

Market Activity and EU Expansion

British Involvement in the Bulgarian Property Market

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This paper looks at EU expansion through market activity by focussing on the case of British citizens buying property in Bulgaria. The property market – at least in the northern-central rural region of the country that is the focus in this work – is driven by an attempt to achieve greater security in the context of neoliberal policies that advocate market deregulation and de-prioritise state forms of social provisioning. This creates a 'ready market' for individuals who secure their own futures through the buying (as in the Britons case) and selling (as in the Bulgarian case) of property. Importantly, it is illegal, at present, for foreigners to own land in Bulgaria and thus the present boom provides an example of the dominance of market forces that operate despite state laws designed to regulate market activity. This, I suggest, is an important dimension of how EU expansion takes place – through informal economic activity. Foreign involvement in the property market is also a source of new inequalities arising between citizens of old and new member states.

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Introduction

EU expansion takes place in a variety of ways and can be explored through a wide range of political, social and economic practices both informal and formal. In this paper I focus on one arena which brings EU citizens from old and new member states together: Bulgarian-British engagement in the Bulgarian property market.

During the last 6-7 years, there's been a boom in the sale of properties in Bulgaria. The property market, which took off some years before EU entry, has been strengthened since accession (1st January 2007). Indeed in 2007, 35% of all financial investments in Bulgaria were property related². Foreign involvement played a prominent role with 30% of all property deals made by foreigners³. This foreign trading is dominated by British citizens and companies – statistics show that Britons make up by far the largest number of foreign investors (67%) followed by the Irish (13%), Spanish, Russians and others⁴. While the market is most developed at the Black Sea, ski resorts and cities of Varna and Sofia, there are also pockets of interest in some of the picturesque rural regions of the country. The northern central provincial region of Veliko Turnovo is the case explored below.

The focus on British citizens buying rural properties in Bulgaria provides a means to explore EU expansion through market activity. In the next section I provide background information relating to the new established property market, while in the section following my focus is on British buyers and Bulgarian sellers in turn. Property transactions, at least in this region of Bulgaria, can be understood as 'market forms of social security' (von Benda-Beckmann 2000: 10), where the buying and selling of property is driven by the desire to attain greater security. This in turn is a consequence of the implementation of neoliberal policies that have led to a drastic reduction in state welfare provisions, accompanied by an emphasis on the individual to take over the responsibility of his/her own welfare (rather than relying on state assistance). It has led, over the years, to a diminishing degree of social protection for citizens in both Britain and more recently Bulgaria. I do not claim that rising insecurity resulting from the expansion of neoliberal reforms across Europe – carried out through various policies, at various times, in different places – is the only reason for the booming property market in Bulgaria. However this does appear to be a crucial part of the story, especially in rural Bulgaria. Insecurity resulting from lack of state provisioning provides one source for understanding both the 'obsession' of British buyers for rural property and Bulgarian willingness to sell; in both cases we are witnessing the coping strategies employed by downwardly mobile populations.

A vital aspect of the property market, at present, is that it is illegal for foreigners to own land (and forests) in Bulgaria. Thus the vast majority of property deals that involve foreigners in contemporary Bulgaria occur outside the formal frameworks – or at least intentionality – of the Bulgarian Constitution which clearly states that EU citizens may own land in Bulgaria (a precondition for EU membership) only 7 years after Bulgaria's initial entry into the EU, that is, after 2014. Thus an underlying concern of this paper – taken up in the Conclusion – to highlight how EU expansion – based on market engagement – does not take place simply through *formal* structures and avenues of control. It also takes place, in this case very publicly, through non-formal mechanisms that run against the grain of national legislation. 'Market forms of social security' are not restricted to formal institutional procedures but occur through informal, unregulated activities. The present boom in Bulgarian property is an example of the dominance of unregulated market forces which override state legislation designed to protect its citizens. This appears to be an important dimension of how EU expansion takes place on the ground. It is also a source of new inequalities between citizens of old and new member states.

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² www.chambersz.com/index.php/content/view/10303/109

³ www.sunnyvillas-bg.com/bg/faq.php

⁴ www.sunnyvillas-bg.com/bg/faq.php

Background

According to Bulgarian census information, there were 7.5 million foreign visitors to the country in 2006, which is almost equal to the total population of the country (under 8 million)⁵. Four and a half million of these visitors came for the purpose of tourism.

Bulgarian tourism was first developed systematically under the former head of the socialist state, T. Zhivkov, in the 1960s and 1970s (see Ghodsee 2005: 84-90). It was concentrated largely on the Black Sea and Ski resorts and targeted west Europeans (especially Germans and Austrians) as well as tourists from the Soviet bloc. It seems likely that it is precisely because this infrastructure to accommodate tourists was already in place, that the contemporary tourist industry, and as a consequence the property market, has been established with relative ease.

The situation has changed dramatically since the days of socialist tourism. Firstly, the make up of the tourists has changed – with British citizens a much more prominent feature than they ever were before. Secondly, many of these ‘tourists’ come for the purpose of buying property. There is a long history of north Europeans buying in southern Europe (e.g. see Sharpley 2004; Waldren 1997; and sociologist Dwyer 2000). In the British case, for example, Spain, Italy and France have been the traditional location for property buyers and particularly popular destinations. While this is not a central focus of my concern here, it is relevant to note that after 20-30 years of investment in these areas of southern Europe, the locations have become too expensive for many Britons. At the same time, Bulgaria’s sunny climate, red wine, beaches and ski facilities, as well as its accession to the EU, has given it a reputation as a new, relatively cheap and desirable location, making it attractive to British buyers. Indeed a recent study shows that for Britons buying a holiday home abroad, Bulgaria has become the third most popular destination after Spain and France (and unlike Bulgaria, both these other locations are declining in popularity)⁶.

The now booming market is proving to be a good investment opportunity, with properties in certain areas increasing in value by 20-30% annually over the last 4-5 years, a situation that estate agents predict will continue for the next few years. Hundreds of Britons now live permanently in Bulgaria⁷, many more are spending

the summer months in their newly acquired properties. The numbers are rising rapidly⁸.

The areas that are proving most popular are the Black Sea (now reaching western/Spanish prices) and Bansko (in the mountains). What is occurring in these two areas is large scale investment by commercial developers who build blocks of apartments and sell at increasingly high prices. This has resulted in dramatic changes in the social and physical landscape. Often too, it is in such cases that investors buy and sell over the internet, with no contact or travel to Bulgaria involved⁹.

While much of the foreign investment has focused on the Black Sea and ski resorts, there are other pockets of interest, including in certain rural areas. The focus of my paper is on precisely such a case: the Veliko Turnovo region, where I have been carrying out research for 20 years, and which now, in the last 4-5 years, has become a ‘hot spot’ for foreign property buyers. In fact as the sea and ski resorts become so expensive that they are moving out of the price range for many westerners, Veliko Turnovo, amongst other places, is increasing in popularity. A provincial capital, the medieval town has a developed tourist industry which is, however, smaller than the other better known areas of Bulgaria. Its rural character also determines the type of investors it attracts and the development that is taking place. Rural property is not considered as safe an investment as coastal or mountain properties, or as the urban centres of Sofia or Varna. So it is a different type of buyer who is attracted to the Veliko Turnovo region, someone who wants a good investment, but also a home to live in (seasonally or permanently). People recognise that they are not necessarily going to get a good return on the place (although many hope that they will). Those looking for properties solely for investment purposes continue to buy on the coast and Ski resorts¹⁰.

The Bulgarian property market was first established in 1998 and was initially chaotic. It is only in the last 6-7 years (since 2000-1) that transactions and sales have ‘normalised’ and gained momentum. According to the Bulgarian Constitution, the ownership of Bulgarian land by foreign individuals is illegal. With some exceptions, foreigners are free to own buildings but only Bulgarian citizens can

⁵ National Statistical Bureau of Bulgaria: www.nsi.bg/SocialActivities_e/Tourism_e.htm

⁶ *The Herald* ‘Britons find Bulgarian Prices are right for holiday homes’, 29th December, 2005.

⁷ For example, in the Veliko Turnovo region approximately 1000 Britons are now reportedly permanent residents. www.guardian.co.uk/weekend/story/0,1998305,00.html

⁸ While I focus on the British in the region, it is important to note that other nationalities are also buying properties and so forming their own communities within the countryside e.g. there are Belgian settlers also living in the Veliko Turnovo region, while a settlement of Japanese near Shipka in the mountains has been widely reported in the Bulgarian media (e.g. see: <http://ide.li/modules.php?name=News&file=article&sid=40>, www.chamberszcom/old/index.php?option=news&task=viewarticle&sid=435&Itemid=2, www.standarnews.com/archive/2005/03/03/reportage/index.htm). Nevertheless the number of British buyers far outweighs others.

⁹ A topic that cannot be covered in any detail here is the central importance of the media as a source through which the foreign property market was established, developed and continues to be realized. Sharpley (2004: 24, 30) also notes the importance of TV programmes in influencing British tourism to parts of southern Europe.

¹⁰ For example, see *The Independent*, ‘Bulgaria enchants Britons’, 15th March, 2006.

own land¹¹. For the present it is illegal for second home buyers – who constitute by far the vast majority of cases – to own land. However, one of the conditions of entry into the EU is that foreigners must have the right to land ownership (in most EU countries there are no restrictions concerning land ownership for EU citizens). Accordingly, new laws in place guarantee future changes in ownership laws. EU citizens will have the right to own land some 7 years after the date of accession, that is, in 2014. The existence of a 7 year moratorium following EU accession is a measure – similar to those enacted by other new EU member states (e.g. Czech Republic, Hungary, Estonia) – that has been designed to stop west Europeans from making big acquisitions of cheap land immediately Bulgaria enters the EU. The moratorium aims to protect local citizens from increasing property prices and exclusion from the market, that is, from the type of inflationary prices that are currently evident. It was designed to give time for the growth of the land market and to ensure opportunities for Bulgarians to engage in this market, protected initially from west European involvement.

Despite legislation, buyers have found ways around the spirit of the Constitution, methods which are widely publicized in the (foreign) media amongst other places¹². The most common way is to set up and register oneself as a company (usually a limited liability company) which by law can own land and buildings. The purchase is made in the name of the company. Most estate agents provide an all-inclusive service with lawyers who handle these technicalities for the buyer at a minimal cost. Clearly, the intended laws to protect Bulgarian citizens are not effective in the face of a dominant market that gives priority to business interests both inside and outside the country.

Ironically, at the same time that formal legal structures are circumvented by British property buyers, both the anticipated entry of Bulgaria into the EU and eventual membership in 2007 provided an important stimulus for the expansion of the market. The ‘idea’ of EU membership was a significant factor for British investors who felt assured by the knowledge of Bulgarian accession. For example, one British couple from Manchester to whom I spoke in the summer of 2005, who were at the time looking to buy a property in a village near Veliko Turnovo, explicitly stated that there was some risk involved but that Bulgaria’s expected entry into the EU gave them reason to feel reassured. This was a commonly expressed belief amongst potential buyers: accession (that carries with it certain institutional guarantees and adherence to particular regulations) was seen by many

¹¹ The exceptions to this law include: EU citizens, residing permanently in Bulgaria (i.e. for whom the Bulgarian dwelling is a first home); those with business enterprises or agriculturalists. These categories of people are not affected by the 7 year moratorium.

¹² For example, it is reported in the *International Herald Tribune* (Thursday, April 13, 2006, article by M. Brunwasser). This provides one concrete example of how capital operates in a stateless environment (Turner 2004: 84) with the full awareness of state officials.

buyers as reducing the risk of their involvement in the Bulgarian market. Predictions that prices would rise even further following EU entry proved to be correct. Indeed EU accession can be seen as at least one reason why Bulgaria’s property market has taken off leaving other possible competitors from former socialist states – e.g. Croatia and Montenegro – behind. EU membership is perceived as offering an extra degree of security to property buyers. This is born out by figures which show that Bulgaria has topped the world for rises in property prices in 2007¹³.

Transnational property ownership

A journalist writing on the topic of British buying property in Bulgaria states: *‘The main attraction, they tell me, is that it’s cheap. It’s really, really cheap...But there’s a reason for this: Bulgaria is poor, really, really poor. Look at virtually any European index of deprivation and you will find it lurking in the bottom there, alongside Albania and Romania. Not only is it rather tasteless to take part in some sort of developing-country land-grab, but I can’t help feeling that it is financially foolish as well.’* (Rosie Murray-West, *Times*, 26.3.05; also reproduced: www.mybulgaria.info, Sunday, March 27, 2005)

At various times on internet sites relating to the Bulgarian property market one can find questions raised relating to the morality of ‘rich’ westerners buying up property, cheaply, from ‘poor’ Bulgarians. The above quote taken from a newspaper and reproduced on at least one internet site (www.mybulgaria.info), triggered one such debate. In the following two parts of this section, I look first at who are the ‘rich’ Britons that buy property in rural Bulgaria and secondly at the ‘poor’ Bulgarian sellers and their views of British buyers¹⁴.

a) The ‘wealthy’ British buyers

Three different groups of British buyers appear to be active in the Bulgarian market. Retirees/pensioners and middle aged people (late 30-40s) buy a place with the intention to make a home – either permanent or seasonal – in the country. Investment is not the only driving force, or even the main one, for either of these groups. The third group are pure investors – individual as well as commercial property developers. The people I am largely dealing with, who buy in rural Bulgaria, come from the first and second group where good investment returns are

¹³ <http://news.bbc.co.uk/go/pr/ft/-/hi/business/7175429.stm>

¹⁴ While I have carried out fieldwork in this part of Bulgaria since 1986, this particular paper uses data collected in the summer of 2005 with British buyers, Bulgarian sellers and estate agents in the Veliko Turnovo region. I also use discussions and information from the internet which is often the only site where buyers and sellers ‘meet’.

important but not the only reason for buying, as is more often the case for those investing in the Ski resorts or Black Sea.

But who more precisely are these middle-aged and retirement-aged buyers?

Two features stand out:

Firstly, the vast majority are small investors with relatively small amounts of capital. Indeed many pointedly note that the opportunity to buy in Bulgaria is their only chance to buy a house with no mortgage (a couple of others confess to having taken out loans in order to buy in Bulgaria). For many of these people, the Bulgarian property is bought with their entire savings and constitutes their 'nest egg' for retirement.

One man writes:

'This may be the only opportunity that many of us will get to own a house with no mortgage and have a decent lump of land as well...' (www.mybulgaria.info, Wednesday, Oct. 7, 2004)

Another:

'We initially became interested in BG because as far as buying property abroad goes, it was our one and only chance because our limited spending power had priced us out of places like France. So yes, investment was most certainly on our minds as this would hopefully become our pension fund when we plan to sell again in a few years...' (www.mybulgaria.info, Sun. March 27, 2005)

Secondly, those buying in Veliko Turnovo are not from southeast England, but from the traditionally more economically and geographically peripheral areas of the country – Scotland, the Midlands and Wales. It is the less well off who are active in rural Bulgaria¹⁵. The data I have collected to date suggests that buyers in rural Bulgaria are not from groups of 'upwardly' mobile British citizens. Irish buyers, for example, who are from a region that is presently undergoing an economic boom do not buy in the lower ends of the market – i.e. rural Bulgaria. Instead, Irish buyers are active in other parts of the country where investment is a priority (statistics point to the fact that Irish buyers have more to invest than the British buyers and that they buy in more expensive areas).

It is therefore smaller investors from peripheral areas of Britain who invest in rural Bulgaria. Further, they are either seasonal migrants (returning annually to the country for the summer months) or in some cases permanent settlers to the country.

¹⁵ See also: *The Independent*, 15th March 2006. The journalist quotes an estate agent: 'Many buyers come from the north of England, they may be on lower incomes and leading stressful lives, so they opt to go and live where the cost of living is so much cheaper'.

The investment property is also a home. When I asked Nik, a British estate agent now living 9 months a year in Veliko Turnovo, why people are moving to this region, he replied 'because they are fed up with life in Britain'. Nik himself, once a transport worker, now (since 2003) with a hotel and real estate business in Veliko Turnovo, moved to Bulgaria for similar reasons. He said that he came to Bulgaria 'not out of bravery but out of desperation'. To get a better idea about what this 'desperation' is all about, I cite several quotations, this time from an internet discussion between various British property owners:

'...our sovereignty has been taking [sic] away from us in our own country, one thing I do know for sure is that if I find it hard to live with new ways and laws that I don't agree with but am forced to by the government in the UK, then its bye bye UK asap...' (www.mybulgaria.info, Thurs. Oct. 15. 2004).

And in response another writes:

'I completely agree with you ...[and] I've spoken to many people with the same views/reasons for leaving, and I mean hundreds of people...the pension fiasco is just another case in point, I can sell up here [in Britain] and live very well in Bulgaria, not wait until I'm 70 here to live poorly.' (www.mybulgaria.info, Thurs. Oct. 15. 2004).

And lastly:

'Quality of life is why people buy in BG. It is cheaper, less stressful and more pleasant in Bulgaria. People still talk to the neighbours and the summer weather is nice. Bulgarians are friendly and hospitable, and if you can buy a house with a large garden and have no mortgage, then you've achieved the dream of nearly every Brit. who is over 40. SECURITY.' (emphasis in original, www.mybulgaria.info, Monday, March 28, 2005)

In all these explanations and many more, what is being described is a feeling of disenfranchisement with life in Britain. In other words, what is being experienced is the destruction of forms of 'social solidarity' (Harvey 2005, 23). People feel disempowered. They witness chaos and disruption all around them – in their relationships, neighbourhoods and at work. There are many dimensions to this uncertainty – both material and also emotional (rising mistrust and so on). Anger is expressed at the apparent unfairness in the declining welfare system which cannot/will not guarantee people who have worked all their lives a secure retirement. They comment on the erosion of health services, social welfare, the rise in crime and the problem of illegal immigration (e.g. www.mybulgaria.info, Thurs. October 14, 2004). In short, they feel uncertain about changes in their own world and their perceived future within this world. Over the years, as neoliberal reforms have increasingly resulted in a withdrawal of the state from providing a whole range

of benefits and forms of social security to its citizens, uncertainty amongst various sectors of the population have correspondingly increased. It is a process still in progress – witness recent discussions surrounding reforms to the pension scheme in Britain¹⁶, something that the second quote above refers to as well. The issue, in short, is one of security, or lack of it, as the third quote above clearly acknowledges.

One solution – for those who can afford it – is relocation to another country, where a person's spending power is higher, saved money will bring more security in the form of property ownership, and where the quality of life both materially and in other ways is judged to be higher. The 'British obsession with property', to quote a term used by Samuel, another British estate agent in Veliko Turnovo (and widely used in internet discussions) is about achieving greater *security*. Property ownership is a way to provision oneself for retirement, to realize some level of economic security. As the estate agent explained, properties are both 'homes' and also 'investments' – guarantees for the future¹⁷. Those buying in rural Bulgaria are from sections of the population struggling to maintain their standards under increasingly difficult circumstances. They recognise their weakened position in terms of their erosion of economic/social security and entitlements at home. Foreign property ownership is one way in which such downward mobility is being addressed: it is a strategy adopted by individuals in an attempt to reduce their own precarious positions.

Seen from the perspective of a broader social lens, this process can be understood as part of a global pattern resulting from neoliberal reforms. In a reversal of post WW2 trends, the middle class has been contracting in size, with an increasingly large rift developing between the middle classes: some becoming part of the 'new global elite', while many others slide down into the ranks of the lower classes and underprivileged (Friedman 2004; Thornton 2004; Turner 2004). The increasing polarisation of classes that is resulting from these processes – evident in terms of incomes and social conditions – are exacerbated by the loss of benefits and services once provided by state social welfare. It is no coincidence that British citizens now own more than twice as many properties abroad as ten years ago¹⁸. While many of these new owners may be from the new elite, some, no doubt, such as the British buyers in the Veliko Turnovo region, come from precisely this downwardly mobile middle class that is a feature of the new global order.

¹⁶ This has been described as the biggest shake up to the UK pensions system since the creation of the welfare state in the 1940s: <http://news.bbc.co.uk>. (Sunday, 21st May 2006). The reforms discussed include restoring links between pensions and earnings, rising the pension age, as well as plans to encourage people to take responsibility and save more for their own retirement.

¹⁷ In 2005, many Britons had just bought properties, and were carrying out renovations in preparations for moving in. The newness of the phenomenon means that I am unable to provide detailed information concerning the relationship between British buyers and villagers. But for a general discussion see Kaneff (2006).

¹⁸ This was for the period 1993/4 to 2003/4. See www.statistics.gov.uk/articles/economic_trends/ET619_Aspden.pdf

b) The 'poor' Bulgarian sellers

If one refers to statistical data, Bulgaria will show up as being a poor east European country. But, as anthropologists are always observing, statistics tell only part of the story. I can point out the deficiencies in this first set of statistics by pointing to another set. For example, according to the National Statistics Institute in Sofia, almost 95% of Bulgarians are home owners (National Statistics Institute 1995) and one third of Bulgarian households also own more than one home (National Statistics Institute 1994)¹⁹. In fact reports show that Bulgaria has amongst the highest levels of home ownership in Europe²⁰. This is not something that has occurred recently, but is a situation inherited from the socialist period.

In trying to explain the elements that led to the accumulation of house ownership in socialist Bulgaria, three factors stand out.

Firstly, industrialisation of the country after WW2 resulted in a dramatic movement in population, from rural to urban areas. Migration out of the villages involved an accumulation of property, as village homes became second properties. This was particularly true in the northern-central part of Bulgaria where industrialisation from the 1960s onwards resulted in rural depopulation, as young people moved to the cities to work. It is not simply that people attained second residences, but often the village home was left empty. In the countryside surrounding of Veliko Turnovo, those that moved short distances – say to the provincial capital – were able to return on weekends to maintain the house and work the land. But for those who moved further, to Sofia or Varna for example, the house and plot were often left untended once the older generation remaining in the village had died out.

Secondly, the characteristically large numbers of siblings of the early 20th century became a thing of the past by the end of the same century. During the latter years of socialism it was common for families to average one child, resulting in a smaller number of inheritors owning a greater number of properties. Not only has the population significantly declined, but it has also aged. Talpa, the village where I have carried out research since 1986, represents a typical picture. Located some 35 km from Veliko Turnovo, it has seen a massive fall in population over the last 50 years; now only one-quarter of the number of inhabitants live in the village as

¹⁹ This discrepancy raises fundamental issues about how 'poverty' should be understood in Bulgaria (and other east European contexts) where individuals are rich in 'assets' if not in 'cash'. In any case, a western oriented idea of poverty that focuses on homelessness or hunger is not necessarily the most appropriate.

²⁰ E.g. *Novonite*, 7th March 2006 (citing the European Quality of Life Survey). *The International Herald Tribune* goes even further, saying Bulgaria has amongst the highest levels of home ownership in the world!, 27th March 2006, article by M. Brunwasser.

compared to World War 2.²¹ Since the 1980s Talpa residents are predominantly elderly – two thirds of the village's inhabitants are pensioners. A long term consequence is the growing number of empty rural homes.

Thirdly, the support given by the socialist state enabled the accumulation of property. As the state assumed the responsibility and costs relating to education, health, childcare and a whole range of other services, individuals and families were relieved of the burden of many costs, freeing up resources that made possible the accumulation of property. This was especially true in a socialist context where the property market was not encouraged or well developed. Accumulation of rural properties may not have been an explicit goal of state socialism but it was an unintended consequence.

The above three factors have resulted in the present situation – individuals who are multi-property owners. Rural properties are not a scarce resource, at least in northern Bulgaria. It is these second or third homes that are being sold to foreigners.

The surplus of properties also explains, in part, the relatively positive view held by rural Bulgarians to the British buyers. Unlike the tourist resort areas, here there is little evident resentment or tensions between the two groups. To many in the villages, the British are a curiosity: locals cannot imagine why anyone would want to move to a rural area which for them represents a site of hard physical labour. Of course for the Britons the properties have a very different meaning, they are 'leisure space' (see Kaneff 2006). Bulgarians, in any case, are simply pleased to have the Britons as neighbours. To understand why, we need to delve a little more into regional history.

One might expect that the decrease in population associated with industrialization during socialist times (noted above), would lead to rural regions going into a spiral of decline. But this was not the case. To the contrary, such a population shift, while emptying the village, was nevertheless accompanied by a vast improvement of living standards. The socialist government directed considerable resources in developing the rural areas – running water, electricity and public transport – all of which greatly improved life in the villages. Improvement in infrastructure was accompanied by an expansion in public facilities including a cultural house, shops and good medical services as well as educational opportunities. While there was some variation between villages in the same region, generally speaking conditions improved dramatically across the board.

However, rural conditions changed for the worst after 1989. In Talpa, for example, there has been a dramatic decline in standard of living in the village which was obvious in many ways: from the dilapidated appearance of buildings, to the

²¹ At the end of WW2 (1946) Talpa's population was almost 2000 but this had declined to half of that by 1975 (i.e. to 1075). In 1985 the population was approximately 750 (Republica Bulgaria, Natzionalen Statisticheski Institute 1994 Tom: III: 90). By 2001 it had fallen to 520 inhabitants (a figure provided by the village Mayor).

now unaffordable medical care. Dental treatment and medicines are services no longer available in the village. Many public buildings – the kindergarten and theatre – have been closed while the number of empty houses in Talpa has continued to rise. Further, with the cut back in state resources and funding, and the privatization of agricultural cooperatives (leaving many unemployed), community life has been eroded: public activities and celebrations have been run down and social relations disrupted.

A number of strategies were adopted by local leaders in an attempt to reverse the fortunes of the village including a programme initiated 7 years ago by the Mayor, to encourage homeless Roma to the village. The programme has been successful to the extent that the number of Roma settlers has increased, from the two families (approximately 15 people) who lived in Talpa some 20 years ago, to over 100 residents today.

Unfortunately, the influx of these settlers has only created new problems. As the first to suffer unemployment after 1989, the Roma population have been forced to find employment in the marginal and frequently illegal activities that make up the informal economy. The physical dismantling of empty houses and selling off of building materials, and the stealing of livestock and crops, are crimes for which the Roma are accused by the ethnic Bulgarians. Occasionally elderly villagers who have tried to defend their property have also been attacked. In short, as unemployment has become endemic and resources are reduced, tensions are mounting between the established population and new Roma settlers.

This brings me back to how British migrants are received in Talpa. The short answer is that they are very welcome. British migrants are far preferable to Roma, because as foreigners, the former bring with them the symbolic power of 'the west'. With this comes local hope for a reversal of decay. Here at last are wealthy outsiders, (unlike the Roma who come from the very bottom of the social ladder), whose presence and new connections adds prestige to the village. Indeed British citizens who buy properties in this rural region of Bulgaria are often seen as a sign of 'hope': an indication that the village will be rejuvenated and saved from further destruction and decay. This provides a stark contrast to the stories of fear, crime and general decline that surrounded Roma influx to the area. The Britons, are seen as 'saviors'; reversing the process of rural moral and physical decay that has been evident since 1989²².

Leaving aside the symbolic importance of British citizens buying in the region, there is also the material importance of such foreigners who inject capital into the

²² It should be noted that the response to the British in rural parts of the country is very different from the reaction to British and other foreigners buying property in other parts of Bulgaria – such as the Black Sea. In the latter case expensive property prices and rising living have served to exclude ordinary Bulgarians who can no longer afford to go to these areas.

community, as they spend money in the village, renovating and improving the houses²³. If nothing else, they bring financial benefits to the individual families selling their properties. Village owners stretched for cash and in debt, gain at least temporary relief from selling an unused rural property.

One pensioner (Georgi), for example, whose wife had died some 3 years earlier from cancer, sold his home in a village neighbouring Talpa to a Scottish couple last year. He took this action because he needed the money to pay off debts incurred as a result of the many months of medical treatment his wife needed (during which time he could not take on extra work to supplement his pension because he was looking after her). Not able to rely on the state to cover treatment costs, Georgi was forced to pay from his own pocket. His pension could not possibly cover his accumulated debt, so selling the second (village) home was a way out of financial ruin. In any case, the village home had remained empty for much of the previous decade following the death of his parents. While Georgi expressed regret at selling, he also pointed out that he couldn't maintain two houses and gardens – his two storey house in the district capital which he built in the late 1970s and the one in the village. To look after the village home and the large plot of land on which it was situated required prohibitive travelling costs between the two sites, nor was he physically able to maintain the village buildings and large garden (due to his own declining health). His one and only child, a trained nurse living and working in Veliko Turnovo, had no intention of living in the village, nor in the township with her father.

Georgi's situation was common to sellers in this region: with low pensions/wages and strapped for cash, while at the same time carrying an increasing burden of health (and other) costs once born by the state, there was little choice but to sell off assets.

One of the important dimensions of selling was the way in which asking prices for properties were established²⁴. Georgi explained that he had set his own price. His estate agent (one of the 3 British agents in Veliko Turnovo) told him it was up to him to name a price, that 'we can't tell you a price'. So Georgi logged on to the internet in order to get an idea. He compared his own house to others for sale in the region that were pictured, taking into account also the amount of land on which the house was located. I asked whether the estate agents gave any advice after he had decided upon an asking price. The response was 'no, no, nothing like that, they said nothing'.

²³ It is debatable how much the local community actually benefits financially from the presence of the foreigners given much of the business goes to construction companies owned by fellow British or urban Bulgarians.

²⁴ Below I describe the way in which this took place in 2005. I do not know if the same approach is used today (although information suggests that there have been no fundamental changes).

This system of leaving the inexperienced seller to name a price was confirmed by the British agent in Veliko Turnovo, Samuel, (not the one used by Georgi) who informed me that they do not interfere with asking price unless it is outrageously high or low. Samuel said:

'The prices are...I mean this is one of the difficult things. If you buy a one bed apartment in Putney [London], you have 300 other flats with which to compare the price. Sometimes [here in Veliko Turnovo] they ask for very high prices, sometimes they ask for very low prices. The sellers often ask us to say what we think the price should be. We try as best as we can to pitch it at the local domestic prices. Our clients [from Britain] could offer much more. But we don't increase the price...'

And he went on to explain:

'if we start telling people [here in Bulgaria] that they can get double – because our clients in many ways can afford to pay double – if we do that it's not fair on the buyers and it starts to push the market up artificially...so we prefer to wait for the sellers to give us a price'.

Clearly, the absence of any external or 'objective' mechanism to provide a guideline for the value of the property subjects sellers to possible exploitation. Partly this situation is a result of the newness of the market, but partly it is a deliberate policy used by agents to keep prices down for buyers.

Bulgarian sellers are disadvantaged in another way. The estate agent went on to say

'...some Bulgarian sellers have a strange understanding...e.g. some are selling because they want to buy a two bedroom apartment in Sofia, which would cost 50 000 Euros, but they have a house in a village which is only worth 5 000 Euros, but they'll say that the price they want for their village house is 50 000 Euros because that is how much they need for the flat in Sofia. Which is ridiculous, they don't quite get it.'

The link between price and location is just one of the assumed pieces of knowledge concerning the property market which are 'learnt' through engagement. The unregulated nature of such economic exchanges in Bulgaria clearly favours foreigners who, unlike the Bulgarians, have long term experience and knowledge about how a property market works.

Despite this, Georgi felt satisfied that he had 'correctly' assessed the price for his house. With the money from the sale he paid off his debts, gave a part of the profits to his sister (who while having no legal rights to the property nevertheless had some moral claims). He put aside the rest in order to pay for a flat for his daughter living in Veliko Turnovo. However, with little experience of the property market, and with the rapid rise in prices, his money was not enough to reinvest

(even in the non-tourist parts of Veliko Turnovo where the daughter wished to live). He was therefore unable to re-enter the property market. This is a sign for future concern as Bulgarian owners shed some of their assets, thus exposing themselves to greater risks in times of future crises and a higher level of insecurity in the present. Second homes can only be sold once.

Conclusion

'Whereas the CEEC's (Central and Eastern European Countries) are only of marginal importance to the EU economy, the CEEC's are heavily dependent on the EU market and will benefit much more strongly from accession than the EU member states'. (Schimmelfennig and Sedelmeier 2005: 14)

Market activity is one arena which brings EU citizens – from new and old member states – together. Increasing insecurity resulting from the implementation of neoliberal policies is one of the driving forces for the booming rural property market in Bulgaria: providing a ready supply of Britons wanting to buy in Bulgaria, and Bulgarians anxious to sell. Assuming the wider relevancy of the findings presented here, then a proportion of those buying properties in Bulgaria are from the downwardly mobile middle classes struggling to maintain their standard of living. At the same time the reduction of, and decline of rights in, state resources in Bulgaria, accompanied by policies that no longer privilege full employment, has resulted in growing indebtedness amongst certain groups in the population. Selling property is one 'quick fix' way out of debt – although usually only a temporary measure.

While neoliberal policies advocate market deregulation and de-prioritize state forms of social provisioning (so creating a ready market for property by individuals trying to make their futures more secure), it is the EU that provides a framework and conditions this process. Markets are often established and develop around the 'new frontier' created by expanding EU membership – as evidenced by my Bulgarian property example. In other words, transnational markets are consolidated by EU expansion. In this sense the EU can be seen as a facilitator of market encounters between Europeans; bringing people together through engagement in new markets.

The role of the EU as a facilitator in this process of market expansion takes place in a number of ways. Firstly, the incorporation of new nations into the EU occurs in part through legislation and formal structures that break down economic borders; granting EU nationals greater economic, political and social access to new member states. The property market is a good example of this: recall how a precondition for EU entry was that the Bulgarians must open up their property market to EU citizens. Secondly, integration happens through informal mechanisms. Again, the property

market provides evidence of these informal means. Market activities continue, even expand, irrespective, it seems, of whether there is legislation designed to regulate and protect vulnerable member states and their citizens from such activities or not. As we have seen, in spite of the fact that it is presently against the law for foreigners to own land in Bulgaria, and the Bulgarian Constitution guarantees protection for its citizens from foreign property investment at least for a set period of time, the reality is that many thousands of foreigners have already bought property in Bulgaria and prices have skyrocketed over the last few years. Despite legislation, foreigners play a major role in Bulgaria's booming property market. Thirdly, the development of business activity in Bulgaria – including the property transactions described in this paper – is furthered by providing investors with an added dimension of security through the *knowledge* of Bulgaria's impending and eventual EU membership. So at the same time as foreign property buyers circumvent Bulgarian legislation relating to property ownership – overriding the spirit of the legislation – they are encouraged through the confidence and security gained from the knowledge of Bulgarian entry into the EU. In all these ways EU structures facilitate market activity, enabling an expansion of the transnational market into a domain where it previously had limited penetration.

The booming foreign property market in Bulgaria that developed in such a short period and takes up such a significant proportion of foreign investment provides evidence that speaks against Schimmelfennig and Sedelmeier's (2005) findings quoted at the beginning of this Conclusion. The quote represents a view commonly expressed both in the academic literature and popular press. However, my case study suggests that this view provides only a half truth. If we restrict our study to formal economic activities and turn a blind eye to the vast sphere of informal economic activities, one might conclude that new (east and central Europe) member states are only of 'marginal' importance to the EU market and the balance of financial advantages is in favour of new member states. However, from the perspective of the expanding informal sector enabled through a deregulated market, I suggest that the opposite is true: citizens from relatively wealthier Western Europe are actively involved in developing and reaping the benefits of new markets located in new member states.

Further these new markets are not level playing fields: while all members of the EU share a similar position from a legislative point of view and laws are in place to protect vulnerable new members, differences in access to resources (such as capital and knowledge about the market and how it operates) creates new relations of inequality that are evident in the expanding – and from the perspective of Bulgarian Constitution, illegal – transnational property market which favours citizens from the wealthier and more established EU states. Unregulated prices for property set by

those least knowledgeable or experienced in the way the market operates is just one example of how Bulgarian sellers are disadvantaged. In such ways, the expanding property market appears to work in favour of the Britons, many of whom, excluded from their own home property markets, improve their own material and non-material circumstances by buying in Bulgaria – often referred to as ‘the poor man’s Tuscany’. Unfortunately there is no such alternative available to downwardly mobile Bulgarians who have no equivalent ‘Tuscany’ of their own.

Neither the Bulgarian nor British governments – or for that matter the EU – have shown any ability or willingness to act in the face of global capital through intervention or concern to uphold protective laws. Silent acquiescence provides an example of one of the many ways in which integration into the EU is taking place, through informal channels that by-pass regulation and work against the spirit of legislation. The case of foreign involvement in the Bulgarian property market is one example (amongst many) that reinforces observations of the changing role of the state in the face of unregulated transnational market forces (Turner 2004). It also points to particular inequalities in the way in which Bulgaria is being formally incorporated into the EU and transnational market activities. Only time will tell who are the long term winners but present indications point to EU citizens from the wealthier (west European) countries having much to gain from the unregulated market activity that is blossoming in new member states such as Bulgaria.

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All internet references taken from www.mybulgaria.info, can be found under ‘live chat and forums’, then under ‘My Bulgaria Forums’.