

**Georgi Medarov   Jana Tsoneva**

# CAPITAL REFORMS



**COLLECTIVE  
FOR SOCIAL  
INTERVENTIONS**



## ***Capital Reforms***

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# *Capital Reforms*



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**Capital Reforms**

/working paper/

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## Introduction

This study investigates the evolution of liberal justifications for austerity in Bulgaria as evidenced by articles appearing in the weekly newspaper *Capital* during the 18 years between 1997 and 2014, inclusive. *Capital*, as its title suggests, is the flagman of the Bulgarian pro-business press. It is part of Economedia, a publishing house owning popular offline and online IT, business and lifestyle magazines. It was co-founded by Ivo Prokopiev, one of the most influential entrepreneurs in Bulgaria. Between 2006 and 2010 Prokopiev headed the largest business union, the Confederation of Employers and Industrialists in Bulgaria (CEIBG). Apart from his media business, Prokopiev is also chairman of the Management Board, CEO and co-founder of Alfa Finance Holding<sup>1</sup> - a financial and industrial group owning businesses in financial services, real estate, renewable energy, industrial minerals, logistics, construction and telecommunications in Bulgaria and throughout South East Europe.

*Capital* was established in 1993 and Prokopiev, only 22 years old, became its first editor-in-chief. With Reuters' help, it managed to establish itself as the most influential business weekly. Despite initial training in business journalism, provided by the Reuters news agency,<sup>2</sup> what *Capital* does goes beyond providing dry economic and financial news. The paper self-identifies as a "watch-dog"<sup>3</sup> which is ready to "bite" at any moment, and as such, it has invested itself with the responsibility of being the guiding light for Bulgaria's transition to liberal democracy and capitalism. *Capital's*

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<sup>1</sup> Alfa Finance. [www.alfafinance.bg/](http://www.alfafinance.bg/). Last accessed December 20, 2014.

<sup>2</sup> Capital. 16.05.1994. *Reuter Invests in Capital*. [www.capital.bg/politika\\_i\\_ikonomika/1994/05/16/1898542\\_roiter\\_investira\\_v\\_kapital/](http://www.capital.bg/politika_i_ikonomika/1994/05/16/1898542_roiter_investira_v_kapital/). Last accessed December 20, 2014.

<sup>3</sup> Capital. 03.10.2018. *Primitive Capital* [www.capital.bg/politika\\_i\\_ikonomika/obshtestvo/2008/10/03/559494\\_purvonachalen\\_kapital/](http://www.capital.bg/politika_i_ikonomika/obshtestvo/2008/10/03/559494_purvonachalen_kapital/). Last accessed December 20, 2014.

slogan is “predictions that come true”. Thus, many of its editorials, as well as political and economic analyses, function as policy papers<sup>4</sup> with explicit recommendations often cast in a “for dummies” language such as “what to do about [X] in five easy steps”. The newspaper identifies as being on the Right but, its strong support for a number of Right-wing governments notwithstanding, it retains a critical distance and is constantly trying to discipline them.

*Capital* does not just report events, it hopes to direct their development. *Capital* is an activist-reporter. *Capital* does not shy away from publicly expressing support (or not) for any given reform, or backing (or not) anti-governmental mobilizations.<sup>5</sup> *Capital*, and Economedia in general, also closely cooperate with various liberal policy think-tanks and private research institutes, such as the Center for Liberal Strategies, Institute for Market Economics, and others.<sup>6</sup> These features make *Capital* an ideal starting point for a research on the production of public consensus behind neoliberal austerity measures. *Capital's* impressive activist experience has

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<sup>4</sup> e.g. Capital. 03.10.1994. *THE SALVATION*. [www.capital.bg/politika\\_i\\_ikonomika/1994/10/24/1730733\\_spasenieto/](http://www.capital.bg/politika_i_ikonomika/1994/10/24/1730733_spasenieto/). Last accessed December 20, 2014.

<sup>5</sup> For instance, Alexey Lazarov, one of *Capital's* main journalists, makes an interesting distinction between “objectivity” and “neutrality” in one of his articles. He defends the activist position of the newspaper, arguing that “objectivity” can only be partisan. The article is directed against those journalists who try to equally present the positions of both the anti-communist protests that started in the summer of 2013 and of those who disagreed with the right-wing protesters. Lazarov, A. 29.10.2013. *And now - to give the word to the counter-occupiers*. [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2013/10/29/2171156\\_a\\_sega\\_-\\_da\\_dadem\\_dumata\\_na\\_kontraokupatorite/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2013/10/29/2171156_a_sega_-_da_dadem_dumata_na_kontraokupatorite/). Last accessed December 20, 2014.

<sup>6</sup> Despite the fact that many experts and political activists from such think-tanks might be dubbed neoliberal, and some even libertarian, they have managed to accommodate wider and rather heterogeneous political identities that did not always push for austerity. Understanding this is key as often left-wing critique of liberal think-tanks tends to reduce them to mere instruments of Western imperialism. Such simplification risks ignoring local agency and moreover degenerates into an attack on all NGOs, retreating to conservative nationalism and defeatist withdrawal from politics, including revolutionary politics, as all political mobilizations tend to be seen as instances of neoliberalization. For example, “sorosoids” - a popular slur used by “critics of neoliberalism” against so-called “agents of neoliberalism” that envelopes everyone - from left-wing students to liberal NGO cadre, overlooks the fact that Soros himself is a vocal critic of what he calls “market fundamentalism.” Understanding those contradictions is fundamental for the constitution of efficient resistances.

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led to the title of our study: *Capital Reforms*. By this we hope to capture the multifaceted reality of the post-socialist “reforms” and the paper’s interventions in these processes. So, *Capital reforms* (adj.) may be read as a synonym for major transformations. But also as *Capital reforms* (verb) it refers not only to the changes to the fields it intervenes in but also to itself, in that the spheres in need of reforms are not pre-given but emerge as the result of complex and often contradictory negotiations. *Capital reforms* can also be read as reforms guided by *Capital* in the name of capital. Whatever reading of the title prevails, it is undeniable that we cannot think of liberal reforms outside the major public opinion institutions, a chief media outlet being *Capital*.

Our aim is to demonstrate the historically divergent articulations of liberalism and austerity in Bulgaria through the looking-glass this newspaper embodies. Specifically, *Capital* helps us discern more accurately the evolution of the liberal consensus and the consensus around the implementation of an austerity regime in Bulgaria. To this end, we situate our arguments in the conjunctural shifts and breaks in Bulgarian liberalism in the last two decades. Our aim is to show austerity is neither novel in Europe, nor it is a momentary effect of a peculiar crisis (debt, banking, economic or otherwise), which it comes to stabilize. It rather signals a much deeper transformation of liberalism that, unless seriously challenged, is here to stay. However, this does not mean that the reproduction of the liberal consensus over austerity happens effortlessly and that it does not change in time. It can neither be reduced to a function of abstract universal forces (i.e. “globalization”), nor to concrete transnational institutions such as the International Monetary Fund, the World Bank or the European Central Bank. This is not to say such transnational agencies (along with structural transformations of the global political economy) do not play a formative role. Our argument goes in a different direction, namely that the establishment of a consensus on a national level is a condition of possibility for the efficient construction of a transnational (neo)liberal hegemony. Tracing the concrete political practices for the establishment of such a consensus is fundamental not only for a more precise intellectual understanding of contemporary liberalism, but also for the articulation of an efficient counter-hegemonic practice.

It is important to emphasize this study constitutes an initial probe into what cannot but be ongoing research of the vagaries of Bulgarian liberalism. Because this text is a working paper the literature review and the theoretical references have been omitted. We have identified and sketched out several trends that merit much deeper exploration. We therefore hope that this necessarily inconclusive study will open productive avenues for future research and fresh insights into the history of the Bulgarian “post-socialism”.

## 1. Structure of the study

Firstly, we briefly outline the transformations of post-1989 political economy and the shifts in liberal political practices and ideologies that furthered the push for cutting welfare, privatization and the generalization of the market logic. This is followed by a more theoretical discussion on the limits of popular notions of “comprador bourgeoisie.” We demonstrate that the mere reading of the way *Capital* handles issues of national versus global capital, and its participation in various business initiatives, blurs irreparably the lines between the two. Then we turn to *Capital* weekly’s content and its role in creating an atmosphere of inevitability and medical emergency surrounding the reforms. As mere atmosphere is not enough for the implementation of reform, we scrutinize *Capital*’s interventions into the constitution of the appropriate carriers of the reform - the political party in need of discipline - and its popular subject. To this end, we provide a brief outline of the ways in which *Capital* deals with anti-government mobilizations. More specifically, we look at the 2009 and 2013 protests in order to tease out the model according to which *Capital* imagines the entrepreneurial subject. The 2013 summer anti-governmental mobilizations occupy a special place in our narrative because of *Capital*’s explicit support for their demands, and its formative role in the discursive constitution of the subject of the protests (the so-called “new creative class”). We then discuss the malleability of the reforms and their ever shifting and evasive nature and the paper’s crucial role for hardening the consensus around today’s prevailing need for “judicial reforms.” After that the study moves onto a discussion

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about the regimes of legitimation of austerity in *Capital* such as comparisons with “good” or “bad” examples in different countries. The conclusion is indebted to the programmatic-activist style of *Capital* and is dedicated to counter-hegemonic strategy.

### 2. What bourgeoisie?

Economedia, *Capital's* publisher, is sometimes associated with transnational capital and is often seen as the voice of the “comprador” bourgeoisie, as opposed to “national” capital. Such distinction, albeit in varying forms, has been used both by its supporters and detractors. And if those critical of liberalism tend to see Economedia as a kind of a vehicle of malicious foreign interests, its supporters tend to mobilize similar sentiments of approval, namely, seeing the media corporation as the voice of global capital and thus as if of “western civilization” itself. In contrast to their defense of autonomy from public money, in 2011 Economedia received 1,5 mln EUR grant<sup>7</sup> from America for Bulgaria, a US foundation based in Sofia, in order “to assist in strengthening a democratic society in Bulgaria by supporting independent media”. *Capital*, Economedia’s major weekly, was launched with support from Reuters. Such examples, along with the firm pro-Western position of *Capital*, and of the rest of the media owned by Economedia, as well as their attacks on popular nationalism and support for foreign capital, might indeed serve as a legitimate basis for such a categorization. Nevertheless, reducing Economedia to a passive conduit for western capital would overlook certain fundamental elements.

Firstly, *Capital's* discourse is not as unified as it may appear and it changes in time. At times *Capital* has defended national capital. For example, in 1994<sup>8</sup> Ivo Prokopiev accused his economic and po-

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<sup>7</sup> *America for Bulgaria*. [www.americaforbulgaria.org/grants/view/XGXfUkzY](http://www.americaforbulgaria.org/grants/view/XGXfUkzY). Last accessed December 20, 2014.

<sup>8</sup> Prokopiev, I. 07.02.1994. *The State of Multigroup*. [www.capital.bg/politika\\_i\\_ikonomika/1994/02/07/2151740\\_durjavata\\_multigrup/](http://www.capital.bg/politika_i_ikonomika/1994/02/07/2151740_durjavata_multigrup/). Last accessed December 20, 2014.

litical rivals from Multigroup<sup>9</sup>, who tried to present themselves as responsible national capitalists at the time, of being “in essence a foreign group.” Prokopiev wrote “companies which legally transfer their profits to some tax heaven” do not have the right to “speak for the protection of national capital.” In this article, as well as in other similar texts,<sup>10</sup> Prokopiev is highly critical of the connections between the ex-communist party elite, Multigroup and the big British entrepreneur Robert Maxwell. This is obviously not due to a kind of a principled opposition to western capital. The figure of Maxwell occupies an important position in the early liberal imagination and plays a formative role in a number of anti-communist conspiracy “theories”, trying to make sense of primitive accumulation, and of the integration of segments of late socialist elite within global capitalism, from a liberal perspective.

Secondly, apart from the rhetorics of *Capital* itself, the distinction between national and comprador capital cannot be sustained on the level of political and entrepreneurial practices of its owner - Ivo Prokopiev. For instance, The Confederation of Employers and Industrialists in Bulgaria, which Prokopiev headed, represents both national and foreign capital. Another example would be the participation of Ivo Prokopiev in Global Bulgaria, an alliance between liberal technocrats and representatives of Bulgarian and international capital that was established in 2002. It was “an alliance of values”,<sup>11</sup> as *Capital* called it, that aimed to counter what they dubbed “the paradox of the Bulgarian transition”, namely the “dramatic mismatch between the macroeconomic dimensions of the transition and the subjective experience thereof”. In other words, they wanted to address the widespread discontent with the pro-

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<sup>9</sup> Multigroup is an investment company that was influential in the early 1990s in Bulgaria. It was notorious for its close connections with important ex-communist elites, as well as for the excessive violence, unsanctioned by the state, accompanying primitive accumulation.

<sup>10</sup> Prokopiev, I. 31.07.1995. *The State of Multigroup, Part 2*. [www.capital.bg/politika\\_i\\_ikonomika/1995/07/31/1086535\\_durjavata\\_multigrup\\_ii/](http://www.capital.bg/politika_i_ikonomika/1995/07/31/1086535_durjavata_multigrup_ii/). Last accessed December 20, 2014.

<sup>11</sup> Capital. 16.11.2002. *Global Bulgaria: an Alliance of Values*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2002/11/16/218463\\_globalna\\_bulgariia\\_-\\_sdrujenie\\_za\\_cennostite/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2002/11/16/218463_globalna_bulgariia_-_sdrujenie_za_cennostite/). Last accessed December 20, 2014.

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cesses of primitive accumulation and capitalism generally, which they treated as reducible to low levels of “optimism” and lack of “trust”. *Global Bulgaria* argued “the key question for the Bulgarians today is not what we are losing,” but “what we and what ought we win in a global world of democracy and market economy”.<sup>12</sup> *Global Bulgaria* included Sasho Donchev, previously part of Multigroup and at the time (and still) the CEO of Overgas. Overgas is the largest gas company in Bulgaria and 50% of its shares are owned by *Gazprom*. *Global Bulgaria* included also representatives of *Lukoil Bulgaria*, part of the Russian oil giant Lukoil. At the same time, *Capital* have expressed strong positions not only against Russia, but against Russian capital as well. Krasimir Gergov, who invests mostly in the advertising industry, took part in *Global Bulgaria*, too. In 2014, however, in a *Capital's* editorial Gergov was associated<sup>13</sup> with Delyan Peevski, a Bulgarian politician and the son of another big entrepreneur who rivals Economedia in terms of media ownership and influence. During the 2013 anti-communist protests, passionately supported by *Capital*, Peevski became a sort of a hate figure.<sup>14</sup>

We cannot trace here all such shifts in *Capital's* discourse, nor of Prokopiev's business and political networks. Moreover, all this does not mean the owners could smoothly superimpose their opinions onto the content of the newspaper, despite the fact that that sometimes they may try. (In 2014, in a leaked email by Prokopiev to his employees, he tried to impose a framework through which the journalists were supposed to tackle the thorny issue of private energy distribution companies, demands for whose nationalization were raised during the winter protests of 2013.) What is

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<sup>12</sup> Capital. 16.11.2002. *Global Bulgaria: an Alliance of Values*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2002/11/16/218463\\_globalna\\_bulgariia\\_-\\_sdrujenie\\_za\\_cennostite/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2002/11/16/218463_globalna_bulgariia_-_sdrujenie_za_cennostite/). Last accessed December 20, 2014.

<sup>13</sup> Capital. 31.01.2014. *Conscience on Concession*. [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2014/01/31/2232362\\_suvest\\_na\\_koncesiia/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2014/01/31/2232362_suvest_na_koncesiia/). Last accessed December 20, 2014.

<sup>14</sup> Often the discourse popular among *Capital* and its public anti-oligarchs turns against Prokopiev himself. For example, during the 2013 protests against the BSP-led government some criticized the protests as a manipulation of “*Capital's* circle” and called Ivo Prokopiev an oligarch.

important is to understand there is no such unified entity as comprador or national bourgeoisie. Short term interests and positions of capitalists are much more fragmentary and unstable, and classifications such as “national capital” do not have substantive characteristics but their meaning is rather constituted in concrete tactical struggles. Even the notorious corporation Multigroup, which occupied the “crony” oligarchic image in the popular liberal imagination of the 1990s *par excellence*, is acknowledged by Prokopiev for having created both jobs and vital economic institutions such as the stock exchange.<sup>15</sup>

Occasional smear campaigns against one or another capitalist (Multigroup, Maxwell or more recently Delyan Peevski) cannot be reduced to the interests of *Capital's* owners because they also address wider social discontent that was not initially instigated by the newspaper. Pinpointing “inauthentic” capitalists, when integrated in a liberal narrative against corruption, may shift discontent away from capitalism *per se* and project it onto its supposed “crony” representatives. According to Ivan Krastev,<sup>16</sup> one of the main liberal experts, the anti-corruption rhetorics was designed to repackage the Washington consensus style of policies in a new legitimate form. In one of his articles for *Capital*, Krastev argues that the way to fight corruption is not through more regulation or higher salaries of public employees, adding that if the government wants to reduce corruption it “should not fight it, but to continue to reform the state by reducing regulation, demonopolizing, simplifying tax legislation and strengthening competition”. Krastev warns against possible uses of the anti-corruption rhetorics by “left populists”. He also claims that:

Unlike the Anglo-Saxon tradition where people’s anti-corruption sentiment is directed at the big state and its big administration, in the Bulgarian political tradition corruption is remedied by more state and more administration. The anti-corruption rhetorics in Bulgaria has always been anti-market and very

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<sup>15</sup> Prokopiev, I. 07.02.1994. *The State of Multigroup*. [www.capital.bg/politika\\_i\\_ikonomika/1994/02/07/2151740\\_durjavata\\_multigrup/](http://www.capital.bg/politika_i_ikonomika/1994/02/07/2151740_durjavata_multigrup/). Last Accessed 20 December, 2014.

<sup>16</sup> see Krastev, I. (2000) *The Strange (Re)Discovery of Corruption*. In: Ralf Dahrendorf (ed.) *The Paradoxes of Unintended Consequences*. CEU Press.

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often anti-liberal. It is enough to listen to some of the harshest critics of corruption in the privatization process to convince ourselves that their alternative is not purer privatization but less privatization.<sup>17</sup>

*Capital* employs various tactical attacks on specific business organizations, accusing them of being corrupt or connected with the ex-communist elite, not only in accordance with concrete short-term economic interests of its owners, but also as a way to adapt to wider discontent with capitalism, asserting - this is not 'real' capitalism, only its post-socialist, Orthodox, Balkan, Eastern, Bulgarian oligarchic malformation. However, it is not always easy to retain monopoly over such discourses, and Ivo Prokopiev and Economedia have also been accused of being a part of the "oligarchy" by their political opponents. During the #DANSwithME anti-government protests against the BSP-led cabinet, which started in the summer of 2013, the Bulgarian Socialist Party [BSP] tried to defend itself by adopting such tactics. For instance, Yanaki Stoilov, part of the so-called left-wing of BSP, claimed that if their government collapsed, an "even greedier [compared to 'ours'] oligarchy"<sup>18</sup> would take power. Similar arguments, sometimes with a strong conspiratorial twist, were explicitly turned against the so-called "*Capital circle*" that was allegedly "pulling the strings" of the protesters. *Capital* had to dwell on this problem in a number of publications, constantly struggling to redraw the boundaries of the group of "legitimate" capitalist-entrepreneurs against that of "illegitimate" capitalists-oligarchs, despite the identity of concrete investment practices and support for identical policies.

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<sup>17</sup> Krastev, I. 24.10.1998. *The Anti-corruption Rhetoric and the Politics of Reform*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/1998/10/24/247177\\_antikorpcionnata\\_ritorika\\_i\\_politikata\\_na\\_reformi/](http://www.capital.bg/politika_i_ikonomika/bulgaria/1998/10/24/247177_antikorpcionnata_ritorika_i_politikata_na_reformi/). Last accessed December 20, 2014.

<sup>18</sup> Cross.bg. 12.07.2013. *Yanaki Stoilov: An Even Greedier Oligarchy May Take Power*. [www.cross.bg/yanaki-stoilov-subranie-1367764.html#axzz3OBe7iYB8](http://www.cross.bg/yanaki-stoilov-subranie-1367764.html#axzz3OBe7iYB8). Last accessed December 20, 2014.

### 3. Liberal Economic Reforms, Primitive Accumulation and the Rise of the Austerity State

Socialism was not the timeless totalitarian system it often is presented to be. A range of market reforms had been implemented since the 1960s and the country's economy had been progressively integrated within global capitalism. This means that 1989 was not a moment in time when everything shifted drastically all of a sudden. Liberalization reforms prior to 1989 did not affect ownership, and production remained predominantly owned by the state or various types of cooperatives. What was formative in pre-1989 liberalization reforms was the rise of new socialist industrial managers, embedded within a peculiar "logic of capital", who had been trying to resist the "limitations" of planning, which disregarded "efficiency", because the production of use values was central to the party plan rationality. In fact it was precisely this industrial *nomenklatura*, a class of "red managers", who, when the time was ripe in 1989, initiated an internal *coup d'etat* within the party and started the transition to capitalism in alliance with the international elite of experts on democratization around the World Bank, imposing Washington Consensus style of policies throughout the 1990s.

Whereas the implementation of austerity measures and the concomitant rapid fall of living standards have been a relatively new reality for some debt-crisis stricken peripheral Eurozone states, Bulgaria is soon to enter its 18<sup>th</sup> year of tough austerity regime. That is why, from the perspective of Bulgaria's experience, and we believe this holds for most countries in Eastern Europe, there is nothing particularly novel about the recent austerity wave that has swept across Europe.

In the early 1990s the first to be affected by "the reform" was the agricultural sector, with massive liquidation of the capital of state-run cooperative farms and land redistribution to the heirs of the "original" pre-socialist owners. In mid 1990s, banking and finance were "reformed" too, leading to massive primitive accumulation of public funds and a subsequent banking crisis and a massive protest movement, which formulated its grievances in anti-communist terms, that is, as if the liberalization of the economy was

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not radical enough. The anti-communist protests toppled the government of the Bulgarian Socialist Party (ex-communists). The new right-wing anti-communist government, which was elected in 1997, shifted (neo)liberalization policies towards the industrial sector through mass privatization, the imposition of a currency board in 1997, strict budget discipline, welfare cuts and soaring rates of unemployment that peaked in 2001.

The implementation of market reforms proceeded unevenly until the hyperinflation and the banking crisis of 1997 (when the BSP was in office). BSP formed a government in 1994, supported by the rural population, on a mandate to tame the most radical liberal reforms in the agricultural sector. BSP's contradictory attempts to engineer a "humane neoliberalization"; for instance by retaining price controls on a national level and liberalizing international trade (signing a deal with the World Trade Organization [WTO]), failed dramatically, resulting in a severe banking crisis, staple food shortages and hyperinflation that brought about mass anti-communist mobilization that toppled the government in 1997. The opposition of the United Democratic Forces [UDF] blamed the "unreformed communists" for the predicament and won the 1997 elections on a shock therapy mandate meant to lead the country out of the crisis. The UDF presented this as a choice between the "abnormal Asian-communist" 45 years of historic deflection and the desired "return" to the supposed "Euro-Atlantic" normality. Austerity, dubbed as "unpopular measures" at the time, was presented as a "temporary," but necessary evil needed to aid the anti-communist desire for purification from the imagined entity of "Totalitarianism".

The "structural reforms" of the late 1990s installed a regime of permanent *internal devaluation*, which included the attempt to restore international competitiveness by the reduction of labour costs, as opposed to currency devaluation. Exchange rate stability (the Bulgarian Lev was pegged to the Deutsche Mark and then to the Euro in a currency board in place since 1997) and free capital mobility require internal "adjustment" through a decline in wages, an increase in unemployment (when necessary) and a "flexibilization" of the workforce. This started in Bulgaria as early as 1997, following hyperinflation and a banking crisis, unleashed by the

privatization of the financial sector in the preceding years, hence the policy was accepted as the legitimate solution of the crisis.

Post-socialist (primitive) accumulation by dispossession led to de-industrialization and specialization in low value-added production such as the extractive industries. Despite the fact that the austerity regime was installed 18 years ago, it never offered a way out of the permanent economic stagnation, but was its effective cause instead. Industrial degradation has been a permanent feature of the Bulgarian economy ever since, and austerity was never relaxed. In fact it has become radicalized: the newly elected rightist government (2014), headed by the Citizens for European Development of Bulgaria party [GERB], is a staunch opponent of any social spending. During GERB's first mandate (2009-2013), the government even ceased payments to the private sector in order to "cut" deficits (to 1%, even though the EU-mandated level stands at 3%).

Austerity did not lead to social progress: 44% of Bulgarians "experienced severe material deprivation in 2011"<sup>19</sup>, this being the highest figure in the EU, 5 times higher than the EU average. The average salary was also the lowest in the EU (393 EUR) in September 2012 and 22% of the workforce was receiving the minimum wage of 160 EUR per month. The austerity-led so-called "favourable business climate" even failed to attract FDI and, following a brief peak in 2007, right after the introduction of the 10% flat income tax and Bulgaria's EU accession, their amount steadily declined. The long-lasting austerity regime, which had only gotten worse, led to a social crisis. A report by the EC from 2013<sup>20</sup> stated that Bulgaria was characterized by "alarming poverty levels and increasing social unrest". The same EC report showed that Bulgaria topped the charts indicating risk of poverty or social exclusion, with half of the population affected. This is over two times the EU average. This social crisis led to spontaneous and unprecedented massive protests against austerity in February 2013 that led to the collapse of the "stability" GERB-led government. The protests were triggered by high utility bills electricity bills in particular, which are a major

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<sup>19</sup> *EU Employment and Social Situation*. Quarterly Review, March 2013.

<sup>20</sup> *Ibid.*

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household expenditure of Bulgarians. In fact, about 85% of households' monthly income goes to basic necessities.<sup>21</sup>

After the GERB government collapsed, a new coalition government comprising a nominally liberal party backed by ethnic minorities and the center-left BSP was elected. The new coalition was also supported by the far-right. Despite coming to power after the popular social protest, they did not challenge the austerity regime: they did not initiate progressive tax reform or seek a substantial increase in social spending, let alone start a debate on the currency board. The new government even pushed for increased privatization of utilities. We now turn to *Capital's* engagement in the reform waves.

### 4. Capital Reforms

*Capital* weekly is teeming with references to “reforms”: in the judiciary, in the healthcare sector, in the state administration (specifically with regards to “corruption”). Far from being an expression of a principled position, however, the incidence of these signifiers seems to be embedded in historically specific constellations of forces in the political-economic conjuncture traversed by the always anxious reform rationality in maniacal search for spheres in need of reforms. For example, the now common-sense “judiciary reform” was sporadic until the first time the center-right party GERB was in office (2009-2013), when the controversies arising with the then trendy “anti-corruption” measures and the “fight against organized crime” shifted attention away from the corrupt administration and the criminals, to the alleged corruption in courts (the famous phrase of GERB’s leader Boiko Borisov captures well the spirit of the time: “We are catching criminals but they [the judges] are releasing them.”) After the first GERB government there was an explosion of “judiciary reform” discourse. Its peak coincided with the anti-government protests of 2013 and 2014, then with the term in office of the caretaker government, which was dedicated to reform, followed by the return to power

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<sup>21</sup> Ibid.

of GERB, which teamed up with the far-right Patriotic Front and the liberal Reform Bloc, whose primary election promise was to reform the judiciary.

With regard to austerity measures, *Capital* deploys different legitimation strategies. Shortly after its launch, the paper conceives of austerity as the bitter medicine intended to purge the national body of the communist disease. Two decades later - after EU-accession and the eurocrisis, critique of the "Totalitarian past" has nearly been abandoned and the focus has shifted to comparisons with other European countries that are trying to extricate themselves from the grips of recession and debt. On some occasions, *Capital* is against austerity: for example, it often insists on upping military spending, amidst calls for welfare cuts.<sup>22</sup>

Through such examples we hope to demonstrate convincingly the transient, historical and adaptive nature of the Bulgarian liberal consensus. In addition to that, we will show how *Capital* straddles the division between reportage and activism: it acts as a policy paper and often utilizes rhetoric of the "what is to be done" (in five easy steps<sup>23</sup>) kind, thereby exercising direct influence on governmental policy decisions (i.e. *Capital*, along with influential neoliberal think-tanks such as the Institute for Market Economics<sup>24</sup>, was instrumental in the popularization<sup>25</sup> and introduction of a 10% flat income tax in 2008 by a government led by the center-left Bulgarian Socialist Party).

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<sup>22</sup> Georgiev, O. 11.09.2007. *General David McKiernan: You have to invest in your ground forces*. [www.capital.bg/politika\\_i\\_ikonomika/sviat/2007/11/09/396399\\_gen\\_deivid\\_makkiurnun\\_nujni\\_sa\\_vi\\_investigcii\\_v/](http://www.capital.bg/politika_i_ikonomika/sviat/2007/11/09/396399_gen_deivid_makkiurnun_nujni_sa_vi_investigcii_v/). Last accessed December 20, 2014.

<sup>23</sup> i.e. Bosev, R. 23.22.2007. *First-gear Justice*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2007/11/23/400969\\_pravosudie\\_na\\_purva/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2007/11/23/400969_pravosudie_na_purva/). Last accessed December 20, 2014.

<sup>24</sup> [ime.bg/en/](http://ime.bg/en/). Last accessed December 20, 2014.

<sup>25</sup> i.e. Mateev, I. 27.03.2004. *Progressing Arguments about Flat Taxes*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2004/03/27/225627\\_progresirashti\\_sporove\\_zaploski\\_danuci/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2004/03/27/225627_progresirashti_sporove_zaploski_danuci/). Last accessed December 20, 2014.

#### **4.1 Capital, financial stability and the thorny road towards national consensus**

In 2014 it seemed as if 1997 was going to repeat itself. A brief banking crisis in the summer of 2014 rocked the economy when the fourth largest bank in the country experienced a bank run and had to be bailed out, followed by a bank run on the biggest private bank which, however, managed to sustain panicked withdrawals of the rate of 800 million euros per day. The currency board, one of the main pillars of the austerity regime, whose implementation was surrounded by heated debates, today is normally absent from public scrutiny. However this invisibility was briefly suspended when fears were voiced that the 2014 banking crisis threatens the currency board and hence, stability. Everyone seemed united around the key signifier of “stability”. A man was even arrested on suspicion of conspiring against the currency peg. The spread of conspiracy theories affected both the elite and the popular classes. Allusions to the 1997 banking and hyperinflation crisis abounded, as well as public reflection on what had gone wrong not only with the current crisis but with the reforms that had been supposed to make sure that such a crisis would never afflict the Bulgarian banking system again. It is therefore time to revisit the public discussion on the 1997 crisis in order to assess the discursive strategies surrounding the structural reforms that followed the crisis which plunged the country into a permanent austerity regime.

The entire 1997 edition of *Capital* seems devoted to securing popular (as well as elite) consensus around economic shock therapy. We cannot overemphasize the importance of the word “securing”. As we will show below, there was no firm belief in the necessity of the currency board even among the anti-communist “reformers”. The currency board is completely outside the limits of the thinkable today but this victory for the Right was not guaranteed at the beginning of the debates on what to do about the hyperinflation crisis. (Debates that did not occur solely along the Left-Right divide but within the Right itself!) Before we discuss the battles surrounding the currency board, we will focus on the rhetorical strategies of

the paper in its effort to convince the general public of the “necessity” of painful reforms.

The newspaper mobilizes various discursive strategies which liken the reforms to medicalization and asceticism, that is to say, to pious practices which involve pain and abnegation for the sake of purification (from socialism). In addition to that, great care is taken to present the 1997 caretaker government, the successor of the BSP-led government, in very acceptable terms. Sometimes even conspiracy plots are invoked in order to rally the mass of the population behind the government. The 1997 issues are dominated by a religious-medicalization discourse.

January 1997 saw daily protests punctuated with violent clashes between protesters and the police. *Capital* reported cheerfully on the anti-communist protests; in issue 3 of 1997 a protester is quoted as saying

I know that when the democrats take power our misery will continue because the communists destroyed and plundered the state. Prices will rise, we will be hungry, we will start from the beginning but we will revive Bulgaria.<sup>26</sup>

The same issue reports on the protesters’ slogans: “antibiotics against the red plague,” “communism, go back to hell from where you sprang,” “all communists [should turn] into Duru” (a then popular soap brand; the slogan alludes to the “*tsiganite na sapun*” saying used by neo-nazis which translates roughly into “make soap from gypsies”).<sup>27</sup>

In April 1997, Leszek Balcerowicz visited Bulgaria. During his sight-seeing tour in Sofia, he was photographed while buying a pair of socks made in Bulgaria. The picture caption reads:

...the father of the Polish reform Leszek Balcerowicz is buying socks from a small shop selling items made in Bulgaria. The famous economist came

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<sup>26</sup> *Capital*. 3. January 20-26, 1997, p. 6.

<sup>27</sup> *Ibid.*

## Capital Reforms

to Bulgaria in order to assert in person that painful measures lead to good results.<sup>28</sup>

In a long interview entitled “As regards the economy, pain is part of the healing process,” featured in the same issue, Balcerowicz contends “the healing of the economy is similar to the healing of the patient.” He identifies the slow pace of reforms, and especially of privatization, as the main issue subverting the efforts to help Bulgarians re-establish their faith in the economy and the national currency. Rapid privatization and liberalization of price controls are offered as the most efficient ways of restoring trust. He discounts any explanations apropos the possible failure of the reforms that have recourse to “national particularities.” Pro-market reforms, according to him, can be applied anywhere and at any time, provided that there are “a good program, wide political support and a competent and decisive collective” that is ready to implement the reforms. Suggestively, he says that the public has to be convinced of the merits of the “good program” even when its effects are hurtful. Again, the medical process is invoked:

Free mass media are also responsible for the good or bad implementation of reforms. ...it is too easy to criticize.. good journalists are needed to help the general public discern the negative social consequences of the reforms which society must endure for the sake of good therapy; for example, when a patient is sick the initial stages of therapy can be extremely painful. But if there was no therapy, our patient would be worse off... for example, increased unemployment is a negative result of the therapy but if it's criticized too violently, this constitutes the throwing of the baby together with the bathwater.<sup>29</sup>

Further into the interview, Balcerowicz admits that the reform government in Poland was especially tough on salaries. This, however, is explained again as a medical inevitability. The medical vocabulary is unsurprising: the entire ideology of “shock therapy” is built around medical necessity. Even low taxes are explained by Balcerowicz in those terms: people who have unlearned to pay taxes have to be weaned away from the practice both through shock and

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<sup>28</sup> Capital. 14. April 7-13, 1997, p. 14.

<sup>29</sup> Ibid.

through taxation reforms which keeps taxes low. The discourse clearly points to the need for constituting a specific subject of post-socialism.

In the same issue, the newspaper blames the banking crisis on the lack of respect for “the principles of the market” and on the alleged overt politicization of the banking sector.<sup>30</sup> The reforms talk that swept the country in 1996-97 would not be exhausted solely by reference to the domestic issues of privatization, financial stability and the attendant “sick man” metaphors used to justify the unpopular measures that bring mass unemployment. In addition to the medical and asceticism language, a cultural pro-austerity vocabulary was mobilized. The most famous instance of it was the doctrine about the so-called “civilizational choice” Bulgaria needs to make. (Choice often happens to be presented as a mandatory duty by *Capital*, consider the article by Georgi Ganev, program director of the liberal think-tank Center for Liberal Strategies entitled “Patients’ free choice is absolutely mandatory.”<sup>31</sup>) For example, in a critical article denouncing the signing by the caretaker government of a gas deal with Russia, *Capital* invokes precisely the notion of “civilizational choice”: a poetic way to refer to Bulgaria’s Euro-Atlantic integration.<sup>32</sup> In the aftermath of 1989, capitalist Russia and capitalist Europe are distinguished through the culturalist operator of “civilization”.

The language of “civilizational choice” characterized the speeches of the then president Petar Stoyanov from the Union of Democratic Forces [UDF] who worked energetically for the admission of Bulgaria into NATO and the EU. The pro-Atlanticist political orientation of the country was often presented not in traditional political terms but in cultural-civilizational frames: a “return to Europe” and so on. *Capital* writes:

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<sup>30</sup> *Capital*. 14. April 7-13, 1997, p. 18.

<sup>31</sup> Ganev, G. 26.01.2007. *Patients’ Free Choice Is Absolutely Mandatory*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2007/01/26/307524\\_svobodniiat\\_izbor\\_na\\_pacientite\\_e\\_absoljutno/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2007/01/26/307524_svobodniiat_izbor_na_pacientite_e_absoljutno/). Last accessed December 20, 2014.

<sup>32</sup> *Capital*. 28.04.1997. *The Battle for Bulgaria*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/1997/04/28/853166\\_bitkata\\_za\\_bulgariia/](http://www.capital.bg/politika_i_ikonomika/bulgaria/1997/04/28/853166_bitkata_za_bulgariia/). Last accessed December 20, 2014.

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[d]uring the seven years of slumber [1990-1997] Bulgaria did little for the economic reform as well as for its foreign policy. The practice of the central European countries, which transformed themselves successfully, showed decisively that market reforms and integration into NATO and the EU are parallel processes.<sup>33</sup>

### 4.2 Capital and its party subject

In addition to the constitution of popular consensus around austerity measures, and their popular subject (which will be discussed in the next section), *Capital* intervened energetically in the processes surrounding the emergence of a unified political party capable of carrying out the reforms. In this section we look at the disciplinary effects of *Capital's* interventions upon the UDF in the mid-1990s.

Parliamentary elections were held on the 19<sup>th</sup> of April 1997. The oppositional UDF won a majority. The press heralded the coming of the “parliament of the reformist majority.”<sup>34</sup> *Capital* puts it bluntly: “the electoral vote established a new social contract for which the ever-postponed Bulgarian reform had been waiting for seven years.” The implications are clear: all that had been happening until 1997 was pseudo or non-reform; finally there will be reforms. It is noteworthy that “reform” is always spoken of as “unpopular” (also “unpopular measures.”) The press simultaneously admits the reforms are unpopular yet constantly invokes the wider popular consensus behind it (gauged by the electoral results). According to the presidential address on the occasion of the electoral victory of the “reformists” declares that:

difficulties lie ahead of us but do not fear – together we will overcome them.... a tough reform awaits us, unpopular measures, too.... the problem facing the Bulgarian government from now on will be the strong executive power which should enjoy parliamentary support but *simultaneously*

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<sup>33</sup> Ibid.

<sup>34</sup> Capital. 16, April 21-27, 1997, p. 24-25. *The Parliament of the Reform Majority*.

*it should enjoy such freedom to maneuver so as to be able to push through the tough and painful reform.*<sup>35</sup>

The last line is reminiscent of an argument put forward by Ivan Krastev in another 1997 issue. According to Krastev,

The transition to market economy and the salvation of the Bulgarian economy will be the main priority of the new government. What failed in Bulgaria over the past few years was the model of democracy without capitalism, or more accurately, the model of democracy instead of capitalism.<sup>36</sup>

(In an earlier article Krastev criticizes BSP for feeding the public populism, instead of engaging in the “painful reforms.”<sup>37</sup>)

#### 4.2.1. How is national consensus secured?

The “parliament of reform” was obviously bent on presenting itself as the true carrier of the reform-revolution while simultaneously depicting its predecessor as the unreformed communists who, by extension, failed to carry out the reform. Such simplistic oppositions overlook the continuities between the two governments and the fact mass privatization, which is currently associated with the UDF and its Prime Minister Ivan Kostov, was launched, however timidly, by the socialists. So was the liberalization of foreign trade amidst price caps on consumer goods which led to the grain shortage crisis of 1996.

For instance, negotiations with the IMF on the implementation of a currency board started during the BSP-led government. Disagreements among the Right with the currency board were not uncom-

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<sup>35</sup> Capital. 16, April 21-27, 1997, p. 24-25. *A Strong Executive Power Is Needed. Presidential Address*, emphasis added.

<sup>36</sup> Krastev, I. 24.02.1997. *The Party As a Biographical Experience*. [www.capital.bg/politika\\_i\\_ikonomika/1997/02/24/995644\\_partiata\\_kato\\_biografichen\\_opit/](http://www.capital.bg/politika_i_ikonomika/1997/02/24/995644_partiata_kato_biografichen_opit/). Last accessed December 20, 2014.

<sup>37</sup> Krastev, I. 06.05.1996. *Chto Takoe Hysterical Post-Communism?* [www.capital.bg/politika\\_i\\_ikonomika/1996/05/06/1026272\\_chto\\_takoe\\_isterichen\\_postkomunizum/](http://www.capital.bg/politika_i_ikonomika/1996/05/06/1026272_chto_takoe_isterichen_postkomunizum/). Last accessed December 20, 2014.

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mon. In fact, before the wider protest mobilization *Capital* was critical of the Right's antagonistic position against the BSP. Moreover, initially there was virulent opposition against the currency board from some right-wing politicians. Ivan Kostov, for example, claimed that the board:

signifies total disappointment with the government's policy and lack of trust in its capabilities to achieve any results by its own efforts. Should BSP implement the board, it has to disband as a political party. And all its leaders have to stand trial for having provoked a national catastrophe. [...] Videnov [the socialist prime minister] has to resign in order to put an end to the lie that he is carrying out structural reforms. Had that been the case, the currency board could have been avoided.<sup>38</sup>

Arguments against the currency board were also expressed by some liberal technocrats, such as Emil Harsev, ex deputy governor of the Bulgarian National Bank:

The best we can hope for is to leave no opportunity to the IMF to mock Bulgaria and to think up a solution ourselves. We have to support our own producers so that they produce more. We need to return to the markets and to support export. We will pay our foreign debt when we have enough cash.<sup>39</sup>

This intransigence was abandoned after the leader of the opposition, Ivan Kostov, visited Washington, DC for a series of meetings with IMF and World Bank officials. Meanwhile, the anti-communist opposition in the face of *Capital* had taken a more "pragmatic" stance, supporting the BSP's decision to implement the board, despite its genuine dislike for the BSP.<sup>40</sup> In an editorial dedicated to the Washington visit, *Capital* is relieved to announce that:

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<sup>38</sup> Capital. 11.11.1996. *The Currency Board - Pros and Cons*. [www.capital.bg/politika\\_i\\_ikonomika/1996/11/11/1006418\\_bordut\\_-\\_za\\_i\\_protiv/](http://www.capital.bg/politika_i_ikonomika/1996/11/11/1006418_bordut_-_za_i_protiv/). Last accessed December 20, 2014.

<sup>39</sup> Ibid.

<sup>40</sup> Capital. 26.08.1996. *Allied Despite Themselves*. [www.capital.bg/politika\\_i\\_ikonomika/1996/08/26/1014367\\_mvf\\_i\\_videnov\\_-\\_sudrujnici\\_po\\_nevolia/](http://www.capital.bg/politika_i_ikonomika/1996/08/26/1014367_mvf_i_videnov_-_sudrujnici_po_nevolia/). Last accessed December 20, 2014.

The UDF will reformulate its position on the conditions for the implementation of the currency board. The big news came after a series of meetings between [Kostov] at the IMF and the WB. Kostov said that a currency board would only work if there was “wide political consensus.” The leader of the opposition added that he had never been against the board in general but only against its implementation by the current government and the leadership of the Central Bank.<sup>41</sup>

The IMF and the World Bank seem to have played the crucial role in transforming the initial anti-communist opposition to the currency board from a stance perceived as synonymous with “national catastrophe” and crime, into a position which stands for national responsibility and the application of civilizing measures.<sup>42</sup>

However, achieving “national consensus” over the implementation of the currency board (and by extension - over the “necessity” of austerity and structural adjustment) requires not only the delineation of those outside the consensus, but also a great deal of disciplining of the party (a role *Capital* took very seriously). Before we show some examples of how *Capital* attempted to discipline the “reform government”, we present a brief history of the main actors in the government.

The Union of Democratic Forces was established as an “anti-communist movement” or a wide coalition of political forces that opposed the reformed Bulgarian Communist Party. The Union of Democratic Forces brought together various trends and positions: dissident intellectuals and writers, alternative leftists, environmentalists, labour unions, human rights groups, Christians, student activists, liberal economic technocrats, emerging business elites, monarchists, far-rightists and nationalists. Initially it lacked a centralized hierarchical structure and it was only unified under the charismatic leadership of Ivan Kostov before the 1997 early Par-

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<sup>41</sup> Capital. 09.12.1996. *The Opposition Caved in with Regards to the Currency Board.* [www.capital.bg/politika\\_i\\_ikonomika/1996/12/09/1003155\\_opoziciata\\_skloni\\_na\\_konsensus\\_za\\_valutniia\\_bord/](http://www.capital.bg/politika_i_ikonomika/1996/12/09/1003155_opoziciata_skloni_na_konsensus_za_valutniia_bord/). Last accessed December 20, 2014.

<sup>42</sup> Metodiev, V. 12.09.1996. *There is No Political Infidelity When Bulgaria's Salvation Is at Stake.* [www.capital.bg/politika\\_i\\_ikonomika/1996/12/09/1003136\\_niama\\_politicheska\\_izneviara\\_kogato\\_govorim\\_za/](http://www.capital.bg/politika_i_ikonomika/1996/12/09/1003136_niama_politicheska_izneviara_kogato_govorim_za/). Last accessed December 20, 2014.

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liamentary elections. Kostov managed to unite the conflicting currents into a single political party – the United Democratic Forces. His authoritarianism earned him many enemies and the nickname “the Commander”. After the 1997-2001 UDF government, the party split up into smaller parties, the most influential one being the conservative Democrats for a Strong Bulgaria (established by Kostov). It is important to note that from that early stage there were visible strong conservative currents within the UDF.

Although *Capital* supported the unification of UDF, its political manoeuvres were quite complicated. At the end of the 1990’s, *Capital* tended to publish ironical and critical comments about the dissidents who participated in the early 90s party-building (and who were marginalized in the UDF after 1997):

Instead of charismatic personalities who would lead our nation forward by virtue of their personal authority, the Bulgarian transition created something resembling an elite comprised of ex-aparatchiks, cops, Komsomol activists, dissidents, pseudo-intellecutuals, all kinds of informals and common nut-heads.<sup>43</sup>

Apart from that, this is what *Capital* thinks of dissidents: “At the time when the BSP was falling apart and multiplying, the UDF-coalition consolidated into a unified party. But the ‘first reform generation’ - dissidents and *relics of transition* – were absent from it.”<sup>44</sup> One article from 1999 claims that most of “so-called dissidents” “did not fight to change the system but to achieve a more ‘liberal’ socialism.”<sup>45</sup> Plenty of examples of this kind spice up *Capital’s* battles to tell apart the “authentic” from the “inauthentic” anti-com-

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<sup>43</sup> Mihalev, I. and Lazarov, A. 13.11.1999. *Like Fathers, like Transition*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/1999/11/13/252983\\_kakvito\\_bashtite\\_takuv\\_i\\_prehodut/](http://www.capital.bg/politika_i_ikonomika/bulgaria/1999/11/13/252983_kakvito_bashtite_takuv_i_prehodut/). Last accessed December 20, 2014.

<sup>44</sup> Capital. 20.12.1997. *Is January 1997 Forgotten?* [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/1997/12/20/242313\\_zabraven\\_li\\_e\\_ianuari\\_1997/](http://www.capital.bg/politika_i_ikonomika/bulgaria/1997/12/20/242313_zabraven_li_e_ianuari_1997/). Last accessed December 20, 2014, emphasis added.

<sup>45</sup> Rudnikova, I. 18.12.1999. *UDF’s 10th Birthday*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/1999/12/18/253457\\_sds\\_na\\_deset\\_godini/](http://www.capital.bg/politika_i_ikonomika/bulgaria/1999/12/18/253457_sds_na_deset_godini/). Last accessed December 20, 2014.

munists. "The fathers of democracy were not genuine"<sup>46</sup> as we read in one infuriated editorial in *Capital*, because some dissidents met with the head of Multigroup corporation in 1995.<sup>47</sup>

*Capital's* articles on the unification of the UDF are not a distanced reflection on politics that takes place, as if, beyond discourse. *Capital* should be read as an activist attempt to shape political transformations at the very moment of their formation. In February 1997, Ivan Krastev argues on the pages of *Capital* that the 1990s were based on "the unwritten contract between the liberal economists and the democrats". The democrats, according to Krastev, were responsible for providing "political support for radical economic reforms", while "the experts", on the other hand, stayed "away from party politics". The exhaustion of this initial "will to market", Krastev writes, leads to a failure of the "democracy instead of capitalism" model. This lacuna will be surmounted once anti-communists go beyond the "liberal aversion" to "party building and communist political machinery [komunisticheska aparatnost]". No-one questions the "fatherhood" of "Kostov's party", Krastev claims. This shift enables extended executive power, and "stronger presence of the state in the non-economic sphere" along with privatization. In other words, Krastev asserts, the unification of the UDF, under Kostov's leadership, marks a shift towards a kind of non-democratic radical liberalism, the so-called *unpopular reforms*, under (now) direct technocratic leadership.

This does not mean Krastev believes there is wide popular support for (more) austerity. In the same article he writes that society "is ready to support both radical privatization and radical nationalization" and it will "not support something that is not radical". That is to say, he sees open-endedness in the massive protest movement of the time and stands against the possibility of what he identifies as a threat of excessive democratic backlash against radical lib-

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<sup>46</sup> Capital. 06.11.1995. *On Yaitseto's Fathers*. [www.capital.bg/politika\\_i\\_ikonomika/1995/11/06/1050132\\_zabashtite\\_na\\_iaiceto/](http://www.capital.bg/politika_i_ikonomika/1995/11/06/1050132_zabashtite_na_iaiceto/). Last accessed December 20, 2014.

<sup>47</sup> See also Capital. 06.11.1995. *"Yaitseto" Gathered but Did not Recognize Ex-dissidents*. [www.capital.bg/politika\\_i\\_ikonomika/1995/11/06/1050026\\_iaiceto\\_subra\\_no\\_ne\\_pozna\\_bivshi\\_disidenti/](http://www.capital.bg/politika_i_ikonomika/1995/11/06/1050026_iaiceto_subra_no_ne_pozna_bivshi_disidenti/). Last accessed December 20, 2014.

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eral politics of mass privatization and austerity. Austerity, in this discourse, is not a product of economic necessity, but of a strong political will in the form of post-democratic liberal technocracy.

By this we are not trying to claim that BSP's government, which collapsed in 1997 amid mass protests, was an alternative to neoliberalization. It had to be re-invented as a failed alternative in order to sustain the legitimacy of radical austerity. After all, the currency board was in the making during the mandate of the BSP. With identical solutions to the crisis, efforts were made to distinguish the BSP from the UDF, thereby changing everything in order for things to remain the same.

### 4.3 Capital and the popular liberal subject backing the unpopular reforms

In addition to the medico-religious symbolism of pain and therapy, reform is also spoken of in a language of necessity and inevitability. As early as 1997 all is presented as geared towards the creation of a "middle class which is independent from fiscal alms and immune from political demagoguery."<sup>48</sup> Meanwhile, middle class subjects are to be incentivized to "make money rather than avoid paying tax" says a lecturer at the University of National and World Economy to *Capital*.<sup>49</sup> Articles articulating the need for the construction of the new diligent, self-help and prudent subjectivities (such as one entitled "do not give fish to the poor but teach them how to catch it") abound. According to one such entry, "no nation has achieved prosperity through social benefits. Bulgarians do not rely on them likewise."<sup>50</sup>

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<sup>48</sup> *Capital*. 15, April 14-20, 1997, pp. 24-25.

<sup>49</sup> *Capital*. 15, April 14-20, 1997, pp. 24-25. *What is Needed Is an Atmosphere in Which People Think How to Make Money, Not How to Avoid Taxation*.

<sup>50</sup> *Capital*. 14, April 7-13, 1997, p. 24.

In their typical activist fashion, the team of *Capital* took it upon themselves to cultivate and nurture the entrepreneurial liberal subject that would be most suited for the new realities in the country. Protests occupy a special place in this regards. As mentioned at the beginning of the article, *Capital* supported some anti-government mobilizations, especially those happening against BSP-led governments. 1997 issues of *Capital* were full of ecstatic jubilation over the popular unrest. On its pages the protesters recounted their poverty, plight and hopes for a better future. (It should be noted that in the winter of 2013 there were protests against the high prices of electricity but instead of “the birth of civil society”, “democracy”, and so on, as in 1997, liberals tended to frame them critically as “populist”.) The 2009 January protests were presented by *Capital* timidly yet convincingly in the direction of “pro-EU civil society is being born”. (As though in anticipation of this trend, *Capital*, in cooperation with the Open Society Institute and the Center for Liberal Strategies, produced a book dedicated to the new consumption trends among young and restless urban consumers, niche markets, tastes and distinction.<sup>51</sup>) In the run-up to the 2009 protest, *Capital* commissioned a sociological profile from the Center for Liberal Strategies. The conclusions of this sociological investigation appeared in an article entitled “Angry young people” that paints a picture of frustrated but enterprising subjects: “individuals who call for collective action” who want to do something about their country. One of the interviewees is quoted as saying:

I am tired of pretending I am European in the deep Orient. I don't mind the prices and salaries, I don't mind my second-hand car, I mind people who take a left turn from the middle lane, who do not signal before changing lanes. People who cheat and use the public transport without paying for it.<sup>52</sup>

(This line of self-disinterested person protesting for values and rules explodes to full degree in 2013.)

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<sup>51</sup> Rudnikova, I. and Mila Mineva. 07.03.2008. *Guide 2020*. [www.capital.bg/blogove/arhiv/2008/03/07/467572\\_putevoditel\\_2020/](http://www.capital.bg/blogove/arhiv/2008/03/07/467572_putevoditel_2020/). Last accessed December 20, 2014.

<sup>52</sup> Mineva, M. 12.12.2008. *Angry Young People*. [www.capital.bg/politika\\_i\\_ikonomika/obshtestvo/2008/12/12/599769\\_surditi\\_mladi\\_hora/](http://www.capital.bg/politika_i_ikonomika/obshtestvo/2008/12/12/599769_surditi_mladi_hora/). Last accessed December 20, 2014.

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The praises *Capital* sings to the 2009 protests are in marked contrast to the next big wave of protests that erupted in February 2013. As stated, the 2013 protests were triggered by the abnormally high utility bills. The protesters demanded the nationalization of the energy sector and the abolition of the party system but these demands were expressed in a language bearing uncanny resemblance to the dominant expert discourses the Transition was traditionally narrativized in. For example: anti-monopolies, anti-corruption, civil society, transparency, and so on. In that respect, the protesters engineered a gesture of demonopolization by hijacking key liberal signifiers and turning them against their previous carriers (the liberal experts). This must have triggered panic among the liberal elites, which explains the appearance of articles in *Capital* that call some of the protest demands “naive”<sup>53</sup> and “absurd” This forced *Capital* to issue an injunction to politicians and civil society experts to “defend Bulgaria’s belonging to democracy and market economy”<sup>54</sup> In addition to that, *Capital* provides a “recipe”, presumably to “cure” the popular naiveté, calling for a system without political party representation: “rule of law and civil activism”<sup>55</sup> Panic oozes from an article on the protests in *Deutsche Welle*, translated by *Capital* that warns that Bulgaria may become a “new Greece” due to the alleged increase in support for the socialists.<sup>56</sup>

Popular appropriations of liberal signifiers from February 2013, however, forced the liberal Right to adapt to a radically new situation by re-inventing itself anew and re-imagining the political sub-

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<sup>53</sup> Capital. 22.02.2013. *Revolution Without Direction*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2013/02/22/2008619\\_revolutjucia\\_bez\\_posoka/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2013/02/22/2008619_revolutjucia_bez_posoka/). Last accessed December 20, 2014.

<sup>54</sup> Capital. 24.03.2013. *What Do Protesters Want?* [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2013/02/24/2009431\\_kakvo\\_iskat\\_protestirashtite/?ref=rcmnd/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2013/02/24/2009431_kakvo_iskat_protestirashtite/?ref=rcmnd/). Last accessed December 20, 2014.

<sup>55</sup> Capital. 27.02.2013. *The Recipe: Rule of Law and Civil Activism*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2013/02/27/2012179\\_receptata\\_vurhovenstvo\\_na\\_zakona\\_i\\_grajdanska\\_aktivnost/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2013/02/27/2012179_receptata_vurhovenstvo_na_zakona_i_grajdanska_aktivnost/). Last accessed December 20, 2014.

<sup>56</sup> Bleskin, M. 25.02.2013. *Bulgaria - the Next Greece?* [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2013/02/25/2010649\\_bulgariia\\_-\\_sledvashtata\\_gurciia/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2013/02/25/2010649_bulgariia_-_sledvashtata_gurciia/). Last accessed December 20, 2014.

ject of liberal reforms. When new protests erupted in the summer of 2013 over the controversial appointment of a media oligarch as head of national security, the February popular appropriations of liberal signifiers were retroactively linked to the new BSP government that succeed GERB and the winter protests were branded by some liberals as a kind of Russian conspiracy plot to derail Bulgaria's EU membership into Eurasia. In contrast, the summer protests were presented as the struggle of the "productive pro-EU bourgeoisie" against the supposedly pro-Russian government, the oligarchy, the winter protests and the summer pro-government protests (the latter were sometimes met with extreme forms of social racism on behalf of the self-styled middle class.<sup>57</sup>)

Thus, liberal activists, explicitly supported by big business<sup>58</sup>, *Capital* and Economedica included, asserted cynically that the poor had protested in February, while now the "middle class", was marching not for welfare, but for "values", opposing the shadow elite. In so doing, they revived 1990s anti-communism in the imaginary figure of the "unproductive-parasitic communist oligarch", who was pulling the strings backstage and was brainwashing the masses with "populist ideology". A mainstream "liberal" economist went so far as to claim in a piece of pseudo class "analysis" that the "unproductive" oligarchy had been providing welfare, while the poor (he called them proletarians) had been providing votes, but now the "productive bourgeoisie" was rising to oppose this alliance. In

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<sup>57</sup> It is important to emphasize that our approach is based on the firm conviction that class does not precede practices of class formation (see Nikolova, M., 2014. The 'Creative Class' and the Reproduction of Neoliberal Ideology in Bulgaria). In that respect, and drawing on Nikolova's Bourdieuan analysis, we treat the so-called "new middle class" as a performative construction composed of many different social positions, which, unlike in the 1990s, does not hope for a universal middle class: today's middle class tends to be more of an exclusionary category.

<sup>58</sup> A popular manifesto of the "middle class protest" entitled "Charter 2013 - Towards Deconstructing the Plutocratic Model of the Bulgarian State" is a case in point. The document, despite containing general slogans against "plutocracy," explicitly states "juridical security for big property" is needed, at the same time deploying conspiracy-theory language about a secret elite, supposedly pulling the strings of politics to further their sinister goals. See *Capital*, 23.06.2013. *Charter 2013 for the dissolution of the plutocratic state*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2013/06/23/2088204\\_harta\\_2013\\_z\\_a\\_razgrajdane\\_na\\_plutokratichniia\\_model\\_na/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2013/06/23/2088204_harta_2013_z_a_razgrajdane_na_plutokratichniia_model_na/). Last accessed December 20, 2014.

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that sense, “middle class” became much more of an exclusionary category, compared to the 1990s, when the anti-communist parties were promising universal prosperity and upward mobility to the middle class status. (A trend that can be identified even in *Capital*, for, early after its launch, the newspaper circulated widely information about the mass privatization, such as where to buy bonds, and so on - exactly like the weather forecast. Participation in the shared idea of ownership and capital and prosperity was considered much more democratic and inclusionary. These positions reflected wider expectations. In the early 1990s, the idea of achieving just distribution of capital via mass privatization was very popular, so workers were invited to participate in the privatization of their own companies. *Capital*, nevertheless, also included texts that were critical of such expectations. Roumen Avramov, for instance, asserted that “mass privatization” would be “social hypnosis” in a radio interview<sup>59</sup> transcribed by *Capital*. He claimed that “many people would be stimulated” to “take part” but eventually “individual participation” would be marginalized and investment funds would remain the key players. The word “social”, he said, which was being used by the BSP at the time, would be of “absolutely no relevance” as this was “not a just process, but a relatively quick way to redistribute” state companies.

The protests of the summer of 2013 present the fruition of the desire of *Capital* to “find” (found?) the liberal subject of reforms: the educated, well-traveled, tech-savvy, urban, right-wing, pro-EU, rule-of-law, workaholic who fights the purported residues of communism – corruption, populism, lack of transparency, irrational attachment to Russia, illegality, and so on. If in 2009 this subject was in its infancy (the protesters were still ruefully recognized as poor if enterprising), in 2013 *Capital* celebrated the “completion” of this subject as the mirror image of the incomplete reforms.

There is, however, a certain rationality within which this subject has been trapped, which *Capital* fails to acknowledge. Reforms do produce social suffering, which sometimes explodes, like in the winter

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<sup>59</sup> Capital. 2.10.1995. Roumen Avramov: *Mass privatization will be like social hypnosis*. [www.capital.bg/politika\\_i\\_ikonomika/1995/10/02/1057592\\_masovata\\_privatizaciia\\_shte\\_bude\\_kato\\_socialna\\_hipnoza/](http://www.capital.bg/politika_i_ikonomika/1995/10/02/1057592_masovata_privatizaciia_shte_bude_kato_socialna_hipnoza/). Last accessed December 20, 2014.

of 2013, which is (mis)attributed to the lack of reforms. Therefore, more-of-the-same reforms are proposed and implemented, which leads to more dissatisfaction, and another round of more-of-the-same reforms, which are never deemed to be enough. The liberal elites (*Capital* included) have to identify ever more spheres in need of reforms. The shifting terrain of reforms notwithstanding, all reform is enveloped in a language of necessity. Thus, *Capital* proclaims taxation reform “inevitable”<sup>60</sup>, adding that “only market mechanisms can save agriculture.”<sup>61</sup>

This dialectics is particularly visible in the crusade against corruption. In the late 1990s, as Ivan Krastev has shown, anti-corruption discourses were a weapon wielded by liberal elites to defend deregulation, privatization and austerity. At times *Capital* even defended “corruption”, provided that it led to economic liberalization. According to an editorial<sup>62</sup> published in August 1997, if corruption means more privatization, this is “not fatal, as it happens only once”. Therefore, in *Capital's words*, the “golden rule about corruption is that it is not harmful as long as it is silent”. The problem comes, from the perspective of liberal technocrats, when anti-corruption critique turns into critique of privatization and austerity, or what Ivan Krastev has dubbed “left populism”.<sup>63</sup> On these occasions, the content of “reforms” has to be reinvented in order to sustain their course. This can explain why, following the decline of the efficiency of anti-corruption rhetoric after its 2009-2013 peak, the most energetic reform discourses proved to be targeting the judicial system.

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<sup>60</sup> *Capital*. 15, April 14-20, 1997, p. 24-25.

<sup>61</sup> *Capital*. 16, April 21-27, 1997.

<sup>62</sup> *Capital*. 09.08.1997. *If There Is Going to Be Corruption, Let It Be Silent at Least*. [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/1997/08/09/240103\\_ako\\_shte\\_ima\\_korupciia\\_pone\\_da\\_e\\_bezshumna/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/1997/08/09/240103_ako_shte_ima_korupciia_pone_da_e_bezshumna/). Last accessed December 20, 2014.

<sup>63</sup> Krastev, I. 24.10.1998. *Anti-Corruption Rhetorics and the Politics of Reform*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/1998/10/24/247177\\_antikorupcionnata\\_ritorika\\_i\\_politikata\\_na\\_reformi/](http://www.capital.bg/politika_i_ikonomika/bulgaria/1998/10/24/247177_antikorupcionnata_ritorika_i_politikata_na_reformi/). Last accessed December 20, 2014.

#### 4.4 Capital and the cult of the judiciary

A discussion on the judiciary may appear irrelevant to economic reforms at first glance but we hope to demonstrate that neoliberal imaginaries of the economy are closely connected to an understanding about the crucial role the judiciary occupies with regards to capital accumulation. This connection is not to be assumed. It may be widespread today but, for example, in 2007 *Capital* published less articles about the necessity to carry out judicial reforms than in 2013. (80 articles in 2014, 53 in 2013, 48 in 2012, 22 in 2011, 28 in 2010, 25 in 2009, 16 in 2008, 14 in 2007. Then there has been a sharp increase: 42 in 2006 and 36 in 2005, 31 in 2004, 34 in 2003, 38 in 2002 - possibly because EU accession was nearing, 14 in 2001, 11 in 2000, 11 in 1999, 25 in 1998, 8 in 1997, 11 in 1996, 12 in 1995, 4 in 1994. This should prove that rather than being a part of a kind of immutable economic law, concerns with judicial reform express stances rooted in the particular conjuncture they get articulated in.)

On the first day of 2015, *Capital* saw it fit to publish an article written 115 years ago by Krastio Krastev, the first Bulgarian literary critic and a prominent intellectual.<sup>64</sup> The article is entitled “What is to be done?” and a suggestive summary of it is provided by the editorial staff just underneath the title: “115 years ago Bulgaria was in a dire economic crisis; corrupted politicians ‘debauched’ the judiciary.” The article by Krastev lists many ills of the epoch but *Capital* summarizes its main argument along the lines of the current understanding of where the shortcomings of our economic development stem from: the unfinished reform of the judiciary. Liberal intellectuals and politicians alike increasingly think the viability of the economy as an epiphenomenon of the health of the judicial system. For example, in a recent interview, the minister of economy, Bozhidar Lukarski, stated that we would have a functioning economy and prosperity only if we registered progress with judicial reform.<sup>65</sup> All this means that the market is not the ultimate

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<sup>64</sup> Capital. 01.01.2015. *What Is to Be Done?* [www.capital.bg/vestnikut/capital/k1/obshtestvo/2015/01/01/2444385\\_kakvo\\_da\\_se\\_pravi/](http://www.capital.bg/vestnikut/capital/k1/obshtestvo/2015/01/01/2444385_kakvo_da_se_pravi/). Last accessed January 2, 2015.

<sup>65</sup> Panorama. 28.11.2014 [www.bnt.bg/predavanyia/panorama/kristalina-georgieva-](http://www.bnt.bg/predavanyia/panorama/kristalina-georgieva-)

model of everything, as is usually assumed by neoliberalism, but it is itself imagined as being grounded in a functioning “European” legal system. In that respect, the judiciary is like a final ground which supports everything arising out of, in the strict foundationalist philosophical sense. In an editorial entitled “Why Romania moved forward”, *Capital* identifies two main factors behind economic growth: reform in the judiciary and the fight against corruption. The paper ruefully acknowledges that Romania and Bulgaria, two hitherto equally “problematic” EU Member States, have drifted apart.<sup>66</sup>

There are other topics in Krastio Krastev’s article that have led *Capital’s* editors to perceive the article anachronistically as though it were speaking to them directly to address current problems. For example, Krastio Krastev argues against large budget deficits:

Over the past 14-15 years, state budgets have been created with enormous deficits; our state bonds have been losing the trust of foreign buyers and becoming cheaper. [...] Unproductive expenses have placed an even greater burden on the budget. We should not forget another source of the crisis: the loans which have been increased in order to cover budget deficits or spent in pursuit of other unproductive goals. Did Bulgaria really need all these railway lines now?

There is even a reference to the supposedly corrupting influence that the Roma and criminals have upon the elections, a practice that, according to Krastio Krastev, corrupts the logic of representation.<sup>67</sup> Illegitimate budget deficits, rigged elections, corruption, the burden of rail infrastructure, growing foreign debts... These are just some of the issues raised in the article which have a pronounced contemporary resonance for *Capital’s* editors, for in recent years Bulgarian politicians have been debating similar issues. The conclusion that suggests itself from the gesture of pub-

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v-panorama-28-11-2014. Last accessed January 2, 2015.

<sup>66</sup> Capital. 28.11.2014. *The Editor’s Choice: New Budget Came and Uber Will Come*. [www.capital.bg/politika\\_i\\_ikonomika/sedmicata/2014/11/28/2428212\\_izborut\\_na\\_redaktora\\_doide\\_nov\\_bjudjet\\_i\\_shte\\_doide/](http://www.capital.bg/politika_i_ikonomika/sedmicata/2014/11/28/2428212_izborut_na_redaktora_doide_nov_bjudjet_i_shte_doide/). Last accessed December 20, 2014.

<sup>67</sup> Elections rigging via the alleged selling and buying of predominantly Roma votes dominate *Capital’s* analyses of nearly every round of elections in Bulgaria.

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lishing an article written 115 years ago is that nothing has really changed in 115 years. In short - a naturalization of the ideology of balanced budgets, light infrastructure, the supposed lack of civil conscience of the Roma, and deficit restraints. We are faced with a classic operation of ideology: ideology's hold is most complete when it disappears from sight, when everything seems natural, immutable and self-evident.

Another editorial of *Capital* from Christmas Eve 2014 states the following apropos the struggle of the French and Italian governments with the eurozone economic crisis:

At first glance they [reforms of the judiciary and the Senate] have nothing to do with the economy. However, without unclogging the courts and the law-making system, the changes that can free economic growth will not be easy to implement.<sup>68</sup>

*Capital* states it bluntly: "doing business in Bulgaria is impossible amid a lack of an independent judiciary."<sup>69</sup>

Economic growth thus emerges as being directly dependent on political interventions in the judiciary. Economic activity gets bereft of utilitarian considerations; it's less about profit and more about morality and justice. In fact, in a recent article in *Capital*, the judiciary is described in religious terms. It merits a long quote:

The ideal of justice is the deity in the temple of justice Without it, it remains a temple without god, while and the law is a godless law. Interests of the exchequer cannot be a high ideal of values, but only a primitive idol. With such an idol we will remain eternal nomads to civilization. The manifestation of justice is an expression of the love for thy neighbor. Those who hate the other are incapable of doing them good. I recently had the joy of meeting a US judge who had previously been a pastor, but had decided to become a

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<sup>68</sup> Capital. 24.12.2014. *Five Things We Didn't Notice in 2014*. [www.capital.bg/k\\_2014\\_2015/predi\\_1\\_godina/2014/12/24/2444478\\_pet\\_neshta\\_koito\\_ne\\_zabeliazahme\\_prez\\_2014\\_g/](http://www.capital.bg/k_2014_2015/predi_1_godina/2014/12/24/2444478_pet_neshta_koito_ne_zabeliazahme_prez_2014_g/). Last accessed December 28, 2014.

<sup>69</sup> Bosev, R. 12.12.2014: *The Judiciary: A Tipping Point*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2014/12/12/2437132\\_sudebnata\\_sistema\\_tochka\\_na\\_prechupvane/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2014/12/12/2437132_sudebnata_sistema_tochka_na_prechupvane/). Last accessed December 20, 2014.

judge to bestow justice and not simply preach it. Has there been one single judge-turned-priest here? [...] Modern Bulgarian law contains three unwritten ironclad principles: do not limit power; maintain insecurity among common citizens; cripple private property and the personal liberty embodied in it. The elemental construction of a lawless society is underway but the disenfranchised can at least escape and this alone is the only barrier to totalitarian lust.<sup>70</sup>

The poignant notion of “totalitarian lust” (“totalitarna pohot” in Bulgarian) not only invokes mortal sins in the Christians’ imagination but also pits the idea of totalitarian excess and lust against the sober, diligent, austere and Protestant-like work ethic and modest life lived strictly within one’s means. In addition to lust, the notion of debauchery is mobilized to render the total moral bankruptcy plaguing the judiciary: “In recent years we have witnessed an unprecedented legal debauchery that usurps the centuries-old European legal sanctities.”<sup>71</sup> Or, as the editor-in-chief argues in a New Year’s address:

If something good should happen, it will be a process and not an event or a material result. We need to move towards *values* - both moral and market values, for between them there’s no contradiction.<sup>72</sup>

Austerity, market values, self-sacrifice, diligence and perseverance along the painful road to economic recovery all get imbued with high moral valence unlike the totalitarian excess of spending and “lust.” The application of religious language returns in *Capital*, this time around not with regards to privatization and taxation reforms, but apropos the judicial system.

In addition to the accusations of totalitarian lust, the judiciary is implicated in the propagation of a necropolitics of sorts: the so-called “civil death.” The lack of “juridical security” also imperils life

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<sup>70</sup> Braykov, V. 8.12.2014. *A Temple without God*. [www.capital.bg/blogove/pravo/2014/12/08/2434378\\_hram\\_bez\\_bog/](http://www.capital.bg/blogove/pravo/2014/12/08/2434378_hram_bez_bog/). Last accessed December 20, 2014.

<sup>71</sup> Ibid.

<sup>72</sup> Prokopieva, G. 23.12.2009. *Starting Points*. [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2009/12/23/835145\\_otpravni\\_tochki/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2009/12/23/835145_otpravni_tochki/). Last accessed December 20, 2014.

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itself, leading to “civil death”.<sup>73</sup> The image of death is so strong that even a metaphor of the guillotine is used, in addition to the category of “civil death”, which is inapplicable in Bulgarian legislation:

If the reasons for the dependent judiciary remain unaddressed, the guillotine of the Sofia city court will continue to hang darkly over everybody who has had the imprudence of doing business in Bulgaria.<sup>74</sup>

Somewhat (un)surprisingly, even a Masonic conspiracy plot is invoked to legitimize the needed reforms in the judiciary.<sup>75</sup> Thus, *Capital's* court reporter Girginova argues that one of the most suspicious facts surrounding the election of Hristo Dinev as head of the Sofia city prosecutor's office is that he belongs to a Masonic order and it is well known “how dangerous belonging to secret societies” can be to transparent decision-making.<sup>76</sup> Further on, Masonic Lodges are accused of “parasitizing” on the Sofia prosecutor's office, which has “already become entangled in various secret forms of influence and hierarchy”; This conclusion lends a twist of the occult to the already popular conspiracy theories about the various “secret centers of power” behind the government. In short, the judiciary emerges in the contradictory image of the domain of the radically unknown, spiritual and magical and at the same time the sphere most in need of reforms.

### 4.5 Capital, austerity and unproductive populations

*Capital* often speaks of the budget in terms that suggest undesired, excessive and voluminous expenditure: “The new pro-European,

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<sup>73</sup> Capital. 06.12.2014. *Bulgaria Can Hardly Attract New Foreign Investors or at Least Keep the Ones Already Here without Offering Them Juridical Security*. [www.capital.bg/politika\\_i\\_ikonomika/redakcionni\\_komentari/2014/12/06/2433119\\_sudut\\_pak\\_nastupi\\_motikata/](http://www.capital.bg/politika_i_ikonomika/redakcionni_komentari/2014/12/06/2433119_sudut_pak_nastupi_motikata/). Last accessed December 20, 2014.

<sup>74</sup> Ibid.

<sup>75</sup> Girginova, G. 27.01.2014. *The Prosecuting Authority as a Masonic Lodge*. [www.capital.bg/blogove/pravo/2014/01/27/2228724\\_prokuraturna\\_kato\\_masonska\\_loja/](http://www.capital.bg/blogove/pravo/2014/01/27/2228724_prokuraturna_kato_masonska_loja/). Last accessed December 20, 2014.

<sup>76</sup> Ibid.

pro-Atlantic government inherited a *humongous* budget deficit of 3.7% of GDP which will be covered with an additional public debt of 2.3 billion euro.<sup>77</sup> To stem the increase in budget deficits, *Capital* has to explain where they come from.

In this section we will demonstrate how the figure of the unproductive populations of various types: the Roma, the unemployed and the disabled are mobilized to secure consensus around the necessity of budget cuts, low deficits and structural reforms such as the privatization of the pension system. The first step is to declare that the disabled are almost breaking the law by taking early retirement: “[t]he biggest leak in the system are the so-called ‘disability pensions’ through which people withdraw from the labor market years before the legal retirement age.” The second step is to propose the only possible system that is “financially sustainable” in the long-term: private pension funds: “everything else would be just like temporary patches over the ever-widening holes on a shirt which should have long been thrown away.”<sup>78</sup>

In addition to the disabled, *Capital* considers the pensioners, the striking teachers and anybody in need of social assistance for that matter, as part of a group of undeserving beneficiaries of state money - unless they cooperate with the reforms, that is.<sup>79</sup> This is a new form of workfare - call it *reformfare*. As the series of articles dedicated to the teacher’s strike for double salaries in 2007 indicate, *Capital* approves of the state spending its budget only in exchange for the cooperation of the beneficiaries of the increased spending in the reform process<sup>80</sup> or for simply furthering

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<sup>77</sup> Capital. 18.12.2014. *Growth Will Be Slowed Down by the Collapse of KTB*. www.capital.bg/politika\_i\_ikonomika/bulgaria/2014/12/18/2441317\_rastejut\_v\_bulgarii\_prez\_2015\_g\_shte\_bude\_zabaven\_ot/. Last accessed December 20, 2014.

<sup>78</sup> Capital. 14.12.2004. *Commentary*. www.capital.bg/politika\_i\_ikonomika/sedmicata/2014/12/14/2437855\_komentari\_daily\_-\_14\_dekemvri/. Last accessed December 20, 2014.

<sup>79</sup> Capital. 05.09.2008. *Left on Board*. www.capital.bg/politika\_i\_ikonomika/bulgaria/2008/09/05/546470\_liavo\_na\_bord/. Last accessed December 20, 2014.

<sup>80</sup> Capital. 02.11.2007. *Doing Nothing Is a Priority*. www.capital.bg/politika\_i\_ikonomika/bulgaria/2007/11/02/394054\_prioritet\_e\_da\_se\_pravi\_nishto/. Last accessed December 20, 2014; Capital, 28.09.2007. *Why We Do Not*

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the reforms (narrowly understood in the neoliberal sense of privatization, cuts, efficient and streamlined administration, etc as this interview with the ex-minister of finance suggests.<sup>81</sup>)

Entrepreneurship, education, decentralization. If we are to choose three words with which to describe the path of Bulgaria after the crisis, it will be these. They were among the most oft-repeated words during the 5th annual *rendez-vous* between government and business organized by *Capital* and the Confederation of the Employers and Industrialists in Bulgaria. The debate at the conference clearly showed that the rehabilitation of entrepreneurship, the investment in education, the reforms, which must now be seen as a “structural policy”, the trust between businesses and the government, will not only bring Bulgaria out of the crisis, but will also position it in the better part of a divided Europe. The good news is that there are people inside government who hear the entrepreneurs, understand what they need and are ready to embark on the reforms. [...] The tentative politics of the government and the insecurity it creates has its political and economic price. In the first case it incurs a loss of opportunities, in the second – a loss of trust.<sup>82</sup>

The reference to unproductive populations need not be direct in order to invoke the threat they present to “fiscal stability”. Thus when the minister of health Petar Moskov (from the liberal Reform Bloc) created a scandal by stating that ambulances would not provide emergency aid in Roma ghettos, *Capital* issued an editorial praising the minister for taking upon himself the ungrateful task of reform in the public health sector without mentioning the racist terms this reform had been expressed in by the minister. Despite the public outcry his words caused, *Capital* asserted that Moskov was enjoying wide public support (which in fact he did – among

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*support this strike.* [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2007/09/28/381470\\_zashto\\_ne\\_podkrepiame\\_tazi\\_stachka/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2007/09/28/381470_zashto_ne_podkrepiame_tazi_stachka/). Last accessed December 20, 2014.

<sup>81</sup> Georgieva, P., 28.09.2007. *Simeon Dyankov: Bulgaria Is Lagging Behind With Reforms In the Administration.* [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2007/09/28/381477\\_simeon\\_diankov\\_bulgariia\\_izostava\\_s\\_reformite\\_v/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2007/09/28/381477_simeon_diankov_bulgariia_izostava_s_reformite_v/). Last accessed December 20, 2014.

<sup>82</sup> Capital. 19.11.2010. *The Road Ahead.* [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2010/11/19/996754\\_putiat\\_napred/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2010/11/19/996754_putiat_napred/). Last accessed December 20, 2014.

many people harboring anti-gypsy sentiment, *Capital* tended to avoid the question of the opposition to the minister, including a protest march in Sofia by civil rights and Roma organizations.<sup>83)</sup>

## 4.6 Capital, austerity and Europe

The main vector of difference within the pro-austerity narrative is temporality. Before EU accession, the pro-austerity ideology seems to be overwhelmingly directed at the Socialist regime and it addresses the urgent need to purge the country of its past corrupting totalitarian excesses. Hence the religious-medicalization discourses surrounding the necessity of “unpopular reforms”. Austerity is legitimated with recourse to the “sinful” past. The prevailing pro-austerity narrative of today, however, seems to be directed at the present and it often mobilizes the examples of other European countries: negative, in the case of Hungary, France and Greece, and positive, in the case of Germany. In this section we look at a few paradigmatic examples of how *Capital* processes international economic news.

### 4.6.1. The Specter of Hungary

Orban’s Hungary occupies a special place in the liberal imaginary. On the one hand, this is a country often presented as one of the few former Communist countries to have undergone their transition to liberal democracy in an efficient and respectable manner<sup>84</sup> (i.e. unlike Bulgaria, they had a “real” dissident and anti-communist opposition; unlike Bulgaria they had a “real” lustration, and so on). At least until 2006, when the socialist-led government collapsed amid riots over the allegedly “socially-irresponsible”

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<sup>83</sup> Capital. 19.12.2014. *Attempt for a New Health Order*. [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2014/12/19/2442545\\_opit\\_za\\_nov\\_zdraven\\_red/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2014/12/19/2442545_opit_za_nov_zdraven_red/). Last accessed December 20, 2014.

<sup>84</sup> Capital. 05.08.1996. *The Pioneering Role of Hungary in Eastern Europe*. [www.capital.bg/politika\\_i\\_ikonomika/1996/08/05/1019357\\_pionerskata\\_rolia\\_na\\_ungariia\\_v\\_iztochna\\_evropa/](http://www.capital.bg/politika_i_ikonomika/1996/08/05/1019357_pionerskata_rolia_na_ungariia_v_iztochna_evropa/). Last accessed December 20, 2014.

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and “populist” policies such as housing and gas subsidies, and a minimum wage of 260 EUR that “hurt the competitiveness of Hungarian companies.”<sup>85</sup>

On the other hand, Orban’s “illiberal democratic” regime is often presented as having put Hungary on a course straight to the communist part. For example, in 2010 when the Hungarian government completed the nationalization of the private pension funds, and in 2014 when the government nationalized Budapest Bank,<sup>86</sup> *Capital* called the reforms “nightmarish”<sup>87</sup> and offered rueful conclusions: 1) the series of nationalizations diminish profit and incentives for foreign investors<sup>88</sup>, and 2) Hungary is undoing its progress since 1989 and is going back in time.<sup>89</sup>

In a 2006 editorial suggestively entitled “The Fiasco of the Hungarian Model”, *Capital* embarks on a comparison between Hungary and Bulgaria’s “socialist-liberal” governments. According to the paper, what characterizes the so-called “Hungarian model” is

lack of reforms, inefficient public spending, generous social programs, shock increase in public sector remuneration and the minimum wage” which led to “huge budget deficit, decrease of export, high inflation and interest rates and capital flight. Added to this are the political lies that cover up reality.”<sup>90</sup>

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<sup>85</sup> Capital. 27.10.2007. *Populism without an End*. [www.capital.bg/politika\\_i\\_ikonomika/sviat/2006/10/27/289838\\_populizmut\\_niama\\_spirachki/](http://www.capital.bg/politika_i_ikonomika/sviat/2006/10/27/289838_populizmut_niama_spirachki/). Last accessed December 20, 2014.

<sup>86</sup> Capital. 07.12.2014. *Hungary nationalizes General Electric's Budapest Bank*. [www.capital.bg/biznes/kompanii/2014/12/07/2433081\\_ungariia\\_nacionalizira\\_budapest\\_bank\\_ot\\_general/](http://www.capital.bg/biznes/kompanii/2014/12/07/2433081_ungariia_nacionalizira_budapest_bank_ot_general/). Last accessed December 20, 2014.

<sup>87</sup> Capital. 28.11.2014. *Hungary Finally Liquidated the Private Pension Funds*. [www.capital.bg/politika\\_i\\_ikonomika/sviat/2014/11/28/2428325\\_ungariia\\_okonchatelno\\_likvidira\\_chastnite\\_pensionni/](http://www.capital.bg/politika_i_ikonomika/sviat/2014/11/28/2428325_ungariia_okonchatelno_likvidira_chastnite_pensionni/). Last accessed December 20, 2014.

<sup>88</sup> Capital. 07.12.2014. *Hungary Nationalizes General Electric's Budapest Bank*. [www.capital.bg/biznes/kompanii/2014/12/07/2433081\\_ungariia\\_nacionalizira\\_budapest\\_bank\\_ot\\_general/](http://www.capital.bg/biznes/kompanii/2014/12/07/2433081_ungariia_nacionalizira_budapest_bank_ot_general/). Last accessed December 20, 2014.

<sup>89</sup> Capital. 28.11.2014. *Hungary finally liquidated the private pension funds*. [www.capital.bg/politika\\_i\\_ikonomika/sviat/2014/11/28/2428325\\_ungariia\\_okonchatelno\\_likvidira\\_chastnite\\_pensionni/](http://www.capital.bg/politika_i_ikonomika/sviat/2014/11/28/2428325_ungariia_okonchatelno_likvidira_chastnite_pensionni/). Last accessed December 20, 2014.

<sup>90</sup> Capital. 21.09.2006. *The Fiasco of the Hungarian Model*. [www.capital.bg/](http://www.capital.bg/)

*Capital* then proceeds to compare both countries. Bulgaria resembles Hungary not only because the government is led by the Socialist party but because despite the seemingly high growth, diminished inflation, balanced budgets and intense foreign investment, the reforms appear to be mostly on paper, produced by the “ever increasing army of public servants.”<sup>91</sup> In addition to that, public services suffer from low quality despite the increase in public spending, including spending on (unspecified) “controversial welfare programs.” The state is also taxed with making “harmful interventions in the labour market in an attempt to increase sharply wages. All this is in practice a soft version of the “Hungarian” model whose consequences will appear in the future if the status quo is preserved.”<sup>92</sup>

The finale of the article, however, abandons bluntly the theory of the specificity of the “Hungarian model” and asserts that “actually, the so-called Hungarian model is just a classic case of left-wing economic governance, under which a sharp increase in salaries and social benefits is engineered with total disregard for the economic laws and without any reforms. [...] The [protest] events in Hungary demonstrate that this is a doomed model.”<sup>93</sup>

It should be noted that fear-mongering through the deployment of doom scenarios is not exhausted only by news from abroad. Local reforms that deviate from the liberal consensus are depicted in similar terms. For example, this piece of news, which, as soon as it states the fact of minimum wage hike proposals, hurries to provide interpretation:

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politika\_i\_ikonomika/redakcioni\_komentari/2006/09/21/283506\_fiaskoto\_na\_ungarskii\_model/. Last accessed December 20, 2014.

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> Capital. 21.09.2006. *The Fiasco of the Hungarian Model*. [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2006/09/21/283506\\_fiaskoto\\_na\\_ungarskii\\_model/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2006/09/21/283506_fiaskoto_na_ungarskii_model/). Last accessed December 20, 2014.

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Raising the minimum wage will be just one of the burdens on employers next year. The maximum insurance threshold was increased by 200 BGN, reaching 2,600 BGN [...]. Typically, such ostensibly social, yet lacking in market logic solutions, lead to the graying of the economy or to the loss of jobs.<sup>94</sup>

### 4.6.2. The UK vs. France

In 2010 *Capital* compared two diverging public reactions in Western Europe to the implementation of austerity measures.<sup>95</sup> According to the publication, the British public accepted calmly the proposed budget cuts of 81 billion pounds, the projected loss of almost 500 million jobs and the increase in the retirement age from 65 to 66 years. The only protest *Capital* acknowledges is “sarcastic remarks on Twitter.”<sup>96</sup> At the same time, *Capital* argues, violent riots marked by clashes with the police erupted in France. (a claim later rebuked by French political scientist Nadege Ragaru, who said that the protest had been largely peaceful.<sup>97</sup>) The reason for the riots was the proposed increase in the retirement age from 60 to 62, which, “compared to the shock therapy in the UK is no big deal”; *Capital* says.

According to *Capital*, one of the reasons might be that whereas the UK has become accustomed to these measures since the Thatcher era, France has a rich tradition of barricade building and “street revolutions”. However, it turns out that this is a pseudo-revolution because “unlike their predecessors from 1968, today’s revolutionaries are on the street not to build a better future but to keep the

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<sup>94</sup> Capital. 30.11.2014. *The Minimum Wage Is Set for Yet Another Increase*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2014/11/30/2429346\\_minimalnata\\_zaplata\\_vse\\_pak\\_shte\\_raste\\_dogodina/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2014/11/30/2429346_minimalnata_zaplata_vse_pak_shte_raste_dogodina/). Last accessed December 20, 2014.

<sup>95</sup> Staneva, M. 29.10.2010. *Whoever Does Not Jump [Is Red]*. [www.capital.bg/politika\\_i\\_ikonomika/sviat/2010/10/29/984194\\_koi\\_ne\\_skacha/](http://www.capital.bg/politika_i_ikonomika/sviat/2010/10/29/984194_koi_ne_skacha/). Last accessed December 20, 2014.

<sup>96</sup> *Capital* overlooks the anti-austerity protests in the UK in 2010.

<sup>97</sup> Capital. 29.10.2010. *Nadege Ragaru: the French Find the Pension Reform Unjust*. [www.capital.bg/politika\\_i\\_ikonomika/sviat/2010/10/29/984199\\_nadej\\_ragarju\\_zafrancuzite\\_pensionnata\\_reforma\\_e/](http://www.capital.bg/politika_i_ikonomika/sviat/2010/10/29/984199_nadej_ragarju_zafrancuzite_pensionnata_reforma_e/). Last accessed December 20, 2014.

status quo and are driven by nostalgia for the past.” The other reason behind the divergent reactions to austerity, according to the paper, was that whereas in the UK Cameron had just won the elections and was still popular, the protests in France were more against Sarkozy himself, rather than against the reforms in question, thereby reducing the whole case to a matter of personal sympathies with politicians.

#### 4.6.3. Latvia

Latvia is another success story lauded by the paper. It constitutes a prime example of a nation that “chose stability and rejected populism.” *Capital* emphasizes how the incumbent prime minister won a second term in office with a “comfortable parliamentary majority” despite the tough austerity measures resulting in a 50% reduction in public sector salaries, a decrease in the number of hospitals from 59 to 42, the closure of more than half of state agencies and an increase in almost all tax rates.<sup>98</sup>

This success is attributed to “the honesty” of the prime minister: he openly told the population that it would be tough but there was no other way out of the crisis. Besides, the measures had already pulled the country out of recession and thus the population appeared convinced of the necessity of budget cuts and austerity in times of crisis.

Unlike the reduction of protests (or lack thereof) to personal traits as in the cases of France and the UK, *Capital* offers collectivist volk-psychological reasons behind the popularity of the austerity government in the case of Latvia. Unlike Greece, France and Spain, where protests and strikes are obstructing the implementation of austerity, in Latvia it’s all “peaceful and quiet”. Possibly because Latvians are “stoics” and are in possession of a “calm, Scandinavian mentality”. Austerity is rebranded as a cultural issue. However, unlike Bulgaria, which had to make a tough civilizational

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<sup>98</sup> Capital. 08.10.2010. *It's So Important to Be Brave*. [www.capital.bg/politika\\_i\\_ikonomika/sviat/2010/10/08/973624\\_kolko\\_e\\_vajno\\_da\\_budesh\\_smel/](http://www.capital.bg/politika_i_ikonomika/sviat/2010/10/08/973624_kolko_e_vajno_da_budesh_smel/). Last accessed December 20, 2014.

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choice to (re)turn to conservative fiscal politics masquerading as “European cultural identity”; Latvians emerged as immanently and naturally “European”: “Stoic” and “Scandinavian”.

### 4.6.4. Modern Greek tragedies

In addition to frightening discursive constructs such as “the Hungarian model”, *Capital* presents its public scenarios of a “modern Greek tragedy” to the same effect: “Greece or Ireland - this is what the choice before Bulgaria looked like prior to accession. The difference is fundamental - you must either choose to change or to consume.”<sup>99</sup> Consumption is meant in the strict sense of “investment in infrastructure.” Unlike the Irish who supposedly postponed consumer gratification and invested in education, the Greeks “ate up” the European funds and the protests that erupted in 2008 signified “the onset of the collapse of values, of society and of institutions.”<sup>100</sup>

The editorial assumes an overtly threatening tone and warns that:

This modern Greek tragedy [...] gives Bulgaria the unique opportunity to take a look at its future, should it continue to postpone the solution of structural problems, education reform and the fight against corruption, and take European funds like somebody’s pocket money instead.<sup>101</sup>

Then the image of the “young, talented and entrepreneurial [subject] facing walls of corruption, nepotism and a culture of bribes” is invoked. No mention of “judicial reforms”.

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<sup>99</sup> Capital. 12.12.2008. *The Greek Lesson*. [www.capital.bg/politika\\_i\\_ikonomika/redakcioni\\_komentari/2008/12/12/599917\\_gruckiat\\_urok/](http://www.capital.bg/politika_i_ikonomika/redakcioni_komentari/2008/12/12/599917_gruckiat_urok/). Last accessed December 20, 2014.

<sup>100</sup> Ibid.

<sup>101</sup> Ibid.

#### 4.6.5 Germany: sexualizing austerity

We cannot have a section on *Capital's* international reportage without mentioning Germany - a vast and inexhaustible topic which deserves a study on its own. For reasons of space, we cannot provide a comprehensive list of the approving tone in which *Capital* speaks about German politics (from repression of unions to Merkel's intransigence apropos Greece). We have discovered a curious way of presenting international relations between Germany and Bulgaria, which is reminiscent of incestuous sex. Thus Merkel's 2010 visit in Bulgaria to negotiate the country's accession to Schengen and the eurozone is presented in unambiguously gendered terms by *Capital*, which is worth quoting in full:

When she is around, he [PM Borissov] is different. He is totally serious, carefully absorbs every word of hers, obviously in awe of her and clearly anxious. PM Borissov is a little hard to recognize in this description, but when Angela Merkel is around, he stops being the person we know.

During his visit to Berlin at the beginning of the year, as well as during hers to Sofia on Monday, it became obvious that there was deep sympathy between the two and even some chemistry. He was waiting for her at the airport, holding roses, showed her the picture of hers he keeps in his office, behaved clumsily and refrained from using jokes and swear words. And before her lecture in front of the German-Bulgarian industrial chamber not only did he read out his speech (which he, being the master of improvisation that he is, rarely does), but also stammered for a few seconds.

Meanwhile, according to diplomatic sources, during the meeting at the council of ministers she winked at him facetiously and during the official dinner she spoke lively with him the entire time. Our impression is like of a big sister, who can be affectionate and benevolent, but also strict when necessary.<sup>102</sup>

**The flow of flirtatious "chemistry" between Merkel and Borissov is suddenly revealed to have been happening between a brother and**

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<sup>102</sup> Capital. 10.15.2010. *The Big Sister*. [www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2010/10/15/977445\\_goliamata\\_sestra/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2010/10/15/977445_goliamata_sestra/). Last accessed December 20, 2014.

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a sister. We will leave it to psychoanalysts to draw the conclusions from this interpretation of the summit.

### 5. Conclusion

Accounting for the transformations of *Capital's* justifications of austerity expresses the indeterminacy of what is meant by “reforms”. *Capital* seems entrapped in a kind of dialectics it cannot escape: it must constantly face the unexpected effects of its own discourses. “Reforms” constantly produce social suffering, which is articulated in the very language the reforms are framed in (more transparency, anti-corruption, etc.). This sometimes explodes, like in the winter of 2013, and unrest is subsequently (mis)interpreted by *Capital* as an effect of the supposed lack of reforms. Therefore, a new round of more-of-the-same reforms is proposed and implemented, which leads to more dissatisfaction and yet another round of the same reforms, which are never deemed to be enough. Nevertheless, “reforms” have to be constantly reproduced as self-identical by, paradoxically, shifting their direction, as it was shown in the rise of the discourse on “judicial reform”. The liberal elites (*Capital* included) have to identify ever more spheres in need of reforms.

We can trace the unstable grounds of the ever-shifting spheres in need of “reforms” historically. Starting from agriculture in early 1990s, the banking sector in mid-1990s, mass privatization of big state companies at fire sale prices (even for \$1 in the most notorious cases); then the reform rationality shifts onto the public service sector with the ensuing privatization of utilities via, say, public-private partnerships (most visible after 2001) or the introduction of new public management practices. The course of reforms does not develop according to some pre-given logic, contained in its concept, and neither does it unravel teleologically to a predetermined goal. The content of “reforms” is contingent to very specific historical ruptures and their “logic” can be reconstructed solely retrospectively. Take the example of the already mentioned anti-corruption rhetoric. It came into prominence in Bulgaria with the earlier post-socialist primitive accumulation. Its efficiency,

however, declined severely after its peak in the 2009-2013 government. Moreover, anti-corruption rhetoric was often appropriated as an acceptable popular critique of capitalism and not so much as a legitimation strategy for more deregulation, austerity and privatization. To sum it up: the more *Capital* tries to repress class struggle, the more class struggle returns within *Capital's* (presumably) very own ideological terrain.



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