

## A Hard Winter in Petrich

The winter started early in Petrich, Bulgaria, this year. In early October, people were already lighting their wood stoves. Electricity is expensive but there is still plenty of wood from the surrounding forests. It is more difficult however to find a solution to other problems, called the 'economic winter' by the Bulgarian Industrial Association. After a survey of business in 2009, this Association has predicted that 2010 would not show any improvement and would be a 'year of survival'.<sup>1</sup>

I spent a week in Petrich in early October, visiting members of Kaloian, the homeworkers' association. We had discussions about their current situation and visited a number of homeworkers and their families in the town of Petrich. For them, the economic winter means closure of factories and workshops, loss of work and income, difficulty in marketing their products, rising prices and great insecurity about the future.<sup>2</sup>

As Roza, coordinator of Kaloian said: ***“At the moment, because of the economic crisis, there is less homework and the situation is difficult for homeworkers. Now we are in crisis, it is difficult to do anything. We are told that we should be grateful just to have a job. Everyone is facing problems now. Prices are all going up. All the necessities of life are getting very expensive. But the wages that we are paid have remained the same.”***<sup>3</sup>

Petrich is a district of about 65,000 people in the South West of Bulgaria, near the borders with Greece and Macedonia. Surrounded by forested mountains, the town lies in a valley with fertile land, known for its horticultural products such as peaches, cherries and many different vegetables. People in Petrich, as elsewhere in Bulgaria, suffered a turbulent time in the 1990s, with the changes from the centralised state economy to what is known as “democracy”, more specifically a market economy. By the mid-2000s, the situation had stabilised somewhat and in 2007 Bulgaria joined the European Union. From 2005 onwards, the economic situation improved but 2009 and 2010 have seen any gains in jobs and living standards wiped out again.

## Twenty years of changes

Before the changes of 1989, many people in Petrich worked in state-owned factories or were engaged in collective agriculture, selling their products to the state. Their work was regular; medical care was good; standards in education high and they were covered through their work for times of sickness and old age.

Since the changes, the state-owned factories have been sold off and the collectives broken up, with land being returned to its original owners. Instead of production for national markets, much of industry became dependent on foreign subcontracting, in

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<sup>1</sup> Quoted in Novinite.com Sofia Morning News, 21<sup>st</sup> December 2009.

<sup>2</sup> Thanks to Kaloian for arranging interviews with seven homeworkers and discussions with a wider group; to Mariana and Klara for interpreting; and to Shelley for arranging the programme.

<sup>3</sup> Interview with Rozalina Ivanova, October 2010.

the Petrich area particularly in textiles, garments and leather shoes. With the major industrial centre of Thessaloniki, two hours' drive from Petrich, many of the factories and workshops were Greek-owned while others were producing for Italy, Germany and other European countries.

In the garment sector, there were large and medium-sized factories, with hundreds of workers, mainly women. But there were also many small workshops, sometimes homebased and sometimes based in a garage or workshop specially rented for the purpose. In addition, some work was given to individual women to do at home, such as sewing sequins on blouses or cleaning up the loose threads on pairs of jeans.

In leather footwear, there were also medium-sized factories and small workshops. But the work of hand-stitching the uppers of shoes was given out to women in the town and villages to do at home. Kaloian estimated that there were at least 5,000 women doing this work.

Conditions of work in factories and workshops were not good and many women preferred working in the smaller workshops where they had more flexibility. However, the homeworking was completely informal, paid by the piece, with no recognition of the women as workers, no social insurance or formal rights. This kind of informal, irregular work was unknown before but has become one of the main sources of income for families.

The economic crisis has brought many changes once again. There is some new work subcontracted to the area: we were told of a Greek clothing company that was training personnel to start production in Petrich. A company producing electrical plugs and switches had closed its factory and continued production by sending its workforce to work from home. But there are also many companies closing down completely or telling workers to take unpaid leave until the work picks up again.

There were stories of companies closing their factories overnight, giving workers no notice and often leaving them with unpaid wages, sometimes for several months. One company producing blouses, gave the women blouses to sell instead of wages. Another gave a New Year's party for its workers but failed to tell them that there was no more work and the factory was closed. This picture is confirmed by the survey of Bulgarian companies mentioned above which found that 95% of the firms surveyed saw declining sales in 2009 and the majority thought that in 2010 the situation would not improve.<sup>4</sup>

Some of the homeworkers visited had family members working in woodwork and construction. Two had worked for Greek companies: one still had work while the other was unemployed. In another family, the husband had worked in construction and was now unemployed. Another man had been employed by a large Greek-owned textile company, on the outskirts of Petrich, which had closed completely.

One of the homeworkers normally works for an Italian company producing lint bandages for export. The main factory is in the nearby town of Sandanski, but some packing is done in a small workshop in Petrich where she is employed. Now

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<sup>4</sup> See note 1

however there is no work. Half the workers in Sandanski have been laid off and the workshop in Petrich temporarily closed. She was told to take unpaid leave. Homeworkers also talked about the closure of some of the footwear factories and workshops and changing orders.

The loss of jobs and income is a severe blow for the families at a time when prices are still rising and the social security safety net completely inadequate for providing a living for unemployed workers. The state pension is also inadequate and the age for entitlement to a pension is being raised.

At the same time that industry is in crisis, families who also rely on agriculture are faced with the double blow of rising prices and insecure markets. Several people told us that they had no alternative but to sell their produce at lower than the cost of production. Costs are increasing for water and for feed for animals in the winter among others. Some Romanian traders come to buy wholesale in Petrich but families are themselves hiring trucks to take their produce to markets in Sofia or Varna, on the Black Sea coast to try and get a better price.

Many families in the region used to depend on the production of tobacco, formerly bought at a fixed price by a state company. Now the sector has been privatised and it is difficult for them to sell their produce.

In the local weekly market, many smallholders have stalls selling their seasonal fruit and vegetables, as well as chestnuts, walnuts and hazelnuts at this time of year. The market is a mixture of small producers, often with their fruit and vegetables spread out on a cloth on the ground and larger stalls selling Greek produce. Agricultural products from Turkey and Macedonia are also sold in Petrich at prices lower than those of the Bulgarian farmers. The result is that many young people are leaving the villages and seeking employment elsewhere.

### **“Our financial situation is terrible”**

The main problem is lack of income. “Our financial situation is terrible,” was a comment we heard from most people. The minimum wage in Bulgaria is 240 leva (120 Euros) a month but women reckoned that they need at least 440 leva (220 Euros) for basic living costs. When work is available in factories and workshops, it is often paid on a piece rate and when there is no work, workers initially take paid annual leave (four weeks) and subsequently unpaid leave. Unemployment benefit starts at 240 leva (120 Euros) but is later reduced to 128 leva (64 Euros) a month.

Bulgaria remains the poorest country in the European Union. Living standards have fallen since 1989, particularly in rural areas. In the mid-2000s, the economy was beginning to grow but the crisis of the last two years have seen a reversal of any gains. In 2004, Gross Domestic Product was 89% of the 1989 level<sup>5</sup> and according to the World Bank, the per capital income of 4,500 Euros in 2010 was the lowest in the European Union.<sup>6</sup> According to the recently published Human Development

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<sup>5</sup> The Balkans, A Post-Communist History, Robert Bideleux and Ian Jeffries, Routledge, 2007, p.20.

<sup>6</sup> <http://web.worldbank.org>, World Bank and Bulgaria Sign Agreement to Step Up Support For Infrastructure Development, August 10 2010.

Report, Bulgaria is ranked 59<sup>th</sup> out of 169 countries, lower than many countries outside the European Union.<sup>7</sup>

A joint survey being carried out by the World Bank and the Open Society Institute confirms the impact of the global crisis on households in Bulgaria. Key preliminary findings from this ongoing survey include:

- Approximately 30% of households reported a decline in income between March 2009 and February 2010
- These income shocks (result) primarily through lost of reduced employment or wages - approximately 34% of workers reporting an income shock through their primary job.
- Job loss that results in unemployment is the most severe type of labor market shock and has affected 5% of workers. Reduction in wages and working hours, a more moderate shock, are more widespread, affecting close to 30% of workers.

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<sup>7</sup> Human Development Report, October, 2010.

The survey also found that most households are trying to cope ***“by sending non-working family members to look for work or by seeking additional part-time work - but only the better educated and richer individual succeed in finding work. Of households that are crisis-affected and poor, 60% looked for additional work and failed to find any.”***<sup>1</sup>

During the visit to Petrich, in October 2010, families reported household incomes falling well below the average per capita income of 4,500 Euros. The eight families visited all included at least one member doing homework who was the main individual interviewed, sometimes with other family members present. Five of the families consisted of husband and wife, and children, sometimes adult. In one family the man had a regular job in woodwork and in another the man drove a taxi. In the other three, husbands were unemployed, doing occasional casual work. Of the three single women interviewed, one had a full-time job in the Post Office; one a part-time job in a restaurant and the third was on unpaid leave from her work in a workshop. Reported household income was in all cases below 650 leva (325 Euros) a month.

### **Homework: source of income**

In all cases the homework done mainly by women in these families was an important source of income for basic expenses, and in all but two households it was the main income. Women reported being able to earn between 300 and 400 leva a month from homework, although during the summer the supply of work had not been regular. Two of the women had jobs in factories or workshops but were, at the time of the visit, laid off. Since they had already used up their paid annual leave, they had no income from their outside jobs and were waiting to see if the work picked up. In the meantime, doing homework was their main source of income.

The main type of homework done by women, sometimes with the help of other family members particularly daughters, was the hand sewing of components for leather shoes, usually the uppers (6 out of 8 families). Other work was stringing carrier bags, doing tapestry work and packing socks. Women also talked about sewing sequins on blouses but reported that this work was no longer available.

The leather shoe sector is the main source of homework in this part of Bulgaria. The shoes are middle to high priced shoes, subcontracted by companies in Italy, Germany or the UK among other countries, to Bulgarian or Greek owned companies for assembly. Many are branded shoes and all are for export around the world. Typically, a pair of shoes assembled by homeworkers in Petrich sells in other European countries for between 60 to 100 Euros, while the women are paid less than half a Euro a pair for the assembly work.

Most of the women had been doing the same kind homework for many years, some of them for as long as ten years. The main problems at present are low wages, irregular supply of work and lack of health insurance. Wages, paid on a piece-rate, for sewing shoes have not changed in ten years. All the women interviewed were living within the town of Petrich. They told us that in the villages, many women were still being paid much lower rates for this work.

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<sup>1</sup> One Third of Bulgarian Households affected by the crisis, World Bank Group, 2010.

While prices are lower than in other European countries, the trend has been for prices of basic expenses to increase, particularly since Bulgaria joined the European Union in 2007. The reported levels of income were clearly insufficient to support families. Many people still grow some of their own food and prices for fruit and vegetables are relatively low. Many families also own their own houses, particularly in the villages. However other costs such as electricity and fuel, communications and transport have all increased.

A major preoccupation for all the families is also healthcare. Those formally working in factories or workshops have a payment made by their employer for health insurance. However, this is rarely the case for homeworkers, unless they pay it themselves. While health insurance in theory entitles them to free healthcare, in reality the system is not functioning and many complained of the need to pay for priority in seeing a doctor and lack of medicines and facilities in hospitals and healthcare centres.

The concern expressed by women about healthcare was not simply a question of payments, but also reflected the huge stress and anxieties experienced by people about the lives, both currently and during the twenty years of the so-called 'transition' period since 1989. The comments we heard from people during our visit are backed up by a major report on health and morbidity in Bulgaria, written by Rossitsa Rangelova. The summary of this report states: ***“The worsening demographic situation and health status of the Bulgarian people, exacerbated by the conditions of economic and social crisis during the transition period to a market economy may be the most alarming phenomena in Bulgaria.... In Bulgaria, the economic crisis gravely damaged access to health care services in particular.”***<sup>2</sup>

The report outlines a number of factors leading to the health crisis but makes it clear that changes in the health care system have led to a disastrous situation, particularly in the rural areas:

***“Awareness of the need for health care reform has been the most significant change in the social sphere during the transition period: however, rather than mobilising the authorities it has often seemed to hamper them. Discussions of reform to health care and social security began and stalled many times in the 1990s. In this situation, neither the old health care system worked nor was a new one fully created.”***<sup>3</sup>

While this analysis referred to the 1990s, the new system of health insurance introduced in the 2000s is not well-financed and is not providing adequate care, particularly to those working informally, on very low wages, without any health insurance cover.

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<sup>2</sup> Health and Morbidity in the Accession Countries, Country Report - Bulgaria, by Rossitsa Rangelova, published on The Centre of European Policy Studies, 6 December 2006.

<sup>3</sup> Ibid, p.18.

As this report points out, the population in Bulgaria is declining due to both declining birth rates and migration, particularly of young people. In 1989, it was 9 million but by 2002 has fallen to below 7 million. The proportion of people in the older age ranges has also increased since those who migrate are generally younger. One woman commented that particularly in the rural areas, there are few young people left.

The homeworkers we interviewed reflected this trend. Unlike other countries, where the care of young children is one of the main reasons for working at home, most of the women we talked to had adult or teenage children. In only one family, were there children of primary school age and even in this family, they were the grandchildren of the main homeworker. The children's mother generally worked in a shoe factory and her homework was secondary. Others were caring for elderly parents, or parents-in-law. Homework is the only option now open to the women most of whom had worked outside the home where this was possible. Several women said that when jobs did come up, employers preferred to employ younger, more glamorous women, not those over forty.

All the women we talked to live in the town of Petrich. But many have links with villages through family members or have themselves moved into the town to look for work from a village. They all commented that the situation in the villages surrounding Petrich was even worse than for those living in the town. One result of the poverty in the rural areas was that some children have stopped going to school because their families cannot afford the costs of transport to school.

The bleak picture described by these women is unlikely to be very different from other parts of Bulgaria. Petrich has probably been particularly hard hit by the economic crisis of the last two years because of its proximity to Greece and dependence on subcontracting for jobs in factories and at home. In addition to the general economic crisis in Greece, communications and transport of materials to and fro have been disrupted by blockades at the border by Greek farmers protesting against the lack of subsidies, estimated to have cost Bulgaria 3 million Euros a day while they lasted.

However, none of the families that we interviewed were from Bulgaria's minority communities, particularly the Roma community, who are known to be the poorest and most disadvantaged. We saw Roma families in the outskirts of the town and were told that they went to the forests to collect products to sell. The Roma community is also the target of much scapegoating and is blamed for many problems in much the same way that asylum-seekers and migrants are in the Western European countries. There are no Turkish communities in that part of Bulgaria, also known to have suffered through not being able to claim land in the redistribution of land when the collective farms were broken up. The Muslim communities near Petrich were said to face big problems because many of them worked in the tobacco sector, now in crisis; some younger women worked in big textile factories, now closed and although

some homework is available, it is paid at lower rates than in Petrich.<sup>4</sup>

How then can families survive and what are their strategies for the future? What are the prospects for improvements through the European Union? Or is Bulgaria destined to become permanently a poor and peripheral part of Europe?

### **Survival strategies**

In all the families that we met except for one, women were the main earners. In one family, the husband worked as a skilled joiner, making furniture for a Greek company. In this family, the wife had been a homemaker assembling shoes for many years and the adult daughter had a job in a workshop packing shoes, although she was currently on unpaid leave doing homework with her mother.

All the other women interviewed earned the greatest income, mainly through homework, although in no case did they only do homework. One woman worked in a shoe factory, on average ten days a month on a casual basis, and did homework at other times. Another worked packing medical products when work was available but was currently doing homework while she was on unpaid leave. Another worked three days a week in a restaurant in the evenings and did homework as well.

In two of the families, the husbands were drawing unemployment benefit and the main income was from the wives' homework, with one of the husbands saying that he helped his wife.

For some families, homework is the main source of income in winter months, while in summer they are occupied with horticultural work, usually on some family land. For many, subsistence farming has become crucial for the family's livelihood. Rozalina and her family, for example, coordinator of Kaloian, combines keeping goats for their milk, making yoghurt drink and cheese, growing fruit and vegetables for household consumption and for sale, work in a workshop outside the home and homework, and stringing carrier bags, done by the whole family in the evenings. Her adult son does much of the farming work while her daughter works as a cook in a nearby town. She also cares for her 86-year old mother-in-law, who helps with the carrier bags.

Another important strategy is migration, from rural areas to cities and from Bulgaria, to other countries, either daily labour across the border in Greece, or longer-term migration. The adult son of one of the homeworkers is earning 500 leva a month, on building work in Sofia, a higher wage than he could earn locally even if he could find work. Another homemaker and her husband had done daily labour in Greece on the potato harvest. Many, however, are leaving Bulgaria for relatively long periods of time, sometimes saving money to support their family. Sultana had been helping her son and his family with

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<sup>4</sup> In 2001, Bulgarians (excluding Islamized Slavs) made up 83.9% of the population; Roma people 4.7% and Turkish 9.4%.)

farming work. He and his family had lived in Spain for several years and saved money to bring back and invest in a small business.

Vaska, one of the founder members of Kaloian, has over the last few years done different jobs in Petrich, working with her family growing tomatoes on a subcontracted basis in Greek-owned farms and working in a German-owned electronics factory in Petrich. This summer however she left her children, now teenagers, with her mother-in-law and went to work strawberry picking in Spain. In two and a half months, she managed to save enough to support her family through the winter and she is hoping to return there for the planting season. In Spain, she felt, she was treated as a human being, along with other members of the workforce from many different countries, whereas in Bulgaria she feels that she has no rights at work.

One of the other homeworkers had worked as a cleaner in Portugal and she commented that she would still be there but she had had to come back to look after her mother-in-law who was sick. She clearly missed her daughter and grandchildren, but managed to communicate with them regularly over the internet.

Membership of the European Union has made possible migration to other countries even with some restrictions still applying. The greatest numbers go to Spain, over 142,000 in 2009 and probably more in 2010; in Greece it is estimated that there are 120,000 Bulgarians working and in the UK, 70,000.<sup>5</sup> In 2007, it was calculated that remittances from abroad made up 5% of GDP and migrants were sending back amounts ranging from 100 USD to 300 USD a month.<sup>6</sup> It is yet to be seen whether the crisis in other European Union countries leads to many migrants returning to Bulgaria.

Apart from providing opportunities for migration, the European Union appears to have concentrated on macroeconomic issues and has recently withheld funds from Bulgaria owing to lack of progress in combatting corruption, establishment of an independent judiciary and reducing discrimination against the Roma people.

For the women we met in Petrich, the main impact of joining the European Union, apart from migration, appears to have been the rise in prices although they also see corruption as a major problem still in Bulgaria.

### **New rights for homeworkers**

Another concern of the European Union and other international organisations has been the need to reduce the extent of the informal economy and unregistered businesses. Within this context, Bulgaria has recently ratified the International Labour Organisation Convention on Home Work and is

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<sup>5</sup> Radio Bulgaria, World economic crisis continues to direct labour migration, 20 September 2010.

<sup>6</sup> Europe Social Watch report, Migrants in Europe as Development Actors, The Impact of the Financial Crisis on Bulgarian Migrants, Plamenka Markova, accessed 29<sup>th</sup> October 2010.

planning to pass a law for homeworkers, probably early in 2011.

This is a major step forward for the homeworker organisations in Bulgaria who have over the last few years made homeworkers visible by developing organisation among them. It seems likely that substantial numbers of dependent homeworkers, working in the garment and footwear sectors, will be able to take advantage of this new law to improve their conditions. The government has also agreed to look at ways of regulating other groups of homebased workers, not dependent on specific companies or employers, but working on their own account.<sup>7</sup>

While these measures will no doubt bring improvements for many women, it is clear from discussions with women in Petrich, that more will need to be done to improve their lives, particularly those living in rural areas. Women are working hard, to pay basic living expenses for themselves and their families and policies to support them can be designed around the different kinds of work they do.

Employment and social protection has traditionally been modelled on the concept of a clear employment relationship between one employer and a worker, with relatively permanent employment over a lifetime. This model has been shown to be inappropriate for the situation of women in many developing countries and is equally so for the current situation of the women we met in Petrich.

While those working in subcontracting chains need clear rights and entitlements, this work can easily be moved away. When work was plentiful, such as during the time when the Olympic Games were held in Greece, the women were able to negotiate better conditions. But this form of employment is still precarious and there are already some indications that companies are switching their suppliers away from Bulgaria to Albania or India. The footwear manufacturers are also currently facing a reduction in orders and downward pressure on prices. At present, women have little choice given the importance of homeworking for supporting their families. In the longer-term, they need to have alternatives so that they can make a real choice about what kind of work they do.

New regulations and programmes need to take account of the reality of women's lives which is based on doing multiple paid work at any one time, or at different times of the year, in addition to most of the domestic, unpaid work and subsistence farming. New forms of social safety nets need to be put in place which reflect the multiple kinds of work that women do. The fact that the government is committed to looking at the situation of all homebased workers, including those doing own-account work is an important step forward.

Women in Petrich have many different skills and assets. Many have worked in industry and agriculture; they are literate and have both traditional and

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<sup>7</sup> Draft National Agreement on Regulation of Homebased Work in Bulgaria, July 2010.

modern skills. Many have access to land and often farm organically, without the use of chemicals. They have access to beautiful forests, with many wild forest products as well as tourist attractions in the form of beautiful landscapes, ancient buildings and historic sites.

If the European Union is going to bring benefits to the people of its poorest member state, it needs to support women such as those in Petrich by schemes for women's livelihoods in rural areas to bring hope to their families, instead of the current despair that many feel. Listening to women's voices and supporting them in creating decent work alternatives will be crucial to improving their lives at times of crisis as well as growth.