ACCESSION TO THE EUROPEAN UNION AND INSTITUTIONAL DESIGN:
The Europeanization of Post-Communist Tripartism

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Executive summary

Literature on transition in post-communist Europe has emphasized the role of Western models in the establishment of new institutional structures in the aftermath of 1989. This paper explores the establishment of “tripartism” – government-union-employer negotiations over the distribution of the burdens and rewards of transition – in order to trace the extent, mechanisms and impact of Western European influences. By providing a detailed historical account of the emergence of tripartism in Bulgaria, the paper demonstrates that in the early stages of transition, “soft Europeanization,” characterized by lesson-drawing and learning from Western examples, prevailed. In the more recent stages, direct institutional transfer, or “hard” Europeanization, has been a result of the European Union (EU) accession process, especially the need of Central and Eastern European countries to harmonize their internal laws with the EU common law, the *acquis communautaire*.
Introduction: pre-accession aspects of Europeanization

The transition literature has widely acknowledged the search for “Western” models in post-communist Europe (often denoted as “imitation”) in the immediate aftermath of 1989, for the sake of quick establishment of market-oriented institutional structures (Elster et al., 1998: 235-238; Lijphart and Waisman, 1996). The institutional restructuring underway was not a simple process of imitating Western institutions, however (Jacoby, 1998). This paper focuses on the institution of tripartism – e.g. government-union-employer talks as a bargained exchange for the more equal distribution of the pains and rewards of transition – in order to identify the extent to which post-communist tripartism was shaped by Western European influences, as well as the rationale for this shaping and the channels through which it occurred.

The question about the foreign modeling of the institution of tripartism is especially important, first, in light of the fact that tripartism did not exist in state socialist Europe before 1989, emerged everywhere in the region at the very outset of the transition process, and by 1998 was consolidated as an enduring institution (lankova, 1998). And second, the “model” of tripartism is especially characteristic, even seems to be a “reserved” brand, of Western European corporatist countries (Schmitter and Grote, 1997; Fajertag and Pochet, 1997). This model has also been actively promoted – though with dubious results – at the European level (Streeck and Schmitter, 1991; Gorges, 1996; Falkner, 1998) or, as students of multi-level governance assert, in a framework of European multi-level decision-making (Grande, 1996). With the European Union’s (EU) opening of accession talks with ten central and Eastern European (CEE) applicants for EU membership – with Poland, Hungary, the Czech Republic, Slovenia and Estonia, in March 1998, and with Bulgaria, Romania, Slovakia, Latvia and Lithuania, in February 2000 – the EU has been singled out as the most important and influential source of foreign institutional design in the post-communist region.

These developments raise the question of the Europeanization of post-communist tripartism, as part of an increasingly evolving process of the Europeanization of post-communist politics, policies and institutions (Aniol, 1995 and 1996; Agh, 1999; Grabbe, 1999; Jacoby, 1999). “Europeanization,” a
recently coined term in European regional integration theory, has been traditionally used to delineate the
definition of national state and interest group interests in an international and institutional context that
includes the EU (Andersen and Eliassen, 1993; Sandholtz 1993; Ladrech 1994). The main proposition of
the “Europeanization” argument is that states define their interests in a different way as members of the
EU than they would without it, and that “European” identity should be sought not exclusively at the
European supranational level but as increasingly interwoven in the matrix of domestic politics and
institutions of member states (Sandholtz, 1993; Ladrech, 1994), or in the matrix of inseparable
interdependent levels of governance (Olsen, 1996); and that policy domains are moved from the sphere of
nation-state governance up to the supranational level of EU institutions and are then implemented by
member states (Forder and Menon, 1998; Caporaso et al., 1998).

The Europeanization of domestic politics, policies and institutions in non-EU member states as a
result of general processes of regionalization, and especially in nation-states aspiring for EU membership,
has been only sporadically explored. Moreover, research in this area has predominantly stemmed from
studies of the Southern enlargement of the EU (Greece in 1981, and Portugal and Spain in 1986) which
required much greater pre-accession and post-accession change and adaptation to the requirements of EU
membership, in contrast to the more recent 1995 enlargement which included economically much more
developed and politically much more consolidated nations, e.g. Sweden, Finland and Austria (Borras et
al., 1998; Borzel, 1998; Featherstone, 1998; Borras-Alomar, 1999). The Europeanization of post-
communist politics, policies and institutions is an area which has only recently attracted academic
attention, with the EU eastward enlargement project, and remains generally embedded in studies about the
consequences of the EU’s eastward enlargement on EU institutions, governance rules and policies (Nello
and Smith, 1997; Mayhew, 1998; Grabbe and Hughes, 1998; van Brabant, 1999; Curzon Price et al.,

A focus on the institution of post-communist tripartism is particularly useful because it clearly
reveals two different aspects of the process of Europeanization that are especially characteristic of non-
EU member states aspiring for EU membership. The first one is “soft” Europeanization: changes in
domestic politics, policies and institutions as a result of "Western" modeling, including European
transnational and transgovernmental processes and even the impact of global actors, such as the IMF and
the World Bank, the policies of which became interwoven with European regionalization in light of the
anticipated accession of CEE countries to the EU. The second aspect of the Europeanization of CEE
politics, policies and institutions is the "hard" one. "Hard" Europeanization denotes changes in CEE
politics that stem from the EU's requirement that CEE candidates for membership implement in full the
80,000-page body of EU common law, the *acquis communautaire*, as a precondition for their entry into
the EU (Preston, 1997).

This paper explores these two aspects of the Europeanization of post-communist tripartism by
focusing on the institutional implications of the "European" factor from the very beginning of the post-
1989 reconstruction of the region. I provide an in-depth analysis of the emergence, development and
consolidation of tripartite forums in Bulgaria. Bulgaria is often considered to have the most developed
tripartite-corporatist structures in the post-communist region, with thirteen different tripartite bodies
established since 1997-98 (See Table 1, at the end of this paper). Some of these bodies have decision-
making powers over the management of social funds and labor affairs and are involved in virtually all
levels of bargaining (e.g., national, sectoral and regional).

I address the issue of institutional design of tripartism by applying a corporatist institutionalist
perspective. This perspective is part of what B. Guy Peters called "societal institutionalism," a specific
combination/unification of the three major institutionalist perspectives – historical, rational choice, and
sociological (normative) institutionalism (Peters, 1999: 117). Under corporatist institutionalism, the
relationship between government and interest groups could be viewed as aimed at an "appropriate
behavior" understood as general consensus (the normative-institutionalist perspective); as "path-
dependent" (the historical-institutionalist perspective); but also as "rational" (the rational choice
perspective) (See also Hall and Taylor, 1996; Thelen and Steinmo, 1992; March and Olsen, 1984 and
Corporatist institutionalism presents tripartism as three-layered – normative, historical and rational-choice (See Figure 1, at the end of this paper) – with corporatist compromise as the glue linking together the layers. The normative basis of post-communist tripartism is a shared understanding of the necessity to cooperate in the preservation of social peace and the legitimation of actors in the period of transformation. Added to this cultural-normative perspective is a second, historical layer that reflects the concrete input of social actors’ past practices. The legacies of state socialism have produced conflicting pressures on post-communist tripartism. On the one hand, they left a highly communitarian culture that generally fosters corporatist linkages between the state and social groups. On the other hand the decades-long experience with transmission-belt political arrangements left the working population at large generally ill-disposed towards close collaboration with a still reforming state. The third, rational-choice layer of post-communist tripartism reflects a rational process of social actors’ differing strategic commitments to social partnership and their attempts – within the constraints imposed by the first two layers – to maximize their individual gains from corporatist bargaining.

Based on a detailed historical account of the emergence and development of tripartism in Bulgaria, I argue in the next section that as far as the birth and initial development of the institution of tripartism is concerned, domestic innovation mixed with “lesson drawing” and “learning experience” (Rose, 1991) prevailed over any direct institutional transfer and imitation of existing Western European tripartite structures. Initially tripartism was mostly shaped by twin domestic necessities – the need to secure social peace and legitimate the actors in times of rapidly falling living standards and uncertainty, as a result of economic, political, and legislative reforms. That domestic effort, had it not been recommended by common sense alone, would have gained high priority because of pressure from international lending institutions and the European Union, which offered to make loans to the region only provided that certain conditions of social peace were met. Overall, the initial development of Bulgarian tripartism reveals a “soft” Europeanization in an international and institutional context that included not only the EU and the Western European model of capitalism, but also global actors such as the IMF, the World Bank and foreign corporations with subsidiaries in the region.
With the advancement of transformation and the European integration process, another section of this paper reveals, direct institutional transfer from Europe has become more prominent. With the speeded-up accession process and the stepped-up harmonization of CEE countries' laws with the EU common law, the *acquis communautaire*, the applicants for EU membership became subject to the requirement to "establish and maintain social dialogue" as a precondition for their entry. While this EU requirement is not stringent with respect to details, it is nonetheless viewed as important for defending tripartism against potential attempts by neo-liberal governments to abolish it,¹ and may, as a result, lead to tripartism's further development as an enduring institutional structure.

As part of both the "soft" and "hard" Europeanization of tripartism, I trace three consecutive steps of increasing institutional transfer from the European Union: (1) the EU’s PHARE "Social Dialogue" Project; (2) the establishment of temporary, EU accession-driven tripartite institutions such as the Council for the Ratification of the European Social Charter (Revised), and the Joint EU-Bulgaria Consultative Committee on Economic and Social Issues; and (3) attempts to establish an Economic and Social Council as an enduring, EU-designed institutional structure of tripartism.

The final section analyzes how the general trend from domestic innovation and lesson-drawing to EU-driven institutional transfer in post-communist tripartism’s Europeanization applies to internal three-layered complex interactions.

**“Soft” Europeanization: lesson-drawing, international conditionality and domestic innovation**

Tripartism and collective bargaining can operate as viable mechanisms for the regulation of the terms and conditions of employment where there is a market economy, especially labor markets, and where there are clearly differentiated social groups with contrasting interests. Under state socialism, these conditions were missing. In Bulgaria and other Soviet bloc countries, state socialism abolished private property and markets. Labor markets were paralyzed by administrative control, and wage bargaining was replaced by central planning. As far as the second basic precondition is concerned, the ruling marxist-leninist ideology regarded conflicts in the sphere of labor as contradicting the "true" nature of socialism

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¹ This is a note to indicate that further explanation or reference is required regarding the implications of EU requirements on tripartism.
as a classless society based on public (state) ownership. The alleged supremacy of the “common” interest over individual and group interests created, in theory, fully harmonious relations between the state and the trade unions.

The “harmony” and “unity” of all interests were additionally strengthened by the absence of real employers and the lack of autonomous partners. Although not involved in bargaining over employment conditions, the Bulgarian trade unions had been allocated some state distributive functions in the areas of health care, recreational facilities, and pension benefits. At the national level unions were formally involved, together with state organs, in the preparation of normative documents concerning labor and social issues and living standards, which were jointly signed by the government and the central organs of trade unions. However, all these activities required preliminary communist party approval.

In search of institutional solutions

In November 1989-March 1990, in the context of a severe strike wave in Bulgaria, a genuine search for institutional solutions to the problem of mounting industrial unrest was spontaneously initiated. Union activists at various levels became involved in a “learning experience” and “lesson-drawing,” e.g., the interpretation and adaptation of Western achievements “collective bargaining,” and its active promotion in emerging market conditions. At that time, highly qualified International Labor Organization (ILO) and EU experts on tripartism and collective bargaining had not yet landed in Bulgaria. Bulgarian social actors, and the unions in particular, looked for “Western” models, not to copy them, even for administrative expedience, but to build upon them a “return to normalcy” under the conditions of a market economy, while catching up with the advanced practices of collective bargaining in the most developed market economies in the world.

In early 1990, when Bulgarians started exploring the Western experience in combating strikes and other industrial unrest, they were looking not for “tripartism” but for “collective bargaining,” an institution which was familiar to Bulgarians from the pre-WWII past, though with pro-fascist elements in the period 1936-41 (Tseneva, 1991). “Tripartism” as a term was unknown to both academic circles in the
field of labor relations, and to the more policy-oriented experts of the social actors. Yet, in practice, given the domestic conditions of a prevailing state property and an overwhelming state involvement in the economy, it was tripartism that was established in Bulgaria by March 1990. The first normative documents prepared by the Bulgarian "social partners" to regulate their relationships included: the elaboration of the Law on the Settlement of Collective Labor Disputes which was adopted by the Grand National Assembly on March 6, 1990; the signing of a General Agreement on urgent social and economic problems, between the government, the Confederation of Independent Trade Unions In Bulgaria (CITUB) and the National Union of Economic Managers (NUEM) (15 March 1990); and the adoption by the social partners of General Guidelines for the Conclusion of Collective Contracts and Agreements During 1990 (5 April 1990). The creation on April 5, 1990 of a National Commission for Coordination of Interests, marked the institutionalization of this sort of social dialogue in Bulgaria.

The National Commission for Coordination of Interests aimed at arriving at mutually acceptable decisions concerning economic reforms and the social consequences of the reforms, including labor relations issues, social security and living standards, and the resolution of important labor conflicts, including those where strike actions were legally forbidden. In early 1993, following the adoption of a new Labor Code which made social dialogue and social partnership mandatory, the National Council for Tripartite Cooperation (NCTC) was formed. It continues to this day and comprises representatives of the government and of the organizations of employees and employers recognized by the Council of Ministers as being nationally representative. On the union side, these are the CITUB and Podkrepa CL. On the employers' side, these include the Bulgarian Industrial Association, the Bulgarian Chamber of Commerce and Industry, the Union of Economic Enterprises, and the Vazrazhdane Union of Private Producers.

The NCTC focuses much of its attention on wages. The social partners have to agree on the national minimum wage and other protected payments – monthly additional children's payments and unemployment benefits – which are calculated as a percentage of the minimum wage. Strategies and policies in the area of employment and unemployment are also regularly discussed by the NCTC, and important laws and normative documents eventually issued by the government often have been prepared
by the NCTC. The goals, principles, criteria and mechanisms of incomes policy have also been a major area of discussions within the tripartite forum, as well as most aspects of the economic reforms. These include price controls on selected basic goods and other goods produced by state monopolies; legislation concerning the financing of small and medium enterprise development; and privatization and industrial restructuring.

As the Bulgarian economy deteriorated sharply in 1996, as a result of mismanagement by the Videnov government, social dialogue within the NCTC was discontinued. Massive protest actions and strikes across the country in December 1996 and January 1997 led to the resignation of the Socialist government and to early parliamentary elections in April 1997. In July 1997, following general elections, the UDF-based Kostov cabinet was formed, as was a currency board that pegged the Bulgarian currency, the lev, to the German mark.

A Charter for Social Cooperation and Memorandum for Priority Common Action, signed in October 1997 between the Prime Minister and the social partners, aimed to mobilize a broad social consensus so as to continue economic and social reforms in the country, and promote democratization. Through a series of laws adopted in 1997-1998, the Kostov government created additional tripartite organs to complement the NCTC in all major areas of the social sphere, in accordance with the priorities set in the government program Bulgaria 2001 for the period 1997-2001. The program emphasized the social market economy as the economic guarantee for the development of industry and for the rights and freedoms of individuals (Bulgarian Government, 1997). The social market order included private property and the creation of markets, free bargaining, and a well-developed social security system. The government policy in the social sphere included several major high-priority goals, among which were a panoply of reforms – in the social security system, in incomes policy and social assistance, and in health and safety at work, for example – and the creation of labor markets. The government program emphasized the tripartite character of the management and control of a variety of social funds.

Consistent with the social-dialogue orientation of the new government, a total of 13 corporatist structures arose in Bulgaria after 1997 - eight tripartite forums and five tripartite boards for the
management of social funds (Ministry of Labor and Social Policy, 1998a). Many of the tripartite organs departed from their classical tripartite character and became multipartite, including nongovernmental organizations and various professional organizations. Moreover, the tripartite organs developed not only as organs of consultation but as bodies through which social groups became directly involved in the decision-making process.

In addition to the NCTC, the social partners created the following specialized national tripartite forums, to facilitate the conciliation of interests on a broad variety of social issues: the National Council on Unemployment Protection and Employment Promotion (to regulate unemployment insurance policy, employment promotion, and vocational training of persons of working age); the National Council on Vocational Training (to approve state policy in the area of vocational training); the Supervisory Board of the National Employment Office (to approve basic guidelines on the implementation of the state policy on employment promotion, organization of professional training and retraining, and unemployment protection); the National Council on Working Conditions (for coordination of state policy for the promotion of health and safety at work); the Managing Board of the Working Conditions Fund (to exercise control over the management of the Working Conditions Fund); the Council on Social Assistance (to analyze the development of social assistance in the country); the Managing Board of the Social Assistance Fund (to exercise control over the Fund); the Supervisory Board of the National Social Security Institute (to exercise control over the National Fund for Social Security); the National Council on Rehabilitation and Social Integration (a consultative organ to the Council of Ministers in the area of rehabilitation and social integration); the Managing Board of the Rehabilitation and Social Integration Fund (to exercise control over the Fund); a tripartite Meeting of Representatives as a governing body of the National Health Insurance Bank; and a Consultative Council for Legislative Initiatives at the Bulgarian Parliament (with the aim of improving the quality of social dialogue in Bulgaria and guaranteeing transparency of public debates on the most important areas of social legislation: social reforms, and harmonization of Bulgarian social and labor legislation with European common law).
The PHARE “Social Dialogue” project

It was at least a few months after the creation of the first tripartite body in Bulgaria in April 1990 that experts from the ILO were mobilized in numerous seminars and workshops with all actors to clarify the concept and meaning of the “Western” mechanism of collective bargaining. And much later, in 1993, after the adoption of a new labor code which made tripartism mandatory, the EU developed a special “Social Dialogue” Project under its PHARE assistance program for the region.

The project was part of PHARE’s Democracy Program aimed at building institutions and civil society in the countries of CEE, but the amount for the Democracy Program has been relatively small: only 0.4% of total PHARE assistance to CEE (Commission of the EC, 1997). The “Social Dialogue” Project ran until 1998 and had as its major goal strengthening the organizational capacity of the social actors and educating them in social dialogue and negotiations as an alternative to spontaneous strike actions in the emerging market environment (ISA and PHARE, 1994). Expert assistance and office equipment have been provided to the social partners under this program. In order to promote social dialogue in Bulgaria and across CEE countries, arrangements were made for representatives of the social partners and governments in both Western and Eastern Europe to visit one another. For example, the Bulgarian social partners made study visits not only to Western European countries with developed social dialogue structures, but also to Poland and Hungary. Such trips, which involved briefing sessions beforehand and group learning sessions afterward, were aimed at giving CEE social partners concentrated exposure to other countries’ approaches to equivalent work.

A series of policy seminars was also organized under the “Social Dialogue” Project. Training to develop social dialogue at branch and regional levels became the crucial element of the project. Different courses were set up at different levels, covering the major areas of skill the social partners needed, such as the structure of the market economy and industrial relations, labor and social welfare legislation, privatization and employment contracts, negotiation skills, development of a local economy, employer and trade union structures and organizations, conflict management, and general technical skills for use at the base organization.
The Project aimed also at strengthening and professionalizing the structures of the social partners in order to ensure the adequate functioning of social dialogue; developing an arbitration and conciliation service and strengthening the structures and processes of the industrial court; and establishing an information and resource base to meet the social partners’ needs. A major emphasis was placed on training the trainers, with expert assistance from Western Europe. The EU’s “Social Dialogue” Project has, thus, significantly strengthened tripartite institutions in Bulgaria and across post-communist Europe.

**Tripartism and the conditionality of the international lending community**

The West's first response to the revolutions in the East was broad, coordinated support. Significant resources were mobilized through the establishment of the G24 coordination process in 1989; the creation of the European Bank for Reconstruction and Development and the PHARE grant program, which were conceived specifically to serve the region; increasing loans to the region by the International Monetary Fund (IMF), the World Bank (International Bank for Reconstruction and Development), and the European Investment Bank; and the establishment of significant bilateral aid programs in the United States, Germany, the United Kingdom, and France. The largest pure grant donor has been the EU, mainly through its PHARE program (Mayhew, 1998: 135).

Some have viewed the international financial institutions as having a positive impact on domestic restructuring. Others, pointing to the global impact of neo-liberalism and the allegedly “dictatorial” character of the IMF, have argued for the installation of “peripheral capitalism” in the CEE region (Mommen, 1993). It is certainly true that since 1989 these institutions have turned into external policy-making centers for setting up the guidelines for a market economy in CEE; they have played the role of “shadow partners” in domestic policy-making and national tripartism (Petkov, 1996).

The IMF’s approach to the emergence of new capitalist regimes in CEE has been to provide financial, technical, and policy assistance to reorient the political economies toward market-based systems that are integrated into the international economy. The IMF appears to have been a consistent champion of neo-liberalism in Bulgaria and elsewhere in CEE; especially notable was its establishment in Bulgaria.
in July 1997 of an emergency assistance program providing $657 million and the introduction of a

currency board. But over time the emphasis on social issues has increased (Camdessus, 1995).

This has been part of a broader shift in recent IMF policies from providing temporary financing to
countries to achieve sound money, stable exchange rates, and open markets, toward offering assistance
for policy initiatives addressing a wider range of issues, including increased spending on basic human
needs, adequate social protection for vulnerable groups, and, most important, on the promotion of a
more effective dialogue on economic policy among governments, labor, business, and the rest of civil
society (Camdessus, 1998). Stand-by agreements with Bulgaria, among others, have specifically
addressed crucial social needs, such as raising the levels of wages and pensions and restructuring the
social safety net (IMF Press Releases, #97:15 and 95:14). IMF missions have also required the
conclusion of national social peace agreements as a condition for granting loans. Negotiations between
the IMF and national governments have been broadened to include representatives of trade unions and
employers' organizations. In Bulgaria, the 1992 revival of tripartism – following its deadlock after the
neo-liberal UDF government of Filip Dimitrov came to power in 1991 – was closely linked to
negotiations with the IMF (Thirkell and Tseneva, 1992).

With the introduction of a currency board in Bulgaria in July 1997 that pegged the Bulgarian
currency, the lev, to the German mark, the role of the IMF has become particularly important in Bulgarian
tripartism. The introduction of a currency board under the insistence of the IMF stabilized the Bulgarian
currency. Consumer price inflation dropped to only 1 percent in December 1998, from 578.5 percent a
year earlier, and stood at 1.7 percent in the twelve months prior to July 1999 (Wyzan, 1999; Done, 1998:
11: Agency for Economic Analyses and Prognoses, 1998). The currency board arrangement, however,
challenged the government and the social partners to work closely with the international financial
institutions which became an important part of the revised social dialogue system. Under the conditions
of a Charter for Social Cooperation and Memorandum for Priority Common Action (signed in October
1997 between the prime minister and the social partners), the unions agreed to allow the Currency Board
to start working, accepting the need to preserve the social peace, under the condition that there would be a
deep social dialogue.

The World Bank has also been committed to helping the CEE countries modernize and adapt
their economies, including their social security systems, as a necessary foundation for the creation of a
competitive capitalist economy (Gedeon, 1997). The World Bank has provided broad-gauged support –
over US$1 billion to date for 15 projects in Bulgaria (World Bank Press Releases, 1999). The Bank
concludes social protection adjustment loan agreements with CEE countries, focusing on reforms in social
insurance (including pensions, health insurance, and insurance covering short-term unemployment,
sickness, and maternity). unemployment programs, and social assistance. In Hungary, the World Bank's
Human Resources Development Program promoted the establishment of a number of regional retraining
centers to be run by a national tripartite body, the National Training Council (Hethy, 1994: 316).

With the expansion of the EU's eastward enlargement project, the international financial
institutions and especially the World Bank have been actively involved in the preparations of the CEE
countries for accession. The EU's Copenhagen accession criteria of 1993 and accession partnership
agreements with the CEE applicants for EU membership from the summer of 1998 have become a
benchmark for international financial institutions and corporate investors with long-term interests in the
region. In view of the limited resources available from PHARE, the EU envisaged close cooperation with
the European Investment Bank, the European Bank for Reconstruction and Development, and the World
Bank. In October 1997 the EU set up a joint working group to determine how the four institutions can
best coordinate their interventions in the candidate countries. A Memorandum of Understanding spelling
out the modus operandi among these institutions was signed in March 1998. The World Bank had
already held discussions with most of the candidate countries to determine what type of assistance would
best help them meet membership requirements. In Brussels in December 1997, the European Union and
the World Bank established a joint accession initiative with the ten applicant countries, the so-called
European Borrowers Network Initiative. The Network concentrates on the organization of educational
and training seminars in Brussels for government and business officials from the ten applicant countries.
These developments point towards the close and complex interweaving of processes of Europeanization with processes of globalization. They represent a constitutive part of the “soft” dimension of the Europeanization of CEE politics, policies and institutions during the accession process, as long as the EU’s conditionality of accession contradicts in practice the conditionality of the international financial institutions related to their lending policies for the region, and can lead to compromises and changes in the scope of initial conditionalities.

**Tripartism and foreign investors**

Private actors were also vitally important in the transition to capitalism. Actually, the key principle of the IMF and World Bank’s financial involvement in the region has not been direct infusion of money through their own resources, but rather efforts to attract other financial flows to the countries, particularly the private investment and foreign direct investment that result from successful economic stabilization and reform programs.

By creating their own interest organizations, and/or through their membership in domestic business associations and networks for active political lobbying, foreign companies are able to influence government policies aimed at restructuring the corporate sector and the domestic macroeconomic environment. Despite the possibility that “investment wars” (Bergsten, 1974; Bergsten et al., 1978) will result as growth rates, efficiency, and living standards are raised through technology transfer, new and better management techniques are introduced, improved market access in other countries is gained, and competition is increased, foreign companies are no longer viewed with suspicion by national governments as creating an unhealthy dependence of the host nation upon foreign capital (Graham, 1996; Moran, 1998).

Through their engagement in domestic tripartite arrangements, foreign corporate actors can influence public policy at all levels. Many of the largest foreign firms that have invested in Bulgaria are members of the Bulgarian International Business Association (BIBA). Founded in 1992, BIBA actively promotes the interests of foreign corporations. It maintains a regular dialogue with the Bulgaria
Investment Forum, the Bulgarian government, and international financial institutions. Collaboration between domestic employer organizations and those of international companies is often prompted by the need to consolidate the employer side. In Bulgaria, BIBA consults regularly with domestic business organizations, such as the Bulgarian Industrial Association, before submitting its annual white paper to government and parliament with proposed changes in legislation.

Towards a “hard” Europeanization of tripartism

The expansion of Bulgarian tripartism in 1997-98, while provoked by a purely domestic need to preserve social peace following a drastic financial crisis in the fall of 1996, nonetheless reflected an increased impact of the process of eastward enlargement of the EU, and Bulgaria’s aspirations for membership in the club. It also marked a shift from soft to hard Europeanization of tripartism. According to the Charter for Social Cooperation signed by the social partners in October 1997, the goal already was also to bring social dialogue “in the style that takes place in many European countries” (Ministry of Labor and Social Policy, 1997).

The EU impact on Bulgarian tripartism developed in three major steps: (1) the launch of the EU’s PHARE “Social Dialogue” Project (1993-98), as discussed in the previous section; (2) the establishment of temporary, EU accession-driven tripartite institutions such as the Council for the Ratification of the European Social Charter (Revised) (1998), and the Joint EU-Bulgaria Consultative Committee on Economic and Social Issues (1999); and (3) continuing and somewhat controversial efforts to establish an Economic and Social Council as an enduring, EU-designed institutional structure for tripartism.

Council for the Ratification of the European Social Charter (Revised)

The EU's Agenda 2000, the accession partnership agreement with Bulgaria concluded in 1998, and the EU decision to open accession negotiations with Bulgaria in February 2000 have determined Bulgaria’s future direction and the priorities of the Kostov government. Since 1997, the process of European integration has developed domestically at the level of institutional infrastructure and judicial
norms – all draft laws require special certificates that show the degree of their harmonization with European standards and directives (Center for the Study of Democracy, 1998; Pari, 26 July 1999).

Directly linked with the European integration process was the creation of a fourteenth social dialogue forum – the Council for the Ratification of the Social Charter (Revised). One of the few firm accession requirements of the EU in regard to the social _aequus_ has been the ratification by each applicant country of the Social Charter (Revised) of the Council of Europe. On September 21, 1998, Bulgarian Minister of Labor and Social Policy Neikov signed the European Social Charter, and national preparation began for its ratification.

The Council for the Ratification of the European Social Charter (Revised) was established in the fall of 1998 with the aim of giving voice to the government regarding the ratification of the Social Charter by mid-2000, and of implementing the obligations following the ratification. The Ratification Council must work to win acceptance not only of specific articles that need to be ratified according to the requirements for ratification, but also of an additional number of articles or numbered paragraphs, to make a total of not less than sixteen articles or sixty-three numbered paragraphs (Council of Europe, 1998). In the course of its work on the ratification of the European Social Charter and the fulfillment of all obligations subsequent to ratification, the Council must follow the social policy of the Council of Europe. It thus plays the role of intermediary for all adopted European measures, for the European facets of Bulgarian social cohesion, and for full harmonization of Bulgarian social legislation with the basic standardizing and coordinating documents of the Council of Europe. One of the strategic goals of the Council is to increase the transparency in its activities and to promote mutual trust between state institutions and civil society.

The Council includes representatives of state institutions, organizations of employers, organizations of workers, professional organizations, nongovernmental organizations, local authorities, and research institutions and organizations – a total of some 40 different institutions and organizations. This is the widest institutional structure among any of Bulgaria’s tripartite organizations to date. Each organization participating in the Council’s work nominates one representative to the Council. The
Council is chaired by the minister of Labor and Social Policy. Members of the Council can form factions or working groups, according to various group interests. Opinions on finished draft documents are voted on at a plenary session of the Council and are adopted by a three-fourths majority (Ministry of Labor and Social Policy, 1998b).

The Council had four sessions by mid-1999 – on January 13, 1999, February 3, 1999, February 24, 1999, and April 19, 1999. The third session was a joint meeting with representatives of the Council of Europe. The work of the Council focused on the selection of articles for ratification in three major groups of social rights: protection of employment, protection outside the workplace, and “social protection” (for example, unemployment benefits and health insurance) for the population.

The screening of social legislation as part of the overall screening process initiated by the EU in 1998 was an area in which the Bulgarian social partners became actively involved, through the elaboration of a Joint Action Plan with the Ministry of Labor and Social Policy (Ivan Neikov, 1999). Moreover, with the opening up of accession negotiations in early 2000, the government decided to include the social partners from the National Council for Tripartite Cooperation in the EU accession negotiations, specifically in the discussions on the free movement of people, social policy, and employment. The social partners will also take part in the management of the resources of the EU pre-accession funds (Pari, January 11, 2000).

Overall, in regard to compliance with the EU’s social acquis, virtually all influential groups in Bulgaria have come to accept the need for harmonization of Bulgarian social legislation with the EU common law, because they expect improvements in living standards to follow harmonization. Problems thus arise not between the EU and Bulgaria and not among the various social interests in Bulgaria, but rather between those working in the financial sphere and those working in the social sphere within Bulgarian government.  

Conflicts also arise between the EU requirements and the IMF and World Bank conditions for granting loans. Thus, for example, whereas effective oversight of health care will require extensive administration, the IMF and World Bank require a 4-percent lay-off of all administrative personnel,
including administrators in agencies charged with oversight and control. More tension arises between the EU acquis and the ratification of some of the ILO recommendations. For example, ILO conventions require the abolition of female work in mines for the purpose of preserving women’s reproductive function. The EU, however, insists that Bulgaria denounce these conventions, because they contradict the principle of equal opportunity.

Joint Consultative Committee on Social and Economic Issues

The formation of the EU-Bulgaria Joint Consultative Committee (JCC) was another major tripartite development in Bulgaria initiated by the process of European integration. The decision to form the Consultative Committee was made by the EU-Bulgaria Association Council on September 15, 1998, and the Committee’s inaugural meeting was held in Bulgaria on January 17, 1999. It is multipartite, comprising six representatives from the economic and social interests of the EU (the Economic and Social Committee of the European Communities, ESC) and six from Bulgarian economic and social interests (EU-Bulgaria Joint Consultative Committee, 1999).

Among the more than 200 advisory bodies to the major EU institutions, the Economic and Social Committee of the European Union plays a special role in the accession process. Although it has not been seen as a powerful EU institution, the Committee has played a prominent role in enforcing social dialogue in the region. It has drawn up and adopted numerous opinions and reports to offer constructive advice to the EU authorities facing the challenge of enlargement (Economic and Social Committee of the EC, 1998a and 1998b). In these opinions the Committee has insisted that a broader public within the applicant countries should be involved in the accession process, not just political, economic, and legal experts.

The Bulgarian part of the EU-Bulgaria JCC was constituted at the end of October 1998. It comprises three groups: employers (the Bulgarian Industrial Association); trade unions (the CITUB and Podkrepa); and other interests (the Federation of Consumers in Bulgaria; the Bulgarian Women’s Union; the Federation of Consumers; and a farmers’ Federation of the Cooperatives in Bulgaria). The ESC part
of the Joint Consultative Committee also comprises three groups: employers (the Assembly of French Chambers of Commerce and Industry, ACFCI; the General Italian Confederation of Commerce, Tourism, and Services, Confcommercio; and the Confederation of Finnish Industry and Employers); employees (the Netherlands Trade Union Confederation, FNV, and the French Democratic Confederation of Labor, CFDT); and other interests (the Greek Economic Chamber, and the Central Union of Agricultural Producers and Forest Owners MTK, Finland). The Bulgarian secretariat to the JCC is administered by the Bulgarian Industrial Association, and its chairman was elected chairman of the Bulgarian part of the Committee. The ESC's Division of External Relations organizes the secretariat of the ESC part of the Committee.

The purposes of the JCC are to prepare the ground for enlargement of the EU by promoting dialogue and to support the professional organizations of the partner country in their efforts to create a functioning society in which their consultation by the government is an integral part of the decision-making process. This has become particularly important with the start of accession negotiations between the Bulgarian government and the EU. Another task of the JCC is to assist and consult the EU-Bulgaria Association Council on the promotion of dialogue and cooperation between the economic and social interest groups in the EU and those in Bulgaria. The dialogue covers all economic and social aspects of EU-Bulgaria relations in light of the Association/Europe Agreement and the Accession Partnership Agreement between the EU and Bulgaria.

Economic and Social Council

A "loose" EU requirement in terms of social dialogue in applicant countries is for the establishment of an Economic and Social Council as a purely consultative organ, whose recommendations need not necessarily be followed by the government: still, all draft laws have to be submitted beforehand to the Economic and Social Council for review. This Council directly corresponds to the European standards for economic and social councils. The creation of the Council was envisaged under the PHARE program, and its formation became part of the Kostov government program in the social sphere, under
recommendations from EU experts. A draft law for the Economic and Social Council is expected to be adopted by Parliament in April-May 2000. The Council is to expand to overlap civil society and develop as a multilateral inter-institutional structure, with representatives of trade unions, employers, women’s organizations, consumers’ organizations, and organizations of cooperatives, and a chair jointly appointed by the Council of Ministers, the chairman of the Parliament, and the president (Ministry of Labor and Social Policy, 1999; Daskalova, 1999).

In light of the extensive tripartite system that has developed so far in the country, the creation of an additional tripartite structure – the Economic and Social Council – challenges Bulgarian tripartism in important ways. As a result, despite the fact that the idea of the creation of this Council was launched as early as 1993 through the EU’s “Social Dialogue” Project, the Bulgarian social partners are still debating its creation. Behind these prolonged debates is the lack of any real need to create an additional tripartite structure that, at best, will come to duplicate already existing tripartite forums. On the one hand, the National Council for Tripartite Cooperation already satisfies the minimal EU accession requirement of “social dialogue” as government consultations with social groups, and even goes beyond purely consultative functions, to add some important decision-making responsibilities for the social partners in the areas of minimum wages and the social sphere. On the other hand, twelve additional tripartite institutions have already established tripartism’s outreach to society at large, as suggested by the Economic and Social Council.

The screening process of the Bulgarian social legislation revealed, however, that the EU experts participating in the screening exercise were “surprised” by the proliferation of so many tripartite institutions at the national level in Bulgaria. Keeping in mind that Bulgaria has, so far, developed the most elaborate system of national, regional and sectoral social dialogues in the CEE region, it is striking that in its evaluation of the implementation of the acquis by the CEE applicant countries, the Commission of the European Communities has assessed the development of social dialogue in Bulgaria as “still embryonic, although the Government and the employers’ and workers’ organizations have signed a Charter on Social Partnership” (Commission of the EC, 1999).
Conclusions

It would be wrong to suppose that tripartism developed in Bulgaria as an “institutional transfer” from “corporatist” Europe in the early months of transition, or because of European common law and EU requirements for social dialogue in the advanced stage of transformation. The tripartite institution emerged in Bulgaria long before those influences were born, under the complex combined influences of a variety of “Western” sources, including the European “social partnership” model and financial and technical assistance from the EU under its PHARE “Social Dialogue” project. These “soft” Europeanization trends were significantly interwoven with the policies and conditionality of international lending institutions such as the IMF and the World Bank, and the organized lobbying pressures of foreign corporate actors.

Bulgaria is a classic example of how a variety of domestic and international actors and pressures were pushing in the same direction, towards tripartite cooperation. As early as March 1990, the social partners established a tripartite forum as a predominantly domestic innovation to cope with rising social tension and help organizational restructuring and consolidation along economically, not ideologically-based cleavages. As soon as a more neo-liberal oriented government came to power, however (1991), the normative foundations of tripartism were shaken by the government’s firm anti-tripartism, as a rational ideological stand and well-articulated public policy. This challenge to tripartism was short-lived, however, because of the interference of international lending institutions. The IMF required that the government restore and maintain social dialogue as a condition for its revitalizing financial injections. Reluctantly, the government did so in the summer of 1992.

These swings in Bulgarian tripartism show that, in its formative years, post-communist tripartism went beyond its all-encompassing, pressing cultural-normative foundation, to also reflect a rational clash of actors’ conflicting ideologies and commitments to social dialogue, and their burdened corporatist past during state socialism. Initially the tripartite structures played the role of an escape valve for political tension – they were widely viewed as psychoanalytical talk-shops where the social partners could meet, quarrel with each other, and then relax, because either the problems were plainly insurmountable, with
nothing to be done, or they were seen in different lights by different parties, in which case the social partners could understand each other through an open exchange of views. There was not much left for the extensive counter-influence of past “transmission belt” politics, on the one hand, and rational interactor bargaining over the distribution of the pains and rewards of transition, on the other.

Bulgaria’s case also demonstrates that in post-communist countries, with their foreign-debt burdens and their aspirations for EU membership, the international community can have a decisive say over tripartism’s future. In contrast to the shift from tripartism’s normative to its rational-choice layer with the maturing of transformation, the EU accession process has generally boosted the importance of the normative layer of tripartism, versus the rational-choice one. A consensus on accession already exists. Even Leszek Balcerowicz, the prominent Polish neo-liberal, while raising concerns about the EU’s imposition of its social standards in its eastward expansion, has acknowledged that little can be done to counterbalance this trend in the central and Eastern European applicants, as long as they wish to become EU members (Balcerowicz, 1999).

By the same token, it may well be that EU experts, EU integration and EU norms regarding the establishment and maintenance of social dialogue as part of advanced accession requirements since 1997 have fortified social dialogue in the country, by preventing the advent of a strict neo-liberal government with no commitment to social partnership. A part of this gradually expanding trend towards a “hard” Europeanization of tripartism is another, much broader issue: to what extent will this permanent social dialogue will be meaningful? The difficulties of establishing an Economic and Social Council in Bulgaria point towards an institutional bifurcation of tripartite structures during accession – one set of institutions actually serves domestic purposes, and another set of institutions serves the purposes of accession to the EU, without any vitality beyond the formal accession procedures.

An additional international challenge to a meaningful post-communist tripartism is the fact that social dialogue, as practiced in most of continental Western Europe, is a moving target. Searching for new solutions to the challenges of globalization and European integration, Western European countries have recently combined established national corporatist schemes with the “neo-liberal” regime, resulting
in the tentative emergence of a new socio-economic order and a new model of capitalism, argue Martin Rhodes and Bastiaan van Apeldoorn (Rhodes and van Apeldoorn, 1997). This transnational form of capitalism does not simply replicate an Anglo-Saxon neo-liberal regime on a grand scale, but rather integrates elements of Anglo-Saxon corporate governance and economic organization with established national institutions, norms, and rules. Such general European developments point to the potential increase of the complexity and interweaving of “soft” and “hard” Europeanization trends in CEE’s accession to the EU.
Table 1 *The Institutional Design of Bulgarian Tripartism*

<table>
<thead>
<tr>
<th>Tripartite Forums</th>
<th>Year of Establishment</th>
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</thead>
<tbody>
<tr>
<td><strong>A. Domestic Innovation</strong></td>
<td></td>
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<tr>
<td>1A. National Commission for Coordination of Interests</td>
<td>1990-91</td>
</tr>
<tr>
<td>1B. National Standing Tripartite Commission for Coordination of Interests</td>
<td>1991-92</td>
</tr>
<tr>
<td>1C. National Council for Social Partnership</td>
<td>1992</td>
</tr>
<tr>
<td>1D. National Council for Tripartite Cooperation</td>
<td>since 1993</td>
</tr>
<tr>
<td>2A. Supervisory Board of the Vocational Training and Unemployment Fund</td>
<td>1991-96</td>
</tr>
<tr>
<td>2B. Supervisory Board of the National Employment Office</td>
<td>since 1998</td>
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<tr>
<td>6. Managing Board of the Work Conditions Fund</td>
<td>since 1998</td>
</tr>
<tr>
<td>7. Council on Social Assistance</td>
<td>since 1998</td>
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<tr>
<td>8. Managing Board of the Social Assistance Fund</td>
<td>since 1998</td>
</tr>
<tr>
<td>9. Supervisory Board of the National Social Security Institute</td>
<td>since 1998</td>
</tr>
<tr>
<td>11. Managing Board of the Rehabilitation and Social Integration Fund</td>
<td>since 1998</td>
</tr>
<tr>
<td>12. Meeting of Representatives of the National Health Insurance Bank</td>
<td>since 1998</td>
</tr>
<tr>
<td><strong>B. Institutional Transfer: Impact of EU Accession</strong></td>
<td></td>
</tr>
<tr>
<td>15. Joint EU-Bulgaria Consultative Committee (Temporary)</td>
<td>1999</td>
</tr>
<tr>
<td>16. Economic and Social Council</td>
<td>2000 (to be established)</td>
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</tbody>
</table>
### Figure 1 Dynamics of Post-Communist Tripartism

#### A. Early Transformation

<table>
<thead>
<tr>
<th>Layer</th>
<th>Social Actors’ Commitment to Social Partnership</th>
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<tr>
<td>Historical</td>
<td>State Socialist Legacies (communitarian culture; transmission-belt politics)</td>
</tr>
<tr>
<td>Normative</td>
<td>International Community (conditionality for granting loans)</td>
</tr>
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<td></td>
<td>Legitimation</td>
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<td></td>
<td>Social Peace</td>
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#### B. Advanced Transformation

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<td>State Socialist Legacies (communitarian culture; transmission-belt politics)</td>
</tr>
<tr>
<td>Normative</td>
<td>International Community</td>
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<td></td>
<td>Social Peace</td>
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#### C. Impact of Accession to the European Union

<table>
<thead>
<tr>
<th>Layer</th>
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<td>Normative</td>
<td>International Community (Accession to the EU)</td>
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<tr>
<td></td>
<td>Social Peace</td>
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</tbody>
</table>
References


Economic and Social Committee of the European Communities. (1998b) Opinion on Reinforcing the Pre-Accession Strategy (Own-Initiative Opinion) (Brussels: Economic and Social Committee of the European Communities, 25–26 March).


Endnotes


3 Interview with Ilana Derilova, executive secretary of the Bulgarian International Business Association, Sofia, March and July 1999.

Here by “hard” Europeanization I mean not only the domestic efforts to implement the EU “hard” common law, but also efforts to comply with the EU “soft” legislation, which is more characteristic for the social sphere.


5 Interview data from the Ministry of Labor and Social Policy, summer 1999.

6 Telephone interview with Ivan Neikov, minister of Labor and Social Policy, 12 March 2000.

7 Interview data from the Ministry of Labor and Social Policy, summer 1999.

8 Interview with Aleksander Bozhkov, deputy prime minister, minister of Industry and chair of the National Council for Tripartite Cooperation, 28 July 1999.