Wednesday, February 11, 2026

tomorrowsaffairs.com

TA Tomorrow's Affairs

Analysis of today
Assessment of tomorrow

By: The Editorial Board

Bulgaria between a stable currency and unstable politics

On 1 January 2026, Bulgaria adopted the euro, completing a process that began in the late 1990s, when the currency board effectively pegged the lev first to the German mark and then to the euro.

In monetary terms, the country had already relinquished its own exchange rate and interest rate policy. Formal entry into the Eurozone was the logical conclusion of that journey.

However, this conclusion did not occur at a politically stable moment. In early February, President Rumen Radev appointed a new caretaker government and paved the way for yet another snap parliamentary election.

This continues the cycle that has persisted since 2021, when successive elections and failed coalitions have become almost routine.

Today, Bulgaria has a solid monetary framework but a weak political foundation. The introduction of the euro cannot conceal the fact that Bulgaria has been unable to produce a stable political majority for years.

Monetary integration is a significant achievement, but it does not alter the reality that parliament remains paralysed, governments change without long-term mandates, and key reforms remain stalled.

A stable currency does not guarantee stable politics. If this gap persists, the euro will remain a symbol of European integration, but it will not demonstrate the political maturity of the system.

Monetary stability without political cohesion

Entry into the Eurozone eliminates currency risk, provides full access to the instruments of the European Central Bank, and strengthens banking supervision through the Single Supervisory Mechanism.

This represents a significant shift in the country's perception in financial markets. Credit risk is reduced, and long-term financing becomes cheaper and more predictable.

However, fiscal policy remains under the control of the national government. The budget is still adopted by parliament. Reforms in justice, public administration, energy, and infrastructure do not come from Frankfurt but from Sofia. And it is precisely here that Bulgaria faces a problem.

> The euro provides monetary stability but does not create political cohesion

The caretaker government, appointed by the president when parties cannot form a majority, has a limited mandate. It ensures administrative continuity and organises elections, but it does not implement substantial political changes. In Bulgaria, this mechanism has become frequent, almost routine.

This is no longer a passing political crisis but a recurring pattern. Parliament dissolves cycle after cycle before the government gains real political strength. Parties enter negotiations without trust and leave without agreement. Coalitions are formed under pressure and collapse as soon as it eases.

The result is a state that functions formally but lacks a political centre capable of taking responsibility and implementing long-term decisions. This is not a technical issue but a deep weakness in the political system.

In such circumstances, the euro does not resolve the fundamental problem. It provides monetary stability but does not create political cohesion.

The euro removes currency risk, not political risk

Bulgaria entered the Eurozone despite political instability. Parliament's failure to produce a long-term majority led to the decision not to delay the process.

This means monetary integration was implemented administratively and technically correctly, but without a strong political foundation. Entry into the euro thus shows that the fiscal and formal criteria have been met, but at the same time, it raises the question of whether the political system has the capacity to bear the obligations that come with membership in the monetary union.

Now the real test begins. The introduction of the euro raises the threshold of responsibility. Citizens will quickly assess whether loans are more accessible, whether prices are under control, and whether the economy shows tangible progress.

The business sector will focus not on symbolism, but on the speed of administrative procedures, legal certainty, and the state's ability to implement decisions without delay.

In Brussels and Frankfurt, Bulgaria will no longer be considered a candidate but as a full member of the monetary union, with the obligation to maintain fiscal discipline and institutional reliability.

Expectations are now higher, and the scope for political improvisation is narrower than before.

If the next parliament manages to form a clear and sustainable majority, the euro will gain political substance and become more than a monetary framework.

> The euro removes one layer of risk but does not solve the key problem, which is the lack of political reliability

Otherwise, if a series of short-lived governments and unstable coalitions continues, Bulgaria will remain a country with a stable currency and unstable politics.

This means slower reforms, delayed investment decisions, and weakening confidence, even though the monetary system is formally sound. The euro alone will not compensate for the absence of political responsibility.

Investors now view Bulgaria without illusions. The currency risk has been removed, but the political risk remains, repeating itself from election cycle to election cycle.

A stable currency does not guarantee stable decision-making. If parliament still cannot produce a government with a clear mandate and duration, capital will take note.

Major projects are delayed not because of the exchange rate, but because of uncertainty about regulations, the budget, and political support.

The euro removes one layer of risk but does not solve the key problem, which is the lack of political reliability.

The limits of monetary integration

For the Eurozone itself, the Bulgarian case carries an important message. The expansion of the monetary union is no longer reserved for countries with perfect internal stability.

The criteria are fiscal and monetary, not political in the sense of permanent parliamentary harmony. It is a precedent showing that monetary integration and political instability can coexist.

In the coming year, it will not be general rhetoric about stability that proves decisive, but the ability to reach a clear and binding political agreement on the issues where previous governments have failed.

The euro does not automatically bring stable government, nor does it compensate for the absence of a clear parliamentary majority

Above all, this requires the adoption of the budget under the conditions of Eurozone membership and compliance with fiscal rules, which are now a matter of European obligation rather than internal political choice.

In addition, the unresolved issue of judicial reform and control over the prosecutor's office remains, a topic that has repeatedly destroyed coalitions and generated deep mistrust among partners.

The country's foreign policy and security orientation, including its relationship with Russian influence and energy projects, also continues to divide the political scene.

If the new parliamentary majority does not have a precise and publicly defined agreement on these points, with clear deadlines and responsibilities, the continuation of short-lived governments and constant parliamentary crises is more likely than long-term stability.

Elections in such a case will only change the distribution of mandates but will not alter the way the system functions. Stability no longer depends on the goodwill of leaders but on their willingness to take political risks and reach an agreement that has so far been lacking.

Bulgaria has formally entered the inner circle of the European monetary union. This marks the completion of one stage of the process.

What remains unresolved is the question of the state's political capacity to function within that framework. The euro does not automatically bring stable government, nor does it compensate for the absence of a clear parliamentary majority.

If the political system continues to produce short-lived governments and unsustainable coalitions, the consequences will be seen in slow reforms, delayed investment decisions, and weak institutional reliability.

The monetary regime is stable; the political order has yet to become so. Without a functional majority and a clear direction, the euro will not bring transformation but will merely mask the structural weaknesses of the system.