

Speech

British Ambassador Jonathan Allen: “Should I be an Optimist or a Pessimist for Bulgaria?”

Published:

11 April 2013

Speaker:

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World location:

[Bulgaria](#)

Ambassador’s reflections after a year in Bulgaria, delivered as a keynote speech at an event organised by the Atlantic Club Bulgaria. Originally given at Bulgaria. This is the text of the speech as drafted, which may differ slightly from the delivered version.



Introduction

It is said that when God was handing out bits of the earth to the peoples of the world to make into their countries, the Bulgarians, typically modestly, were at the back of the line. By the time they reached the front, God had run out of earth. So He gave them a piece of heaven instead.

Like many visitors to Bulgaria, I feel captivated by the country and its people. I am not alone. 15,000 of my fellow citizens have houses here and 300,000 visit each year. British companies that set up here are astounded and delighted by the quality, ingenuity and dedication of their Bulgarian staff. Not for nothing did Bismarck describe Bulgarians as “the Prussians of the Balkans”.

One of the most striking and lasting impressions I have is of the deep personal ties that bind families and friends. I am envious of the closeness of these links and I love the fact that I, my wife and our daughter have been adopted (almost literally) by a Plovdiv family. This brings with it deep affection, acceptance, loyalty, pride...and a refusal to believe that civilisation has yet come to Sofia (so it also brings carloads of salamis, grilled peppers, pickled vegetables, lutenitsa, home-made rakia and wine). I hope my family grow up in the Bulgarian way!

But my positive view of Bulgaria and that of my countrymen, does not always seem shared by Bulgarians.

I had not been in Bulgaria for long, indeed I was still learning the language with my Bulgarian family in Plovdiv, when I first became aware of a key element of the Bulgarian psyche.

“All generalisations are dangerous” cautioned Alexandre Dumas, before adding reflectively, “Even this one”. So please understand that I do not say that every Bulgarian is alike. But in the interests of being interesting, and not diplomatic, allow me to generalise.

This key element of the Bulgarian psyche might be characterised as a negativity about the situation in Bulgaria and cynicism over how things happen here, coupled with fervent idealism about life everywhere else. It forms a vicious circle – if people believe not only that Bulgaria is below average, but that everywhere else is above average, it magnifies the perceived gap.

Let me share an anecdote from my own Embassy to illustrate my point. A colleague from my commercial team complained about a tender that UK companies were interested in. “It’s ridiculous”, they fumed, “the tender terms have been written so tightly that they exclude any serious company with international experience from bidding. It is clearly a stitch-up, designed to ensure one company wins. That’s how things happen in Bulgaria.”

So when I next met the Minister, I innocently asked about progress in this area. “It’s ridiculous”, said the Minister, “the tender terms were written so tightly, they excluded any serious company with international experience from bidding. We only got one company that applied. We need much wider expertise if we are to improve. I’ve cancelled the tender and we will try again”.

The problem with this pessimism and this cynicism is that it is infectious. Politicians, media, NGOs, think tanks all magnify and amplify. It infects foreign diplomats and their governments. It becomes the story that people hear and re-tell about the country. It becomes existential: an action cannot merely be incompetent but it has to be corrupt. A new mall is assumed to be a front for money laundering, an assumption that is repeated as gospel truth.

Worse, it becomes an alibi for inaction. “What’s the point in trying to do anything?” sigh Bulgarian and foreigner alike. People abdicate their responsibilities with a shrug of their shoulders. It is someone else’s task to do something about it. So I’ll park on the pavement rather than finding a space and complain later about the broken paving stones.

I find myself asking two questions:

- How bad are things here and are they getting better or worse?
- Can anything be done, and if so what?

Which leads me back to my title. I want to argue for optimism about Bulgaria and I want to argue for activism at all levels of society and government to achieve a better future.

How bad are things here, and are they getting better or worse?

This winter – a mild winter by Bulgarian standards – we have seen serious and sustained street protests, unparalleled in recent years, initially sparked by high electricity bills, and later encompassing concern over corruption, monopolies and ultimately disillusionment with the political elite. There has been a sense of anger over high prices and low incomes, and a sense of despair that things will never get better.

So is there hope?

It is important not just to look at the situation in absolute, but also in relative terms. Economically, most of Europe is trending downwards with low or no growth. In many Eurozone periphery countries, economies are in shock, unemployment soaring, and standards of living in decline (admittedly from a higher level than in Bulgaria).

In my own country, wage growth has fallen well below the inflation rate and spending power has declined. One of my good friends running an army unit has just had to tell his soldiers that one in three of them might be made redundant. In the UK, the public sector is at its smallest since 1999 and with low growth projected over the next few years, it has already been announced that there will be further reductions in public budgets and no doubt further job cuts.

Bulgaria is – famously – the poorest country in the European Union. This is not an award anyone wants, although it is better to be the poorest member of a rich club than vice versa. But the trend is upwards. In 2000, Bulgaria had GNI per capita at 28% of EU average; in 2011 it was at 46%.

As the economic crisis unfolded, it became clear that the laws of economics had not been reinvented during the boom years, but were simply hiding in a dark alley waiting for the bubble to burst. Europe, in particular the UK, has put macro-economic stability at the heart of its policy response. It is the new measure of worth and attainment.

On that basis, Bulgaria is a poster child. It might be the poorest EU Member State, but it is in the top three when it comes to deficit, public debt to GDP, and bank capitalisation ratios. In common with many of the Eastern European Member States, Bulgaria is growing at about double EU trend.

On other, non-economic, aspects, the picture is also mixed.

Bulgarians report widespread corruption across society and Bulgaria remains a high risk country for corruption. We do not see high-level cases being brought against individuals. But perceptions of business corruption are at their lowest for the last 12 years. British investors almost invariably report that they are not asked to pay bribes, although some say they were in the past. As more parts of the economy are linked by internet to the National Revenue Agency, blatant tax evasion becomes harder.

Foreign companies and governments look at procurement practices with great concern (and in some areas of the country, we know there is simply no point entering a tender competition), but in the aftermath of the suspension of EU funds in 2008, there has been a big improvement. The error rate is down below 2% (against the overall EU figure of 4%). Procurement involving EU funds is significantly better than ordinary procurement, which should lead to better processes in general as this effect trickles down.

The jury is still out on the new Supreme Judicial Council, particularly after recent troubling news that independent checks on random allocations of casework in courts were vetoed by those courts. Last year, it turned out that a senior judge, Mrs Markovska, was the subject of serious allegations over her integrity that had not been properly investigated. But in the end the Bulgarian institutions combined to prevent her appointment to the Constitutional Court being carried out. The next candidate put forward was also forced to withdraw after information about her affairs was made public. If the message is being heard loud and clear that those with skeletons in their closets should stay out of the upper ranks of the judiciary, then that is a good thing. Better of course to get them out completely. And investigate openly.

So my conclusion is that rapidly increasing living costs are having a proportionally worse impact in low income Bulgaria than in other countries, particularly for those on the minimum wage and pensions.

But I also – tentatively – conclude that there is good evidence to suggest that there are positive signs. The Eurozone must at some point return to growth – like the UK, Bulgaria is deeply affected when its major export market is in a recessionary cycle. Bulgaria's relative position is improving; the trends are in the right direction.

And when growth returns, Bulgaria's starting point will be with almost no debt and deficit – an enviable jumping off point. Ask Greece. Ask Cyprus.

And that also goes for the non-economic picture. Successive European Commission reports show gradual improvement.

Of course it should be faster, further and more impressive.

But I would say that Bulgaria is on the right road. It might have some potholes that you could hide a lorry in. We might face far too many road improvements that take far too long. We might sometimes get lost and head back on ourselves a few kilometres.

But to bring an end to this tortuous metaphor: the direction of travel is right. It's all about the speed of travel now.

Can anything be done and if so what?

I would like to offer a few observations from my first year in post that lead me to conclude that there can be a positive agenda for change. I do so with some trepidation, as I know that the last thing anyone wants is to be lectured by arrogant foreigners.

But I offer these observations as a resident of Bulgaria, with enormous fondness for both country and people. And as someone who gets out of bed every morning believing that they can do something, in some tiny way, to make the world a better place. I bring plenty of experience of imperfection in my own country; from which we've learned. As I often say to my Bulgarian friends: "we have made enough mistakes in our time – we want to share our lessons so that you don't have to make them too".

I hope that my comments will be taken in the positive spirit in which they are intended.

Ban the words “small country”

Bulgaria is the 16th biggest country in the European Union by population. It has the same number of EU votes as Austria and Sweden. It should be an important part of any alliance in Brussels.

So if you are in authority or in government here in Bulgaria, you should be contractually forbidden to describe your country as small. It is not.

I worry that Bulgaria loses out through this attitude. Austria and Sweden do not go into EU negotiations expecting things to happen to them; they go in expecting to get what they want. They form alliances early and are tactically flexible to permit them to gain the maximum number of supporters for the trade-offs that they have identified.

Saying “we are a small country” permits the attitude to take root that things happen to Bulgaria and that Bulgaria shouldn’t expect to get what it wants or to win in a negotiation. It doesn’t foster the sense of responsibility needed to take a position and do the deals to get what Bulgaria wants.

The most successful countries agree strategy in capitals and leave tactics to their missions in Brussels, rather than expecting line by line clearance of every negotiating point back home around the different ministries. By that time, you have lost: the negotiation has flowed around you like a stream around a rock.

Bulgaria is a medium-sized EU country with voting privileges to match; it now needs to be a medium-sized player in Brussels.

Put Bulgaria at the Centre of the Map

Whilst we’re banning things, can we agree to ban from conferences and official documents all maps that put Switzerland in the centre and Bulgaria down to the bottom right? This tells us nothing helpful. Let us instead put Bulgaria in the centre of our maps. Then we will see the geostrategic potential of this country, with links up through the Balkans into Central and Western Europe; with Europe’s great artery, the Danube; up through Romania and Ukraine into Russia; through Turkey and by sea into Central Asia and the Middle East; south and west into Greece, Italy and the Western Balkans.

You can either see Bulgaria as being at the periphery of everywhere or at the centre of everything: the difference is as much a state of mind as geographical reality.

Before the economic crash, people and countries looked at the BRICS as a curiosity. Now most countries in the developed world are locked into a cut-throat race to court and export to these key emerging markets.

The biggest emerging market near the UK is Turkey. It had GDP of \$1.3 trillion in 2011 and growth at 8.5%. 73 million people (consumers) live there. It is a bridge between Europe and Asia, and is developing highways and high speed rail into central Asia and the Middle East. My Prime Minister and Foreign Minister are enthusiastic – even evangelical – about Turkey’s potential, and key government officials visit regularly and receive visits in return. We have a

government-wide strategy for developing our trade relationship, reviewed regularly by the Prime Minister and shared with business and the private sector, who are an integral part.

Of course Bulgarians know all about their neighbour and Bulgaria has enormous advantages over the rest of Europe. You are on the obvious route to market between Western Europe and Turkey. Over 10% of Bulgarians are brought up speaking Turkish as a first language.

Bulgarians and Turks are trading together strongly. There has been a big trade swing from Greece to Turkey in the last few years, for obvious reasons. But it seems grass roots and recession-driven, rather than official policy. I look eagerly through political speeches, strategy papers, business briefings to see Bulgaria's plan for harnessing these advantages. But they are not easy to find. In my conversations with senior politicians, Turkey tends to come up at the end of the list, almost perhaps as an afterthought: a big neighbour that can't be ignored.

Bulgaria's relationship with Turkey is (understandably) always coloured by the countries' mutual histories, in particular the past occupation by the Ottoman Empire. My colleague Ismail Aramaz, the Turkish Ambassador, talks convincingly about how this part of Bulgaria's history was exploited during the Communist period in order to stoke wider NATO/Warsaw Pact tensions. It is certainly the case that many Bulgarians have a keen sense of what happened during that 500 year occupation.

It leads me to wonder whether governments and politicians prefer a low-key approach to Turkey rather than potentially exciting the passions of the electorate.

If the UK had Bulgaria's advantages, it would be shouting about its position from the rooftops. On five EU strategic transport routes. A key hub on two energy corridors. The ideal logistical base for any non-EU manufacturer to establish itself.

The gateway to Turkey and beyond.

Educating Roma children: the economics, not the ethics.

According to World Bank estimates, 23% of new entrants to the Bulgarian labour market are Roma. Of those 23% only one in five complete their secondary education. That means a large and growing part of Bulgaria's workforce is not being equipped to compete in a globalised world. The Roma blame the majority community; the majority blame the Roma.

I do not want to get into the ethics of it, but the economics.

Bulgaria wants to become a richer country, with higher wages and a higher standard of living. That rules out a strategy based on having cheaper labour than anywhere else in the world. To have more expensive labour requires higher value work and higher skill levels. Where will they come from?

There are few policy options available. Further educational reform would no doubt help, but not if so many pupils do not complete their education. Immigration, probably from Africa or Asia, is one way to fill the skills gap. The other is to find a national compromise (or perhaps a connected set of local initiatives) that develop the full potential of this part of Bulgarian society.

Judicial reform is an economic imperative

In the race to attract investment, Bulgaria has many advantages: the lowest tax rate in the EU (10%); a well-educated workforce; low labour costs; an improving national infrastructure (from a low base).

One of its biggest disadvantages is the inability of companies to enforce a contract in law, swiftly and consistently. Cases drag on for far too long and there is no guarantee that judges will make coherent decisions, even when the case seems open and shut. Bulgaria's procedural codes are Byzantine in their complexity and even risk impeding justice.

It is natural to put judicial reform in the context of the rule of law and politics: part of some esoteric inter-connected web of issues that makes it the business of judges, NGOs, politicians and for that reason difficult to make progress on. The ordinary citizen shrugs; the businessman is more worried about cashflow.

But it is much more important than that. It is costing Bulgaria investment. It is making its companies less efficient. It is reducing GDP and the spending power of every citizen.

There is a deal to be done: an improved physical judicial infrastructure, more efficient and fairer workload assignment, better training and development for magistrates, in return for the Supreme Judicial Council and the magistrates themselves setting higher standards and taking responsibility for weeding out those not up to the job. This deal could be funded through EU money and proportional increases in court fees on more expensive law suits.

Administrative reform is like judicial reform – these are barriers to business and barriers to wealth. They need tackling enthusiastically and shouting about by the business community.

Nationalise the Reform Agenda

There is a tendency for politicians and civil society alike to point to the demands of outsiders for reform as the key reason for doing it. “We must adopt asset forfeiture laws because Brussels requires it” was a common message this time last year. This seems to me a bad reason to adopt such laws.

The better reason (and stronger message) is because they have been shown in many countries, including my own, to be the most effective way of tackling organised crime, enthusiastically supported by law enforcement agencies and detested and feared by criminals. And that they are therefore in the best interests of Bulgaria.

I worry that citing outsiders as the reason for reform risks giving up ownership of Bulgaria's reform process to outsiders. This in turn risks disempowering Bulgarians: diminishing the need for people to take responsibility themselves.

Instead genuinely bringing together different strands of Bulgarian opinion (police, investigators, prosecutors, judges, victims groups, NGOs, academics) to identify Bulgaria's issues and needs, draw up a plan, deliver it and invite respected bodies and countries, alongside the European Commission, to assist and assess, could invoke a powerful sense of ownership.

Bulgarians would be tackling problems for the good of Bulgaria, not because someone else thinks it matters. It would surely lead more rapidly to achieving success and fulfilling the requirements of the CVM process.

Empower the centre of government

Ever since my arrival, I have heard a lot about centralisation of decision-making in Bulgaria. But it seems to me that power is diffuse. Much relies on the willingness and ability of individual municipalities and mayors to take action. There is an over-reliance on legislation as the basis for activity. Ministries can take an age to come to agreement on a policy, or not do so at all.

Believe me when I say that it is far easier to announce what needs to be done than to do it: it is easier to spot strategic gaps than to fill them. Even in my own country, with all its years of stability and its developed bureaucracy, there are still far too many strategies that are published with a fanfare, only to gather dust on a shelf.

Announcing a strategy or a decision is only any good if the lever that you pull is actually attached to the machinery.

In my country, we have the Cabinet Office. It is responsible for getting agreement where there is none and for making the calls on the trade-offs needed between different departments' vital interests. Meetings are held at a range of levels from officials to Deputy Ministers to the Cabinet itself, to support common approaches and tackle obstacles and problems. Failure by a department to do what it has agreed leads to an increasingly difficult set of meetings, until ultimately the Prime Minister himself has a terse phone call or meeting (without biscuits) with the relevant minister.

I wonder if there is room here for such a strategic centre, forging consensus and systematically following-up agreed actions at every level of government, including local. Perhaps in the Council of Ministers?

To an outsider, the risk of this not happening is greater than the risk of concentration of power in the centre.

Transparency is more than a window

In Bulgarian the word for “transparency” – “прозрачност/prozrachnost” – is a close relation to the word for “window” – “прозорец/prozoretz”. But transparency is not just a window through which we observe a scene played out before an audience.

For it to be meaningful it has to be a value that runs through all that the state does – the belief that scrutiny and being held to account make for a stronger, healthier government, better policies and better implementation of those policies.

It means setting clear standards for public services and reporting openly on progress in meeting those standards, and inviting involvement in their design and running from those who use them.

It means regulators that work openly in the interests of citizens and consumers.

It means the highest standards of disclosure of personal interests from those in authority, and of hospitality and gifts received, and complete openness on government expenditure.

It means a media that is plural, independent and investigates on behalf of the citizen.

Transparency is also about facing openly the issues in a society and using that information to change attitudes and behaviours. In the USA an NGO marks “Tax Freedom Day” each year. This is the day on which the average citizen nominally stops paying taxes and starts taking home 100% of their earnings. This year it will be on 18th April.

I wonder whether in Bulgaria we could celebrate “Corruption Freedom Day”? This would mark the day each year when the “tax” on GDP of corruption, whether large scale (through for example embezzlement, rigged procurement, or unchallenged monopoly behaviour) or individual scale, was paid, leaving the country free to start earning money for itself.

Transparency means giving power to the Bulgarian people and trusting them. Once done, it is almost impossible to reverse. A great opportunity exists for open government.

Encourage Individual Responsibility: Citizens Unite!

This is a year in which we celebrate with great pride 70 years since Bulgaria’s political and civil society, its citizens, saved its Jewish population during the Second World War; a unique historical event.

I started by talking about the deep personal ties that bind here. I have come across so many examples of Bulgarians who will do almost anything for the people in their network: their families, their friends.

Strong societies and communities rely on a willingness to act in the interests of a wider network, of people that we don’t know and haven’t met.

If we are not careful, the very tightness of the bonds that sustain personal networks could delineate those within from those outside it, who become “other”.

“The biggest problem here is people who park on the pavements, breaking the stones and forcing children and old people into the road”, said one of my friends about five minutes before he pulled his car onto the pavement. When challenged, he shrugged; “but everyone else is doing it”.

Because he knew or believed that everyone else was doing it, it absolved him of his responsibility; his guilt. Indeed, he would have been a mug if he had gone to the private plot and paid his 2 Leva.

The great majority of people are decent and fair. Take away their excuse that everyone is doing it, make them confront whether it is right or wrong, and people will for the most part behave well and for the good of the wider community.

Clearly part of the solution is in enforcement of rules and justice being seen to be done. But a big part is in citizens forming grass-roots organisations and movements and campaigning determinedly together.

Such small groups can change big problems. You sign up a few thousand people – voters – to a petition demanding action; you get the media interested and come up with some TV-friendly activities, and you will soon get the attention of your local mayor or town council. Sustain that interest, build it into a proper campaign, hold the politicians and bureaucrats alike to their promises, and you will see results, even at a national level.

Look at the impact of the protest movements on national politics: every party leader I have met recently has said the same thing, “Bulgaria will not be the same again”. The protest movement has had a huge impact on politics; will it now be sustained?

Туйтвам следователно съществувам /Tweevam cledovatelno cushtestwuvam

Governments are increasingly influenced by social media – there is an inspiring citizens’ movement in India with a website ipaidabribe.com on which people set out their story, simultaneously getting it off their chest, exposing the person who demanded it, and finding courage from others to resist in future. Could something similar happen here?

Conclusion

Let me bring my remarks to an optimistic conclusion.

There are some themes that run through all that I have said.

I believe that Bulgaria is on the right road, with an enviable platform of low debt and deficit when growth returns, but that there are things that can be done to get more quickly to each milestone on this road.

I believe that when citizens unite they have a big impact; if they stay united and determined and follow through, they can change things for the better.

I believe that a number of difficult issues, such as Roma education and judicial reform, could bring major benefits to the economy and to business, if looked at and resolved in a different way.

I believe that transparency is more than a window. It is a value that runs through everything in public life. Increased transparency can deliver stronger government and better policies. It can pave the way for citizens to take action and to take responsibility.

And I believe that we all need to combat the risk that people do not take personal and collective responsibility. Whether it is the belief that things are so bad and nothing can change; or the belief that Bulgaria is a small country to which things happen; or that reforms come from the outside not the inside; or any of the other factors I have discussed, we need to challenge the assumption that there is nothing to be done.

A pessimist thinks this way.

An optimist believes that things will improve and that they can play their part. An optimist resolves to act and persuades others to do likewise. Whilst we must see clearly if we are to identify problems to resolve, we must not lose sight of the very many things to be proud of.

My final conclusion is that we should believe in what is best about Bulgaria and the Bulgarian people.

We should put Bulgaria at the centre of our maps.