SOCIAL AND ECONOMIC DEVELOPMENT IN BULGARIA IN THE YEAR 2000

Country Paper

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Background paper prepared for the Social Monitor (2002)

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The demographic situation in 2000 is a result of the development of demographic processes during the last few decades. The tendency of decrease of the population started since the mid of eighties. It is a result both of the natural movement of the population and the developed external migration processes. The process of demographic aging continues to extend, which influences the formation of the labor force in the country.

The estimated permanent population is 8 149.5 thousands as of 31.12.2000. As a result of the natural movement of the population it decreases by 41 408 persons or 0.5 % in comparison with 1999. It decreases by 2.8 % compared to 1995 and by 6.0 % compared to 1990. In 2000 the proportion male/female is 1 054 female per 1 000 male.

The total decrease of the population in 2000 in comparison with 1999 is entirely owing to the rural residence decrease. 5 577 thousands or 68.4 % of the population lives in the towns in 2000. The urban population has younger age structure in comparison with those of the rural residence. The decrease of rural population is attended by change of its age structure for the worse.

Data for the three basic population 'categories (under, in and above labor force age) show that the total decrease of the population and its aging are connected mainly with the decrease of youngest population i.e. with a continuously
shrinking of the age pyramid from its foundation. A proves about its aging is also
the increasing average age of the population. The average age increases from 37.5

74 234 children were born in Bulgaria in 2000, 73 679 or 99.3% of which -
live born. The live births are by 1 388 children more in comparison with the
preceding year. The increase of the number of births is significant for women in
age groups of 25-29; 30-34 and 35 and more. The number of the live-born in 2000
is the biggest for the period 1995 – 2000. The crude birth rate (per 1000 of the
average annual number of population) continuously decreases and it reaches the
lowest level - 7.7 ‰ in 1997. Since 1998 the crude birth rate became to increase
and its value reaches 9.0 ‰ in 2000. The total fertility rate (average number of
live-born children per woman during the whole reproductive period) is 1.27 and it
is a bit higher compared to the preceding years (1.09 in 1997, 1.23 – in 1999).
This indicator is still far from the theoretical requisite minimum for assurance the
generation reproduction - 2.1 live-born children per woman.

115 087 are the deaths in 2000 and they are by 3 300 more compared to
1999. The crude death rate (number of deaths per 1 000 average annual
population) is 14.1 ‰. The lowest mortality level – 7.9 ‰ is registered in 1958,
1961 and 1964 and since than became its increase. The highest crude death rate
during the last decade is 14.7 ‰ in 1997.

As a result of the natural movement, the population continuously decreases
after 1990. The highest is the negative natural increase in 1997 (- 7.0 ‰). Despite
of births’ increase, due to the increase of deaths, the absolute value of the natural
increase coefficient slightly increases in comparison with 1999 (- 5.1 ‰ for 2000
at - 4.8 ‰ for 1999) and it is near the level of 1995 (-5.0 ‰).
EMPLOYMENT AND INCOME CHARACTERISTICS

The labor force (economically active population) is 3,272.2 thousands in December 2000 and it’s relative share of the population, 15 years old and over reaches the lowest value for the entire period during which the surveys are carried - 47.5 %. The number of the employed is 2,735.5 thousands and the employment rate is 39.7 %. The male employment rate (43.7 %) continues to be higher than female employment rate (36.0 %). The higher level of education stipulates a higher employment rate. The employment rate for persons with higher level of education is 69.0 % and for persons with lower secondary, primary and primary unfinished level of education is scarcely 16.9 %. The principle part of he employed (86.4 %) are employees and the predominant part of them (54 %) works in the public sector, but their number continuously decreases. The decrease of the number and relative share of the employees in the public sector is attended by an increase in the private sector. The employees in the private sector in December 2000 are twice more in comparison with October 1995 and their relative share is 39.8 % of the total number of employed.

Since November 1996 till November 1999 the number of unemployed persons increases, after that became to decrease and it reaches 536.7 thousands in December 2000 or 16.4 % of the economically active population. There is not a significant difference of unemployment rate by sex in December 2000 and it is respectively 16.5 % for male and 16.2 % for female. The unemployment rate is lowest for the economically active population with highest education level and it is highest for persons with lowest level of education. 6.9 % of the economically active population with higher level of education only are unemployed, while the unemployment rate for persons with lower secondary, primary and primary unfinished is 28.9 %. Typical features of the unemployment in Bulgaria are the
high youth unemployment (34.2 %) and the high relative share (59.7 %) of the long-time unemployed persons (for one and more years).

Under the conditions of prolonged and hard transition to market economy, the social price continues to be high for thousands households. After the crisis of the national economy in 1997, there is a tendency of increase of nominal and real households’ income. For the period 1997 - 2000 the annual nominal gross households’ income increases by 74.8 % and the real one - by 30.2 %. Nevertheless the real income decreases by 5.0 % in 2000 compared to 1999 and by 22.0 % in comparison with 1995. The relative share of the income from wages and salaries shows some fluctuation. This share increases from 38.0 % in 1995 to 41.9 % in 1999 and in 2000 it again decreases to 38.9 %. The relative share of paid social transfers (compensations, pensions, benefits, family allowances and scholarships) increases from 17.2 % in 1995 to 24.5 % in 2000. A relatively decrease of income from household plot - in kind and value is observed. There is a tendency of decrease of the households’ differentiation by income for the period 1995 - 2000. The Gini coefficient is 0.360 for 1995 and it reaches 0.310 in 2000.

The foods take the most considerable share of consumption expenditure as well as of total household expenditure - 46.2 % in 1995, 44.0 % in 1999 and 44.1 % in 2000 (as a percent of the total household expenditure). Simultaneously with the relatively decrease of foods expenditure, there is an increase of the share of expenditure for housing, water, electricity and fuels, as well as for health services and communications. The expenditure for clothing, footwear, furnishing and maintenance of the house are reduced. The expenditure for recreation, culture and education are limited. The consumption of main foods (butter, fruits, milk, yogurt, meat and meat products, bread and pasta products and others) is lower in 2000 compared to proceeding year.
Since 1995 till 2000 the **average annual nominal wages and salaries** - total for the country increase nominally near 32 times and reach 2 856 Levs * and the highest is the increase in branch “Electricity, gas and water supply” (39 times). The nominal increase in the private sector for the same period is 38 times and the average annual wages and salaries reach 2 555 Levs, the highest growth is realized in “Hotels and restaurants” (51 times) and in “Health and social works” (47 times). The average wages and salaries increase nominally by 18.4 % in comparison with 1998, as the increase in the public sector is 14.7 % and in the private sector - 27.1 %. The annual rates (based on the previous year) show that after the drop in 1996 and 1997, since 1998 an increase of the real wages and salaries is reported and it is 7.3 % in 2000 (20.7 % in 1998 and 6.9 % in 1999).

The comparative analysis of the results of NSI annual survey of the employees by classes according National Classification of Professions shows, that the legislators, senior officials and managers have highest wages and salaries. With an exception of the professionals and skilled agricultural and fishing workers, the employees in all other classes in the public sector have higher wages and salaries compared to the corresponding classes in the private firms with double-entry bookkeeping.

29.0 % of the employees under labor contract (in November 2000) work in enterprises, where the monthly average wages and salaries are between 200.01 and 300.0 Levs, while in the sphere of the budget financed organizations 42.2 % of the employees work in organizations, where the wages and salaries are between 150.01 and 200.00 Levs. The monthly average wages and salaries of employees in the public sector are by 26 Levs higher than the average value for the country (240

* In Levs (BGN) after denomination.
Levs). At the same time the average wages and salaries in the budget financed organizations are by 14 Levs lower and in the private sector - by 24 Levs lower than the average value for the country.

The average monthly amount of paid pensions is 86.41 Levs per pensioner in 2000, which increases nominally by 29.1 % and really - by 17.0 % in comparison with 1999. The real average monthly pension increases by 3.8 % compared to 1995. More of the halves of pensioners (51.3 %) receive pensions between 33.31 and 76.00 Levs in December 2000. 26.3 % of the pensioners receive 100.01 Levs monthly, as 3.3 % of them only receive over 160.00 Levs.

During the period 1995 - 2000 the correlation between the average pension and the average wages and salaries is lowest in 1997 - 29.1 %. It increases in 2000 and reaches 36.3 %. The relative share of the expenditure for pensions in the consolidated state budget increases. It is 18.5 % in 1995, 19.0 % in 1999 and 21.8 % (by preliminary data) in 2000.

The expenditure for grants, benefits and compensations in the consolidated state budget continuously increase nominally and their relative share in the total expenditure, from 5.9 % in 1995, reaches respectively 6.7 % and 7.5 % in 1999 and 2000. The expenditure for social transfers in real expression (at 1995 prices = 100) increase by 11.1 % compared to 1995.

**HEALTH**

With entering into force of the Act on medical institutions and introducing the health insurance system in 2000, a reform and decentralization of the public health system was accomplished concerning the health establishments’ status as well as in connection with the start of health insurance system in pre-hospital ambulatory care. The assurance with hospital beds and medical personnel
decreases in last few years, but it is still high in comparison with more of the European countries. The hospitalization frequency (per 100 persons of the average annual number of the population) decreases for the period 1995 - 1999 from 17.7 to 15.8, as in 1999 it is 17.9 for the urban population and 11.4 - for the rural one.

The number of abortions decreases during the period 1995 - 2000. The abortion rate (number of abortions per 1000 women of reproductive age), which in the last decades was higher than general fertility rate (number of births per 1000 women of reproductive age) since 1999 is lower i.e. the number of births exceeds the abortions. Data for 2000 show continuously decrease of the abortions, as the general fertility rate is 37.0 and abortion rate is 30.6.

The number of very low-weight births for 2000 is 680, compare to 544 for 1999. The number of low-weight births also increase for 2000- with 79 births.

There are not significant changes concerning the mortality by causes in 2000. Main causes are still the diseases of the circulatory system and their relative share is 66.3 %. The neoplasms also are a grave cause for mortality, which share is 13.3 %. In the structure of the mortality by causes followed signs, symptoms and ill-defined conditions (4.8 %), accidents and poisonings (4.0 %), diseases of the respiratory system (3.9 %), diseases of the digestive system (2.6 %). The main causes of infant mortality are conditions in the perinatal period –323 of total 981 death children below one year of age are due to this cause. The second cause of death is congenital anomalies and the thirth one is diseases of the respiratory system. The number of still births in 2000 is 555, that is 97 cases more than in 1995.

More than one thirth of death children below one year are those, who died before the 6 day and the perinatal mortality ratio for the time period 1995- 2000
vary from 11.9 to 12.2 for 2000. The main causes for perinatal mortality are conditions in the perinatal period and congenital anomalies.

**EDUCATION**

During the period 1995 - 2000 there is a tendency of decrease of the number of pupils and students in pre-primary, primary and secondary level of education. The net enrollment rate (correlation between the number of students at a given age group and the number of population at the same age group - in per cent) for the population at 5 - 14 age group during the period after 1995 is steady till 1999 - 93.8 % and it increases insignificantly in 2000 to 94.2 %. For comparison - the average enrollment rate in EU - members is 98.8 % in 1998. More significant is the difference between Bulgaria and EU - members concerning the population at 15 - 19 age group. The net enrollment rate for Bulgaria is 61.5 % in 1998, as the average rate for the EU – members are 80.2 %. This comparison shows that if the approach to the average European level is the desired purpose, it will be necessary to make more efforts for raising the coverage in the secondary level of education (-9 - 13grade) and in the post-secondary vocational education. There are also less enrolled pupils and students at 20 - 29 age group (16.8 %) in Bulgaria than the average rate in the EU - members (21.6 %) in 1998. This rate for Bulgaria in 2000 is more lower - 15.6 %. Having in mind the tendency of enlarging the population’ coverage at this age group in EU - members, the difference is going deep in a disadvantage trend for Bulgaria.

The comparison of the educational structures of the population (at 25 – 64 age group) in EU – members and Bulgaria in 1998 shows, that the level of “the human capital” for our country as a whole is higher than the average value for
these countries. Whereas the relative share of the persons with secondary level of education is 39.4% for EU – members, for Bulgaria it is the highest – 47.8%. The relative share of the persons with higher education in Bulgaria is 13.1% while the average share for the EU – members is 11.7%.

The financial funds for education are comparatively less in Bulgaria than in more of the European countries. The relative share of expenditure for education of GDP in Bulgaria is 3.9% in 1997 while the average share for EU – members is 5.7%. This share for our country increases and it is 4.1% in 1998 and 4.5% in 1999.

**CRIMES**

149,386 criminal and economic (property) crimes are registered in 2000 as in comparison with 1995 and 1999 their number decrease respectively by 28% and 2%. 91.7% of all registered offenses in 2000 are criminal (violent crimes). The discovery rate is 45.6% and it increases by 5.9 points compared to 1995, but in comparison with 1999 it decreases by 14.7 points. There is an increase by 8.4% of the convicted crimes (in the civil courts and courts martial). The number of convicted persons also increases from 29,391 in 1999 to 30,405 in 2000. 63% of them are at 14 – 29 age group. The violations against property are in the first place in 2000 concerning the registered as well as the convicted crimes. They constitute 72% of all registered and 53.3% of the convicted crimes. The thefts of property are most widespread into the crimes structure. The relative share of the convicted crimes concerning thefts is 78.2% of the convicted violations against property in 2000 (at 80.5% in 1999) and 41.6% of all convicted crimes in 2000 (at 36.3% in 1999). The crimes of general character are in the second place of the registered and convicted criminality, respectively with shares – 17% and 17.6%. During the last years the crimes against persons have a relative constantly level – 5% of the
registered and 7.9 % of the convicted crimes in 2000. A basic place in the structure of economic crimes takes up frauds and extortion - 26 %, followed by papers crimes - 20 % and crimes at work – 19.7 %.

10 006 crimes, committed by 6 248 underage persons at 14 – 17 age group are discovered in 2000. 3 392 underage persons are convicted (with sentence in action), which constitute 11.2 % of all convicted persons. The growth of convicted underage persons is 29 % in comparison with 1999. At the time of crime 69.9 % of convicted underage persons did not at work or at school. The number of underage persons, who are registered in the Children’s pedagogical rooms decreases in comparison with the previous year. The number of children, who enter in the Homes for temporarily settlement decreases too.

Bulgaria is the country – candidate for EU with the lowest level of GDP per capita in 2000 according to the preliminary data of Eurostat. The amount of this indicator for Bulgaria (measured on the basis of the calculated standards of purchasing power parities - PPPs) reaches 68 % of the average level of the countries – candidates for EU and about 24 % of the level of the EU – members.

The annual survey of the enterprises, firms and organizations covers all economic units in the country’s economy and ensure information concerning employed persons. After some stabilization of the labor market during the period 1994 - 1996, since 1997 there is again a tendency of decrease of the number of employed and in 2000 (by preliminary data) their number is 2 943.4 thousands or by 4.7 % less compared to 1999. The employment in 2000 decreases by 28.2 % in comparison with 1990 and by 10.3 % compared to 1995. The highest decrease of the number of employed persons in 2000 compared to 1999 is observed in the
followed branches: “Mining and quarrying” (18.4 %), “Manufacturing” (10.8 %) and “Health and social work” (8.4 %).

As a result of the structural reform in the national economy there is a change of the structure of the employed by economic sectors. The relative share of employed in the industrial sector decreases from 44.8 % in 1990 to 27.2 % in 2000, while it increases in the sector of services from 36.7 % in 1990 to 46.1 % in 2000. The share of employed in the agrarian sector also increases – from 18.5 % in 1990 to 26.7 % in 2000.

The relative share of the employed in the private sector from 5.9 % (241.6 thousands) in 1990 reaches 70.1 % (2 063.0 thousands) in 2000 and its absolute growth is 8.5 times.

Almost 64 % of the firms in the private sector in 1999 have not employees under labor contract, but working owners only and their increase is near 17 % in comparison with 1998. Average three or less employees work in 66.5 % of the private firms with employees. On the other pole are the large firms (with over 50 employees), which are 4.2 % only of the firms with employees, but at the same time in these large enterprises work 57.7 % of the employees in the private sector.

In 2000 (by preliminary data) one employed person in the national economy produces average 7 739 Levs of the current volume of GDP *. The comparison of the indices of GDP and of the employed persons shows an increase of the productivity of labor in 2000 by 12.0 %, while in 1999 this growth was 6.4 % and in 1998 - 4.7 %. The gross value added per employed person in 2000 increases by 13.3 % in comparison with the preceding year.
The inflation in 2000 (December 2000 based on December 1999) is 11.3%. This is the highest inflation value after the introducing of monetary board in the country. Mainly external factors influenced the increase of the consumer prices: the decrease of EUR/USD exchange rate (respectively - BGN/USD exchange rate) and the increase of the crude oil prices on the international markets (which influenced the significant increase of fuels prices).

The prices of goods and services in the fourth main groups keep the tendency of increase in 2000. At the end of the year the highest increase of the consumer prices is observed in the restaurants and cafes (14.1%) and the lowest one - in non-foods (7.0%). The prices of foods increases significantly (by 12.8%), while in 1999 they increased by 1.1% only. In contrast of the other groups, the prices of services increase by lower rate - 13.6% at the end of 2000 (for comparison their increase at the end of 1999 was 21.9%).

The highest increase is observed in August (by 3.0% based on July) and the lowest one - in April (by -1.0% based on March). Besides in April, there is a deflation in March too.

A highest inflation is measured during the third quarter of 2000 - 5.9%. The increase of the foods prices during the quarter as well as the significant increase of the electricity prices in August and the prices of medicines, fuels for personal transport equipment and transport services in September has a main contribution to the raised inflation. Deflation is measured in the second quarter only (-0.7%).

The comparative analysis of the inflation in Bulgaria and in the transition countries shows, that the inflation in 2000 based on 1995 has a highest value in our country due to the hyperinflation shock at the beginning of 1997. In 2000 the prices of consumer goods and services increases by almost the same rate as in Poland and by much lower rate as Romania, Ukraine and Russian Federation. At
the same time the inflation in 2000 (based on 1999) in EU - members are low - 2.5 % and based on 1995 it is 10.5 %.

NSI, Social and economic development 2000