

# **National Report Bulgaria**

## **Socio-economic trends and welfare policies**

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**Siyka Kovacheva, Radka Peeva and Tsvetan Andreev –  
New Europe Centre for Regional Studies**



**Quality** is an innovative, quantitative and qualitative research project that aims to examine how, in an era of major change, European citizens living in different national welfare state regimes evaluate the quality of their lives. The project will analyse international comparative data on the social well-being of citizens and collect new data on social quality in European workplaces in eight strategically selected partner countries: UK, Finland, Sweden, Germany, the Netherlands, Portugal, Hungary and a candidate country for EU enlargement, Bulgaria.

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**Universiteit Utrecht**

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## Introduction

This deliverable is part of Workpackage 3. ‘Analysis of the Institutional Context for the project Quality of life in a changing Europe’. Its purpose is to provide the necessary contextualisation for the analysis of the quantitative and qualitative data which would be gathered in the Quality project. It builds upon the work already done in the project: Deliverable 1.1. ‘Literature Review. Theoretical Concepts and Methodological Approaches of Quality of Life and Work’ and Deliverable 7.1. ‘Gender Checklist’. The reports in this collection present information about macro level trends in order to interpret research findings on the meso level (that of the companies under investigation) and the micro level (the values and lifestyles of individual employees). Other reports will examine existing data sources on objective and subjective indicators for the quality of life (D 1.2.) and offer comparative cross-national analysis (D 1.3.). Here we focus on the institutional framework in terms of resources and challenges in front of the quality of life in each partner country involved in the Quality team. The concrete objectives of this exercise were:

- To map current socio-economic and demographic trends concerning changes in work, employment patterns, institutional structures and practices of human resources management, family life, community and leisure, with an expected impact on the quality of life;
- To examine trends in public policies regarding employment and family life related to work-life balance;
- To get insight into the way different policy regimes stimulate or restrain quality of life.

Each report presents the major concerns and opportunities for the quality of life in the national context and makes an attempt to evaluate the impact of the national policy regime (the combination of social rights and services delivered by the state, the market and the family) on the quality of work and the quality of life. The time frame of the analysis is the last ten years. Where relevant, reports refer to major policy and economic changes in a longer time frame, as is the case of the two post-communist countries Bulgaria and Hungary which explore employment, demographic and policy trends since the regime change in 1989. Gender, as well as class (social status) and age (life course), act as the main cross cutting factors in the analysis.

The national reports made use of the following main sources of information:

- statistical data provided by the national statistical offices, Eurostat or other agencies;
- official documents of the national governments, programmes and reports of various ministries and non-governmental organisations;
- research reports and academic publications of national and international sociological agencies, research centres and universities;
- reviews of public debates in the media concerning quality of life and the policy measures deemed necessary to address the challenges;
- consultations with stakeholders and experts from the academia, policy makers and practitioners in the partner countries.

All national reports have similar structure in order to ease the task of international comparison which will be addressed in the next stage in Deliverable D 3.2. ‘Combined comparative report on socio-economic trends and welfare policies in the partner countries’. The reports’ introduction addresses the strategic

topics of national academic and policy debates about quality of life and most pressing issues in each country. The first chapter analyses significant trends in the economic activity patterns and population developments from the mid 1990s to the present and the prospects for the near future. The issues covered are activity rates by gender, age and education, patterns of employment, self-employment and flexible work, unemployment, trends in retirement, disability, sickness, family transitions and fertility rates, diversity of family forms and trends in social inequalities. The second chapter explores the employment policies in the country and elaborates on the patterns of social protection the state is providing for its citizens. Discussed are labour market, unemployment and self-employment policies, programmes for flexibility of work, measures for life long learning and safety at work, wage policies and the practices of social dialogue and their impact on the quality of work. The third chapter focuses on the trends in family policies and the kinds of provisions there are for maternity, paternity and parental leaves. This section of the reports examines the models of care policies (primarily for children but also for other dependents) and family friendly measures offered by the state, employers, community and wider families. It also includes a brief presentation of the significance attached to trends and challenges in health, housing, and leisure policies and policies for the safety in the community and society as a whole, and how these affect the wellbeing of citizens. The conclusion contains the authors' evaluation of the influence of policy interventions (current and in the past ten years) on the quality of life and quality of work and the prospects for the future.

The national reports in this collection represent countries selected before the start of the project with the understanding that they correspond to the main policy regimes. Thus Finland and Sweden have social democratic welfare states, the Netherlands and Germany stand for the corporatist regime, the UK represents the liberal regime and Portugal – the sub-protective regime. Hungary and Bulgaria are post-communist countries moving away from the centralized one-party regimes and are currently combining elements from all the four models above. The ongoing changes in their policy systems make it unclear which welfare regime they are moving toward. However, as the reports attest to, transformations are underway in all other countries under the influence of demographic and economic changes, new technologies and globalisation. Which model of citizenship best provides for the quality of work and life is to be further explored in the course of the study.

Siyka Kovacheva,  
Quality partner responsible for WP 3.

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## Executive Summary

This report examines the institutional context of the quality of life and work in Bulgaria in the 1990s and the beginning of the 21st century which is the period of transition from a totalitarian society with a state-owned economy to a democratic and market-oriented society. It focuses on the three main institutions providing conditions for people's well-being: the state, the market and the family. The report consists of three sections: the first one is mapping the employment and demographic trends, which influence the quality of life and work in Bulgaria; the second one examines the trends in employment policies including institutional structures and practices of human resources management; and the third one follows changes in family policies and support for a work-life balance. Finally, in the conclusion the report evaluates the effect of pursued policies and contextual trends on the quality of life and quality of work in Bulgaria.

The most notable employment trends affecting the quality of life are:

- **Declining economic activity and employment rate.** The transition period in Bulgaria since 1989 has been characterized by a low economic activity due to several major factors: the crisis of the economic output in the first years of reforms, the slow and difficult restructuring of the Bulgarian economy through the often unsuccessful privatization of the state-owned enterprises and the inability of the emerging private sector to compensate fully for the loss of jobs in the public sector. Nevertheless, the share of employment in the private sector has been constantly rising in the years of reforms. Employment has also changed its branch structure: a shift from mainly industrial to mainly service economy has taken place.
- **High levels of unemployment until 2003.** Another typical feature of the Bulgarian labour market during the transition period has been the exceptionally high levels of unemployment. Since 2003 a positive trend towards a decrease in the levels of unemployment has started owing to the macroeconomic stabilization and economic growth. Nevertheless, unemployment in the country still preserves its unfavourable structural features: high share of the long-term unemployed; vulnerability of the young, the lower educated and unqualified persons as well as the ethnic minorities and significant regional differences in the unemployment levels.
- **Spread of flexible forms of employment.** The liberalization of the labour market in Bulgaria has created conditions for the spread of a range of flexible forms of employment as an alternative to the high unemployment. Flexibility is greatest among the young generation that is most often employed on fixed-term contracts and/or with a flexible working schedule. Self-employment is often a matter of economic pressure than of free choice. Employment in the grey economy which provides no social and health insurances and legal protection of workers' rights is also very high.
- **A gradual increase in the retirement age.** The reform of the retirement system lifted the minimal retirement age (to reach 60 years for women and 63 for men in 2009). Most aggravated is the situation of people aged 55+ who have lost their jobs but are not able to meet the obligatory requirements. Despite their nominal increase pensions are miserable and pensioners feel pressed to look for a job and work on their own farms.

The most significant demographic trends are:

- **Negative population growth.** For 15 years, the country has lost nearly one million of its population due to decreasing birth rates, increasing death rates and intensive emigration processes. These negative demographic processes have been triggered by the mass

- impoverishment of the population, rising costs of life, high unemployment and general insecurity of life.
- **Ageing of the population.** The ageing of the population is largely due to the decrease in the young population. At present the share of the population under 15 is already smaller than the share of those aged 65 and over. As a result, the average age of the population in Bulgaria has been rising - from 37.5 years in 1990 to 41.2 years in 2005.
  - **Deterioration of the health status of the population.** The general deterioration of the health status of the population has been due to the high levels of poverty and unemployment, insecure and intense working conditions, stressful life, unhealthy and scanty nutrition, more difficult access to specialized health care after the reforms of the health care system and the wide-spread alcohol, tobacco and drug addictions.
  - **Changes in family formation.** The number of marriages has fallen considerably. Young people increasingly prefer to live together without having officially married. The declining number of children per woman is due to avoiding the birth of a second child and has led to the predominance of the one-child family model. The mean age of the mother at first birth has increased, accompanied with a dramatic rise in the share of out of marriage births: from 12% in 1990 to 49% in 2005.
  - **Increasing social inequality.** High income inequality is a new social problem in post-communist Bulgaria. A process of forming the cultural model of poverty among the Roma has emerged, which threatens to cause aggravated social and ethnical conflicts. Besides ethnic minorities, other groups vulnerable to poverty are elderly women, single parent households and households with three and more children.

Reforms in the country's social policy have tried to respond to the new challenges and offer a better quality of life for the citizens while preserving some of the achievements from the previous regime. The main characteristics of employment policies are:

- **Liberalisation.** Employment policy has undergone a transformation from the centralised preparation, allocation and usage of the workforce to a liberalisation in the regulation of the recruitment and dismissal of workers. Employment policies have been synchronized with the requirements of the Common European Labour Market in the preparation for Bulgaria's accession to the European Union.
- **Protection of specific categories of workers.** The Labour Code puts an emphasis on the protection of specific categories of workers: youth, pregnant women, disabled persons, by providing for conditions under which their labour can be used.
- **Regulation of working time.** Since 1993 the normal working time determined by the law has been 40 hours a week. However, the employed in the private sector often work overtime without being paid or compensated. Less than one in ten employees work part-time.
- **Ensuring safe and healthy working conditions.** In the first years of the economic crisis the expenses for maintaining the safety of the workplace were reduced, especially in the new small private companies. In 1997 the Law for Healthy and Safe Conditions of Work was adopted and in 1998 a special governmental 'Working conditions' fund was created. However, safety rules are often not abided by both workers and employers and the control is not very efficient and well-coordinated.
- **Policies combating unemployment.** As a whole, the periods and amounts of unemployment benefits have been reduced and the requirements for eligibility have been raised. Unemployment

policies in Bulgaria are directed at activating the unemployed by means of two groups of measures: toward the unemployed to encourage their active job seeking, self-employment or re-qualification and toward the employers and their encouragement to employ new people or restrict redundancies. The trend has been toward targeting specific groups of unemployed: disabled persons, young people, and ethnic minorities and to a regional approach in developing active measures and programs.

- **Failure of the state to guarantee adequate wage levels.** As a whole, there is a large lag between wages and prices and the phenomenon of working poor is widespread. Low salaries mean low insurance payments that in turn mean low pensions and a constant deficit in the health insurance system. The incidence of paying insurance on the minimal salary is widespread while in reality the employee receives additional payment on which no insurance is paid. In order to reduce non-regulated employment, the government introduced the registration of the labour contracts and a minimal insurance threshold by sectors and by nine categories of positions.
- **Social dialogue.** The social dialogue in the country is based on the principle of tripartite representativeness of the employees, employers and the state. However, it is well developed only at the national level and between the big employers and big syndicates whereas at the level of the enterprise and particularly in small companies the social dialogue is not an established practice. Employees are in a weaker position to negotiate their salary, insurance rights or flexible working. Due to high unemployment and the lack of real trade union support, employees accept any work conditions, offered by the employer, which in turn leads to the growth of the grey economy and the erosion of human capital.

The family policy in the country is still mainly pro-natalist being developed in response to the shrinking population rather than to support the quality of life of the family and its individual members, neglecting in particular young people in their family transitions. The main aspects of the family policy under post-communism are:

- **State withdrawal from active interference.** When faced with rising budget deficits in the first half of the 1990s, the country's governments failed to provide guaranteed income and health services to all citizens. The survival of the individual and the family in the grave economic crisis was exclusively a concern of their own. Younger families could count mostly on the support of their parents.
- **Long but low paid maternity leaves.** With the latest changes in the Social Insurance Code (August, this year) the maternity leave has become one of the longest in Europe (two years of paid and one of unpaid leave). Nevertheless, leaves are still quite low paid to meet the needs of young parents. The country has inherited a well developed set of public crèches and kindergartens from the previous regime and it is common for parents to use their services as they are not expensive owing to municipal subsidies.
- **Support for families with children.** Child benefits have a symbolic value – 9 Euro per month for first child and 10 for second and consequent. There are no fees in the state-owned schools. Parents of the 1st form pupils receive assistance to the amount of 80 BGN (41 Euro). Students from low income families receive social stipends (around 10 euro). In January 2006 The Personal Income Act introduced a small reduction of the taxable sum for families with children.
- **Health policy.** The system of general practitioners was introduced in Bulgaria in 2000. The biggest problem is the scarce financing of the health care system. People who have not paid their health insurances are deprived of cheap health care. There is a lack of children-focused health

education. Since 2006 compulsory preventive examinations by the GP have been introduced and the refusal to comply with this requirement is subject to fines. The private medical services are not popular as most people cannot afford them.

- **Child protection.** The economic crisis and liberalisation of public life have created a new social problem in post-communist Bulgaria – the security of children and the spread of juvenile delinquency and drug addiction. This made the state introduce measures controlling the conduct of the children at school and out of school, as well as the responsibility of their parents. In 2003 the State Agency for Child Protection was created. The children at risk – without parents, victims of family abuse and violence, and during the period of divorce proceedings of the parents now receive assistance from qualified experts.
- **Housing policy.** The municipalities have at their disposal a certain stock of housing for individuals in need. However, the procedure is complicated and clumsy and only families in grave need can take advantage of municipal housing. The housing problem is worse in cities because of the still intensive migration from villages. Young couples lost the support previously provided by the state for low-interest housing loans. The market prices of houses and flats are high and few young families can afford them. The main ways to achieve housing independence are through inheritance or by purchase owing to parents' financial support. It is very common for young Bulgarians to live with their parents even after they marry. Inherited from the past is the situation that the overwhelming majority (92%) of the households own the flat or house in which they live.

In conclusion, we could say that employment and family policies in Bulgaria have reacted to the changes in the labour market and demographic developments without having yet created a solid basis for achieving a high quality of work and life for the country's population. The economic environment in the country has recently started to improve which has resulted in a decline of unemployment but the greatest challenge of reducing poverty remains. Rising of the living standards, as well as making the employment and family policies more flexible to meet the differing needs of individuals and families are indispensable institutional conditions for attaining a better quality of life in the country.

## 1. Introduction to this national report

The quality of life in Bulgaria in the beginning of the 21st century is influenced by several major transformations: the societal transition from an authoritarian society with a state-owned economy to a democratic and market-oriented society; the development of a real labour market instead of the system of state allocation of school and university graduates; the shift from mainly industrial to mainly service economy; the 'second demographic transition' toward a lower fertility; and the pluralisation of family forms. These economic and political changes have been accompanied by significant cultural transformations. Whereas it might be too far fetched in a poor society to claim a shift from materialist to post-materialist values (Inglehart, 1994), it can be argued that in the 1990s the Bulgarian society experienced a shift from predominantly collective orientation toward a greater individualisation in work and wider life (Baychinska, 1998) and from paternalistic to liberal intergenerational relationships within the family (Kovacheva and Mitev, 2004). The regime change in 1989 enormously raised people's aspirations to a higher quality of life while at the same time it resulted in a considerable decline in living standards for the majority of the population. Whereas economic indicators started to improve in the beginning of the 21st century, surveys still measure a rise in mass feelings of dissatisfaction and pessimism (Tilkidziev and Dimov, 2003; Kolev, 2004) and a drop in subjective wellbeing (Alber and Fahey, 2004; Precupetu, 2006).

Quality of life is not widely discussed in the academic community in Bulgaria. Themes that have attracted more research attention are the middle class formation in the country (Tilkidziev, 2002), the new entrepreneurship (Manolov, 1998), the informal economy (Chavdarova, 2001), mass unemployment (Lekov, 2000; Vladimirov, 1999) and poverty (Raychev et al, 2000; Szelenyi, 2002). An overarching public concern is the negative population growth continuing since 1989 which social research has attributed to the 'survival strategies' of Bulgarian households in difficult economic conditions (Stoilova, 2001; Kovacheva, 2002), high emigration abroad (Mitev, 2005) and diverging fertility patterns among different ethnic groups in society (Mirchev, 2005; Galabov, 2005). As a concept quality of life is more often used in medical publications linking it to satisfaction with health and personal self-confidence (Denkova and Jordanova, 2002) and in legal studies where it is interpreted as a resource for sustainable development and social harmony (Bachvarova, 2003; Petrova and Grozdanov, 2003). Quality of work has been explored in labour market research more often as a quality of employment using the set of indicators developed by the International Labour Organisation and the European Commission (Alexandrova, 2002a and b; Atanasova, 2004). A special focus has been placed on the unequal position of women in the labour market and within the domestic division of labour (Michova, 2003; Popova and Shopova, 2003).

This report examines the social context of the quality of life and quality of work in present day Bulgaria. The objective is to analyse the institutional framework within which various subjects: individuals, families, companies and the population as a whole strive to achieve a higher level of wellbeing. As such, the report does not present the set of objective and subjective indicators of the quality of life but the stable structures that form the opportunities and barriers for the quality of life in the country. We have accepted a wide working definition of the concept (which is to be fully developed in the subsequent workpackages) understanding quality of life as the 'overall well-being of individuals in a multidimensional sense' (EFILWC, 2005:3) which spreads over different life domains: education, employment, family, health,

leisure, and social relations. The time span is the past ten years, but where necessary, the analysis has been extended to 1989 – the starting year of market reforms in the country.

The report focuses on the three main institutions providing conditions for people's well-being: the state, the market and the family. The societal changes in the country in the 1990s, together with the influence of the processes of European integration (the country's accession is expected in January 2007) and globalisation have meant a significant decline in state intervention and a rise of the roles of the market and particularly the family. The report comprises of three sections: the first is mapping the current socio-economic and demographic trends, which influence the quality of life, and work in Bulgaria; the second examines the trends in employment policies including institutional structures and practices of human resources management; and the third follows changes in family policies and support for a work-life balance. Finally, in the conclusion the report evaluates the effect of pursued policies and contextual trends on the quality of life and quality of work in Bulgaria.

## 2. Employment and demographic trends

### 2.1 Employment and unemployment

The transition period in Bulgaria since 1989 has been characterized by a low and declining coefficient of economic activity: from 64.1% in 1990 to 48.9% in 2006 (See Table 1 in the Appendix). At present the coefficient of economic activity of men significantly exceeds that of women (54.1% and 44.1% respectively in 2006). The drop in economic activity is due to the decreasing share of the population in working age, the considerable emigration abroad, the worsening health status of the population and most importantly – the decline in the economic output in the 1990s. Compared to 1989 the number of the employed persons has dwindled by more than 1.1 million by 2005. The employment coefficient reached its lowest point in 2001 - 40.6%, and then it gradually grew to 44.7% in 2005. In spite of the legally guaranteed gender equality, the levels of employment of men are higher than those of women (49.7% and 40% respectively in 2005). The difference varied within 6.3 – 8.9 points during the 1998–2004 period and it was the biggest in the age groups 25-34 (due to giving birth and bringing up children) and 55-64 (due to earlier retirement for women) (Kotseva, 2005: 178-179). Compared to the situation of the EU countries, the employment rates for both genders are much lower in Bulgaria - 73% for men and 54.9% for women in the EU (EC, 2002) and 41.8% for men and 35.8% for women in Bulgaria. The decline in employment was much stronger in the younger age groups while in the older groups (over 55) there was even some growth, which is particularly high in the group over 65. Thus, the employment rate in the 55+ age group increased by 4.7% while it decreased by 4.5% in the 35 – 54 age group over the 1998 – 2004 period. The employment growth in the age group 55-64 was closely linked to the legal changes which raised in the upper age limit for retirement and was due mostly to self-employment. Activity rates have declined in all groups according to educational level but the hardest hit were those without qualifications.

The employment trends have been caused by several major factors: the crisis of the economic output in the first five years of reforms, the slow and difficult restructuring of the Bulgarian economy through often unsuccessful privatization of the state-owned enterprises and the inability of the emerging private sector to compensate fully for the loss of jobs in the public sector (Beleva, 2005a: 34; Bogdanov, 2005: 60). The newly established private companies are very small with almost half of them having no employees while companies with more than 50 employees constitute only 4.7% of all registered ones (NSI, 2000: 91). Nevertheless, the share of employment in the private sector has been constantly rising in the years of reforms. Whereas in 1990 it was only 5.9% of the workforce, it surpassed the 50% barrier in 1999, and in 2004 it was 77%. This trend was fed by the processes of privatisation of state enterprises and the launching of new small and medium size businesses, particularly in the sphere of services. Another trend, which gave impetus to the growth of employment in the private sector, is the liquidation of the state controlled agricultural co-operatives. By the end of 1999 96.4% of the land had restored its private ownership (NSI, 2000: 152). Employment has also changed its branch structure: by 2006 employment in the sphere of services has grown to more than half of the employed (about 58%) from 36% in 1990, employment in the industrial sector has shrunk to approximately one third (35%) from 45.5% in 1990 and employment in agriculture and forestry has decreased to 7% from 18.5% in 1990.

Another typical feature of the Bulgarian labour market during the transition period has been the exceptionally high levels of unemployment (Table 1) till 2003. The number of unemployed persons was the highest in 1993 – 814.7 thousands which comprised 21.4% of the workforce. The main reasons for this were the loss of foreign markets and the closing down of enterprises in the country (Bogdanov, 2005: 61). According to NSI (2002:33) in 2001 unemployment in Bulgaria (18.4%) was 2 to 3 times higher than in Slovenia (7.1%), Romania (7.7%), the Czech Republic (8.8%) and Hungary (6.6%). Since 2003 a positive trend towards a decrease in the levels of unemployment has started owing to the macroeconomic stabilization and economic growth. Compared to 1993 the number of redundant workers has decreased by 2.4 times for men and 2.6 times for women which is an indication that the processes of restructuring of the economy are nearing their end (Bogdanov, 2005: 62). The unemployment coefficient reached its lowest level at the beginning of 2006: 9.7%. Nevertheless, unemployment in the country still preserves its unfavourable structural features: high share of long-term unemployed; extreme vulnerability of the young, those who have never had a proper job, the lower educated and unqualified persons as well as the ethnic minorities and significant regional differences in the unemployment levels. Thus, the level of long - term unemployment (over one year) fluctuated between 55% and 60% (57% in the first quarter of 2006). The Roma in Bulgaria were the hardest hit by unemployment: the census in 2001 revealed that only 41 thousand were employed and 137.2 thousand were unemployed out of their total number of 370.9 thousands in the country. That is related to their low education: 92.8% of Roma in the age group 25 - 64 have primary or lower education and 12.7% of the Roma are illiterate (Bogdanov, 2005: 63 - 64). In contrast to the general rise in the educational level in Bulgaria, the Roma are the only ethnic group whose educational status has deteriorated in the 1990s which places them in a very unfavourable position on the labour market (Tomova, 2005: 162).

The differences in the unemployment coefficients by gender are minor and over the years have fluctuated from higher levels among women to higher levels among men (Table 1). However, women are more vulnerable to long-term unemployment and underemployment (Stoyanova and Kirova, 2005: 25). It is more difficult for long-term unemployed women to find a new job and they more frequently accept work that is under their qualification (Kotseva, 2005: 180). Both men and women in the age groups 15-24 and 25-34 are most affected by unemployment.

## 2.2 Flexible employment

The liberalization of the labour market in Bulgaria has created conditions for the spread of a range of flexible (non-standard, atypical) forms of employment as an alternative to the high unemployment and under the pressure of the structural economic reforms. The research results from an international comparative study (Kovacheva, 2002; Pancheva and Kovacheva, 2002) reveal that the labour force in Bulgaria manifests comparatively high level and potential for flexibility. However, flexibility is great in the unofficial labour market while the official labour market remains highly inflexible with less than 5% of the employees working with a reduced working schedule and even less working from home. Flexibility is greatest among the young generation that is most often employed on a fixed-term contract or without a contract and with a flexible working schedule. The comparative analysis shows that in 2002 Bulgaria has the smallest share of employed with permanent contracts (57.6%) and the highest share of employed with fixed-term contracts (22.1% while the average for all 8 countries covered by the study was 8.7%) and a relatively large share of “grey” employment without contract. According to the reasons for fixed-term work the employed were distributed in two small groups: period of training and probationary period; and

one bigger group: unavailability of permanent jobs. In most cases fixed-term contracts were undesired and imposed on workers. A factor pushing people away from this employment was the short period of the contracts. Thus 59.2% of the fixed-term contracts provided work for a few months – between 1 and 11, which suggests a high degree of instability and uncertainty of this type of employment.

Another less unfavourable but more rarely offered option on the Bulgarian labour market is part-time employment. It is much more widespread in the developed countries but has a limited scope in Bulgaria (2.5% according to a national representative survey “Working Time, Labour Conditions, Demographic Behaviour” carried out in 2003 by the Centre for Population Studies at the Bulgarian Academy of Sciences and the Employment Agency in co-operation with the “Gender and Social Relations” laboratory at the Institute for Studying Contemporary Societies, Paris, France (Michova and Nikolova, 2005: 150). This can be explained with the fact that it is unpopular among employers because of the high social insurance costs and undesired by workers since it cannot provide not only a satisfactory level of earnings but even the minimal means of livelihood for the employed and their families (Pancheva and Kovacheva, 2002). Other forms of flexible work such as jobs ‘on call’ basis and for a temporary work agency and others are very rare. They include only 2% of the employed (Pancheva, 2004: 134).

Self-employment is a new, non-standard form of labour in the Bulgarian economy. During the previous regime less than one per cent of the workforce were involved in activities not associated with the two dominant forms of property - state and co-operative. The large-scale national survey 'The Town and the Village' estimated that 0.61% of the economically active population was self-employed and a further 0.34% belonged to the category 'others', including free-lancers and missing data (Michailov, 1986). By mid 1990s the self-employed and private employers have over passed 10% (Table 2). In 2006 the self-employed were 7.7% and employers – 3.8%, with men significantly outnumbering women. For comparison, the average share of the self-employed in the EU for the 1985 – 1998 period is higher: 18.9% - 18.5% for men and 9.3 – 9.4% for women. (Eurostat, 1999). The relatively low levels of self-employment reveal the absence of a favourable economic environment, bureaucratic barriers to entrepreneurship and difficult access to financial resources. Sotirova (2006:148–149) explains self-employment with the conditions of stagnation and crisis on the labour market - self-employment is rather a matter of economic pressure than of free choice or preference for entrepreneurship. However, the self-employed are a very diverse category with some of them able to raise to the highest income groups (Pancheva and Kovacheva, 2002:274).

Employment in the informal economy in the country is very high - according to some experts' estimates the employed are between 250 and 500 thousands (See Chavdarova, 2001; Vitosha Research, 2004). The main reason for people to agree to work without a contract is the shortage of jobs on the official labour market and the high level of unemployment, particularly for the young (Pancheva and Kovacheva, 2002). Thus, as an alternative to being jobless, they are forced to reluctantly acquiesce with employment in the informal economy which provides no social and health insurances and legal protection of their rights.

## 2.3 Trends in retirement

In the transition period there has been a slow rise in the age at which people leave the labour market. This has been stimulated by a reform of the retirement system in Bulgaria, according to which the retirement age is to be gradually raised from 55 to 60 years in 2009 for women and from 60 to 63 in 2005 for men.

Instead of being led by concerns for the quality of life, this legal change was the policy answer to the deficits in the pension and social insurance systems attributed to the ageing of the population (Cholakov, 2005: 68). The opportunity for earlier retirement for workers in heavy and harmful conditions has been practically removed (Vladimirova, 2003: 293). The length of service needed for acquiring pension rights was lifted due to the so called “point system”. Some authors argue that the advantage of the later retirement, especially for women, is the possibility to accumulate a longer length of service which could result in the growth of the pension size and the reduction in gender differences: at present the average women’s pension is 61% of that of men’s (Stoyanova and Kirova, 2005:40-41). This difference is due to a number of unfavourable features of women’s work life: longer unemployment, lower salaries (between 71-76% of men’s average salary) (Kotseva, 2005: 180), type of employment (part – time, unpaid family work, and shadow economy), and maternity leave for bringing up little children with payment of the minimal working salary. The prevalent public opinion is in favour of the earlier retirement for women recognizing their dual ‘burden’ at both work and at home and the resultant negative effects on their physical condition (Stoyanova and Kirova, 2005).

The changes in the pension system have considerably aggravated the situation of the 55+ population, especially those who have lost their jobs unwillingly and who have not been able to meet the two obligatory requirements: to have accumulated the necessary ‘points’ as well as to have reached the minimal required retirement age (Parvanov, 2005: 5). The Ministry of Labour and Social Policy (MLSP, 2006) defines women aged over 50 as one of the most vulnerable groups in the labour market together with young people, the disabled and the ethnic minorities. Due to the low salaries and wages the phenomenon of the employed but poor people can also be observed in Bulgaria. It poses another problem: the poverty of the employed generates poverty for the forthcoming retirement years (Dimova, 2004: 232). The pensions are still miserable although the average real monthly pension in 2004 has increased by 44% and its nominal size twice to 124.76 BGN (64 Euro) compared to 1998. In December 2004 46.4% of the pensions were below 100 BGN (51 Euro), while only 0.42% were over 420 BGN (215 Euro). That is why pensioners, even in bad health, are often forced by their difficult financial situation to look for part-time or full-time work (especially in the shadow economy, usually below their qualification), or to work on their own subsistence farm to supplement their scanty pensions (Pavlova and Maximova, 2003: 10).

## 2.4 Trends in natural population growth

The negative population growth which started in the first year of the market reforms – 1990 has been considered the major social cost of the reform (UNDP, 2000). For 15 years the country lost more than one million of its population of nearly 9 million due to decreasing birth rates, increasing death rates and intensive emigration processes. Whereas the public debate in Bulgaria links the dropping birth rate to the mass impoverishment of the population, rising costs of life and childrearing, mass unemployment and general insecurity of life, it is also true that the country is experiencing the second demographic transition, which it shares with the other countries in Central and Eastern Europe. The natural increase of the population reached its lowest value of minus 7.0‰ in 1997 and it was still negative although not so low in 2005 – minus 5.4‰ (Table 3 and table 5). No official statistics is published for the emigration from Bulgaria but according to some expert estimates the number of emigrants was between 500 and 700 000 for the 1990 – 2000 period (Dimitrova, 2003: 335). Although one of the biggest emigration waves was on a political and ethnical basis in 1989 (when 218 000 people, mostly ethnic Turks, migrated to Turkey), later

on emigration has been determined by conditions and factors of economic nature – in search of better paid jobs and better career opportunities (Balev and Tsvetarski, 2005: 19).

The crude birth rate which has been decreasing over the past few decades reached its minimal value of 7.7‰ in 1997. This was the lowest level registered in the history of the demographic statistics in Bulgaria (Golemanov and Hristov, 2000: 44). During the first five years of the 21st century the crude birth rate has stabilized at a level of 8.5‰, reaching 9.2‰ in 2005. The tendency towards a dramatic drop in fertility is caused by the constant decrease in the number of fertility contingents in Bulgaria, the reduced fertility of women in fertility age, and more particularly the evasion of giving birth to a second child.

In Bulgaria mortality has been steadily on the increase, reaching 14.6 per 1000 persons of the population in 2005 (Table 6). During the 1990s the crude death rate was the highest in 1997, namely 14.7‰. Mortality remains higher among males (16.2‰) than females (13.2‰) and is higher in villages (20.8‰) than in cities (12.0‰). This indicator is strongly influenced by the age structure of the population, yet regardless of this fact mortality is much higher than that in the other European countries. Since 1990 the premature mortality indicator (29.7%) has been on the decline, reaching its lowest value in 2003 – 24.3%. Therefore the stable high death rate is mainly due to deaths in the older age group, though the decrease in the population in the younger age group must also be taken into account. The main causes of deaths are diseases of the cardiovascular and circulatory system according to which Bulgaria and Romania rank first among the EU countries (Cholakov, 2005: 66), followed by neoplasm; symptoms, signs and ill-defined conditions; accidents and poisonings; diseases of the respiratory system and diseases of the digestive system (NSI, 2004).

The infant mortality level in Bulgaria is 2–3 times higher than that in the EU countries. After reaching its top value of 17.5‰ in 1997 it slowly decreased over the next years, stabilizing at 10.4‰ in 2005 (See Table 6). Studies (Golemanov and Hristov, 2000; Chalakova and Tsvetarski, 2000) have found out that infant mortality is most widespread among the Roma and Turkish ethnic groups and is related to the very young age of many of the mothers and premature pregnancies. Infant mortality is regarded as an indicator for evaluating the quality of life in a country since it is highly sensitive to the changes in the socio-economic status of society, family and the individual person (Chalakova and Tsvetarski, 2000: 23).

## 2.5 Ageing and health status

The ageing of the population is the other trend, which Bulgaria shares with the post-communist countries, as well as with most Europe as a whole. The ageing of the population is largely due to a decrease of the population in the youngest ages. The number and relative share of the population under 15 years of age has been constantly decreasing whereas the share of the population over 65 has been on the increase. The relative share of young people under 15 years of age has dropped from 20.1% in 1990, to 13.8% of the total population at the end of 2004. The relative share of the persons over 65 increased from 13.4% in 1990 to 17.1% of the total population at the end of 2004, outnumbering the young population by 3.3%. At present the share of the population aged 0-14 is already smaller than the share of those aged 65 and over. As a result, the average age of the population in Bulgaria has been rising - from 37.5 years in 1990 to 41.2 years in 2005.

The ageing of the population is reflected in the changes in the population by categories under, at and above working age (See Table 5). In 2005 population at working age was considered as those aged from 16 till 58 for females and 63 for males. The share of the population below employment age has been declining while that of the population in retirement age has been growing. The legislative raising of the pension age limit led to an increase of the population at working age and a slight decrease in the population above working age. Nevertheless, problems in the reproduction of the population at working age are likely to persist because of the decreasing number of the population under working age.

Among the few positive demographic trends in the country is the rise of the average life expectancy at birth. It grew from 70.91 years for the 1992–1994 period to 72.55 years for the 2003–2005 period. In 2003 life expectancy at birth is approximately 7 years longer among females (75.59 years) than that among males (68.68 years). Among the urban population life expectancy at birth is longer - 72.47 years than among the rural population - 70.96 years.

Despite its slight increase, however, life expectancy in Bulgaria lags behind the average life expectancy of the EU member states with more than 6 years (Cholakov, 2005: 61) and is lower than its highest value registered in Bulgaria in 1986/1987 - 74.4 years (Donev, 2002: 83). This fact is inevitably related to the health status of the population that was extensively studied in 1996 and 2001 by the NSI (2002) by means of the so called Health Interview. The analysis shows an alarming trend towards a general deterioration of the health status (self-evaluated by the respondents). As a whole, the share of the population in bad health has increased from 33.6% to 40.5%: the share of men in bad health grew from 27.8% in 1996 to 35.9% in 2001, and among women – from 38.8% to 44.4% respectively. There is a growth in the share of people with some kind of physical injury: from 45% of the above 5 years old population in 1996 to 55% in 2001. The share of children (0 - 14) and young people (15 -24) in bad health doubled over the same period. In 2001 8.7% of the children (0 - 14) and 10.5% of the young people (15 -24) declared suffering from a long-standing illness or health problem (NSI 2002: 35; Toneva, 2005: 120). Almost half of the respondents in each age group evaluated their life standard as poor and very poor (Denkova and Jordanova, 2002: 98). The most widespread diseases were those of the respiratory, nervous, cardio–vascular and digestive systems (85.6%). The so called “poverty diseases” such as tuberculosis had alarmingly returned, and there was an increase in psychic disorders provoked by prolonged stress (Donev, 2002). Researchers (Cholakov, 2005; Donev, 2002) attributed this subjective evaluation of the worsening of the health status of the population the high levels of poverty and unemployment, inadequate, insecure and intense work conditions, environment pollution, stressful life, unhealthy and scanty nutrition, more difficult access to specialized health care after the reforms of the health care system as well as its scarce financing, the wide–spread incidence of alcohol, tobacco and drug addictions.

## 2.6 Family formation

The societal transformation in the past 10-15 years have been accompanied and often fostered by changes in the family patterns in Bulgaria. Among the transformations of family formation are the decline of the number of marriages, their postponement later in the life course, the growth of cohabitation, decline in the number of children a family has, as well as decreasing divorce rates.

One of the most significant changes lies in the decline of the significance of marriage in the reproductive behaviour of young people. Marriage is no longer perceived as a necessary precondition to parenthood

(Mitev, 2005). Consequently, the number of marriages and the marriage rate has fallen considerably. While in 1990 the total number of registered marriages was 60000 and the marriage rate was 6.9 per thousand, in 2003 there were about 30000 marriages and the respective marriage rate was 3.9 per thousand. There was a rise in the share of unmarried persons among the population: from 33.9% in 1992 to 35.8% in 2001, and a drop in the share of married persons from 54.9% in 1992 to 50.8% in 2001 (Table 7). This change was accompanied with a trend toward a rise of the number of de facto marriages. Young people increasingly prefer to live together without having officially married (NSI, 2005). At the same time young couples do not refute marriage at all but tend to postpone it. The National Statistical Institute registers a tendency towards an increase of the average age of first marriage. Among men in 1998 this age was 26.6 years and in 2004 it reached 28.8 years, while among women the respective years of age were 23.5 and 25.5. However, this age is significantly lower for the Roma which are the ethnic community with the earliest marriages in the country. Surveys have found out that around 80% of the Roma set up a family before they have turned eighteen (Tomova, 2005: 156).

The declining number of children that families would like to have and actually have is another major shift in the family patterns in Bulgaria (Sugareva, 2000). Compared to the situation in 1990 – the start of the societal transition – the number of live-born children in 2004 fell by 34% (NSI, 2005). The crude birth rate (number of live-born children to 1000 persons of the population) was 12.1 in 1990; it reached its minimal value of 7.7% in 1997 and rose slightly to 9.0% in 2004. The other statistical indicator – the coefficient for total fertility rate showing the number of children whom a mother would give birth to – was 1.81 in 1990, it reached its minimum of 1.09 in 1997 and since then it has been slowly rising but still remains very low – it was 1.31 in 2005 (Table 5). The decrease of the birth rate is mainly a result of avoiding the birth of a second or subsequent child and the transition to the one-child model of the family (NSI, 2005). Out of the main ethnic groups in Bulgaria, the Roma have the highest probability of having a second child, followed by the Turkish minority, while the Bulgarian women have the lowest probability of bearing a second child (Koytcheva, 2002). The ideal number of children is higher than the number achieved and it varies between the different ethnic groups was found out by another survey: 2.1 for the Bulgarian, 2.3 for the Turkish and 2.6 for the Roma women. The younger and more highly educated generations preferred fewer children. (Stefanov and Dimitrov, 2003:13).

The gap between ideal and real number of children in the family has often been linked to abortions among women in younger age groups (Golemanov, 1999; Marinova et al., 1998; Stefanov, Dimitrov, 2003). In Bulgaria, unlike Romania, the legislation has been quite liberal during the communist regime and abortions have been widely used as a method for contraception by Bulgarian women. Abortions have outnumbered births for several decades reaching its peak in 1992 (1491 per 1000 births). Since then the number has started to decline and it dropped below the number of births in 2000, reaching 707 abortions per 1000 births in 2003. This still high number of such radical intervention in women's health is linked to the lack of enough information and mostly lagging cultural patterns according to Philipov (1999). In his study of the sexual behaviour of the general population, he found out that modern methods of contraception are not widely spread, even among younger women while most common are the interrupted sexual act and the use of condoms. Another finding is that the share of women who have not used any method for contraception in their first sexual act is very high compared with the other countries. The medium age at which for defloration is comparatively low and there is also a tendency for its further drop with each new generation (Philipov, 1999).

The tendency towards an increase in the mean age of the mother at first birth has also been observed in the past 15 years. In 2005 the mean age of the mother at birth was 26.2 years, and the age at first birth – 24.8 years. Compared to 1990, the values of these indicators were lower by 2.3 and 2.8 years. In villages women give birth to their first child at a younger age – an average of 22.5 years, while in cities the mean age is 25.6 years. When analysing these trends we should keep in mind that 94% of births in Bulgaria come from young women – between 15 to 34 years of age. Despite the rise women in Bulgaria still give birth earlier than in West and North of Europe and seem to have accepted the model typical for Greece, Spain and Portugal.

The main differentiating axis in the patterns of family formation has been the ethnic minority/majority status. Mitev (2006) presents the following data about the marriage and reproductive behaviour of the young people from the three main communities in Bulgaria. The trend toward co-habiting is most typical for the Roma community and it starts from a lower age than among the Turks and even more so than among the Bulgarians. At the age of 18 only 4% of Bulgarian women have a child while already 34% of the Roma women do so. At the age of 25 half of the young women in the Bulgarian ethnic group have no children yet, while only a quarter of those in the Turkish minority and only one eighth in the Roma minority. At the same age two or more children have 11% of the Bulgarian women, 31% of the Turkish women and 41% of the Roma women. According to Mitev (2006) these indicators demonstrate the continuing gender inequality among the two ethnic minorities with young women clearly disadvantaged. While for the young Bulgarians he discerns a trend toward gender homogenization, there is a strong paternalism in the Turkish and Roma families where the adherence to the traditional gender roles is still dominant.

Parenthood patterns are also linked to young people's educational level. The analysis shows that women with lower education give birth to children earlier. The average difference between first-time mothers with elementary and first-time mothers with high (secondary) education, as well as between those with high and those with university education is 2 years (Philipov, 1999). Philipov argues that the general tendency of rising of educational level among young people will be accompanied by a rise of the age at which women have their first child and a decrease of the number of children a woman has.

The comparison of the average age at marriage among women (25.8 years) with that of the mother at first birth (24.8 years) reveals a tendency for the birth of the first child to precede the marriage. The National Statistical Institute still uses the term 'illegitimate births' and measures a dramatic increase – their share was 12.4% in 1990 and 49.0% in 2005. Among 'illegitimate births' those where the name of the father was unknown were 41.4%. The rest come from co-habiting couples, or 'de facto' marriages in the terms of the Statistical Institute. However, among the group of 'illegitimate' children the infant mortality rate is twice higher than that of children in registered marriages (Chalakova and Tsvetarski, 2000: 25) and the share of most disadvantaged children is very high, as they live in most deprived economic circumstances (Golemanov and Hristov, 2000).

The trend in the divorce rate is the only demographic process, which did not register changes in a negative direction in the 1990s. The coefficient even dropped from 1.3 per thousand of the population in 1990 to 1.13 in 1997. This is a manifestation of the tendency to strengthen the family in the difficult economic situation and a reflection of the rising price of divorce cases in court. However, the divorce rate surpassed the 1990 level at the beginning of the new century after the divorce fees were reduced reaching 1.9‰ in

2005. Together with the divorced there has been an increase in the share of widowed persons to about 10% which in turn raises the need for specialized social care for lonely old people (Traikov, 2002). As a whole, the number of persons living alone increased by 80 thousand between the two censuses reaching 663 thousand (22.7% of all households) in 2001 (Balev and Tsvetarski, 2005: 13).

## 2.7 Trends in social inequality

Social inequality has been perceived as a newly emerged social problem in post-communist Bulgaria, attributed to the high unemployment and low income levels of the majority and the mass feeling of unjust accumulation of wealth by a tiny minority (Stoilova, 2001; Tilkidziev, 2001). Before the start of the reforms the centrally planned economies allowed a relatively low income inequality compared to that of the advanced economies in Europe (UNDP, 1999). With the liberalisation of the economy social inequality in Bulgaria quickly grew reaching the average for the EU countries. The living standards were significantly eroded particularly in the 1990-1996 period due to high unemployment and inflation rates which “ate up” the savings of the population. Inflation was curbed owing to the introduction of a Monetary Board and the stabilizing macroeconomic policy after 1997 but the real incomes had already reached a very low level (Beleva, 2005b: 143). The rise in employment since 2003 has also been accompanied by an increase in the number of discouraged persons who would like to work but do not actively search for work because they do not believe they would find any, at all, or a suitable job, which makes them, alongside with the long-term unemployed, a highly risky group of falling into poverty, social isolation and marginalization (Beleva, 2005b: 142). The Gini Coefficient measured on the basis of the equalized household income after transfers in Bulgaria was 0.217 in 1989 and it rose to 0.327 in 2003 (www.nsi.bg). The income inequality measured by the S80/S20 quintile share ratio using both incomes in cash and in kind for the year 2001 amounted to 3.8 while it was 4.4 for the EU25 (JIM, 2004).

In 2002 the at-risk-of-poverty rate calculated using the Eurostat methodology defined as 60% of the median equivalent income, was 13.4%. Much higher is the feeling of impoverishment among the general population. The relative shares of those who self – assessed themselves as poor have grown from 2.6% in 1989 to 32% in 2003 among the Bulgarian ethnic group; from 7% to 70% among the Turkish and from 8.7% to 77.5% among the Roma (Dimova, 2004: 224). Adding some objective criteria to the self-evaluations, the ethnic dimensions of social polarization become even more conspicuous: the share of the non-poor Bulgarians (56.13%) is 17 times bigger than those of the non-poor Turks (3.28%) and Roma (3.29%). Dimova (2004) claims to have established a process of formation of the cultural model of poverty which poses serious risks of the reproduction of poverty in the next generations and threatens to cause aggravated social and ethnical challenges (Dimova, 2004: 216). According to social workers' evaluations over 80% of the beneficiaries of the social support system are “chronically” poor, which equals approximately to 1 million people, including the children in the poor households (Beleva, 2005b: 144). Poverty, in its turn, is one of the most significant reasons for falling out of school and failure to get an appropriate level of education for the Roma, which dooms them to joblessness and further impoverishment, thus closing the vicious circle (Todorova, 2005: 133). Besides ethnic minorities, other groups vulnerable to poverty are elderly women, single parent households and households with three and more children. Long-term unemployment and informal sector employment are among the main factors for impoverishment among the Bulgarian population (JIM, 2004).

## 3. Employment policies

### 3.1 Policy changes in context

The labour market in post-communist Bulgaria developed through the transformation of the centrally planned and state controlled system for 'reproduction of the workforce'. During socialism work was both a right and an obligation of the socialist citizen and full employment was the official ideology. The balancing of labour demand and labour supply was realised through the centralised preparation, allocation and usage of the workforce. Throughout the 1990s Bulgarian governments have been introducing elements of liberalisation of labour relations. There has been a marked effort to establish the classical model of a balancing mechanism of the market forces and minimum state interference. The new pro-liberal policy was backed by the employers' organisations formed via the restructuring of the former Commercial and Industrial Chambers, which existed before and during the communist regime, and via the establishment of new organisations. A counterbalance to this tendency was the activity of the trade unions in the country, both the reformed former 'profsouzi' and the newly established associations. Quite often the workers themselves took the defence of their interests into their hands, forming spontaneous strike committees outside the registered trade unions.

The basic document on which the employment policy of the country is currently based is the Employment strategy (2004-2010), adopted by the government in 2003. There are also the yearly action plans and the governmental programme 'More Jobs, Solidarity and Social Justice'. A major impetus for development of the employment policy in the country are the recommendations and regulations of the European Commission, based on the Joint Assessment of Employment Priorities in Bulgaria (JAP), signed in October 2002 in preparation for applying and implementing the European Employment Strategy; the First and the Second Reports on the Progress Made by the Republic of Bulgaria on the Joint Assessment of Employment Priorities; as well as more generally the European Employment Strategy and the European Directives on equal treatment, lifelong learning and professional education and training and other spheres linked to employment.

The main objective of the labour market policy in Bulgaria, according to government's programme, is to ensure a properly functioning labour market, which guarantees a higher rate of employment of the working age population. The main challenges facing the employment policies on the eve of the country's accession to the EU as defined in JAP (2002):

- low activity rate combined with the negative demographic evolution,
- low employment rate, by 16 percentage points below the EU average;
- high unemployment rate and substantial long-term unemployment;
- high youth unemployment and wide regional variations;
- high level of unregulated employment;
- inadequate skills level of the labour force and insufficient adaptability of the educational system to the changing needs of the economy.

The analysis of the policy efforts in Bulgaria to provide higher rate and quality of employment in this report will follow its main aspects: policies in the sphere of recruitment and dismissal of workers;

regulation of working time; policies toward ensuring safe and healthy working conditions; policies combating unemployment; policies encouraging flexibility of work and wage policies. It will end with an overview of the social dialogue on employment issues.

## **3.2 Policies of recruitment and dismissal of workers**

The reforms in this sphere had to face the collapse of the system of full employment, which had been maintained during the communist regime by a strict and total state control of the labour supply. The full employment was achieved shortly after the Second World War by industrialisation and enlargement of the public sector. Industrial relations were regulated in such a way that the behaviour of the employer was fully determined by the central planning system while the Labour Law defended the rights of the workers against dismissal. Staying at one enterprise for one's whole working career was strongly encouraged. Employers did not have the freedom to reduce the volume of used labour. Rather, they were financially interested to increase it even without need coming from the volume of production, and to ensure themselves against future needs. Shortages of labour were prevalent in many industries.

Under post-communism there was a liberalisation in the regulation of the recruitment and dismissal of workers. The Labour Code from 1986 is still in force, but there were several significant changes within it adopted by the new post-communist parliaments in 1990, 1992, 1996, 1999, and 2001. A lot of the post-communist changes were terminological – dropping out terms overtly coming from the communist ideology such as 'primary workers' collectives', 'socialist ownership of the means of production', 'socialist attitude toward work', 'socialist mode of life' and so on. More significant was the deserting of the paragraphs two and three of the 1986 Code – the right and the obligation to work. While the obligation to work was simply dropped out, the citizen's right to work was transformed into state's guarantees for 'the freedom and protection of work'.

Currently, the Labour Code regulates the use of specific categories of workers: youth, pregnant women, disabled. The minimum age to start work is 16. Those aged 15 can work in circuses, movies and other not dangerous jobs not more than 4 hours a day. Young people aged 16-18 years can work for 7 hours a day, without night shifts, and have longer yearly holidays. Pregnant women and those breastfeeding their children should be moved into easier jobs. The law does not allow night shifts and extra work for pregnant women and mothers of children below 6 years of age and those with disabled children. Pregnant women and those with children below 3 years of age cannot be sent on business trips in another settlement without their agreement. Mothers of children up to the age of 6 also have the right to work at home if the job allows such an arrangement. There are no data available as to the real use of this opportunity but experts judge it was and is very limited.

Another specific category of workers defended by the employment policy is people with disabilities. The Law for the Protection, Rehabilitation and Social Integration of Disabled Persons (1995) removed some discrimination measures towards this group, for example toward their income. Under the previous law there was a reduction of their pension if the disabled person worked and his/her salary was higher than two minimum wages. New financial sanctions were introduced towards employers and public officials who refused to employ a disabled person. However, formerly there were state contracts for the co-operatives of disabled persons that ensured their smooth functioning and these were lost in the course of reforms. In 1995 tax reductions were introduced for self-employed disabled persons and specialised firms

(where disabled persons are over a half of all employed). Different institutions give different number of persons with disabilities (Stoyanova, 1996). Besides the registered there are disabled persons who do not register because of a fear of discrimination, because of age limit (below 16), or who do not consider themselves as disabled. At present people who have registered can receive a disabled pension and a social pension. The first requires some work experience. Besides employment difficulties, the disabled persons in Bulgaria face very few opportunities for rehabilitation. There is a lack of adapted vehicles in the public transport, adapted entrances in the blocks of flats and public buildings, and special signalling equipment has not been established on the whole territory of the country.

### 3.3 Regulation of working time

The regulation of working time is another aspect of the employment policy. Its major focus in Bulgaria has been the limitation of the maximum length of the working time. Historically, the tendency has been to the reduction of working time. Thus the 'normal' working time was:

- in 1917 – 11 hours a day
- till 1957 – 48 hours a week
- In 1958 – 46 hours a week
- In 1973 – 42.30 hours a week, five working days
- since the beginning of 1993 – 40 hours a week, five working days.

At present, the daily and weekly length of work is settled via the collective bargaining in the collective labour contracts, which can reduce the working hours. The Labour Code treats working time dividing it to several categories:

- normal (8 hours daily or 40 hours a week),
- reduced (only in harmful conditions and for persons younger than 18). In 1994 there was a government decree for a reduced working time for those working in dangerous conditions which set the length of such work at 6 or 7 hours daily.
- not full (when there is not enough work load but not less than half the normal time and not longer than 3 months in one year),
- flexible (with changing borders),
- non-standard (to stay longer when necessary and this is compensated with longer holidays),
- extra-time (which cannot be more than 150 hours a year, not more than 30 hours a month),
- part-time which is less than the normal and reduced and is negotiated via the individual labour contract between the employer and the employee.

Part-time work in the sense that the labour contract sets the working week for 10, 18 or 32 hours for example does not exist in Bulgaria. The Law treats the 'not full' time as a temporary decision forced by economic reasons (decrease in output) and against the interest of the employee and not as a form of desired flexibility on his/her part. Such type of working time is allowed only under limited conditions - when there is not enough work load but cannot be for less than half the normal time, cannot last longer than 3 months in one year and can be introduced only after negotiations with workers' representatives.

The Household, Work and Flexibility Study (Wallace, 2003) established that in Bulgaria both men and women have similar working hours a week with a difference of one hour more for men, unlike the situation in the Netherlands and the UK where there was a big gap of more than 10 hours in the average

working hours a week between men and women. While the policy in Bulgaria supports the labour force participation of women, there is little effort to help parents of small children achieve a quality balance between work and childcare (Kovacheva and Matev, 2005).

Another problem with the institutional framework of the quality of work in Bulgaria is the fact that the regulations of working time set in the Labour Code are often not abided by in the private sector. Moreover, extra time is frequently not paid or compensated. According to the national representative survey “Working Time, Labour Conditions, Demographic Behaviour” carried out in 2003, the labour activity of 62.7% of the employed exceeds the time limits set by the Labour Code. This practice affects more than a half of all employees and the percentage is higher for men (71.7%) than for women (54.7%). Overtime is of frequent or almost everyday occurrence for 42.5% of men and 25% of women. Overtime is paid to only one third of the employed. The prolonged working time is compensated entirely to only one third, partly and not always – to one fifth, and never – to 44.4% of the employed. Weekends and leaves are also affected by the extended working time. Less than one third of the employed women and only 16% of men take their rest on Saturdays and Sundays. Every sixth man and woman is occupied every weekend while officially working only during weekdays. All this has a negative effect on the health status of the employed and restricts their time for bringing up children, family communication and parenthood (Michova and Nikolova, 2005: 149-150).

### **3.4 Policies ensuring safe and healthy work conditions**

The Constitution of the country declares working in safe and healthy conditions as a basic citizens’ right. In the first years of the economic crisis the companies cut the expenses for maintaining the security of their workers. Most hard hit were the sectors of electricity production, mining, petrol refining and chemical industry. Unemployment also pushes workers to accept jobs in dangerous conditions while the employers lack incentives (and often resources) to introduce new technologies and improve the situation. Labour control establishes frequent cases of not following the state standards and norms both on the part of the employers and the employees. This is particularly true for the new small private companies. In 1995 a government order required specialised departments to be founded in each company to organise and coordinate the keeping up and improving the safety of work conditions. In 1997 the Law for Healthy and Safe Conditions of Work was accepted, which made it imperative for companies with a personnel of over 2000 to create agencies for labour medicine for health control and prophylactics. In 1998 a new fund was created within the framework of the Ministry of Labour and Social Care named ‘Working conditions’ which to finance projects diminishing risks of work accidents, professional diseases, training and propaganda.

The problems in the employment policy in this sphere are mostly due to the lack of efficient control over the functioning of enterprises, particularly in the small and medium sized companies. Thus, the “Working Time, Labour Conditions, Demographic Behaviour” survey found out in 2003 that 31.7% of the employed evaluated their working conditions as harmful (40.1% of men and 24.3% of women) (Michova and Nikolova, 2005: 151). Besides, very limited is the control over the imported and home produced goods and technologies concerning their safety. The regulations are not fully adequate to the new economic structures, and to the new types of production. The control is realised by different state agencies under the auspices of the Ministry of Labour and Social Care, Ministry of Internal Affairs, the Committee of Standardisation and Meteorology between which there is no good co-ordination of

activities. There are still inconsistencies between Bulgarian norms and standards and those set up by the EC, ILO and the World Health Organisation.

### 3.5 Policies combating unemployment

Unemployment in the 1990s was a new phenomenon in a society where the communist regime had secured full employment for four decades. The reforms in social policy quickly had to find adequate responses in order to cushion the population against its steeply rising level. Unemployment policies in Bulgaria were developed by frequent changes in the legislation. The direction that the reforms took, was toward reducing the amounts of benefits and the periods in which they could be claimed and toward raising the requirements for eligibility. Till 1997 three types of unemployed received support: first, those dismissed from state and private companies and who had made social security payments against the risk of unemployment for a certain period, the second group were those who had not made insurance payments, but had the right to receive social support, that is young specialists after graduation or coming back from military service, and the third group were the long term unemployed who met the requirements for poverty support. However, the second group lost rights to benefits with the coming into force of the Law for Protection against Unemployment and for Encouraging Employment in 1997. The legal regulations were changed substantially again in 2001 by the adoption of the Law for Encouraging Employment.

At present the benefits are given for a limited period from four to twelve months, they fluctuate between 140% and 90% of the minimum salary, and the long-term unemployed receive benefits only if their incomes are below the poverty line and they actively seek jobs. There is an opportunity for the unemployed to receive 50% of their benefits if they start work for a salary that is less than the minimum. The insurance payment for the unemployment fund is 4.5% of the salary. It is divided in the following way: 3.2% is paid by the employer and 0.8% is paid by the employee. Priorities in this sphere as defined by JAP are to increase the coverage of the most disadvantaged groups among the unemployed by unemployment benefits; and to review the benefit systems, in particular social assistance, and their interaction in order to increase incentives for the unemployed and inactive to take-up a job in the formal sector and to encourage an active attitude. The Employment Centres started developing individual action plans addressing the specific needs of their clients. Thus Bulgaria shares the all-European trend toward activation of the unemployed.

The active employment policy comprises of two groups of measures. The first group is directed toward the unemployed to encourage their active job seeking, self-employment or re-qualification. The second is directed toward the employers and their encouragement to employ new people or restrict redundancies. There are also general measures and measures directed toward specific groups. The active measures directed toward the unemployed are receiving all benefits at once for a business start, free of charge training courses, and temporary employment. There are also schemes directed toward the illiterate workers, disabled, long-term unemployed, and motivational courses for the discouraged unemployed. The measures targeting employers are subsidised employment, and lower interest rates for business loans when they increase production and take on unemployed persons. The proportion active/passive measures has been changed several times in the course of reforms. Nevertheless, passive measures have dominated the budget of the National Employment Agency.

Not only the amount and proportions of passive and active measures changed over time. There were significant shifts in the structure of active measures in the 1990s. The general trend has been toward raising the expenses of programmes and measures targeting specific groups among the unemployed: disabled persons, youth, and ethnic minorities. The JAP defined the skills level and structure of the labour force as a concern in an immediate and medium-term perspective. It is recognised that among the registered unemployed the low-skilled unemployed constitute the largest group by number and relative share. A major objective of the employment policy became not only the training of the unemployed but also the lifelong learning of the workforce. Here the policy faces numerous challenges: the outdatedness of the professional qualification and individual disqualification, negative attitudes of employers and majority of employees toward additional training. Survey research (NSI, 2005) found out that only a small part (around 12 %) of the employers provide the required training to maintain and upgrade the professional qualification of the staff hired. Personal investment by the employees is also very low due both to the low income and to the underestimation of the importance of lifelong learning. Additionally, major objectives of the strategy in this field are policy efforts to address the reasons for the rise for school failure, irregular attendance and non-attendance; improvement of the provision of education for the minority groups; involvement of the social partners in the development of the vocational education and continuing training; enhancement of the provision of higher education, its infrastructure and curricula.

The new focus in the employment policy is the regional approach in developing active measures and programmes. The regional programmes came as a result of the requirements of the accession process, as well as the recognition of the big disparities in the unemployment rate between the regions. A major objective of the active labour market policy is the promotion of labour mobility through regional development strategies and more balanced provision of measures and programmes across the territory. There was also a strong emphasis on the programmes toward the target groups, those that were seen as the hardest hit by unemployment: youth, long-term unemployed, single mothers.

The functioning of the Employment Agency has been improved over the years, as well as its institutional structure and financing. In order to improve the implementation of the active policy the Agency and its divisions in the country introduced the process model in 2004-5 aiming to bring the services closer to the clients. It emphasises the early addressing the needs of the unemployed and the adaptation of the active measures to the individual situation of the registered. The process model requires a primary segmentation of the unemployed at the stage of registration, by the conduct of an administrative interview, and secondary segmentation, by the conduct of a qualifying interview with the persons. Persons with inappropriate or insufficient vocational training are directed to training or to an appropriate labour market programmes and measures.

The effect of the unemployment policy is not easy to estimate. One of the JAP priorities is to develop a monitoring and evaluation culture. The Employment Agency conducts monthly monitoring and ongoing supervision during the implementation of the programmes and measures for employment and vocational training by administrative statistics. The Agency collects data about the number of persons included, the number of persons who have worked, resources spent, effectiveness of conducted vocational training (number of placements after training), jobs created, reassignments etc.

### 3.6 Policies promoting flexibility of work

Many of the legislative changes and policy programmes in the 1990s were related to the flexibilisation of work. In particular, the conditions regulating the process of recruitment and dismissal of the workforce were subject to modifications several times, most of which gave greater rights to employers to dismiss workers and to a lesser degree to employees to leave their job or start additional work. Much less were the steps toward increasing flexibility in terms of working time and there were no changes toward flexible arrangements for the working place. The changes in the Labour Law in 1992 and in 2001 gave more freedom to the employers to reduce the working time or offer part-time jobs. Since January 2005, the work experience, which is the basis for social security benefits, is calculated not only in days, months and years as before but also in hours thus allowing greater flexibility. The time for extra work also started to be counted as work experience. According to Dimitrov et al (2006), the Labour Code regulations do not significantly limit employers to introduce more flexible forms of human resource management. The basic reasons for not using the flexible forms of work are the insufficient knowledge of both employers and employees about the legal regulations of this employment and, more importantly, the low remuneration of work in comparison with the living expenses.

Many of the measures against unemployment are also directed toward encouraging work flexibility:

- *specialised services for self-employment* – the unemployed who wish to start their own business after approval of a business plan may receive all monthly benefits as a lump sum. The same is valid if they employ an unemployed family member. Among participants in this scheme there are more men than women, while young people are involved very rarely.
- *Associations for employment* – the Employment Agency pays the minimum salary for every employed in such associations dealing with socially useful work. There are 29 such associations active from the previous year and 11 new were founded in 2000, 5430 persons work under this programme. There are more men than women, and very rarely youth among the participants in this programme.
- *Encouraging employers to employ unemployed persons for part-time work.* If the employers take persons for at least three months, they receive 50% of the min salary and all security taxes. Three fourths of the participants in this scheme are women.
- *International exchange.* Such measures provide temporary work in catering and restaurants, construction, seasonal work and summer work for students.

There were measures encouraging workforce mobility offered to those who start working for at least six months in another dwelling place, which is more than a 100 km far to get up to 3 monthly payments to cover the travel expenses for themselves and their families. In addition, those who have found a job at a smaller distance could receive 50% compensation for their daily transport for the period of the work contract but no longer than 12 months.

The programme for flexible employment introduced in 1999 can be a notorious example for the mismatch between goals and results. Under this ambitious name only a tiny proportion of the country's thousands of unemployed were eligible for a minute support. Even fewer were those recruited for this measure. It turned out that the programme for flexible employment was highly inflexible in its implementation. A report for the International Labour office (Beleva et al., 2006) argues that while there is a still moderate protection of the employed (although constantly declining) there is a very weak protection of the

unemployed and very limited opportunities for work reintegration. The country has still to find the right balance between flexibility of the labour market and the security of employment and income.

### 3.7 Wage and tax policies

The transition from the centrally planned to a market economy in Bulgaria was also a transition from the administrative-directive model and equalising schemes for distribution of incomes to a model of collective bargaining of wages. In the course of reforms three basic mechanisms for formation of wages were established:

- decentralised collective bargaining in the state sector,
- normative distribution of wages in the budget sphere and
- free individual bargaining in the private sphere.

The decentralised collective bargaining was introduced in 1991 by a governmental decree. In the state sector it involves all the employed, independently of their trade union membership. The interests of the state, employers and workers are co-ordinated by a tripartite system, which acts on three levels: national, sector and company. On the national level the main issues decided are the basic parameters of work remuneration: minimum wage, additional payments, and mechanisms for compensation against inflation. The individual bargaining is the dominant mechanism in the private sector (Daskalov, 2001). In the first half of the 1990s there was a wide spread fear that the salaries in the private sector would rise disproportionately high. It turned to be ungrounded and the salaries in the state sector remained somewhat higher than the average in the private sector. The restrictive policy in the state sector has influenced the private sector, as well, which results in a large general lag between wages and prices. The restrictive state policy is realised through direct control in the budget sphere and indirect control in other spheres. The basic control mechanism is based on higher taxes for wage expenses when they rise above a certain limit.

What is typical for the wage policy in Bulgaria is still the high degree of state interference. Factors which delay the liberalisation of labour relations in the sphere of wages are the economic decline, high level of unemployment, sharp fluctuations of inflation till 1997 and introduction of the monetary board after that. It was also hampered by the slow reforms in the social security system and the tax system. There are too many legislative documents limiting the freedom of employers to a flexible wage policy. One of the JAP priorities in this field is to move from a tri-partite to a bi-partite model of wage negotiations with the objective to strengthen the ability of the wage setting system to guide skill formation, mobility, and reallocation of labour, and ensure that wage developments are employment-friendly.

During the whole transition period the tax policy in the country had the objective to widen the basis for taxing. The sums entering the state budget from taxing of persons (income tax) have fluctuated about 10%. The Law for Taxing of Incomes of Physical Persons in 1997 introduced a major change. According to it from 1.01.1998 all types of individual incomes are taxed – not only those from labour contracts as before but also that from civil contracts (freelancing, sub-contracting, etc.) While this raised the contribution into the state budget, this mechanism reduced the motivation of people to work on more than one place. This also reduced the motivation of employers to employ persons on a labour contract. In this way the informal economy received an impetus while the formal flexibility of labour declined. In the second half of 2000 some tax relief was introduced for those working without labour contract and

receiving less than the minimum salary, as well as for those in vocational training who did not have to make insurance payments. The tax burden of the self-employed was reduced in 2001 and equalised to the taxes of companies, which form a hierarchical progression. The reduction of the tax burden leads to an increase of the share of the salary in household incomes. Daskalov (2001) considers that the still very steep rise of the tax scale is not only a high social price for the population but also a limitation for the business initiatives and entrepreneurship. The main problem of the system is not that the payments are very high proportionally but that they come on a very low-income base. The extremely low price of labour in Bulgaria and the very low share of incomes from work might be seen as a strategy for preserving employment. However, low incomes mean low insurance payments that in turn mean low pensions and a constant deficit in the health insurance system. Besides, this low wage creates incentives for fraud. The incidence of paying insurance on the minimum salary is widespread while in reality the employee receives additional payment on which no insurance is paid. Alexandrova (2001) estimates that 46% is the difference between the real payment, which the employee gets and the official one upon which insurance payments are made. She argues that the system of social insurance is one of the main barriers in front of the development of Bulgarian business and one of the main factors for the existence of the grey economy. In order to reduce non-regulated employment, the nationally represented employers' organisations and labour unions supported the government on the introduction of an employment contracts register and of a minimum insurance threshold by sectors and by nine categories of positions. On a proposal by the employers' organisations, the government consented that the minimum insurance wage per sector should be agreed upon between the sectoral organisations of the employers and those of the workers and employees.

In 2005 and 2006 tax relief measures were introduced by which the corporate tax was reduced from 20% to 17% and additionally it could be further reduced for companies which employ long-term unemployed, invest in regions with high unemployment or spend more funds for transport and social expenses of the employees. The personal income tax has also been reduced and in 2006 it varies from 20% for the lowest incomes to 24% for the highest.

### **3.8 Social dialogue in employment issues**

The development of the social partnership in Bulgaria is based on the principle of tripartite representativeness, and this is imbedded in the Labour Code, the Law for Protection against Unemployment and for Encouraging Employment, and the Law on Healthy and Safe Working Conditions. The social partners (employees, employers and the state) are involved in the preparation and development of the legal acts in the social sphere and in the development and realisation of regional programmes for employment. In 2001 a National Council for tripartite co-operation and social dialogue was created at the national level, as well as sector, branch and community councils for tripartite co-operation came into being at the lower level. The general assembly of the employees elects workers' representatives to defend their interests in labour and insurance relations in the enterprise. With the changes of the Labour code the functions of the assembly were better defined, and it was clarified that the general assembly excludes the employer. The changes in the Labour Code also set up the criteria for the 'representativeness' of the syndicates of workers and employers' organisations. Before that, political decision had greater influence than legal requirements. The need of recognizing the representativeness of the workers' and employers' organisations comes from their greater rights in the social dialogue.

The collective labour contract was already defined in the Labour Code but its instructions were very economical which allowed different interpretations. The changes adopted in March 2001 determine that the collective labour contract cannot include clauses, which are less favourable for the employees than those in the law and that at the level of the enterprise, the branch and the sector there can be only one collective labour contract. Also, employees who are not members of the syndicate can join the signed collective labour contract after a written declaration and the collective labour contract is valid for a period not longer than two years and in case of a change of the employer, the already signed collective labour contract is in force till a new one is signed but not longer than one year after the change. The employers are obliged not only to negotiate with the representatives of the workers and employees in order to conclude a collective labour agreement, but also to provide timely, reliable and comprehensible information about their economic and financial status which is relevant to the signing of the collective labour agreement.

Experts (Doykin, 2001) consider that the social dialogue in the country is well developed only at the national level and between the big employers and big syndicates. However, at the level of the enterprise and particularly in small companies the social dialogue is not an established practice. In particular, employees are in a weaker position to negotiate their salary and their rights to be insured. Due to the high unemployment and lack of real trade union support, employees accept any work conditions, offered by the employer, which in turn leads to the growth of the grey economy and the erosion of the human capital.

In 2003 a new advisory body, the Economic and Social Council started to operate as a permanent institutional form for social dialogue and advisory services on economic and social policy. An example for its successful functioning is the adoption of the Coordination and Cooperation Agreement on work safety and health, signed by the MLSP, employers' organisations and trade unions. The Employment Strategy and the National Employment Action Plans since 2004 have been drafted entirely on the basis of social partnership. The programmes, projects and measures are elaborated and implemented with the participation of the social partners – employers' organisations, trade unions and non-government organizations. An objective of the employment policy is to extend the social dialogue to include other non-governmental organisations that have a stake in employment and vocational training.

## 4. Family policies

### 4.1 Policy changes in context

The family policy in Bulgaria was perhaps the field of social policy that suffered mostly from the state withdrawal from active interference in public life that started with the market reforms. In particular, when faced with rising budget deficits in the first half of the 1990s, the consecutive governments failed to provide guaranteed income and health services to all its citizens. The survival of the individuals and respectively of the family in the grave economic crisis after the start of reforms, was exclusively a concern of their own. Especially the younger families could count mostly on the support of their parents with their pensions, housing and taking charge of their children.

Instead of developing a new strategy adequate to the changing social conditions, the family policy under post-communism merely emerged from the legal provisions that had been made during the Communist regime: The Family Code of 1985 and The Decree on Stimulating the Birth-rate of 1968. The amendments in the Labour Code affected working mothers negatively reducing their social protection. The Law on Social Assistance (1998) introduced changes in the provision of social support, with a direct bearing on the family as well. Yet even now changes are implemented without a regular concept and without a strategy on family support.

The family policy in Bulgaria is still strongly pro-natalist (Fileva, 1998; Keremidchieva, 1998; Yachkova, 1997), being developed in response to the shrinking population rather than to support the quality of life of the family and its individual members, neglecting in particular young people in their family transitions. The family policy, as developed during the socialist regime, encouraged the birth rate and family stability but ignored individual rights (Keremidchieva, 1994). Yet, it did not commit the woman to the home but allowed her full-time employment by a system of maternity, parental and sick leaves, as well as a thick set of public childcare centres (crèches and kindergartens).

### 4.2 Leave policies in support of parenthood

In 2006 working mothers in Bulgaria are entitled to one 135-day maternity leave at 90% pay of the mother's salary in the past 9 months. With the latest changes in the Code for Social Security (August 2006), the paid maternity leave will be 200 days since January 2007. Additionally, there is a parental leave up to the two years of the child which can be taken by the mother, father or any of the grandparents and which is paid at a flat rate (at present 160 BGN which is equal to 82 Euro). There is also a third year of unpaid leave which previously could be taken till the child turned three while since 2005 it is flexible and can be taken till the child turns 8. This leave was split, so that six months could be taken only by the father and six months by the mother. The three years of maternity and parental leave are considered as length of service and contribute to the pension insurance of the parent taking the leave. We do not have statistical or research data what is the take up of the leave by fathers or grandparents but the incidence is very low. Despite the legal provisions, culturally it is accepted that the mother bears the main responsibility for the childcare of very young children, so that it is the mother who takes the parental leave (Kovacheva and Matev, 2004). Similar provisions regulate the leaves to which mothers studying full time at the university

are entitled. They have the right to a leave for two years paid at the minimum salary. Women, who have no work experience and have not made social security payments for at least 6 months, are also entitled to a maternity leave which is paid at 150 BGN (76 Euro) for 45 days prior to the delivery of the child. Additionally they receive 100 BGN (51 Euro) per month for one year for raising the child. The father of the child is not eligible for this assistance. The benefits for mothers without social insurance were introduced in 2002 with the Law on Family Benefits for Children.

The amendment of the Social Insurance Code in August 2006 was declared 'revolutionary' by Hassan Ademov, the chair of the Social Committee of Parliament, in his interview the 24 Hours Newspaper of 18 August 2006 (p. 13) who claimed that the measure would result in 15,000 births additionally in 2007. There was also criticism of the decision because the amendment would cover only a very small number of the employed mothers, those who are insured on the basis of their high wages while those receiving minimal wages will not profit from the change. According to the amendment the mother has the options: to return to her job after the expiry of the 9th month and receive 50% of the minimal wage until the child is 2 years old, in addition to her own work wage, or, to hire a nurse, appointed by the state and paid for by the state in the framework of the Support to Maternity Programme.

With this amendment the maternity leave duration has become one of the longest in Europe. No ordinance on the implementation of the amendment has been issued yet and it is unclear if the father would also be eligible to use these benefits.

The country's policy also aims to involve employers in the protection of the maternity. While the maternity and parental leaves are paid from the insurance funds and guaranteed by the state, according to the Labour Code the employer should provide appropriate labour conditions and flexible working hours for the pregnant women and for working mothers. They have the right to ask for a reduction of their working time and for working from home. There is no data on the numbers of mothers using such provisions but we could claim that they are very low.

Evaluating these provisions we could say that the leaves are still quite inflexible and low paid to meet the needs of young parents in a diversity of situations. What the country's policy lacks is regulations allowing greater flexibility in terms of working time and place in order to allow different combinations of balancing work and family responsibilities (Kirova, 1998; Popova, 2002; Kovacheva and Matev, 2005).

### **4.3 Policies in support of the care for sick/elderly family members**

Unlike the parental leaves, the leaves for caring for sick and/or elderly family members are very limited. Family members are allowed to take only 10 days a year of paid leave for such purposes after a doctor certifies such need. Families with a chronically ill member or an elderly relative in need of care face grave difficulties in the time management of their everyday lives. Another significant difference is that while parents of small children can rely on the developed set of public crèches and kindergartens, the situation of the centres for care and support of elderly and disabled persons is very bad both in terms of availability and quality of services. Besides, culturally it is still normative that old family members are taken care of in the family (again unlike the practice for care of small children whose placing in 5days care kindergarten is publicly well accepted). However, with the aging of the population the need for support of those who care

for disabled and elderly relatives is growing. The state slowly turns its policy toward recognising these needs.

In big cities there are Centres for Home Patronage which offer services to elderly people living in their own homes, providing food, cleaning and medical assistance. These are paid from the municipal budget, as well as by the own contribution of the elderly, and are available only in large cities. A newly developed support measure is the National Programme ‘Assistants of people with disabilities’. Its rationale is to provide employment to unemployed people to care for people with heavy disabilities. Another aim is to reduce the number of disabled people who are placed in specialised institutions. There are two types of assistants: ‘social’ and ‘personal’. The latter are relatives of the person in need who are not in retirement and do not work. The social assistants provide care to people in need who live alone or in families whose members work fulltime. The Agency of Social Assistance acts as the employer of the ‘personal’ and ‘social’ assistants and grants them a labour contract with all insurance benefits and the minimum salary. The programme started in 2002 and since then it has been constantly expanding involving not only big cities but also small towns and villages. Three quarters of the employed assistants in 2005 were women (Employment Agency, 2006), which is indicative for the highly gendered practice of caring in Bulgaria.

#### **4.4 Welfare services and benefits for families**

The oldest social service provided by the state in Bulgaria is assistance in raising the children. Decrees for organising orphanages were among the first acts of state policy in the newly created Bulgarian state at the end of the 19th century after the Russian-Turkish War of 1877-78 (Kovacheva, 2000). Since the communist regime Bulgaria has a well developed set of public crèches (for children aged 11 months to 3 years) and kindergartens (for children aged 3-6 years) and it is common for parents to use their services. These are usually full-time, five days a week, as the working schedule for most of the parents in the country is also full-time with regular working hours (9 am -5.30 pm). Mothers in full time education are also entitled to an access to a free of charge public day care (crèche or kindergarten). The parents pay a minimal fee in the state owned day care centres and the wages of the teachers are covered by the national or municipal budget. While in the rural areas many kindergartens were closed due to decline in demand (less children and increasing practice of childcare in the home), in the large cities in the beginning of the new decade a shortage of places in state childcare is starting to be felt. Keremidchieva (1998) argues that in the 1990s the incidence of taking care of the children by their grandparents has been constantly growing, which is preferred as a cheaper option.

There are no fees in the state owned schools. The children are admitted there at the age of 7 and the compulsory education is until 16 years of age. The state directly supports the children by providing free textbooks for the students from the 1st till the 4th form. In accordance with the provisions of The Law on Family Benefits for Children the parents of the 1st form students receive assistance to the amount of 80 BGN (41 Euro). This is aimed as encouraging the Roma and other socially disadvantaged families to provide education to their children.

In addition, The Law provides support for low-income families (up to 200 BGN per family member a month) with money for each child: 18 BGN (9 Euro) a month for the first born child, and 20 BGN (10 Euro) for the second and every other subsequent child. There are no incentives for large families or single

parents. Previously all families with children up to 16 were eligible to receive child allowances. In 2002 these benefits were made means tested.

In Bulgaria's family policy the significance of tax alleviation mechanisms is under-valued and only inconsistent first steps are made to take into account the family situation of taxpayers and their family responsibilities. In January 2006 The Personal Income Act reduced the taxable sum with 360 BGN for families with one child, 780 BGN for families with two children and 1140 BGN for families with three children. This was the first step to the family income taxation which has proved its efficiency in other countries. The families with no income are most favourably treated by the Law.

## 4.5 Health and security policies

Following many years of experimenting with health reforms the state decided to cover the health insurance for all children until the age of 20 if they continue as students in secondary school from the state budget. In this way the access to health services was provided even to the children of the poorest families which were practically excluded for some years. The monthly health insurance payment, provided by the state for the unemployed, is only 6 BGN, which makes them eligible only to visit their GP and to receive hospital aid. However, it should be noted that health insurance payments, GP examination fees and the prices of medicines are perceived as a heavy financial burden for some of the lowest income groups in Bulgaria (Tomova, 2005: 170). Moreover, people who do not pay their health insurance regularly are deprived of cheap health care provided by the Health Insurance Fund, which, combined with their insolvency, makes them give up medical services and rely on self-treatment. It is not by chance that medical specialists have ascertained a higher than the average morbidity rate among the poorest communities in the country: the Roma and Turkish (Tomova, 2005: 173).

In Bulgaria the quality of the medical aid does not depend on the amount of the health insurance, which is a percentage of the wage of the employed. This causes discontent among the employed and the people with high income. The private medical practice is not as popular as elsewhere in Europe. In Bulgaria typically this is valid for dentistry services, ophthalmology, gynaecology and plastic surgery. In reality the access to health services in the small villages is very restricted because the GPs and the health centres are a long distance away – in the larger population centres. The GP system is new to Bulgaria (since 2000) and it has not yet demonstrated its advantages.

The low health culture of the population is another health services problem. There is no children-focused health education. This is usually conducted sporadically, mostly by the media and the NGOs, with little participation of the parents. Prevention work has been entirely left at the mercy of the day care centres and the schools. Labour medicine has obliged the employers to take care of the health of their employees. Since 2006 compulsory preventive examinations by the GP have been introduced and the refusal to comply with this requirement is subject to penalties.

The economic crisis and liberalisation of public life created a new social problem in post-communist Bulgaria – the security of children. Often parents invested their time in income bringing activities with no time left for the upbringing and education of their children. They counted for this on the institutions which in their turn were in crisis. Juvenile delinquency acquired unprecedented dimensions in the country. In 2005 the Children Prevention Centres report 17,390 children registered with them ([www.nsi.bg](http://www.nsi.bg) →

crime). Drug use and addiction spread in schools. Several incidents which resulted in the death of dozens of children in Bulgaria forced the state to start controlling the conduct of the children at school and out of school, as well as the response of their parents. This control included visits to night establishments after 10 pm to find there minors without their parents. Security in schools was increased. Fines were introduced for parents who neglected their children and parents' rights were suspended. The state has obliged the schools to hire pedagogues and psychologists to work with the problem children.

In 2003 the State Agency for Child Protection was created. The children at risk – without parents, victims of family abuse and violence, and during the period of divorce proceedings of the parents now receive assistance from qualified experts. The social workers are now authorised to suspend the rights of the parents over their children. This measure is implemented with a lot of concern because in the Bulgarian society there is not yet public refusal to tolerate parental irresponsibility. Alcohol dependence of parents and violence in the family are the cause for many children to desert their parents.

## 4.6 Housing policy

The housing policy is a prerogative of the local government. The municipalities have at their disposal a certain stock of housing and they consign housing to the individuals in need in accordance with specific proceedings. These proceedings are approved by the Municipal Council in accordance with the provisions of The Law on Municipal Property. (For example in the city of Plovdiv, this is Decision No. 49 of the Municipal Council: Ordinance on the Provisions and the Established Order for Identifying the Need of Accommodating Individuals in Municipal Housing and for its Sale). The procedure is complicated and clumsy and only families in grave need can take advantage of municipal housing.

During the past 10 years the migration from the villages to the big cities accelerated. An enormous private stock of housing in the villages remained unused. The young people and the families with children move to the large cities to seek work and provide better education to their children. In this situation it cannot be expected that the state would pledge to resolve the housing problems of the families.

The housing policy in support of young families was the one strait of the country's family policy that suffered the most from cuts after the start of market reforms. With the withdrawal of state interference in this sphere, young people have to rely mostly on their own parents when establishing a new home. It is traditional for Bulgarian families to support their children with housing and money as long as they need and the parents can, often during the parents' whole lives. We do not have official survey data about the average age of leaving the parental home both before and after 1989 but it seems that the tradition persists; according to some estimates it is getting even stronger (Kovacheva and Mitev, 2004). On the one side, the young couples lost the support previously provided by the state for low-interest housing loans from state banks. On the other side, there is a developing private market of houses and flats. Previously there were long lists in which people signed up to get a flat. Now flats and houses are freely available but the prices are high so that few young families can afford them. The main ways to achieve housing independence are through inheritance or by purchase with parents' financial support. Since the 1980s an overwhelming majority – 92% - of the households own the flat or house in which they live. It is very common for young Bulgarians to live with their parents even after they marry. This practice is financially and culturally grounded in the country's traditions.

## 4.7 Policy challenges

In view of the high political concern with the shrinking of the country's population, the reforms in family policies are widely discussed by the public. Several studies have measured public attitudes to policy reforms.

The Transitions project (Kovacheva et al, 2005) on the work-life balance in Bulgarian companies found high expectations of working parents from the state for a well developed family policy and their lack of a sense of entitlement to support from the employers. Both managers and employees had accepted the values of business efficiency, commitment to work, long-hours culture and loyalty to the company as consistent with the country's transition to a market economy. The Human Resources Manager of the private bank claimed that 'there is no private employer caring for the employees' while the Director of the Regional Office of the State Agency for Social Assistance considered that 'we are supposed to care for the people in need, not for our employees' (Kovacheva and Matev, 2005). Young people and their managers did not see the employer as responsible for creating better conditions for their wellbeing at the workplace and beyond. The state was seen as the main agent for creating family friendly laws and regulations. Parents found the leave policy of the state quite generous in terms of length but were highly dissatisfied with the financial conditions of the leave as being very low.

The shift to a business ethics had significant gender implications. While childcare, especially for very young infants, had always been considered a (mainly) mother's task, under the new conditions working mothers were found not enough committed to the workplace and the long maternity and parental leaves (commonly used by young women) reduced their chances of career advancement. Many of the young mothers had not taken the whole leaves in the two case study organizations as they could not afford to use the low paid or unpaid leaves and most of them thought the legal opportunities for part-time work inappropriate due to the insufficient amount of the salary. Young people could not negotiate working totally or in part from home as this would undermine the ethics of full commitment to the job. Instead of recognizing their informal competences from caring, the company punished mothers coming from a long parental leave by demoting them to a lower position temporarily or permanently. The young parents managed to create an acceptable work-life balance by relying on a fulltime five days a week public childcare, still well developed in the country, as well as on the informal support from the extended family, again mainly from grandmothers. In cases of family emergencies they could negotiate informally with their line managers to leave work earlier or come later. However in such cases they felt the pressure from their colleagues who were burdened with greater workload (Kovacheva and Matev, 2005).

Belcheva (2003) provides survey data about the assessment of the key policy challenges and family policy in general. Nearly two thirds of the respondents shared the opinion that the birth-rate in the country should be raised. The main arguments were that this was necessary "to preserve the Bulgarian nation and state" and "to have more happiness in the family". Less than a third considered that "in the present moment we are having enough children". Another significant group signed for the opinion that "in the present conditions children shouldn't be born at all." Among this latter group it was young people who were the majority.

The same study (Belcheva, 2003) measured a high dissatisfaction of the population in general and of young people in particular from the support for parenthood by the state. Only 1.6% of respondents considered that the present measures undertaken by the state were adequate and another 6.6% thought

“there is no need for measures of any kind, because they just wouldn’t have any effect”. The measures most often proposed in the study for the raising of the birth-rate were: providing a home for each young family; the child-bearing to be considered as community service and to be paid for; the right for mothers to have a smaller working day with the same payment; and bigger family allowances. A substantial part of the parents complained from the lack of support in the bringing up and education of their children. People’s opinions were divided between the measures for reconciliation of employment and childcare. While a quarter of the parents shared the view that children from their 3rd year until they started school had to be brought up at home by a member of the family, the majority – three quarters - were in support of the kindergartens and child-care institutions. The greatest challenge for parents was the poor economical condition of the families. Nearly 80% of the parents said that their income was insufficient to provide quality care to their children and according to almost 20% the family income was extremely inadequate.

Policy analysts (Fileva, 1998; Yachkova, 2002; Belcheva, 2003) provide a long list of measures for improvement of the family policy in the country: to construct a working mechanism for material support of mothers and young families; to update the legal and administrative measures for protection of the child and childhood; to propagate the image of the healthy family, responsible parenthood and motherhood – at least in the national state media. A lot of these measures are not based on previous research but taken from models applied in other countries. It might be true that an adequate and differentiated material support for families in the country will meet the high expectations of parents in difficult economic circumstances. At the same time a systematic and comprehensive research of the factors influencing the transitions to parenthood is necessary before adopting a new strategy of the country’s family policy taking into account the subjective needs of people.

## 5. Conclusions

Bulgaria has not been included in the Esping-Andersen's classification of welfare states and in the beginning of the 21st century it presents a mixture of trends from different regimes. Thus the country has preserved some universal elements of its policy developed during the communist regime which are also characteristic for the socio-democratic regime. Some conservative aspects have been strengthened, in particular the greater reliance of young people upon their families. Many of the policy changes have been in the direction of liberalisation of the welfare regime. The legal, fiscal, institutional and functional reforms in the country's social policy have been conducted under the contradictory pressures from the international economic institutions such as the World Bank and the International Monetary Fund and the European institutions dealing with economic and social issues.

Reviewing the trends in employment and demographic development, as well as labour and family policies in this report, we have met with the challenge of relating social statistics to institutional structures and cultural patterns. Another challenge to defining and interpreting the social context for achieving quality of life in post-communist Bulgaria is that it is not a static set of conditions but subject to on-going social change.

The comparative analysis of the social situation in the Bulgaria with other European countries shows that Bulgaria is among the European countries with the lowest birth rate, the highest death rate and the worst negative natural population increase. The natural movement of the population is the framework for all demographic processes which are often an important factor for the socio-economic development. The depopulation and ageing of the population in a number of settlements and regions in Bulgaria is a prerequisite for the further aggravation of the demographic crisis with emerging local stoppage of the reproduction processes. The greatly reduced number of births is a serious challenge for the educational and health care system and imposes restrictions on the territorial layout of the national economy. The demographic processes themselves have changed their character regarding marriage, divorces, informal families, family planning, out of marriage births, etc. In this way a vicious circle which causes a persistence of the negative tendencies has been formed. The hardships of the economic transition also contributed to increasingly negative tendencies of demographic development and the formation of a new kind of demographic behaviour of the population – a decrease in fertility and the emigration from Bulgaria of significant contingents of the younger generations. As a whole, demographic changes have closely intermingled with and followed the radical restructuring of employment patterns in the country.

During the past 5-6 years, under the impetus of the forthcoming accession of Bulgaria to the EU the state has increased its efforts to improve the quality of life of the population. Economic investment resulted in high economic growth of about 5% each year (July 2006 it was 5.6%) and reducing the unemployment rate. However, the social-economic development of Bulgaria is irregular. The excessive regional differences transform into status differences. The cities provide better education, better paid jobs, access to social services and therefore higher quality of life. In terms of income there is a growing differentiation between the genders: the women earn 24% less than the men on the average ([www. stat.bg](http://www.stat.bg)). At the same time the number of the single mothers is increasing. The ethnic differences in Bulgaria during the last 10 years have stabilized as status differences. The Turkish and particularly the Roma ethnic communities

have become status groups with multiple disadvantages with a limited access to education, health services and the labour market.

The employment policy reforms have been led by the objective to conform to the regulation in the common European labour market rather than to provide conditions for more and high quality jobs for all, reducing gender, age, and ethnic inequalities. With the amounting problems in the country's educational and vocational training system the goal of a favourable participation in the knowledge economy is far from achieved. The inconsistent reforms toward increasing flexibility of work are also raising risks in view of the globalisation processes.

With the amendments of the legislation concerning parental leaves in August 2006 Bulgaria has become a country with one of the most liberalized measures for access to the social insurance system. The eligibility for 2 year maternity is only a 6-month length of employment with no requirement for it to have been served immediately prior to the delivery of the child; it could have been served 2, or 5, or 10 years before then. The changes in the social legislation are aimed at stimulating the birth-rate, rather than at providing better quality of life for all families. They have not been matched with adequate income, housing, health and security support for the whole population.

The pursued employment and family policies in Bulgaria have reacted to the changes in the labour market and demographic developments, reducing some of the tensions while aggravating other risks and in general have not yet created a solid basis for achieving a high quality of life for the country's population.

## Appendix

Table 1. *Employment and unemployment of population over 15 years of age in Bulgaria (%)*

Year	Employment Coefficient	Economic Activity Coefficient %	Unemployment Coefficient %	Unemployment By gender	
				Male	Female
1993	43.5	55.4	21.4	20.9	22.0
1994	42.7	53.8	20.0	20.0	19.9
1995	44.0	60.2	15.7	15.5	15.8
1996	45.4	55.4	13.5	13.5	13.4
1997	43.9	54.3	15.0	14.7	15.3
1998	42.4	52.7	16.0	16.1	15.9
1999	43.1	54.5	14.1	14.0	14.1
2000	41.7	53.5	16.3	16.7	15.9
2001	40.6	48.1	19.4	20.0	18.4
2002	41.4	48.4	17.6	18.3	16.9
2003	43.1	49.2	13.7	14.1	13.2
2004	43.7	<b>49.7</b>	12.0	12.5	11.5
2005	44.7	<b>49.7</b>	10.1	10.3	9.8
2006*	44.2	<b>48.9</b>	9.7	9.5	9.9

\*The data for 2006 are for the first quarter.

Source: NSI, Employment and Unemployment, last issue for each year, and [www.nsi.bg](http://www.nsi.bg)

Table 2. *Employed by status in employment (%)*

Years	Employers	Self – employed	Employees			Unpaid family workers	Unknown
			Total	In private enterprises	In public enterprises		
1993	9.8		88.7	11.2	77.4	1.4	0.1
1994	9.9		88.4	14.6	73.8	1.6	0.1
1995	10.4		88.2	17.3	70.9	1.2	0.3
1996	1.8	8.7	87.8	20.5	67.3	1.4	0.3
1997	1.8	9.7	86.3	22.4	63.9	1.8	0.4
1998	1.8	10.4	85.7	29.0	56.7	1.9	0.2
1999	2.1	9.9	86.2	33.7	52.5	1.5	0.4
2000	2.4	12.3	83.1	37.5	45.6	1.7	0.5
2001	3.6	10.0	84.3	44.3	40.0	1.6	0.6
2002	3.4	10.0	84.4	48.0	36.4	1.7	0.5
2003	3.6	10.2	83.8	49.5	34.3	2.0	0.4
2004	3.8	9.9	83.9	53.0	30.9	2.2	0.3
2006*	3.8	7.7	87.3	-	-	1.1	-

\*The data for 2006 are for the first quarter.

Source: NSI 1993 *Employment and Unemployment*, and [www.nsi.bg](http://www.nsi.bg)

Table 3. Annual population by sex

Year	Total	Men	Women
1990	8 669 269	4 269 998	4 399 271
1995	8 384 715	4 103 368	4 281 347
2000	8 149 468	3 967 423	4 182 045
2001	7 891 095	3 841 163	4 049 932
2002	7 845 841	3 816 162	4 029 679
2003	7 801 273	3 790 840	4 010 433
2004	7 761 049	3 767 610	3 993 439
2005	7 718 750	3 743 327	3 975 423

Source: [www.nsi.bg](http://www.nsi.bg)

Table 4. Population under, at and above working age (%)

Years	Total	Age groups		
		Under working age	at working age	above working age
1990	100	21.6	55.5	22.9
1995	100	19.1	56.6	24.3
2000	100	16.8	58.3	24.9
2001	100	16.3	59.2	24.5
2002	100	15.9	60.1	24.0
2003	100	15.5	60.8	23.7
2004	100	15.1	61.6	23.3
2005	100	14.8	62.4	22.8

Source: [www.nsi.bg](http://www.nsi.bg)

Table 5. Crude birth rate, natural increase of the population and total fertility rate

Year	Crude birth rate (‰)	Natural increase (‰)	Total fertility rate
1990	12.1	-0.4	1.81
1995	8.6	-5.0	1.23
1996	8.6	-5.4	1.24
1997	7.7	-7.0	1.09
1998	7.9	-5.4	1.11
1999	8.8	- 4.8	1.23
2000	9.0	-5.1	1.27
2001	8.6	-5.6	1.24
2002	8.5	-5.8	1.21
2003	8.6	-5.7	1.23
2004	9.0	-5.2	1.29
2005	9.2	-5.4	1.31

Source: [www.nsi.bg](http://www.nsi.bg)

Table 6. Crude death rate, infant mortality and premature death rate

Year	Crude death rate (‰)	Infant mortality (‰)	Premature death rate*
1990	12.5	14.8	29.7
1995	13.6	14.8	28.3
2000	14.1	13.3	25.0
2001	14.2	14.4	25.2
2002	14.3	13.3	24.5
2003	14.3	12.3	24.3
2004	14.2	11.6	24.9
2005	14.6	10.4	24.6

\*The ratio between deaths of persons under the age of 65 and the total number of deaths.

Source: [www.nsi.bg](http://www.nsi.bg)

Table 7. The population in Bulgaria by family status (%)

Status	Census 1992	Census 2001
Single (Unmarried)	33.9	35.8
Married	54.9	50.8
Widowed	8.1	9.4
Divorced	3.0	4.0
Unspecified	0.1	0.0

Source: Traikov, 2002:26

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