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O GA GYÁRFÁŠOVÁ
editor

VISEGRAD CITIZENS ON THE DOORSTEP OF EUROPEAN UNION

COLLECTION OF CONTRIBUTIONS
PRESENTED ON NOVEMBER 20, 2003
IN BRATISLAVA AT THE SEMINAR
ORGANIZED BY INSTITUTE
FOR PUBLIC AFFAIRS AND
POLISH INSTITUTE IN BRATISLAVA



INSTITUTE FOR
PUBLIC AFFAIRS

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**VISEGRAD CITIZENS ON THE DOORSTEP
OF EUROPEAN UNION**

(Collection of contributions presented on November 20, 2003
in Bratislava at the seminar organized by Institute for Public Affairs
and Polish Institute in Bratislava)

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FOREWORD

With their entry into the European Union in May 2004, four Visegrad countries will successfully complete one stage in their cooperation and begin a new one – hopefully at least equally as successful. Twelve years of intensive contacts – not only among political elites, but also among various institutions, companies and citizens have left a positive mark. Despite the fact that we still do not know about one another as much, as we would perhaps like to, I would say that we have grown mutually more agreeable toward one another and our interest continues to increase. This is indisputably one of the most important - even though intangible and hard to quantify - successes of Visegrad.

The results of the comparative public opinion surveys in the V4 countries published in this volume are an evidence of positive changes in our mutual perception of one another. I have to admit that I was pleasantly surprised by many of the survey findings. They point to the fact that despite the insufficient level of knowledge, a significant portion of the citizens is familiar with the term “Visegrad Four” and supports a continuation of closer cooperation also after the joint entry into the EU. This is undoubtedly a very positive signal for politicians and public officials in all four countries.

I am very pleased that the International Visegrad Fund has supported the idea of carrying out such a research and that we have, at least in part, contributed to improving the level of mutual awareness.

Andrzej Jagodzi ski
Executive director
International Visegrad Fund

Lenka Václavíková Helšusová

VISEGRAD COOPERATION AS SEEN BY THE CITIZENS OF FOUR COUNTRIES

The Visegrad Group originated in the year 1991. Representatives of Czechoslovakia, Hungary, and Poland intended to create an organization that represented, and allowed for more intensive relations among their countries, as they are connected particularly by regional, historical, and cultural similarities, as well as similar problems inherited from the former Socialist era. There were, however, many equally important issues dividing the countries. The split of Czechoslovakia illustrated these issues. The creation of the Czech and Slovak Republics in 1993 deeply influenced the name of the “club” – the Visegrad Four (V4).

The V4 faces the long-term challenge of transforming its political aspirations and proclamations into reality. How does one convince the citizens of a specific region that their problems can be shared, and that a solution can be found through group work? How does one demonstrate to Slovaks, Hungarians, Czechs, and Poles that shared problem-solving can be advantageous? Let us have a look at V4 citizen perception and understanding of the Visegrad after 10 and 12 years of existence.¹

AWARENESS OF THE EXISTENCE AND IMPORTANCE OF THE V4

The question of whether or not people are aware of the Visegrad’s existence is one of fundamental importance. Most people aware of the “club” live in Slovakia. Compared to other countries, Slovak citizens definitely have the strongest

¹ Explored data is from comparative sociological survey “Visegrad cooperation as seen by the citizens of four countries” conducted in 2001 and 2003 in all Visegrad group countries. The project was coordinated by the Institute for Public Affairs, based in Bratislava.

motivation for cooperation, and the greatest orientation towards the V4 group. However, the Poles and Hungarians (more often than the Czechs), show the same level of motivation for cooperation as the Slovaks in many specific areas.

Strong Slovak orientation toward the V4 was probably caused by the delay between the entrance of the other three countries into NATO in 1999, and the Slovak invitation in 2003. NATO entrance rewarded the three Visegrad countries continued reform efforts, and affirmed their western orientation and status. Cooperation with Western European countries and North America represented a confirmation of the new status for the post-communist countries.² Slovakia, lacking such status, strived for cooperation within the V4. Developing contacts with its neighbors embodied Slovakia's own Westward orientation. That is why Slovak citizens have been better informed of Visegrad activities, and why Slovak society is more intensively motivated to cooperate with other V4 countries. Another important factor affecting Slovak awareness of the V4 involves the former Czech and Slovak connection mentioned above. Czech information available in Slovakia has always been of better quality than Slovak information in the Czech Republic. The attitudes toward the V4 are sometimes influenced by disparagement on the side of the Czech Republic, particularly on the part of Czech citizens and political representatives.

More than half of all Slovak citizens knew what the V4 was in both 2001 and 2003. Visegrad awareness in the other three countries does not compare. In the year 2001, Polish citizens were the least aware of the V4's existence. However Czech and Hungarian results were not much better. About one third of these country's citizens knew what the V4 was.

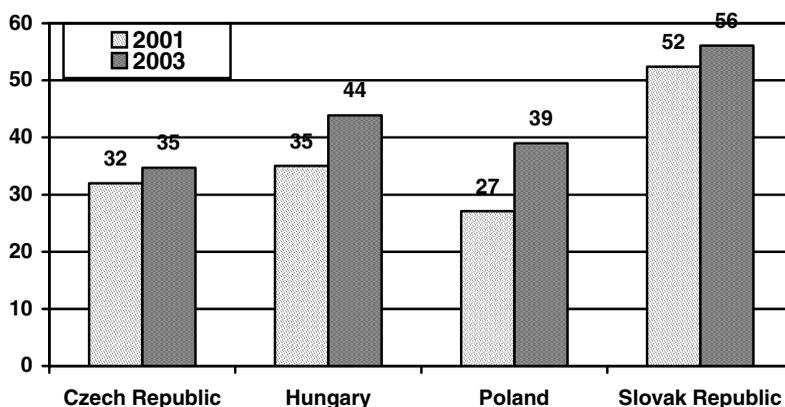
Extensive changes occurred in Poland and Hungary in 2003, when the number of informed citizens rose by 12 % points in Poland and by 9 % points in Hungary. This remarkable rise may be attributed to the upcoming EU accession. Citizens from the V4 countries were often forced to deal with the question of whether it is good to enter into the EU with other countries at the same time, or whether it would be more beneficial to create an interest group supporting the interests of Central European countries in the process of EU negotiations. As a result, the political climate in some countries changed, and the media was forced to reflect this change. Therefore, the public was more exposed to such information.

² For example, the Czech Republic's entry into NATO caused a switch in the relations towards Germany within a part of the Czech society. Germany was traditionally problematically perceived. In the new situation, when Germany became our partner in NATO, a certain part of Czech society was able to consider it a positive development (Gabal, I. et al., 2002).

Despite the fact that the Czech Republic lagged behind other V4 members as far as citizens' awareness of the V4 is concerned, the results would have probably been much better, had the survey been carried out at the end of 2003. The current social democratic government is dealing with the topic of V4 awareness more intensively than it has in the past. The overall attitude toward V4 initiative is currently changing. The Czech President, originally a major critic of some of the Visegrad's principals, currently considers some joint activities both positive and possible. Thus, the latest events may indicate that Czech citizen's might soon witness a shift in political rhetoric, and a re-evaluation of Czech cooperation in the V4.

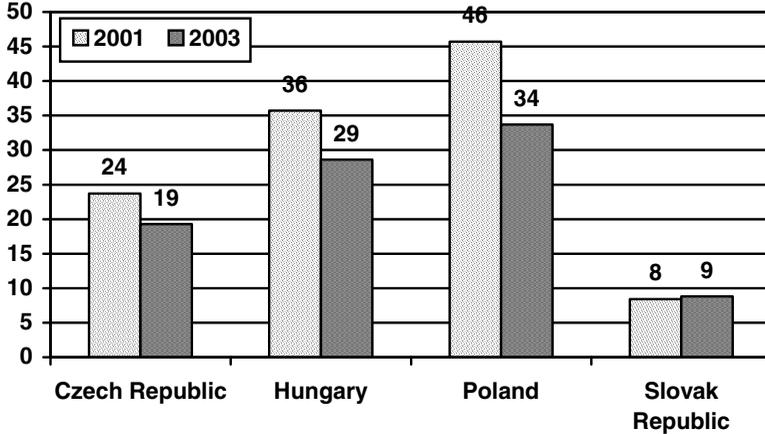
Graph 1

I have heard about the V4 and I know what it is. (in %)



Source: IVF, 2001, 2003.

Regarding the question, "Have you ever heard about the Visegrad Group?" respondents had a choice of two positive answers: "Yes I have, and I know what it is", and "Yes I have, but I don't really know what it is". With regards to V4 awareness, there are an increasing number of respondents who have heard of the club and know what it does. However, it is a significant finding that in all countries, a stable number of respondents exists that have indeed heard about the V4, but do not know what it means. Therefore, in Poland, Hungary, and the Czech Republic, the number of citizens who have heard about the V4 is rising, and subsequently, the number of those who have never heard about it is declining.

Graph 2**I have never heard about the Visegrad Group. (in %)**

Source: IVF, 2001, 2003.

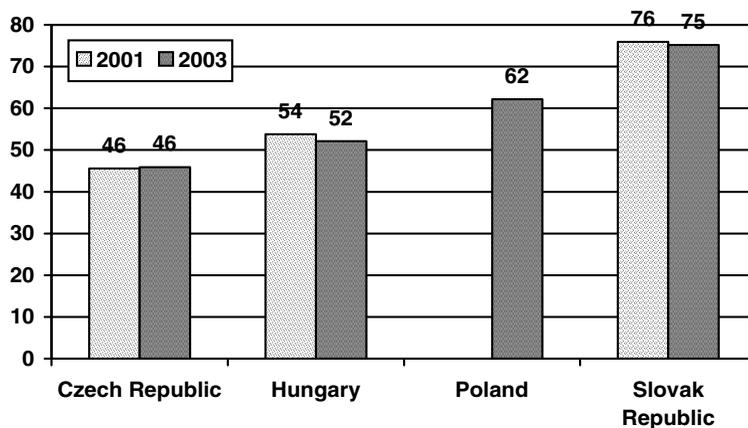
IMPORTANCE OF COOPERATION

To evaluate citizen understanding of V4 cooperation, it is important to clarify the extent to which people recognize the organization's purpose. Citizens of the four countries were questioned on whether or not cooperation is still important, and has a meaningful purpose.

Again, the Slovak Republic experienced the most significant ratio of people who believe in the V4's meaningfulness. A comparison between Slovakia and the Czech Republic can be shown as an excellent example. As many as 75 % Slovaks have no doubt about the importance of the V4. In the Czech Republic, however, less than half of the population believes in the "club". The situation is not much better in Hungary either. In case of the Poles (who were asked about this issue only in the 2003 survey), roughly two thirds considered the V4's existence important. It is worth pointing out that opinions regarding the importance of the V4 did not change radically within the past two years in all member countries. Although the results in Slovakia and Poland may be satisfactory, the V4 will need to work hard in order to gain the other societies' favor, especially in the cases of the Czech Republic and Hungary.

Graph 3

Is cooperation among the Visegrad group countries still important and has a mission to fulfill? Responses “YES” (in %)



Note: Not included in Polish survey in 2001.

Source: IVF, 2001, 2003.

REASONS FOR COOPERATION

Regarding the main reasons for cooperation among the V4 countries, Slovaks and Poles feel that common geographic position is the best argument for cooperation. Czechs state common history as their primary motivation, while Hungarians see common EU entry as the most crucial reason for V4 cooperation.

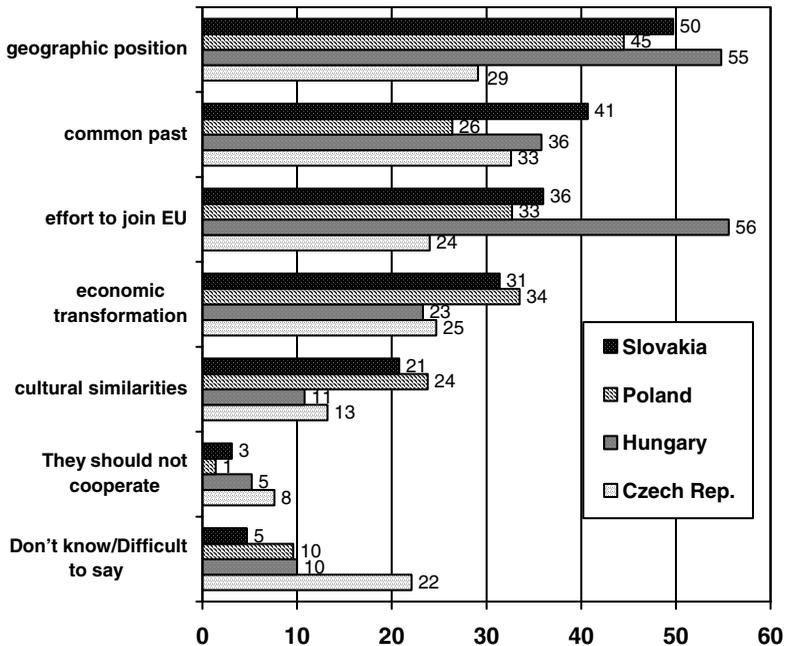
Feeling that we all live together in one locality and share similar experiences from the past is the phenomenon that could bring the citizens of the V4 countries together. Throughout the years, both these answers have had a significant effect on the opinions of all Visegrad citizens. Factor analysis of Czech data shows that these two reasons are perceived by the Czech Republic as very strong, and of principle importance. While geographic position is a clearly binding factor, common historical experience can either bind or divide the Visegrad countries, depending on differing historical interpretations. One recent example of historical interpretation causing such a divide, involved the initiative of the Polish President Aleksander Kwasniewski and German President Johannes Rau in October 29, 2003 in Gdansk. This initiative called for European dialogue about the history of national transmigration, and particular citizen retreat and expulsion in 20th century Europe. Such activities raised negative reactions by

Czech politicians from the beginning, as it opened up the possibility of discussing the sensitive issue of German expulsion from the (then) Czechoslovak territory at the end of the World War II. Additionally, the Czechs view economic transformation and EU accession as good reasons for V4 cooperation.

Polish and Slovak data show different reasons for cooperation of the Visegrad countries. While individual reasons for cooperation are perceived separately, EU accession as a reason for cooperation is simultaneously connected with the other factors of cooperation. In other words, the argument for common entrance into the EU as motivation for cooperation is connected with the majority of all other reasons that are mutually perceived.

What makes Hungarian attitude different from other countries is that Hungarian citizens are in relatively wide agreement regarding reasons for cooperation. These reasons involve both geographic position and common EU entry.

Graph 4
Why should Visegrad countries cooperate? (in %)



Note: Possibility of two responses.

Source: IVF, 2003.

In comparison with data from 2001, the opinion that common entry into the EU as the primary reason for cooperation declined by 10 % points. Similar changes occurred in Slovakia, as the country experienced an 8 % points decline. In Hungary, contrastingly, there was a growth of answers stressing the importance of joint accession into the EU (16 % points increase) and common history (9 % points increase) as well.

We can point out that inhabitants of all V4 countries see some reasons for cooperation, but at same time their opinions cannot be evaluated as clear-cut and/or strong. In the Czech Republic, for example, there is a relatively large portion of people who try to find good reasons for cooperation but cannot manage to do so (22 % of respondents say they do not know why countries of the V4 should cooperate).

SPECIFIC FIELDS OF COOPERATION

Recently, it is very important for the V4 to deal with questions relating to its own justification and existence. Questions connected with this topic often arise when thinking about EU entry. Economic cooperation is seen as the most important form of cooperation by a majority of Visegrad citizens. Additionally, Slovaks stress the importance of cooperation in the field of justice and home affairs during pre-entry negotiations with the EU. The Hungarians and Czechs consider EU entry as the second most important reason for cooperation among the V4 countries. However, each country does so with a different level of intensity. Moreover, the Poles and Slovaks regard justice and home affairs as the second most important reason for Visegrad existence.

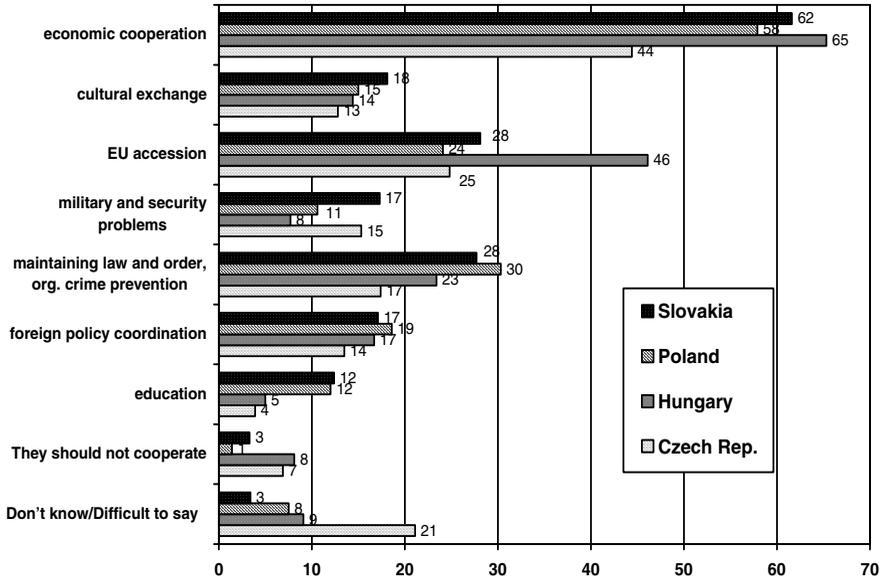
Czechs, however, see a connection between cooperation among the V4 countries with regards to economics, education, and culture, and EU pre-entry negotiations. The structure of answers in other V4 countries is far more differentiated. Respondents from Slovakia do not see a connection between the mentioned fields of cooperation, while Polish respondents see a contradiction between cooperation in the area of home affairs and in the field of foreign policy. For Poles, it is crucial to decide whether the V4 countries should focus on cooperation in either domestic affairs or in common foreign policy. The second contradiction, according to Polish respondents, lies in cooperation in the fields of economic development and education. The question of whether or not countries should work on common economic transformation, or whether they should focus on improving their educational systems, is a long-established problem, even in countries beyond V4

borders. The root of this problem probably stems from the fact that political representatives of the individual countries do not see a connection between these two fields.

Between 2001 and 2003 significant changes occurred, particularly in Hungary. An increasing number of Hungarians currently consider economic cooperation, EU entrance, and cultural cooperation to be the main areas for prospective cooperation. Consequently, the importance of military and security cooperation has declined. Changes in Hungary have occurred mostly at the expense of the V4 countries that had no common idea about possible cooperation areas in 2001. In Slovakia, the importance of EU entry cooperation declined in 2003. In other areas of possible cooperation the four countries have not seen any significant changes within the given time period.

Graph 5

In what fields should V4 countries cooperate more closely? (In %)



Note: Possibility of two responses.

Source: IVF, 2003.

Individual Visegrad countries are dealing with heterogeneous problems. In spite of many similarities, their domestic and international politics are too heterogeneous, thus preventing their citizens from having a common perspective regarding the V4. On one hand, many citizens, especially in Slovakia, consider the V4 as highly important. On the other hand, other countries stay unconcerned and uninformed – such as citizens of the Czech Republic and Hungary. Although the situation, as for the Visegrad awareness is improving, large part of citizens have no idea of the meaning or significance of the V4's existence. Rather, all other answers regarding V4 cooperation come from personal opinions about the homogeneous or heterogeneous features of member states and their citizens. Citizens who have no idea about Visegrad's meaning base their attitudes toward V4 on their own national perceptions, their countries' inter-relationships with adjacent countries, and the process of communication during EU entrance negotiations.

CONCLUSION

- Awareness of the existence and meaning of the V4 has rapidly grown in Hungary and Poland in the last two years.
- Awareness of the existence and meaning of the V4 is lowest in the Czech Republic and Poland. Additionally, the most people who have never heard about the V4 are in Poland.
- The V4 is recognized mostly by Slovaks, and mostly by people who are more conscious of international issues.
- Slovaks perceive the Visegrad Group as the most useful; Czech's do just the opposite.
- V4 awareness is connected with higher education. Also men often know more about the V4 than women do.
- Perception of the V4 by most people in the Czech Republic, Poland, and Hungary is complicated by their ignorance about the existence of Visegrad.
- Opinions regarding the importance of the V4 did not change radically within the past two years in all member countries.
- Hungarians list EU membership and geographic position as the best reasons for Visegrad cooperation.

- People who understand what the V4 is see the colorful spectrum of activities and ideas linked with this organization.
- There is a lot of work to be done, in order to bring the V4 alive in the mind of more member state citizens, and give them a true sense of belonging to this specific region.

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Mateusz Fa kowski

VISEGRAD IN THE EU – COMMON VS. INDIVIDUAL APPROACH?

In May 2004 Poland, the Czech Republic, Slovakia and Hungary will join the European Union and consequently, since they are also NATO members (except Slovakia, which will join NATO in 2004), they will be able to celebrate having achieved the objectives originally set out in 1991. At the same time, the process of EU accession negotiations showed that Visegrad Group members did not always share the same interests, and their collaboration was quite difficult at times.

The period of EU accession negotiations was not a particularly good time to debate the shape and role of future collaboration within the V4. Rather, it was a time of exposed conflicts, and differences of interests. One should also assume that in the initial years of EU membership, our countries, (including both elites and societies as a whole) will be faced with many EU-related challenges and problems, and will naturally focus their attention on building alliances with old EU member-states, and adapting their political and administrative systems to new conditions. This may be conducive to particular rivalry between Visegrad countries, and collaboration may thus (though not necessarily must) become secondary as a result.

Is weaker Visegrad collaboration bad? It can be said that the very act of joining the EU will create a situation where each candidate country collaborates closer with each member of the future Union than it has in the past (see Krystyniak – Morawiec – Grabi ski, 2001; Brusis, 2002). While this is true, we nevertheless believe that regional collaboration is valuable and deserving of particular support. Public opinion surveys conducted in 2001 and 2003 show that this opinion is shared not only by elites, but also (to a large extent), by societies of the Visegrad countries.¹

¹ Both projects were conducted by the Institute for Public Affairs in Bratislava, Gabal Analysis & Consulting in Prague, the Institute of World Economy HAS in Budapest, the Institute of Public Affairs in Warsaw and supported by the International Visegrad Fund. The first poll was conducted in November and December 2001 on a group of representatives of the adult population of the given country (Czech Republic n=1318, Hungary n=1013, Slovakia n=1002, Poland n=1002). The second poll was conducted in May-July 2003 on representative samples of the adult population of the given country (Czech Republic n=1226, Hungary n=1014, Slovakia n=1008, Poland n=1034).

Time which remains before we join the European Union is a good to undertake quiet reflection on the possible future of the Visegrad Four, and on the purpose of regional collaboration between our countries in an enlarged Union. It is better to do it now than during the initial hectic months and years of EU membership. Indeed, the situation requires redefining the areas and forms of collaboration. V4 countries should either draw up a new framework of collaboration, or decide that, in the face of divergent interests, cooperation is nothing more than a political declaration. When discussing these issues, politicians of all four countries should bear in mind that popular support for Visegrad collaboration in an enlarged European Union exists. Citizens of the four countries are more aware of the existence of the V4, and increasingly accept collaboration within the organization. What's more, citizens sometimes even agree on the need to give preference to collaboration and compromise between Visegrad Four members over their own national interests.

COOPERATION AFTER JOINING EU

When discussing Polish, Slovak, Czech, and Hungarian willingness to collaborate after EU entry, we must consider the respondent's awareness of V4 existence. Awareness of the existence and purpose of Visegrad (confirmed by respondents themselves) has grown in the past two years in all four countries (see contribution "Visegrad cooperation as seen by the citizens of four countries" in this volume).

More than one half of Slovak, Polish, and Hungarian citizens want to continue collaboration within the Visegrad Group after their countries join the EU (see Graph 3 in contribution "Visegrad cooperation as seen by the citizens of four countries" in this volume). The need for regional collaboration within the European Union is also declared by almost one half of Czech respondents.

Large portion of respondents in all Visegrad countries support the idea of closer collaboration between their countries within the EU, however, the level of support for a formation of closer cooperating group is differentiated (Table 1). While inclination toward above-standard relations with V4 members prevails moderately in Poland (50 % advocated a "more closely co-operating group", while 42 % expressed an opposite opinion, respondents in all other three mem-

ber states tend to prefer maintaining equal relations with all EU member states. This tendency shows the most visibly in Hungary (a more closely co-operating regional group enjoys support of only 12 % of Hungarian respondents). The distribution and inter- countries differences follow the similar as in 2001, only in the Czech Republic, support for this idea grew by 10 % points.

Table 1

Should V4 countries form a group within the EU or rather have similar relations as they have with others? (in %)

	Slovaks	Poles	Hungarians	Czechs
2001				
Yes, they should form a group within the EU	38	46	14	24
No, they should have similar relations as they have with others	50	38	61	55
2003				
Yes, they should form a group within the EU	44	50	12	34
No, they should have similar relations as they have with others	48	42	69	42

Source: IVF, 2001, 2003.

WILL WE BE EQUAL OR SECOND-CLASS EU-MEMBERS?

Convictions about the worse position of future EU member states in an enlarged EU play an important role in shaping perceptions and attitudes towards European integration in Central European societies. A good portion of all Visegrad societies share the opinion that after entry into the EU, their countries will become second-class members. Hungarians are relatively the most optimistic. In Slovakia, Poland, and Czech Republic, both in the 2001 and 2003 surveys, more than 50 % of the adult population stated that they think their countries will become second-class members of the EU.

Table 2

Do you think that after they join the EU the V4 countries will become...? (in %)

	Slovaks	Poles	Hungarians	Czechs
2001				
Equal members of the EU	26	25	31	23
Second class members in relation to the present ones	55	57	41	52
2003				
Equal members of the EU	24	36	32	21
Second class members in relation to the present ones	66	52	42	54

Source: IVF, 2001, 2003.

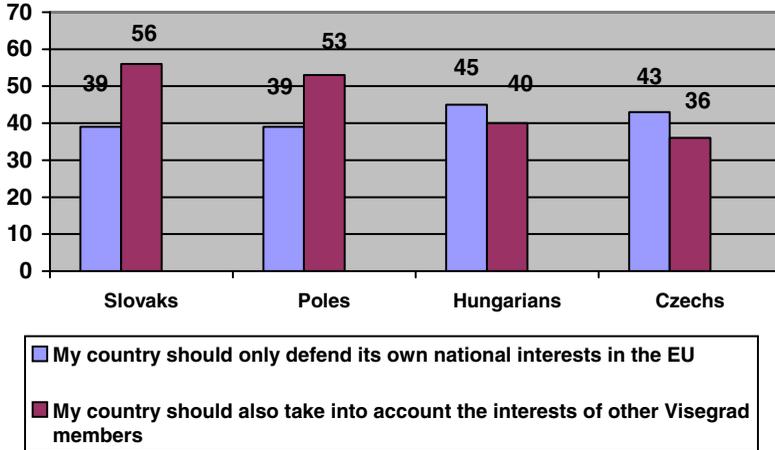
However some changes are visible. During the negotiations, Poles became more self-confident: the number of respondents who trust in equal membership for Poland increased by 11 % points. Apart from those Poles who think their country will become an equal EU member, a greater number of Polish citizens often consider not only the nations own national interest, but the interests of the other Visegrad countries as well.

IDENTIFICATION OF REGIONAL INTERESTS

When Poles, Slovaks, Czechs, and Hungarians declare the importance of regional collaboration between Central European countries, they do so, on both general and specific levels. Indeed, a large proportion of respondents identify both national and regional interests as important.

Graph 1

Should your country only defend its own interests in the European Union, or should it also take into account the interests of the Visegrad members?



Source: IVF, 2003.

More than one half of Poles and Slovaks think that their country's EU policy should also take the interests of the other Visegrad countries into consideration. It should be stressed that this opinion is also shared by a significant portion of the more individualistic Czechs and Hungarians, with regards to Visegrad cooperation.

WHAT CAN WE BRING TO THE EUROPEAN UNION?

The 2003 opinion poll uncovered some interesting inter-country comparisons that extend beyond the attitudes of Visegrad collaboration after EU-entry, and the perceived position of the countries. There are also interesting comparisons between respondents in Visegrad countries, as to what they consider to be their most valuable contributions to the European Union. In national public debates, both in our countries and in Western Europe, an educated labor force was often mentioned (in fact in all societies this was mentioned by respondents most often, particularly in Slovakia).

Table 3

In your opinion, what will be Slovakia's most important contribution to the European Union after entry to the EU?*

	Hungary	Poland	Slovakia
culture and tradition	21	19	14
innovative and growing economy	7	9	8
skilled and educated labor force	33	33	51
historical experience, specific Central European point of view and way of thinking	12	11	8
wild nature, natural clear environment	2	16	6
we have nothing to contribute	5	8	10
Don't know/Hard to say	20	4	4

Note: *Not asked in the Czech Republic.
Respondents were asked to choose only one option.
Source: IVF, 2003.

More than 50 % of Slovaks and 33 % of Poles and Hungarians named the educated labor force as the most important contribution to the enlarged EU. National culture and tradition seemed to be a little more important to Hungarians and Poles than to Slovaks. A similar group exists in all three countries (about 10 % of the population) which refer primarily to the specific Central European experience common to all Visegrad countries as a valuable contribution to the EU. Interestingly, there is a relatively big difference in the differing countries' evaluation of nature and environment as an important contribution (16 % of Poles in comparison to 6 % of Slovaks and 2 % of Hungarians).

CONCLUSION: HOW TO SHAPE VISEGRAD COOPERATION WITHIN THE EUROPEAN UNION?

Despite the fact that collaboration between Poland, Slovakia, Czech Republic, and Hungary within the Visegrad Four has not been institutionalized, the level of awareness of V4's existence, and knowledge of its nature are growing in all four countries. There is also social support, particularly in Poland and Slovakia, for the idea of continued Visegrad collaboration after the countries join the European Union.

Although one could distinguish two main approaches to regional cooperation in Central Europe at the level of general public – more enthusiastic approach (Poles and Slovaks) and more skeptical and individualistic approach (Hungarians and Czechs), all Visegrad societies want continued collaboration within the framework of the Visegrad Four after they join the EU. More than one half of Slovaks, Poles, and Hungarians, along with nearly one half of all Czechs want such collaboration. What is more, a significant proportion of V4 societies think that their country should not limit itself to defending its own national interests in the EU, but should also take the interests of the other Visegrad members into account. This opinion is shared by more than half of adult Polish and Slovak citizens, by 36 % of Czechs, and 40 % of Hungarians. This indicates a very high level of willingness to collaborate.

Public opinion studies show that in each country there is a popular support on which the politicians could build up the idea of V4 collaboration. Societies in Visegrad countries want to collaborate with one another. At the same time, the process of accession negotiations showed that (truthfully), the Visegrad Four was unable to do more than engage in routine political consultations. It did not create any joint Central European policy with respect to the European Union. On the contrary, dissonance, and even a certain level of incompatibility in interests, sprang precisely from integration issues. For various reasons, the influence of the V4 on European policy was limited to routine consultations, and quite ineffective in EU negotiations. It seems that more was expected of the Visegrad's political role, particularly in Poland and Slovakia; hence the disappointment. To prevent this in the future, politicians must better react to popular expectations, and sketch a realistic plan for Visegrad collaboration in the European Union (for recommendations “from Polish side” see Fa kowski – Bukalska – Gromadzki, 2003; Bukalska, 2003).

To sum up: the notion that the V4 is only a forum for political consultation has become far too dominant. Politicians have underestimated the social dimension of Visegrad relations, particularly in the early 1990s. In this context, the popular awareness of the V4's existence is surprising. Studies show that societies of the four countries are aware of the existence of a regional collaboration framework, and support its continuation after they join the European Union. Within the framework of the European Union, political consultations will occur much more often than before, even without the Visegrad Four. Politicians must respond to public expectations and the logic of the European Union by bringing Visegrad collaboration closer to the people.

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O ga Gyárfášová

HOW DO WE SEE EACH OTHER? MUTUAL PERCEPTIONS OF THE VISEGRAD CITIZENS

At the turn of the millennium, the Visegrad Four became an example of regional co-operation that guarantees stability and good neighborly relations. Despite the fact that the commitment to Visegrad cooperation oscillated within the last years, the citizens of the four countries perceive Visegrad as a relevant regional group. Two surveys conducted within the project “Visegrad cooperation as seen by the citizens of four countries” in 2001 and 2003 confirmed the belief that a majority of all V4 citizens acknowledges the purpose and benefits of mutual co-operation between Visegrad countries.

However, it should be noted that citizen endorsement of this co-operation differs considerably in particular V4 countries. While Slovaks and Polish respondents support it quite strongly, Czechs and Hungarians show lower enthusiasm. Interpretation of these perceptions can be seen in the differing attitudes of particular countries’ political representatives and differing economic and political situations. After 1998, Slovakia became a true engine behind the revitalization of Visegrad co-operation. Slovak political representation, which came into power in 1998, has taken great interest in nourishing the most intensive relations possible within the Visegrad grouping. Doing so became part of its strategy for “eliminating” integration deficits. Furthermore, Slovakia is the smallest of all Visegrad countries and, consequently, a country which naturally strives for mutual support and solidarity instead of mutual competition.

Poland places emphasis on V4 regional co-operation, both prior to, and after EU integration. This specific emphasis may have two primary causes: it may be due to Poland’s problematic agricultural sector, or it may be related to the feeling of responsibility for the entire region which ensues from its position as a “regional power”.

For a long time, Hungary has been profiling itself as a “successful solo player” that banks on its own performance, and is not willing to wait, in order to simultaneously join the Union with economically less prepared candidates.

In public perception, this fact was manifested through the lowest public support of V4 coordination during the accession process, and after EU entry.

In the mid-1990s, the Czech Republic basked in the EU's favorable approach, relishing its "star pupil of integration" title. Using a poetic hyperbole, the statements of former Prime Minister Václav Klaus (at the time) evoked an impression that the European Union should join the Czech Republic and not the other way around. Klaus repeatedly labeled Visegrad co-operation as an obsolete concept. Today, the situation is quite different. The Czech's revived interest in co-operation within the V4 arrangement is clear, as both the political elite, and individual citizens show noticeable support. Although the Czechs are somewhat restrained in comparison to Slovaks and Poles, they are considerably less skeptical than the Hungarians. The importance of regional co-operation is also evident in respondent's answers to other questions. Three out of four Slovak respondents considered Visegrad co-operation important, while "only" one in two Czech and Hungarian respondents felt that the Visegrad group plays a significant role.

MUTUAL IMAGES

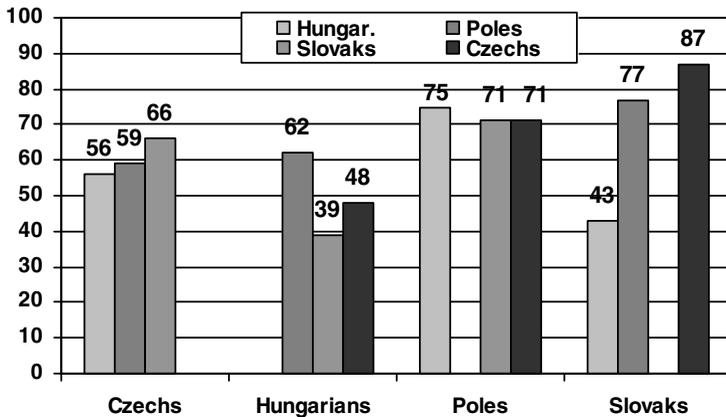
The foundation of Visegrad cooperation is symbolic of the castle and fortress Visegrád in Northern Hungary, from which the group derives its name. For the 13 years of its existence, the regional grouping itself tried to show – with differing levels of success – that the Visegrad group is not just a symbol, but a working body with content, rationale, and a sense of past, present, and future – even after EU membership. The Central European alliance certainly has a level of political and diplomatic cooperation. It also, however, has an "everyday life" dimension, which is shared by the common citizens of all four countries. For this dimension, each nation's self and mutual perceptions are important.

The nations of the Central European region carry a huge historical package from their common past. They form images and opinions about their neighbors based upon both past and modern historical backgrounds. Interpretation of history often shows that everyone feels they are owed something, and everybody did harm to someone else at some point. On the other hand, the nations are unified by the closeness of their common destiny. The images of the "others" do not always reflect the reality; they are very often based on clichés, stereotypes, and prejudices.

The simplest indicator of such mutual perception is trust. To what extent do the nations trust each other?

Graph 1

To what extent do you trust the nations living in V4 countries (% of responses “definitely + somewhat trust”)



Source: IVF, 2003.

The Czechs and Slovaks share the strongest tie of confidence existing today. Trust is mutual, (symmetrical) and can be evaluated very positively. This level of trust and above-standard relationship seemed to be a utopian dream during the split of the Czechoslovak federation. Poles have balanced relations to the other three nations. Within the four country group, the most sensitive relations are between the Slovaks and the Hungarians. Mainly, Slovak trust towards the Hungarians is comparatively lower than trust towards the Poles and Czechs (Graph 1).

In speaking of the so-called alliances of trust a “sociogram of trust” can be created for the inhabitants of the Visegrad region. The sociogram would look something like this:

- The highest level of trust can be observed between the Czechs and the Slovaks – this applies mutually;
- The lowest level of trust can be observed between the Hungarians and the Slovaks – also a mutual phenomenon;
- The Polish feel the greatest trust toward the Hungarians and, symmetrically, the Hungarians trust the Polish the most. It seems that the absence of friction areas, be it historical or actual, has positive effects on mutual perceptions.

This kind of “sociogram” is the result of mutual relations and stereotypes that have been created over centuries. Moreover, it is part of a national identity, or the beliefs that people tend to keep about themselves and others. It is very likely that Slovaks will remain reserved towards Hungarians in the long term.

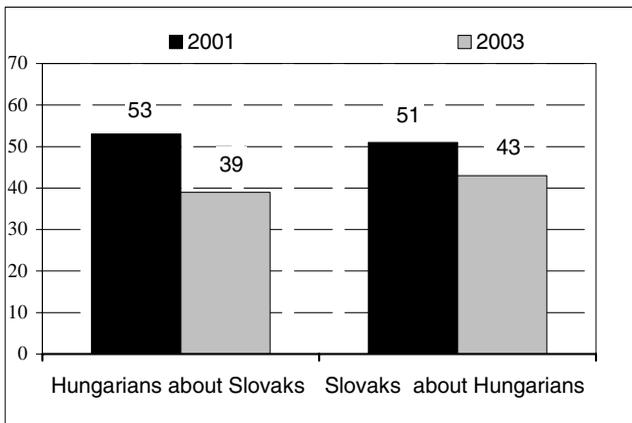
On the other hand, relations between the Czechs and the Slovaks are considered favored by individual citizens, as these respondents expressed feelings of trust, openness, and mutual closeness. The trauma caused by either the “velvet divorce”, or the mutual accusations do not surface in the majority’s viewpoint. Obviously, this does not mean, however, that these feelings do not exist in certain demographic environments.

For Slovakia, Poland represents a problem-free partner. Still, both countries’ bilateral relations are lagging behind their potential. Despite the remarkable dynamics recorded in their mutual relations over the past two to three years, the two countries continue to experience a relationship which has been described by a commentator in the region as “two neighbors turning their backs to each other”. Consequently, negative and positive emotions alike are largely missing.

Comparing 2001 and 2003 findings, there are no dramatic changes in levels of trust. A slight decrease can be observed in the most sensitive relations between Slovaks and Hungarians (Graph 2).

Graph 2

Slovak-Hungarian mutual trust (% of responses “definitely + somewhat trust”)



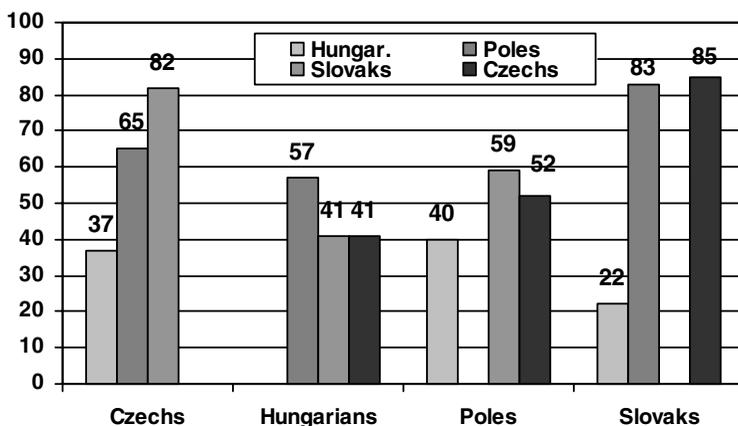
Source: IVF, 2001, 2003.

These decreases might reflect the quarrel over the status law, or the internal Slovak debate about the right of the Hungarian minority to have a “Hungarian” university.¹

The perception of similarity follows, to a certain extent, the level of trust – Czechs perceive the Slovak’s as the most similar, the Hungarians relate most to the Poles, and the Poles, Czechs, and Slovaks hold perceptions of similarity to almost the same extent as the Czechs and Poles (Graph 3). Generally speaking, there is a strong feeling of mutual similarity among the Central European countries.

Graph 3

When thinking about the other nations do you perceive them as similar or different? (% of responses “very + somewhat similar”)



Source: IVF, 2003.

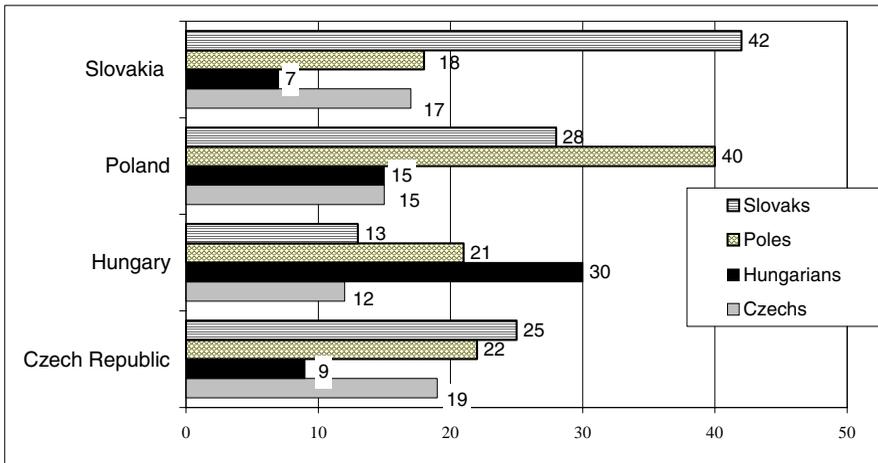
¹ There are deep differences in the perception of minority rights between the Slovak majority and the Hungarian minority living in Slovakia. For example, the establishment of the János Selye University in Komárno has been supported by 92 % of Hungarians living in Slovakia as opposed to only 12 % of Slovaks. Parliament passed the law establishing the University in October 2003. Traditionally, more positive and open attitudes towards the Hungarian minority are in the ethnically mixed territories.

WHO IS BETTER OFF AND WHO WANTS TO COLLABORATE?

Visegrad has become the frame of reference for the popular perceptions of these countries. The images of the other countries themselves are more structured. This can be seen through the evaluation of concrete questions. The survey explored how the general public perceives the willingness of individual countries to cooperate within the V4 framework, their own standard of living, and the level of democracy that they have reached. Above all, it can be said that with regards to cooperation, everybody believes that his/her own country is the most willing to cooperate. The perception of willingness also echoes within the wish to cooperate – Poland and Slovakia showed the highest level of citizens who positively evaluated the willingness of their country to participate (more than 40%). In the Hungary roughly a third positively evaluated their own willingness, while in Czech republic, only a fifth do so (Graph 4).

Graph 4

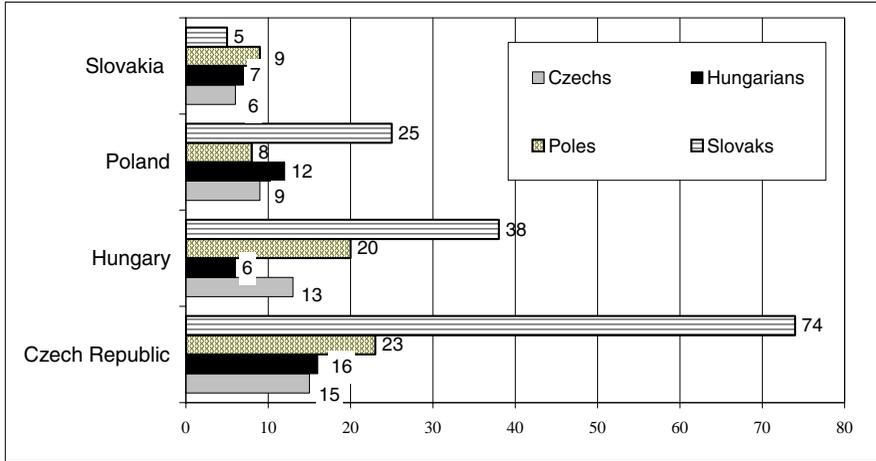
Evaluation of willingness to cooperate (% of responses „high“)



Source: IVF, 2003

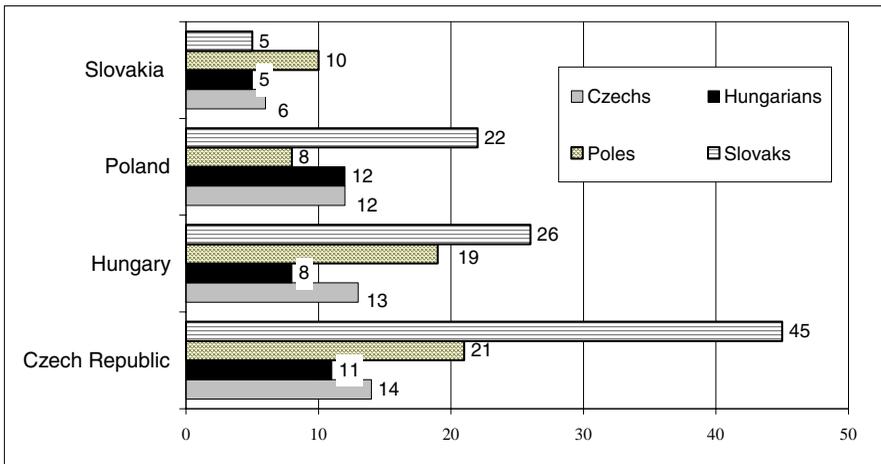
Whereas respondents generally view themselves as the most willing to cooperate in the Visegrad group, they view the other countries as better off in terms of the standard of living, and democratic levels achieved (Graph 5 and 6).

Graph 5
Evaluation of the living standard of people like you
 (% of responses „high“)



Source: IVF, 2003.

Graph 6
Evaluation of the level of democracy the country has achieved

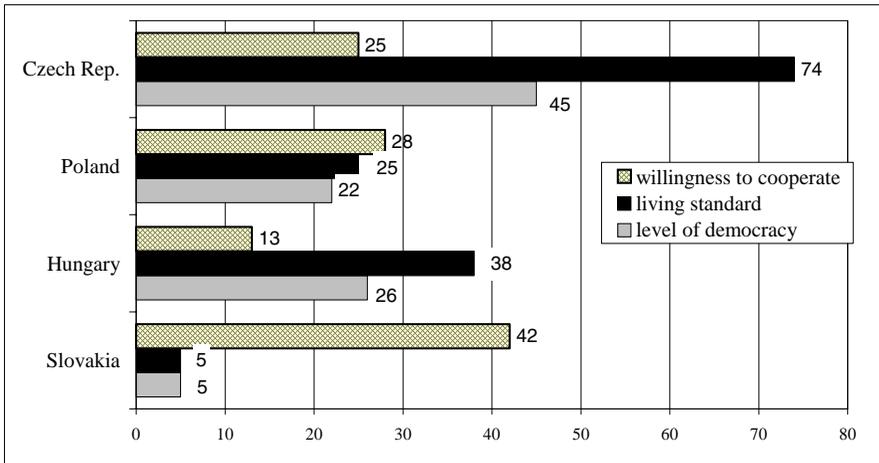


Source: IVF, 2003.

In particular, it is true for Slovakia that other member countries live richer and more democratic lives, especially in the Czech Republic (Graph 7). Slovak perception of the fellow Visegrad citizen's affluence can be further proved by the findings of other surveys. For example, based on the results of one of these surveys (December 2002), sociologist Vladimír Krivý points out that "the majority of Slovak citizens are convinced that the 'success story' was written in the Czech version, and the second half of the former Czechoslovakia was worse off."

Graph 7

Evaluation of V4 countries– view of the Slovak citizens (responses "high" on three point scale, in %)



Source: IVF, 2003.

The perspective of the Czech, Polish, and Hungarian public is slightly different. Especially in the Czech case, in which higher ranking by the public is very rare. Furthermore, the Czech public evaluated the Czech Republic as having the highest ratings in all three dimensions. In the case of Hungary, there are no relevant differences between the evaluation of the Czech Republic and Poland. With regards to their own standard of living and levels of democracy, the Hungarians evaluate themselves with the similar "self-pity" that the Slovaks show. Interestingly, Hungarians evaluate development in Slovakia even more critically.

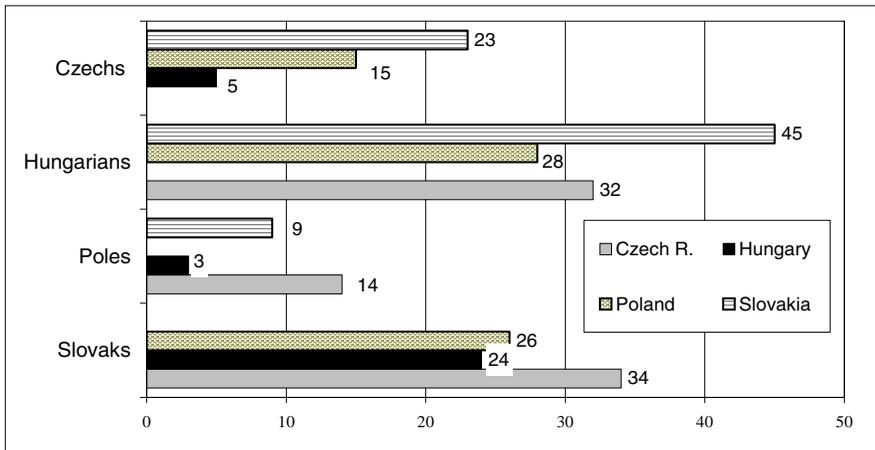
CONTACTS ACROSS THE BORDERS

What does cross-boarder travel within the Visegrad countries look like? The most frequent travelers to the other three countries are the Hungarians – 45 % of them visited neighboring Slovakia within the last one and a half years and about one third visited the more distant Czech Republic, 28 % visited Poland. The contacts between Slovakia and the Czech Republic are vital – 34 % of Slovaks have been to the Czech Republic, while 23 % of Czechs have visited the Slovak Republic. The Czechs do not travel to Hungary so much.

The Poles were the least frequent travelers, as only 3 % of them visited Hungary (Graph 8).² We do not ask the respondents to state reasons for their visits however, we assume that tourism is their primary reason for traveling. Recently, the possibilities for traveling are much more open for the citizens of the former socialist countries. This means that the “competition” provided by different destinations outside of the V4 is higher than it used to be.

Graph 8

“Have you visited any of other three V4 countries since January 2002 (in about last 1,5 year) for business or private purposes?”



Source: IVF, 2003.

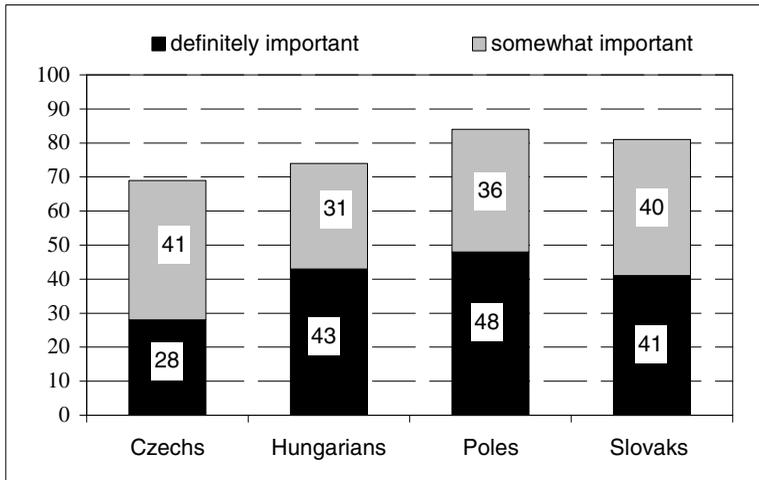
² However, when interpreting the Polish results we have to have in mind that the northern voivodships are really far away from other V4 countries.

DIFFERENCES IN PERCEPTION OF THE EU AND NATO

V4 countries are on the doorstep of the EU. In all of these countries, the citizens expressed a will to join the EU in the EU referenda. They perceive EU membership as important for the vital interests of their respective country (Graph 9).

Graph 9

In terms of the country's vital interests today, how do you evaluate importance of membership in the EU for your country?



Source: IVF, 2003.

The largest and heaviest among the ten accessing countries is Poland. It will be the sixth largest country among the new EU 25. Heather Grabbe, a British scholar and expert on EU issues claims that foreseeable problems will ensue, if “Poland goes into the Union with too little long-term strategy and too great an interest in short-term gains” (*Economist*, 14. 6. 2003). This concern can be applied to the other new members as well – even the smaller countries, of course more to the political elites as general population.

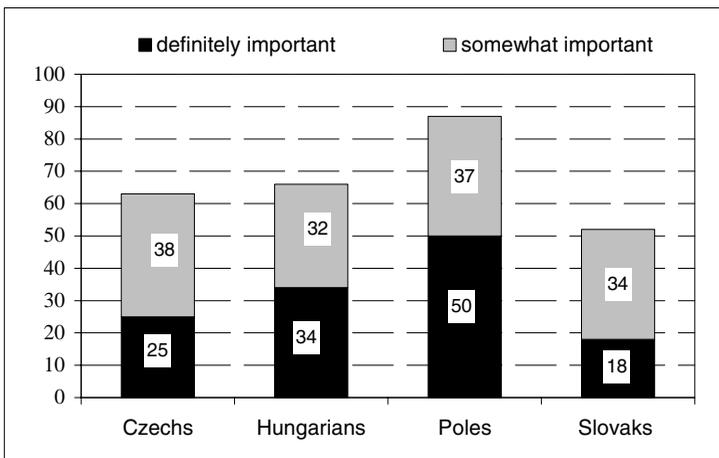
While EU entry is common, and will happen on the same date for all four Visegrad countries, NATO membership is new only for Slovakia. The Czech

Republic, Hungary, and Poland became NATO members in 1999. Slovakia will enter together with the other six EEC countries; members of the so-called Vilnius group. Visegrad perceptions of EU and NATO membership vary across the region, based on each member countries unique historical, cultural, and social background. High support for NATO is most typical in Poland (known as the most pro-American country including the USA). Baltic nations are characterized by comparatively lower support for the EU than for NATO. In Slovakia an opposite long-term pattern can be observed: support for EU membership is very high, while support for NATO is relatively lower and less stable.

The findings of the IVF survey in the late spring and early summer of 2003 confirmed this belief. Slovak respondents evaluated the importance of Slovakia's NATO membership somewhat lower than the Czechs and the Hungarians, and significantly lower than the Poles (Graph 10).

Graph 10

In terms of the country's vital interests today, how do you evaluate importance of membership in the NATO for your country?



Source: IVF, 2003.

CONCLUSION

Visegrad Four stands on the doorstep of the European Union. This is important for Central Europe itself, as it is searching for its own role and mission within the pan-European integration process, as well as within the transatlantic and increasingly globalized community. This situation will bring new challenges and much more complicated international situations. The region of Central Europe – provided it acts like a single political player – could help balance currently shaken transatlantic relations, and calm tensions and frictions, by seeking and presenting conciliatory solutions.

During the negotiation process with the EU Commission, the applicants have been the object of EU policies. As the newcomers they will act as equal, self-confident subjects; as partners. This is the most hopeful situation. Let us assume that their recent attitudes and positions keep them from accepting the passive role of those “being invited to shut up” (*Economist*, 29. 11. 2003).

The future of Visegrad will be above all determined by the politicians themselves. Regardless of that fact, if there is a period of more or less intensified cooperation ahead of us, the V4 countries will continue to be the closest neighbors and bordering regional allies. And the relations among them will be shared not only by politicians, but by general citizens as well.

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András Bakács

SNAPSHOT OF THE VISEGRAD ECONOMIES

THE ROOTS OF ECONOMIC COOPERATION IN CENTRAL EUROPE AFTER THE FALL OF THE BERLIN WALL

Just twelve years ago EU membership for former Warsaw Pact and Council for Mutual Economic Assistance (CMEA) countries seemed like a distant dream rather than the tangible event that it is today. Following the de facto dismantling of socialist economic integration, Western analysts of socialist and economic relations lacked confidence in Central and Eastern European ability to rapidly reorient trade towards the EC, which actually happened within a couple of years. These analysts were therefore far more concerned with quick restoration measures, rather than undertaking steps to reorient the economic ties of the post-socialist area. Instead of restoring anything similar to CMEA, the process of rebuilding multilateral economic ties within CEE officially began in February 1991 when the Visegrad countries placed economic affairs on their cooperation agenda. The Cracow treaty of December 21, 1992 created the Central European Free Trade Agreement (CEFTA), which came into force on March 1, 1993.

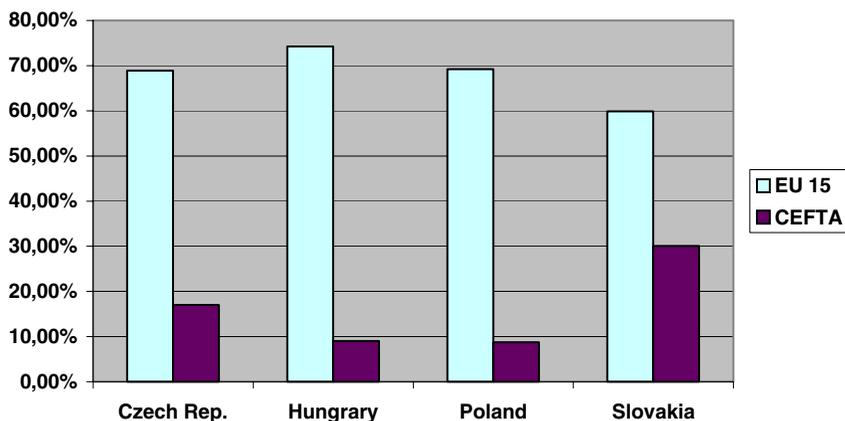
FULL TRADE LIBERALIZATION THROUGH EU ACCESSION

According to recently conducted public opinion surveys, most citizens of the Visegrad countries think that economic co-operation should be enhanced in the future. For the question “in what field should Visegrad countries co-operate more closely”, the vast majority of respondents opted for economic co-operation. There is surely room for improvement. According to trade statistics, the

CEFTA¹ share of the external trade of Visegrad countries is still around 10 %, (somewhat higher for Slovakia) while the same figure for the EU 15 is above 60 %. Concerning the structure of foreign trade, production inputs (energy sources, chemicals, and semi finished products) have gained in importance in post-transition intra-CEFTA trade, while in trade relations with the EU15, more sophisticated products are dominating. Agricultural trade in the Visegrad group is still hampered by tariffs and quotas, which will finally cease to exist by “external force” on May 1, 2004.

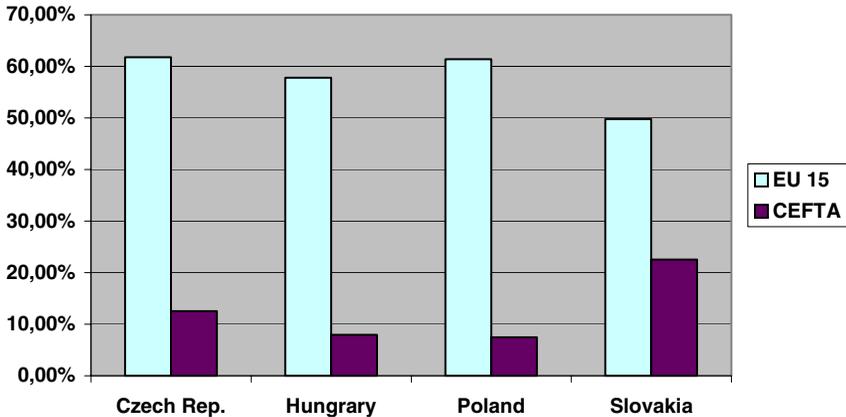
Graph 1

The share of EU 15 and CEFTA in total EXPORTS (in 2001)



Source: CESTAT. Statistical Bulletin, 2001/4.

¹ 2001 figures including trade with Slovenia, Bulgaria and Romania.

Graph 2**The share of EU 15 and CEFTA in total IMPORTS (in 2001)**

Source: CESTAT. Statistical Bulletin, 2001/4.

COMPETITION FOR ATTRACTING FOREIGN DIRECT INVESTMENT (FDI)

While broader economic co-operation was a highly desired goal, real competition for foreign direct investments nonetheless developed between these countries. After opening up the former centrally planned economies, FDI inflows to Central Europe were not only low, but initially grew only in a couple of countries which were ahead in terms of market reforms, liberalization, and privatization (mostly the Czech Republic, Hungary and Poland). However, as time passed, FDI inflows among other CEE countries became more evenly spread. In the beginning of the 1990s, Hungary was the most important recipient of FDI in the region. Annual inflows to this country were higher than inflows to much larger economies like Poland. Hungary opened up its economy to foreign investors ahead of other CEE countries, as it undertook the privatization process through foreign takeovers, while other governments preferred domestic investors. In the second half of the 1990s, other countries caught up: Poland surpassed Hungary in terms of the amount of FDI inflows in 1996, while the Czech Republic did so in 1998. The larger size of these economies, the start of privatization by sale to foreigners, and a friendlier FDI policy framework contributed to the high FDI inflows throughout the past few years. Slovakia changed its privatiza-

tion and FDI policies in the late 1990s. As a result, in 2000 and 2001, Slovakia was among the largest recipients of FDI in absolute terms. In per capita terms, Slovakia had surpassed Poland by 2002.

Although global foreign direct investment fell sharply in 2002, Visegrad countries saw a rise in FDI to 18,3bn USD from 15,4bn USD in 2001 (*World...*, 2003, p. 252). Poland attracted 22 % of all foreign direct investments in the region (V4), while the Czech Republic held a 51 % share in the total. Slovakia controlled a 22 % share, while Hungary held only a 5 % share. In 2002, the total FDI inward stock of the Visegrad countries went as follows: 38,4bn USD for the Czech Republic, 24,4bn USD for Hungary, 45,1bn USD for Poland, and 10,2bn USD for Slovakia (*World...*, 2003, p. 260).

In the late 1990s, there was a rapid increase in service sector FDI, in comparison to manufacturing. In 2000, FDI in the manufacturing sector represented more than one third of all invested capital in the Czech Republic, Hungary, Poland, Slovakia and Slovenia. Most of these countries have attracted export-oriented greenfield investments. The production of motor vehicles and transportation equipment is the most important manufacturing FDI target in the Czech Republic, and the third most important in the Hungarian and Polish economies. Only Hungary holds the high-technology sector involving electrical and electronic equipment as a main investment target.

The **motivations of investors** differ between countries, and time periods. In most V4 countries, FDI was first attracted by the opening of formerly closed markets.

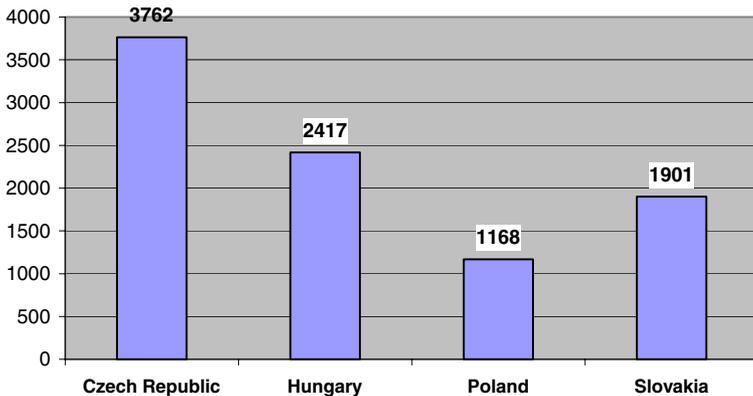
1. Initially, **Domestic market-oriented FDI** occurred primarily through either the complete acquisition of a privatized firm or a joint venture with a local firm.
2. Later on, **export-oriented efficiency seeking investment** appeared in some countries. Export-oriented greenfield investment is almost exclusively confined to CEE countries close to the EU, (Hungary, Poland, Czech Republic, Slovakia, and recently, countries along Romania's western border). These are the areas that provide the best transportation facilities and lowest transaction costs for companies, while investors enjoy relatively low labor costs. The key initial issue for foreign investors involved access to EU markets. That has already happened (with the Europe Agreements), thanks to the progressive freeing of trade over the past decade. The abolition of customs formalities at national borders will further enhance trade. The approximation of laws with the *aquis communautaire* on state aid will mean an end to most tax breaks.

3. A new wave of **domestic market-oriented investment** recently appeared in **services and public utilities**.

Most FDI in V4 countries comes from EU members and the United States. The importance of EU investors depends on the proximity of a particular country with the EU member, and its size. The share of total EU FDI is above 80 % for the Czech Republic, Hungary, and Poland. It is close to 80 % in Slovakia.

Imminent EU accession will bring an end to tax holidays. For this reason, Visegrad countries have chosen a new strategy of corporate tax dumping. To promote a more business friendly environment the following corporate tax rates will take effect in 2004: Poland 19 %, Slovakia 19 %, Czech Republic 28 %, and Hungary 16 %. With the abolition of customs formalities, the V4 based transnational companies will have easier access to Polish, Hungarian, Slovak, and Czech subcontractors.

Graph 3
FDI stock per capita in USD (year 2002)



Source: *World Investment Report*. UNCTAD, 2003.

MAIN GROWTH TRENDS

The simultaneous and synchronized decline of GDP in the three advanced regions of the world economy resulted in the deepest recession and reduction of world output growth in recent decades. The decline of growth rates strongly

affected advanced economies, while the reduction of output growth was less pronounced in emerging economies. The world GDP growth declined from the average 2,8 % in 1998 – 2000 to 1,2 % in 2001 – 2002. These same figures are 4,1 % and 1,2 % for the U.S., 2,9 % and 1,3 % for the Euro-zone, and -1 % and -1,2 % for Japan. Moreover, the recession seems to be more long-lasting than expected, as GDP growth rates slowed even further in 2002 compared to 2001.

GROWING CENTRAL EUROPEAN ECONOMIES DESPITE GLOBAL SLOWDOWN IN THE LAST TWO YEARS

In the recent global slow-down, emerging markets have performed better than advanced economies, and the Central and Eastern European economies have recorded the best growth rates among emerging economies. The slow-down of output growth in Central Europe (with the exception of Poland) was modest in 2001 and in 2002. The relatively good output performance is due both to external and domestic macroeconomic and policy related factors. While global slowdown and growing uncertainty hit transition economies, the effect has been much weaker than in the Latin-American and East-Asian economies. First, the latter economies are more exposed to the slowdown and spillover effects of the US and Japanese economies. This slowdown, and its impact on import demand was much stronger than in the European Union, which the Central and Eastern European economies are most exposed to (with the average share of exports directed to the EU reaching 75 % of total exports).

GROWTH PROSPECTS DEPEND MAINLY ON GERMAN RECOVERY

The most important trading partner for all Visegrad countries is Germany (see Table 1 and 2). Thus the performance of the German economy substantially influences the growth prospects of the Visegrad economies. According to the Economist poll of forecasters, (*The Economist*, 8. 11. 2003, p. 104) Germany is expected to grow around 1,6 % in 2004. Similar figures have been forecasted for other important export destinations of the Visegrad group (Austria's real GDP is expected to grow by 1,8 %, France's by 1,7 %, Italy's by 1,6 % next year).

Table 1
Main import partners in % of total imports (in 2001)

	CZECH REP.		HUNGARY		POLAND		SLOVAKIA	
1 st	Germany	32,9	Germany	24,9	Germany	24	Germany	24,7
2 nd	Russia	5,5	Italy	7,9	Russia	8,8	Czech R.	15,1
3 rd	Slovakia	5,4	Austria	7,4	Italy	8,2	Russia	14,8
4 th	Italy	5,3	Russia	7	France	6,8	Italy	6,4
5 th	France	4,8	France	4,7	G.Britain	4,2	Austria	4,1

Source: CESTAT. Statistical Bulletin, 2001/4.

Table 2
Main export partners in % of total exports (in 2001)

	CZECH REP.		HUNGARY		POLAND		SLOVAKIA	
1 st	Germany	38,1	Germany	35,6	Germany	34,4	Germany	27
2 nd	Slovakia	8	Austria	7,9	France	5,4	Czech R.	16,6
3 rd	Austria	5,8	Italy	6,2	Italy	5,4	Italy	8,8
4 th	G.Britain	5,5	France	6	G.Britain	5	Austria	8,1
5 th	Poland	5,2	U.S.	5	Netherlands	4,7	Poland	5,8

Source: CESTAT. Statistical Bulletin, 2001/4.

HIGH UNEMPLOYMENT IS A PROBLEM IN CERTAIN V4 COUNTRIES

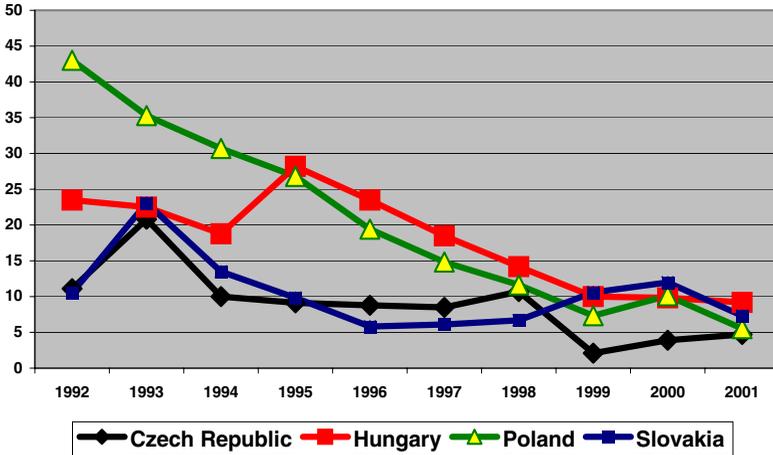
In Hungary and the Czech Republic, unemployment rates are persistently low, structural changes having high employment costs have been implemented, and output growth – while it is mainly labor-substituting – is robust enough to generate new employment. In Poland and Slovakia, unemployment rates have approached or even exceeded 20 % of the labor force. Further, in Poland, unemployment rates almost doubled between 1998 and 2002 (increasing from 10,4 % to 19,5 %). This high level of unemployment is due primarily to the ongoing and fast restructuring that is taking place in these economies.

These four countries have recently been the recipients of sizeable foreign direct investments, both in nominal terms and in relation to GDP. The privatization and financial initiative driven capital inflows have resulted in fast restructuring, which has been accompanied by sizeable lay-offs, while the absorptive capacity of the expanding sector is incapable of absorbing the huge wave of unemployed citizens.

THE REMARKABLE DISINFLATION PROCESS IN ALL VISEGRAD COUNTRIES

Graph 4

Inflation rates (year-on-year in %)



Source: Megújuló Európa, Statisztikai Adattár 1990-2001, KSH Budapest, 2003.

Considering the very high inflation rates registered by some countries at the beginning of the transition phase, the double-digit inflation rates of the mid 1990s are over. The greatest success of these economies is that they have managed to stabilize their prices. In terms of their inflation performance, the V4 economies can be divided into two groups. The first group includes the Czech Republic, which has reached and maintained low levels of inflation in the early period of transition. The second includes Hungary, Slovakia, and Poland, which have been able to achieve significant disinflation only after recently fighting with moderate inflation for many years.

POOR FISCAL PERFORMANCE

The presence of counter-cyclical fiscal policy is a major factor contributing to the worsening fiscal balances in V4 countries, as governments have tried to increase fiscal expenditures to mitigate negative cyclical effects. To weaken the negative growth effects of export slow-down, and either declining (Poland) or

decelerating (Hungary and Czech Republic) private investments, governments have increased their spending; a politically motivated move as well. Looser fiscal policies can be observed from the structure of central and general government balances, as their worsening performance can be attributed to the equal extent of the increase in expenditures and the decline in revenues. Fiscal policies have unique macroeconomic and policy related implications in differing regions. In Central Europe, these unique characteristics have contributed to a change in policy mix towards looser fiscal policy combined with stricter monetary conditions. Central banks have had to enforce stricter monetary conditions to avoid negative effects on disinflation, (caused by loosening fiscal policies, such as in Poland and Hungary), and to keep countries from worsening their own account balances (as in the Czech Republic and Slovakia).

MEETING THE MAASTICHT CRITERIA

The Maastricht Treaty (Article 121 and Protocol 21) contains four convergence criteria: 1. price stability; 2. a sustainable fiscal position; 3. exchange rate stability; 4. a low interest rate.²

Visegrad countries are making progress with meeting these convergence criteria. According to the Deutsche Bank's convergence indicator, the Central and Eastern European countries due to join the EU next year are closely bunched together. Inflation has been declining in the past several years in almost all the V4 countries, and in some cases, (Poland, Czech Republic) is even lower than the Euro zone average. Core inflation (2003 Q1) lies between 1,3 % in Poland and 5,3 % in Hungary. Slovakia and the Czech Republic fall somewhere in between these two countries, as Slovakia has a 2 % inflation rate, while the Czech Republic is at 2,4%. However, the prospects for early participation in the Eco-

² 1. price stability is an average inflation rate (measured on the basis of consumer price index) that does not exceed by more than 1,5 % points that of, at most, the three best performing member countries. 2. sustainable fiscal position, meaning that there is no excessive deficit. An excessive deficit exist if: a) the budget deficit is higher than 3 % of GDP, unless, either the ratio has declined substantially and continuously and has reached a level that comes close to 3 %, or the excess over the 3 % reference value is only exceptional and temporary deficit remains close to 3 %; b) the ration of gross government debt to GDP exceeds 60 %, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace. 3. exchange rate stability, meaning that the currency has respected the 'normal' fluctuation margins of the ERM, without severe tensions for at least two years (especially no devaluation on the initiative of the member country concerned). 4. low interest rate, meaning that the average long-term interest rates should not exceed by more than 2 % points the interest rates in, at most, the three best performing countries in terms of price stability.

conomic and Monetary Union have deteriorated. The Maastricht deficit limit will unlikely be met on time, as high fiscal deficits have persisted (with the exception of Slovakia), and may further rise in 2003. Unfortunately, EU membership will not relieve general government budgets, but will initially lead to higher government expenditures in 2004. Exchange rate criterion might create additional difficulties for V4 countries, if the “convergence test” is based on the formerly narrow ($\pm 2,25\%$) ERM fluctuation bands.

Table 3
V4 countries and EMU convergence

	Inflation (% y. 2002)	Interest rates (10 y. maturity)	Fiscal deficit (% of GDP 2002)	Public debt (% of GDP 2002)
Reference value	3,0	5,5	-3,0	60,0
Czech Republic	1,8	3,8	-4,6	22,4
Hungary	5,3	6,9	-9,4	49,2
Poland	1,9	6,4	-5,2	49,5
Slovakia	3,3	5,0	-1,9	32,0

Source: *Deutsche Bank Research*. EU Monitor, November 2003, p. 38.

Deutsche Bank’s convergence indicator has shown that the Visegrad countries form a comparatively homogenous group with a level of real economic and institutional convergence (Table 3). Similarities can be seen in the loss of fiscal control in all Visegrad countries in the previous years. Despite 12 years of economic reform, the transition from communism is still not fully complete. Economies are burdened with excess bureaucracy, unprofitable state-owned enterprises, and traces of socialist-era welfare schemes. In light of this, the brave economic reforms of the Slovak government should be closely followed in Warsaw, Budapest, and Prague. However, governments may lose interest in further reforms once they feel the big political goal of EU entry has been achieved. Workers in V4 (or in any other new member state) countries may demand bigger pay rises as they identify more readily (and more enviously) with workers in rich EU countries. Governments should decrease spending, as government spending accounted for 53 % of GDP in Hungary last year, 47 % in the Czech Republic, 44 % in Poland, and 41 % in Slovakia (*Economist*, 28. 11. 2003, p. 17).

CONCLUSION

The Visegrad countries are on the brink of EU membership, which will have significant impact on all spheres of life. The effects of EU accession on economy can be summarized as follows:

- All trade barriers hampering agricultural trade will be abolished vis-à-vis the EU and the ten new accession countries;
- Free movement of goods will intensify trade relations;
- The planned introduction of euro will contribute to monetary convergence.

The experience of other countries suggest that high growth rates in V4 countries will be possible only if governments there get smaller and more efficient. In practically all Visegrad countries, the public administration is overstuffed and oversized. With (or even without) enlargement there is (there would have been) a need to streamline the public sector in the V4 economies.

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SUMMARY AND POLICY RECOMMENDATIONS

- The upcoming enlargement of the European Union places new questions and challenges ahead of the Visegrad alliance. To be completely accurate, this step (together with Slovakia's joining NATO in the same year) actually signifies fulfillment of the initial objectives of this regional platform. Looking back we can feel and express a certain level of satisfaction, despite the fact that some periods of the Visegrad's twelve year existence were not especially favorable for mutual cooperation between the member countries. Feelings regarding the future of the Visegrad are less optimistic, and tend to be more cautious. Nonetheless, we should welcome the fact that with EU enlargement approaching, the debate about the future of Visegrad cooperation after EU accession is becoming more and more intense.
- The comparative surveys under the same title "Visegrad cooperation as seen by the citizens of four countries" conducted in 2001 and 2003, focused on public perception of regional cooperation. Findings have shown that in the last two years, V4 awareness has grown the most in Hungary and Poland, but is still comparatively the lowest in Poland and the Czech Republic. The highest level of Visegrad awareness has occurred in Slovakia.
- Although there are differences among the country's societies, a majority of citizens in all four countries respect the meaningfulness and importance of future Visegrad cooperation. Actually, the rather ambiguous "do not know" answer was the strongest response against the group's continued cooperation. Citizens recognize the meaning and importance of mutual cooperation, however, clear and significant content that extends beyond mere awareness must be provided by the political elite. The ambiguity of the general public reflects ambiguity on the part of the political elite and opinion leaders. There is a lot of work to be done to bring the Visegrad group alive in the mind of more member state citizens, and give them the unique sense of the specific Visegrad region.

- EU entry is important for the vital interests of the upcoming member states. More than 70 % of the citizens in all four countries agree on this fact. The question of how the countries will act as EU members (topics regarding common interests, above-standard relations, coordinated approaches etc.) is closely connected with the future of the Visegrad. The views of the general public in respective countries are different, and even if they do not determine political behavior on the “European board”, they reflect the general social and political climate with a high level of sensitivity and accuracy. Above all, the Poles favor close V4 cooperation within the EU (50 % of them share the view that V4 countries should form a closer cooperating assembly within the EU). In the other three countries, the majorities would prefer equal membership, much like relations among other EU member states. The support for the individualistic country approach is most visible in Hungary. The distribution of views on the issue of self vs. regional interest is similar. The highest portion of advocates of regional interest can be found in Poland (56 %) and in Slovakia (53 %). On the other hand the preferences for a country’s own interest prevail in the Czech Republic and Hungary. Anyway, new and/or small countries need allies in the EU. It is clear that the V 4 may be a strong player in the EU. The politicians can count on their national constituencies in articulating and managing regional interests. Politicians should take advantage of the capital represented by the popular interest in Central European regional cooperation, and try to redefine the areas and forms of joint action before EU entry. A joint policy with respect to Eastern neighbors who share their borders with three Visegrad Group countries (Poland, Slovakia and Hungary) should be one topic of such interest. Politicians may respond to both public expectations and the logic of the European Union by bringing Visegrad collaboration closer to the people.

ANNEX 1 – PUBLIC OPINION SURVEY DATA

Samples:

Czech Republic (N=1226)

Hungary (N=1014)

Poland (N=1034)

Slovakia (N=1008)

Samples are representative for the adult population (18+)

Fieldwork: May, June and July 2003

Question 1

“Have you ever heard about the Visegrad Group (about Visegrad 4 Group)?”

	Czech R.	Hungary	Poland	Slovakia
yes, I have and I know what it is	34,7	43,9	39,0	56,1
yes, I have but I don't really know what it is	37,7	26,7	25,3	33,9
no, I have never heard about it	19,3	28,6	33,7	8,8
Don't know/NA	8,3	0,9	2,0	1,2

Question 2

“Cooperation among the V4 countries in Central Europe started at the beginning of the 1990s. Do you feel that the V4 is still important and has a mission to fulfill?”

	Czech R.	Hungary	Poland	Slovakia
definitely yes	12,2	19,0	18,7	37,3
rather yes	33,7	33,1	43,5	37,9
rather no	21,7	16,2	15,3	12,2
definitely no	6,6	5,4	3,8	3,1
Don't know/NA	25,8	26,0	18,7	9,5

Question 3

“To your opinion why should Visegrad countries cooperate together (with each other)?”

“V4 countries should cooperate because ...” Choose maximum two of the following options! (% of cases)

	Czech R.	Hungary	Poland	Slovakia
of their geographic position	29,1	54,8	44,5	49,7
of the common past	32,6	35,8	26,4	40,7
of their effort to join EU	24,0	55,6	32,7	36,0
of the economic transformation	24,7	23,3	33,5	31,4
of cultural similarities	13,2	10,8	23,8	20,8
They should not cooperate	7,6	5,2	1,4	3,1
Don't know/Difficult to say	22,1	10,0	9,6	4,7

Question 4

“In what fields should Visegrad countries cooperate more closely. Choose maximum two of the following options!” (% of cases)

	Czech R.	Hungary	Poland	Slovakia
economic cooperation	44,4	65,3	57,9	61,6
cultural exchange	12,8	14,4	15,0	18,1
EU accession	24,8	46,1	24,1	28,1
military and security problems	15,3	7,7	10,6	17,3
maintaining law and order, organized crime prevention	17,4	23,4	30,3	27,7
foreign policy coordination	13,5	16,7	18,6	17,1
education	3,9	5,0	12,0	12,4
They should not cooperate	6,9	8,1	1,4	3,3
Don't know/Difficult to say	21,1	9,1	7,5	3,4

Question 5

“Let’s suppose Poland, Czech Republic, Hungary and Slovakia have already joined the EU. Should they then form a group within the EU or rather have similar relations as they have with others?”

	Czech R.	Hungary	Poland	Slovakia
Yes, they should form a group within the EU	33,6	12,2	49,7	43,9
No, they should have similar relations as they have with others	42,3	68,6	42,2	47,8
Don’t know	24,1	19,2	8,1	8,3

Question 6

“In your opinion, should your country realize only its own interests in the EU or should it also take into account the interests of other Visegrad countries? Which from following statements is closer to your opinion?”

“Do you think that Czech Republic, Hungary, Slovakia and Poland should enter the EU together at the same moment or not?”

	Czech R.	Hungary	Poland	Slovakia
Yes, COUNTRY should realize in the EU only its own national interests	42,9	45,1	39,3	38,7
No, COUNTRY should also take into account the interests of other Visegrad countries	35,6	40,4	52,8	55,6
Don’t know	21,4	14,6	8,0	5,8

Question 7

“Do you think that after they join the EU the Visegrad countries...”

	Czech R.	Hungary	Poland	Slovakia
will become truly equal members of the EU	20,6	32,2	36,0	24,3
will become second class members in relation to the present ones	53,6	44,1	52,3	65,5
Don’t know	25,8	23,7	11,7	10,2

Question 8

“In your opinion, what will be the Slovakia’s most important contribution to the European Union after entry to the EU? Please choose only one option. (Not asked in the Czech R.)”

	Hungary	Poland	Slovakia
culture and tradition	20,5	18,6	13,8
innovative and growing economy	7,0	8,6	7,9
skilled and educated labor force	33,1	33,1	50,5
historical experience, specific Central European point of view and way of thinking	12,1	11,4	8,1
wild nature, natural clear environment	1,8	16,3	6,4
we have nothing to contribute	5,1	8,4	9,6
Don't know/Hard to say	20,3	3,7	3,6

Question 9

“Now, I would like to ask you to evaluate Czech Republic, Hungary, Poland, and Slovakia according to the following criteria”

Czechs about:

Czech Republic

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	18,9	45,2	12,2	23,6
living standard of people like you	15,0	53,3	16,7	15,0
level of democracy the country has achieved	14,1	54,3	14,7	16,9

Hungary

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	11,7	44,3	15,8	28,2
living standard of people like you	12,7	46,8	18,9	21,6
level of democracy the country has achieved	13,3	50,2	11,6	24,9

Poland

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	14,7	41,8	16,3	27,2
living standard of people like you	9,2	44,2	27,0	19,6
level of democracy the country has achieved	12,1	48,5	17,1	22,2

Slovakia

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	17,4	39,8	17,0	25,8
living standard of people like you	5,5	30,0	46,7	17,8
level of democracy the country has achieved	6,4	42,0	31,4	20,3

Hungarians about:**Czech Republic**

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three countries	8,8	41,5	11,8	37,9
living standard of people like you	15,8	39,2	8,9	36,2
level of democracy the country has achieved	10,7	41,6	7,7	40,1

Hungary

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three countries	29,6	40,3	8,0	22,1
living standard of people like you	6,2	49,4	30,1	14,4
level of democracy the country has achieved	8,3	50,4	23,1	18,1

Poland

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three countries	14,8	37,3	7,2	40,8
living standard of people like you	11,5	38,7	12,6	37,1
level of democracy the country has achieved	11,6	38,6	7,3	42,5

Slovakia

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three countries	6,6	34,1	21,3	38,0
living standard of people like you	6,7	34,3	24,3	34,7
level of democracy the country has achieved	5,2	32,8	22,9	39,1

Poles about:**Czech Republic**

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	21,6	56,8	7,5	14,2
living standard of people like you	22,5	60,4	5,5	11,6
level of democracy the country has achieved	20,6	60,6	4,7	14,1

Hungary

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	20,7	57,5	6,1	15,7
living standard of people like you	20,1	59,3	6,8	13,8
level of democracy the country has achieved	19,3	59,6	5,4	15,8

Poland

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	40,1	47,8	4,4	7,7
living standard of people like you	7,8	51,3	36,4	4,4
level of democracy the country has achieved	13,3	55,8	25,1	5,7

Slovakia

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	17,9	58,9	6,6	16,6
living standard of people like you	9,2	63,2	12,9	14,7
level of democracy the country has achieved	10,1	63,4	9,5	17,1

Slovaks about:**Czech Republic**

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	24,5	48,0	12,2	15,3
living standard of people like you	73,8	19,1	2,2	4,9
level of democracy the country has achieved	44,6	42,0	2,6	10,7

Hungary

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	12,9	36,8	32,7	17,6
living standard of people like you	38,2	40,8	6,9	14,1
level of democracy the country has achieved	25,6	45,9	6,7	21,8

Poland

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	27,8	47,2	5,0	20,1
living standard of people like you	25,3	48,7	11,1	14,9
level of democracy the country has achieved	21,7	50,7	6,9	20,7

Slovakia

	high	neither high nor low	low	Don't know
willingness to cooperate with the other three Visegrad countries	41,5	42,8	5,5	10,3
living standard of people like you	5,4	36,1	55,0	3,4
level of democracy the country has achieved	4,8	48,4	43,3	3,5

Question 10

“To which extent do you trust the nations that live in the V4 countries?”

1= I definitely trust

2= I rather trust

3= I rather do not trust

4= definitely don't trust

9= Don't know/Hard to say (spontaneous)

Czechs about

	1	2	3	4	9
A. Hungarians	9,0	46,8	25,7	5,6	12,9
B. Poles	10,9	47,8	24,0	5,2	12,1
C. Slovaks	18,3	48,0	18,0	4,7	11,1

Hungarians about

	1	2	3	4	9
A. Czechs	6,4	41,6	23,3	8,2	20,5
B. Poles	12,7	49,7	12,2	5,0	20,3
C. Slovaks	4,8	34,2	29,3	11,7	20,0

Poles about

	1	2	3	4	9
A. Czechs	8,7	61,9	21,2	2,6	5,6
B. Hungarians	11,4	63,3	16,3	1,8	7,2
C. Slovaks	7,9	65,6	17,6	1,8	7,2

Slovaks about

	1	2	3	4	9
A. Czechs	32,4	55,1	8,8	1,9	1,9
B. Hungarians	12,9	30,7	33,0	20,2	3,2
C. Poles	16,4	60,3	15,4	3,6	4,4

Question 11

“When thinking about Poles, Hungarians and Czechs do you perceive them as similar or different people to Slovaks?”

1=very similar

2=somewhat similar

3=somewhat different

4=very different

9=*I do not know (not offered answer)*

Czechs about

	1	2	3	4	9
A. Hungarians	7,0	30,0	40,5	14,0	8,4
B. Poles	14,1	50,4	24,8	3,4	7,2
C. Slovaks	37,9	43,6	9,1	2,2	7,2

Hungarians about

	1	2	3	4	9
A. Czechs	6,0	35,2	33,3	10,2	15,2
B. Poles	11,4	45,1	23,6	5,4	14,5
C. Slovaks	5,7	35,0	34,3	11,1	13,8

Poles about

	1	2	3	4	9
A. Czechs	4,7	46,2	35,4	7,8	5,8
B. Hungarians	5,3	34,6	42,8	7,9	9,3
C. Slovaks	5,8	53,3	29,6	3,7	7,6

Slovaks about

	1	2	3	4	9
A. Czechs	44,8	39,7	13,4	1,9	0,2
B. Hungarians	6,0	16,1	42,2	34,7	1,0
C. Poles	28,9	53,8	13,1	2,7	1,5

Question 12

“Have you visited Poland, Czech Republic or Hungary since January 2002 (in about last 1,5 year) for business or private purposes?”

Czechs

	Yes	No
HU	5,2	94,8
PL	15,0	85,0
SK	22,8	77,2

Hungarians

	Yes	No
CZ	31,5	68,5
PL	22,2	77,8
SK	45,0	55,0

Poles

	Yes	No
CZ	14,0	86,0
HU	2,7	97,3
SK	8,9	91,1

Slovaks

	Yes	No
CZ	34,2	65,8
PL	26,0	74,0
HU	24,1	75,9

Question 13

“In terms of COUNTRY’s vital interests today, how do you evaluate importance of membership in the following organizations for your country?”

A. Membership in the EU

	Czech R.	Hungary	Poland	Slovakia
definitely important	28,0	42,8	48,2	40,9
Somewhat important	41,2	31,4	35,9	40,4
Somewhat unimportant	14,6	10,0	9,0	9,7
definitely unimportant	5,6	5,2	4,0	4,9
Don’t know/Hard to say	10,5	10,6	2,9	4,0

B. Membership in the NATO

	Czech R.	Hungary	Poland	Slovakia
definitely important	24,9	34,4	50,2	17,5
Somewhat important	37,6	32,2	37,2	33,7
somewhat unimportant	18,6	14,8	8,0	21,4
definitely unimportant	7,9	6,5	2,0	21,0
Don’t know/Hard to say	11,0	12,2	2,6	6,4

Question 14

To your opinion was the decision of (COUNTRY’s national) government to join the US lead coalition in the Iraq war right or wrong?

	Czech R.	Hungary	Poland	Slovakia
definitely right	7,7	9,3	19,3	5,3
rather right	32,5	24,8	27,5	20,3
rather wrong	29,0	27,1	23,9	31,2
definitely wrong	10,5	23,1	22,3	35,0
don’t know/Hard to say	20,2	15,8	6,9	8,1

ANNEX II – ECONOMIC INDICATORS

Table 1
Czech Republic

	1999	2000	2001	2002	2003	2004
	Current prices in billion CZK	Percentage changes				
Private consumption	1 019,2	2,5	3,6	4,0	4,1	4,5
Government consumption	373,3	-1,0	5,3	5,7	1,8	1,4
Gross fixed capital formation	528,3	5,3	5,5	0,6	3,2	3,5
Stockbuilding	5,8	1,3	0,7	0,3	0,0	0,0
Total domestic demand	1 926,6	4,0	5,1	3,4	3,3	3,6
Exports of goods and services	1 152,6	17,0	11,9	2,8	6,3	9,8
Imports of goods and services	1 176,9	17,0	13,6	4,3	6,3	9,2
Net exports*	-24,3	-1,0	-2,3	-1,7	-0,7	-0,5
GDP at market prices	1 902,3	3,3	3,1	2,0	3,0	3,5

Note: *Contributions to changes in real GDP (% of real GDP in previous year), actual amount in the first column.

Source: *OECD Economic Outlook 73*.

Table 2
Hungary

	1999	2000	2001	2002	2003	2004
	Current prices in billion HUF	Percentage changes				
Private consumption	5 974,0	4,4	4,9	9,8	5,5	3,8
Government consumption	2 454,8	1,9	0,1	2,6	1,4	0,0
Gross fixed capital formation	2 274,5	7,7	3,1	5,9	2,6	2,1
Stockbuilding	523,4	0,7	-1,2	-1,7	0,2	0,6
Total domestic demand	11 676,8	5,1	2,1	5,3	4,0	3,1
Exports of goods and services	6 038,3	21,8	9,1	5,9	4,6	8,0
Imports of goods and services	6 321,6	21,1	6,3	8,9	5,8	7,0
Net exports*	-283,3	0,0	1,7	-2,0	-1,0	0,5
GDP at market prices	11 393,5	5,2	3,8	3,3	3,1	3,7

Note: *Contributions to changes in real GDP (% of real GDP in previous year), actual amount in the first column.

Source: *OECD Economic Outlook 73*.

Table 3
Poland

	1999	2000	2001	2002	2003	2004
	Current prices in billion PLZ	Percentage changes				
Private consumption	396,4	2,8	2,0	3,3	1,8	2,0
Government consumption	95,6	1,1	0,4	1,3	1,7	1,8
Gross fixed capital formation	156,7	2,7	-8,8	-7,2	3,5	7,0
Stockbuilding	5,6	0,4	-1,2	0,0	0,0	0,0
Total domestic demand	654,2	2,8	-1,6	0,8	2,1	2,9
Exports of goods and services	160,8	23,2	3,1	5,7	8,5	13,6
Imports of goods and services	199,9	15,6	-5,4	2,5	7,4	10,9
Net exports*	-39,1	1,3	3,1	1,1	0,4	1,1
GDP at market prices	615,1	4,0	1,0	1,3	2,3	3,5

Note: *Contributions to changes in real GDP (% of real GDP in previous year), actual amount in the first column.

Source: *OECD Economic Outlook 73*.

Table 4
Slovakia

	1999	2000	2001	2002	2003	2004
	Current prices in billion SKK	Percentage changes				
Private consumption	470,6	-1,8	3,9	5,3	3,0	3,2
Government consumption	165,6	1,3	5,1	4,0	2,5	2,0
Gross fixed capital formation	252,9	1,2	9,6	-0,9	3,7	5,2
Stockbuilding	-17,1	0,4	1,4	0,8	0,0	0,0
Total domestic demand	871,9	0,0	7,2	4,0	3,1	3,5
Exports of goods and services	510,0	13,8	6,5	5,9	5,9	8,2
Imports of goods and services	546,2	10,2	11,7	5,3	5,2	7,1
Net exports*	-36,2	2,2	-4,0	0,3	0,4	0,7
GDP at market prices	835,7	2,2	3,3	4,4	3,6	4,3

Note: *Contributions to changes in real GDP (% of real GDP in previous year), actual amount in the first column.

Source: *OECD Economic Outlook 73*.

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