



The State of Democracy After 25 Years: Lessons from Central and Eastern Europe

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Summary

- While formal democratic standards are high in Central and Eastern Europe, many of the underpinnings that define a functioning democracy have regressed over recent years, in particular following the global financial crisis.
- There exist a number of threats to democracy in Central and Eastern Europe: corruption is on the rise, as business interests are prioritised over political integrity; courts have grown close to ruling elites; anti-corruption efforts have become politicised; and, populism and nationalism have entered the political mainstream.
- Since the mid-2000s, political parties in Central and Eastern Europe have developed questionable relationships with authoritarian regimes, including Vladimir Putin's revisionist Russia. This undermines not only the region's democratic standards, but also threatens European solidarity and defies the fundamental values of the European Union.
- Although political elites in Central and Eastern Europe are rolling back on democracy, ordinary citizens are not willing to give up their hard-fought post-1989 gains. In 2014, protests swept through the region as citizens voiced discontent with the direction that their countries are heading.
- 25 years after the fall of the Berlin Wall, the European Union should reinforce its commitment to nurturing democracy in its eastern fringes through effective law enforcement, improved dialogue and existing institutions.

1. Introduction

The past 25 years have seen a dramatic transition in Central and Eastern Europe, resulting in the fall of communism and the adoption of market-oriented democracy – a process that has frequently been described as a ‘return to Europe’. Reformist politicians throughout the region have sought to implement radical reforms that would put the former Eastern Bloc on the path to becoming Western-style liberal democracies and to integrate their countries into the European Union (EU). Following the fall of the Berlin Wall, many in the West feared that Central and Eastern Europe would slip towards authoritarianism; instead, it became the most successful democratising region in the post-Cold War world.

However, since the global financial crisis, a split has emerged in post-communist Europe. Crudely, the division line runs between North and South. Poland and the Baltic states have established themselves as the most avid believers in the European idea and most loyal to their 1989 aspirations. Meanwhile, Hungary, the Czech Republic, Slovakia, and the Balkans have drifted from European liberalism, increased their state powers, and developed ambiguous loyalties with authoritarian regimes – including Vladimir Putin’s Russia. In recent years, commentators have started to view the future of this second group of countries in darker terms, seeing the onset of a ‘democratic backslide’.

This paper focuses on the part of Central and Eastern Europe that is increasingly facing a democratic recession, specifically on four countries: Hungary, Slovakia, the Czech Republic, and Romania. It explores media freedom, corruption, geopolitical orientations, and nationalism and populism, and seeks to understand the state of democracy in these countries. What are the main drivers behind this ‘recession’? What role have outsiders, such as the EU and Russia, played? Can other countries learn from their experiences?

2. Different Historical Experiences

Moscow’s puppet communist regimes in Eastern Europe, established after 1945, ranged from Budapest’s softer regime – branded as ‘Goulash Communism’ – to Bucharest under Romanian dictator Nicolae Ceauşescu. Because of this, each former Eastern Bloc country has a different experience of the late communist period and its own 1989 revolution. Some had stronger dissident movements – such as Czechoslovakia’s ‘Charter 77’ initiative, whose leaders included Václav Havel – while others were less prepared for change.¹ 1989 was largely bloodless across the region; Romania was the exception, as over a thousand people were killed in the wake of the revolution – which resulted in the execution of Ceauşescu and his wife, Elena.

Slovakia, the Czech Republic, Hungary, and Romania had different experiences of post-communist transition in the 1990s. Each initially suffered high inflation and a major recession; but the scale of output losses and the time taken for growth to occur and inflation to be brought under

¹ See, for example: Beissinger, M. and Stephen Kotkin, eds, *Historical Legacies of Communism in Russia and Eastern Europe* (Cambridge: Cambridge University Press, 2014).

control varied.² By the mid-1990s, growth was established, and, as a concrete indicator of progress, the Czech Republic joined the Organisation for Economic Co-operation and Development (OECD) in 1995, followed by Hungary in 1996. At the same time, the leadership in these countries began to look at membership of the EU as a long-term goal; Hungary applied for EU membership in 1994, followed closely by Romania and Slovakia in 1995, and the Czech Republic in 1996. Though these countries were vulnerable – because of their nascent financial systems and market institutions – to the economic crises of the late 1990s, they adopted shock-therapeutic policies that provided the foundation for future economic growth.³

Despite the different paths of transition during the 1990s, the countries of Central and Eastern Europe began to converge, from the early 2000s.⁴ Rapid growth, spurred by the benign global environment, saw GDP increase – on average – by 4.5% in all four countries, between 2000 and 2005. As the region moved closer to Western Europe in its economic profile, it concreted its desire to align itself with Western Europe politically: in 2004, the Czech Republic, Hungary, and Slovakia joined the EU, followed by Romania in 2007. In line with their countries' 1989 aspirations, the governments of the four states accepted significant adjustments to their domestic and foreign policies, in order to join the European community.

The global recession of the mid-to-late 2000s, however, initiated a rollback on the democratic progress made by the four countries. In 2009, GDP decreased by 6.8% in Romania and Hungary, 4.9% in Slovakia and 4.5% in the Czech Republic. In response, governments embarked on significant domestic consolidation, in an effort to restore fiscal stability, and introduced populist policies, to appease voters. These economic measures succeeded in halting recession,⁵ and, since 2009, GDP growth has returned – averaging 1.2% across the four countries, between 2010 and 2013. The financial crisis shifted Central and Eastern Europe's focus from nurturing democracy to prioritising business interests.

Today, the countries' economies have recovered, but democratic transition has halted and there are real dangers that it will reverse.

3. Main Trends

If the first two decades post-1989 demonstrated the lengths to which Central and Eastern Europe was willing to go to join Europe, then the five years since have been accompanied by an active effort, by political establishments, to halt – and, in some cases, reverse – progress towards Western standards of democracy. As power becomes concentrated in the hands of a few wealthy individuals who have political influence and who are extending their control to media outlets, are supporting populism, and are aligning their countries with authoritarian regimes, many fear that this part of Central and Eastern Europe is jeopardising its hard-fought development.

² Blanchard, O., *The Economics of Post-Communist Transition* (Oxford: Clarendon Press, 1997).

³ Atoyan, R., Bikas Joshi, Krzysztof Krogulski, James Roaf, and an IMF staff team, '25 Years of Transition: Post-Communist Europe and the IMF' (International Monetary Fund, 2014), available at: http://www.imf.org/external/pubs/ft/reo/2014/eur/eng/pdf/crei_sr_102414.pdf.

⁴ Åslund, A., *How Capitalism Was Built: The Transformation of Central and Eastern Europe, Russia, and Central Asia* (New York: Cambridge University Press, 2007).

⁵ Bakker, B. and Christoph Klingens, eds, *How Emerging Europe Came Through the 2008/09 Crisis* (Washington: IMF, 2012)

3.1 Attacks on Democracy

To most observers, Central and Eastern European democracies have looked stable for at least the last 15 years, scoring well on most international indices of governance and reform (albeit, with a clear lag behind the established democracies of Western Europe). The recent mutation of Central and Eastern European leaders, turning from pro-Western democrats to Eurosceptic nationalists, however, is a turning point in this transition. Nowhere is this truer than in Hungary.

Since his coalition's decisive electoral victory in 2010, Prime Minister Viktor Orbán – leader of the Alliance of Young Democrats–Hungarian Civic Union (Fidesz) Party – has used his coalition's two-thirds parliamentary majority to push through over 600 new laws that point to an increasingly authoritarian model of governance. Orbán has politicised the judiciary; bent election rules to his advantage; placed restrictions on independent media and foreign-funded non-governmental organisations (NGOs); and overseen a number of amendments to the Constitution.⁶ Over the last four years, Hungary has gone from being a very pro-European country to one of Europe's most Eurosceptic states,⁷ as Orbán has encouraged citizens to doubt Brussels.⁸

Miloš Zeman, the Czech President, is no Orbán; but, under his leadership, Czech democracy is increasingly under threat. Although Czech political institutions have, so far, made it difficult for any one group to concentrate sufficient power to rewrite constitutional rules overnight, domestic critics argue that Zeman is initiating a 'Putinisation' of Czech politics similar to developments in Hungary and elsewhere in Central and Eastern Europe.⁹ One of the impacts of this 'Putinisation' has been to stoke public discontent and increase the popularity of anti-establishment forces, including parties actively undermining democracy.¹⁰

The emergence of Akce nespokojených občanů (Action of Dissatisfied Citizens, or ANO), a political party set up by Andrej Babiš (the Czech Republic's second-richest man and the fifth-most powerful billionaire in the world),¹¹ is a case in point. Founded in 2011, ANO has won support under a banner of anti-corruption and anti-politics. Following the collapse of Prime Minister Petr Nečas' government in 2013, ANO formed a coalition government in early 2014, with Babiš assuming office as Deputy Prime Minister and Finance Minister. But Babiš and his fortune (worth an estimated \$2.4 billion) are shrouded in controversy; in his role as Finance Minister, Babiš controls the distribution of his country's EU subsidies, and Babiš' companies allegedly receive a significant portion of those subsidies (€2.6 billion in 2013).¹² So frequently are comparisons drawn between Babiš and the controversial former Italian Prime Minister, Silvio Berlusconi, that the nickname 'Babisconi' has been coined by the Czech press.¹³

⁶ Bond, I. and Agata Gostyńska, 'Hungary and the West: We need to talk about Viktor', *Centre for European Reform*, 26 November 2014, available at: <http://www.cer.org.uk/insights/hungary-and-west-we-need-talk-about-viktor>.

⁷ 'Euroskepticizmus Magyarországon és Európában / Euroscepticism in Hungary and Europe', *EUPOLL*, 15 April 2014, available at: <http://eupoll.tumblr.com/post/82785566754/euroskepticizmus-magyarorszagon-es-europaban>.

⁸ Tóth, C., 'Guest post: Viktor Orbán's own brand of euroscepticism', *The Financial Times*, 19 May 2014, available at: <http://blogs.ft.com/beyond-brics/2014/05/19/guest-post-viktor-orban-own-brand-of-euroscepticism/>.

⁹ Müller, K., 'Putinizaci české politiky brání Unie', *Lidové noviny*, 16 July 2013, available at: <http://karelmuller.eu/?p=122>.

¹⁰ 'Czech democracy: the wheel turns full circle', *Dr Sean's Diary*, 27 November 2014, available at: <http://drseansdiary.wordpress.com/2014/11/27/czech-democracy-25-years-on-the-wheel-turns-full-circle/>.

¹¹ 'Global Billionaires Political Power Index', Brookings, 15 September 2014.

¹² 'Sobotka: Nejčistší by bylo, kdyby Babiš přestal podnikat', *Ceska Noviny*, 28 March 2014, available at: <http://www.ceskenoviny.cz/zpravysobotka-nejcistisi-by-bylo-kdyby-babis-prestal-podnikat/1060703>

¹³ Terry, C., 'The rise of "Babisconi"', *Electoral Reform Society*, 30 October 2013, available at: <http://www.electoral-reform.org.uk/blog/the-rise-of-babisconi>.

Neighbouring Slovakia has not been immune from similar problems, where Prime Minister Robert Fico has also harnessed the reactionary attitude of post-crisis Europe.¹⁴ Fico was able to engineer the 2011 downfall of the previous centre-right government by withholding and then delivering votes from his Smer-sociálna demokracia (Direction-Social Democracy, hereafter Smer) party on EU measures to combat the Eurozone crisis. In the following election, Fico won a majority in parliament. At the same time, the opposition was boxed out of political decision-making, and appointments in the judiciary became increasingly politicised. Although Fico was defeated in his country's 2014 presidential election, his campaign centred on falsely accusing his opponent – Andrej Kiska – of being a member of the Church of Scientology.¹⁵

In Romania, meanwhile, the transition to democracy has been marred by the abuse of power by national and regional officials. In 2012, Romanian Prime Minister Victor Ponta attempted a coup, by overturning established procedures and stripping away constitutional checks and balances, in an effort to unseat his country's president, Traian Băsescu. In July of that year, he issued emergency decrees suspending the Constitutional Court's right of veto in impeachment proceedings and arranged for the Romanian parliament to vote against the President in an unconstitutional 'no confidence' motion, leading to the President's suspension from office.¹⁶ Press reports suggested that Ponta supporters wanted Băsescu removed so as to allow attempts at judicial reform to be abandoned and trials against corruption to be delayed.¹⁷

Though he failed in that particular endeavour, Ponta (leader of the formerly communist Social Democratic Party) continues to intimidate his critics and undermine democratic institutions. He seeks to shield his party members from criminal investigation – by extending the immunity of parliamentarians, through the enactment of a new criminal code – and undermines judicial independence, by publicly condemning decisions.¹⁸ In his country's 2014 presidential elections, Ponta first oversaw the distribution of an insufficient number of voting sections and ballot boxes in European cities to cater for the Romanian diaspora, and then refused to supply any more resources after the election went to a run-off.

3.2 Attacks on Media

Across Central and Eastern Europe, local oligarchs and investment groups – some directly connected to their country's political leadership – are taking newspapers and other media companies under their control, prompting deep concerns about press freedom.¹⁹

In Hungary, Prime Minister Viktor Orbán has staged an autocratic crackdown on the nation's press,²⁰ which Freedom House now ranks as only 'partly free'.²¹ Beyond the outright state

¹⁴ Csaky, Z. and Sylvana Kolaczowska, 'The state of Europe's democracy 25 years after the Wall', *EU Observer*, 05 November 2014, available at: <http://euobserver.com/opinion/126383>.

¹⁵ 'Slovakia: A new President', *The Economist*, 19 June 2014, available at: <http://www.economist.com/blogs/easternapproaches/2014/06/slovakia>.

¹⁶ Tismaneanu, V., 'Democracy on the Brink: A Coup Attempt Fails in Romania', *World Affairs Journal*, January/February 2013, available at: <http://www.worldaffairsjournal.org/article/democracy-brink-coup-attempt-fails-romania>.

¹⁷ See: Verseeck, K., 'Basescu-Absetzung in Rumänien: Mit dem Präsidenten kippt auch der Rechtsstaat', *Der Spiegel*, 29 July 2014, available at: <http://www.spiegel.de/politik/ausland/referendum-in-rumaenien-praesidenten-basescu-droht-die-absetzung-a-846305.html>.

¹⁸ 'Report from the Commission to the European Parliament and the Council: On Progress in Romania under the Cooperation and Verification Mechanism', European Commission (2012), available at: http://ec.europa.eu/cvm/docs/com_2012_410_en.pdf, p. 3.

¹⁹ Lyman, R., 'Oligarchs of Eastern Europe Scoop Up Stakes in Media Companies', *The New York Times*, 26 November 2014, available at: http://www.nytimes.com/2014/11/27/world/oligarchs-of-eastern-europe-scoop-up-stakes-in-media-companies.html?_r=1.

²⁰ Howard, P., 'Hungary's Crackdown on the Press', *The New York Times*, 08 September 2014, available at: <http://www.nytimes.com/2014/09/09/opinion/hungarys-crackdown-on-the-press.html>.

ownership of much of the news media – a legacy of the transition process which saw communist-era media remain in state hands – top associates of Orban control significant chunks of the press; chief among them is Lajos Simicska, the Prime Minister's former classmate whose construction company has profited lavishly from state contracts. In addition, Orban has *de facto* control of the country's media authority, the National Media and Infocommunications Authority, which allows him to not only regulate media competition and broadcast licenses, but also decide content. Unsurprisingly, critical and unsympathetic websites and magazines have been put under pressure. *Klubrádió*, a radio station that often criticised the government, was forced to the brink of bankruptcy in 2011, when the government awarded its licence to a more sympathetic commercial channel.²²

Although Hungary has been leading the way in limiting media freedoms, the trend extends throughout the region. In Slovakia, a German media company sold a substantial stake in SME – the nation's only truly independent newspaper – to Penta Investments, a well-connected investment group that has been the subject of a number of critical reports by the paper. The purchase triggered the resignation of the editor-in-chief, Matúš Kostolný, and most of the editorial staff, over fears that the acquisition would end the outlet's long tradition of investigative journalism.²³

In the Czech Republic, long-term international investors in the media have pulled out of the industry since the global financial crisis. In their place, local oligarchs have moved in, leading to a 'renationalisation' or 'oligarchisation' of the Czech press. Since 2013, the foremost of those oligarchs has been Andrej Babiš. In 2013, Babiš, who owns the influential news weekly *Š+2*, acquired MAFRA Media Group, which controls the best-selling Czech broadsheet *Mladá fronta DNES* (as well as the influential *Lidové Noviny* newspaper),²⁴ and bought *Rádio Impuls*, which has the largest audience in the Czech Republic. Babiš has made no secret of his ambition to be elevated to the role of Prime Minister – currently occupied by the Social Democrat Party's Bohuslav Sobotka – and it is no coincidence that newspapers owned by him have taken it upon themselves to investigate alleged corruption scandals implicating the incumbent.²⁵

In Romania, the media sector is dominated by powerful businessmen with political interests, and major outlets display a strong bias towards one of the country's main political blocs. In 2012 – when Prime Minister Victor Ponta sought, unsuccessfully, to oust Traian Băsescu – government officials and their media allies publicly smeared journalists who worked for foreign outlets, accusing them of spreading negative misinformation about Romania and of being paid agents of Băsescu.²⁶ At the same time, Ponta oversaw the sacking of the editor of the public-television broadcaster *Televiziunea Română*, Dan Radu, and his replacing with a less critical figure.²⁷ More recently, Ponta has appointed confidants to powerful public positions in television and broadcasting, as well as to the state regulators for media supervision.

²² 'Freedom of the Press: Hungary', *Freedom House*, available at: <https://www.freedomhouse.org/report/freedom-press/2013/hungary#.VH7rjMmWwn>.

²³ Szirtes, G., 'Days of impulse and quiet repression in Orban's illiberal democracy', *The Financial Times*, 28 October 2014, available at: <http://www.ft.com/cms/s/0/c89bf3e0-5dc9-11e4-b7a2-00144feabdc0.html#axzz3Kqnhli9u>.

²⁴ Lyman, R., 'Oligarchs of Eastern Europe Scoop up Stakes in Media Companies', *The New York Times*, 26 November 2014, available at: <http://www.nytimes.com/2014/11/27/world/oligarchs-of-eastern-europe-scoop-up-stakes-in-media-companies.html>.

²⁵ Watson, N., 'Czech media oligarchs consolidate press powers', *The Financial Times*, 07 October 2014, available at: <http://www.ft.com/cms/s/0/336eadaa-2f87-11e4-83c4-00144feabdc0.html?siteedition=uk#axzz3Kw2QXizb>.

²⁶ Binar, D., 'The changing face of the Czech media', *Business New Europe*, 19 June 2014, available at: <http://www.bne.eu/content/story/changing-face-czech-media>.

²⁷ 'Freedom of the Press: Romania', *Freedom House*, available at: <https://freedomhouse.org/report/freedom-press/2013/romania#.VIGWwMmWwn>.

²⁸ *Ibid.*

Dan Adamescu, the owner of the critical and independent newspaper *Romania Libera*, is under house arrest, on what appear to be politically motivated corruption charges. Maintaining that Adamescu supports Băsescu (the outgoing President and Ponta's chief political opponent), Ponta allegedly fabricated a corruption scandal in which he accused Adamescu of embezzling money, in order to finance Băsescu's campaign, from Astra Asigurari, Romania's largest insurance company that Adamescu owns.²⁸ Although all of these allegations turned out to be false, Ponta used them as a justification to expropriate Adamescu and place Astra Asigurari under direct government control.²⁹

3.3 Corruption on the Rise

Corruption continues to be a deep-rooted problem in Central and Eastern Europe; but, worryingly, the fight against it is increasingly politicised. In all four countries, anti-corruption campaigns are cynically manipulated and used as political weapons. This trend has damaged the independence of the courts, whereby the judiciary is increasingly falling under the control of the government. In addition, in a number of countries, the judiciary is overloaded with court cases inherited from the country's transition to democracy.

In the Czech Republic, corruption has emerged as a political issue, resulting in rising levels of public distrust in political institutions and triggering a slow-burning crisis of democratic representation: in 2013, for example, Prime Minister Petr Nečas' government collapsed amid a bribery and spying scandal involving top officials.³⁰ According to Transparency International, the majority of Czechs now perceive that political parties are corrupt.³¹

The same public distrust is visible in Slovakia, where a corruption scandal brought to light in November 2014 was one of the loudest in recent years. In early 2012, a public hospital in the western town of Piešťany agreed to purchase a CT scanner for €1 million. After Prime Minister Fico's Smer won parliamentary elections later that year, the party took control of the hospital board, cancelled the deal, and announced a new tender; the winning bid in the second tender, from Medical Group SK, was significantly higher (€1.6 million). Pavol Paška, the speaker of the Slovak parliament and enforcer of Smer, turned out to be the company's founder, while the deputy speaker, Renáta Zmajkovičová, led the hospital's supervisory board. The scandal forced them both to resign, along with the Slovak health minister.³²

In nearby Hungary, corruption under Prime Minister Viktor Orbán has accelerated so much that, in November 2014, the US banned six Hungarian officials from entering America, on the grounds of corruption – an unprecedented move against a NATO and EU ally.³³ Budapest insists that it is being scapegoated by Washington – László Kövér, speaker of the parliament, accused the West

²⁸ 'Ponta's public attacks on Adamescu', *Romania Watch*, 15 April 2013, available at: <http://romaniawatch.org/standard-article-11.html>.

²⁹ 'Astra's Adamescu: We shall sue over ASF's shocking and irresponsible decision', *Romanian National News Agency*, 18 February 2014, available at: <http://www.agerpres.ro/english/2014/02/18/astra-s-adamescu-we-shall-sue-over-asf-s-shocking-and-irresponsible-decision-19-42-10>.

³⁰ Buckley, N. and Nicholas Watson, 'Czech PM Petr Necas quits over spying and bribery scandal', *The Financial Times*, 17 June 2013, available at: <http://www.ft.com/cms/s/0/e733c4fc-d767-11e2-a26a-00144feab7de.html>.

³¹ 'Global Corruption Barometer 2013: Czech Republic', *Transparency International*, available at: http://www.transparency.org/gcb2013/country/?country=czech_republic.

³² 'Still protesting after all these years', *The Economist*, 21 November 2014, available at: <http://www.economist.com/news/europe/21634255-two-halves-former-czechoslovakia-are-both-angry-their-political-establishments-still>.

³³ Eder, M., 'U.S. Envoy Says Travel Bans on Hungarians Aren't Sanctions', *Bloomberg*, 24 October 2014, available at: <http://www.bloomberg.com/news/2014-10-24/u-s-envoy-says-travel-bans-on-hungarians-aren-t-sanctions.html>.

of waging a “verbal cold war” against Hungary – while Orban himself dismissed the sanctions as a ‘flimsy piece of paper’.³⁴ Nevertheless, Hungary’s National Tax and Customs Administration has been accused of turning a blind eye to VAT fraud committed by government associates and of bribing American companies – by using tax breaks – in return for funding policy papers that favour Orban’s administration.³⁵

In Romania, the mingling of politics with corruption – and the fight against it – has been a key issue in successive presidential elections, and 2014 saw the largest shake-up in the country’s business and political elite since 1989.³⁶ Last year alone, 16 legislators – seven senators and nine members of the lower house of the parliament – have been indicted, along with an army general, four prosecutors, and 18 judges.³⁷ At the forefront of this fight is the Direcția Națională Anticorupție (National Anti-Corruption Directorate, or DNA) led by Laura Codruța Kövesi, the first woman to be appointed as head of Romania’s General Prosecutor’s Office. The DNA’s most high-profile target so far has been Adrian Năstase – the former prime minister who was sentenced, in January 2014, to four years in prison, for taking bribes (he had already been imprisoned once in 2012, for improperly raising funds).³⁸ Released on good behaviour after six months, Năstase’s conviction reverberated through Romania’s political elite – particularly the Social Democratic Party, to which he belonged.

However, Prime Minister Victor Ponta is exploiting deficiencies in the Romanian judicial system, in order to influence the DNA, and pulls rank over prosecutors and judges alike. With the help of the Minister of Justice, Robert Cazanciuc, the Prime Minister succeeded in appointing a loyal prosecutor to the DNA in 2013 whose first act was to target Ponta’s chief enemy, Dan Adamescu.³⁹ Ponta presaged Adamescu’s indictment while appearing live on TV and condemned him as a criminal in front of the nation, all of which was duly echoed by the prosecutor and the judge in the courtroom who presumed Adamescu guilty from the very first day of his trial, which began in mid-2014.⁴⁰ Adamescu’s case illustrates the influence that Ponta wields over the judiciary system and that even an organisation like the DNA – often presented as being wholly independent – is not immune from his political influence. In reality, Romania is currently drifting from the EU’s requirement that the independence and integrity of corruption investigations be maintained at all times.

3.4 Links with Authoritarian Regimes

There are disturbing examples of politicians in Slovakia, Hungary, the Czech Republic, and Romania having accommodative attitudes towards revisionist non-democracies, developing close political ties with authoritarian regimes and the political parties that represent their interests.

³⁴ Byrne, A., ‘Hungary grapples with cost of “Orbanomics”’, *The Financial Times*, 27 October 2014, available at: <http://www.ft.com/cms/s/0/cc8f9944-5b8e-11e4-81ac-00144feab7de.html>.

³⁵ Given, C. and Máté Hajba, ‘Continued Corruption in Hungary’, *Forbes*, 14 November 2014, available at: <http://www.forbes.com/sites/realspin/2014/11/14/continued-corruption-in-hungary/>.

³⁶ ‘Oh, brother’, *The Economist*, 28 June 2014, available at: <http://www.economist.com/news/europe/21605953-traian-basescu-ending-his-presidency-amid-corruption-scandal-oh-brother>.

³⁷ Higgins, A., ‘In a Soft-Spoken Romanian Prosecutor, Some See an “Earthquake”’, *The New York Times*, 14 November 2014, available at: http://www.nytimes.com/2014/11/15/world/europe/romania-prosecutor-laura-codruta-kovesi.html?_r=0.

³⁸ ‘Romania ex-PM Adrian Nastase Jailed in Bribery Case’, *BBC News*, 06 January 2014, available at: <http://www.bbc.co.uk/news/world-europe-25630091>.

³⁹ Dill, G. and Cora Motoc, ‘Briefing: On the Current State of EU Accession Criteria in Romania’, Konrad Adenauer Stiftung, available at: http://www.kas.de/wf/doc/kas_6834-1522-2-30.pdf?080806135953

⁴⁰ ‘Legal Experts Advisory Paper’, *Fair Trials*, November 2014, available at: <http://fairtrials.creative.avima.com/wp-content/uploads/Presumption-of-Innocence-Position-Paper.pdf>.

Although these regimes' allies in Central and Eastern Europe include parties on the post-communist left, it is in relations with the populist and nationalist right where their strategy to build political alliances is most visible.

The Prime Minister of Slovakia, Robert Fico, counts among the most vocal critics of the EU's sanctions against Vladimir Putin's regime, following Russia's annexation of Crimea and the war in Ukraine's east. Fico has called the sanctions "meaningless and counterproductive", and compared the deployment of NATO troops in Central and Eastern Europe to the Warsaw Pact's invasion of Czechoslovakia in 1968.⁴¹ Miloš Zeman, the Czech President, is similarly blithe about his allies; he has repeatedly spoken against EU sanctions imposed on the Kremlin, calls for accepting Crimea as Russian territory, and publicly supports Moscow's increased presence in Eastern Europe. Zeman gives interviews to Russian state TV, in which he reinforces his opposition to sanctions, claims that the conflict in Ukraine is "simply a civil war", and tells the Kremlin that it has friends in Prague, Budapest, Bratislava, and Vienna.⁴² Zeman often praises China, and, during a conference with Nursultan Nazarbayev - Kazakhstan's autocratic leader - in November 2014, spoke in favour of the "Finlandisation" of Ukraine.⁴³

However, it is Budapest's relationship with the Kremlin that is most worrying. Hungary is one of several countries in the former Soviet sphere that is now torn between the Western path that seemed obvious after 1989 and the influence of Putin's Russia.

As recently as 2008, Prime Minister Viktor Orban was a fierce critic of Vladimir Putin; but the two have grown friendly since Russia began investing heavily in Hungary, especially in the energy sector. In January 2014, Orban secretly went to Moscow and signed an agreement with Putin, on expanding Hungary's Paks nuclear-power station; 80% of the project will be financed by a Kremlin loan.⁴⁴ In May, after his re-election, Orban echoed the so-called 'Putin Doctrine', by calling for autonomy and "collective rights" for ethnic Hungarians in neighbouring states.⁴⁵ In September, Orban met with Gazprom CEO Alexey Miller and risked jeopardising the EU's policy on Russia following the Kremlin's aggression in Ukraine, by declining to flow gas supplies back to Kyiv from Budapest.⁴⁶

Orban, however, does not reserve his praise solely for Russia. In a troubling speech in July 2014, to ethnic Hungarians in Romania, Orban declared liberal democracy to be in decline and praised authoritarian 'illiberal democracies' in Russia, China, and Turkey. Hungary, he said, would break free from Western "dogmas and ideologies" like liberal democracy.⁴⁷

⁴¹ Gedmin, J., 'It's Not Just Ukraine', *Politico*, 30 November 2014, available at: <http://www.politico.com/magazine/story/2014/11/its-not-just-ukraine-113164.html#ixzz3Kkeny184>.

⁴² 'Zeman appears on Russian TV to blast sanctions', *Prague Post*, 17 November 2014, available at: <http://praguepost.com/eu-news/42701-zeman-appears-on-russian-tv-to-blast-sanctions>.

⁴³ Richter, J., 'President Zeman proposes "Finlandization" of Ukraine', *Radio Praha*, 26 November 2014, available at: <http://www.radio.cz/en/section/coraffis/president-zeman-proposes-finlandization-of-ukraine>.

⁴⁴ Traynor, I., 'Budapest autumn: hollowing out democracy on the edge of Europe', *The Guardian*, 29 October 2014, available at: <http://www.theguardian.com/world/2014/oct/29/budapest-viktor-orban-democracy-edge-hungary>.

⁴⁵ Szakacs, G., 'Orban renews autonomy call for ethnic Hungarians in Ukraine', *Reuters*, 17 May 2014, available at: <http://www.reuters.com/article/2014/05/17/us-ukraine-crisis-hungary-autonomy-idUSBREA4G04520140517>.

⁴⁶ Than, K., 'Update 1-Hungary to Import More Gas from Gazprom, says PM Orban', *Reuters*, 26 September 2014, available at: <http://www.reuters.com/article/2014/09/26/hungary-gas-orban-idUSL6N0RR0W420140926>.

⁴⁷ Prime Minister Viktor Orban's Speech at the 25th Balvanyos Free University, Website of the Hungarian Government, available at: <http://www.kormany.hu/en/the-prime-minister/the-prime-minister-s-speeches/prime-minister-viktor-orban-s-speech-at-the-25th-balvanyos-summer-free-university-and-student-camp>

In some respects, Romania – unlike Bulgaria – is not as vulnerable as its neighbours to Russian pressure; Bucharest relies significantly less on Russian energy and is less susceptible to the appeal of pan-Slavism. Nevertheless, Prime Minister Victor Ponta shares Orbán’s admiration of Russia and China: he was one of the few EU leaders to attend Putin’s Olympic Games in Sochi and allegedly praised the Chinese Communist Party during his visit to Beijing, in September 2014.⁴⁸ In addition, Ponta has defended Russian interests in Romania. In October 2014, Ponta publicly criticised the work of local prosecutors who accused the Romanian branch of Lukoil, Russia’s second-largest oil producer, of tax evasion and money laundering. One day after Ponta’s intervention, the prosecutors stopped their investigation.⁴⁹

3.5 Nationalism and Populism become Mainstream

Since 2009, anti-establishment parties have been gaining ground across Europe. Thanks to this rising populism, ‘new Europe’ is merging with ‘old Europe’, where a specific type of xenophobia, paired with Euroscepticism, is arising.⁵⁰ There exists a trend towards one-man populist parties, appealing to both sides of the political spectrum and building on people’s disaffection for the political mainstream, visible most clearly in the emergence of Andrej Babiš’ ANO party in the Czech Republic.

Nationalism has long been a common feature in Slovak politics, and 1930s-like scapegoating as a means to distract from a high unemployment rate is back in fashion. In 2013, Prime Minister Robert Fico said that the country had been “established for Slovaks, not for minorities”.⁵¹ Fico has long flirted with the far-right; his previous government – a coalition that led the country from 2006 to 2010 – included the Slovak National Party, whose leader, Ján Slotá, has promised to “go in our tanks and flatten Budapest”⁵² and suggested that Slovakia’s policy towards the country’s Roma community should involve “a small courtyard and a whip”.⁵³

There is a danger that Slotá’s opinions are becoming politically acceptable. In Slovakia’s 2013 regional elections, neo-Nazi Marian Kotleba won 55.5% of the vote in the Banská Bystrica region. Kotleba is a well-known racist, led the extremist Slovak Togetherness Party until it was banned in 2006,⁵⁴ and is notorious for his praise of the Slovak collaborationist government during the Second World War. His fascist party, People’s Party–Our Slovakia, calls for the Roma community to be the evicted from the country.

It is to Russia that many of Europe’s Eurosceptics are looking. Through Vladimir Putin, these parties sense that their goal of renationalising Europe is finally in sight. Many of Europe’s right-wing extremist parties see Putin’s agenda as aligning perfectly with their own revisionist forms of

⁴⁸ ‘Romania’s elections: Polls closed’, *The Economist*, 03 November 2014, available at: <http://www.economist.com/blogs/easternapproaches/2014/11/romania-elections>.

⁴⁹ ‘Lukoil announces that the seizure on its accounts and commercial stocks was lifted, one day after the Prime Minister Victor Ponta had criticized the prosecutors’, *Hot News*, 07 October 2014, available at: <http://economic.hotnews.ro/stiri-companii-18254188-lukoil-amunta-inceperea-procedurilor-repornire-instalatiilor-sechestrul-conturi-stocuri-comerciale-fost-ridicat.htm>

⁵⁰ Dempsey, J., ‘Stop Pandering to Europe’s Populists’, *Carnegie Europe*, 05 December 2013, available at: <http://carnegieeurope.eu/strategieurope/?fa=53809&reloadFlag=1>

⁵¹ ‘Slovakia: Slovakia for Slovaks?’, *The Economist*, 07 March 2013, available at: <http://www.economist.com/blogs/easternapproaches/2013/03/slovakia>.

⁵² Slovakia for the Slovaks?, *The Economist*, May 7th 2013, available at: <http://www.economist.com/blogs/easternapproaches/2013/03/slovakia>

⁵³ Robin Shepherd, Slovakia sets an extremist challenge for Europe, *Financial Times*, July 7th <http://www.ft.com/cms/s/0/8aac2bfe-0d55-11db-84fd-0000779e2340.html#axzz3La6Da3Xp>

⁵⁴ ‘Slovakia: A neo-Nazi wins’, *The Economist*, 28 November 2013, available at: <http://www.economist.com/blogs/easternapproaches/2013/11/slovakia>.

nationalism; perhaps none more so than Hungary's Jobbik, which includes Nazi sympathisers⁵⁵ and anti-Semites⁵⁶ amongst its supporters. Jobbik's pro-Russia policies are clear: it wants Hungary to turn its back on the EU and join Putin's Eurasian Customs Union, and it seeks to maintain the EU's gas dependence on Russia.

Prime Minister Viktor Orban has grown increasingly close with Jobbik, enacting almost all of the party's promises made in the 2010 parliamentary election campaign and promoting revisionist interpretations of the Holocaust (through downplaying the history of Hungarian Fascism and Nazi collaboration).⁵⁷ He has also cracked down on foreign-funded NGOs, prompting comparisons to Putin's notorious 'foreign-agent law', whereby the Kremlin demands that foreign-funded NGOs declare themselves as 'foreign agents'. In a speech in 2013, Orban attacked the Norwegian government for funding Hungarian NGOs, claiming that they were financing political activists to further their own interests.⁵⁸

4. Visible Discontent

Although political elites in Central and Eastern Europe are rolling back on democracy, ordinary citizens are not willing to give up their hard-fought post-1989 gains. In 2014, anti-corruption protests swept through Prague, Budapest, Bucharest, and Bratislava. In early December, hundreds of people protested against Miloš Zeman, the Czech leader, on the anniversary of the Velvet Revolution.⁵⁹ In November, Budapest's Kossuth Lajos Square was filled with 10,000 Hungarians chanting "Europe, Europe" and protesting against Viktor Orban's "illiberal state".⁶⁰ In all four countries, protesters voiced discontent with the way that their countries are heading, accusing Ponta, Fico, Orban, and Zeman of abandoning the defence of human rights - once a cornerstone of post-1989 Central and Eastern European politics - in favour of cosyng up to authoritarian regimes and elite-business interests.

It is not just through protest that citizens are making their voices heard, though. In late November 2014, Romanians defied predictions and elected Klaus Iohannis, an ethnic-German mayor from Transylvania, as their President. "My orientation is west", Iohannis declared. "What is happening in Hungary now, that is not democracy going in the right direction".⁶¹ The former physics teacher has vowed to make fighting corruption a priority and to put Romania firmly back on the European course. But while - on the surface - Iohannis has promised reform, there are serious limitations to his plans: Victor Ponta remains Prime Minister, thereby controlling most of Romania's domestic policies.

⁵⁵ Paterson, T., 'Hungary election: Concerns as neo-Nazi Jobbik party wins 20% of vote', *The Independent*, 07 April 2014, available at: <http://www.independent.co.uk/news/world/europe/concerns-as-neonazi-jobbik-party-wins-20-of-hungary-vote-9244541.html>.

⁵⁶ Sokol, S., 'Ultra-nationalist Jobbik party's gains worry Hungarian Jews', *Jerusalem Post*, 07 April 2014, available at: <http://www.jpost.com/Jewish-World/Jewish-News/Ultra-nationalist-Jobbik-party-gains-worry-Hungarian-Jews-347799>.

⁵⁷ 'Jobbik's campaign promises are being fulfilled by Fidesz', *Hungarian Spectrum*, 12 December 2011, available at: <https://hungarianspectrum.wordpress.com/2011/12/12/jobbiks-campaign-promises-are-being-fulfilled-by-fidesz/>.

⁵⁸ Müller, J-W., 'Moscow's Trojan Horse', *Foreign Affairs*, 06 August 2014, available at: <http://www.foreignaffairs.com/articles/141825/jan-werner-mueller/moscows-trojan-horse>.

⁵⁹ 'President Booted As Czechs Mark 25 Years Since Velvet Revolution', *RFE/RL*, 17 November 2014, available at: <http://www.rferl.org/content/czechs-mark-velvet-revolution/26695661.html>.

⁶⁰ Bronillette, A., 'The Autocrat inside the EU', *Foreign Policy*, 21 August 2014, available at: <http://foreignpolicy.com/2014/08/21/the-autocrat-inside-the-eu/>.

⁶¹ Byrne, A., 'Iohannis wins Romanian election', *The Financial Times*, 17 November 2014, available at: <http://www.ft.com/cms/s/0/4ddc6ac6-6ddb-11e4-8f96-00144feabdc0.html#axzz3Kqnhli9u>.

In Bratislava, too, there is optimism – albeit cautious. Many hope that the election of Andrej Kiska as the country’s President could provide a turning point against the rolling back of democracy in Slovakia. Though the presidential office has little formal power, it has significant potential to mobilise public opinion and could play as a check on the otherwise dominant Smer party and Prime Minister, Robert Fico. Unlike Fico, Kiska is a true Atlanticist. Kiska also repeatedly speaks against the culture of corruption that exists in Slovakia and the overall negative political atmosphere in the country. “The public sphere is now dominated by selfishness, nepotism, political affiliation, strong elbows and cynicism”, he declared in his first presidential speech.⁶²

5. Policy Recommendations

Post-communist transition in Central and Eastern Europe took place in a unique context: unprecedented domestic and international support for change. Twenty-five years on, it is time for the often passive EU to play an active role in addressing a number of worrying trends in the region. The split within the former Eastern Bloc is problematic, but not permanent. Now, more than ever, Europe ought to be united.

The experience of Slovakia, the Czech Republic, Hungary, and Romania cannot be cut and pasted onto other societies and expected to be a success. However, there are lessons for others from their experiences.

- *Defend EU Standards and Values*

At the moment of their applying to join the EU, political leaders in the countries of Central and Eastern Europe understood the need to undertake reforms in order to gain EU membership. Great progress was made. Since then, however, some reforms have been reversed. The EU must ensure that the Copenhagen Criteria, which stipulates the standards of governance and other conditions of membership, is enforced for all existing and candidate EU member states. Formal democratic standards, in the sense of holding free and fair multi-party elections, are high, but, many of the underpinnings that define a functioning democracy – such as the rule of law, judicial independence, and the lack of corruption – are regressing. The EU should address democratic shortcomings in a member-state through Article 7 of the Treaty on European Union (which enables the European Council to determine “the existence of a serious and persistent breach” of EU values in a member-state and to suspend some of its membership rights, including voting rights)⁶³.

- *Foster Political Competition and Inclusion*

The presence of a strong dissident movement in Central and Eastern Europe forced communist elites from power, in 1989. This set the stage for the democratic alternation of authority between competing parties that serve as a check on each other’s power. To promote democracy, external actors should support the existence of a strong opposition to the ruling political parties; a strong,

⁶² Slovakia: A New President, The Economist, July 19th 2014, available at: <http://www.economist.com/blogs/easternapproaches/2014/06/slovakia>

⁶³ ‘Completing the Legislative Cycle: Scrutiny’, *European Parliament*, available at: http://www.europarl.europa.eu/the-secretary-general/resource/static/files/Documents%20section/SPforEP/Scrutiny_Art7_TEU.pdf

critical opposition provides for political competition and is key to determining the quality of democracy.

- *Encourage Dialogue between North and South*

It is in the EU's interest to bridge the splits that have emerged in its eastern fringes. Now, more than ever, is it important for post-communist Europe to be united. Dialogue should be strongly encouraged by Brussels. The Visegrad Group (V4) - composed of Hungary, the Czech Republic, Slovakia, and Poland - was once an alliance formed for the purpose of furthering European integration, as well as advancing economic and energy co-operation with one another. When the four countries joined the EU, in 2004, the group was an effective bloc that brought fresh ideas from eager post-communist transitions and provided an advantageous platform for four countries with a common vision for the future. Today, the weakening of the V4 is damaging for both the region and the EU as a whole. Brussels should encourage dialogue between, for instance, Warsaw and Prague; two capitals that have never been so far apart. Likewise, the links between Central Europe and the Baltic states should be repaired.

- *Strengthen Rhetoric, to Overcome Euroscepticism*

The EU should boost its political rhetoric and remind Central and Eastern Europe that the overwhelming majority of its trade lies with Brussels, not with Russia or China. Disillusionment with the EU in the region, just as in Western Europe, was a result of the global financial crisis that damaged living standards and led to centralised systems of governance. Now, too often, Hungary, the Czech Republic, Slovakia and Romania look eastwards for support. With the current crisis in Ukraine, Europe should do more to protect Central and Eastern European governments and businesses from falling into dependence on corrupt oligarchs and pressure from Putin's Russia.

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