the privatization process by the administration; and the failure to conclude construction, business, and investment agreements with Bulgarian and foreign investors (National Archives – Rousse 1995b).

The mayor may not have had the same concentration of power over the reform process as the commune mayors did in Romania over the land restitution process, but the outcome was similar – lengthy delays that helped undermine the legitimacy of new capitalist property relations and the new democratic state (Verdery 2002). Certainly we could apply Verdery's claim to the situation in Rousse in the early 1990s: "we understand post-socialist transformation better if we see less like a state and more like a mayor" (2002, 8). As described earlier, Mayor Tasev appeared to have little interest in introducing housing sales or privatization, even if his motives were not so transparently economic and influence-based as those of "Mayor Lupu" in Vlaicu, Romania (Verdery 2002).

Many of the problems bequeathed by the first democratic mayor and municipal council began to be addressed by the new mayor – Dimitar Kalchev of the Bulgarian Socialist Party

(BSP) – and the UDF-led municipal council who were elected in November 1995. The previous leader of the council recalled that "when Kalchev came during his first mandate he did everything that we wanted to, just with a wave of the hand, in a couple of months,"[98] and this is evidenced by the council minutes from early 1996 which show several proposals, originating with the mayor's office, for privatization of municipal enterprises and properties (National Archives – Rousse 1996a; 1996b; 1996c). By this time, however, the image in Rousse of local government had already been damaged by the infighting and lack of achievements, and, as in Sofia, by suggestions of impropriety and self-aggrandizement. Incoming mayor Kalchev used his maiden speech before the Municipal Council to argue that within Rousse's local government there were "many narrow-minded, philistine, careerist gossipers who had no place in the running of a large municipality" (National Archives – Rousse 1995e), while the outgoing council chairman, Yavor Dimitrov, admitted that at many of the early meetings of the UDF and at the council sessions there was a lack of discipline and understanding about the kind of behavior expected of the party and its members.[99] Marko Todorov, Dimitrov's replacement as head of the council recalled that "here, unfortunately, at the municipal level through the electoral system came a lot of people who had their own personal interests. They had no interest in the municipality; they wanted to use the municipality to advance specific business and other interests."[100] Such behavior was in line with national tendencies at the time, where the emergence of business conglomerates such as the Orion group and Multigroup were "a manifestation of the capacity of strategically located elites to engage in self-seeking pursuits under specific structural conditions" (Ganev 2007, 82).

[98] Yavor Dimitrov, Chairman of Rousse Municipal Council 1991-1995. Interview with the author, Rousse, Bulgaria, June 2012.
[99] Yavor Dimitrov, Chairman of Rousse Municipal Council 1991-1995. Interview with the author, Rousse, Bulgaria, June 2012.
[100] Marko Todorov, Rousse Municipal Council member 1995 to 1999. Interview with author, Rousse, Bulgaria, December 2011.

Some of these self-seeking pursuits were illegal under existing socialist-era laws (and would remain so under the new privatization laws), involving corruption, the fixing of privatization deals, using insider information to successfully bid for state and municipal contracts, and the growing trade in contraband goods. Rousse's border location, the site of the only (until 2012) bridge across the Danube east of Serbia, meant that it has long been a target for smuggling activity, and reports of seizures and arrests at border points are commonplace in the Bulgarian press.[101] Like the rest of the country, Rousse also experienced an increase in other forms of crime after 1989, and the local government has not been exempt from accusations of corruption. There have been allegations, albeit with limited evidence and therefore often unverifiable, that support Ganev's argument (see Chapter Three) about criminal and business conglomerates such as Multigroup and Orion taking advantage of the privatization program in the town. Within Rousse it is common knowledge that Mayor Kalchev was a very wealthy man who at his death owned twelve properties in and around the town (Blitz 2010), but rarely is it recalled that he came from a wealthy industrial family and benefitted from restitution after 1989. What is less easily explained is his close connection to the business conglomerate Multigroup and its infamous head, Ilia Pavlov, during the years Kalchev served as head of Credit Bank, a Multigroup subsidiary, after 1989. Boiko Borisov, leader of the Citizens for the European Development of Bulgaria (GERB) party and future prime minister, referred to this period of Kalchev's career when refusing his application to join GERB in 2006. Borisov's deputy explained that "he does not want to be identified with someone with such a questionable reputation. Kalchev has previous connections with certain economic structures [Multigroup] and has not cleared his name" (Aneva 2006).

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[101] For details see Center for the Study of Democracy (CSD). 2004. *Transportation, Smuggling, and Organized Crime*. Sofia: CSD.

Despite the lack of published research on the role of organized crime and business groups in the reform process in Rousse, it is fair to surmise, given the documented extent of such involvement on a national scale, that the town could not have escaped the "preying on the state" that Ganev describes. Certainly, by the mid-1990s, the people of Rousse felt that politics and economics had become tainted with corruption and criminality, and that this had reduced the possibility for real change: "if only we had had a government that imposed some law that is the same for everybody, absolutely the same, no privileges. But we continued with the nepotism, we continued with the privileges, it was exactly the same as before. Some people began thinking, do we need this democracy when there is so much crime."[102] Another citizen of Rousse recalled: "until 1997 it was a mess, horrible, chaos. A period of bandits,"[103] while her husband added, "The politicians had no interest in reform. No interest. They were the same people behind the coup, and they had no interest in doing what was needed. It was precisely during this period that the biggest theft took place, multimillionaires and so on."[104]

Conclusion

This close examination of the transition process in Rousse, via the issues of de-communization, municipal housing sales, and privatization of municipal enterprises, has shown how, despite an environment that initially appeared receptive to innovation and change, little progress was made during the early post-1989 years. Council records and the recollections of individuals closely involved in the process reveal a lack of consensus on what reforms were needed, how they should be implemented, and what kind of society they were intended to

[102] Rumiana Petrova, university lecturer. Interview with the author, Rousse, Bulgaria, June 2012.
[103] Irina Kovacheva, teacher. Interview with the author, Rousse, Bulgaria, July 2012.
[104] Valentin Kovachev, schoolteacher, Rousse. Interview with the author, Rousse, Bulgaria, July 2012.

produce. National problems also had an impact on the local situation, with the lack of national leadership and direction (for reasons examined in Chapter Three) leaving the local politicians ill-prepared and alone as they struggled with a deteriorating economic situation and regional manifestations of the national emergence of semi-legitimate business groupings and dubious privatization practices.

Chapter Five: Conclusion

This study posed the question of why Bulgaria faced such a troubled and hesitant transitional pathway from socialism, and has argued that the lack of societal consensus on the pace and extent of political and economic reforms in Bulgaria offers the most convincing explanation. The Bulgarian experience of socialism differed in important ways from that of other Eastern European states. The five century long Ottoman occupation had instilled a habit of stoicism amongst the population that helped them survive the harsher elements of socialist rule, kept internal dissent and opposition to a minimum, and also influenced the predominance of an egalitarian outlook on life that provided a receptive environment for communist ideology in the 20th century. Russia's role in the liberation of Bulgaria from the Turkish yoke, along with the Slavic brotherhood of shared cultural and linguistic traits, meant that Soviet occupation after 1945 was not necessary for the imposition and consolidation of communist rule. Rapid industrialization and economic growth ensured that the standard of living rose considerably for almost all Bulgarians, and the provision of jobs, healthcare, education, cultural and leisure activities helped the population to at least tacitly accept the negative attributes of an initially repressive and always oppressive regime. Unlike its partners in the Warsaw Pact, Bulgaria never experienced civil unrest, never faced Soviet occupation or intervention, and saw economic growth continue well into the middle of the 1980s – the country had the highest levels of GDP growth in Eastern Europe from 1960 until 1990.

The end of socialism was similarly a unique experience in Bulgaria, coming by elite coup rather than public uprising (the first mass demonstrations in Bulgaria did not take place until after Todor Zhivkov had been removed), and the renamed Communist Party retained

considerable control throughout the early years of transition. The Bulgarian Socialist Party (BSP) took the lead in framing the Roundtable Talks in 1990 and the first democratic elections later that same year, and through redefining its public image the party dominated politics in the first eight years of the changes, outpolling the Union of Democratic Forces (UDF) in all but the larger cities and towns. Both the nature of socialism in Bulgaria and its demise would have a profound impact on the manner and pace of economic and political transformation to follow.

The situation facing the immediate post-1989 governments was dire: the country had a foreign debt of $9.2 billion in 1990, 154% of its exports; industry was struggling to market uncompetitive goods to the West now that the secure Soviet market had disappeared; agriculture was collapsing due to the forced exodus of some 300,000 Turks during 1989 along with the uncertainties created by land restitution and the dismantling of collective farms; and the political environment became increasingly polarized and hostile. Economic reform was urgently needed, but despite the rapid introduction of the institutions of parliamentary democracy, legislation to transform the economy from central planning to free market principles was slow, poorly drafted, and often contradictory or impossible to implement. Although all governments claimed to be proponents of privatization, Chapter Three showed how little progress was made: by 1996, "less than 6 per cent of state enterprise assets were privatized" (Bideleux and Jeffries 2007, 100).

Successive political leaders made little effort to nurture agreement or understanding among the elite or the people regarding the difficult and painful reforms that, given the post-cold war predominance of neo-liberal orthodoxy, appeared all too unavoidable. Orenstein (2001) showed how in Poland and Czechoslovakia politicians recognized the need for popular support for the economic reform program, but this did not occur in Bulgaria. The population expressed strong support for democratic ideals, but had little or no idea of what to expect from the

transition, and many felt that the removal of the old guard socialist leaders was separate from the end of socialism – they felt euphoria at Zhivkov's removal while still holding dear the achievements of the system over which he presided. The lack of public commitment to economic reforms, along with the continued belief in socialist ideals of equality and social security, grew into a lack of satisfaction with democracy itself as transition brought only increased poverty, unemployment, rising crime, and cultural and social disintegration. No unifying leader emerged in Bulgaria, unlike Havel in Czechoslovakia or Walesa in Poland: instead, Bulgaria had the Dimitrov government, which focused on retribution rather than reform; the Berov regime, which brought back many communist policies such as price controls; and the Videnov government, who through inexperience, arrogance and the facilitation of state capture by powerful business groups brought the country to its knees with the joint bank and currency crises of 1996/1997.

The lack of agreement and consensus at higher levels meant democratization and economic liberalization delays were all too common: institutions were in place, but did not function as intended; workers lacked incentives to exercise initiative or work harder; the older generation saw the changes as a threat to the achievements of socialism; a lack of education in the ways of democracy and market economics caused by an education system unsuitable to teaching such principles; resources were lacking; there was extensive brain drain both internationally and internally; all of which caused delays and obstruction at all levels. The judicial system suffered its own problems – it performed well as the guardian of the new constitution but not at protecting citizens from crime and insecurity. The implementation of new laws (such as those concerning bankruptcy, contracts and accounting) was slow and ineffective. A chronic lack of resources, widespread corruption, growing impunity among the business groupings and politicians, and government intervention in the independence of the judicial

system all led to a precipitate drop in public trust and an exodus from the court system as people sought alternative methods of resolving disputes.

In *Preying on the State* (2007), Ganev argued persuasively that the delayed Bulgarian transition was a result of increasingly dysfunctional state structures being misused by political and business interests, who used material and informational resources to extract the industrial and financial wealth of the country via spontaneous or quiet privatization. This process was facilitated by the ongoing lack of consensus among the public and ruling elite, as the lack of a vision for a common future for Bulgaria allowed different groups to seek their own opportunities for wealth, assisted by weak and ineffective legal, institutional, and political structures. Through the increasingly public activities of business conglomerates such as Orion and Multigroup, the public could only watch as corruption, nepotism, and wild capitalism demonstrated that 45 years of propaganda had been correct: "everything they told us about socialism was wrong, but everything they told us about capitalism was right" (Ghodsee 2011, 184-5).

Through a case study of the town of Rousse, Chapter Four showed how the lack of consensus was reflected in inconsistent political behavior, legislative reversals and delays, clear patterns of obstruction and delay, and the creation of an environment conducive for the misuse of legal and economic reforms. As the site of the first protests against the socialist regime, Rousse is an ideal place to look for signs as to whether consensus on the direction the country should take was possible, or existent, after 1989. Protests shed light on the hearts and minds of the people involved, and in Rousse, the people were willing and capable of expressing their hopes and desires for the future of their country in a democratic and open manner. Over time, this potentially fertile environment became sterile and unproductive.

The town was hit hard by the post-socialist economic crisis, more so than nearly all other regions. Employers shed jobs in the 1990s, or operated at overcapacity. Crime became an important problem. Despite both a UDF mayor and UDF-led municipal council, little progress was made on economic reform: instead, the first council mandate from 1991 to 1995 was marked by ongoing conflict over the sale of municipal housing and the privatization of municipally owned enterprises. Little consensus was to be found on de-communization measures such as the removal of socialist symbols and the renaming of streets and public spaces. A lack of communication, advice and support from the central government and UDF party isolated the inexperienced yet pro-reform council, and allowed other local politicians to use the council as a means to advance their own personal interests rather than those of the town. As nationally, the lack of consensus meant a lack of consistent and effective reform measures, which created an environment conducive to quiet privatization, corruption, and crime.

Since 1997, Bulgaria's transitional pathway became somewhat smoother and faster: in short order a currency board was established that pegged the leva to the Deutschmark (and subsequently the Euro), which helped bring financial stability; entrance into the European free trade zone in 1998 helped boost foreign trade; negotiations began for entry into both NATO and the European Union; and the privatization process was accelerated. The Union of Democratic Forces government, led by Ivan Kostov, elected in 1997 was the first to complete its four-year mandate, a trend that was continued by the governments of the National Movement of Simeon the Second (NDSV) from 2001 to 2005; the BSP-led coalition from 2005 to 2009, and the Citizens for the European Development of Bulgaria (GERB) regime led by Boiko Borisov from 2009 to 2013 (although the latter government resigned some four months shy of the scheduled election date in response to widespread public protests against energy prices and allegations of

corruption). On the surface, it may seem that the consensus that was so elusive during the early years of transition had finally been forthcoming, and that both the public and the elite were in agreement over the pace and extent of the reforms needed to complete the transition from socialist centrally planned economy to democratic free market capitalism.

An alternative explanation – and one that the findings of this dissertation support – would see the changes that occurred in quick succession after 1997 as inevitable given the dysfunctionality of the economy during the previous eight years. What appeared as consensus after 1997 was in reality just resignation to the lack of alternatives resulting from the inconsistent, incomplete, and often incompetent behavior of all governments up to that point. Consensus existed more as a negative than as a positive: the unavoidable recognition of the harsh realities facing the country required acquiescence to the demands forthcoming from the international community (represented by the European Union, the IMF, and the World Bank among others) and an emerging political elite began to structure both party and government policies that took the country down the path to European Union membership. This became the panacea that would cure the country's ills, and from 1997 until accession in 2007, the political agenda was dominated by the changes necessitated by Bulgaria's "return to Europe." As in 1989/1990, however, there was no concerted effort to inform and educate the public on what these changes would entail, let alone to defend or justify them in anything other than broad national destiny terms.

Bulgarian expectations of what EU membership would bring were so great, and so unrealistic, that disillusionment and disappointment were inevitable. The first signs of a shift in the overwhelmingly positive image of the EU in Bulgaria came in 2007, when turnout for the European Parliamentary elections was just 28% (Smilov 2008, 26). Since the European

Commission heavily criticized Bulgaria in 2008 for failing to stem rampant corruption and misuse of EU funds, party political and public opinion has started to shift, with accusations of double standards and hypocrisy being leveled at the EC. Finally, the unrealistic expectations have meant a failure to consider what EU membership will really mean for Bulgaria, beyond the obvious influx of funds. "Bulgarian leaders, intellectuals, journalists, and analysts did not answer the most important question: What next? What is the next vision, dream, purpose? How do we imagine the nation tomorrow?" (Vassilev 2008). This continued failure helps explain a recurrent phenomenon in recent Bulgarian history, the emergence, as if from nowhere, of a new political movement that promises to transform the country, its economy, and political system. This tendency was first evident in 2001 with the emergence of the National Movement of Simeon the Second (NDSV), led by the former Tsar, Simeon Saxecoburgotski, who promised to radically change political life and deliver a marked improvement in Bulgarian's lives within 800 days. When these changes were not delivered, voters grew disillusioned once again, and from 2005 to 2009 a three-way coalition of the NDSV, the BSP, and the Movement for Rights and Freedoms (MRF) ruled. By 2009, Boiko Borisov, the highly popular – and populist – Mayor of Sofia, had created the Citizens for the European Development of Bulgaria (GERB), which won European, local and parliamentary elections. Why Bulgarians are so willing to switch political allegiances to new, inexperienced and untried parties can be partly explained by reference to the continued low levels of public trust in much of the establishment: in 2006, 84% mistrusted political parties; 75% mistrusted parliament; 66% government; 64% trade unions; and 80% non-governmental organizations (NGOs). The Orthodox Church was mistrusted by 65% of the population (Smilov 2008, 22-24).

This dissertation has shown how the lack of consensus in Bulgaria over the pace and extent of the post-socialist reform process contributed to the inconsistent, incomplete, and often incoherent policies that were introduced by a range of governments after 1989. An understanding of the role of societal consensus both before and during transition to and consolidation of free market liberal democracy contributes to a wider appreciation of the journey from socialism to post-socialism across Europe and Eurasia, and raises questions about the theoretical and empirical assumptions of the literature on the consolidation of post-socialist transitions. The lack of consensus is a result of the way in which Bulgarians experienced the latter years of socialism economically, politically, and socially. Socialism was successful in raising the standard of living for much of the Bulgarian population. Przeworski argues that by the 1970s socialism had become nothing more than "an implicit social pact in which elites offered the prospect of material welfare in exchange for silence" (1991, 2), and that it was the failure of the elites to keep their side of the bargain that precipitated the collapse of the socialist system in Eastern Europe. This dissertation has shown that this social pact remained intact in Bulgaria through the end of communist authoritarianism and that as a result the population was not prepared for the inevitable pain of the structural economic and political changes necessitated by the transition to a free market liberal democracy. Lack of consensus within the elite, caused by diverging views on the future direction of the country, in turn, cost them the trust and confidence of the public as some of them attempted to move forward with the reform process.

The findings of this dissertation also help to counter the arguments that those in Bulgaria – and elsewhere – who express regret at some of the changes brought about by the transition from socialism are merely expressing misplaced nostalgia that does not deserve our attention as social scientists. As Maria Todorova argues,

> Lamenting the losses that came with the collapse of state socialism does not imply wishing it back. Not all aspects are missed. Mainstream ideological treatment, however, would like us to believe that it was all one package, that one cannot have full employment without shortages, inter-ethnic peace without forced homogenisation, or free healthcare without totalitarianism. And since allegedly you cannot wish for a part without wishing for the whole, any positive mention of the socialist past is seen as ideologically suspect (2009b).

By demonstrating that the lack of consensus in Bulgaria over the pace and extent of transitional reforms is the result of the manner in which the country experienced the latter years of socialism, this dissertation helps keep discussions of nostalgia in academic perspective.

Focusing on the role of consensus adds a further layer of complexity to the study of transitions, and complements the study of the importance of elites (Schmitter and Karl 1994; Karl 1993; Wiarda 2001; and Linz and Stepan 1996) as well as the role of the people in the end of socialism, and that of institutions (Bunce 1999a, 199b; Kalyvas 1999). In linking the issue of consensus to theories of state capture (Hellman 1998; Ganev 2007) and those concerning resistance from constituencies negatively affected by the transition (Przeworski 1991; Allina-Pisano 2004; Verdery 2002; Creed 1998), this dissertation highlights the points of convergence among a range of theoretical approaches, potentially opening the door for greater pooling of knowledge and research findings in future. The post-socialist transitions are qualitatively and quantitatively different from any such previous transitions, combining as they do both economic and political restructuring, and as a result offer up a vast matrix of interacting causes and effects that can surely best be studied using the most comprehensive and powerful analytical tools at our disposal. The hope here is that by suggesting the significance of consensus as one element in the transition process, and by pursing this element through the dual case study of Bulgaria as a country and Rousse as a town and region within that country, future studies of transition will have one more string to their bow.

Appendix 1: Timeline - Bulgaria 1989-1997

Economic indicators

1989	1990	1991	1992	1993	1994	1995	1996	1997
GDP Growth Rate %	-9.1	-11.7	-7.3	-1.5	1.8	2.9	-9.4	-5.6
Inflation %	26.3	333.5	82	73	96.3	62	123	1082
Unemployment %	1.8	10.5	15.3	16.4	12.8	11.8	12.5	13.7

Governments

Prime Ministers	**Andrey Lukanov (BSP) 2/3/90-12/7/90**	**Dimitar Popov (Non party) 12/7/90-11/8/91**	**Philip Dimitrov (UDF) 11/8/91-12/30/92**	**Lyuben Berov (Non party) 12/30/92-10/17/94**	**Reneta Indzhova (Non party) 10/17/94-1/25/95**	**Zhan Videnov (BSP) 1/25/95-2/13/97**	**Stefan Sofianski (UDF) 2/13/97-5/21/97**	**Ivan Kostov (UDF) 5/21/97-7/24/01**
Presidents	**Petar Mladenov** (BSP) 4/3/90-7/6/90			**Zhelyu Zhelev** (UDF) 8/1/90 – 1/22/97				**Peter Stoyanov** (UDF) 1/22/97-1/22/02

Significant events

1989	1990	1991	1992	1993	1994	1995	1996	1997
11/10 Todor Zhivkov removed **11/18 First opposition meeting** **12/7 UDF formed**	1/3-5/14: Roundtable meeting April: BCP becomes BSP 6/10 + 17: First elections 8/1: GNA elects Zhelev president 8/26: BSP HQ burned 11/29: Lukanov resigns	January: land restitution law 2/1: Price liberalization February: first IMF agreement 7/12: Constitution ratified by GNA August: First World Bank loan 10/13: UDF wins elections	1/19: Zhelyu Zhelev elected President 4/23: First privatization law passed 10/28: Dimitrov loses no-confidence vote 12/30: Lyuben Berov becomes Prime Minister	April: IMF standby facility expired August: New privatization program announced Price controls begin to reappear	4/1: VAT introduced 6/9: New privatization law passed by Parliament July: first bankruptcy law passed 11/18: BSP wins election	March: Voucher privatization program begins July: First municipal privatization deal in Rousse September: President Zhelev opens Rover factory in Varna	March: start of financial crisis May: exchange rate crashes July: First major bankruptcy procedures 10/2: Andrey Lukanov assassinated 12/21: PM Videnov resigns	1/7: start of mass protests against government Feb: monthly inflation hits 240% 2/4: BSP government falls 3/17: IMF stabilization program announced 4/19: UDF wins election

Appendix 2: List of interviewees

1. Professor Marko Todorov, member of the Grand National Assembly, former Minister of Education, former Rector of Rousse University. Rousse, December 2011.
2. Professor Rumiana Petrova, lecturer, Rousse University. Rousse, May 2012.
3. Dora Zabunova, Accountant. Sofia, July 2012.
4. Professor Kristina Petkova, Sociologist, Sofia University. Sofia, July 2012.
5. Christo Traykoff, Businessman, former manager of state firm. Sofia, July 2012.
6. Yavor Dimitrov, Civil engineer and former chairman, Rousse Municipal Council. Rousse, July 2012.
7. Irina Kovacheva, Teacher. Rousse, July 2012.
8. Valentin Kovachev, Teacher. Rousse, July 2012.
9. Reneta Raynova, Midwife. Rousse, July 2012.
10. Professor Vasil Penchev, Chairman, Rousse Municipal Council. Rousse, July 2012.

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