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## The Labour Market in Bulgaria in a Period of Social Transformations

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### Abstract

*Social transformations are determined by a certain sequence of different actions and processes that characterize the development of societies. The most sensitive element in this process of social transformations is the labor market. The societies of the so-called socialist camp, which are part of the Council for Mutual Economic Assistance and part of the Soviet space at the end of the last century, fall into severe political changes, leading to changes in society. The research and study of the processes that lead to drastic and significant fluctuations in labor markets are interesting, both of scientific and practical importance. An interesting dependency in these markets is that they all go through the regulation of the primary labor market, through different instruments that are applied by governments. The accompanying severe consequences of the transition from a planned to a market economy lead to a large amount of the economically active population being left without a job and without the opportunity to find one on the primary labor market. The restructuring of the various industries or their closure leads to the impossibility of the workforce with the acquired qualification to secure a suitable job. All this leads to multiple crises that are overcome over a long period. The present study presents and analyzes this period of social transformations in the Republic of Bulgaria.*

**Keywords:** Labor market, Social development, Transformations, Social policies, Bulgaria.

## 1. Introduction

The processes of political and economic transformations at the end of the 20th century caused a series of crises that significantly changed the social structures of a number of countries, as they led to the collapse of the Union of Soviet Socialist Republics. Political transformations last a certain period, which from a historical point of view is too short. The significance of these transformations has particular social implications. These social consequences are experienced to one degree or another by all countries of the socialist camp. The main political and economic ties cease to exist and this leads to the occurrence of severe crises in the economies of these countries. Strong fluctuations in economies lead to social insecurity and the occurrence of phenomena such as mass unemployment and others, which are not characteristic and unknown in the planned mode of functioning of the national economy. All these circumstances make the local communities look for short-term but effective solutions to solve the severe crisis. This all leads to the implementation of not quite popular measures to protect national economies and even more severe consequences for people.

## 2. The circular economy as an opportunity for the development of the European Union

The European Union produces over 2.1 billion tonnes of waste per year. It is updating its legislation to encourage the transition to a more sustainable model, known as the circular economy.

The circular economy is a model aimed at extending the life cycle of products. In practice, this means sharing, borrowing, reusing, repairing, and recycling existing materials and products for as long as possible.

When a product reaches the end of its life, the materials it is made of can continue to be used in other ways. This can be done over and over again, minimising waste disposal.

The concept of a circular economy is built on the traditional linear model, in which raw materials are used, things are made from them, they are consumed, and the rest is thrown away. This model relies on large quantities of cheap and accessible materials and energy sources.

Part of the traditional model is to build defects into appliances so that they stop working on a certain date or after a certain number of cycles, forcing consumers to buy new ones. The European Parliament is speaking out against this wasteful practice (European Parliament, 2024).

Reusing and recycling products reduce the need to extract natural resources and limits the associated damage to ecosystems that threaten biodiversity.

The circular economy also contributes to reducing greenhouse gas emissions. Designing more efficient and sustainable products would help limit the consumption of energy and other resources. It is estimated that over 80% of a product's environmental impact is determined in the initial design phase. Switching to reliable products that can be reused, improved, and repaired would lead to less waste. Packaging is becoming an increasingly big problem – each European generates around 190 kg of packaging waste per year. Improving packaging design should be linked to promoting reuse and recycling.

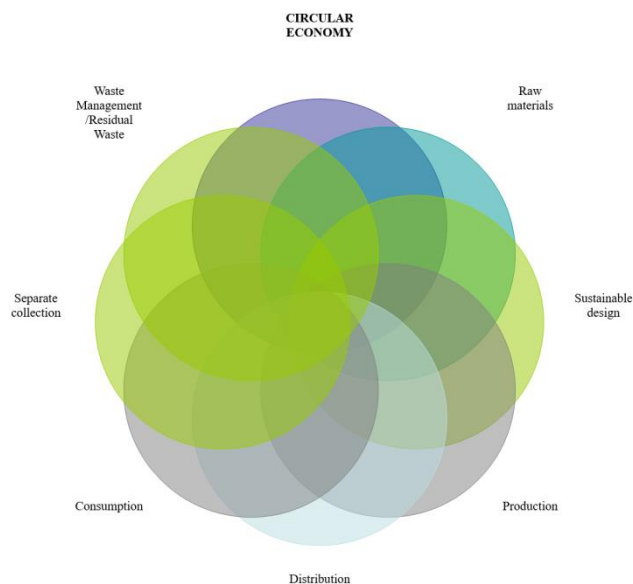
The world's population is growing, which is driving demand for raw materials. However, raw material extraction faces natural constraints. Many EU countries do not have enough raw materials. Eurostat data shows that every European consumed 14.9 tonnes of raw materials in 2022. The EU's total imports and exports of raw materials in 2023 were worth €165 billion. The EU continues to import more than it exports, resulting in a trade deficit of €29 billion (European Parliament, 2024).

Recycling raw materials reduces the risks associated with their supply – the EU becomes less dependent on global crises, price fluctuations, and geopolitical pressures. This is particularly true for key raw materials needed to develop technologies to meet climate goals, such as batteries and electric motors.

Resource efficiency is key to boosting the competitiveness of the economy, creating growth, and creating new jobs. It is estimated that the transition to a circular economy could create 700,000 jobs in the EU by 2030. Designing products and materials in a way that allows for multiple uses and recycling will stimulate innovation in different sectors of the economy. Consumers will also have access to more sustainable and economical products, which will save them money in the long term and improve their quality of life (European Parliament, 2024).

The European Union wants to build a circular and climate-neutral economy by 2050. To achieve this, the EU has adopted many new measures to reduce waste and improve products on the market. New or updated rules concern ecodesign, packaging, the right to repair products, waste management, and misleading environmental claims (Diagram: 1) (European Parliament, 2024).

Diagram 1: The circular economy model: fewer raw materials, less waste, fewer emissions.



Source: European Parliament

## 3. Reconstruction – political and economic transformation

Perestroika (in Russian: Перестройка) is the general name of the reforms and the new ideology of the leadership of the Union of Soviet Socialist Republics, which means the radical changes in the economic and political structure of the state in the second half of the 1980s. According to Nikolay Rizhkov, they were developed by

order of the General Secretary of the Central Committee of the Communist Party of the Soviet Union Yuri Andropov, and were announced by Mikhail Gorbachev in 1985 (Ryzhkov, 2014). April 1985 is considered the beginning of perestroika when a plenum of the Central Committee of the Communist Party of the Soviet Union was held (April Plenum, 1985), and in January 1987, at a plenum of the Central Committee of the Communist Party of the Soviet Union, perestroika was officially announced as a direction for the development of the state.

In November 1964, after a decade marked by attempts at reform and condemnation of Stalinism, the moderate-conservative wing in the top party leadership of the Union of Soviet Socialist Republics elevated Leonid Brezhnev to the head of the Communist Party of the Soviet Union. From the very beginning, his rule was characterized by the strengthening of the authoritarian-bureaucratic system, the cult of his personality, and gradual restalinization, i.e. softening criticism of the Stalinist model of government and Stalin's personality. With this, the country is slowly but irreversibly entering a period of political, social, and economic stagnation.

The party nomenclature is asserted as a hereditary political oligarchy following the Iron Law of Oligarchy, which usurps all levers of power and shows minimal, if not almost no, inclination for reform in any sphere of public life. The members of the Politburo, whose average age in the late 70s is 75, are incapable of changing their thinking and working methods. They live isolated from society and have no real idea of the situation of the majority of people.

The status quo in the country's political system seems frozen and with no prospect of change in the near future. It rests on the privileges and benefits given to relatively broad sections (up to 10 percent) of society that provide sufficient social support to sustain the political system. This status quo invariably blocks the further development of the economy and society as a whole.

Leonid Brezhnev himself surrounds himself with modern-minded advisers (such as the scientists G. Arbatov, N. Inozemtsev, M. Keldish, the journalist A. Bovin, etc.) and has at least the declared desire to push through certain reforms, obviously does not have enough power over events, as all but one of these reforms fail. In addition, the drastic absurdities of the economic policy further worsen the situation and slow down the pace of economic growth. Examples of such a policy are the costly construction of the unnecessary Baikal-Amur highway, the ruinous irrational activity of the Ministry of Land Reclamation and Water Management and its projects to change the direction of the current of some large Siberian rivers, the senseless plans to build 90 large hydroelectric plants, which their economic essence is almost indistinguishable from the Egyptian pyramids, as well as the maintenance of 3 million administrative apparatus to control the activities of the rural population, etc. When, in the spring of 1968, the communists in Czechoslovakia tried to weaken ideological control, this was perceived as a counter-revolutionary threat. In August, the armed intervention of the Warsaw Pact in Czechoslovakia was reached. Thus, in real life, the new foreign policy doctrine of the Union of Socialist Republics is forcibly imposed. Named after its creator, Leonid Brezhnev, this doctrine means "limited" national sovereignty of the Soviet satellites in Eastern Europe, who are obliged to follow not only Moscow's foreign policy line but also the ideological dogmas imposed by it in their domestic political development.

Thus, the Union of Soviet Socialist Republics entered the 80s of the 20th century with an outdated structure of industrial production and outdated technologies, an inefficient allocation of raw materials and capital, and an inertial extensive course of development. Despite the provision of employment and social guarantees for almost all, the standard of living of the population is falling, and the shortage of consumer goods is an unequivocal, visible sign for Russians of the blocking of the Soviet system as a whole.

Economic problems are combined with moral decay and the delegitimization of the political system. "The power of the functionaries, summarizes the political scientist Migranyan, leads to intoxication with power, bribery, corruption, and theft from the budget, to the decay of morals and morality, to the alienation of the broad masses of the people from the political system." Prof. Hristina Mircheva, for her part, writes: "Brezhnevism is not Stalinism, nor is it totalitarianism. It is authoritarianism. In this regime, the nomenclature has deep interests for which it exploits the rest of society at the risk of stagnation and decline. Oppression strengthens the power of this rather large ruling group of people (18 million people), which, together with their families and intimates, amounts to 10% of the entire population."

Repressions, although not as massive as during Stalin's time, were still present under Brezhnev's rule. Economic and spiritual stagnation, censorship, restriction of human rights, suffocating authoritarian atmosphere, and the feeling of lack of freedom provoked sharp criticism from prominent intellectuals and public figures throughout the Brezhnev period. Among them are the names of Andrei Sakharov, the inventor of the Soviet hydrogen bomb, the singer Vladimir Vysotsky, as well as other famous scientists and writers such as P. Kapitsa, K. Paustovsky, Anna Akhmatova, P. Yakiro, Zh. Medvedev, R. Medvedev, E. Ginzburg, Andrei Tarkovsky and others. The dissident movement became massive, informal groups of human rights defenders were created in many Soviet cities, and the so-called proliferated "samizdat" - publications on the initiative of the authors, and without the permission of the authorities. All these forms of criticism of the system of society and power call for respect for human rights, freedom of speech, and the abolition of censorship, as well as for reforming the economic system. The massification of the dissident movement and the various associations and programs demanding changes did not have a decisive role in the political life of the country, but they contributed to the creation of a public climate that prepared the conditions for the actual changes in the mid-1980s.

At the beginning of the 1980s, a severe economic, political, and moral-social crisis developed in the Union of Soviet Socialist Republics. The delegitimization of the political elite, caused by corruption, lawlessness, and state arbitrariness, is combined with an acute financial deficit and lack of income of the population. After the death of Leonid Brezhnev (November 10, 1982), for a short period, the leaders of the Communist Party of the Soviet Union and the Soviet state were Yuri Andropov and Konstantin Chernenko, who are a new illustration of the unviability of the system. The foreboding of the general crisis towards which the huge country was heading made the party and state leadership gradually realize and accept the need for reforms, and in March 1985, after decades of gerontocracy, a young apparatchik (the youngest in the Politburo) was elected general secretary, which has time to establish itself and push through the necessary changes.

This is 54-year-old Mikhail Gorbachev, who was one of Andropov's confidants.

Gorbachev was born in 1931 in Stavropol. At the age of 20, he became a member of the Soviet Communist Party. He graduated from the Moscow State University, and since 1971 he has been a member of the Central Committee of the Communist Party of the Soviet Union. From 1978 he was in charge of agriculture, and after Yuri Andropov headed the party in 1982, he was appointed to lead economic planning in the large country. His indisputable merits since coming to power in 1985 are his contribution to the reduction of international tensions, the limitation of the military budget of the Union of Soviet Socialist Republics, the end of the arms race, and, in early 1989, the withdrawal of Soviet troops from Afghanistan. With his overall policy, Gorbachev helped bring about the end of the Cold War. For this, in 1990, he received the Nobel Peace Prize.

An ambitious and energetic leader, Mikhail Gorbachev was convinced of the need for deep reforms, which he began with the self-confidence that he would transform the Union of Soviet Socialist Republics into a leading world state. Already at his first major political manifestation - the plenum of the Central Committee of the Communist Party of the Soviet Union in April 1985, he spoke about the need to accelerate modernization. A strategy was adopted to accelerate the social and economic development of the country, for changes in the economic mechanism, and for broad publicity, which would give wider freedom to the press and speech in general.

In the field of economics, the strategy remains vague enough not to be implemented in practice, but the announced "glasnost" stirs the public and arouses enthusiasm among the intelligentsia. It gave rise to a veritable boom in the publication of newspapers and magazines, books, publications, and studies, including those on the recent and more distant past of the communist regime, as well as on the present. The liberalization of the Soviet system was also expressed in the release of political prisoners, among whom was the exiled Nobel Peace Laureate Andrei Sakharov.

Glasnost is an effective tool for managing society and catalyzing public support for reforms. The increase in Gorbachev's authority and influence that glasnost generated allowed him to free himself from uncomfortable political leaders and the grip of the party nomenclature and to undertake a decisive course of change.

Thus, in 1987, Gorbachev expanded the scope of the reforms, announcing the beginning of the so-called "perestroika", i.e. restructuring of the Soviet political system and democratization of society.

In the economic sphere, perestroika is expressed in the provision of greater independence to enterprises and cooperatives, which can plan their own production, realize it directly on the market, and use the resulting profit themselves, as well as greater freedom for the private small business.

However, it soon became clear that the established party and administrative system, which seemed to have frozen for decades, did not allow the practical implementation of the planned measures. They create fear among party functionaries that they will lose their positions and they accordingly boycott the reforms.

Gorbachev tried to deal with this problem by waging a battle with the entrenched local party apparatus. As Zbigniew Brzezinski writes, "Gorbachev's perestroika sought to take advantage of the acceleration that glasnost nevertheless gave. It must move and

blow out the stagnant economic bureaucracy, revive economic growth." Glasnost is an effective way of fighting the Soviet leadership with the middle echelon of the administration. In this situation, however, the very foundations of Soviet power are called into question. It is about to lose its footing, which brings to the fore the question of whether a serious change in the economic field is possible without a radical change of the political system: the introduction of the principles of democracy and political pluralism. Gorbachev gradually realized that only a truly democratic society was able to give the Soviet government the support it needed to carry out the vital reforms.

In response to this need, an All-Union Party Conference of the Communist Party of the Soviet Union was convened in Moscow from June 30 to July 3, 1988, which adopted a state reform project. According to him, a presidential institution and a new type of representative body - the Congress of People's Deputies - are being created in the Union of Soviet Socialist Republics. On March 26, 1989, the first elections were held in which Soviet citizens could choose between more than one candidate for a parliamentary seat.

In the course of these elections and the subsequent political development, Gorbachev encountered two main difficulties. The first is related to the emerging internal party opposition, which insists on more radical reforms and the immediate introduction of the principles of democracy and multipartyism. Publicity creates high expectations for change in the public, and once released, the genie from the bottle cannot be stopped. This opposition is headed by Boris Yeltsin, head of the Moscow Party Organization, and in the elections, it receives considerable support.

The other difficulty of a political nature that the Soviet leader faced was the appearance in the circles of the higher party nomenclature of an influential current insisting on more moderate reforms. It is headed by Yegor Ligachev and is of the opinion that the course of changes threatens the integrity of the state. There is also a circle of supporters of the traditional Soviet system.

The success of Yeltsin and his movement in the elections further sharpened the criticism of the reactionaries and strengthened their position in the Communist Party of the Soviet Union. Thus, although it repealed the constitutional text regulating the leading role of the Communist Party of the Soviet Union, the general spirit of the Congress of People's Deputies remained conservative, and the division in the party and society deepened. On June 12, 1990, the Parliament of the Russian Federation adopted a Declaration on the Sovereignty of Russia. With this move, Boris Yeltsin, who had meanwhile been elected President of Russia, sought to free himself from the control of Gorbachev and the Soviet authorities.

Forced to maneuver between the two currents and not fully aware of the type, scope of reforms, and the manner in which they should be carried out, Gorbachev gradually lost control of events and power slipped from his hands. The lack of determination and a clear vision does not allow him to unite the democratic forces in the country to undertake the implementation of the reconstruction. He subsequently admitted that his essential mistake was the misunderstanding of the need and the moment when society should be freed from the totalitarian system. However, the truth is that he does not have the necessary courage and determination to complete what he started and to turn the balance of the Soviet political scene in one fell swoop. And the question remains whether this was possible at all. While the struggles are going on in the party leadership, the hour is striking for the nations that are determined

in the decade of changes and in the conditions of the general crisis of the Soviet state to take their own.

Apart from the repeal of Article 6 of the Soviet Constitution (on the leading role of the CPSU in Soviet society), the only other significant decision of the Congress of People's Deputies was the election in March 1990 of Gorbachev as President (first and last) of the Union of Soviet Socialist Republics. However, he has no chance to carry out the planned reconstruction of the country, as he is faced with a new challenge - the resurrected international conflicts in the Baltic States, Nagorno-Karabakh, Georgia, Chechnya, Abkhazia, Moldova, Uzbekistan, Tajikistan, etc., which for decades have been successfully suppressed, but which in 1990 erupted with a new, unstoppable force and could not be met with the traditional methods of the Soviet state.

These contradictions have existed since the beginning of the century, and after 1945 they intensified. Initially, during Stalinism, they were suppressed by the methods of brute force, such as whole people being subjected to deportation, as well as other repressions. Subsequently, the authoritarian Soviet regime achieved a certain balance with the union republics, granting them certain privileges without interfering with the way of exercising power by the local leadership, i.e. by the carrot and stick method. However, with the economic crisis, the possibilities of this policy are exhausted, and in the conditions of a political crisis at the top, every nation seeks its legal rights without choosing legal means. The revolutions in Eastern European countries that took place in the fall of 1989 were an additional factor that stimulated separatism in the Soviet Union.

The first signals of the disintegration of the Soviet state came from the Baltic republics. In Lithuania, Latvia, and Estonia, the nations demanded an end to the Soviet occupation. As early as November 16, 1988, the Supreme Council of Estonia adopted a Declaration of State Sovereignty, according to which the laws of the republic received supremacy over the federal ones. The following year, the parliaments of Lithuania and Latvia also adopted similar declarations (May 18 and September 23, respectively).

On March 11, 1990, one day before the opening of the extraordinary session of the Congress of People's Deputies, Lithuania, Latvia, and Estonia declared their full independence from the Union of Soviet Socialist Republics. On this day, the parliaments of the three republics adopted Declarations for the restoration of their independence, which was taken away in 1940. At the beginning of May 1990, they created the so-called Baltic Council, which held its meetings at the beginning of June of the same year, the Baltic region was irretrievably lost to the Union of Soviet Socialist Republics.

A turning point in the history of the Soviet Union was the Declaration of the Sovereignty of Russia on June 12, 1990. Apart from the struggle for power in the party hierarchy, the declared Russian sovereignty made no sense, since it was Russia that was the center of the Union of Soviet Socialist Republics and limited sovereignty of the other Union republics and not vice versa. This declaration effectively decentralizes the vast multinational empire and renders its existence meaningless for the rest of the republics as well.

After the declaration of Russian sovereignty, the process of disintegration of the Union of Soviet Socialist Republics became unstoppable. On June 20, Uzbekistan declared independence, on June 23, Moldova declared its independence, on July 16, Ukraine, and on July 27, Belarus. The process continues – on August 23,

Armenia follows the European republics, on October 30, Kazakhstan announces a declaration of sovereignty, and on November 12, Kyrgyzstan.

Gorbachev expressed agreement in principle with the republics' declarations of sovereignty but defended the thesis that the preservation of the common state would benefit everyone. On March 17, 1991, a referendum was held in the country to preserve the common state - 77% of those who voted supported the proposal for a "renewed federation of sovereign republics", but Armenia, Estonia, Lithuania, Latvia, and Moldova boycotted the referendum.

In the spring and summer of 1991, the president and representatives of 9 republics prepared a Union Treaty that would democratize their relations within the Union of Sovereign States and strengthen its democratic processes. The declaration for the creation of the new federation was prepared by the nine leaders of the union republics and the president on April 25, 1991. The signing of the treaty establishing the Union of Sovereign States is scheduled for August 20 of the same year. The next day, a session of the Federation Council is expected to open, which must make decisions on radicalizing reforms and solving current economic problems.

#### 4. The transition in Bulgaria

The Bulgarian transition to democracy and market economy is the general name of the historical, political, and economic processes for the establishment of democracy in Bulgaria in the years after the November Plenum of the Central Committee of the Bulgarian Communist Party in 1989. Often, for brevity, it is simply called "The Transition" or "The Bulgarian Transition".

Some authors place the beginning of the transition on November 10, 1989, when a plenum of the Central Committee of the Bulgarian Communist Party was held and Todor Zhivkov was deposed. According to others, it was January 19, 1990, when Article 1 of the Constitution of the People's Republic of Bulgaria was repealed for the leadership role of the BKP in the state (Dimitrova and Georgiev, 2019).

There is also a lack of official agreement on whether this transition is complete and what its stages are (Discussion on the Bulgarian transition, 2003). According to some authors (Kalinova, et al., 2010), the first stage was the change of power (from 1989-90 until the convocation of the VII Great National Assembly), followed by the periods 1991-1996, 1997-2001, 2001-2006, and for the end of the transition is considered the admission of Bulgaria to the European Union. The previous totalitarian system with the universal dominance of the Bulgarian Communist Party has been successfully replaced by a system of political pluralism. From 1990 to 2007, 12 governments were replaced with the participation of a large number of political parties. A new constitution and numerous laws were adopted. Membership in the European Union and NATO was achieved. The Bulgarian economy is moving from a state-centralized planning system to a market economy based on private ownership. Deep social changes are taking place in society.

According to Ivan Kostov's opinion from 2019: "it will end when the rule of law is established in Bulgaria. When there are strong institutions that are able to deal with corruption, oligarchy, organized crime, and abuse of monopoly position. And above all, when Bulgarian citizens become true defenders of democracy in their homeland". Interview for media portal "Slavevkov Square" (Dimitrova and Georgiev, 2019).

Bulgaria's economy is planned. The economic structure in 1989 (according to modern data) includes the following sectors: 59.4% industry (with developed mechanical engineering, electrical engineering, and electronics), 29.7% services, and 12.9% agriculture. However, foreign trade is mainly with the countries of the Council for Mutual Economic Assistance (75%), of which 55% is with the Union of Soviet Socialist Republics, although in the 1980s the import of raw materials and materials from Western countries grew. Until the beginning of the 80s, the trade balance was positive, but in 1985, the trade balance was already negative with a deficit of about 1 billion dollars (Hristov, 2007). By the end of the 1980s, Bulgaria entered an economic crisis related not only to a chronic shortage of convertible currency but also to commodity deficits, which naturally led to rising inflation. The external debt has been growing at a dizzying pace since the mid-1980s, already in 1987 it exceeded the Gross Domestic Product (Danov, 2014b) and at the end of 1988 it reached 10.7 billion dollars (Avramov, 2008) and attempts to obtain external credits failed (Lakov, 2014b) and the country entered a Debt Crisis that lasted from 1987 to 1994 (Ivanov, 2009). At a meeting with the Ministry of the Interior on November 25, 1989, Petar Mladenov described the situation in the economy as very difficult (Secretly, 1989). The economic growth figures were incorrect and from 1983 to 1988 the economic situation was getting worse every year. After the collapse of the Union of Soviet Socialist Republics and the market of the Council for Mutual Economic Assistance (1989 – 1992), the Bulgarian economy turned out to be uncompetitive with other markets (Foundation “Institute for Market Economy”, 2004; National assembly, 1990).

With the election of Mikhail Gorbachev as General Secretary of the Central Committee of the Communist Party of the Soviet Union in 1985, “Perestroika” began in the Union of Soviet Socialist Republics - economic reforms to raise the standard of living. It exerts a great influence in the countries of the socialist camp and especially in the Eastern European ones. It is accompanied by “Glasnost” - after many years of restriction of freedom of speech, people are allowed to freely express their opinion, independent media appear, and hundreds of books are published, which remain unpublished due to the presence of censorship. The opinions of the dissidents and the intelligentsia are beginning to be heard more and more. These changes marked the beginning of the collapse of the socialist system in Eastern Europe.

## 5. The social environment

The social environment turns out to be most sensitive during this period. The consequences that occur in the labor market are so palpably acute that they cannot be compared to any other period, except the periods of the First and Second World Wars. Bulgarian society is facing deep trials that lead to acute social problems. The planned economy practically ceases to function and this leads to the suspension of the activity of industrial enterprises, and some sectors cease to function altogether. All economic ties have been terminated, with only a certain volume of the service sector existing.

The consequences are close to a national catastrophe, with labor markets being the most sensitive. The primary labor market, which exists in new political and economic realities, is unable to cope with the growing number of persons of working age. Mass layoffs are commonplace during this period. In Bulgaria, the absolute number of persons who are dismissed by an economic entity is defined as a mass reduction of the workforce. In some regions of

the country, unemployment rates are close to the entire economically active population, which creates deep social inequalities and problems. Governments are forced to look for quick decisions to contain the social tensions that are growing enormously (Foto 1-8) (КАПИТАЛ, 2024a).

Photo 1: “Bulgaria is practically bankrupt and the government of Andrei Lukanov, who ruled for months after 1989, had to impose a moratorium on foreign debt payments.”



Source: КАПИТАЛ

Photo 2: “In the second half of 1990, the crisis of public finances entered a much more visible phase: inflation and soaring prices (as far as they were liberalized), empty shops and queues, and growing unemployment.”



Source: КАПИТАЛ

Photo 3: “People are in the squares or queues for oil and milk.”



Source: КАПИТАЛ

Photo 4: “A coupon system for basic foods and fuels was introduced on August 20, 1990, by the decision of Andrey Lukanov's resigned government.”



Source: КАПИТАЛ



Source: КАПИТАЛ

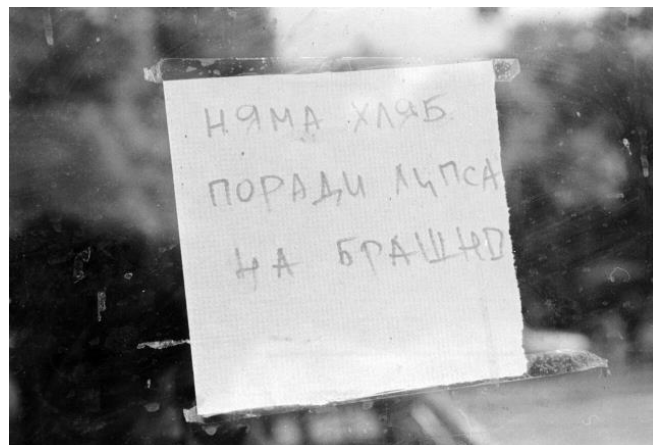
Photo 6: “In 1996-1997, the BNB issued new banknotes every month with an increasingly large denomination due to the sharp devaluation of the lev.”



Source: КАПИТАЛ

Photo 7: “Under the government of Zhan Videnov in Bulgaria, an acute grain crisis occurred, leading to a lack of traditional grains and products. People are forced to queue for kilometers. The reason for the situation is a bunch of wrong decisions over the years - a poorly functioning agricultural sector, bad harvest, and uncontrolled export of grain in the same year. However, Videnov's

office first denies the problem, and then, in a controversial transaction, imports grain at a much higher than market price.”



Source: КАПИТАЛ

Photo 8: “January 1997. Wages are \$7 and pensions are \$4. “Mass bankruptcies, widespread poverty. And a crisis - total and complex. First financial. It gave birth to economics. The two caused social, and the three together – political”, recalls Muravey Radev, finance minister in Ivan Kostov's office, in a text for “Factor.bg”.

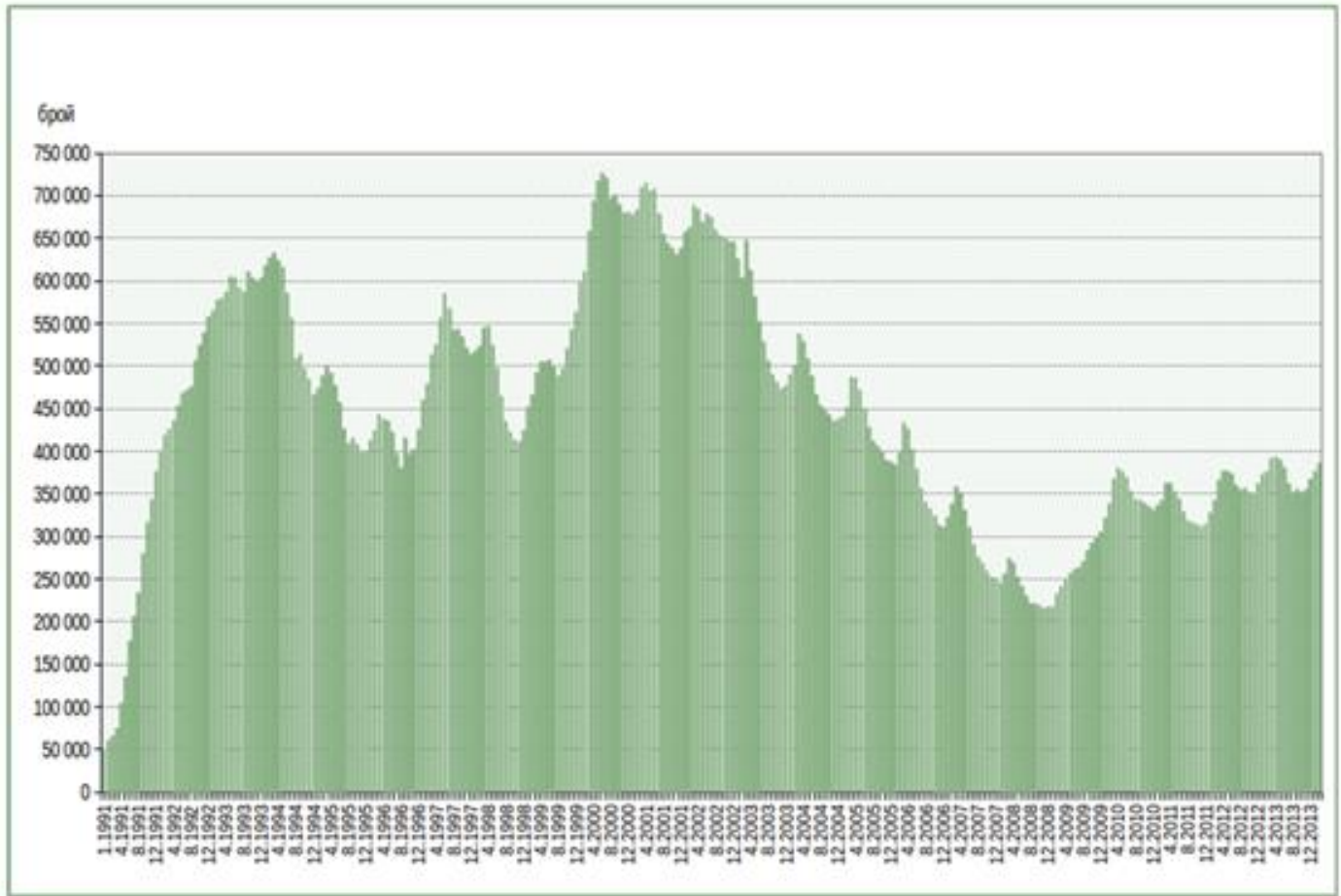


Source: КАПИТАЛ

The discontent of certain communities is taken to the streets and squares, organizing hundreds of demonstrations and strikes. The country begins a complex of problems, such as high inflation and the inability to regularly service its external debt. Certain periods of this period of social transformations, it was accompanied by problems related to feeding the population due to an insufficient amount of necessities. This necessitates the introduction of a coupon system, which until now was known only for the period of the war years.

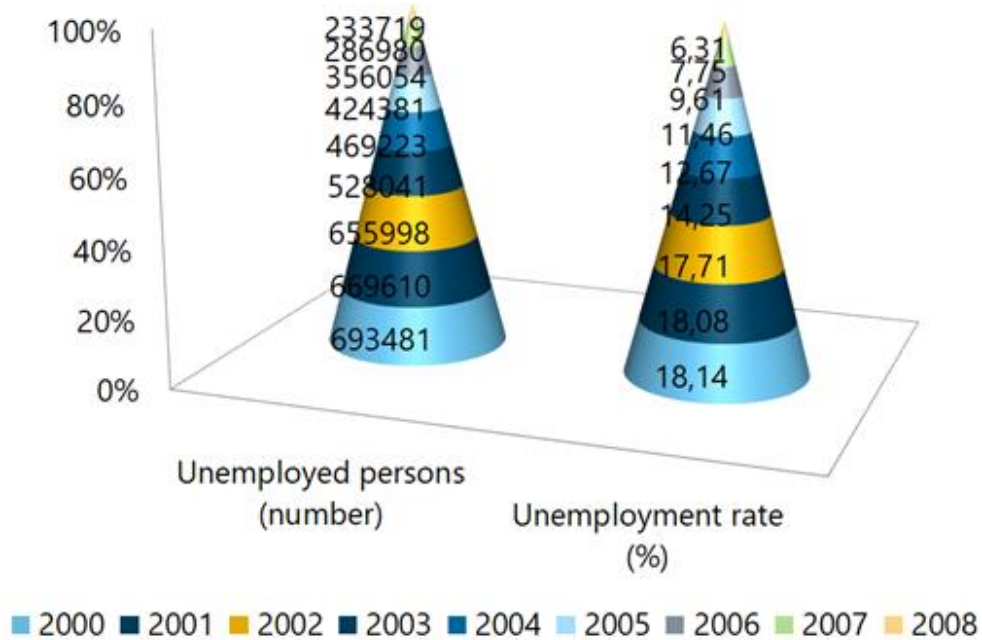
Employment services begin to register more and more unemployed persons, and they become a center for communication on employment mediation. The specialists who are engaged in this activity are not sufficiently prepared, because this process has existed until now under a planned mode of employment. The number of vacancies is smaller than the number of those who could fill them. The number of unemployed persons with high qualifications and enough work experience is such that the natural market principle hardly succeeds in calming the local labor markets (Diagram 2-5; Table 1-2) (Employment Agency, 2024b; Eurostat - European Commission, 2024c).

Diagram 2: The dynamics of unemployment in Bulgaria during the period October 1990 - December 2013.



Source: Employment Agency

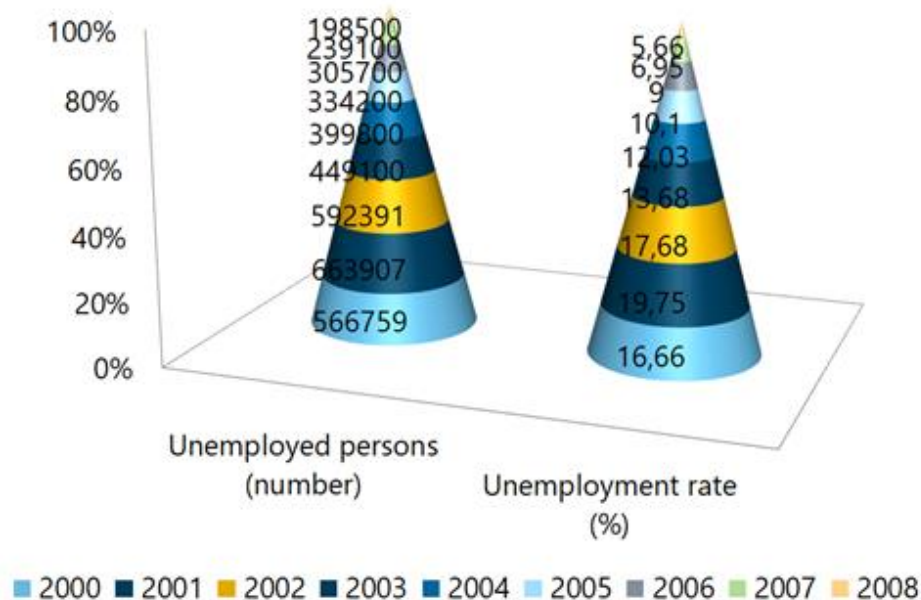
Diagram 3. Average annual number of unemployed persons and average annual unemployment rate in the period 2000-2008 according to data from the administrative statistics of the Employment Agency.



Source: Employment Agency

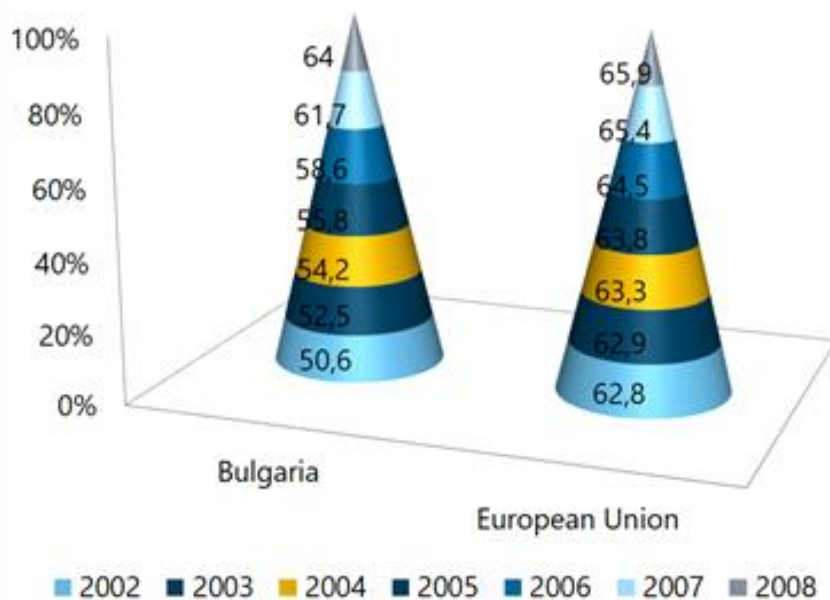
Diagram 4: Average annual number of unemployed persons and average annual unemployment rate in the period 2000-2008 according to data from the Labor Force Survey by the National Statistical Institute.





Source: Employment Agency

Diagram 5: Employment rate 2002-2008 r. (15-64 years, %).



Source: Employment Agency

Table 1: Employment and activity by sex and age - annual data (20-64 years), b- break in time series; d- definition differs.

TIME	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
BULGARIA	64,4	66,5	67,0	70,6	71,7	74,3	72,7	73,2	75,9	b 76,2	
Czechia	73,5	74,8	76,7	78,5	79,9	80,3	79,7	80,0	81,3	81,7	
Denmark	74,7	75,4	76,0	b 76,6	b 77,5	78,3	77,8	79,0	80,1	79,8	b
Germany	76,7	76,9	77,6	78,2	78,9	79,6	78,2	b 79,4	80,6	81,1	
Estonia	75,0	76,7	77,0	79,2	79,7	80,5	79,1	79,3	81,9	82,1	
Ireland	68,1	69,8	71,3	72,9	74,0	75,0	72,1	74,9	b 78,2	79,1	
Greece	53,1	54,8	55,9	57,4	59,0	60,8	58,3	62,6	66,3	67,4	
Spain	59,9	62,0	63,9	65,5	67,0	68,0	65,7	67,5	b 69,3	d 70,5	d
France	70,0	70,3	70,7	71,3	72,0	72,3	72,1	73,2	d 74,0	d 74,4	d

Croatia	59,2		60,6		61,4		63,6		65,2		66,7		66,9		68,2		69,7		70,7	b
Italy	59,5		60,2		61,4		62,3		63,0	b	63,5		61,9		62,7		64,8		66,3	
Cyprus	67,6		67,9		68,7		70,8		73,9		75,7		74,9		75,9		77,9		78,9	
Latvia	70,6		72,5		73,0		74,6		76,8		77,3		76,9		75,3		77,0		77,5	
Lithuania	71,8		73,3		75,2		76,0		77,8		78,2		76,7		77,4		79,0		78,5	
Luxembourg	72,1		70,9	b	70,7		71,5		72,1		72,8		72,1		74,1		74,8		74,8	
Hungary	68,7		70,9		73,7		75,4		76,7		77,6		77,5		78,8		80,2		80,7	
Malta	67,9		69,0		71,1		73,0		74,9		75,6		76,0		77,8		80,1		81,7	
Netherlands	76,3		77,2		77,9		78,9		80,0		81,0		80,8		81,7		82,9		83,5	
Austria	74,2		74,3		74,8		75,4		76,2		76,8		74,8		75,6		77,3		77,2	
Poland	64,9		66,3		68,2		70,0		71,4		72,6	b	72,8		75,5		76,7		77,9	
Portugal	66,1		67,9		69,5		72,5		74,7		75,5		74,2		75,5		77,1		78,2	
Romania	58,0		59,2		60,3		62,7		63,9		65,1		65,2		67,1		68,5		68,7	
Slovenia	67,3		68,6		69,5		72,9		74,9		75,9		74,8		76,1		77,9		77,5	
Slovakia	67,8		69,6		71,8		73,2		74,5		75,6		74,6		74,6		76,7		77,5	
Finland	72,2		71,8		72,4		73,2		75,3		76,2		75,5		76,8		78,4		78,2	
Sweden	79,6		80,1		80,8		81,4		82,0		81,7		80,2		80,4		82,0		82,6	
Iceland	84,9		86,5		87,8		87,6		86,5		85,9		82,3	b	81,4		84,8		85,3	
Norway	80,1		79,7		79,4		79,2		80,0		80,2		79,7		80,0		80,9		80,4	
Switzerland	81,1		81,7		82,0		82,1		82,5		82,9		82,5		81,8		81,9		83,0	
Bosnia and Herzegovina	:		:		:		:		:		:		:		52,6		53,9		55,9	
Montenegro	55,6		56,7		57,1		58,2		59,8		60,8		55,2		:		:		:	
North Macedonia	51,3		51,9		53,3		54,8		56,1		59,2		59,1		:		:		:	
Serbia	53,5		54,7		57,6		60,0		61,6		63,6		64,3		66,7		69,3		69,6	b
Türkiye	53,2	b	53,9		54,4		55,3		55,6		53,8		51,0		53,9	b	56,5		57,3	

Source: Eurostat - European Commission

**Table 2:** Employment and activity by sex and age - annual data (20-64 years), b- break in time series; d- definition differs.

TIME	2023-10	2023-11	2023-12	2024-01	2024-02	2024-03	2024-04	2024-05	2024-06	2024-07										
BULGARIA	4,1		4,2		4,4		4,9		5,0		5,1		5,0		4,7		4,5		:	
Czechia	2,9		2,3		2,8		3,2		2,7		3,1		2,7		2,6		2,8		:	
Denmark	6,1	b	5,9		5,7		6,3		6,2		5,5		5,6		5,4		5,3		:	
Germany	3,2		3,1		2,9		3,2		3,6		3,5		3,2		3,6		3,4		:	
Estonia	6,1		6,3		6,9		7,7		7,8		7,7		7,6		7,6		7,5		:	
Ireland	4,2		4,1		4,3		4,2		4,0		4,2		4,4		4,5		4,8		5,2	
Greece	10,2		10,8		10,5		12,6		12,6		11,2		10,9		10,4		8,2		:	
Spain	11,9		11,7		11,7		12,3		12,4		12,2		11,6		11,2		11,0		:	
France	7,7		7,7		7,7		7,8		7,6		7,3		6,9		6,9		6,9		:	

Croatia	6,0		6,1		6,2		6,3		6,1		5,8		5,1		4,6		4,4		:	
Italy	8,1		7,6		7,0		7,6		8,1		7,4		6,8		6,5		6,8		:	
Cyprus	4,7		6,5		6,6		6,7		6,1		5,2		4,0		3,6		4,4		:	
Latvia	6,6		6,8		7,1		7,2		7,3		7,2		6,9		6,6		6,5		:	
Lithuania	6,7		7,3		8,5		8,4		8,1		8,1		7,3		7,1		7,7		:	
Luxembourg	5,6		5,8		5,9		5,9		5,9		5,6		5,5		5,4		5,3		:	
Hungary	4,1		4,2		4,2		4,5		4,6		4,4		4,4		4,3		4,2		:	
Malta	2,9		2,8		2,8		2,9		2,9		3,0		3,1		3,3		3,2		:	
Netherlands	3,6		3,4		3,3		3,8		3,9		3,7		3,6		3,5		3,7		3,5	
Austria	4,8		4,7		5,4		5,5		5,5		5,4		4,6		5,1		4,9		:	
Poland	3,0		3,1		3,1		3,2		3,2		3,1		2,9		2,8		2,7		:	
Portugal	6,8		6,7		6,7		6,8		6,9		6,6		6,4		6,2		6,4		:	
Romania	5,7		5,8		6,0		5,5		5,2		5,1		5,1		5,2		5,3		:	
Slovenia	3,5		3,3		3,3		3,6		3,5		3,3		3,2		3,1		3,0		:	
Slovakia	5,7		5,6		5,6		5,7		5,6		5,5		5,4		5,4		5,4		:	
Finland	6,8		6,8		7,1		8,3		7,8		9,0		9,2		10,2		8,3		7,9	
Sweden	7,4		7,1		7,7		8,5		8,5		9,2		8,9		8,7		9,4		:	
Iceland	3,1		2,8		3,8		4,5		3,6		:		:		:		:		:	
Norway	3,6		3,7		3,3		4,5		3,5		4,2		4,3		4,2		4,3		:	
Switzerland	4,0		3,8		4,0		4,2		4,3		4,3		:		:		:		:	
Türkiye	8,2		8,8		8,9		9,8		9,2		8,8		8,4		7,7		:		:	

Source: Eurostat - European Commission

There are also transformations in the Bulgarian army, which is changing from conscription to mercenary military service. Its strategic goals have been changed and its composition has been drastically reduced, leaving only 1/3 of the previously employed persons. The socialization of persons who have specific skills and habits is almost impossible and a process of retraining is necessary so that these unemployed persons have a chance to find a new job.

A significant problem is also the young people who at that moment are completing their higher education. They are without any professional experience and getting them a job in the primary labor market is almost impossible.

The whole complex of problems creates a primary importance for society, and this necessitates taking measures to quell social discontent and provide time to solve multifaceted problems.

The definition of the target groups is of particular importance, which also determines the measures that will be taken. Determining an adequate policy regarding the risk groups in the labor market is important from the point of view of determining what the relevant measures should be aimed at.

The following groups of unemployed persons are defined:

- unemployed young people up to 29 years of age without work experience in the acquired specialty;
- unemployed persons over 55 years of age;

- unemployed with primary, primary, and lower education;
- unemployed without professional qualification;
- unemployed persons with permanent disabilities;
- persons benefiting from temporary protection with registration at the labor office.
- Long-term unemployed persons - those who have been unemployed for more than 12 (twelve) months.

Each group of the defined groups is treated differently with respect to the subgroups within it. People from these groups are included in training, programs, and measures, according to the Law on Unemployment Protection and Employment Promotion in force at that time.

Special attention to this period of crisis is given to the passive policy of the labor market. Different groups of unemployed persons who receive social assistance in the form of cash compensation are defined. A methodology for determining the amount has been determined, which is based on the amount of the remuneration received so far, and the period of receipt is determined by the years of work experience. The minimum period for receiving monetary compensation is 4 (four) months, and the maximum period is 12 (twelve) months. For persons who have no work experience in the last period, the minimum wage established for the country is defined as the base. Those who have just completed their higher education also receive social assistance.

The most widespread measure that is applied is related to the engagement of unemployed persons in general useful activities, which are related to cleaning the spaces in cities and villages, landscaping, or guarding public buildings. These programs are temporary employment programs that provide minimum benefits to participants for different periods, the longest period being 12 (twelve) months.

Another alternative is employment companies, which are essentially commercial companies. The German model of their creation is used. They only employ unemployed persons who are registered with the employment services. The remuneration of these unemployed persons is financed from the state budget.

In areas with a mixed population, a literacy program is implemented for all unemployed persons who do not speak the official language, and they can also participate in various qualification courses. The program has the following name "Literacy, qualification and employment".

The regulated measures implemented during this period are related to providing employers with the amount of insurance payments on the wages of employed unemployed persons. Employers, however, undertake an obligation to commit them to a longer period of work, which would provide them with the possibility of permanent employment.

Calming labor markets is becoming difficult as more and more unemployed people leave their previous jobs. This process of severe fluctuations continued until the end of the last century. Governments have repeatedly been forced to resort to temporary employment measures and increases in cash benefits and welfare benefits.

All these processes are characteristic of all countries of the post-socialist space and have been going on for about twenty years.

At a much later stage, actions and programs are undertaken to ensure the stimulation of employment by creating Employment Action Plans. These plans envisage and implement a whole complex of programs and measures to respond to the demands and changes of the labor markets. Disparities in local labor markets are still observed, resulting from the severe and prolonged changes of the transition from a planned to a market economy (Terziev, 2023; Georgiev and Terziev, 2023a; Terziev, 2020; 2019; 2019a; Georgiev and Solovev, 2024d; 2024e).

## 6. Conclusion

Political transformations are always accompanied by economic transformations. All this has a serious impact on social processes. The social environment is most sensitive at this stage. Labor markets are experiencing significant fluctuations, with unemployment levels becoming high and unable to be regulated by the natural mechanisms of a market economy. There is a dominance of the primary employment market, which is provided through financial instruments from state budgets or other attracted resources. In practice, the state becomes the main employer, which can be allowed to distort local labor markets. Drastic deviations from real processes are obtained, which leads to incorrect analysis and wrong conclusions. All these manifestations are a fact and can be observed in almost all countries that are making a political and economic transition. The dynamic development of the processes does not allow for an adequate and precise analysis, and decisions are made due to the necessity. This leads to a temporary suppression or deterrence of social tension but does not contribute

to solving the crises that have arisen. Even though various social technologies and mechanisms have been developed in this direction, their implementation at the local level is not easy and requires their adaptation.

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