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VOICES FROM BULGARIA



WELCOME ADDRESS

By

The Minister of Labour and Social Policy on the Occasion of the Annual Assembly of the European Anti-poverty Network in Bulgaria

Albena, September 24-28, 2008

Distinguished Ladies and Gentlemen,

It is a pleasure for me to welcome you to the General Assembly of the European Anti-poverty Network. I would like to thank the European Anti-poverty Network for choosing Bulgaria to host the annual meeting. Expressing my confidence in the significance of this forum, I cannot conceal my satisfaction that this is the second similar event within this year with the active participation of the Ministry of Labour and Social Policy. In May, together with the European Commission, the Social Policy Week was held, where the achievements and challenges for the social development of Bulgaria and the European Union were actively discussed. ***That is why I am happy that our country is adopting more and more of the good practices in the active cooperation among the stakeholders in finding solutions for the challenges posed by poverty and social exclusion.*** Among other general European initiatives where the Ministry of Labour and Social Policy was an active party were the European Year of People with Disabilities - 2003 and European Year for Equal Opportunities for All – 2007.

In full compliance with the up-to-date topics of the European Social Policy, ***the General Assembly will elaborate further on the issue of the European Year for Combating Poverty and Social Exclusion – 2010.***

The recognition that everyone has the right to live with dignity is integrated in the very idea of the European Year for Combating Poverty and Social Exclusion. ***Poverty should not longer be the reason for people to be destitute and to be forced to live in counter to what is assumed to be a normal way of living.*** This is a basic, universal social right whose validity needs neither explanation, nor justification.

Besides universality, the right to live with dignity is characterized also with its neutrality. It should be valid regardless of sex, body ability, education, employment status and family status, ethnic or social origin. The right to live with dignity is to the same extent intrinsic to young people and to retired senior citizens; to the employed and to unemployed people; to the people with low and high income. ***Therefore, the European Year for Combating Poverty and Social Exclusion will proclaim that modest economic opportunities should not turn into the insurmountable barrier that hinders the equal participation in the economic, social and cultural life. Everyone has the right to benefit from the progress of society and economy.***

Once driven out to the edge of society, the marginalized and socially excluded groups should be given a second and subsequent chance. They are entitled to all forms of support – public and private – to allow them to have an adequate life again.

These messages of the European Year for Combating Poverty and Social Exclusion attach new significance to the general European values, which the European social model is based on. From explicit statements at highest political level, the notions of freedom of access, equal opportunities, social solidarity and justice will become understandable for all. This is one of the great advantages of the European 2010. ***It will make ordinary people to believe that overcoming poverty and social exclusion is possible.***

This is not going to be an easy undertaking, because the European citizens' attitudes are rather negative than positive. According to data from a social opinion poll in the European Union ***81 per cent of the Europeans expect that the gap between rich and poor will increase in the next 20 years. About half of the European citizens share the***

belief that in the next two decades the social situation is going to deteriorate rather than improve.

This is the evaluation made by the European citizens – valid, important and deserving attention. Therefore, the success of the European 2010 will depend on the solution proposed to the challenges that we face. The vision and methodology of this political strategy will be of definite significance for ordinary people to believe in the institutions' and organisations' (including NGOs) capabilities to cope better and more successfully with the issues of poverty and social exclusion. It should be clearly recognized that there is no universal, winning political strategy model in the name of the poor and socially excluded. Nevertheless, there are two conditions that make such strategy a winning one:

- 1) Availability of sufficient amount of will and commitment on the part of the institutions responsible** to implement in the social policy practice those fundamental rights we are talking about.
- 2) Availability of sufficient resources to support the implementation of the rights in their intrinsic way.** On one hand to observe their universal nature, i.e. to be applied to all in need and on the other – to observe their neutral nature in relation to biological, demographic, social, economic and cultural differences

Talking about good will and commitment, we should look for evidence that **the right to live with dignity for all has been reflected in the social policy and practice.** It is about those simple things that give meaning to the live of ordinary people. Things like merited labour and fair payment, high-quality employment, solid relationships within the family, normal home, access to high-quality education, healthcare, guaranteed adequate income for those who cannot provide for themselves, respect for the differences and equal opportunities for worldly progress and achievements.

Availability of sufficient resources has always been one of the factors ensuring the success of a policy strategy directed to combating poverty and social exclusion. The provision of sufficient financial resources for social programmes is not an aim of its own. It stems directly from the notion of integrity and equality of fundamental human rights. Social rights are as important as economic rights. However, it is a matter of fact that the violation of the efficiency of social rights implementation – right of work, education, healthcare, and equal treatment – hinders not only the economic rights, but leads to poverty and social exclusion. Thus, the need arises for quality-of-life-oriented primary and secondary distribution of available resources.

The determination of the European Union and of the Republic of Bulgaria to counteract poverty and social exclusion is reflected by the funds in the European Social Fund and in the national budget allocated in Operational Programme “Human Resources Development” for the programming period 2007 – 2013 and whose Managing Authority is the Ministry of Labour and Social Policy. The Operational Programme “Human Resources Development” aims at improving the quality of life of people in Bulgaria by improving the human capital, achievement of high employment levels, improving efficiency, access to high quality education and life-long learning, as well as strengthening social inclusion. The improvement of economic activity and employment and reduction of unemployment are crucial for the sustainable economic growth, for encouraging social inclusion and combating poverty. Within the framework of the objectives of the Lisbon Strategy, the national and community employment strategies should extend and improve the investment in human capital and should adapt the education and training systems to meet the new requirements.

Last but not least, vital for the success of the Year will be the involvement of all partners at all levels – local, regional, national and European. The outcomes of the Year will depend mainly on the extent to which balance has been achieved in the participation of all stakeholders at all levels. Local initiatives involving people living in poverty have good potential, which should be utilized. This is an unambiguous proof of the importance of the participation of civil society organizations in the work and activities of the Year. We, in Bulgaria, will also strongly rely on their active involvement.

The importance of the non-governmental sector participation however goes far beyond such initiative, no matter how large-scale it is. Its role and place in the overall process of development and implementation of the poverty reduction and social inclusion policies are indisputable.

In response to all this, the new Bulgarian National Report on Social Protection and Social Inclusion Strategies gives priority to the need to improve the consultation process with the civil society. ***For this purpose, a National Advisory Body will be set up for addressing the issues of poverty and social inclusion. Much effort will be made for more active participation of the local and regional authorities.***

In conclusion I would like to point out that 2010 is an emblematic year in itself. In 2010 expires the ten-year term, which the European Union set for itself to become the most competitive and dynamic knowledge-based economy in the world, capable of maintaining high and sustainable economic growth and achieving higher employment rates and higher level of social cohesion. These are the objectives of the strategy for economic and social renewal of the European Union that started in 2000 and is widely known as the Lisbon Strategy. At that time, with the start of the Lisbon Strategy the member states made the commitment that by 2010 a significant progress would be achieved for reduction of poverty and social exclusion. ***Therefore, 2010 will be the year when a comprehensive assessment of the achievements will be possible, as well as identification of areas where progress was made and areas that still require efforts.***

Talking about the objectives from Lisbon, one cannot miss the fact that Bulgaria has made a definite progress in this direction. For a three-year period the employment rate has increased by 7.7 points and measured up to 63.9 per cent in the second quarter of 2008. And yet, the employment level is still behind the target of 70 per cent for 2010.

At the same time though, Bulgaria is one of the EU member states, which for sure will achieve and exceed the target of 60 percent employment rate among women. Currently, it is 59.5 per cent.

The unemployment rate is already below the average European levels and has settled below 6 per cent. Only three years ago it was 11 per cent.

The country is also getting nearer to the goal from Barcelona, 90 per cent of the children of preschool age to be covered by the national education system.

The poverty rate in 2007 was 14.1 per cent and this is the second lowest rate since 1995.

All this is to indicate that if there is a determination for acting in the right direction, then progress is possible.

Distinguished colleagues from the European Anti-poverty Network,

Once again I would like to express my thanks that you chose Bulgaria for holding this important meeting. ***I do not doubt that this event will not only contribute to, but will also establish the framework of the future debate and action against poverty and social exclusion in the European Union.***

I wish you successful and fruitful work!

Emilia Maslarova,

***Minister of Labour
And Social Policy***

EUROPE AND BULGARIA NEED MORE SOLIDARITY AND JUSTICE

**Dr. Jeliuzko Hristov, President of the Confederation of
Independent Trade Unions in Bulgaria (CITUB)**

Poverty and social exclusion have always been associated with some kind of insufficiency. That is so, but what is it that is insufficient? Usually it is said that resources are insufficient, or money is insufficient. However, it gets clearer and clearer that something else, which is more important, is insufficient as well – and that is justice. We are experiencing a growing deficit in social justice. What I mean here is the ever-growing gap between social realities and the assessment of these realities through the lens of the perceptions of social justice. More and more people find that realities are unjust and that injustice is growing.

However, social realities do not change on their own and, in spite of invoking some unclear forces beyond our control, such as globalization, international competition, the market, etc., we cannot avoid acknowledging that the realities are influenced by the strategies and policies which the governments formulate and implement. And where the perceptions of justice are in conflict with the realities, this means that the perceptions of justice are in conflict with the adopted policies and strategies for social and economic development. And this conflict between the policies and the perceptions of justice is also growing. We should not and we cannot turn a blind eye to that. We should not fail to demand and insist on more justice in the policies and strategies of the governments. Without a larger dosage of justice in all the policies and strategies for development, the efforts in combatting poverty and exclusion will be to no avail. Whatever policies and strategies for combatting poverty and exclusion we may design, they will not diminish poverty or exclusion, if we do not infuse some justice in them, including the economic policies, and even primarily including them.

If those social mechanisms of formation and maintenance of welfare which were so successful in the 20th century are already out of date and need being reformed, we support their reformation. However, we do not believe that such reforms should be reduced to dismantling the old mechanisms or their replacement with new ones which are not efficient enough. We are convinced that it is possible to create new efficient mechanisms. And we will continue insisting on that. Besides, we do not believe that the economic growth should be aimed at increasing the inequalities, poverty and exclusion. And when this happens – when the economic growth is accompanied by greater inequalities and by constant or even growing poverty – we realize that growth is not enough. We also need something else, along with growth.

We do not believe that the growth in employment “logically results” in an increase in the number and share of the working poor. And when this happens, we see again that the increase in jobs is not enough for efficiently combating poverty. Neither the growth, nor the greater number of jobs can ensure the justice that is absent. We need special social mechanisms and technologies for more justice.

During the last decade, social inclusion was regarded as the most reasonable approach to decreasing the marginalization and poverty, however, in practice this approach was reduced only to active measures in the labour market. And it is this approach that the policies were based on. However, the fact that inequalities keep growing casts doubt on this approach. Besides, in the opinion of some people, even if considerable progress happens to be achieved, the diminishing of poverty will not be sufficient for the authentic progress in terms of authentic social, economic and cultural participation. The need for coping with the growing inequalities requires urgent actions. If no such actions are taken, we can expect that

the inequalities within the Member States will just preserve the existing differentiation and will impede social participation and civicism.

What makes Europe and its culture, and the European Union unique is the presence of institutions, traditions and values which are able to develop and support participation and social justice. We demand that the EU should rely more on these unique “generators of social justice” of its, not only because we are experiencing a deficit in justice, but also because these generators have proved that they are capable of producing growth, development and progress – actually, it is because of these generators that Europe has reached the position it has in today’s world.

In this connection I would like to underline the major role played by the European Economic and Social Committees (ESCs) of the EU. However, along with that, we would demand that the ESCs be stronger and more active and that they have their say and exert greater influence upon the formation of the strategies and policies at both national and European level. This “generator of justice” has even greater potential, which should be developed and be used in an even better way.

I should necessarily underline the role of the nongovernmental organizations which engage in combating poverty and social exclusion. I was really impressed by the activity of these organizations both at the European level and at the national, Bulgarian level. I am of the opinion that the European Anti-Poverty Network is a remarkable and interesting phenomenon both in the sphere of European civil society and in the sphere of the European policies against poverty and exclusion. It is the European Anti-Poverty Network that has created the possibility of practical realization of the European meetings of people experiencing poverty, as instruments of direct contact and a process of direct consultations between the people experiencing poverty and those politicians who formulate the policies. We think that this unique practice should be disseminated more actively and should become stronger at the national level in all Member States.

However, along with my sincere respect for the work of the European anti-poverty organizations, I wonder what the institutional bases of their activity are – what are these bases, do they create prospects of a steady and permanent participation of the people experiencing poverty and their organizations into the political process of decision making? Or maybe things depend on the decisions of the politicians only? For instance, what is the way of involving this type of civil structures into the ESCs? Are there sufficient institutional prerequisites for such involvement?

The open method of coordination is also a specific European instrument. As it is well known, this method has the purpose of synchronizing the policies of the Member States in the field of social protection and social inclusion. We are of the opinion that the Open Method of coordination can be made stronger in the direction of harmonizing these policies of the Member States. Besides, it is discussed whether the Open Method of coordination can be made stronger in another direction as well – as a means of “opening” of the national policies and their formation. Is the Open Method of coordination able to contribute to higher transparency and accountability of the national policies and the process of their formation? In our view, the answer is a positive one.

I would also like to raise the question of the possibilities of formation of a common European social policy. Of course, this matter might give rise to a large dispute. So, when raising this question, I am fully aware of its extreme complexity. I am not saying that we should immediately adopt such a policy, but I am insistently making a proposal that we should consider and discuss this possibility more intensively and extensively.

I had the opportunity to get acquainted with the results of a project, managed by the Irish Anti-Poverty Network, with the participation of the national anti-poverty networks of several other countries. The project focuses on the problem of the implementation of common European social standards. There I heard an opinion which deserves attention. This opinion was expressed in the year 1999 in a report of D. Pieters and J.A. Nickless to the Finnish Ministry of Social Affairs and Healthcare. The authors describe several models that can be implemented in the social policy in Europe during the new millennium. Discussing the way in which the minimum standards can be established so that each European citizen can

be provided with the guaranteed minimum level of social protection, Pieters and Nickless delineate three ways in which this can be achieved:

1. Harmonization of social laws: The EU can establish binding standards, which will have to be observed by all Member States and will have to be actually included in their national legislations.

2. Financial guarantees on the part of the EU: The EU could lay down specific minimum levels of protection, which can be guaranteed through the respective mechanisms of European funding, for “filling the gaps” that occur in those cases where European citizens have been given insufficient support under their national schemes of social protection. Such a mechanism could as well be used as a scheme of backup security. There have already been set precedents of using special-purpose structural funds – as is the case of ensuring the equality of sexes – or some other financial support for investing into the capital infrastructure.

3. Coherent actions: This third opportunity combines the previous two and is based on the coherent actions of the EU and the Member States. The separate Member States should adapt their national legislations so that the legislations incorporate the minimum standards of the EU, the latter providing the financial guarantee. A similar process can be identified in the Common Agricultural Policy, where the farmers are protected against the market prices and have their backup security through financing on the part of the EU so that they can maintain their “reasonable standard of living”. As the authors point out, in spite of its being too complicated, this way might encourage those Member States which have a negative attitude to the establishment of a high level of guaranteed income in the EU to accept this option, in view of the difference between the national scheme and the EU scheme.

And finally, in the context of the European values, I would like to mention that social justice goes hand in hand with the freedom of the individual, and with the individual’s solidarity within society. If today we are speaking of a certain deficit in solidarity, this means not only an elementary lack of compassion – it often means an absence of political will and, most of all, an absence of public consensus regarding the tackling of the problems. The social contrasts are getting sharper, and this concerns not only the incomes, but also education and healthcare. These contrasts hinder the overall economic development. There is a need for a new public consensus regarding solidarity and justice – basic democratic values and principles of the European social model. The economic growth should be socially oriented to a much greater extent – it should aim at overcoming poverty and ensuring the large-scale participation of the low-income groups in the distribution of the manufactured product. Recently, Horst Koehler (who formerly headed the International Monetary Fund and is now the President of the Federal Republic) warned that the extremely high salaries of top managers endanger the social collaboration in Germany, and the Chancellor Angela Merkel declared her support for the regulation of the incomes of senior managers¹.

Against the background of world poverty, Europe and Bulgaria have absolutely different problems to solve. The relative share of the population with consumption below USD 1 (PPP²) per day being lower than 1%, the problem of liquidation of the absolute poverty under this indicator does not practically exist for us. As for the Black Sea region, problems with incomes lower than USD 1 (PPP) are still observed in Georgia (6.5%) and Turkey (3.4%)³. However, in the world there are large-scale concentrations of people experiencing poverty. Such regions of absolute poverty are found in Asia (Bangladesh –

¹ “Journal” Newspaper dated 4 Dec. 2007

² Purchasing power parity – it measures the ratio of prices in different countries and is used for transforming the value indicators into a single conditional currency – the so-called “purchasing power standard” (PPS). The difference between the PPP and the PPS is that the first one is a currency rate, while the second one is a currency, although it is conditional.

³ According to the data of the MDG Monitor (www.undp.org).

41.3% of the population, India – 34.3%) and Africa (Nigeria – 70.8%, Zambia – 63.8%, Mali – 36.1%, Burkina Faso – 27.2%).

Jeffrey Sachs and Joseph Stiglitz, who can hardly be regarded as left-wing economists, got engaged with the cause of anti-poverty and gave a direct warning that “until the time the enormous gap between the incomes of the rich and the incomes of society is narrowed, the market system is unable to work efficiently”.

As a signatory to the UN Millennium Declaration of September 2000, Bulgaria has its serious commitments as regards the diminishing of poverty in the country until the year 2015. Moreover, being a EU Member State, Bulgaria has the responsibility of contributing to the diminishing of extreme poverty, both in the neighbouring countries of the Balkans and those of the Black Sea region, and in the remote poor countries on other continents – Asia and Africa. We have not solved our domestic problems yet; however, we are already facing a new challenge – turning from a beneficiary country into a donor country in the overcoming of extreme poverty and the drastic differences in the conditions and standard of living of people in the world. We can overcome it together with Europe – in a world of greater solidarity and justice.

VOICES FROM BULGARIA

Intervention of Mr. Nachko Radev, Director of “Living Standards and Social Security” Directorate, Ministry of Labour and Social Policy

Low-paid Workers and Working Poor in Bulgaria,
Lyuben Tomev, Director of the Institute for Social and Trade Union Research at the Confederation of Independent Trade Unions in Bulgaria

The Notion of Flexicurity: Difficult Translation and More Difficult Implementation (Lessons from the Bulgarian Labor Market),
Maria Sotirova, EAPN – Bulgaria

The Policy against Poverty and Social Exclusion as a Project,
Maria Jeliaskova, EAPN – Bulgaria

Some Reflections before the Year 2010: Capacity to cope with Poverty and Social Exclusion,
Douhomir Minev, EAPN – Bulgaria

INTERVENTION

Mr. Nachko Radev, MLSP Representative on the Topic of the Bulgarian Social Realities
General Assembly of the European Anti-poverty Network

September 24-28, 2008, Albena Resort, Bulgaria

Poverty among broad strata of the population in Bulgaria is a phenomenon which has already been accompanying the transition and economic reforms for 19 years.

Poverty and social exclusion are problems with significance that cannot be exhausted at national or European level. These are issues of global significance. Poverty is a polyvalent and dynamic phenomenon and can be analyzed from various aspects.

The accumulation of poverty in Bulgaria is a consequence of substantial drop in the GDP during 1996 and 1997 in combination with drop of monthly wages accompanied by hyperinflation and growing inequality of income. In the end of 1996 the GDP was about two-thirds of the GDP in 1989.

During the recent years, as a result of the macroeconomic stabilization from the end of the 90s of the past century, Bulgaria is registering ***sustainable economic growth***. This allowed the undertaking of more targeted and large-scale activities to overcome the reasons causing poverty.

In 2007 the per capita GDP was € 3 800 which is 15% more than in 2005. The higher than the EU average economic growth allows bringing the standard of living in Bulgaria closer to the average for the member states. In 2005 the per capita GDP was 35.3% of EU-27 while in 2007 it was already 38.2%. The forecasts indicate that if the current trend continues, in 2008 the GDP will exceed 39%. In 2007 the total household income amounted to BGN 7828 (about € 4000) – a growth by 27% compared to the level of 2005.

The households' income shows a permanent trend of growing in nominal value for the last 10 – 12 years. Only for the period 1999 – 2007 the average gross income per member of the household has increased about twice. The actual income growth in 2007 compared to 2001 is 39.2%. Compared to 2005, the actual income has grown by 10.6%.

In 2007 the average monthly salary grew by 20% compared to 2006. The minimum monthly salary is 22.2% higher than the one for 2007.

The employment rate also grew significantly. In 2007 the number of employed people between 15 and 64 years of age increased by 18.5% compared to 2002. The employment rate grew by 11.1 per cent points compared to 2002 and measured up to 61.7% in 2007. This positive trend is continuing in 2008 and the employment rate for the second quarter is 63.9%.

The unemployment rate decreases substantially and is already below the average European rates. In 2007 it was 6.9% compared to 18.1% in 2002. The number of registered unemployed for 2007 was twice lower than in 2002. The registered unemployment rate decreased from 17.71% in 2002 to 7.75% in 2007. In July 2008 the registered unemployment rate was 5.96%.

Together with the overall reduction of unemployment, ***the number of unemployed is also decreasing for the target groups on the labour market*** identified as a priority for the employment encouragement policy. In 2007 compared to 2002:

- ***Permanently unemployed decreased twice;***
- ***Unemployed with primary education or lower decreased 2.1 times;***
- ***Unemployed without qualification decreased 2.1 times;***
- ***Unemployed older than 50 decreased by 26.4%.***

The economic progress of the country has a favourable effect and contributes to the reduction of the poverty risk in Bulgaria. In 2006 were registered the lowest poverty and

inequality rates since 1995. The poverty risk dropped down to 13.9%. The relatively higher inflation rate in 2007 led to some increase in the poverty risk to 14.1%.

The poverty risk is higher for women than for men. In 2007 16.6% lived at risk of poverty against 11.3% of men. Single parents and single mothers in particular remain among the most vulnerable groups of the population. The intersection between sex and age in the social exclusion risk is a complex and changing phenomenon. For example, females of the younger generations achieve qualification levels equal and higher than those of males of the same age. But some other gender inequalities remain unchanged and place young women in disadvantaged position. The manifested division by gender in the choice of specialities in education and training means that young women are often directed to lower paid vocations. The probability is higher for females to become economically passive because of family responsibilities. The lower income of women during their whole career is reflected in their pensions in the pension plans, which are based on the individual income and years of service and thus increase the poverty risk with the advance of age.

The poverty risk in Bulgaria has also some clearly expressed **age dimensions** and the most vulnerable groups are the children and the most elderly. In 2007, 18.8% of the children up to 15 years of age and 17.7 % of the people older than 65 years had lived in poverty. Elderly women are about 3 times more vulnerable of falling into poverty than elderly men. A total of 24.1% of the females aged 65 or more had lived in poverty in 2007 against only 8.1% of the males of the same age.

Poverty among children poses the issue of **transfer of poverty from generation to generation**. Efforts are made in all spheres of the state policy to counteract to this negative phenomenon. Especially important are the efforts for reduction of the early drop-outs of the education system. In this respect Bulgaria has marked a significant progress. In 2000, a total of 20.3% of youths between 18 and 24 years of age and without secondary education did not participate in any form of education or training. In 2007 their share decreased to 16.6% (16.9% for females and 16.3% for males), compared to 14.8% average for the EU. We also rely strongly on the measures for child protection and social services development to reduce transferring inequalities from generation to generation.

The quality of life of **people with disabilities and of the representatives of certain ethnic groups, the Roma in particular**, deserves special attention. These are groups exposed to higher poverty risk and social exclusion. The improvement of the quality of their life is undoubtedly a challenge before the social inclusion policy.

The favourable economic environment in the recent years allowed setting priority on more intensive and targeted measures for reduction of poverty and social exclusion. Already in 2003 the Government adopted a National Strategy for Combating Poverty and Social Exclusion 2003 – 2006. It was implemented together with a National Action Plan. In the course of the EU accession process, in 2005 a Joint Social Inclusion Memorandum was signed between the European Commission and the Republic of Bulgaria identifying the most important challenges before the country's social development within the context of the common European objectives.

In December 2006 the Government defined for the first time officially the poverty line for the country together with a mechanism for its calculation and updating. It serves as one of the standards for the adequacy of some of the protected minimum payments.

In 2006 the first Bulgarian National Report on Social Protection and Social Inclusion was elaborated for the period until 2008. At present the approval of the second similar report covering the period until 2010 is imminent.

It accurately identifies the policy priorities in the area of social inclusion:

1. Reduction of the transfer of poverty and social exclusion from generation to generation (with a focus on poverty and social exclusion among children);
2. Active inclusion of the groups far removed from the labour market;
3. Equal opportunities for the most vulnerable groups of society;
4. Better governance of the social inclusion policy.

These objectives are underpinned also by specific quantitative targets in the field of poverty, income, education, employment, deinstitutionalization, community-

based social services, social assistance and social protection. Setting such objectives proves to be a successful approach in the framework of the strategic report on social protection and social inclusion for 2006 – 2008, since the analysis of their achievement served for objective and realistic evaluation of the success and of the remaining challenges.

The concept of the National Action Plan for social inclusion 2008 – 2010 is mainly based on the understanding that the key for permanent overcoming the poverty and social exclusion-related problems is prevention. This is especially valid for policies for reduction the transfer of poverty and social exclusion from generation to generation. This policy is focused on the identified groups at risk, but undoubtedly Bulgaria puts first the support for **children and families**. Because investments made in the quality of life of children in their early age, when the child develops to become a person, predetermine their future development. On one hand measures relate to improvement of the material condition of families with children. These are measures relating to access to higher quality employment, the social security system reform as well as measures within the family and social benefits system.

As a sign for our commitment to children and their rights, the Council of Ministers of the Republic of Bulgaria adopted a National Integrated Plan for the Implementation of the UN Convention on Protection of the Rights of the Child for the period 2006 – 2009 in order to ensure the welfare of the children in Bulgaria consolidating the national child protection policies and strategies and defining in the longer term the roles and obligations of all institutions responsible for children's rights protection and children's welfare in Bulgaria.

The main objective of the child protection policy is free and adequate personal development of the child by creating conditions for effective exercising of the rights and improvement of quality of life. For the achievement of this objective a **National Child Protection Strategy 2008 – 2018** was elaborated and adopted. The strategy encompasses all areas of public life having effect on children's welfare.

In the **National Strategy for Demographic Development of the Republic of Bulgaria (2006 – 2020)** a special focus is placed on families, responsible parenthood, combining family and career life, which requires implementation of complex policies ensuring high-quality social environment for raising and bringing up children.

The other emphasize in the social inclusion concept that Bulgaria is going to apply is joining **to employment the people who are remote from the labour market**. Here the strategic approach is based on the concept for active inclusion with its three components – support of adequate income, improvement of employability and access to high-quality services that will eliminate the barriers for the vulnerable groups to participate the labour market.

In this connection the main target groups of the employment policy are unemployed people with permanent disabilities, elderly unemployed (older than 50 years), the unemployed with low level of education and without qualification, inclusive of Roma, the long-term unemployed, the discouraged, as well as some specific groups such as unemployed mothers with children up to 5 years of age, unemployed who have served a jail sentence. For these groups is characteristic that they are actually threatened to fall into poverty and social exclusion. Their participation in various **measures and programmes of pro-active labour market policy is a real chance for their permanent integration and employment**. Thus, more general challenges before the policy for sustainable development are also addressed: the need for undertaking actions to overcome the demographic processes related to population aging and labour force and finding options for adequate response to the changes stemming from globalization.

Activating measures are of significant importance for decreasing the risk of social exclusion. The active behaviour on the labour market increases the potential and the opportunities for social inclusion of people that are most far off the labour market. Activities are directed with priority to those groups on the labour market whose participation in the labour force is limited and are regarded as “labour reserve”.

The principles of **equal opportunities for men and women and of people with disabilities** are not new components in the Bulgarian social inclusion concept. They imposed the development of policies focused especially on these issues. The emphasis is on

more fair redistribution of the public resources directing them to the groups that are forced out to the margins of society. In the activities planned for 2008 – 2010 a special attention is paid to people **with disabilities**. The basis of the adopted approach is that the forms of material and social benefits are not sufficient for their effective social inclusion; an overall complex of measures is needed for their permanent integration in society. One of the main priorities of the Ministry of Labour and Social Policy is integration of people with disabilities and improving the quality of their life. A **Strategy for Ensuring Equal Opportunities for People with Disabilities 2008 – 2015** is adopted aiming at ensuring equal opportunities for successful integration in society of people with disabilities. For the implementation of this long-term strategy two-year Action Plans are being developed for ensuring equal opportunities for people with disabilities. One of the Ministry of Labour and Social Policy main priorities is integration of people with disabilities and improvement of their quality of life. 2008 – 2015.

Representatives of particular ethnic groups, especially the Roma group, are exposed to a more serious risk of poverty and social exclusion. In this connection, there is no general category of vulnerable groups subject to policies and measures which does not cover also representatives of the Roma community. On the other hand, Bulgaria has a good strategic framework in relation to the overall Roma integration. In the recent years this framework not only structured the most important Roma-related policies and measures but is already showing tangible results. Nevertheless, social inclusion of Roma people is a long-term challenge, which requires mobilization of all possible resources especially in the areas of employment, education, healthcare, housing, culture and anti-discrimination.

The efforts of the social inclusion policy get significant support from the European Social Fund. The Ministry of Labour and Social Policy is the Managing Authority of the Operational Programme **“Human Resources Development 2007 – 2013”** which is the framework for absorption of financial resources co-funded by the EU European Social Fund and the national budget in the amount of about € 1 214 000 000.

Operational Programme **“Human Resources Development”** aims at improving the quality of life of people in Bulgaria by improving the human capital, achieving high employment rates, increasing efficiency, access to high-quality education and life-long learning and strengthening social inclusion.

For improving the access to employment for all age groups and for improving efficiency and quality of labour, it is necessary to increase investment in human capital, to develop and implement effective national educational strategies and life-long learning strategies for the welfare of people, the enterprises, the economy and the society. Within the framework of the Lisbon Strategy Objectives, the national and community strategies for encouraging employment, the investment in human capital should be extended and improved and the education and training system should be adapted to meet the new requirements.

Activities in the field of labour market training in order to attract more people to employment and to enhance the adaptability of workers and enterprises will be combined with relevant activities in the education and training systems.

The Operational Programme and particularly Priority Axis 5, “Social Inclusion and Social Economy Encouragement” pays much attention on possibilities for increasing the human capital level and strengthening its utilization in society. Investment in social capital by bridging the gaps in society, propagating trust, establishment of the foundations of social, economic, cultural and other networks, development of the social economy sector, as well as achieving a beneficial social-economic partnership have already proved their value for accelerating growth, for increasing efficiency, employment, social inclusion and quality of life.

One of the most significant measures that Bulgaria is going to undertake is connected to the adoption of **long-term approach in the policy for combating poverty and social exclusion**. This will happen with the adoption of a long-term strategy for combating poverty and social exclusion. **Moreover, the consultation and coordination processes will also be improved.** The strategy will ensure better efficiency of the social inclusion policy; an integrated approach will be applied with high level of comprehensiveness, long-term planning, implementation and respectively, impact.

The non-governmental sector has an important place and role in the overall process of development and implementation of the social inclusion related policies. In order to strengthen the cooperation with the third sector organizations, Bulgaria envisages the establishment of ***National Advisory Body on the issues of poverty and social inclusion.*** All efforts will be made for more active participation of the local and regional authorities.

In conclusion, the European Commission set 2010 for European Year for Combating Poverty and Social Exclusion. The aim is to express determination to achieve substantial results in eradicating poverty by 2010. As the EU Commissioner of Employment, Social Affairs and Equal Opportunities, Vladimir Špidla pointed out: ***“The struggle against poverty and social exclusion is one of the main objectives of the EU and our common approach is an important means guiding and supporting the actions of the member states.”***

The European Year is undoubtedly a step forward in the direction of increasing public sensitivity on the issues of poverty. On the other hand, ***the European process of social protection and social inclusion represented by the Open Coordination Method provides support to the member states in striving for better social unity in Europe. Here we see the place and the hope for Bulgaria – for faster accession of the country to the European partners, in the common interest and in the interest of all European citizens for coping with poverty and social exclusion.***

Thank you for your attention!

LOW-PAID WORKERS AND WORKING POOR IN BULGARIA

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The evolution of the concept about the “working poor”, along with the research carried out in the last 20 years show that two relatively independent notions can be outlined – low-paid workers and working poor. Their definitions differ primarily with regard to the area of interpretation – distribution (as remuneration of labor) or consumption (as redistribution of the income in the household).

The Organization for Economic Co-operation and Development (OECD) defines *low payment* as lower than two-thirds of the incomes of all full-time employed and this threshold is most widely applied in statistics and research in Austria, France, Greece, Ireland, Italy and Portugal. The definition of a second threshold for “very low wages” set at 50% of the median income is also considered as an alternative. Researchers in other countries use their own definitions as well. In Germany, for example, low income is widely associated with wages and salaries below 75% of the average for the country, while in Norway the definition most often used by statistics and trade unions is an hourly wage rate lower than 85% of the average hourly wages in industry. Taking into account the generally low wage and salary rates in our country (only about 20% of that in EU–27 by Purchasing Power Parity⁴) and the progressively increasing living costs, we consider the threshold of 75% in relation to the average salary and wage rate for the country as an appropriate criterion for low-paid workers.

The working poor, on the other hand, are determined by two particular facts – the fact they are working and the fact they belong to poor households. This means that their definition is based on two statistical units – the separate individual and the household. The individual is the starting point for the classification of “employed” and “unemployed”, and the household underlies the classification of “poor” and “non-poor”. In this sense, there is a category of people living in poor households but their individual income is above the poverty threshold. In the same way, there is another category of people whose individual income is below that threshold, but they do not live in poor households. Obviously, the size of the household and the number of supporting and dependable persons could vary. Besides, often we witness transfer of income between households. The “poor household” is a result of all these factors.

The analysis of the ongoing processes in Bulgaria during the transition period shows that the “working poor” issue has been neglected and there is no comprehensive in-depth research on the matter as well as systematized information shedding more light on the quantitative parameters and specific characteristics of this relatively wide stratum of the population.

The National Statistics Institute data of the Laeken Indicators⁵ show that for the period 2001-2007 there is a positive tendency towards reducing the relative share of the “working poor”. From 6.3% in 2001 it dropped down to 5.0% in 2007. This trend is typical both for the waged workers and the self-employed (Table 1). It can be mentioned that the self-employed (in our opinion, mostly in the field of family business) are exposed to risk of

⁴ Purchasing Power Parity – measures price level ratios in different countries and is used to convert the economic indicators into a common artificial currency called “Purchasing Power Standard” (PPS). The difference between PPP and PPS is that the first is that the first is an exchange rate and the second is a currency, though artificial.

⁵ The calculations employ the EUROSTAT method regarding the relative poverty line – 60% of the median average monthly disposable income per equivalent unit. This applies to all data concerning poverty in this paper.

poverty not less than the waged labor, and what is more, during certain periods the relative share of the poor self-employed is higher than the one of poor waged workers (2002, 2005 and 2007).

Table 1:
Relative share of “working poor” – total and by type of employment (in %)

	2001	2002	2003	2004	2005	2006	2007
Total	6.3	5.5	6.8	6.8	5.9	5.5	5.0
Waged workers	6.3	5.5	7.1	6.9	5.6	5.7	4.9
Self-employed	6.4	6.1	4.2	6.1	8.7	2.8	5.9

Source: NSI. Laeken indicators: Results of 3rd Round. 2007

The structure of the poor population in the country (Table 2) provides additional information on the dynamics and scope of the “working poor”. If in 2001-2002 over 20% of the people falling below the poverty line were working, their relative share consecutively dropped down to 13.9% in 2006 and then again increased to 15.1% in 2007. The majority of them are waged workers (13.8%) and the self-employed comprise only 1.3%. It is beyond any doubt that the two major risk groups are pensioners and unemployed. Two other facts are quite striking: *first* – the factor unemployment is gaining an increasing influence on poverty and this is mostly due to the consistent policy of cutting down the rights and amounts of compensations and social welfare benefits for unemployment; *second* – the relative share of poverty in the group “other non-working”, formed mainly by children and students, is stable and comparatively high (between 10 and 13%).

Table 2:
Structure of poor population by economic activity (in %)

	2001	2002	2003	2004	2005	2006	2007
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Workng	21.5	24.6	16.8	15.7	14.2	13.9	15.1
- waged	19.5	22.8	15.3	14.5	13.4	12.6	13.8
- self-employed	1.5	1.7	1.4	1.2	0.8	1.2	1.3
Non-working	79.0	75.4	83.2	84.3	85.8	86.1	84.9
- unemployed	20.7	20.9	19.7	23.0	30.2	37.7	39.3
- pensioners	46.2	41.8	50.4	51.5	45.2	36.7	35.7
- others/students	12.2	12.8	13.1	9.8	10.4	11.7	10.0

Source: NSI. Laeken indicators: Results of 3rd Round. 2007

The category „low-paid workers“ is close to „working poor“ but they are not equivalent. It can be stated that the first are the potential source contributing to the group of working poor, but the status of the latter is determined on household level where the income of the household members is being redistributed. For the purpose of the present analysis we have adopted that receiving less than 75% of the average wage for the country is the criterion for low-paid workers. Seven sectors/economic activities belong to this category (Table 3).

Table 3:
Sectors/economic activities with low average wages (in BGN)

Economic activities/Years	2001	2002	2003	2004	2005	2006	2007
Average wage for the country	240	258	273	292	324	360	431
Agriculture, forestry and hunting	185	192	202	216	234	254	304
Textile and apparel production	155	164	172	187	205	228	270
Leather production and leather products	146	157	160	170	182	209	235
Wood industry without furniture	160	172	189	199	224	249	307
Other processing industry	159	167	181	195	220	236	289
Trade and repair	167	180	201	217	251	287	301
Hotels and restaurants	150	155	162	172	202	222	291

Source: National Statistical Institute and calculations of the Institute for Social and Trade Union Research of the Confederation of Independent Trade Unions in Bulgaria

During the whole period 2001-2007 (with small exceptions) they satisfy the criteria for earning less of 75% of the average national wage. Over 772 000 waged workers (2007) are employed in these sectors, which makes about one third of all employed. Typical for these sectors is the wide presence of grey economy, non-paying of the full insurance and disrespect of labour regulations. This in turn preconditions the reproduction of poverty in the period after job loss as well. At the same time, the productivity of labour in some of these sectors soars and the rate of its growth is several times higher than the wage growth (Table 4). This phenomenon has different aspects – unequal involvement in the redistribution of the generated output, intentional keeping of low labour price (especially in regions with high unemployment rates), competitiveness based on underpayment of the used labour, but in the end they all result in one – the unpunished practice of „social dumping“.

Table 4:
Growth rate of labour productivity (LP) and the real wage (RW) in the period 2000-2007 (in %)

Sectors/economic activities	LP	RW
Textile and apparel production	113.1	22.2
Leather production and leather products	95.9	10.1
Wood industry without furniture	87.8	33.0
Other processing industries	146.2	25.6

Source: Calculations of the Institute for Social and Trade Union Research of the Confederation of Independent Trade Unions in Bulgaria using National Statistics Institute data

The conceptual framework for overcoming the syndrome of „working poor“ should be based on one basic principle – *human's dignity is directly and inherently connected with labour and in this sense insecure jobs, bad working conditions, wages below the existence-minimum are hurting the human dignity*. Decent payment should not be considered only in the context of economic parameters of individual achievements and social progress, but also together with the nature and conditions of labour along with the objectively existing national consumer, living and social standards.

In this regard there are some typical national peculiarities having negative impact and shedding some light on the phenomenon „working poor“.

- The average wage has been kept for a long time on levels below the necessary living costs. In an environment of high level of discouraged unemployed and negative demographic processes, one employed has to support in average 1.5 unemployed individuals. That means that in Bulgaria the employed getting an average or lower wage can more or less fall in the risk zone and be considered poor.

- The national minimal wage always remains below the calculated absolute and relative poverty line. Implementing the Strategy for Combating Poverty and Social Isolation, since the beginning of 2007 the government has made the first step by defining the official poverty line, using methodology approved by ordinance by the Council of Ministers. But this was not followed by the second, also important step – adopting a methodology/mechanism for binding the minimal wages and social payments with the official poverty line, despite that some expert solutions in that direction have been developed and proposed for approval.

- The factor part-time employment in Bulgaria does not have significant impact on poverty since according to official statistics only 2-3% of the employed hold part-time jobs. Part-time employment is not lucrative because of the low wages in general. It sounds absurd, but instead of striving to restrict working time, in Bulgaria definitely there is a preference to a voluntary increase of working time and self-exploitation as long as this contributes to at least a bit higher absolute income.

- The processes observed during the whole period, and during the last 7 years in particular, give us grounds to state that the „working poor“ not only form a high-risk group, but also represent an established model of lifestyle. This is mainly due to the artificially and intentionally low-kept level of wages. The competitiveness gained through social dumping and the low price of labour brings only short-term advantages. It does not have a future in an economy based on knowledge and lifelong learning – the core of the Lisbon Strategy.

What measures can be applied for decreasing the number of „working poor“?

In general the European experience shows that it is possible to overcome the „working poor“ syndrome using a complex of successful measures and policies at different levels.

First, by imposing the mechanism of regulating through the minimal wage and introducing its reference levels. Historically, this is related with the term „fair pay“ and corresponds to „such pay for the people that will allow them and their families a decent standard of living“. The Commission of Independent Experts responsible for the application of the European Social Chart of the Council of Europe already defined twice such threshold reference levels – in 1977 as 68% of the national average wage and in 2002 when it was pointed that the lowest net wage should not drop below 60% of the average net wage. In Bulgaria the ratio between the minimal wage and the average wage was 33.3% in 2000 and recorded a trend towards increase, but in the last four years has remained stable around levels of 40-46%.

Second, these are the different mechanisms for complementing, subsidizing or tax-insurance relief for low wages. As a rule, these models together with relief of the income situation of the „working poor“ stimulate also the creation of new jobs for long-term unemployed. Their successful application depends on the continuance of the measures as well on the presence of a real stimulating effect (if the level of payment remains low despite all, problems are not solved, but become worse). The Bulgarian experience is controversial; moreover, in the last years the relief has been directed predominantly to the high-income groups and the businesses.

Third, these are measures protecting and stimulating incomes on household level, i.e. they have a compensatory effect with respect to the distribution of income between the supporting and dependable persons. There are two major changes to be implemented in our country which could substantially contribute to improve the efficiency in anti-poverty policies at this level:

- fundamental restructuring of the social assistance system, binding it with the official poverty threshold and orientating it to complementing the household income;

- implementing household income tax scheme in its full scope and volume.

Fourth, negotiating the nominal growth of wages and salaries between the social partners should be focused on two long-term goals:

– extensive and consistent application of the cumulative effect of the following factors: inflation, labour productivity, competitiveness and market situation, social security and tax burden;

- gradually decreasing the gap between national and average European levels based on quality employment, high technologies, accelerated investment growth and last, but not least, improving the mechanisms of distribution of the output product.

Fifth, the National Employment Plans should focus to a much higher extent on the creation of quality jobs providing long-term employment, career development and rewarding achievement as prevention against the risk of “poverty” and way to overcome the “working poor” syndrome.

THE NOTION OF FLEXICURITY: DIFFICULT TRANSLATION AND MORE DIFFICULT IMPLEMENTATION

(Lessons from the Bulgarian Labor Market)

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The socioeconomic nature of the problem of “flexicurity of employment”, with all its complexity, confliction and controversy, accounts for the strong interest in these problems on the part of both the European Anti-Poverty Network /EAPN/ and the national anti-poverty networks. The Common Principles of Flexicurity, adopted by the European Commission in 2007, give rise to a number of questions which should have their solutions and answers. The main problem is whether it is possible to achieve the extremely necessary balance between job flexibility and employment security, and what the price of this achievement will be, i.e. how and in what way the economic effects and the social consequences will be distributed between the employers and the employees. The question is not a rhetorical one as where and when the neoliberal concepts of flexibility of labour market conquered “territories” within the employment systems in a number of countries, there arose social phenomena and consequences which had already been forgotten – erosion of the social status of working people, inequality and social differentiation, “working poor”, stagnation of labour remuneration, and even a drop in real earnings. The social need for coping with these consequences provokes the creation of the concept of “flexicurity” /flexibility and security of employment/, which emerged in Denmark in the early 90s. Its implementation has turned into one of the tokens of the revised Lisbon Strategy for growth and employment through increasing the productivity and competitiveness of the European companies and economies.

I. SUMMARY OF THE SOCIAL EXPERIENCE OF BULGARIA

In practice, flexible employment in Bulgaria’s national economy has already become a reality, and even an irreversible process, regardless to whether this specific terminology is used and this problem is realized, or whether this process is a product of a policy which has been purposefully pursued or has emerged in the current situation under the pressure of business. This is due to the fact that the market reforms, implemented in a situation of an economic crisis, have given rise to the employers’ strategies of flexible use of the workforce for the purpose of achieving rationality of the production process, minimization of both labour costs and total production costs, and, on the grounds thereof, achieving economic efficiency of the use of resources. So, the country has its experience in the field of flexibility, although it is contradictory and ambiguous from the viewpoint of business practice. Owing thereto, the implementation of the European Commission’s Common Principles of Flexicurity in the labour market can hardly create any special difficulties for the State institutions or the business subjects as far as job flexibility and employment conditions are concerned. In this respect, the flexibility processes in the said sphere are “a beaten track” with all their problems, contradictions, obvious and hidden conflicts. Here the problem is to carry out an analytic assessment and evaluation of prior experience and, on the grounds thereof, to determine and justify the direction in the development of employment policy.

1. Flexibility of employment: institutional regulations and practical dimensions

1.1. Assessment of institutional flexibility.

According to lawyers engaged in the legislative changes, about 30 amendments have been made to the Labour Code during the period from its adoption in 1986 until the end of the preaccession period. Naturally, the most intensive and considerable ones among them were implemented in the years of transition, i.e. after the year 1990. At the beginning, the market reforms were aimed at changing the administrative nature of labour legislation and adapting it to the market conditions, however, the latest changes are focused on the harmonization of labour legislation with *acquis communautaire*.

Taking the risk of being accused of subjectivity, I will try to systematize the most significant findings and evaluations:

- The changes in labour legislation in the years of transition have been reduced to a common denominator – liberalization of the legal regulation, transformation of labour legal

norms from imperative into dispositive ones, strengthening the role of negotiation instruments in the process of setting the conditions regarding employment. Finally, all these changes have resulted in providing greater freedom in the behaviour of employers within labour relationships.

- As for the legal regulation of working time, a high degree of flexibility was achieved with regard to both its duration and the organization of its utilization. Except for extra work, it can be summarized that the process of changes and reforms of the legal regulation of working time has practically exhausted its capacity. The current regulation creates the employers' freedom required for minimization of losses and efficient use of working time, and respectively, for reduction in the unproductive labour costs.

- The institutional norms and standards do not impose insuperable restrictions on functional flexibility. On the contrary, they make it possible for the employers to implement their organizational strategies and policies successfully. In other words, the forms of organization of the joint labour activity are largely determined by the predominating technology, the structural and functional mechanisms, the managerial approach and style, and not by the legal norms regarding the working conditions specified in the legislation.

- In the field of commencement and termination of labour relationships, the conditions for flexibility are provided through enlargement of the opportunities, i.e. through diversification of the grounds for commencing and terminating the labour relationships. In practice, labour legislation covers the whole variety of situations faced by an employer.

- The employers' freedom in managing the salaries in the private business sector is actually unlimited, regardless of the quantitative parameters and rules that have been implemented: employees' minimum salary /EMS/, minimum levels of additional labour remuneration /ALR/, payment systems and procedures, minimum insurance thresholds. One of the reasons for it is that the minimum levels that have been set are too low. Thus, for instance, the level of EMS is still lower than the lowest market level of payment for the lowest-qualification work. So, the institutional regulations in the field of labour remuneration are not a factor which charges the employers with additional labour costs or limits the employers' freedom.

1.2. Practical dimensions of flexibility processes

In practice, the situation is largely determined by the approaches to the implementation of flexible employment. The choice of these approaches is dominated by the economic effects realized at the micro- and macroeconomic level.

A/ Approaches to the implementation of flexible employment. There are three approaches – implementation through the legislation /legislative flexibility/, implementation through agreements /agreed flexibility/ and unilateral implementation on the part of the employer, i.e. on the employer's initiative and in the employer's best interests. In Bulgaria, regardless of the possibilities provided in law, the implementation of flexible employment is dominated by the unilateral approach – by the employer and in his/her best interests – and is often in violation of labour legislation. Agreed flexibility is an episodic phenomenon, and the basic reason for this is the extremely limited scope of collective bargaining. The wide application of the unilateral approach is mostly typical of the newly emerged private sector, the small and medium-sized enterprises, the managers of which do not even find it necessary to get acquainted with labour legislation and the possibilities it offers for using the labour potential in a more flexible way.

B/ Tokens and effects of flexibility in national economy. The employers' interest in the flexible regulation of labour relationships is wholly motivated by the economic interest in reducing the labour costs, and respectively, by the forms of flexibility in the number of employees. This fact accounts for those flexibility forms which were common in the years of transition – fixed-term labour contracts, total flexibility of working time and its organization, informal functional flexibility, low level of labour remuneration, insufficient qualification differentiation in labour remuneration, neglectful attitude to the payment of the additional labour remuneration set forth in law – especially the remuneration for continuous work and extra work – and speculative application of the systems of remuneration based on financial results, i.e. their being applied only in those cases where it is necessary to share the financial

burdens of business risks. Under the pressure of employers' pragmatism, various effects of the application of flexible employment have occurred, such as:

- Reduction in labour costs through total orientation to the minimum level of labour remuneration as a basis for calculating the social and health insurance contributions. It has turned out that, as a result of this "pragmatism of the employers", more than one million employees, mainly in the private business sector, are insured at the level of the minimum insurance thresholds. The consequences thereof are obvious ones and have been commented on a number of times.

- Reduction in labour costs through decreasing the amount of compensations due by the employer to the employee in the event of suspension of a labour contract of unlimited duration. This effect has resulted from the large-scale spread of fixed-term labour contracts even in those activities which are of constant nature. This is due to the fact that no compensations whatsoever are paid under these contracts upon termination of labour relationships at the time of expiration of the term provided for in the contract of unlimited duration. Consequently, the employers' pressure aimed at extending the perimeter of spread of fixed-term labour contracts, which follow the market fluctuations and production cycles, is extremely great, even now that the current situation in the labour market has remarkably changed in comparison with the years of transition.

- Reduction in the amount of the additional labour remuneration for extra work and payment for the downtime in the course of the working hours that has occurred through the employer's fault. This effect can be achieved by way of applying flexible regimes of work, the scheduling of which follows the production necessities. When using such regimes, the duration of the working time – that duration is either specified in law or has been agreed upon – is calculated on the basis of longer periods of time, and not on a daily basis.

- Reduction in labour costs through the mechanisms of functional flexibility, i.e. through satisfying the needs for additional work by way of exercising more than one profession, or holding more than one position, or redistributing new tasks and activities or additional ones. This effect is achieved through working efficiently during the working time, intensification of labour, and increasing the productivity of labour on the grounds of lowering the labour-intensiveness of each unit of production work /activity/.

- Optimization of labour costs by way of adopting individualized systems of payment or mechanisms which make a differentiation of labour remuneration on the principle of "nucleus – periphery". Such an approach is applied even in the widespread professions and positions. And it creates the possibility of biased assessments and unfair levels of payment.

- Redistribution of business risks. In our country the form of flexible employment is used for transferring upon the employees a considerable part of the financial burden and business risks, i.e. "business profits are privatized, while losses are socialized".

The possibilities thus outlined for reduction in labour costs through the application of flexible forms of employment /both formal and informal ones/ were common practice in the years of transition, and consequently, they have had their effect upon the aggregate macroeconomic indicators. The dynamics of the basic macroeconomic indicators – GNP, employment, productivity and labour remuneration – reveal the sources of the economic upsurge and the reversal of the negative tendencies. The leading positions among them are occupied by the job cuts and the low level of remuneration. The statistical data from the years of transition show the real economic situation – the highest productivity is achieved in the periods of large-scale redundancies. In those periods in which employment increases, the productivity of labour starts decreasing. The fact that redundancies are the main source of growth in the productivity of labour in the years of transition reveals the contribution of the flexible forms of employment into the economic upsurge.

2. Social protection: institutional framework and practical dimensions

The law lays down certain possibilities of social protection which are well known and common in the practice of those countries which have their good traditions in market economy, the said possibilities being:

a/ Job security, which is realized by way of administrative and economic mechanisms, mostly through compensations in the event of suspension of labour relationships on certain grounds and conditions specified in law.

b/ Social protection upon occurrence of the social risk of unemployment, this protection being provided on the grounds of social security relationships and mechanisms, which allow for compensating for the earnings through providing unemployment benefits for a certain period of time specified in law.

c/ Protection of the employees' entitlements in the event of insolvency of companies – a new risk subject to being insured against by the employer;

d/ Active policies and measures in support of the unemployed in the course of their seeking a job – provision of services such as consultancy, educational and intermediation ones on the part of the competent and specialized structures of labour market, encouraging the employers to employ unemployed persons, and especially those belonging to the more vulnerable social groups, and subsidized programs of employment.

Analyzing the institutional regulations of social protection of employment, the following logical conclusions and assessments are drawn:

- The administrative and the social security mechanisms of social protection of the job are exhaustively regulated, predominantly by way of imperative legal norms. Undoubtedly, this approach limits the flexibility in the regulation of social security relationships, however, in the years of transition and even at this current stage such an approach is reasonable and inevitable. Despite the obligatory nature and exhaustiveness of the regulation, it is impossible to eradicate or limit the employers' vicious attempts and practices of evading the legal norms.

- The process of flexibility in social security relationships is achieved not only through the adoption of an obligatory regime of social insurance, but also through a voluntary regime; and through applying differentiated minimum thresholds of the insurance income depending on the economic sectors and the grades of positions under the National Classification of Professions /NCP/; and through differentiation on the grounds of the period of time for which the unemployment benefit has been received, this period depending on the length of service.

- Regardless of the implementation of institutional changes, no balance has been achieved yet between job flexibility and employment security. For instance, the number of those unemployed people who have the right to unemployment benefits does not exceed one fifth of the total number of the registered unemployed people even during the years of intensive structural job cuts, the average amount of the unemployment benefit compensating for only one third of the average amount of earnings. At the same time, intensive limitation of job protection is under way. The relative share of the compensations paid by the employers in the event of job cuts is a relatively small one.

- The changes in the institutional norms regarding social protection show the beginning of a transition from job security to employment security. Priority is given to the active measures and the programs for involvement in the labour market. Certain encouraging effects are seen, too. The years of the first decade of the 21st century show an intensive growth in the financial resources invested in training and other active measures in the labour market, the effect of their application being on the increase.

II. POSSIBLE PRACTICAL SOLUTIONS

1. Regarding social security. In the conditions of flexibility accompanying the transition of job security to employment security, the issues of social security inevitably become a responsibility of the State and should be solved through the legislation – exhaustively and imperatively. Even today the insights of Thomas Hobbes remain valid – social protection, including social security, is one of the major functions which legitimize the modern State, “binding” the people and the State within the social contract /Hobbes, T., 1970: pp. 181-189/. At the same time, the legislative approach should provide the possibility of flexible regulations, which means the following in this specific case: covering the risks and the situations involving a risk, so that equal access to the social security system can be provided to anyone working under a labour relationship, regardless to the status of his/her labour contract; flexibility of social security regimes for the purpose of achieving more favourable social protection of labour; flexibility of the methodological requirements and

conditions, this being aimed at providing the opportunity of assessing and measuring the amount, nature, working conditions and – where the forms of work are non-standard ones – other flexible working conditions as well. Last but not least, the provision of flexibility of the functional rules of the social protection systems in a way ensuring that the “atypical employees” would not be discriminated or embarrassed by the rules which are often quite severe and strict.

The realization of the outlined transition presupposes a reorganization of the unemployment social risk within the context of the new philosophy of social protection. Thus, it is necessary:

- to liberalize the criteria and the requirements with a view to extending the scope of those unemployed people who have the right to unemployment benefits, thus ensuring an access to the unemployment benefits to the “atypical employees” as well as to those working under non-standard forms of employment. Currently, that is possible only with regard to employees working under fixed-term labour contracts provided that certain requirements are fulfilled.

- increasing the coefficient of compensation for the labour remuneration through the levels of unemployment benefits, and, in the first place, establishing a method of determining the unemployment benefits; the traditional method is a percentage of the average labour remuneration.

- differentiating the amount of the unemployment benefits within the period of their being received, in accordance with the benefit’s function to provide employment security, to compensate for the labour remuneration, to exert pressure for seeking a job actively. In these circumstances a scheme is necessary for differentiating the amount of the unemployment benefit – during the first months the unemployment benefit should compensate, to the maximum possible degree, for the labour remuneration, thus practically replacing the job security ensured by the benefit paid by the employer; at the later stages the amount of the benefit should be reduced with a view to activating the attitude of the unemployed in the process of seeking a job.

2. Regarding the approach to the adoption of flexible employment. Creating the guarantees of implementation of **agreed flexibility** as one of the reasonable and efficient approaches to achieving flexibility of the conditions of employment. Regardless of its efficiency, the implementation of this institute of market relationships is placed under direct dependence on the organized representation of the parties’ interests on the grounds of their being associated in professional and employers’ unions. And the crisis in this associating, mostly in the associating of employees, regardless of the reasons for it /objective and subjective ones/, makes this instrument practically unusable and, respectively, inefficient. Against the background of quick development of flexible employment, it is inadmissible for the representation of interests and the collective bargaining to be at an almost critical point in their practical realization. Neglecting this problem means deliberately limiting the mechanisms for protection of labour rights. There are two possible solutions:

- Adoption of legal norms ensuring the application and providing a wide scope of collective bargaining as an instrument of coordinating the interests at least at the sectoral level or by separate activities.

- Extending the scope of collective bargaining using the system of participation in the management through the committees and councils of the enterprises. This is an alternative which also requires a legislative solution. However, if this alternative fails to accord an adequate role to the professional organizations of the employees, it can hardly come true as a legislative arrangement and a real social practice. Undoubtedly, the choice is a matter of compromise between the social partners.

3. Regarding the non-standard /atypical/ forms of employment, the following is necessary:

- Regulation of the status of the agencies for temporary employment. Due to inexplicable reasons, this problem is underestimated. And these structures make it possible to organize the labour market in the sphere of social and other services for households, and jobs of temporary nature, as well as to ensure the dynamics of labour market in specific

spheres and among specific social and professional groups, including those of employees of low qualification. Thus, it will be possible for this segment of temporary and part-time employment to be taken out of the shadow economy, and civilized labour relationships can be established therein.

- Unification of the regulations as regards the modern forms of distance work, such as working for electronic networks and virtual companies. The realization of this type of employment is growing intensively. According to bibliographic sources, it reaches 16 million people and is expected to reach 18 million within a short period of time, crossing the national borders and economies and going beyond the social responsibilities of the national institutions.

- Particularization and unification of the regulations of hourly and part-time work, the latter being preferred by pensioners, students and housewives.

4. Regarding the fair distribution of labour remuneration and formation of the salary on the grounds thereof – both as an amount of financial means and as individual labour remuneration. In this case, “fair distribution of labour remuneration” denotes the adoption of well-founded and reasoned methods of determining the salary in accordance with the productivity of labour, the financial results, the professional qualification and the professional competence. Thus, it is possible to overcome the common practice of transferring the financial consequences of business risks to the labour remuneration of the employees. Along with changing the system, it is worth evaluating the reasonableness of changes in the normative regulation with regard to:

- Achieving greater flexibility of employees’ minimum salary. Its being determined as monthly remuneration for the country is not the most efficient alternative. Both the differentiation of EMS by sectors and the approach of determining it through the mechanisms of collective bargaining /as is the case in other European countries/ ensure greater flexibility when using this instrument for influencing the labour market.

- Review of the normative regulations relating to the structure of the employees’ salary. On the one hand, the large scope of additional labour remuneration provokes greater interest in the conditions of labour compared to the interest in the job itself. On the other hand, for quite a long time private business has not been respecting ALR as regards working conditions taken in a broad sense. Undoubtedly, the ALR has its social reasonableness and should be preserved in future as well, however, its application and actual payment should be ensured as well.

- When determining the labour remuneration, the profitability of investments in human capital should be taken into account, i.e. the professional capacity should be assessed as a capital yield factor. This means that the systems of labour remuneration should allow that part of the remuneration reflects the profitability of human capital. Otherwise the whole terminology, such as human capital, investments in human capital, benefits and profitability of human capital would be nothing but economic jargon.

- Grounds for the possibilities of implementing a system of labour remuneration determined in accordance with the economic and financial results /productivity of labour, revenues from sales, profit/. For ensuring the efficient and fair distribution of labour remuneration, it is necessary to introduce a system which is based on the legal regulations and the efficient application of collective bargaining. Otherwise serious speculations are possible.

IN LIEU OF A CONCLUSION

Against the background of the social reality and in the context of expert analyses and assessments, a logical question arises – whether the concept of flexicurity contains the political potential as well as the socioeconomic instrumentation required for distributing fairly and equally the positive and negative aspects of flexibility and for redistributing the economic benefits and mitigating the severe social consequences. As for now, the unconditional achievement is the one the business has realized, and the unconditional effect is the one concerning business – job flexibility or a transition to job flexibility. The security of employment in the conditions of job flexibility /without disregarding the experience of Denmark and Holland/ lies within the sphere of discussions, searches and good intentions.

The way to achieving security of employment inevitably passes through the revival of the policies of full employment systems. Only these conditions make it possible to combine job flexibility, social protection upon occurrence of social risks, and employment in the conditions of professional and job mobility. The fact that the second stage of the Social Policy Agenda 2006-2010 of the EU sets the objective of achieving full employment instead of the objective of employment growth is a serious indication of a change in employment policy.

The basic question faced by the institutions, the economic science and the social practice today is the formation of a regulatory model correspondent with the present realities and adaptable to the challenges of the future – growth and employment connected with the effect of knowledge factors – scientific achievements and technological progress, formation and utilization of human capital of high value, and ever greater globalization. The solution to this problem undoubtedly concerns the current evaluation and review of the role of the market and the State as regulators of the system of employment. With their ideas and instruments for deregulation of labour market, the neoliberal policies have failed to justify the tokens of higher levels of employment and lower levels of unemployment. Moreover, the social consequences, contradictions and conflicts between the actors in the labour market have discredited the neoliberal doctrines and policies. And in its turn, the direct intervention of the State results in defects the consequences of which are not less negative ones. Therefore, as the world perceives the market as a basic mechanism of distribution of resources, goods and revenues, the main problem is to achieve fair distribution of the revenues at the stage of primary distribution. And the State institutions have to submit their policies and activities to the improvement of the market mechanism and the functioning thereof, in accordance with the criteria regarding efficiency and fairness, as this will strengthen the confidence in this mechanism. The criterion of fairness in a market society is the access to the market, and the participation of everyone in both the market exchange and the distribution of revenues and goods. Therefore, the provision of systems of full employment is an imperative of both the economic development and the social progress. The fact that the labour market is unable to ensure employment that is both full and efficient under all circumstances does not mean abandoning the support to full employment. And here is the role of the State which should not engage with the short-term measures of the employment programs that fail to create the required and desired stability of those effects which have been obtained. The alternative is the formation of the sector of social economy, perceived not only as a sphere in which social services are realized, but also as a segment of the labour market with its specific, yet market-oriented regulations.

THE POLICY AGAINST POVERTY AND SOCIAL EXCLUSION AS A PROJECT

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The knowledge that a problem should be accurately, clearly and fairly defined in order to find a solution is more than trivial. This necessity is repeated as a well-known refrain in various areas: in medicine, ecology, interpersonal relations, family relations, applied psychology, engineering and technology, business and everywhere else. There is hardly a sphere of the private and public life, for which it is not certain that correct diagnostics precedes the favourable solution of problems. Moreover, it is assumed that the severer the problem the more the solution is functionally dependent on its accurate identification. The so called "angle of crisis recovery" depends on the precise definition of problems and creates possibilities to overcome the period of disorganization. The clearly set objective adds meaning to actions and organizes efforts.

In a similar way, the overall huge industry related to preparation, implementation and funding of projects constantly emphasizes the need to determine the objectives (the ends) already in the definition and organization stage in order to mobilize all the necessary resources (means).

Although policies, as a decision making and decision implementation process, remind us of the definition of a project given in a popular Harvard textbook, (a set of activities aiming to produce new result, which is limited in time and has clear starting and ending points), they seldom pass through the known scanning mechanism of project evaluation.

One of the most striking contemporary examples of refusal of adequate identification is the transition in Central and Eastern Europe. Comparative statistical data for the Great Depression and the nineties of the last century indicates that while the drop of the GDP for the 12 most advanced countries in the period 1929 – 1938 was 10% at the utmost and limited in time, in the nineties the same drop for the 8 countries of Central and Eastern Europe (EU member states – 2004) exceeded 25% and lasted longer. For Bulgaria, the country with the lowest average and minimum income in EU, this drop measured up to 35% and its duration exceeded one decade. Why the first is called the "Great Depression" and the second, with much deteriorating indicators, is called "Transition to market economy and democracy"? And how does the lack of adequate identification affect the future?

Regardless that since 2003 Bulgaria has undertaken active steps to make its social policy more European, the measures in this area continue to be of a rather residual and mitigating nature. They remain in the policies' periphery and are far from becoming a priority. Especially striking was the discrepancy in the first decade of transition, when the citizens' activity was focused on elaboration of various – legitimate, semi-legitimate and illegitimate survival strategies, while policies were organized around the loudly proclaimed by politicians and experts, transition to market economy and democracy.

Although mitigated, the refusal of adequate identification of problems is still continuing. Politically inconvenient concepts are avoided, such as quality employment, living with dignity, social rights, working poor, etc. For example, in the National Programme for Reforms (2006 – 2009) the term "social exclusion" is used only once, the term "poverty" – three times, and the term "social inclusion" – twice. Consistent substitutions are being made of the issue of poverty with the issue of unemployment; of the issue of unemployment - with active measures on the labour market; of active measures on the labour market - with provision of subsidies for the business. The clarity in defining basic concepts is being avoided. The term "social exclusion" was actively avoided in the period 2003 – 2007 and concepts, such as "social capital", "social economy" and "social enterprise", for which EAPN Bulgaria was actively lobbying, still do not have officially accepted definitions although they are present in leading national documents and in the Operational Programme "Human Resources Development".

The lack of adequate problem identification reduces the possibility to achieve standards and income comparable at least with those at the beginning of the transition period. Data provided by the Confederation of Independent Trade Unions in Bulgaria

indicates that compared to 1990, the average salary has decreased by 41,1% and the average pension – by 39,1%.

The deficiencies, gaps and biases in problem identification entail series of serious problems and influence all following stages of problem solving. And the political capability to draw conclusions from the lessons learned and not to repeat mistakes already made is seriously questioned.

Ultimately, the result is that large groups of Bulgarian nationals cannot share the general improvement of the welfare of the Bulgarian society. There is an acute gap between the Agenda of citizens and the Agenda of policies.

A project typology proposed in the same textbook, indicates four kinds of combinations between ends and means:

A) Optimal model: a self-managed, goal-directed work means clearly specified ends and unspecified means, as they are expected to be a result of the creative process of problem solving.

B) Anarchistic model: neither the ends nor the means are specified.

C) “Ready to wear” model: standard production with known ends and means, characteristic of wasted human resources.

D) Turn-off (diverting) model: means are known, the ends are not. According to the authors, this is the worst possible option.

It could be said that at EU level, the Open Coordination Method (accepted as a coordination mechanism for poverty- and social exclusion-related policies) in its design clearly repeats the above-mentioned optimal model, as far as common objectives (ends) are set, and the national and local authorities, as well as all stakeholders, have to mobilize resources (means) in order to achieve those objectives in-line with the economic and political context of the respective country. But to what extent national policies stick to the optimal model or are we rather observing deviations in national implementations?

In any case, in Bulgaria could be clearly noted the trend to the turn-off model – the means are known, but the ends are not. This is true even in the most literary sense – the problem solving of social problems is transferred to the Ministry of Finance and not to the Ministry of Social Policy. The dominating aim is to avoid over-expenditures and not to achieve positive changes in the area of poverty and exclusion. A lot of “replacing” therapies are being applied, which instead of focusing on the problems deny their existence.

The consequences of the diverting model are numerous. Among the most important are: a) inadequate rules; b) waste of funds; and c) waste of resources.

The Problem with the Legal Basis and the Related Problems with the Judiciary.

It is clear that the law is the main regulator of public life. It stimulates certain interests, protects other, and defines third as socially harmful and dangerous. In the role of public regulator, the law, the regulatory framework, should be subject to clearly defined objectives. In modern democracies it is assumed that objectives should be publicly coordinated and should recognise and take into account the Agenda of the citizens and society.

In Bulgaria, due to the well-known problems with the judicial system, it is usually stated that the laws are good but they are not applied. Actually, there are many examples indicating that laws seem to be good just because they are not applied effectively.

The review of the current legislation related to the pension and healthcare reforms clearly indicates series of discrepancies. As a matter of fact, lots of the failures related to the pension reform – low pensions, difficulties in collecting the social security installments, throwing people out of the system and so on, are result of the enforcement of the regulatory framework and not of its by-passing. In a similar way, the healthcare reform just won by the fact that its extremely neoliberal norms were not applied. Otherwise, even larger groups of people would have been thrown out of the healthcare system. In both systems there are consistent mitigation measures aiming at minimizing the biggest inadequacies of the regulatory framework.

In a similar way, the Ownership Act (a very short piece of legislation with lots of references to other acts and many ambiguities) hardly guarantees the citizens' property

rights, while the property rights should be the fundamental institution in an environment, characterized as market-based and democratic. The options for mayors, based on permit and license regulations, to “share and seize” property of citizens are entailed exactly from the regulatory framework, for example making them to donate in favour of the municipality. A prosecutor’s review of the donations made to municipalities and a review of positively resolved applications of persons, who have made donations around the same time, would clearly indicate what it is all about.

The decade of deregulation and anomic crisis in Bulgaria: 1990 - 2000 was not just a gap in the regulatory framework, filled-in later on with European legislation. Exactly during this decade were pruned mainly and above all huge massifs of labour, social and economic rights. The new regulatory framework did not emerge in vacuum, but it fixed the new economic and social context. After the period of intensive deregulations of the first decade of transition, emerged the question of whom do the politicians report to for the laws they elaborate: to the Bulgarian citizens or to economic lobbies? What for instance, provoked the most welcomed by World Bank reforming zeal illustrated by 10% profit tax and at the same time 10% flat rate for the income tax of physical persons, taking into account the extremely problematic drop in the living standards of enormous low-income groups due to the tax reform?

Through the legislation societies negotiate with themselves and regulate different interests, sometime quite controversial. But identifying the objectives is the starting point for the assessment of the regulatory framework. Without a starting point, each legal act could be interpreted both as good and bad. Bulgaria just needs poverty-proofing of the legislation – an overall review of the regulatory framework within the broad limits of the social laws, the laws regulating the financial and economic framework and the local governance-related laws, and also the ostensibly accepted for detached laws – the ones related to the environment, the military budget and the culture.

Financial Resources

The most often stated problem relating to policy implementation is money shortage. Here again the way of decision making and implementation collides with the widely popular knowledge – namely, that it is more important what money is allocated for than its availability. At daily level, this is most clear with regard to the care for children: better the money to be less than the children to be spoiled. The history of humankind is full of such lessons. At individual level it is well recognized that it is inadmissible for someone to give money to your child for narcotic drugs or to make him/her an alcoholic; at public level it is also well recognized that it is inadmissible, for example (not that it doesn’t happen), to give money for the spread of ethnical or social conflicts. There are enough examples in history that pouring money could destroy the social tissue.

Nevertheless, in the political processes of decision making, often sneaks the opinion that the availability or absence of funds is more important than the purpose of their spending. As long as corruption, money laundry, abuses, etc., slowly, clumsily and with modest results, start finding place in the public debate, other also very important issues such as what money is allocated for, when legitimate, are kept away from the public discussion. It is rather clear that if someone takes money from public funds and escapes abroad, one will be morally and may be legally convicted. However, the question is what happens in cases when enormous funds are poured for concentration of economic and political power? Doesn’t subsidizing business through subsidizing employment, for example, increase too much the power distance between employers and workers, restricting additionally the social rights?

Another related question is, while in the public awareness, accumulation of wealth continues to be doubtful with regard to legitimacy and ethics, to what extent is adequate the requirement for long-standing of organizations and for operating with large budgets as eligibility criterion for access to most of the Operational Programmes? What exactly is the purpose of establishing the identity and of making sustainable large organizations instead of creating capacity and dispersing opportunities at multiple local levels? There is no doubt that hierarchy and respectively working with less and larger organizations, is a lot easier, more

convenient and controllable from a management point of view. But is this the social objective – to be easy and convenient for the politicians?

Another brief example is worth mentioning (just as an illustration), not because of the past, but to prevent it from happening again in the future. Some years ago with the money of European taxpayers was funded a project named “The Love of Oneself – a Gate to Light”. In what framework was placed the main focus of this project? Was it really in compliance with the programme objectives of the pre-accession European funds, which should otherwise prepare the country for its integration in the EU? How did this title harmonize with the foundation of solidarity of the European Social Model? I would explicitly like to emphasize that here we are not discussing this project and the organization which won it. What is important is that the idea of a so formulated project and its approval is possible only in a “contaminated” social environment where the selfish interests are raised above all. Only a long history of offhandedness, arrogance and lack of responsibility could allow such display instead of just changing the title.

The question of what public money is spent for (regardless whether it is from the budget or from the European funds) is much more important than its availability. Money can do harm. And as it is very well known, it is easier for people to mobilize when there is shortage of funds than when the fruits of their labour and life appear to be plundered.

Both the politicians and the donors should bear responsibility for funds allocation. And the Bulgarian society hardly needs money in general; it needs just money to be spent smartly for socially beneficial purposes.

The Superfluous Resources

The way how money is spent influences all other resources. It could be proved that in Bulgaria the main problem is not that resources are insufficient but that specific mechanisms throw them out of public turnover. Especially during the first decade of transition the Bulgarian society intensively produced: redundant babies, redundant workers, redundant pensioners, redundant hospitals and schools, redundant universities, redundant scientific and research institutes, redundant infrastructure, redundant buildings, redundant lands, redundant production, redundant money, etc. Transformation of resources into something useless affected all possible resources (human capital, financial capital, infrastructure, production, social capital). Currently, like a pendulum this is reproduced on the opposite side: shortage of babies (demographic crisis), shortage of workers (especially qualified), shortage of funds, shortage of infrastructure, etc.

But as Amartya Sen points out, reduced production does not stand in the basis of mass hunger in underdeveloped countries. Actually, at first some of entitlements are cut off, which leads to deceleration of production. In a similar way, if we put in the centre of social exclusion the impossibility to exercise certain rights (civil, political and/or social), in Bulgaria during the transition period initially ran a process that placed “people, groups, communities and territories in inferiority position in relation to the power centres, resources, and dominating values” (J. Estivill’s definition of social exclusion). That was exactly what led to “cumulative marginalization: from production (employment), from consumption (income poverty), from social networks (community, family, neighbours) from decision making processes and from adequate quality of life” (H. Frazer’s definition of social exclusion). The trumpeters of market and democracy while severe pressure on entitlements is going on contribute to the loss of meaning.

Following this, the active inclusion concept could be useful if it is taken up as a means of achieving the clear goal to improve the way of life. Regardless of how useful they are, the minimum social standards, the access to services and employment are just means and not a goal per se. Moreover, all three were present in Bulgaria before the transition. But society needed changes. To be different from the situation at that time, changes should be judged from the aspect of the extent to which they contribute to formulation and enforcement of social rights, that is to the extent to which they stimulate economic freedom, and give people a chance to make decisions on their own for their life – for themselves and for their children.

Restoring the meaning

To speak seriously about policies against poverty and social exclusion, Bulgaria needs elaboration of straight forward, consistent and with non-conflicting objectives Anti-poverty Programme. Such Programme should cover the multiple faces of poverty not only at individual and group level but also in institutions, economic players, territories, inclusive of the poverty of policies.

Such a program could adapt and use the lessons of previous EU programmes. A public debate is needed, analytical and informational exposition of poverty and social exclusion, issues of local development, the roll-out of social economy (cooperatives and NGOs and not only service providers) in-line with the European practices, training of development experts to work with local communities and particularly with the poor and socially excluded segments of the communities, as well as an active integration of social dimensions into the state economic and monetary policies.

Simultaneously, a system is needed for independent monitoring and assessment of the extent to which policies (in their full diversity from regulatory framework to specific measures) and public resources (from the budget and from the structural funds) contribute to reduction of poverty and social exclusion. Otherwise, how could one judge whether a goal, set highly in the decision making chain, is implemented locally; whether the motion is directed to the goal or goes in some other stray direction?

The announcement, development and implementation of Anti-poverty Programme could be directly related to 2010 as European Year for Combating Poverty and Social Exclusion. And since it is well-understood that such Programme requires broad public debate and the horizon is too near, 2010 could be used for a new beginning, for acknowledging that Bulgarian citizens want a social state, which they have the will and the resources to establish. There is a severe necessity to restore the meaning

SOME REFLECTIONS BEFORE THE YEAR 2010: CAPACITY TO COPE WITH POVERTY AND SOCIAL EXCLUSION

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Apparently, the intention to eradicate the poverty in Europe will not be fulfilled within the foreseeable future. If this really happens so, this will not be the first lost battle with poverty (lets recall the “warfare against poverty” of the President L. Johnson). In fact, the poverty withstands various attacks throughout several millennia. Why is the poverty and social exclusion so steadfast? Why are they so feebly susceptible to influence and why does the struggle with them does not kill them but instead makes them stronger – exactly according to the famous epigram?

If we believe that there are adequate, convincing answers to these questions, we must seek them. And, while searching, it is crucial to get rid of certain misleading answers. Particular uncertainties are brought forward by the explanations through the shortage of financial resources. Over the past few years the poverty and exclusion tendencies grow in parallel with the expenses made for their reduction. Furthermore, the economic growth, which is so much relied on, increases significantly the available resources, but this does not lead to corresponding reduction of the poverty and exclusion. What is more, poverty and exclusion seem to somewhat depend also on the increase of the economic potential and in historical perspective – for instance, in the history of Europe the economic potential of the continent has never before been greater than that present now, but regardless of the enormous resources, the poverty and exclusion are tenaciously preserved and even grow. The simultaneous growth of the economy, poverty and inequalities is truly an odd phenomenon for the 21 century. More specifically, attention is called to the parallel between the dynamics of the poverty and the growing inequalities which seem to “absorb” the results from the accomplished growth.

This trend is opposite to the one expected by T. Parsons more than 30 years ago (in 1977), when studying the evolution of the societies he wrote the following: “From a comparative and evolutionary perspective.....The trend has been one of reduction in conspicuous consumption among elite groups. Though not much has happened for a generation, the future trend will be toward greater equality... The United States has led the change, but its features will spread through all modern societies... The new societal community, conceived as an integrative institution, must operate at a level different from those familiar in our intellectual traditions; it must go beyond command of political power and wealth and of the factors that generate them to value commitments and mechanisms of influence”.

Today many people would say without hesitation that this foresight of Parsons has failed. But what has actually failed – the foresight of the scientist or the societies which turned aside from the expected trajectory. The second answer should not be turned down a priori; it deserves special attention, mostly because T. Parsons did not give a prescription to be dispensed, but disclosed a long-term trend in the dynamics of the developed western societies. He had noticed that there are powerful forces which generate this trend and this had given him grounds to believe that the tendency will continue in the future too. And if the trend is refracted we must ask ourselves why this is happening. Whether the bending is related to certain changes in those fundamental social forces which have generated it 30 years ago? Whether the “societal community” has managed to go “beyond command of the political power and wealth”; whether this community has started functioning on the grounds of value-related commitments and mechanisms of influence and participation; whether the community perceives itself as integrative institution?

If today we are hesitating about the answers to these questions, then perhaps the dynamics of poverty and exclusion are not the biggest threats for our societies; perhaps the poverty and exclusion are just indicators for other, much more serious risks.

If this is so, then we should seek precisely those other risks, and they seem to originate from insufficient social capacity for coping with poverty and exclusion. This capacity also depends on resources, but of rather different type.

I mean those three fundamental social resources, through which is waged the unsuccessful battle against poverty and exclusion: knowledge (of the researchers); power (of the policy makers); values (of the citizens and their structures). These resources shape the societal rationality – our way to give sense to the social world; the general frame of knowledge and thinking. The formulation and application of efficient strategies and policies against poverty and exclusion depend precisely on the state of these resources and their interaction. Speaking in more general terms, the social capacity for accomplishing development and for coping with poverty depends on these resources. Therefore, if there is certain deficiency, it must be sought precisely in those resources and their interaction. Some of the problems of the named resources are known: the political power is often associated with “lack of political will”; science is associated with shortage of knowledge and even (as some researchers of the new risks are claiming) – with generation of non-knowledge; the civil structures and their values – with inadequate or inefficient participation. Hence the deficit of the social resources and the manner, in which they are bound together, deserve more attention.

In this connection it is important to notice that these resources are vastly lagging behind, while the poverty develops “dynamically” in the sense that the reasons for it become increasingly more complicated and hardly identifiable. What is more, the causes of poverty are increasingly harder to impinge on, because their deepest roots are “defects” in the very social resources which have to cope with poverty and exclusion.

1. What is wrong with the social resources?

A. The new risks and problematic situations

Because of the dynamics of the society per se and the increase of its complexity, new risks and problematic situations are occurring over and over again. Some scientists call those risks and problems **interdisciplinary**. Thus they want to underline that solutions to such problems can not be sought through the tools of traditional science. Typical for the interdisciplinary problems is that the facts are uncertain, the values are disputable, the decisions made may have potentially very significant impacts and the solutions are urgently needed.⁶

Funtowicz and Ravetz propose a diagram which illustrates these problems. One axis of this diagram displays the uncertainty, and the other – the complexity of the issues for which decisions are taken. The traditional science deals with problems which have small values on both axes. In interdisciplinary problematic situations the two axes have extreme values and then the traditional science and its methods become inadequate.

B. Capacity of the conventional science

The traditional, “conventional” science presented in the textbooks does not provide enough space neither for the uncertainty, nor for the values. It is known that the social sciences are under the influence of the notion about “values-free science” (the principle of value-related neutrality). In addition, for the “conventional” science any problem is a well defined puzzle which has the only (correct) solution within the domain of its characteristic terms. Such a “straightforward” science may propose very useful results as contribution to the process of decision-making (formulating policies) with respect to the risks, but it is delusive to believe that such an approach is sufficient. Again, for the very same reasons the professional practice and consultancy, in the manner practiced nowadays, are often inadequate to the new tasks.

⁶ Silvio Funtowicz, Jerome R. Ravetz. Three Types of Risk Assessment and the Emergence of Post-Normal Science. In: Sheldon Krimsky and Dominic Golding, Social Theories of Risk, Praeger Publishers, 1992, p. 253-254.

Although researchers and experts realize the complexity and value-related loading of the problems they are solving, they proceed from an assumption of a stable and manageable context. While addressing the new problems, they can hardly realize that their techniques and tools are applied beyond the boundaries within which they can be effective and sensible.

As a result “normal” social sciences cannot provide adequate support not only to the political decision making process, but to other fields of research. For instance many researchers in the interdisciplinary risk analysis complain that the contribution of social sciences doesn’t match the expectations. The knowledge about market, labour market including, is another example. The critiques on this matter by economists, such as V. Leontief, M. Olson, J. Sapir and others, are still neglected. Leontief even refused to publish in protest against the lack of connection between the theorizing of the market and realities.

The adequate solving of interdisciplinary problems requires clear recognition of both – the factual and value-related dimensions of the problems, as well as their interdependence. “And this is sharp contrast with those researchers who until recently have not realized at all that they have **ethical or societal responsibilities** in respect of their clients”⁷.

In addition to that, “Evaluation of scientific results under conditions of high uncertainty can not be entrusted to the experts themselves – **encountering such uncertainties the experts become too great amateurs.**”

C. Policies and social sciences

If the “**experts become too great amateurs**”, we should not be surprised that the capacity for formulation of effective policies decreases. From this point of view, the reproaches about “lack of political will” to apply adequate measures do not always seem fully well-founded. Decision-makers simply lapse into the trap of the existing knowledge about the social world. Facing the increasingly complicated problems of poverty and exclusion, the policy-formulation process experiences the same difficulties as the dynamics of knowledge (the sciences) – decision-makers can not go beyond the framework of the existing rationality. And it is not accident that the opinion about inability in principle of the governments to formulate and apply effective policies for coping with poverty becomes increasingly popular (Diipa Narayan, etc.).

Under the above mentioned circumstances it is difficult to understand the attitudes of policy makers to social sciences (policies in the field of social sciences). The gap between policies and research is traditional problem, but here I have in mind another issue. In the first place, the social sciences are systematically under financed, instead of receiving sufficient financing to overcome the hardships they are experiencing. Sometimes politicians openly express a negative attitude towards the social sciences, which makes the scientists (for instance, American sociologists) write that we live in “anti-scientific times”. Particularly obvious is the negativism towards research structures financed by the budget. In the White Book of the European Commission on science issues it is stated that conducting social research within private organizational structures may result in cognitive distortions under the influence of private-group interests, but the national policies in the field of scientific research do not seem strongly influenced by this point of view. I have seen public complaints of scientists from France, Poland, Bulgaria, etc.

The process of formulating policies is rather taking advantage in an inadequate manner of the state of the social sciences (the politization of knowledge) instead of putting efforts to improve it.

The state of the “conventional” social sciences finds an expression in the creation of scientific results which are contradictory and contesting each other. On this ground occurs a specific relation between the dynamics of knowledge and political process of decision-making. W. Beck calls this relation “politization of knowledge” (science) meaning that

⁷ Silvio Funtowicz, Jerome R. Ravetz. Three Types of Risk Assessment and the Emergence of Post-Normal Science. In: Sheldon Krimsky and Dominic Golding, Social Theories of Risk, Praeger Publishers, 1992, p.258.

scientific results assessed as “acceptable” are picked up and used when formulating policies in the political process of decision-making.

The stubborn conservatism employed in constructing policies on basic concepts and ideas that have little in common with realities gives rise to strategies and policies having lost their connection with real events and phenomena. Similar strategies and policies have restricted chance whatsoever to be efficient. Many academicians and civil society structures in the field emphasize the risks of constructing policies on theories and ideas with no relation to realities. The logical effect is appearance of a fundamental gap – between policies and social realities as well as the gap between the officially declared aims of policies – especially social policy – and the actual results achieved.

D. Involvement of people living in poverty and their organizations

The involvement (of the people living in poverty) in the process of formulating policies is a tool for introducing the necessary “dose” of values in the decision-making process. The participation is implemented primarily through the consulting processes (including the meetings of the people living in poverty). The consultancies, constructing a link between the decision-makers and the poor, are important accomplishment of the European policies and strategies for coping with poverty and exclusion. Unfortunately, the said meetings are not a sustainable practice in all member states.

But the major problem of the existing forms of involvement seems to be another one.

If we outline the following phases in the political decision-making process: comprehending social realities – diagnosis (identify the risks) – policies to address the problems identified. The first two phases are the monopoly of politicians and (in some extend) social sciences. Civil participation in forming policies starts, in the best case scenario, at the stage of diagnosis, but it is usually focused on (as a consulting process) defining the policies.

However, defining the policies is to a large extent decided in advance by the way realities have been understood and risks have been identified. From this point of view the actual “level” of participation is important, but it doesn’t ensure enough influence because important areas of possible intervention and influence remain without the presence of the poor and organizations that represent them: the picture of the social world (production of new knowledge); identification of the risks (applied social analyses); the legislative framework (left without monitoring of its impact on poverty (poverty proofing)). As a result, in practice civil structures are included when the path to be followed has already been outlined, because, the content of policies is implicitly incorporated in the picture of realities and in the diagnosis identified.

Form such point of view, the poor people and their organizations interfere at a stage which is too late in the process of formulating policies (neutralization of the risks). And because of that the level of influence is also low.

The outlines state of the three social resources (and the associated social players) may be defined shortly as: lack of social capacity for counteracting to the poverty. This simply means that in the battle with poverty we do not dispose of an appropriate weapon. On this occasion I would like to underline two things. First, the basic reason for poverty and exclusion is beyond the poverty and exclusion and that is why those engaged in combating it do not attack it directly. That is why the poverty is incredibly resistant and nothing kills it.

Second, the perfidiousness of this cause of poverty lays in the fact that it is beyond the boundaries of poverty and can hardly be noticed. Ignorance is tactics, which some people call the devil’s greatest artifice – to convince people that it does not exist. The lack of adequate knowledge creates high degree of uncertainty when “we do not know what exactly we do no know”. That is exactly why, when encountering such a situation of high uncertainty, the social players are usually confident in the opposite: each one of them believes that he knows enough, they are convinced that “the truth” is on his side. There are no other possible solutions except those found by the player concerned. This confidence transforms the debates into hardly solvable, even unsolvable conflicts. Winner is the stronger – the one who influences mostly the decision-making. This is how strange decisions appear, for instance, to provide for tax exemptions for gambling but to preserve the taxes for the textbooks of school

children. Certainly, the people who have accepted this decision have a great deal of logical arguments and are confident in their rightness.

But thus the social interactions, even the development itself, attain a nature of “zero sum games” – if someone has to win, somebody else has to lose. The losses of the losers become the price to be paid for the development. Under such social interactions one may wage a battle with poverty, but it is not possible to celebrate a victory.

Because the knowledge that we have, the entire rationality, our whole pattern of thinking, restrict and even exclude the possibility to eradicate the poverty. Within these limits poverty reduction is possible only to a small extent and just for certain periods. The poverty will inevitably grow thereafter. The logic of the society is: if we want development we should accept the losers and their poverty – the price of development. Therefore, it is not possible to maintain a sustainable process of reducing the poverty and, consequently, it is not possible to eradicate the poverty. Poverty acquires features of “normality” - societies accept the phenomenon because of the lack of realistic alternative. Since the realistic alternative is missing because societal rationality doesn't produce it, the reconciliation with poverty (its “normality”) seems to be generated by the specific type of (reduced) rationality. Reviews of policies and social dynamics during the last several decades discover clear signs of movement in a circle. Despite the changes, knowledge doesn't increase (no accumulation); the basic ideas remain more or less the same; the effectiveness of measures against poverty doesn't increase significantly; visions are not enriched (are the poor people really interested in what kind of economy they are poor: stagnating or dynamic and knowledge based one?). Arises an impression of “iron cage”; the “new” is often well forgotten “old”.

Then the question is can improvements in the resources and their interrelations be brought forward?

2. Post-normal social science and participation

Social scientists have become aware for a long time now that their sciences (at least some of them) have remained systematically underdeveloped and are in crisis, and lose “vital significance”.

The decision offered by the scientists consists of establishing a special instrument – extended community of stakeholders involved in the creation of new knowledge (extended peer community). Thus, through the expansion of traditional elements of scientific practice, the expansion of the circle of stakeholders involved in the process of creation of new knowledge enables using both additional knowledge provided by the new stakeholders, and the values “carried” along by such stakeholders. This new scientific practice construes a new process of creating knowledge. The researchers emphasize that thus the science itself is brought forward to democratic terms – not in the sense that at the research laboratories will enter untrained people, but in the sense that knowledge available to the scientists will be supplemented by other aspects and problems of concern to the society (and lacking in the knowledge available to the scientists), and the entire complex will be brought forward to the field of public debate. But the change which researchers talk about is not related only to the reconstruction of the epistemic community because this reconstruction has much broader consequences.

Extended peer community is the basis for a new type of science – post-normal social science.

The researchers see the role of the new type of science as follows: “If the applied sciences and professional consultancy are not adequate, then these practices must be supplemented by something which bridges the gap between scientific expertise and public concern. Such a bringing element is the post-normal science, which involves in itself a dialogue between the persons concerned by the problem, regardless their formal qualification and affiliation”.

Yet, the post-normal science helps resolving another fundamental problem – to “move” civil participation to an earlier phase of the overall process of policy formation? Then, the most intensive direction of NGO's participation – the participation in policy formation –

should be also enhanced by another key interaction – the one between social researchers and civil structures of the poor people.

The trends in research that might be given as examples are action research (research through action), participatory action research (research through action and participation). From this point of view research in poverty and exclusion should be reconstructed through involvement of the poor people and their organizations. Without such changes, social sciences, experiencing the symptoms of crisis and having been in a state of underdevelopment for a long time, will not be able to put forward adequate concepts as a solid base for adequate policies. The policies built on theories and concepts reflecting realities poorly, will also remain out of touch with realities and the participation of the most affected individuals and groups would remain restricted.

Undoubtedly, the reconstruction of the social resources and their interrelations is a long and perhaps difficult process. Funtowicz and Ravetz realize that some people will hardly accept the idea that such new type of practice is truly a science. “But – as they recall – science has continuously evolved in the past and will continue to evolve in the future, meeting the changing needs of the humanity. Today the traditional strategies of the science aimed at problem solving, the philosophical reflections on these, the institutional, social and educational contexts need enrichment in order to be able to solve problems created by our science-based industrial civilizations. Sensing discomfort of identifying uncertainty captured in the science itself is a sign of nostalgia for a secure and simple world which will never come back”.

Briefly summarizing: there are reasons to believe that it is possible to reduce exclusion, through stimulating new kind of social rationality by involving the excluded people in one new field of activities: knowledge production and enlargement of their participation in another field: the political decision making process.

New programs for eradication of poverty and exclusion are possible and obviously – necessary. The programs should follow some general guidelines, for instance: to create new parallel and complementary lines of development, to open new spaces for those that are excluded, and to reduce the focus on the changes of the existing lines. In more concrete terms – there is no need to focus the efforts only on redistribution of existing distributions (incomes, wealth, etc.).

The program can be based on development of civil participation and involvement of the excluded people in the following main directions:

- initiating and developing large participation in the production of knowledge;
- enhancing larger and more differentiated participation in decision making process – mainly at local level and legislation;
- maintaining and strengthening the forms of direct consultations at macro level between policy makers and poor people and the organizations that represent the poor and excluded;
- since these types of activities generate common goods, this “work pays”.

So what can be done until the year 2010?

Indeed, it is quite possible to start with the creation of a long-term research road map which meets the criteria:

- specially and directly focused on the causes of poverty and exclusion;
- promoting post-normal social research by creating the necessary intellectual and value-related alloy through alliances between scientists, NGOs and poor people;
- developing other forms of participation at local level;
- looking for possible forms of participation in the elaboration of legislative framework.

These proposals could seem strange, but we really have to leave the “secure and simple world which will never come back”.

Probably, it is also possible to overcome the insufficient financing of the social research in the field in question. The lack of affinity and suspicion to such kind of scientific activity, its perception as too interventionist and potentially harmful for the decision-makers, are atavistic remnants from the 19th and 20th century which cause damage to everybody.