FACING NEW CHALLENGES

VISEGRAD COUNTRIES

Date of issue: December 13, 2010

Supported by the International Visegrad Fund

POLITICS

Czech Republic
A 'voters' revolution' is how one analyst described this year's election results.
pg 2

Hungary
Fidesz' overwhelming victory in the April election gives it a strong mandate.
pg 2

Poland
The death of the Polish president shook the country and led to an early election.
pg 2

Slovakia
Slovakia's centre-right coalition is grappling with multiple tough reforms.
pg 2

ECONOMY

Divergent paths
The V4 economies are no longer developing as homogeneously as in the past.
pg 3

HISTORY

Common, but distinct
History both unites and divides the countries of the Visegrad Group.
pg 5

MEDIA

Big strides
The media in central Europe has overcome huge challenges since 1989.
pg 7

EDUCATION

Grant opportunities
The V4 offers students a wide range of scholarships.
pg 8

The foreign ministers of the Visegrad Group countries (from left) – Karel Schwarzenberg (Czech Republic), Mikuláš Dzurinda (Slovakia), János Martonyi (Hungary) and Radoslaw Sikorski (Poland) – shake hands after their meeting in Bratislava on October 22.
Photo: Reuters

Visegrad spirit will resonate within the EU

BY BEATA BALOGOVÁ
Spectator staff

NEXT year the European Union's leadership will turn 'Visegrad-like' since first Hungary and then Poland will take the wheel of the EU's rotating presidency. Even though chairing countries are pledged to be impartial this will still serve as a platform from which to present the Visegrad priorities and to showcase its cooperation, said Slovak Foreign Affairs Minister Mikuláš Dzurinda when asked by The Slovak Spectator to share his views on challenges facing the Visegrad Group countries and the contribution the group can make to the region and to the entire EU.

The Slovak Spectator (TSS): Slovakia took over the rotating presidency of the Visegrad Group (V4) when the V4 was still struggling with the economic crisis and after three of the four countries had recently changed governments. Will these events have an impact on the Slovak presidency?

Mikuláš Dzurinda (MDZ): Setting off economic growth, pushing down the deficit, and consolidating public finances are the most important tasks of all the Visegrad countries. Also within the V4 we are thus focusing on supporting projects and those forms of regional and cross-border cooperation that contribute not only to easing the impacts of the crisis but also to the revival of economic cooperation.

We are now halfway into our presidency and the crisis remains a great challenge for us. But as with the change of governments after this year's elections in the V4 countries, the crisis has not impacted the smooth takeover of the chair from the previous Hungarian presidency. V4 cooperation stands on firm ground and therefore the crisis or changes in governments are rather an impulse for boosting this cooperation rather than a reason for worry. This has actually been confirmed even now as Slovakia has brought new dynamics to V4 cooperation: we have strengthened the consultation mechanisms ahead of the meeting of the European Council and other EU bodies at the level of ministers or high departmental representatives.

See MDZ pg 6

V4 countries move to the right

BY MICHAELA TERENZANI
Spectator staff

2010 has been a turbulent year for all the countries of the Visegrad Group. Hard-fought battles, often marked by nationalist sentiment and efforts to blame the impact of the economic crisis on opposing parties, preceded the parliamentary elections in Hungary, Slovakia and the Czech Republic. Poland, where elections are expected to take place in 2011, faced its own trial: the country lived through the tragic death of its president in the spring and then the presidential race which ensued.

Observers agree that the general elections, which saw a change of government in all three countries that held them, have been the focus of attention this year, representing as they did a fairly big regional shift.

"We are witnessing in central Europe, and especially in the Visegrad region, a unique situation when more or less all the Visegrad countries have given power to ruling coalitions with the same orientation," Tomáš Strážay, an expert on the Visegrad Group who works as an analyst at the Slovak Foreign Policy Association (SFPA) think tank, told The Slovak Spectator.

As Kevin Deegan-Krause, a political analyst from Wayne State University in the United States, points out, the rise of newcomers was also important in every major election in the region: Jobbik and Politics Can Be Different in Hungary, Public Affairs (VV) and TOP09 in the Czech Republic, and Freedom and Solidarity (SaS) and Most-Híd in Slovakia.

"These [parties] did not fundamentally reshape politics in those countries but they did change the balance of power," Deegan-Krause told The Slovak Spectator. "They are also likely to be shorter-lived than their predecessors and therefore more likely to continue or even intensify a cycle of new-party rise and fall."

For reports on each V4 country, see pg 2

Project coordinator:
THE SLOVAK SPECTATOR
Slovak news you can trust
Bratislava, Slovakia, www.spectator.sk

Supported by:
Visegrad Fund
International Visegrad Fund, www.visegradfund.org

Project partners:
THE BUDAPEST TIMES
BUDAPESTER ZEITUNG
Budapest, Hungary, www.bzt.hu

krakowPOST
Krakow, Poland, www.krakowpost.com

THE PRAGUE POST
Prague, Czech Republic, www.praguepost.com

Institute for World Economics
of the Hungarian Academy of Sciences
Budapest, Hungary, www.vki.hu

VILLA DECIUS
Krakow, Poland
www.villa.org.pl

"Voter revolution" in Czech politics

By Benjamin Cunningham
Special to the Spectator

National elections were held in all four Visegrad Group countries in 2010. Photo: Sme - V. Šimíček

THE OVERWHELMING trend in Czech politics in 2010 is what political analyst Jiří Pehe calls a "voters' revolution," even if that revolution remained stillborn at the ballot box.

The year began under Prime Minister Jan Fischer's caretaker government, which stayed in office for more than a year following a botched attempt at calling early elections in October 2009. The apolitical nature of Fischer, former head of the Czech Statistical Office (ČSU), offered little for citizens to get excited about, that is until the government's final weeks which saw ministries push through a series of major, but completely disconnected, spending projects – including a Kč2.6-billion (around €104 million), 25-year contract to renovate and manage a military hospital that was signed one day before general election voting began May 28.

In that election, public anger at the political status quo erupted, with the country's two largest and most-established parties, the Civic Democrats' (ODS) and Social Democrats (ČSSD) shedding votes to newcomers.

"Between the two of them they lost 1.3 million voters," said Pehe, a former aide to President Václav Havel, and now director of New York University in Prague.

While the poll saw the ČSSD take more votes than any other single party, it was more notable for the rise of two nascent political parties – the right-leaning TOP 09 and the populist Public Affairs (VV) party.

The election marked the first time ever that the ODS failed to take the most votes in Prague, losing out to TOP 09, and the party founded by President Václav Klaus would lose again in the capital during October local elections. Still, political manoeuvring has allowed the ODS to keep control of bother the premiership (Prime Minister Petr Nečas) and mayor's seat (Bohuslav Svoboda).

Much like elsewhere in central Europe, the Nečas government – comprised of an ODS-TOP 09-VV coalition – quickly set about slashing public spending. This included doing away with the Human Rights Ministry altogether. After downgrading former minister Michael Kocáb's portfolio, Nečas and allies forced Kocáb out of office completely in September. That post, as head of the government commission on human rights, remains vacant and the commission has not met in months.

A November visit by the human rights commissioner from the Council of Europe saw the government again under the microscope for its policies towards the Roma minority. This time, the Council noted that virtually nothing had been done to address the findings of a 2007 European Court of Human Rights ruling that Czech schools systematically diverted Roma children into special education classes, often when it wasn't needed.

The aforementioned local elections in October were paired with a vote to fill one-third of the seats in the senate. That vote saw the ČSSD secure an overall majority in the upper house of parliament for the first time ever and also led to an ODS-ČSSD grand coalition in Prague City Hall.

TOP 09 took the most seats on the Prague City Assembly, meaning former head of the Czech National Bank (ČNB) Zdeněk Tůma looked poised to become mayor.

See CZ pg 5

Slovakia grapples with reforms

By Michaela Terenzani
Spectator staff

SLOVAKIA saw its leftist prime minister, Robert Fico, move into parliamentary opposition after the general election this June. The four centre-right parties which managed to form a coalition government are expected not only to set the country on a path of reduced public expenditures and a smaller budget deficit but also to deal with numerous complaints about the condition of the country's judiciary, improve transparency in public administration and attempt to heal what had become a tense bilateral relationship with Hungary.

Political analyst Kevin Deegan-Krause of Wayne State University despite that says the June election and the change in government did not bring about much of an alteration in international perceptions of Slovakia.

"The country has demonstrated its pro-Western international commitments and orientation well enough over the past decade that there are far fewer suspicions and more benefit of the doubt," Deegan-Krause told The Slovak Spectator, explaining that the Fico government, despite its problematic coalition partners and scandals, did not fundamentally change Slovakia's domestic or international orientation. "I suspect that some business and government officials are slightly relieved but I don't think this was a make-or-break change as in, say, 1998."

The atmosphere before the elections suggested that there were strong feelings against the Fico government among some groups of citizens. For instance, minorities felt many of the actions of the past government were directed against them.

High expectations among the voters backing the currently ruling centre-right parties focused on better control over public expenditures and more aggressive action against corruption.

First female prime minister

When evaluating the first 100 days of the government led by Iveta Radičová, the first female prime minister in the history of the country, political analyst Grigorij Mesežnikov said "society is directed towards liberal democracy; that is a fact that cannot be overlooked".

See SK pg 7

Hungary's Fidesz party has 2/3 majority

By Bénédicte Williams
Special to the Spectator

THE ELECTIONS of April 11 and 25 significantly changed the face of Hungarian politics and economy. With 263 seats (over two thirds of a total of 386) in parliament, Viktor Orbán's right-wing party Fidesz ended eight years of rule by the Hungarian Socialist Party (MSZP). Two major parties of the 1989 change of regime, liberal SZDSZ and conservative MDF virtually disappeared. The extreme right made its entrance into parliament, with the Jobbik party gaining 47 seats, a close third-runner to MSZP's 59. Fidesz's sweep to power in 22 of 23 major cities in October's local elections and the parliament's election to the presidency of one-time Fidesz deputy president Pál Schmitt confirmed the rightward shift in Hungarian politics.

Significant policy developments are notable in two major areas. An early law passed in May by the new parliament will, from next January, ease restrictions for ethnic Hungarians wanting to apply for citizenship, a step which could affect the approximately 2.5 million Hungarians living in Slovakia, Croatia, or Romania. Numbers of applicants are estimated by the government at between 250,000 and 400,000 in the first year.

According to the latest constitutional draft released on December 1, the new government seems likely to grant voting rights to the new citizens without residence requirements.

A second major series of developments concerns economic policy and has deep and continuing ramifications for constitutional order.

The Hungarian government's response to pressures from the International Monetary Fund, the European Union and investors for addressing its serious economic problems has so far been to privilege taxation on businesses and banks over implementing an austerity plan. Its commitment to these policies has led the Orbán government to introduce some fundamental changes in the purview of the Constitutional Council and other economic oversight bodies in order to prevent these institutions from blocking the new taxes.

The introduction of the tax schemes, which particularly hit foreign investors, and the quasi-nationalisation of the pension scheme show a particular statist brand of right-wing politics which emphasises the idea of national solidarity and power.

Moves in the fields of culture and society also point to efforts of the Hungarian government to rewrite "the large book of the Hungarian nation" by strengthening patriotic feelings.

Family-friendly policies and the extension of citizenship rights to those Hungarians beyond borders both strive towards halting the decrease in the Hungarian population, which recently fell below the symbolic level of 10 million.

The new constitution is expected to signal in its preamble a return to a moral order based on stronger religious values and references to Hungary's Christian heritage, although the last available draft does not indicate a radical overhaul of the constitutional system.

Despite a marked nationalist strain in governmental policies, it is noteworthy that the issue of the Roma minority has been largely taken off the front of the political scene in an effort to downplay one of the extreme right's main winning issues.

Hungary's move to extend citizenship to ethnic Hungarians beyond its borders has brought renewed intensity to the ongoing tension between Slovakia and its southern neighbour over ethnic minorities and historical territorial rights. Slovakia heightened the stakes by voting to amend its own citizenship law, in effect stripping anyone of their Slovak citizenship if they apply for Hungarian citizenship.

Preparations for the Hungarian presidency of the EU in the first half of 2011 and the desire of the new government to take a leading role in the region have led to smoother relations with a number of countries of the western Balkans.

See HU pg 7

Air tragedy impacts Polish politics

By Michaela Terenzani
Spectator staff

FOR POLAND and its citizens, 2010 will be yet another dark spot in the collective memory of a nation that regards suffering as one of its main characteristics. It was the year when dozens of Poland's major public figures, including the presidential couple, tragically died in a plane crash near Katyń – a place with strong symbolic meaning for the Polish people. Just weeks after the tragedy, the shaken nation needed to elect a new president – and chose the speaker of parliament, Bronisław Komorowski.

Poland's President Lech Kaczyński, along with his wife and 94 VIPs of Polish society were killed while travelling to a ceremony to commemorate the 1940 massacre of Polish army officers and others in the forests of Katyń near the city of Smolensk, Russia.

Poland experienced a presidential campaign that could not have been considered ordinary because of the shock that the plane crash had on the nation. The race featured two strong candidates: Komorowski, the speaker of the lower house of parliament and an ally of Prime Minister Donald Tusk of the ruling centrist and pro-business Civic Platform (PO) party; and former prime minister Jarosław Kaczyński who was fielded as the candidate of the conservative Law and Justice (PiS) party to replace his late twin brother Lech.

Komorowski had been a favourite for the election that had been originally scheduled for October 2010. In the aftermath of the tragedy in which Komorowski's two potential competitors were killed, the chances of Jarosław Kaczyński seemed to rise but Komorowski won the election on July 4 with 53 percent of the vote.

Poland is expected to hold a general election in 2011 with Komorowski's PO party seemingly on a firm footing to become the first party in Poland since 1989 to win a second consecutive election.

See PL pg 5

Divergence in economic paths

By Tamás Novák
special to the Spectator

WHEN entering the European Union in 2004, the Visegrad Group countries were more or less homogeneous in their development paths. This cannot be considered true any longer as each of the economies in the central European region are now formulating different economic strategies under the changed domestic and international conditions and the deep economic crisis over the past two years has required significant adjustments by all four countries.

The development of the Hungarian economy has diverged from the other Visegrad countries in the last few years. This principally manifested itself in a substantial slowdown in economic growth even as early as 2006-2007, well before the global financial and economic crisis unfolded. Hungary's lag in growth is most evident and is well-documented when compared to the development of the other states that joined the EU in 2004. The impacts of Hungary's adverse developments have been clearly visible in international comparisons and they increasingly point towards a long-term trend that could be difficult to reverse. This also means that the homogeneity that existed among Visegrad group countries in their development paths upon entering the EU has, in many respects, ceased.

From the perspective of growth and convergence based on both internal factors (investments, consumption) and external factors (capital flows, trade) it is evident that the new member states which have coped better with the crisis are those which had produced high but not overheated growth since accession, coupled with an appropriate level of external and internal financial stability, a low budget deficit and a healthy public debt indicator. In the case of Poland, an additional factor prevented a larger downturn: credit-based consumption and investment was much more widespread in other countries in the wider central European region than in Poland, in which the financial deepening was slower. In other states where credit was the most important factor in increasing demand, the sudden crash in the financial markets resulted in a demand shock, or in other words that overconsumption had to be adjusted to the available income. This shock was much bigger in other countries than in Poland.


Austerity packages have spurred protests. Photo: Reuters

"Visegrad countries are low-cost locations and capacities in certain sectors are modern and very competitive."

The economies in the central European region are formulating different economic strategies under the changed domestic and international conditions. These strategies can be seen as different from the recent past in two aspects. The first is that achieving fiscal balance is becoming a number one priority and the second is that growth should be based much more on savings rather than easy credit. These aspects are affecting the region's countries differently because they did not start at an identical initial position but nevertheless the mainstream of the 'new' economic policy points in these directions.

The deepening crisis over the past two years has required significant adjustment from all four countries. This has meant either improving their budget position or their external equilibrium, which everywhere goes hand-in-hand with a decline in economic output and a rise in unemployment. Stabilising the situation essentially depends on how the international funding situation pans out. A protracted crisis triggers structural reforms and significant adjustments more quickly for countries which were in a worse position from a long-term economic development perspective. This is why the conditions for long-term growth may turn out favourably in the countries most affected – presuming they follow a satisfactory economic policy. Nevertheless, this may have severe social consequences in the Baltic states and it cannot be excluded among the Visegrad countries either.

The expectation for the post-accession period was that the need to comply with the Maastricht criteria would push the central European countries to decrease the economic disparities between their countries and the earlier EU member states. The indirect harmonisations of economic policies were supposed to be a tool to support convergences between their economies. In the longer run it is certainly true that outside pressures have indirectly helped certain convergence of economic policies between the Visegrad countries independently from economic policy coordination. This coordination has been almost non-existent during the past two decades and only serious economic security threats could alter the situation. This is exactly the case currently; however, the developments in the region hint that the tools chosen by the regions' countries are different and the dividing line is again between Hungary and the others.

The government in Hungary has a visible aim at the moment to stabilise its public finances with revenue increases which are based on additional sectoral taxes and the channelling of private savings in the pension system into the state budget while at the same time cutting income taxes for both households and the corporate sector. Due to these steps the Hungarian budgetary position in the short run will be in order but the longer-term consequences cannot be foreseen at the moment. The sustainability of Hungary's public finances as well as its transfer system (pensions, social transfers, etc.) will be questionable after 2012-2013.

Revenue side stabilisations have been rarely successful in the past 15-20 years in Europe. The mainstream stabilisation efforts in Europe, which have been followed in the Visegrad countries as well, are much more based on the spending side. This difference explains why the future budget position and debt risk in Hungary and in the other three Visegrad countries is judged differently at the moment by the international actors. This is clearly reflected in the recent downgrading of Hungary's sovereign debt by Moody's, which put that country into the Baa3 category, while Czech and Slovak ratings are A1 and the Polish rating is A2.

The changing international strategies of global firms can be interesting for all the Visegrad countries. Many firms are forced to search for further cost-cutting in order to regain their competitiveness in the face of an economic environment where demand in several sectors is expected to stabilise at a level lower than before the crisis. In these circumstances firms are eagerly looking for cost-cutting measures and this may result in large firms rethinking their global presence, leading to the closure of high-cost production facilities and their partial relocation to lower-cost countries. As big multinationals are deterred in some cases from closing facilities in their home countries (for example because of government warnings in some major western European countries) they may choose to downsize their production in other high-wage countries.

Visegrad countries are low-cost locations and the capacities in certain sectors (for example the auto industry) are technologically modern and very competitive so they can expect some additional investment as part of the global cost optimisation strategies of multinationals. It is by no means an accident that Hungary witnessed several additional investments from big car makers in recent months even though future prospects for domestic economic growth and fiscal stability are still not very bright. And this phenomenon is very promising as it shows that central European countries are attractive as locations in international cooperation, which can be an additional element in maintaining export-oriented growth in Hungary, Slovakia and partly in the Czech Republic. Poland stands out a bit from the other three countries of the region as the size of its domestic market makes it possible to rely more on domestic demand rather than external demand – which is the major growth component in the other three countries.

Tamás Novák is the senior research fellow at the Institute for World Economics of the Hungarian Academy of Sciences

Investing in the V4

By Jana Liptáková
Spectator staff

THE COUNTRIES of the Visegrad Group are perceived as an attractive location for foreign investments as all four nations are members of the European Union and offer lower costs of labour along with high productivity in comparison to other parts of the EU. While V4 countries could form a common strategy to increase awareness of the region among distant foreign investors, a totally joint effort is unlikely as an actual investment usually lands in just one country and thus the countries often find themselves competing to attract investors.

Based on an Ernst & Young report entitled European Attractiveness Survey 2010 the central and eastern European region will be the third most attractive destination for investors over the next three years. Timea Nemešová and Jana Franeková from the foreign direct investment section of the Slovak Investment and Trade Development Agency (SARIO) told The Slovak Spectator that this report is quite positive for the region and stated that foreign direct investments (FDI) can be expected especially into sectors such as manufacturing, science and research, and services.

"The V4 region with an area of about 534,000 square kilometres and a population of about 64 million people … remains attractive for investors," Nemešová and Franeková said. "This is not only due to the region's strategic location but also thanks to the huge economic potential, cost-effectiveness, quality human resources, favourable business environment, and constantly improving living standards."

According to national investment agencies within the V4, the region benefits from lower labour costs and concurrent high labour productivity as well as favourable business conditions linked with relatively low taxes when compared with more western EU countries. But experts note that countries like Romania and Bulgaria within the EU, Asian countries such as India and China, and Russia stand as growing competition to the countries of the V4.

Even though the economic crisis curbed FDI inflow into the region last year, Nemešová and Franeková view the figures as quite sound as aggregate FDI inflow into the V4 countries reached about €12 billion and was credited with creating over 24,000 jobs. Investments into V4 countries came primarily from other EU states such as Great Britain, Germany, France and Austria, but also from the USA, Japan and South Korea. The SARIO experts added that most FDI has been targeted at the automotive, electro-technical and manufacturing sectors as well as into the service sector.

By the end of 2008 the V4 countries had received about $380 billion in foreign direct investment, of which 43 percent went to Poland, 25 percent to the Czech Republic, 22 percent to Hungary and 10 percent to Slovakia, according to Hajnalka Hársfalvai, PR manager of the marketing and communication directorate at the Hungarian Investment and Trade Development Agency (ITD Hungary), citing data from the Vienna Institute for International Economic Studies' databases. She told The Slovak Spectator that between 2004 and 2009 aggregate FDI accounted for €133.491 billion and the estimate for 2011 is €16.5 billion.

Attracting FDI with skills

Hársfalvai told The Slovak Spectator that reducing costs is no longer the leading factor attracting investors.

"The investors move to countries [of the V4] looking for knowledge and skills, in a developed business environment," Hársfalvai said. "Between 2003 and 2009 Hungary, Poland, Slovakia and the Czech Republic registered more than 100 investments in R&D and design and development. More than half of the projects were realised in ICT, mainly in software development. In the Czech Republic and Hungary automotive engineering and life sciences also showed outstanding performance."

Hársfalvai pointed out that the economic crisis raised concerns about the stability of economies within the region which resulted in a significant decline in the region's short-term attractiveness.

"While in 2006 the region finished as the second most-attractive region globally, in 2010 the CEE countries reached only third place behind China and western Europe," said Hársfalvai, citing the European Attractiveness Survey 2010.

Opinions differ regarding the opportunity for V4 countries to compete together as a region for foreign direct investments.

Jan Fidrmuc from the Department of Economics and Finance at Brunel University in Uxbridge, in the United Kingdom, thinks that it is unlikely that the V4 countries will ever compete for foreign investment in a coordinated fashion as one region.

See INV pg 6

Tackling the crisis

By Jana Liptáková
Spectator staff


Lower export demand hit most V4 economies. Photo: TASR

THE VISEGRAD Group countries are closely integrated into the wider European economy and all of them have been adversely affected by the global crisis. Their economic growth slowed and – except for Poland – swung into negative numbers. Expectations for 2011 are brighter, though analysts say national governments' willingness to reform will be crucial.

"Their accession to the EU was followed by several years of impressive growth," Jan Fidrmuc from the Department of Economics and Finance at Britain's Brunel University, in Uxbridge, told The Slovak Spectator. "The crisis undid some of those gains and, with the exception of Poland, plunged the V4 countries into a recession in 2009."

Poland registered the highest GDP growth of any country in Europe in 2009, growing by 1.7 percent. In fact, it was the only EU country to record positive growth.

"But compared to the previous years, e.g. 6.2 percent in 2006 and 6.8 percent in 2007, it cannot be said that Poland was 'the green island on the red sea' because the decline was about 5 percentage points, similar to Spain, Portugal, France and Hungary," Łukasz Pokrywka, coordinator of the economy and finance programme at the Krakow-based think tank the Kosciuszko Institute, told The Slovak Spectator. "Poland did not avoid the recession – economic growth is below its potential level, estimated at 4.0 to 4.5 percent."

The labour market in Poland was hit hard, with the unemployment rate increasing, but still Pokrywka sees it as being in better condition than the other V4 countries, with the exception of the Czech Republic.

Pokrywka identified six reasons why Poland avoided a technical recession. The first was its floating exchange rate.

"The depreciation of the Polish currency created external demand for our goods and services, which became cheaper," said Pokrywka. "That fact increased exports and finally GDP. But on the other hand it also increased the temporary level of external debt."

He added that because Poland has an underdeveloped banking sector Polish banks did not invest in financial innovations and avoided taking 'toxic assets' into their portfolios. Poland has a diversified GDP structure in which foreign trade accounts for about 40 percent compared to 80-90 percent in Slovakia and the Czech Republic.

Among other reasons listed by Pokrywka were the high level of potential production, EU funds and consolidated financial supervision, which encouraged a conservative lending policy.

Of the V4 countries, the Hungarian economy contracted the most in 2009, by 6.7 percent, according to Eurostat. Slovakia followed with -4.8 percent and the Czech Republic with -4.1 percent.

"Just like the whole region, Hungary also faced a serious (around 20-25 percent) fall in export demand just after the fall of Lehman, as Hungarian manufacturing – like that of Slovakia and the Czech Republic – also specialised in high value-added investment and durable consumer goods, for which demand is highly pro-cyclical," Gergely Tardos, head of research at OTP Bank, told The Slovak Spectator. "But in Hungary the fall in domestic demand was sharper due to the fiscal adjustment and the higher share of foreign exchange loans than in other V4 countries."

Consumption in Hungary fell by more than 7 percent in 2009 against the -1 to +2 percent range in other V4 countries and a further fall of 3 percent in 2010 is likely, while in the other three countries growth is expected.

"Therefore the recession was also deeper in Hungary than in our regional peers and the recovery is also slower," said Tardos, adding that Hungarian citizens faced a more serious recession than the other V4 countries, and had to cut back their consumption much more sharply.

Slovakia, as an extremely open economy dependent on external demand, could not escape the consequences of a sharp decline in export orders at the turn of 2008 and 2009, according to Vladimír Vaňo, chief analyst for Volksbank Slovensko.

"It was the sharp decline in exports, by 16.5 percent year-on-year in 2009, that pulled Slovakia into recession last year," Vaňo told The Slovak Spectator. "The international comparison of real GDP performance during the recession is inevitably skewed by the extent to which a particular country is dependent on external demand."

Moreover, especially when compared side by side with its regional peers, the past year was also influenced by a relatively higher base for comparison, i.e. the stronger performance of Slovakia in 2008. In international comparisons, the real annual decline of -4.8 in 2009 compared less favourably than with the Czech Republic (-4.1 percent), and especially Poland (+1.7%). However, in the case of the Czech Republic, Vaňo said it is important to keep in mind the lower comparison base from 2008, when the Slovak economy grew by 5.8 percent, compared with just 2.5 percent in the case of the Czech Republic.

"The benefits of the lucky timing of euro adoption are already being felt in the stronger recovery of the Slovak economy in 2010," Vaňo said, adding that while Slovakia is expected to grow at close to 4 percent, the neighbouring economies are expected to recover by between 1 and 3.5 percent.

The economy of the Czech Republic is closely interconnected with the German economy. David Marek, an analyst for Patria Finance, told the Czech public-service broadcaster ČRo Rádio Česko that the Czech economy fell into recession due to a drop in exports and also returned to economic growth thanks to exports.

When coping with the impact of the crisis, the V4 countries have relied on two mechanisms to help them absorb some of its adverse effects, according to Fidrmuc: exchange-rate fluctuations and migration flows.

Fidrmuc says one possible benefit of the current crisis is the fact that such events tend to act as catalysts of change.

"The current eurozone crisis afflicting Greece and Ireland, which threatens to spill over to Portugal, Spain and possibly Belgium, has played the role of a bogeyman, reminding the V4 countries to keep their public finances in order," he said.

Expectations

Given the high degree of economic integration of the V4 countries into the wider European economy, the economic fortunes of the rest of Europe will be crucial, thinks Fidrmuc.

"Once the recovery gets underway elsewhere, it will pull up the Visegrad economies as well," he said. "A potential major threat is the prospect of the eurozone collapsing or shrinking. While the probability of this happening is still extremely low, it is no longer zero. Depending on how this unfolds, it may affect the V4 economies, either because it will aggravate and prolong the crisis or because investors will respond to the euro's troubles (or indeed precipitate them) by fleeing the emerging and peripheral countries in Europe."

According to analysts, the courage of national governments in carrying out reforms could be crucial for their countries' future economic development.

The percentage change in Poland's GDP in 2010 is estimated to 3.5-4.0 percent and the forecast for 2011 is between 4 and 5 percent.

"In my opinion, the future of the Polish economy is dependent on the international situation and public finance reform," said Pokrywka.

According to Vaňo, in 2010 and 2011 Slovakia stands in a strong position to become the regional front-runner in terms of economic recovery.

"The most intriguing question for the upcoming two years is whether the new Slovak government will be able to fulfil its fiscal consolidation commitment," Vaňo said. "If the fiscal consolidation does not materialise as it is planned for the upcoming years, Slovakia's credit rating, sovereign spreads and inevitably also the interest rates charged for private loans might be at stake. I am a little bit afraid that the importance of sound public finances remains underestimated in Slovakia."

The Czech Finance Ministry predicts that country's economic growth will be 2.2 percent in 2010, and forecasts a slight slowdown to 2 percent in 2011, the SITA newswire reported.

Hungary expects that the economic growth will speed up, reaching 3-4 percent in the coming years. Domestic demand is also forecast to revive in 2011.

"The most important factor influencing Hungary's economic performance will certainly be the external environment and global economic growth," said Tardos. "Hungary is a small, open economy, heavily dependent on exports and German economic growth. The second factor that will heavily influence growth is whether the structural reforms are carried out in a successful way."

To read the whole article, please go to www.spectator.sk

Czech Republic

Capital: Prague
Area: 78,864 sqkm
Population: 10.5 million*
Population by ethnic composition: Czech (90.42%), Moravian and Silesian (3.83%), Slovak (1.89%), Polish (0.51%), German (0.38%), Roma (0.11%), Hungarians, Ukrainians, Rusins (Ruthenians), Russians, Greeks, and others (2.86%)
Currency: Czech koruna
Average monthly wage in 2009: €957.5**
Real GDP growth rate: -4.1 percent (2009), 2.4 percent (estimate for 2010)*
GDP per capita in Purchasing Power Standards in 2009 (EU-27 = 100): 80*
Unemployment rate: 6.9 percent (November 2010)*

Hungary

Capital: Budapest
Area: 93,036 sqkm
Population: 10 million*
Population by ethnic composition: Hungarians 92.3%; 200-220,000 Germans, 100-110,000 Slovaks, 80-90,000 Croats, 25,000 Romanians, 5,000 Serbs, 5,000 Slovenes, 10,000 Polish, 3,000 Greeks, 1,500 Armenians, 3,000 Bulgarians, 6,000 Ruthenians, 2,000 Ukrainians
According to estimates there are about 400-600,000 Roma living in Hungary
Currency: Hungarian forint
Average monthly wage in 2009: €739.23**
Real GDP growth rate: -6.7 percent (2009), 1.1 percent (estimate for 2010)*
GDP per capita in Purchasing Power Standards in 2009 (EU-27 = 100): 63*
Unemployment rate: 10.9 percent (November 2010)*

Poland

Capital: Warsaw
Area: 312,685 sqkm
Population: 38.2 million*
Population by ethnic composition: Poles (circa 97.8%); other groups (circa 1 million people): Germans, Ukrainians, Belarussians, Lemkos, Roma, Lithuanians, Slovaks, Russians, Jews, Armenians, Tartars, Czechs and Karaims
Currency: Polish złoty
Average monthly wage in 2009: €785.75**
Real GDP growth rate: 1.7 percent (2009), 3.5 percent (estimate for 2010)*
GDP per capita in Purchasing Power Standards in 2009 (EU-27 = 100): 61*
Unemployment rate: 9.7 percent (November 2010)*

Slovakia

Capital: Bratislava
Area: 49,035 sqkm
Population: 5.4 million*
Population by ethnic composition: Slovak (85.8%), Hungarian (9.7%), Roma (1.7%), Czech (0.8%), Ruthenian, Ukrainian, Russian, German, Polish and other (2%)
Currency: euro (until 2009, Slovak koruna)
Average monthly wage in 2009: €744.50**
Real GDP growth rate: -4.8 percent (2009), 4.1 percent (estimate for 2010)*
GDP per capita in Purchasing Power Standards in 2009 (EU-27 = 100): 71*
Unemployment rate: 14.7 percent (November 2010)*

Source: www.visegradgroup.eu, *Eurostat, **SARIO
Compiled by Spectator staff

Doing business in the V4

Slovakia enjoys the best environment for doing business among the V4 countries according to the Doing Business 2011 report prepared by the World Bank. Of the 183 evaluated countries, Slovakia placed 41st, down one ranking compared with last year. All three other V4 members improved their positions: Hungary jumped from 52nd to 46th, the Czech Republic moved from 82nd to 63rd and Poland improved its ranking from 73rd to 70th.

41. Slovakia (40)
46. Hungary (52)
63. The Czech Republic (82)
70. Poland (73)

Source: Doing Business 2011

A common but contentious history

Lack of self-reflection still hangs like a skeleton in the closets of the V4 countries

By Michaela Terenzani
Spectator staff

The Iron Curtain once enclosed all the V4 countries and left similar scars in people's collective memories.
Photo: Sme - Peter Žákovič

CENTRAL Europeans like to believe – and historians often confirm their beliefs – that pain has always been part of this region of the continent, which had to struggle most of the time for its own identity, squeezed between the East and the West. The Czech Republic, Slovakia, Hungary and Poland, sometimes self-perceived as allies in order to be the 'significant other' for one another, continue to carry historical baggage that divides as well as unites.

History that unites

The Visegrad countries do have some common historical experiences, said historian István Kollai, a deputy director of the Hungarian Cultural Institute in Bratislava, at the start of an interview with The Slovak Spectator.

"However, these experiences are rather general phenomena such as the shared experience that they all had from being ruled by Western, Eastern or Southern (Ottoman) empires," Kollai said.

According to Roman Holec, a historian from Comenius University in Bratislava, the countries are obviously located in a common geopolitical space which traditionally has been a buffer territory, a place where power interests of the West and the East had clashed as well as a symbolic edge of Europe beyond which traditionally inscrutable regions and countries were located – such as Russia and the Balkans.

"The efforts to retain their independence or simply survive in this space are common for all four countries, but that is also perhaps the last thing that connects them," Holec told The Slovak Spectator, noting that there are examples of good bilateral relations between some of the countries, such as between the Czech Republic and Slovakia or Hungary and Poland but also rather somewhat bitter relations, such as between Slovakia and Hungary.

History that divides

Both historians agree that the reality for all four countries is that their interests and ideas about their role in the region and beyond it differ very much.

"The common moments in history rather divide all the countries and their cooperation is often rather pragmatic than conceptual," Holec said, pointing out as an exception Slovak-Czech relations where the peaceful separation in 1993 did not detract from their good mutual relations.

Holec said that central Europe can be seen as a region with "too much history" – which complicates relationships, noting that historical burdens exist in all four countries – with some seeing unfulfilled ambitions (Poland), others being traumatised by their losses (Hungary), and others suffering from historical inferiority complexes and fears (Slovakia and the Czech Republic).

"Count in the ever-cultivated 19th century nationalism, which also is a legacy of the past, and we've got the troublesome character of the region in hand," Holec said, adding that although there are attempts to get the countries to cooperate and focus on their common interests, over-indulgence in spotlighting the past and mutual wrongdoings still divides them.

Holec stated that all four countries of the Visegrad Group tend to seek 'profit' from their past sufferings – be it oppression or occupation by another state, mass slaughters, or being the victim of games played by superpowers – they even turn their suffering into a mantra. Holec noted that Slovaks have cultivated a stereotype of their own 'dove-like character' which does not permit remembering any part of the slaughter of their own fellow citizens before and during World War II.

"That leads to the search for excuses: 'other criminals', pressure from outside, or simply silence," Holec said. "These countries are missing the much-needed and liberating self-reflection of their own past failures and that is also something that connects them in a way. But it is just another counter-productive moment and a 'skeleton' which regularly keeps falling from the closets of their histories."

According to Kollai, the nation-building programmes that the four nations elaborated from the mid-19th century were often based on defining their nation against others, especially the neighbours.

"Before World War I, Hungary played, or often just tried to play, a dominant role on the regional level," Kollai said. "This dominance left negative elements not only among the Slovaks but also, for instance, in Czech historical consciousness."

Kollai said that after World War I all the current Visegrad Group nations focused solely on their own problems and needs and in attempts to win 'justice' for their own nation often harmed another, noting that these are the memories that burden bilateral relations between, for instance, Slovakia and Hungary even today.

Historic rupture

The legacy of the breakup of the Hungarian Empire, which occurred under contentious circumstances because of World War I, has continued to haunt the countries of the region in the decades that followed and still makes the relationship between Slovakia and Hungary the most problematic in the region.

Holec noted that while the history of Hungary in the 20th century is one of traumatising losses, the history of Slovakia in the 20th century is an example of a success story, stating that Slovaks started from zero and made it to a fairytale ending as an independent state and subsequently a member of the European Union and NATO.

"However, the success of the latter has been to a large extent built upon the failure of the first," Holec said. "On top of that, they both like to compare themselves to each other. And if Hungarians on the one hand find it hard to see that at the start of the 21st century Slovaks are more successful, even economically, Slovaks seem not to have grown enough mentally into recognising the state they have achieved. If the former suffer from traumas and cultivate various illusions, the latter still have their historical complexes as a 'small history' and a pointless fear of its traumatised neighbour. This serves as soil for nurturing nationalism, which in turn serves as a fertiliser for its own recycling."

Kollai added that bilateral relations between Hungary and Slovakia also tend to be unstable because politicians on both sides of the Danube tend to deny the basis of the other country's nation-organising principle.

"Slovak political life is liable to behave as a pure nation-state, despite the existence of a considerable regional ethnic [Hungarian] community accounting for 10 percent of the whole population," Kollai said. "Hungarian political life operates within the terms of a 'cultural' and 'political' cross-border nation which may sound like a gloomy and suspicious expression to Slovak ears. This existing dichotomy between the underlying principles makes the echo of the nationalist activities so strong."

CZ: Status quo rejected at the polls

Continued from pg 2

But the country's old guard politicians proved otherwise and after weeks of negotiations, the ODS and ČSSD cobbled together a deal to maintain control of the capital, joining forces to keep the newcomers out office.

"The ODS is convinced that TOP 09 is its main political rival and needs to be weakened as much as possible," said political analyst Bohumil Doležal, who once served as an advisor to Klaus when Klaus was prime minister.

Similar agreements were struck in the country's second, third and fourth largest cities – Brno, Ostrava and Plzeň respectively.

"It's true this voter revolution has not produced change," Pehe said. "The old parties did not learn a lesson, especially the ODS. The question is whether they are not digging their own grave."

Again, public anger boiled over with a massive street protest in early December on the day the new City Assembly officially took its seats. Havel himself appeared at the session to voice his disapproval of the ODS-ČSSD alliance.

Less than 36 hours after taking office in City Hall, the grand coalition's first corruption scandal broke, with a video surfacing where one ČSSD official offered Kč100,000 (about €4,000) to another for supporting a politician who was on the City Council. That councilman has since resigned, though he vows to return once his name is cleared.

"The reason [the coalition] was put together was to preserve certain networks and corruption," Pehe said. "One should not be surprised."

Such opinions are proving to be widespread.

"The reason behind the coalition was to maintain influential groups in their positions so they could keep their influence," said Vladimíra Dvořáková, director of the political science department at the University of Economics Prague.

Continued budget cuts at the national level spurred a nationwide general strike from public sector unions on December 8, with labour leaders and the political opposition voicing displeasure at both the policy and manner of the Nečas government.

"It always takes time, but I sense a movement in Czech society," Pehe said. "We don't know yet where that will lead."

Benjamin Cunningham is the editor-in-chief of the Prague Post.

PL: Right-wing parties dominate politics

Continued from pg 2

Tomáš Strážay, an analyst with the Slovak Foreign Policy Association, stated that PO is currently strong and is expected to remain so in the run-up to next year's election, noting that political competition in Poland is practically only between rightist parties – one strictly conservative and the other rather liberal.

"There is no leftist grouping with sufficient power or perspective to be able to replace the rightist ruling government in Poland," Strážay told The Slovak Spectator.

"The question rather is whether the current, liberal government headed by PO, will be replaced by the very strong and increasingly conservative PiS which has already ruled the country once."

Strážay also remarked that PiS might be inclined to use the still-quite-recent Katyń air crash in the upcoming parliamentary elections campaign.

"But a longer time will have passed since the tragedy and therefore I don't believe that they will manage to mobilise the voters in such numbers that would bring about a principal change in the political spectrum of Poland," Strážay said.

"It is not a strong enough element as such to mobilise a sufficient part of the electorate in favour of the brother of the late president and his party," he added.

Katyń, however, keeps making news, most recently during the visit of Russian President Dmitry Medvedev to Warsaw, which was preceded by Russia handing over more documents related to the massacre in 1940, when Stalin's NKVD secret police murdered 22,000 Polish officers and then for several decades blamed Nazi Germany for the killings.

After the fall of communism, Russia indirectly admitted its guilt but did not disclose all historical documents until recently.

On November 26 the Russian Duma directly blamed Stalin for the massacre in a rare condemnation of the dictator, in a move widely seen as an attempt by Moscow to improve ties with Poland, the Reuters newswire reported.

Joint promotion helps build tourism

By Jana Liptáková
Spectator staff

The V4 region offers many kinds of spas. **Photo: Jana Liptáková**

VISEGRAD Group member states continue to present their region as an attractive tourist destination and the scope of their joint initiative – branded as European Quartet, One Melody – has been further extended. Earlier this year, national tourist boards travelled as far as China, India and the USA to promote the region, which comprises Poland, the Czech Republic, Hungary and Slovakia. India was identified as a prospective market and the marketing plan of national tourist boards of V4 member countries for 2011 includes strengthening the V4 presence there.

"In 2010 we selected the markets of the USA, Japan, China, Russia and for the first time also Brazil and India to showcase central Europe as a tourist region," Emilia Kubik, senior specialist at the marketing planning department of the Polish Tourist Organisation, told The Slovak Spectator.

"We focus mostly on promotion of cities and cultural tourism in all of these markets. A special product for the Russian market is spa and wellness products, while for the US and Brazilian markets it is Jewish heritage. Most of the initiatives that we jointly carry out are strictly B2B (business-to-business) activities."

2010 was the year of the joint entry of V4 countries into the Indian market, with the first-ever V4 exhibit in SATTE New Delhi, the leading B2B platform, and Mumbai.

"This market is very promising for the region of central Europe and V4 countries have a product with which they can address potential Indian tourists," Lívia Lukáčová, the head of foreign relations at the Slovak Tourist Board (SACR) told The Slovak Spectator. She added that a road show was held in five Indian cities (Delhi, Mumbai, Kolkata, Bangalore and Chennai) followed by an info tour for Indian tour operators and cooperation with Indian media.

"The Polish Tourism Organisation, in cooperation with the Visegrad Group, has organised a road show in Beijing and Canton, " Roman Gozdzikowski, marketing manager at the Polish National Tourist Office in London told The Slovak Spectator, adding that the Polish National Tourist Office has participated in two events organised under the V4 banner in Ireland. The first event, held in May at the Czech Embassy, focused on the tourism potential of central European spas, and the other event, held on October 19 at the Slovak Embassy in Ballsbridge, focused on winter holidays.

"In 2010 we have observed increasing interest in such products as spas, Jewish culture and UNESCO heritage sites," Gozdzikowski said, adding that cooperation with other V4 members in the tourism sector has been very successful.

The national tourist boards plan to continue joint promotion of the V4 region in overseas markets.

"In 2011 the presentation will be extended with the market of Brazil, where in 2010 we carried out a survey among Brazilian tour operators to find out their interests," Lukáčová of SACR said, adding that next year V4 countries will spend €100,000 more on joint promotion. "In 2011 we will also launch a new European Quartet corporate website focused on presentation of our joint activities and projects."

All V4 countries have felt the effects of the global economic crisis on their tourism sectors, but some have been hit harder than others.

"Poland's tourism industry appears to be quite resilient, flexible and can quickly adapt to new challenges and the needs of the market," Gozdzikowski said. "Therefore Polish tour operators were pretty quick to launch alternative products. Poland has always been attractively priced for UK tourists, so we didn't feel severe effects from the crisis."

The Hungarian tourism industry was facing hard times but is on the way to recovery, according to Márk Kincses from the Hungarian National Tourist Office.

"Business tourism has dropped and leisure had to set new, less optimistic targets," Kincses told The Slovak Spectator. "But lower occupancy levels resulted in strong competition and much lower rates, so from the tourist perspective Hungary became a destination where high-quality services are available for favourable rates – [meaning] excellent value for money."

Slovakia, according to Lukáčová, registered a significant drop in the number of tourists from its main markets, i.e. the Czech Republic, Poland and Hungary. The impact of the crisis has been worsened by Slovakia's adoption of the euro, which coupled with the weakening currencies of neighbouring countries made Slovakia a relatively expensive destination.

Lukáčová believes that the situation is now improving across the whole V4 region, and all four countries are reporting an increase in the number of visitors from the Russian Federation.

"During the first half of 2010 the V4 countries registered an increase in visitor rates compared with the same period of 2009," said Lukáčová, adding that based on preliminary information this growth should also continue in the winter season.

New website for Polish-Slovak region

BY NEXT summer a new tourism-oriented information portal should be helping visitors to the Carpathian regions of Poland and Slovakia in finding natural, historical and cultural attractions. The portal called Karpatská Mapa Možností (Carpathian Map of Possibilities) will be sponsored by the Polish SOKOL cultural centre in Nowy Sacz and by Slovakia's Prešov Region. Each sponsor will cover 15 percent of the cost and the remaining 70 percent will be funded by an EU programme supporting cross-border cooperation between Poland and Slovakia, the TASR newswire reported.

Compiled by Spectator staff

For more V4 tourism shorts go to www.spectator.sk

INV: Joint option?

Continued from pg 3

"Rather, they are likely to compete with one another for FDI flowing into the wider region incorporating their four countries," Fidrmuc told The Slovak Spectator. "While the V4 countries could gain from coordinating their actions, the potential gains from reneging on such agreements are bound to be high and therefore such coordination is not likely to be maintained in the long term. Moreover, coordination among the V4 countries, without wider participation by the other countries in central and eastern Europe, may simply induce foreign investors to overlook the V4 countries and move elsewhere."

According to SARIO, V4 countries in general can be assessed together as a dynamic region, whose potential could be multiplied by more intensive trading with countries outside the EU, which might help to share risks in the future. The SARIO experts noted that when establishing contacts with countries outside the EU it would be useful for the V4 countries to "create a joint strategy and to present the region as a whole".

"There are both advantages and disadvantages to such an approach [by one region]," Štěpánka Filipová, the director of the Marketing and PR department at the Investment and Business Development Agency of the Czech Republic (CzechInvest) told The Slovak Spectator. "When dealing with investors the countries could together offer a bigger market, better logistics, more employees or more industrial properties. On the other hand, this approach would need several legislative changes in all the countries. For example, investment incentives should be harmonised. More importantly, there will still be only one country where the investment would be finally located, with all the related advantages – tax income, new working positions and new opportunities for subcontractors in the country. Investors often look for only one country to set up a business in. This makes the V4 countries competitors and we believe that this will not change in the coming years."

MDZ: 'We aim to push our shared interests within the EU'

Continued from pg 1

TSS: Which key topics have been given the strongest emphasis by the Slovak presidency?

MDZ: The slogan of our presidency is Effective Visegrad – Continuity, Coherence, Solidarity and keeping each other informed. In the sphere of foreign policy, we aim to push our shared V4 interests within the European Union in a more effective and more coordinated manner. We have been successfully using the V4 platform for supporting the European and Euro-Atlantic integration of countries of the western Balkans. In October 2010, we hosted in Bratislava an informal extended meeting of foreign affairs ministers of V4, countries of the western Balkans and representatives of the European Commission, which has confirmed support for keeping the dynamic of the open door process of the EU in 2011, when actually two V4 countries, Poland and Hungary, will hold the rotating presidency of the EU.

We plan a similar meeting for next spring called Eastern Partnership and it is intended for our eastern neighbours. A couple of days ago, the V4 foreign affairs ministers turned to the Belgian presidency of the EU and the EU Commissioner for Enlargement with the initiative that the December sitting of the Council for General Affairs recommends that the European Council grant Montenegro the status of candidate country. This decision sent out a strong signal for the whole western Balkans about the continuing interest of the EU in the European future of the region.

In specific sectors, the most important topics are issues of comprehensive infrastructure and energy security with an emphasis on diversification of transit routes and suppliers as well as projects of North-South gas streams and the modernisation of existing pipelines.

The preservation of cohesion policies, support for education and a just agricultural policy as well as the development of neighbourly policies of the EU, are also on our agenda. We are also paying attention to inclusion of the Roma population.

TSS: What is the role of the V4 within the EU? What are the areas where the V4 countries proceed jointly?

MDZ: The success of the V4 depends on our ability to continuously seek common meeting points and to look at our cooperation as a launch platform for seeking additional allies. Our goal is not to create new blocks within the EU, to splinter EU integration or to weaken its unity. After all, it was our EU membership which gave a significant kick to intensifying V4 cooperation. Next year the EU will become "Visegrad-like" since first Hungary and then Poland will hold the rotating presidency. Even though the chairing country has to be impartial it will still be an excellent chance to present Visegrad priorities and showcase our cooperation.

The V4 has the largest potential in strengthening energy security, developing a comprehensive transport infrastructure, and moving forward cohesion policies as well as in finding ways of easing the impacts of the global economic downturn.

TSS: The last century was problematic for the V4 countries from a historical point of view, something which is still reflected in tense relations between countries, specifically Slovakia and Hungary. How can the V4 contribute to reconciliation and improved relations?

MDZ: The last century was problematic for the whole of Europe. Due to the totalitarian lack of freedom, there was no room in central Europe for reflection on the heavy burden of the past. The Visegrad cooperation started symbolically at the place of medieval reconciliation of the then-rulers, which brought stability to the region for several decades. Our purely neighbourly relations have changed again after the centuries into one as allies: we have similar historical experiences and we believe in the same values and principles.

In fact the importance of V4 cooperation could be illustrated by the fact that tensions in bilateral relations with Hungary in the past have not been negatively reflected in the V4. Solutions of bilateral issues do not belong to the V4 ground. On the other hand, I am convinced that that the Visegrad spirit of cooperation has the potential to have a positive impact on relations between individual countries.

TSS: Are the policies of V4 members towards other countries of eastern Europe coordinated?

MDZ: The Eastern Partnership is a programme of the EU which was adopted in May 2009 during the Czech presidency of the EU and it also belongs among Slovakia's priorities within V4. I consider it a great advantage that all the countries of the V4 devote attention to the Eastern Partnership and support the approach of these countries to the EU.

Slovakia is interested in a specific programme of bilateral support for south-eastern and eastern Europe which is called the Centre for Transfer of Experiences from Integration Processes, which will be open also for cooperation with other partners, including the V4 countries.

Also, the shared V4 goal is to continue the process of visa liberalisation for citizens of the countries of the Eastern Partnership. We see space for cooperation in the area of official developmental help or through projects financed from the Visegrad Fund.

Zuzana Vilikovská contributed to this article

V4 media confront similar challenges

BY MICHAELA TERENZANI
Spectator staff

OVER the past two decades since the fall of communism in the region, media outlets in central Europe have needed to grow more independent from their countries' government, learn how to incorporate new technologies into their business models, and find financial success in turbulent market economies.

Political interference has been a challenge to the development of media independence since 1989 – and not only in Slovakia, where it culminated in 1994-1998. Slovak observers note that because of that heavy-handed interference fifteen years ago the Slovak media system is now more autonomous and better able to resist political pressure than it was before.

"While 15 years ago the prevailing majority of journalists were fighting against the government, today journalists are rather in the position of journalists and not fighters," Matúš Kostolný, the editor-in-chief of the Bratislava-based Sme daily told the Slovak Spectator earlier this year.

To get a taste of what the changes over the past two decades have been like in the other countries of the Visegrad region, the Slovak Spectator spoke to Anna Spysz, the editor-in-chief of the Krakow Post, Wojciech Przybylski, the editor of the Warsaw-based Res Publica Nova magazine, Bibiána Duhárová, the general manager of the Prague Post, and Allan Boyko, the managing editor of the Budapest Times.

TSS: How has the media environment in your country developed since the fall of communism two decades ago?

Anna Spysz (AS): The media environment has changed dramatically, beginning with publications such as Gazeta Wyborcza that arose as protest publications under communism. Journalistic work and the understanding of the role of the media have adjusted to Western definitions and a free press operates in Poland.

Wojciech Przybylski (WP): 20 years ago there was an outburst of new, independent press both on a local and national level. Gazeta Wyborcza has been an example of one of the most successful media ventures in the press sector. Radio and TV were in a much tougher environment since broadcasting has been allowed only under concessions. Thus, only a few independent radio and TV channels have been started. Also, civic media platforms – such as radio stations that give their broadcasting time to citizens calling and speaking whatever they want – were rare and have hardly survived. Maybe the only one of this kind to remain is Radio Maryja, but it has become a far-right Catholic station. While independent media have grown in number there has been another tendency of a falling number of local, independent media as many have been bought by German media tycoons. Local governments are also allowed to publish their own newspapers on local affairs and that just kills independent papers. Another new trend is observable now: websites of journalists who want to comment on politics independently of their publisher.

The media is freer, but also feels less secure. Photo:SITA

Bibiána Duhárová (BD): There is a proliferation of privately-owned media sources though many are struggling to generate revenue in recent years. Many of the larger privately-owned media are foreign-owned. With a few exceptions the tone of journalism and many print publications, especially ones with large circulations, offer a sensationalist take on news and events of a quality similar to tabloids in western Europe and North America. A new generation of editors has taken over some of the country's more prestigious publications in recent years and seem to offer a slightly more refined perspective on the role of media in society.

Allan Boyko (AB): Investigative journalism will likely land you in court or pressure will be brought to bear on you from the revenue side [of the business]. You can still be critical in your reporting but only with information that is in the public domain. Few newspapers have the resources for this [investigative journalism] anyway. The new media law before parliament will allow [the government] to stack the deck in their favour by appointing members to the overseeing Media Council. Under the previous government the socialists had a majority so there is no surprise that the new government wants to clean house. My opinion is that the media is most-often lazy, but perhaps it has something to do with trying to get information out quick. Often the background will fall out of a story. Furthermore, there is a lot of 'press release reporting' especially in the case of business. A lot of PR gets published that has no business being published.

TSS: What are the main challenges in your country's media environment at this time?

AS: One of the largest problems facing media in Poland is lack of financing, just as in the rest of the world, as we move from print media to other formats. One challenge is for old media to embrace the internet in a constructive way.

WP: Local media face making changes in the law to forbid local governments from publishing their own press. The main TV and radio channels are state-controlled and so is the second most-read daily, Rzeczpospolita. This raises obvious questions, but there is no danger as long as there are privately-owned media.

BD: Declining revenues and circulation for traditional journalism outlets are the biggest problem, with several large print publications potentially going out of business in the next year. In television, with the exception of state-owned channels, there are few sources of quality news or reporting. The largest challenge for the media dedicated to news and public service is to continue operations at as high a level as possible until post-crisis economic recovery solidifies.

AB: Many have their hands in the air over the media law, saying that it will promote state censorship. Censorship already exists. For example, by law an interviewee can ask to read quotes before publication. When the quotes are read it is usually by some PR person, justifying their job, and taking anything potentially controversial or colourful out. The main challenge is revenue. If you are struggling to survive you can forget about all the nice ideas of investigative journalism and being a critical watchdog.

TSS: How would you describe the relations between media and the ruling government in your country? Are relations problematic or smooth?

AS: For the most part, relations between media and politicians are smooth even though there are parties that accuse the media of bias on a regular basis. There is a wide range of media covering the entire political spectrum, however, so there does not appear to be an overarching bias in the media.

WP: The relations are rather tough but fortunately the government does not intend to change the law because of this.

BD: There is almost zero official interference by the government in what the media publishes; with that said, the relationship alternates between antagonistic and excessively intertwined. The media often allows itself to be used as a pawn between competing politicians and parties who leak information in an attempt to achieve political gain.

AB: The socialists who lost power after eight years were more media-friendly and more professional than the new Fidesz government. Most of the media have a left-wing bias so it is no surprise that relations are not easy. The previous government also tended to govern through the media: lots of fights between cabinet members in the press, issues negotiated by headlines. Fidesz has a two thirds majority. It does what it wants rather than worrying about what the reaction in the press will be. It makes many who are used to a more conciliatory approach uncomfortable here and abroad. I am not sure if it is a bad way to handle things. Hungary does not have time for issues to be talked to death or measures to be watered down by committees.

For the full version of the interviews please go to www.spectator.sk.

SK: Dual citizenship issue still unresolved

Continued from pg 2

But after the first 100 days there was not much else observers were praising about the new government's performance, with critical voices saying the government had not been sufficiently active and forceful in overturning legislation that the parties had vehemently criticised while in opposition: issues such as minority-related legislation and the law on state language which brought tension between Slovakia and Hungary to a peak, as well as a previously modified press code which garnered criticism from the media and the international community.

Radičová and her ministers defended their government by saying it had to deal with several tough issues during its initial weeks in office: summer floods that hit large parts of Slovakia as well as European criticism over Slovakia's decision not to participate in the EU loan package for Greece.

Tomáš Strážay of the Slovak Foreign Policy Association noted that the latter position has met with negative responses from Brussels and some EU officials but also with some sympathy on the part of the European public, experts and journalists, and therefore the threat that Slovakia's position in the EU and its international image would be severely damaged by not participating in the Greek bailout were not fully realised.

"That was in my opinion the main determinant that made the new government different from its predecessor and thanks to which Slovakia made itself visible," Strážay told The Slovak Spectator.

Slovakia gained importance within the V4 in 2010 as it took over the one-year rotating presidency of the group on July 1, when the Hungarian prime minister handed over the presidency baton to Radičová.

Communication between Slovakia and Hungary improved after new governments took power in both capitals.

"There has been a change of political climate, but it is questionable whether the change is permanent and whether it can be guaranteed not to be disturbed by problems – either past problems or new ones," Strážay said, adding that there are many problems left unresolved from the distant and more recent past.

One such problem is the Hungarian law on dual citizenship which the incoming Hungarian government amended shortly before Slovakia's parliamentary election.

The change permits ethnic Hungarians living in Slovakia to acquire Hungarian citizenship in addition to their Slovak citizenship.

The previous Slovak government responded by passing an amendment to the Citizenship Act specifying that if any Slovak voluntarily took steps to obtain the citizenship of another country he or she would automatically lose Slovak citizenship.

The parties of the current ruling coalition heavily criticised the legislation when they were in opposition but to date they have done nothing to change the law.

Hungary will start granting citizenship under its new rules as of January 1, 2011 and as 2010 nears its end the Slovak counter-measure remains in effect.

HU: V4 still a priority?

Continued from pg 2

The Hungarian government sees it as its duty to help the accession of these countries to the European Union, particularly in the case of Croatia, due to close most of its negotiation chapters in 2011.

Similarly, after decades of poor relations with Romania, Hungary has come out in favour of Romania's inclusion, along with that of Bulgaria, in the EU's Schengen area, which would allow citizens of both countries borderless travel to other parts of the EU. Beyond the question of solidarity with other new EU member states, self interest also plays a role in determining Hungary's position: widening the Schengen area would remove much of the burden of border-keeping from Hungarian shoulders as well as going some way towards reuniting the large Hungarian minority living in Romania with the home country.

The new Hungarian government renewed its pledges for cooperation on energy security, environmental protection and economic cooperation at a July summit of the Visegrad Group, the alliance of the Czech Republic, Hungary, Poland and Slovakia, set up in 1991 to cooperate on a number of issues of common interests. Yet it is not clear that Visegrad cooperation is still a priority. Clear efforts to strengthen relations with Romania and the western Balkans could signify a diminished interest on the Hungarian side for cooperation in the V4.

Bénédicte Williams is a writer at the Budapest Times.

Visegrad Scholarship Programme

The International Visegrad Fund (IVF) offers master's and post-graduate scholarships to selected students for periods of one or two semesters, with the exception of master's scholarships within the In-Coming programme in which one- to four-semester scholarships can be awarded. With an annual budget of €1,448,000, the IVF will award scholarships for about 400 semesters in the academic year 2010/2011.

Applicants whose current university or employer is further than 1,500 km from the selected host university/institute are eligible for a one-time travel grant.

Citizens of the following countries can apply:
Albania (AL), Armenia (AM), Azerbaijan (AZ), Belarus (BY), Bosnia and Herzegovina (BA), Croatia (HR), the Czech Republic (CZ), Georgia (GE), Hungary (HU), Macedonia (MK), Moldova (MD), Montenegro (ME), Poland (PL), the Russian Federation (RU), Serbia (RS), Slovakia (SK) and Ukraine (UA). The same rules apply to scholars from Kosovo.

Scholarship schemes:

Intra-Visegrad Scholarships
This is suitable for scholars coming from one of the V4 countries who plan to study in a V4 country other than that of their citizenship at any accredited public or private university or an institute of the country's national academy of sciences.
Successful applicants within this scheme will receive scholarships of €2,300/semester and the corresponding host universities/institutes receive €1,500/semester/scholar.

In-Coming Scholarships
In-Coming Scholarships are suitable for scholars who wish to study at accredited public or private universities or institutes of the respective national academies of sciences in V4 countries. Citizens of the following countries are eligible for In-Coming scholarships: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Georgia, Macedonia, Moldova, Montenegro, the Russian Federation, Serbia and Ukraine as well as scholars from Kosovo.
Successful applicants within this scheme will receive scholarships of €2,300/semester and the corresponding host universities/institutes receive €1,500/semester/scholar.

Out-Going Scholarships
This scheme is for current scholars or master's degree holders from V4 countries to study at accredited public or private universities or institutes of the respective national academies of sciences in the following countries: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Georgia, Macedonia, Moldova, Montenegro, Serbia and Ukraine as well as universities in Kosovo.
Successful applicants within this scheme will receive scholarships of €2,300/semester and the corresponding host universities/institutes receive €1,500/semester/scholar.

-Scholarships for Belarusian students
The programme is for Belarusian scholars who wish to study at accredited public or private universities or institutes of the academies of sciences in V4 countries (altogether 60 semesters annually).

-Scholarships for Ukrainian students
The programme is for Ukrainian scholars who wish to study at accredited public or private universities or institutes of the academies of sciences in V4 countries (altogether 60 semesters annually).

Visegrad Scholarships at OSA Archivum (a separate programme)

If selected, each scholar receives scholarship funding at the beginning of each five-month period (semester) upon a written confirmation from the host university/institution.

The deadline for all scholarship applications is January 31. The results are announced by mid May.

For more information go to, http://visegradfund.org/scholarships

Source: International Visegrad Fund
Compiled by Spectator staff

Grant opportunities in V4

By Dominika Uhríková
Spectator staff

GLOBETROTTING students and researchers can nowadays enjoy a seemingly endless list of different grants and scholarships; however, those coming from or wishing to study within the Visegrad region have an extra ace in the hole since V4 countries have recently been particularly eager to enhance their ties with the rest of Europe by encouraging young people to leave the comfort zone of their homes and get a taste of life abroad.

Among the principal institutions providing grant support for students is the International Visegrad Fund (IVF), founded in 2000 by the Visegrad Group governments, which make equal contributions to the common annual budget.

As part of its numerous activities, the International Visegrad Fund (IVF) awards Master's and post-graduate scholarships to selected students from the V4 region or one of 13 countries in eastern Europe, the western Balkans and south Caucasus.

Jiří Sýkora, the IVF's PR director, explained that one of the principal objectives of the Visegrad Scholarship Programme is to make the V4 region a liaison between the EU and countries with fewer funding opportunities.

"While EU citizens have access to hundreds of travel and study grants, the situation is considerably less favourable in the east and south," he told The Slovak Spectator. "We therefore endeavour to support student mobility in these zones as well as strengthen the ties between the Visegrad Group and non-EU countries."

With this idea in mind, the IVF offers funding within three separate schemes: 'In-Coming Scholarships', meant for non-EU nationals wishing to pursue their studies in Hungary, Poland, Slovakia or the Czech Republic; 'Out-Going Scholarships', suitable for V4 citizens who plan to study outside the V4; and 'Intra-Visegrad Scholarships' for mobility within the V4 region.

A total of 984 scholarships amounting to €6.9 million have been distributed since the launch of the programme in 2003. In 2011, an estimated 400 semesters will be covered by grants thanks to a budget of €1,448,000, which makes up almost one-quarter of the IVF's annual budget.

This is a remarkable increase compared with the first year of the programme, when only around €250,000 was awarded to scholars.

The expanding budget goes hand in hand with the growing interest in the IVF's scholarship scheme. Its statistics show that while at the beginning, one in 2-3 applicants received a scholarship, today, with demand increasing every year, only one in 4-5 applicants is successful.

Let's go study abroad! Photo: Courtesy of the Villa Decius

According to Sýkora, the IVF's scholarship programme has one important advantage when compared, for example, with the highly popular Erasmus mobility scheme: that of being better suited to scholars' needs.

"We have no such thing as a network of partner institutions, which means that students can choose any accredited university or research centre they please, including private entities," he stated. "So our scholars have much more responsibility, as they have to find their host institutions themselves, but, at the same time, they have much more freedom."

Other advantages include the possibility of obtaining several consecutive scholarship and the possibility of receiving support for up to 4 academic terms.

No fear of 'brain drain'

Though it might not seem obvious at first sight, the IVF does not support mobility so that people can leave their country and start a new life overseas. On the contrary, the ultimate aim is to enable young people to gain new experiences and to build competences they can use in their home countries after returning from abroad.

As Sýkora remarked, there is no need to fear 'brain drain': the IVF tries not to lose sight of its alumni and figures have clearly confirmed that the latter indeed tend to pursue their careers at home rather than elsewhere.

Such was the case of Bogdan Kotyk, a Ukrainian who obtained an IVF scholarship for a Master's course in European studies at Comenius University in Bratislava, from which he graduated with a thesis on European cross-border cooperation.

"After graduation I moved back to Kiev, where I enrolled in the reserve of the Ministry of Foreign Affairs and started working for an international company," he told The Slovak Spectator. "I am sincerely happy to be home and use my knowledge and skills in practice to help people build a better life."

Kotyk, who had never been to Slovakia before, appreciated both Bratislava's lively student life and the professional experience he gained.

"The past two years were very important and productive for me; I certainly have broadened my horizons," he said. "The on-campus international atmosphere gave me many new friends and brought me closer to Slovak culture, its language and people. At the same time, it was very interesting for me to witness the changes that occurred in the country after Slovakia joined the eurozone."

Martin Kusý from Slovakia, another IVF alumnus, also returned back to his homeland after completing part of his studies in nanotechnology at the Silesian University of Technology in Gliwice, Poland.

The reason why he chose to study at this particular school was most importantly its "excellent technological equipment".

"Another reason was that I had the opportunity to be responsible for an entire research project from start to finish – a project that was very much closer to industry than academia," Kusý stated.

As a teacher at the Slovak University of Technology in Trnava, Kusý is currently working on introducing his own device for the preparation of nanocomposites into industrial production. He continues co-operating with Gliwice University, interestingly, on inviting Polish students for excursions to the Trnava laboratories.

Building a central European identity

Those preferring to travel abroad for shorter periods of time may be interested in another initiative, the annual Visegrad Summer School (VSS), organised by the Villa Decius Association in the Polish town of Krakow since 2002.

Every year, several dozen students from the V4 region and neighbouring countries are selected to take part in this two-week educational programme consisting of lectures, panel discussions and seminars on issues and challenges relevant to the Visegrad Group region, the EU and the countries of central and eastern Europe.

The line-up of lecturers traditionally includes some of the region's most noted journalists, political scientists and experts.

As for topics regularly dealt with at the VSS, these usually reflect the Villa Decius' main concerns, said Anna Kowalska, VSS co-ordinator.

Among them is the lack of a central European identity in the younger generation or the V4 leaders' general tendency to neglect cooperation with neighbouring countries and to rather focus on western European partners instead.

"I have noticed that in the first days of the workshop, most applicants tend to be more interested in those parts of the programme that deal with the European or even trans-Atlantic perspective," she told The Slovak Spectator. "By the end of the event, however, what they indicate as the main benefits from the school is an awareness of the role of central European countries, the understanding of the importance of regional co-operation, the consciousness of being central European as a part of one's identity, the overcoming of stereotypes and the networking experience."

While the mission of the workshop remains the same, its structure changes from one year to the next, as the VSS team keeps introducing new elements into the programme.

"It would be easy to copy-and-paste the existing schedule for a new group," Kowalska explained, "but the international situation is so dynamic that we necessarily have to adjust the programme if we want to tackle the most topical and burning issues."

As Kowalska added, the upcoming edition will be even more different from the preceding ones as the VSS will celebrate its 10th birthday in 2011.

"We will invite our alumni to come and share their experiences with us," she said. "Many of them have finished their studies and are now working as diplomats, entrepreneurs, academics, journalists, lawyers, NGO leaders, and so on. So we plan to organise more working groups than lectures this time, to give them space for discussing and renewing contacts. And it is they who will suggest topics for this special edition."

In the meantime, interested candidates should start brushing up their CVs, Kowalska concluded: the competition is so tight that more than 300 applications for the annual VSS are rejected every year.