

A Theoretical Model of the Political Crisis in Bulgaria 1996 – 1997

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Summary: The political crisis in Bulgaria in 1996 – 1997 is used as a test example of the aggregated analytical model of internal political crisis developed and represented in my dissertation study¹. The aggregated model unites three different analytical models – temporal, formal and theoretical. They interpret the interrelation “internal political crisis – political stability” from different standpoints. This enables the examined object to be placed in various analytical perspectives. The paper represents the theoretical model applied to the political crisis in Bulgaria in 1996-1997 offering a conceptual scheme for its interpretation from a politological point of view.

Key words: political crisis, stability, transition, reforms, policy-making agreement, policymaking change.

The main goal of the theoretical model is to present a structure of explanation of the internal political crises in general and, in particular, of the political crisis in Bulgaria 1996 – 1997, using a set of variables reflecting the stability of the political system in

the conditions of transition from totalitarianism to democracy (see Figure 1). The drafting of the model is done with the clear awareness that in political science the distinction between reason and consequence is a relative one. Therefore, the interrelations between the variables, included in the theoretical model, are circularly causal².

The theoretical conceptualization of the internal political crisis in Bulgaria in 1996 – 1997 is a complex and challenging task. Its fulfillment is complicated by many factors, among which: (a) the complex character of events; (b) their emotional charge; (c) the insufficient historical distance; (d) the presence of many contradictory viewpoints and ways of interpretation of facts and events; (e) the insufficient documentary base.

Constructing a theoretical model of a specific crisis, however, is related to an essential methodological problem, namely, which variables are to be emphasized in the conceptualization of events. In an attempt to overcome this problem, the model follows the affirmation of non-hierarchical horizontal and reciprocal causal functional relationships between the different variables and deducing axiomatic assumptions that do not have to be proved.

Axiomatic assumptions: (1) Crisis phenomena and processes in the economic and

¹ Simeonova, El., *Models and Typology of Internal political crises: based on the Bulgarian Transition*, 2007.

² Circular causality is a two-way causality between the main variables on one hand, and the political, social, and economic conditions, on the other. In his genetic model of democracy, Rustow calls it “circular interaction”. See: Rustow (2004), p. 20-27.

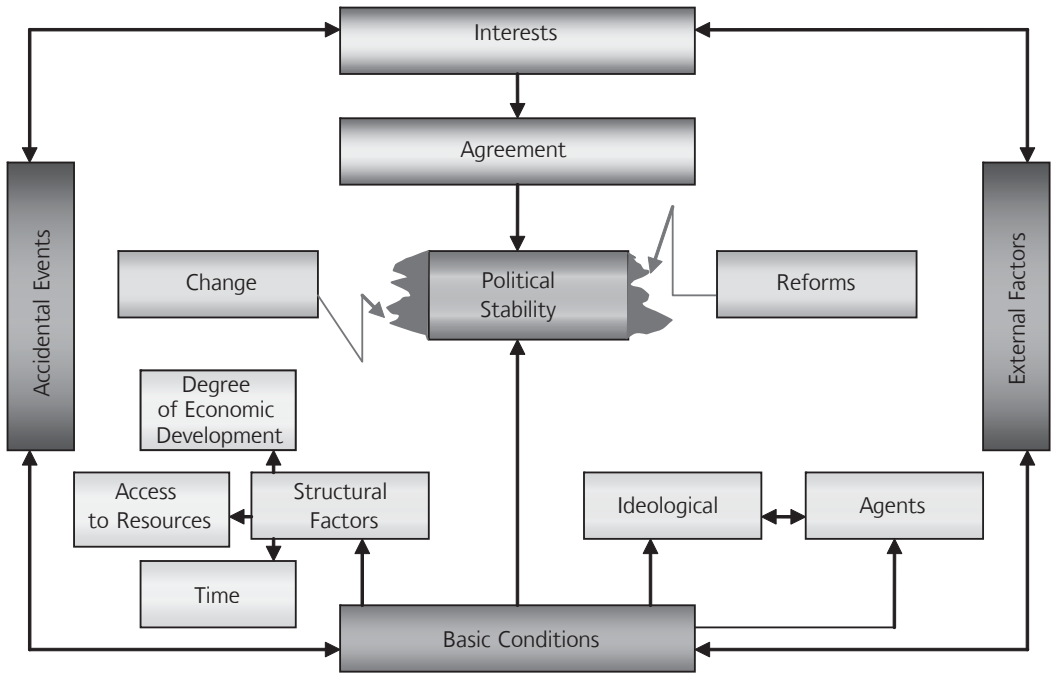


Figure 1: Scheme of the main variables in the theoretical model of the internal political crisis.

political system develop in parallel and are preconditions to each other³. (2) They are a result of the parallel course of the transition type, on one hand – systematic – from totalitarian to democratic type of political system and from commanded – administrative to market economy, and on the other – global – from modernity to globality. (3) The efficiency of the political system depends on the functional efficiency of the economic system. (4) The continuous presence of crisis events in the economy becomes one of the main factors for the occurrence of internal political crises of structural-functional type.

Basic conditions. The causes and preconditions of the grave political crisis in Bulgaria in 1996 – 1997 are complex, part of them being rooted in the basic conditions (see Figure № 1), which are prerequisites for the structure and functioning of the political system after the beginning of the transition from totalitarianism to democracy. The political crisis is objectively determined by the *economic* and *financial* crises, which have developed for many years.

The direction, timing and succession of economic reforms in Bulgaria, as well as the support for them are to a high degree determined by the **conditions** (internal and external), present when

³ According to Mladenov, the problem is about how “to outline these crisis elements and processes in the economic system, which have the highest and most direct impact on the social and political situation”, at the same time taking into account the type of economic system – commanded administrative system, market system, etc. Otherwise, according to him “we would not be able to clarify, why the same types of social and economic problems sometimes become crisis factors, and sometimes do not.” See: Mladenov (1997), pp.133-134.

the transition started⁴. The coming to power of the Socialist party in 1994 did not alter the direction of the transition – towards democracy and market economy, only redefined the ways for its achievement.

The economic logic of the transition requires liberalization of prices, closing unprofitable enterprises, privatization. For the ruling Socialist party, the high social price of **reforms** was unacceptable on ideological grounds. Because of the expected grave social consequences, contrary to both the pre-election promises of the Left and the expectations of the population, the restructuring of the economy was retarded. Additional difficulties were created by the resumption of foreign debt payments⁵. In addition, the government lacked reliable mechanisms of control over the monetary policy of the Central Bank. The economic and financial crises activated the contradictions in the ruling party and worsened the *institutional relations*. The government tried to balance, on one hand, between the different group **interests** in the party, and on the other – between the objective national and the selfish corporate interests. The prime minister was forced to make several changes in the government and to propose a **change** in the program of restructuring the economy. The government and the internal party crisis, as well as the absence of political **agreement** did not allow making the necessary steps to overcome the economic and financial crisis, specifically to start the introduction of a currency board and the structural reforms.

After the government of Jan Videnov resigned, the country fell into a state of unprecedented

power vacuum, which made *the communication* between the principal political actors even worse. The power void stimulated the activity of the opposition and the trade unions and for a month larger cities in the country were engulfed in civil protests. The solution of the political crisis was the main condition for overcoming the economic and financial crisis. The refusal of BSP to form a second government was the formal act of solution of the political crisis, which opened the way to achieving a *consensus* between the major political forces with respect to the strategy and the means of overcoming the economic and financial crisis.

Economic crisis: According to some opinions, the beginning of the economic crisis can be identified immediately after the start of the political changes in 1989, and for others – at least a decade before 1989. In both cases, however, the imminent conclusion is that the crisis did not start with the government of the Democratic Left, but was a heavy heritage that the Left did not manage to surmount.

“...the crisis goes on for many years. It did not really start in 1990, but a decade before.”

(Andrey Lukanov)⁶

According to the analyses of economic experts, “the country is in a severe economic, financial, and social-political crisis from the late 80s of the XX century”. During these years, a “huge for the size of the country” external debt was accumulated. For example, in the annual reports of the Economic Institute of the Bulgarian Academy of Sciences, the necessity of a “*short-term anti-crisis program*” is explained

⁴ See: Hristova and Stanchev (2004), pp.48-84

⁵ For 1995 and 1996, Bulgaria had to pay over 2 billions of dollars on its external debt. The government was compelled to do so without the financial support of the IMF and this resulted in the lowering of the population standard of life. See: Kalinova and Baeva, (2002), p. 300. On the development of the external debt of Bulgaria during the years of transitions. See: Kufov (1999).

⁶ Stenographic protocol of the joint session of the BSP High Council with the Democratic Left Parliamentary Group, 10 March 1996, “Pozitano” 20, Andrey Lukanov, p. 101

in many instances. According to the experts, who prepared the reports, "such a program is necessary because of the deep recession of the economy, complicated by the new financial and macroeconomic destabilization". The expert assessment is that "the resources of the country and the possibilities of maneuvering are limited" (Angelov, and others, 1994: 4). The external debt, the decline in production and the loss of traditional markets were also present since the beginning of the transition and this fact was one of the main reasons for the political change accomplished on November 10, 1989.

"It is already obvious that today's crisis is a consequence of the accumulated fundamental errors of transition; a consequence of wrongly started reform in the very beginning of transition; a consequence of the flawed economic and financial environment created and maintained during these years; a consequence of pursuing a cruel illusion that a social state is possible without efficient economy; that solidarity and justice in society are possible without accelerated solution of the property issue in a fair way for the majority of citizens; a consequence of the time clash between political and economic reform; a consequence of the way, in which the bank system was created and operating; a way that created conditions and possibility to steal and redistribute to the detriment of citizens the money of the country and for the financial system to be blown up"

(Ivan Atanasov)⁷

Financial crisis: The most complicated situation was in the bank system⁸, which during these years played "an important social role" as the high interest rates provided to many retired and unemployed people the possibility to live on their savings (Kalinova and Baeva, 2002:299). The efforts of the government to save the state banks (Stopanska banka and Mineralbank) and to guarantee the savings of the population additionally worsened the state budget. The draining of currency reserves resulted in uncertainty about the capacity of the government to serve not only the external but also the internal debt.

"A new moratorium⁹ is practically unfeasible and any such attempt would preclude the chances of Bulgaria to participate in European and world integration processes, would cross out the honourable future of the country... Alternative sources of financing are possible only with relatively normal relations with the international financial institutions, and building them is a difficult and slow process... the state is also faced with the danger of not being able to serve the internal debt as well, and this means direct threat of hyperinflation... that would totally destroy the whole financial, economic, and social mechanism of the country".

(Jan Videnov)¹⁰

The economic and social problems were accumulating for years, but the social price had to be paid by the government of the Democratic Left. This government had cast the burdensome lot to re-new payments on the external debt of the coun-

⁷ Ivan Atanasov, 42th (closed) plenary session of the High Council of BSP, together with socialist deputies, 11-12 November 1996, "Pozitano" 20 (started 17:40), p. 370.

⁸ Until 1997, the bank system of Bulgaria was constantly in some sort of crisis. The total expenses caused by the permanent crisis were as high as 41,6% of GDP, i.e. the Bulgarian bank crisis is the most expensive bank crisis of all countries in transition. At the end of 1994, the ZUNK-bonds represented a debt of almost 2,5 billions of dollars. See: Hristova and Angelov (2004), p.52, pp. 78-79.

⁹ On the external debt payments.

¹⁰ Report of the Prime Minister Jan Videnov to the 42th extraordinary congress of BSP, 21-22 December 1996, in the newspaper "Duma", No 303, 23 December 1996.

try. The government allocated more than 10 % of GDP to serve the debt¹¹. In this way, almost 2/3 of the state budget was spent for serving the external debt and all other budget expenses were reduced to an unprecedented low level. This generated social tension and discontent, skillfully used by the opposition and the trade unions.

External factors. A number of external factors also exerted their influence on the formation of the crisis factors in the economic and the financial system. Some of them were: (1) the collapse of external markets as a result of the abolition of the COMECON¹²; (2) raising of petrol prices because of the Persian Gulf crisis; (3) the strong limitation of external financing as a result of the moratorium on the external debt payments¹³; (4) the ONU embargo on Yugoslavia and the Greek embargo on Macedonia in the period 1992-1995¹⁴.

Among the external factors, one that was exerting considerable influence on the stability of the government was related to the relations of Bulgaria with Russia and the USA. At this time, it was impossible for Bulgaria to develop fair relationships with Russia as its leadership served most of all the Russian oligarchy". This was expressed in the extensively prepared and contested "gas agreement", where the Russian part proposed this agreement to be managed by a joint company, where only Multigroup would participate from the Bulgarian part¹⁵. Also, the Russian government of this time addressed a request of exterritoriality on gas pipes. After the

refusal of the prime minister Jan Videnov, the Russian part took away their political trust in him and supported the efforts of the internal party opposition for his abolition. USA also received the refusal of the Bulgarian part with respect to their forthcoming operations in Kosovo¹⁶. In this way, the government was placed in a sort of "external siege" because of its efforts to defend national interests.

Operational management reasons and preconditions for the crisis: In addition to the basic conditions, determining the objective prerequisites of the emergence of a political crisis, there are also such preconditions of operational and management character as, for example: (1) *the lack of operational time* or adequate assessment and analysis of the institutional heritage and the problems in the political order of the day; (2) *Management mistakes*, because of erroneous assessment of the situation.

(1) *Lack of operational time* for adequate assessment and analysis of the institutional heritage and the problems in the political order of the day. From the institutional point of view, after the replacement of a governmental administration, the new one needs some operational time to comprehend the essence of problems it is faced with. The operational delay in taking on tasks related to government and in the acquaintance with problems can cost to the new administration the loss of control over key distribution levers on which the economic and financial stability depends.

¹¹ This is an unprecedented amount of payments even for countries with highest debt problems.

¹² The loss of these markets resulted in shrinking of investments and decline in internal product, where only for 1991 the reported GDP decline was 31% with respect to 1989. See: Hristova and Stanchev (2004), p. 52

¹³ With the 1990 external debt moratorium, Bulgaria became isolated from the currency and financial world and did not participate in the free financial markets until 1995

¹⁴ Its side effect was that it nurtured illegal or semi-legal economic activities and created the conditions for corrupt practices in Bulgarian political and economic life.

¹⁵ See: Premianov (2006), interview for the newspaper *Politika*, 8-14 September, p. 13, See also: Raidovski (2006), interview for the newspaper *Politika*, 23-29 June, p. 15

¹⁶ After signing the Dayton Agreements in 1995, the USA started an active diplomatic preparation for their imminent actions in Kosovo, officially not launched until the end of 1998

"It took more than a year to our government to clarify the situation in public finances, most carefully concealed by interested groups. Today we can only regret that in the spring of 1995, the government did not show more determination in the Parliament insisting on radical change in BNB, that in the summer, our local organization did not oppose more firmly the pyramids, that in the autumn, the highly paid media campaign succeeded in inciting society against the bank sector restructuring undertaken by the government"

(Jan Videnov)¹⁷

Management mistakes, because of erroneous assessment of the situation. Those in power bear the responsibility of timely identification of problems, whose untimely or inadequate solution would trigger a crisis situation. Most crises, however (especially internal political crises), do not emerge at once, but are preceded by a continuous period of development and aggravation. This presumes politicians should identify the emergence and development of crisis events by the "unclear, ambivalent, and contradictory signals" (Boin, t'Hart, Stern, Sundelius, 2005:f10). In its critical core, these events are not obvious by themselves. Politicians should "make their assessment" of these events, evaluating the degree of threat and determining their reasons and direction, finding out what their operational and strategic parameters are, and also how would the situation develop in the future¹⁸. The main question that arises is: How to tell apart true and fake signals, bearing in mind the subjective nature of perceptions? The inadequate assessment of

the situation in the country at the time when the government took office is among the main mistakes of this government, mentioned by the Prime Minister Jan Videnov in his report to the 42 th Extraordinary Congress of BSP. Other mistakes committed by the government – according to him – were: (1) the delay because of ideological and political reasons of the "painful restructuring" in the economy and in the budget sphere. This delay caused "irreparable damage" and had a "high price" for the government of the Democratic Left; (2) "overstressing the efforts against inflation and to increase the real income of people", as well as administrative interference in price formation; (3); underestimating the "crisis, degradation, threat coming from the bank system"; (4) the excessive optimism with respect to manufacturing, exports, the balance of payments; (5) the passive attitude to negotiations with the international institutions; (6) the delay in the preparation of big privatization deals, which would help the country today in many aspects¹⁹.

These are management and operative mistakes, which together with the basic conditions and the influence of different external and internal factors contributed to the development of large scale internal political crisis.

"We are ready to assume the responsibility for them, but not to keep silent about it, allowing somebody else to make the same mistakes. We are politicians and we are compelled to work with realities, not with illusions"

(Jan Videnov)²⁰

¹⁷ Report of the Prime Minister Jan Videnov to the 42th extraordinary congress of BSP, 21-22 December 1996 , in the newspaper "Duma", No 303, 23 December 1996

¹⁸ About the process of construction, identifications, and exploitation of problems of different character on the political agenda, see: Edelman (1964).

¹⁹ Report of the Prime Minister Jan Videnov to the 42th extraordinary congress of BSP, 21-22 December 1996 , in the newspaper "Duma", No 303, 23 December 1996.

²⁰ Ibid.

Institutional and legal framework for the development and resolution of the crisis

The main variables of the theoretical model – *interests, agreement (consensus), change and reforms*, should be analyzed through the prism of the institutional and legal framework, within which the main political actors interact. The manifestations of the variables can be explored on two levels – group/individual and organizational/institutional level. Their mutual cause-effect relationship is revealed most clearly in *interinstitutional conflicts*, which emerged during and as a result of the superposition of the peak phases of the economic, financial, and political crisis in Bulgaria, 1996 – 1997.

Interests. The interests of the main political actors were directed mainly towards mastering power positions with distributive authority. A conflict of interests arised at several levels – internal party level (BSP), governmental level, representative level (the Parliament). As a result of the conflicting interests and the lack of unified action of different power centres, the efficiency of government fell sharply and it lost its legitimacy and social support. According to Mr. Georgi Premianov, Leader of the Democratic Left Parliamentary Group, the government, and the Parliamentary majority “did not serve corporate interests and were, therefore, inconvenient,” for the powerful economic groups, the one that obtained benefits from the economic and financial crisis and the escalation of hyperinflation (Premianov, 2006). The *agreement*, in its consensus form, attained in the beginning of the transition period, was related mainly to political issues. The initially attained agreement was informal, which made it unstable. It was established in

the institutional format of the so called “Round table”, which emerges “every time, when the official state institutions for one or another reason loose their legitimacy and fall into a state of paralysis” (Zhelev, 2005:327). On the basis of the development of the social and political life in the country, it can be considered that the Round table ended only in 1970, after the agreement between the political forces was reached on February, 10²¹. Until then, the fact that the agreements, reached by the Round table in 1990, were not laid down in written form and available to the public in the form of contract between the main political actors, was one of the fundamental crisis factors. The agreement between the mutually legitimized political actors was on issues “that cannot have an abstract form: who has the right (who is legitimized) to participate in the political life, how the transition to the new status quo will be performed and how market economy will be introduced”. (Stanchev, 2004:31-32). In practice, however, the third question remained unanswered. Probably because of the inability to work out a clear answer to the question about the strategy of introducing market economy that would be accepted with a consensus by the political forces, the legitimacy crisis of institutions and political actors from the end of 1989 was reproduced several times until 1997, when the consensus understanding of reforms changed as a result of the deep internal political crisis. The idea, not very popular before, that reforms must be carried out fast, became widespread, as the way, in which the transition of the economy was accomplished until that moment – by postponing the reforms as much as possible in order to alleviate their social price, was erroneous and indeed increased their social price (Hristova and Angelov, 2004:86). The first

²¹ See: Stenographic protocol of consultations held between the President of the Republic of Bulgaria, Mr. Petar Stoyanov and the leadership of the parliamentary represented political forces in the 37th Parliamentary Assembly, 10 February 1997 <http://mediapool.bg/site/Bulgaria/2002/02/14/0010.shtml>

indicator of the change in the understanding of how the reforms should be carried out was the acceptance of the idea of introducing a currency board.

This decisive step, however, also needed a broad political consensus. IMF insisted on “achieving national consent before the introduction of a currency board”. According to Dimitar Kostov, finance minister in the government of Jan Videnov, this proposal “is to a great extent based on the experience accumulated by them in Bulgaria”²². The IMF bureaucrats, however, did not raise in any way the question of who should “make things right”, i.e. – be in power. The finance minister, as well as members of the BNB Executive Board at this time claimed that the representatives of the Fund “do not have a priori set preferences to working with a specific political force.”

Reforms. After the aggravation of the economic and financial crisis in 1996, the government of Jan Videnov proposed a decisive program of restructuring the economy, which included the closure of enterprises working at a loss (or their privatization) and isolation from the budget (a ban on additional financing) of those enterprises that were of vital necessity for the national economy²³. However, there was no general political consensus on the proposed reforms and they were constantly challenged.

Change. The political crisis of 1996 – 1997 imposed a serious change in the way of administering the state and in the understanding about how the state should be governed. The personal replacements

made and the proposed program changes in the executive power constituted an attempt of overcoming the deepening crisis in all its dimensions – economic, financial, social, and political. However, there was a lack of political consensus on the proposed program changes and, because of this reason, the institutional cooperation necessary for their implementation was not achieved. The program-normative documents, prepared by the government of Jan Videnov in order to start the program of financial stabilization and structural reforms were in practice applied by the temporary government of Stefan Sofianski (February-April 1997) and continued by the government of the United Democratic Forces led by Ivan Kostov (1997 – 2001).

Interinstitutional conflicts: The interinstitutional conflicts were the main characteristic of the relationships between the main power centres during the period preceding the political crisis 1996-1997 and during the crisis itself. This gave ground to the prime minister to publicly confirm the presence of a “war between institutions”, in which the government was constantly and unwillingly involved²⁴.

“We are talking here about the constant battles continuing one year now between the Council of Ministers and the Parliament – on one hand, and the loan millionaires and their bankers, on the other. Given the provocateur role of judicial power and the former Presidency, which started to openly serve shadow economic interests. A battle for nothing but the legitimate transition to a democratic, social, and lawful state according

²² Dimitar Kostov, Stenographic protocol of a session of the Democratic Left Parliamentary Group, 3 December 1996.

²³ See: Program of the government for financial stabilization, structural reform, and economic growth, newspaper “Duma”, No 302, 21 December 1996. This program was offered for discussion for the first time on 10 March 1996, 31 May 1996, and November 1996. The program was voted and adopted by the party leadership, but its implementation was challenged and sabotaged by the internal party opposition.

²⁴ Report of the Prime Minister Jan Videnov to the 42th extraordinary congress of BSP, 21-22 December 1996, in the newspaper “Duma”, No 303, 23 December 1996.

to the program views and the pre-election commitments of the Democratic Left... A battle against nothing else but the deformed model of transition, already built in at the end of 1990 and the beginning of 1991"

(Jan Videnov)²⁵

The "institutional war" was maintained at several fronts: between *the government and BNB, the government – the judicial system; the government – the Parliament; the government – the President.*

The government and BNB. The conflict between the two institutions was on the topic of financial stabilization. There was a lack of coordination between the actions of both institutions. In view of its independence from the executive power, BNB did not consider it necessary to discuss its monetary policy with the government. At the end of its mandate, the former BNB management²⁶ purposely cut down by half the currency reserve of the country. One part of it was spent on "the meaningless support of the pseudobanks created by the bank directors themselves". Another part was spent for "hopeless attempts to calm down the hysteria among the population – incited by the banks again – with respect to currency, deposits, and goods."²⁷ The reduction of the currency reserve of the country endangered the balance of payments and a relentless demand for currency was unleashed since the first months of 1996. In its fight against inflation and the undermined confidence in the lev, BNP increased the central interest rate, which on its turn provoked a liquidity crisis in the banks and huge tensions for the budget. The government was against the

high interest rates, because of the agreements with the IMF, the latter considering that "the average annual interest rate, in order to have any growth, should not be higher than 50 %". The BNB Executive Board, however, introduced a shock interest rate of 300 %, despite the explicit public disagreement of the economy and finance ministers.

"In every European country – in the developed, those with average development, or the underdeveloped ones, the interest rate policy is coordinated with the government. Because at the moment... no matter what the government will chose to do, the real government is to a great extent the Executive Board of BNB. Because, when an executive board can in absolute independence invent whatever interest rate policy it wants, this means that the budget plans of any government, or any further calculations are no more than theoretical exercises.

(Rumen Gechev)²⁸

The plans and the timing of the introduction of a currency board also depend on the active support of the Central Bank, as technically the issue relates to a reform of monetary mechanisms of the state, and BNB is institutionally responsible for those mechanisms. In the Central bank, "the institutional responsibility, the technical expertise, and the knowledge of all details of monetary mechanisms are concentrated. It is necessary, therefore, for the Central Bank to work together with the government" (Dimitar Kostov)²⁹.

²⁵ Ibid.

²⁶ The Executive Board presided by Todor Valchev.

²⁷ Report of the Prime Minister Jan Videnov to the 42th extraordinary congress of BSP, 21-22 December 1996, in the newspaper "Duma", No 303, 23 December 1996.

²⁸ Rumen Gechev, Minister of Economy, in: Stenographic protocol of the 42th (closed) session of the High Council of BSP, together with socialist deputies, 11-12 November 1996, "Pozitano" 20, p. 217.

²⁹ Dimitar Kostov, Finance Minister in the Government of Jan Videnov, before a session of the Democratic Left Parliamentary Group, 3 December 1996.

The government – the judicial power: The conflict between the government and the judicial power was with respect to court procedures of liquidation of enterprises working at a loss.

“Unfortunately, ninety percent of problems at this stage are in the judicial system. It is just that in courts they started to adopt such programs on syndics and enterprise managers that impede the process”

(Dimitar Kostov)³⁰

This conflict seriously hampered the practical application of the government program for strengthening the economy, the main activity in which was closing unprofitable enterprises³¹.

Government-Parliament: The conflict between executive and legislative powers can be seen in two main aspects – untimely preparing by the Parliament of the necessary legislative basis (or changes in the existing legislation), necessary

for the efficient work of the government³², or transmitting negative responsibilities from the Parliament to the government. An eloquent example of the above mentioned is the fact that the grain balance for 1995, before arriving at the prime minister’s desk, first passed through the agriculture parliamentary commission, where it was approved together with the proposal for export. Later on, the government was accused for inefficient policy, which had resulted in the grain crisis in the beginning of January 1996.

Government-President. The conflict between the government of the Democratic Left and the President Zhelio Zhelev started from the very beginning of the government mandate. The president several times criticized the government

in its statements, used veto on many laws, adopted by the parliamentary majority³³. This was added to the contribution of the President Zhelev to the crisis escalation in 1996 – 1997, although there are different opinions on this question. The argument is whether and to what extent he broke the Constitution with its refusal to give a mandate to the Left in order for a government to be formed within the agreed in advance time frame – until 11 January 1997. According to some opinions, the blame for the delay of the procedure of forming a government is to be laid primarily on the President Zhelev, according to others, the new elected BSP leadership is accountable because of its reluctance to propose a new government. The mandate was not given only on 28 January 1997 by the newly elected President Petar Stoyanov, who performed the role of a major intermediary between the political forces in order to find a solution of the crisis.

Collaboration and communication. During the political crisis in Bulgaria, 1996 – 1997, the collaboration between political opponents was missing and contacts were reduced to a minimum. The opposition of that time, mainly represented by the UDF, refused all forms of communication with representatives of the ruling Socialist party and made the “non-collaboration” its principal identification and legitimacy criterion. This slowed down the resolution of the crisis and made it more difficult. Four communication aspects can be distinguished in the process of crisis development, especially during the peak phase (see Figure 2), each of them covering a certain group of key actors and problems.

Main communication aspects: Because of the existing power vacuum, the actions of crisis

³⁰ Ibid.

³¹ See: Analysis of the Prime Minister Jan Videnov on the one year government and tasks related to legislative and executive power in 1996, in the newspaper “Duma”, No 50, 11 March 1996.

³² For example, the untimely changes in the Law on BNB and the Law on Bank Loans.

³³ For example, the Law on the Coat of arms and national symbols.

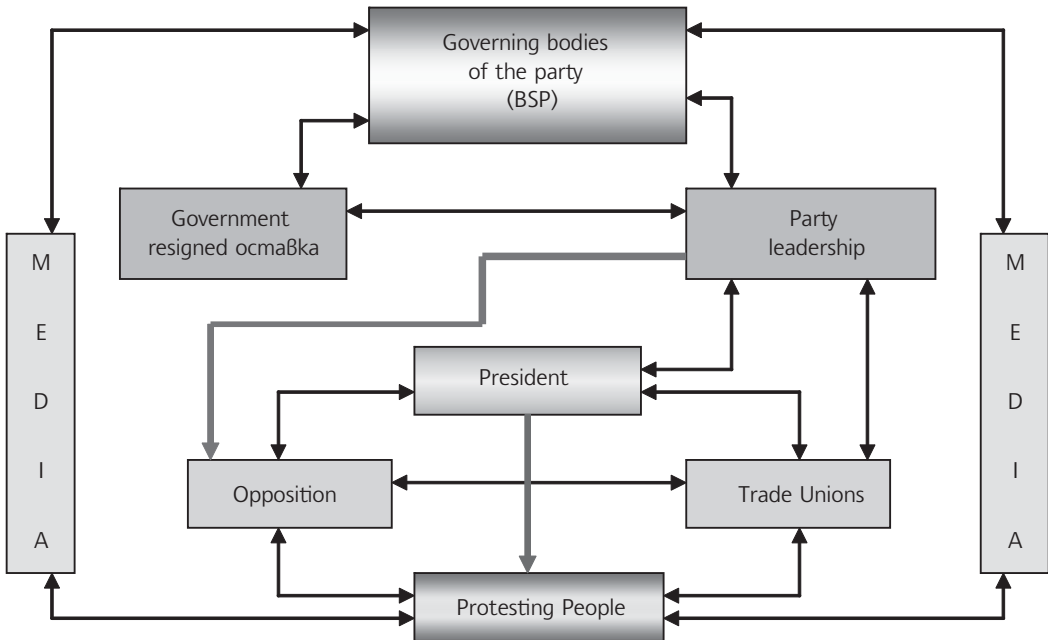


Figure 2. Main aspects of communication interactions during the peak of the political crisis in Bulgaria, 1996 – 1997.

resolution were performed by the leadership of the main political parties (BSP and UDF), and the President.

Communication was seriously impeded by the following factors: (1) lack of legitimacy of state institutions; (2) internal contradictions in the ruling party; (3) unwillingness of the opposition and the trade unions to collaborate with opponents – neither institutionally, nor outside the institutions.

The first communication aspect was in the framework of the ruling party – BSP. It was expressed by different discussions and negotiations/consultations within the coalition on various key issues, related to BSP behavior as a ruling party as, for example: changes in the government of Jan Videnov, the resignation of the government, the necessity of introduction of the currency board, the formation of a new socialist government,

etc. This communication aspect reflected the existing inter-party contradictions and was seriously affected by them.

The second communication aspect was related to the attempts of the newly elected party leadership from the 42 extraordinary BSP congress to negotiate with the opposition and the trade unions a mutually acceptable and non-violent way of overcoming the political crisis. The efforts to establish official contact between Georgi Parvanov, in his quality of official leader of BSP and the leaders of the United Democratic Forces, continued for more than a month. However, they refused to participate in any dialogue whatsoever. Hence, the initiatives for constructive resolution of the crises failed. The opposition stated as a condition for negotiations the abandon of a second government mandate by the Left and “immediate elections”. The BSP leader Parvanov tried to

get through the “political blockade”, initiating informal negotiations in the form of working groups and with the participation of leaders of parties that did not have parliamentary representation, as well as with experts-economists, but these initiatives did not lead to the desired result – making the necessary decisions to end the economic and financial crisis and only after this – parliamentary dismissal and pursuing special elections.

The third communication aspect included the interaction between opposition, trade unions, and protesting people. The opposition tried to use the crisis to win popularity and legitimacy, purposely looking for confrontation and refusing to participate in any negotiations. The primary initiative to sabotage the activity of the government came from the trade unions. As early as October 1996, the Confederation of Independent Trade Unions of Bulgaria and the Labour Federation “Podkrepa” concluded an agreement for “replacement of the government and special parliamentary elections”³⁴ According to Oleg Chulev, the confederation secretary of LC “Podkrepa”, the idea of mass protests started to develop since the summer of 1996. During the October-November period, representatives of the trade unions addressed the UDF with “the idea that they could assume the political responsibility, but the National Political Council wanted to act with its own means without the involvement of the trade unions” (Chulev, 1998:123-4). From January 3 to February 4, the opposition and the trade unions acted together in the organization of the protest.

The fourth communication aspect was represented by the newly elected president Petar Stoyanov. He became a key communication

unit during the crisis. Despite the strong pressure from the part of the opposition, the trade unions, and the protesting people, he tried to revive the dialogue for crisis resolution, accepting and successfully performing the role of a political intermediary.

The four principal communication aspects outlined above were also influenced by the media coverage of the events. In some cases, this resulted in aggravation of problems and additional heating of social tension, through the use of manipulative propaganda techniques.

Information and communication strategies. During the crisis, which is the subject of analysis of the present thesis, two contradictory information and communication strategies can be outlined. The first information and communication strategy is the one of the opposition. This strategy was manifested in the use of alternative media information channels, manipulating information and applying social pressure. The second information and communication strategy is the one of the ruling Socialist party. It relied upon the application of the available normative and legislative basis, trying to limit the media coverage of events (mostly the protests of January 10, 1997, and also after). They even discussed punitive actions against certain media under Art. 230 of the Penal Code for inducement to mass public riots³⁵. Both strategies put their stake on symbolic actions – declarations, appeals, slogans, etc.

Importance of the crisis and results: The end of the 1996 – 1997 political crisis marks the beginning of structural reforms, necessary for the transition to market economy. One of the most important results of this structural-functional crisis was the stabilization of the politi-

³⁴ See: Dajnov (1998), p. 122.

³⁵ See: Stenographic protocol of the extraordinary closed session of the Council of Ministers, 10 January 1997, in: Dajnov, p. 350.

cal system in Bulgaria. After the crisis, two successive governments stayed to the end of their mandate – the one of the United Democratic Forces (1997 – 2001) and of the NDSV government (2001 – 2005), which means that Bulgaria has successfully passed the test of the “double change”³⁶ and has proven its institutional stability. Moreover, the successful resolution of the crisis brought to an end the destructive “wars between institutions” and preconditions were created for more efficient interaction between the main power centres.

On the other hand, the 1996 – 1997 crisis played an important role in Bulgarian society, bringing to an end the “red-blue” confrontation and opening the way for a politically more mature attitude to the power of state and public obligations. This crisis, however, is a painful memory for society and for the Socialist party itself. Within the party, it is still a problem that has not received its political assessment and the attitude towards this problem, and to the Prime Minister Jan Videnov, in particular, is a sort of a dividing line between the different internal party fractions. Nevertheless, the Socialist party succeeded in overcoming both its managerial and internal party crises and won the presidential elections in 2005.

Another direct result from the crisis was the creation of an early warning crisis system in Bulgaria. At the end of 1997, the UNDP and the Ministry of External Affairs initiated the *Early Warning* project with the support of USAID³⁷. The idea was to develop capacity to forecast potential future conflicts and crisis situations. The project has the following main goals: (1) developing ef-

ficient structures for gathering data, information analysis and transmission; (2) building capacity for forecasting and reacting in crisis situations before their escalation; (3) attracting the attention of all stakeholders, including those, who would be affected by the development of a crisis or conflict situation (Gotchev, 2003, 188-189).

The 1996 – 1997 crisis closed society’s “illusion factory”³⁸. It contributed to the change of psychological attitudes and the acceptance of the fact of a heavy and unavoidable price of economic reforms. A currency board was introduced in the country, imposing the necessary financial discipline to achieve the economic and financial stabilization.

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³⁶ This notion is introduced by Samuel Huntington and he understands it as a verification of stability of democracy – when a change of government is made twice in a totally democratic way, without this to be followed by collisions and violence, it means democratic procedures are stable. Ralf Dahrendorf also uses this principle for postwar Germany and for the East European transition. See: Dahrendorf (1992), pp. 69-70.

³⁷ The main coordinator of the project was the Ass. Prof. Atanas Gotchev, PhD, and the following non-governmental organizations participated in it: Association “Department of International Relations”, Center of Study if Democracy, Club “Economy 2000”.

³⁸ This allegoric expression was used by the President Petar Stoyanov.

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