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COVER STORIES Edwin Bendyk, Do Thu Trang, Witold Gadomski, Anna Kárníková, Robert Schuster

POLITICS Ivan Krastev ECONOMY Magdolna Csath CULTURE Małgorzata Fidelis INTERVIEW Misha Glenny



Climate Change and Central Europe

New Green Common Sense

About Aspen

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- 04** *FOREWORD Climate Concerns Do Not Wane*
Jiří Schneider
- 06** *EDITORIAL 2019 Had a Woman's Face*
Aleksander Kaczorowski
- 10** *The Energy Sector between the Past and the Future*
Edwin Bendyk
- 18** *New Green Common Sense*
Robert Schuster
- 25** *Embracing the Change—Decarbonization Pathways for the Czech Republic*
Anna Kárníková
- 30** *How to Survive the 'Green Deal'?*
Witold Gadomski
- 38** *AYL Is Environmental Awareness a 'Rich People's' Thing?*
Do Thu Trang
- 42** *INTERVIEW with Misha Glenny:
The Mafia Has Integrated itself into the Licit World*
Aleksander Kaczorowski
- 50** *COMMENT The Great Paradox of Covid-19*
Ivan Krastev
- 56** *Irony, Narration and *Zeitgeist**
Wojciech Engelking
- 62** *INTERVIEW with Adrian Zandberg: The Mentality from Margaret Thatcher's
Times still Dominates among the Leaders of Visegrad*
Jakub Majmurek
- 72** *The Grand Gaming Table*
Alexander Dobroyer
- 82** *Russia's Economy in the 2020s: A Cheerless Future*
Vladislav Inozemtsev
- 94** *The Future of EU Innovativeness and Competitiveness*
Magdolna Csath
- 101** *A Rainy Night in Georgia*
Alexander Kaffka
- 108** *Fantasy Island*
Benjamin Cunningham
- 114** *'Translating' Dissidentism*
Małgorzata Fidelis
- 121** *The Light that Shines*
Jan Sowa



Climate Concerns Do Not Wane

Dear Readers,

One would expect that the current pandemic crisis and economic downturn would at least temporarily overshadow climate concerns and derail a drive toward new green deals in European and global politics. According to an April 2020 poll by IPSOS, however, a majority of respondents do not see climate change as a lesser threat than a pandemic. More surprisingly, 80 percent of Chinese, Indian or Mexican respondents prefer a ‘green’ economic recovery compared to less than 60 percent of Britons or Germans. Hence climate as the theme of this issue remains definitely topical.

We looked into the peripheral position of Central Europe in the last issue. It is common wisdom that small crises lead to centralization whereas staying at the periphery of a major crisis and disruption could be an advantage. This remains to be seen. As national responses to covid-19 differ in various European countries, the quest of the European Union to agree on effective measures—that would strike a right balance between health, climate and the economy—seems to be more urgent than ever.

A climate policy is mostly shaped by the energy policy. In his article, *Edwin Bendyk* claims that “this joint and passionate love for atomic energy in Central Europe does not mean that there is any joint energy policy of the Visegrad Four countries”. In fact, there is no ‘passionate love’ for atomic

energy, but a combination of pragmatism, caution about hastily introduced green schemes plus a path-dependency on nuclear power production. *Witold Gadomski* provides an analysis of why Poland's energy policy—concerned mostly about its dependency on coal—considerably differs from the rest of the Visegrad countries. The palette of topical articles is completed by the views of *Robert Schuster* on the climate policies of the Central European states in the context of German and Austrian policies.

It has already become a tradition to bring forward a thematic voice of a young leader, this time an opinion piece entitled “Is Environmental Awareness a ‘Rich People’s’ Thing?” by *Do Thu Trang*, a Czech-Vietnamese blogger who received the Aspen Central Europe Leadership Award in 2019.

Aleksandr Kaczorowski's interview with *Misha Glenny*, a renowned journalist and author of the celebrated *McMafia*, is a must-read not just because of the nexus between organized crime and the environment. As a segway to our next issue and a pretaste of *Ivan Krastev's* upcoming book, we publish an excerpt about seven paradoxes of the covid-19 era.

Stay healthy and in good spirits!

JÍŘÍ SCHNEIDER
Executive Director, Aspen Institute CE

2019 Had a Woman's Face

Greta Thunberg, Zuzana Čaputová, Olga Tokarczuk. It was because of them that last year had a woman's face. Each of them in her own way became a symbol of hope for a better tomorrow—in the world, in Europe and in Poland. It is no accident that there is not a single man among these emblematic figures.

“Person of the Year” by *Time* magazine is one of the most important media awards in the modern world. A glance at the list of nominees in 2019 was enough to notice that something was wrong with this world. Among the ten contenders for the honorable title there were five men, including as many as three connected with the investigation into the impeachment of US President Donald Trump: himself, the former New York Mayor Rudy Giuliani and the anonymous whistleblower who reported a suspicious conversation between Trump and Ukrainian President Volodymyr Zelensky.

The other two candidates—the Chinese leader Xi Jinping and the head of Facebook Mark Zuckerberg—could also be the main protagonists of a political thriller. None of the five men, with one exception, stood out as positive. The exception is the man who was forced to hide his identity because he dared to reveal the dirty deeds of the American President.

The More Progressive Half of Humanity

How different are the female candidates for the prestigious weekly award in comparison with the male ones. They include the environmental activist Greta Thunberg, the New Zealand Prime Minister Jacinda Ardern (for her stance after the Christchurch mosques in March 2019), the American footballer and LGBT rights activist Megan Rapinoe, and the House of Representatives speaker Nancy Pelosi, involved in Trump's impeachment. Four women who fight for climate protection, social peace, human rights, rule of law and democracy.

It came as no surprise to anyone, except the right-wing misogynists, that the less than 17-year-old Greta Thunberg finally appeared on the cover. It was because of her that the threat of a global climate disaster became the most discussed topic of the past year, influencing international politics and decisions made in dozens of countries of the world and the European Union.

No less important is the example that the young Swedish woman gave to millions of girls around the world. “The Strength of Youth” from the *Time* cover can be understood literally—women are today the more progressive half of humanity. They are also generally better educated and aware of the need for change. It is they who demand it most loudly and point in the desired direction. It is no coincidence that, according to *Forbes*, countries ruled by women—from Taiwan, through Germany, Denmark and Iceland, to New Zealand—are best placed to deal with the covid-19 pandemic.

The Unfinished Revolution

If something does come as a surprise, it is only the astonishment aroused by the increasing presence of women in male-dominated spheres of life, such as new technologies, politics or... literature. After all, the feminist revolution has lasted for over 100 years. The concept of feminism itself was created in the 1880s in France, the homeland of human and civil rights.

Initially, it meant supporters (both female and male) of solving the so-called woman issue. This euphemism concealed one of the greatest paradoxes of the Enlightenment and the bourgeois order that was its offspring. In this order, founded on economic and political freedom symbolized by private property and electoral rights, only men had civil and property rights one hundred years after the Great French Revolution. The situation was similar in all European countries and in the USA.

The woman issue, as well as the Jewish question and the attitude towards homosexuals, were symptoms of the unfinished bourgeois revolution, which brought plutocracy and the wealthy bourgeoisie to power in place of the demolished feudal order and aristocratic rule. The new bourgeois social hierarchy “cast the woman as a parasitic slave who does not earn and should not earn money”, wrote the German literary scholar Hans Mayer.

This only concerned of course women from so-called good homes. From the very beginning of the Industrial Revolution, women from the peasant and working classes were victims of capitalist exploitation on a par with men (and children). For them, material and social progress was one and the same.

Western European suffragettes, generally well-off women from the upper and middle classes, had different aims. Above all, they demanded equality with men in terms of electoral rights, believing that in this way they would gain influence over the government policy towards women. This goal was achieved

in most democratic countries between 1918 and 1945, coming earliest in the newly emerging Eastern European countries such as Poland and Czechoslovakia immediately after the First World War. This was due to the participation of women in the local patriotic movements, as well as the significant influence of socialist parties, traditionally supporting the demands for equality. It soon turned out, however, that this was not enough. Women voted, like men, for parties dominated by men, who were also the vast majority of MPs and ministers.

This state of affairs prevailed under communist rule, despite real progress in many other areas, including women's access to education, professional work, divorce and family planning methods. In the political sphere, the Polish People's Republic in the Władysław Gomułka and Edward Gierek era petrified social relations. These times even brought about a relapse compared to the changes taking place in the West at that time. In the 1980s, however, in the era of the first 'Solidarity', Martial Law and the end of communist Poland, the alliance of the democratic opposition with the Church contributed to the marginalization of even the most politically active women. But it was not only in Wałęsa's team that men overwhelmingly dominated in the first ranks. It was similar in the team of Václav Havel. Central Europe had a moustachioed man's face.

Finland Sets an Example for the Visegrad Group

And that is how it largely looks up to now. Although it may seem unbelievable, the average percentage of women in the parliaments of the Visegrad Group countries is almost the same as in the Arab countries, and it would be even lower if it were not for ... Poland. In 2016, female MPs made up just over 27 percent of the Sejm, with a global average of 22.8 percent. Meanwhile, the average for the Arab countries is 18.4 percent, and for Hungary it is 9.6 percent.

Poland is the only Visegrad country where gender quotas are obligatory when drawing up electoral lists (women must make up no less than 35 percent of candidates). The number of women occupying the post of prime minister in the Czech Republic and Hungary after 1989 is zero, in Slovakia—one, in Poland—three (compared to 13 male prime ministers).

In the Czech Republic there is only one political party headed by a woman, but this grouping has only a moderate chance of surmounting the electoral threshold during the next elections. How does that compare to Finland, where 34-year-old Sanna Marin has formed a coalition government of five parties, each headed by a woman?

This dramatic difference in the participation of women in politics in Eastern and Western Europe is the result of the different experiences of the last half-century. In the West, a new generation of feminists has emerged since the 1970s and have set themselves the goal of changing the culture and fighting for real and not just political equality for women. Women's rights, the fight for equal access to professions and equal pay, the fight against sexual violence, access to legal abortion, change in gender stereotypes and social roles were put on the banners of the movement.

Non-feminine War Games

The importance of the latter issue is demonstrated by the example given by Dita Příkrylová, head of the Czechitas Foundation, which supports women interested in working in the IT industry. In the 1980s, women accounted for 35% of IT students; today, it is only 29 women per 1000 students. The relapse began in the mid-1980s with the emergence of the first personal computers, initially treated by many as a device for installing computer games, a favourite pastime of adolescent boys.

This is perfectly illustrated by one of the first Hollywood films showing the phenomenon of geeks, namely *War Games* of 1983. The teenage protagonist accidentally breaks into the Pentagon network and almost triggers off a nuclear war with the Soviet Union. The boy manages to save the world from extinction with the help of a brilliant scientist and a pretty female friend, who, of course, is the only one of the three who does not have the slightest idea about computers.

In reality, however, the program used in the first ENIAC computer (the prototype of the rebellious electronic machine from the film *War Games*) was the work of six outstanding female mathematicians working for the American army. What would the modern world look like if there were a widespread awareness of their achievements? It would probably look a bit different from the world in which every success of a woman is still treated as a major event and an irregularity.

The countries of Central Europe will not become a fully-fledged part of the West as long as women are treated here as in the East. It is a question of a cultural choice in which there is an open society on one side, not discriminating against anyone on the basis of gender, race, social background, class position or sexual orientation; and on the other hand, a closed society in which the careers of a few are only an exception to the prevailing rules.

ALEKSANDER KACZOROWSKI

Editor in Chief Aspen Review Central Europe

The Energy Sector between the Past

and the Future

Achieving energy independence by the middle of the century is a key element in defining the EU's strategic situation. All indications are that the most developed EU countries will implement this strategy without looking behind at possible laggards from Central Europe.

Polish miners lost patience again. Nobody wants to buy their coal. Despite the assurances of politicians that it will be the basis of Poland's energy security for the following decades, millions of tons are being dumped. Too expensive, too dirty, unwanted, and also clashing with the spirit of the times, when the tone of discussion about the future is marked by young people striking to defend the climate.

Polish miners also think about the future, but its horizon, just like for the French 'yellow vests' movement, is not defined by a vision of the end of the world and the climatic apocalypse, but by the spectre of the end of the month with bills to pay. This is why they scrupulously demand what politicians promised them. And politicians, fearing the miners, the best organised and most unionized profession, usually promise to deliver what miners demand. And the vicious circle closes.

Not only in Poland, but among all the countries of the ‘New Union’, thinking about energy and the energy sector is suspended between the legacy of the past marked by socialist industrialization and a future defined by belonging to the European Union and its modernization strategy. This future is increasingly and irrevocably shaped by the European Green Deal project. Its most important objective is to achieve climate neutrality by 2050, and reduce greenhouse gas emissions by 50-55% by 2030 in the process (in January 2020 the European Parliament adopted a resolution recommending that the 2030 target should be ambitiously set at 55% emission reductions).

Polish politicians used every opportunity to emphasize the uniqueness of the Polish economy, where 75% of electricity comes from coal-fired power plants.

Behind this simple directive is the complex Great Green Transition program and a no less complex story. The first draft of the climate neutrality by 2050 strategy was presented by the European Commission in November 2018. The timing of the announcement was carefully chosen—in December, the UN Climate Summit COP24 was held in Katowice, at which the ‘rulebook’, i.e. a roadmap for the implementation of the Paris Climate Agreement adopted in 2015 and to be effective in 2020, was to be passed. The EU wanted to give a clear signal of its climate ambitions, especially when the United States, led by Donald Trump, began to effectively sabotage the climate process.

No Post-coal Future without a Social Component

At that time no one was talking, however, about the Green Deal, because in late 2018 commentators were more concerned about the ‘brown-shirt reign’ that was expected to prevail in Europe after the elections to the European Parliament in May 2019. The polls showed that the power of the extreme right was growing and the new balance of power in Strasbourg would be decided by people like Matteo Salvini. No one predicted, however, that Greta Thunberg would enter the stage. The young Swedish woman, like Joan d’Arc, appeared in Katowice and gave a short fiery speech to adults, rallying them to act. She repeated her appeal in January 2019 during the World Economic Forum in Davos, beginning with the poignant “Our house is on fire. I came here to say that our house is on fire. I want you to start panicking, to start being as scared as I am every day.”

Not much later, on 15 March 2019, the first global youth climate strike took place, and other climate movements, jointly called the Extinction Rebellion, also came into being. One should not forget the ‘yellow vests’, who shocked France in the autumn of 2018 by delaying Prime Minister Édouard Philippe, who had intended to appear in Katowice, in Paris. Instead of the French politician in person, the audience received the following communication: transition to a green, post-coal future must include a component of social justice. Without it, even in rich, sweet France, a revolution may erupt.

The signal from France was picked up by Polish politicians, who used every opportunity to emphasize the uniqueness of the Polish economy, where 75% of electricity comes from coal-fired power plants. This means that the transition in a country such as Poland must cost more than in France, which obtains about 75 percent of its electricity from nuclear power plants, by definition climate neutral. And the cost also means social costs here. Hence the idea for the Just Transition Fund first mooted in Katowice. A few months later, it appeared as an instrument of the European Green Deal with a budget of 7.5 billion euros.

Before the adoption of the Deal, however, May 2019 elections were held, in which the green wave defeated the brown one and the balance of power shifted contrary to the earlier concerns of analysts. A spectacular example of this shift is the political situation in Austria, where a coalition of the right and the extreme right was replaced by an alliance of ‘blacks’ and ‘greens’. The new spirit already clearly hovered above the June EU summit in Sibiu, where EU leaders first brought up the issue of the commitment to achieve climate neutrality by 2050. Poland, supported by the Czech Republic, Hungary and Estonia, vetoed this formulation.

Central Europe’s Nuclear Option

Commentators interpreted this position of Central European countries as preparing the ground for the negotiations on a detailed strategy to be held at the EU summit in December 2019. It was known that Mateusz Morawiecki’s government wanted, among other things, to push through the idea of the Just Transition Fund, the new and additional financial instrument supporting the transformation of coal mining regions, i.e. mainly Polish ones.

The six months passed quickly and in December the new European Commission headed by Ursula von der Leyen presented the European Green Deal project as the official EU modernization by 2050 strategy. The Polish

government again tried to block the negotiations, but it could no longer count on an alliance with other Central European countries. Resistance from Hungary, the Czech Republic and Slovakia was assuaged by acceptance of nuclear power as a means of decarbonization. This was an exception, because nuclear power, like gas-based power generation, was not included in the catalog of decarbonization solutions supported by the EU.

The Polish government could no longer count on an alliance with other Central European countries. Resistance from Hungary, the Czech Republic and Slovakia was assuaged by acceptance of nuclear power as a means of decarbonization.

As a result of the December summit, the European Union adopted the Green Deal and allowed Poland to remain outside the agreement until it found a way to achieve climate neutrality which would be acceptable to both sides. This does not mean that the EU objective of neutrality does not apply to Poland. Keeping the nuclear option for Central Europe worried Austrian Chancellor Sebastian Kurz, who tried to convince his Visegrad neighbours to give up the technology. After all, Austria, one of the most industrialized countries in Europe with one of the highest productivity rates, wants to achieve climate neutrality as early as 2040 and does not need nuclear power for this.

The Austrian persuasive efforts were of no avail. Slovak Prime Minister Peter Pellegrini replied that every country should have the right to define its optimal energy mix, so Slovakia would build two new units at the Mochovce nuclear power plant, and the atom that would be the basis for Slovakia's energy security and for achieving climate neutrality. Czech Prime Minister Andrej Babiš said the same, claiming that it was impossible to close down coal-fired power plants without replacing the lost capacity with nuclear power. So a new unit will be built in Dukovany by 2036, and by 2040 the share of the atom in the Czech energy mix is to increase from the current 30% to 40%.

Implementation at the Lowest Possible Cost

This joint and passionate love for atomic energy in Central Europe does not mean that there is any joint energy policy of the Visegrad Four countries. They have too divergent interests, not only economic, but also political, which is ex-

acerbated by different historical development trajectories, as can be seen today in the infrastructure inherited from previous decades. What these countries have in common is certainly the fact that, unlike Austria, they do not intend to take the lead in the green transition campaign, but want to implement it at the lowest possible cost. But this is where the convergence among the V4 ends.

Poland is a very special case within the group, because it also applied for the nuclear option, but has no nuclear power plant yet, although it has been trying to build one since the times of late communism. The ambitious goal still has not gone beyond the planning stage and coal remains the foundation of the Polish energy sector. The coal-based power industry is ‘cracking’, however, and does not satisfy domestic demand any longer, which means that an increasing amount of electricity is imported. Electricity from abroad is attractive not only due to its availability, but also the price. As Adam Grzeszak writes in a report for the Polityka weekly, a megawatt-hour on the energy exchange in Poland costs PLN 250, in Sweden and Germany PLN 162, and in the Czech Republic and Slovakia PLN 175.

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In light of this, abandoning coal as rapidly as possible seems to be the only reasonable solution. Unfortunately, the political position of the entire coal and energy sector is so strong that no government has been able to carry out any far-reaching reforms. Consequently, Poland operates in a landscape that is paradoxical to say the least. Due to the coal dogma, it maintains a coal-based power industry, which, however, cannot function exclusively on the basis of Polish coal, because it is too expensive and of too poor quality. As a result, the import of coal is growing, mainly from Russia, and in 2019 it exceeded 16 million tons. The same amount of Polish coal is lying on heaps, irritatingly for the miners.

A Blackout is a Greater Challenge than Climate Neutrality

While you can abjure social reality using political tricks, markets are more resistant to political arguments. And it was the markets that put a symbolic seal on the history of the development of the coal-fired power industry in Poland—its last stage was to be the construction of the Ostrołęka C power plant,

but in February 2020 investors withdrew and the plant will not be built. It is also known, however, that Poland will have a problem with obtaining a 15% share of renewable energy sources in the mix, as follows from the EU commitments. And just as for the miners the vision of the end of the month is more of a problem than the vision of the end of the world, so for Polish politicians and power engineers the increasingly real threat of blackout in 2050 is a greater challenge than climate neutrality.

The energy and climate policy of Hungary is more consistent, although it arouses suspicion from the Polish perspective. It is based on cooperation with Russia, not only the main supplier of fossil fuels, but also the principal technological partner. Russia is to build more units of the Paks nuclear power plant in order to provide financing for the investment and supplies of nuclear fuel in the future. Although no tender had been announced for the contract, making Hungary dependent on Russia, against which the European Union has many reservations, the European Commission accepted the Hungarian decisions.

The energy and climate policy of Hungary is more consistent, although it arouses suspicion from the Polish perspective. It is based on cooperation with Russia, not only the main supplier of fossil fuels, but also the principal technological partner.

Each of the Visegrad Group countries has a unique energy landscape, and mutual relations, instead of a joint strategy, often assume paradoxical patterns. Thus, Poland and Hungary are linked by traditional, even sentimental ties of historical affection, which in recent years has been deepened by the political friendship between the regimes of Viktor Orbán and Jarosław Kaczyński. This friendship is not harmed by the openly pro-Russian bent of Budapest's policy, diametrically opposed to Warsaw's anti-Russian stance. It turns out that the common denominator is the energy coercion, which means that fossil fuels have to be imported from Russia anyway—it is more difficult to get rid of the legacy of imperial dependence under the communist system and Comecon than to change your political rhetoric.

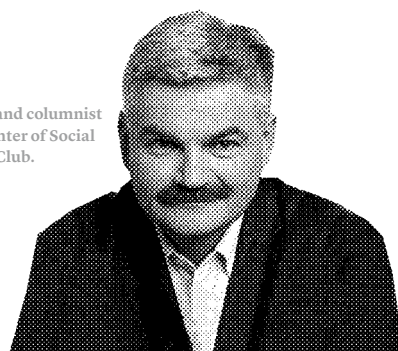
The future will be defined more, however, at present by the strategic zeal of the European Union than the post-Soviet legacy. It is clear that EU political leaders take the Green Deal seriously, seeing it as a way not only to

fight global warming, but also to deeply modernize the societies of the European Union. The key element of the Green Deal is to rebuild the resource and energy base so that climate neutrality will entail a bonus in the form of energy independence by mid-century. Achieving it would be a key element in defining the strategic position of the EU not only in the energy domain, but also in the geopolitical sphere. And all indications are that the most developed EU countries will implement this strategy without looking behind at possible laggards from Central Europe. We will know it for sure already this year, when during the next EU summits detailed legislative projects and the EU Climate Change Pact will be submitted to serve as a new European social contract for green development.

It is clear that EU political leaders take the Green Deal seriously, seeing it as a way not only to fight global warming, but also to deeply modernize the societies of the European Union.

EDWIN BENDYK

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ROBERT SCHUSTER

COVER STORY

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New Green Common Sense



A shift towards green policies in many European countries is going to have a profound impact on their economies and may even influence the way key political decisions are made. Sooner or later this trend will reach the states of Central Europe, and change is just around the corner.

Is there a revolution on the horizon? The Industrial Revolution of the past centuries and the current digital turmoil we are going through might be very soon followed by another upheaval, i.e. ecological transformation. After the era of the steam engine, internal combustion engine, algorithm based automation and omnipresent digital data, it may very well be that the key role will be played by the carbon footprint. If the last few months are anything to go by, it is more than likely. One would be hard-pressed to find a keynote speaker not alluding to the need to protect the climate for future generations or to develop sustainable economic policies. With this, they also refer to how to bring together an ecological perspective with the mechanics of a market economy. The EU, for example, is planning to allocate tens of billions of Euros to promote the growth of a green economy.

Barring several exceptions, the majority of world politicians will flock together and ascribe to the new worldview. It is not clear, however, whether this will be out of pure conviction or cool pragmatism. In light of the electoral potential of young people gathering every end of the work week under the banner “Fridays for Future” and voicing their wish to make our society and planet climate neutral, read the latter. This green line was clearly discernible in most of the speeches to be heard in this year’s Davos gathering. Few weighed their words carefully, most were in tune with German Chancellor Angela Merkel who envisaged the gigantic transformation of the world economy necessary to be effective in the fight against climate change.

We are thus bearing witness to extraordinary times. Environmental and climate protection has been a favorite central discussion topic of conferences or discussion clubs for some time, yet has only recently entered mainstream politics and key decision-making. It used to bring in about ten percent of votes in an election cycle and roughly fourth place in a political party contest. Well, those days seem to be long gone. Scorching summers, along with the protest movement for climate protection have pushed Green and like minded parties into the spotlight and the vote tally

is up. In many places they have entered governments, in others they are on the cusp of doing so.

Take the local governments of neighboring Czechia, Hungary and Poland. Green parties have formed governments in the German federal states of Saxony and Brandenburg. They have established themselves as junior partners in coalition with Social Democrats (SPD), and Christian Democrats (CDU). In Austria they entered the government at the end of 2019 and formed a coalition with the conservative Austrian People's Party (ÖVP). What ramifications can we expect in Central Europe, and mainly its energy policies? Will it negatively affect major cross-border infrastructure projects that have considerable environmental costs? Will there be consequences for other economic sectors, such as transportation and agriculture?

German Pioneers

The longest experience with the Greens in government in Europe goes to Germany. The first such coalitions with Social Democrats (SPD) in some regions saw the light of day in the 1980s. They would not usually last long, however, as the tensions within the Greens between fundamentalists and political realists were ever present. While the first fraction often strived to tear down the established political structures and market based economy, the pragmatists advocated gradual systemic change. This line of thought seems to have prevailed and has become the foundation for today's 'green common sense'.

Despite the ambitious climate goals of the Berlin government, Germany has dramatically diverged from the target of the Paris Climate Accord due to its increased CO₂ emissions. Climate theory and realpolitik veered apart.

The Greens made it to the federal government for the first time in 1998, along with SPD Chancellor Gerhard Schröder. They managed to push through two key policies: tax reform imposing levy on industrial activities detrimental to the environment and a decreased social tax at the same time. This was meant to lower production costs and increase motivation to invest in research and development, not to mention boost hiring. Second, they scored a victory on halting electricity production in nuclear power stations, after a full blown ideological clash between the left and right. According to their plans, the last one was to be discontinued by the end of 2020.

When the conservatives pulled off a victory and managed to form a government in 2009, one of their key decisions was to backtrack on the nuclear phase out, and even increase the lifespan of active power stations. Yet the Fukushima disaster in 2011 changed everything again. The same government that had thrown its weight behind nuclear energy production did a complete about-face and declared its end by 2022. Concurrently, investment and subsidies into renewables were massively ramped up, with a focus on wind farms, and electricity from alternative sources was to be given priority in distribution networks. An integral part of this strategy was to offset the irregularities of the renewable energy supply with good old fashioned coal power plants, burning mostly lignite to boot.

The anti-immigration protest party Alternative for Germany (AfD) has styled itself as a champion of coal and other ‘environmentally dirty’ technologies, such as diesel engines.

As it happened, despite the ambitious climate goals of the Berlin government, Germany has dramatically diverged from the target of the Paris Climate Accord due to its increased CO₂ emissions. Climate theory and realpolitik veered apart, and being offset with emission allowances ceased to be a viable option. Thus late in 2019 Germany declared a halt on energy production from lignite by 2038, and forty billion euro is to be allocated to transform this goal into reality.

A ‘Kenyan’ Coalition of Convenience

The end of lignite mining is an especially sensitive topic for people in formerly Eastern Germany. Thousands of people are still employed in the mines and entire regions are centered on related industries. Many of them are still not coping very well with the collapse of the centrally planned economies of the Communist regime, which not only led to unemployment, but to the demise of social status and prestige as well. Miners, apart from having had solid wages, used to be portrayed as “heroes of the modern age”, who with every piece of coal “brought progress and advancement to humanity”.

The planned coal phase out has seemed to reinforce already existing fault lines in society which are being reflected in everyday politics. The anti-immigration protest party Alternative for Germany (AfD) has

styled itself as a champion of coal and other ‘environmentally dirty’ technologies, such as diesel engines, which are being pushed out of the centers of German cities. AfD is also set against phasing out of nuclear and coal energy production.

The popularity of AfD has reached such levels in some regions that if they are to be kept away from partaking in government it is necessary to build wide coalitions, and they now include the Greens. They are then called ‘Kenyan coalitions’, reflecting the colors of the parties (black-red-green) and that of Kenya. They currently run affairs in Saxony, Brandenburg and Saxony-Anhalt, although the Greens do not have enough votes to set the overall environmental agenda, which is still being decided in Berlin and not in Dresden, Magdeburg or Potsdam.

A New Role Model from Austria

When it comes to the political ‘green wave’, the eyes of many have been turned towards Austria lately. Earlier this year the Greens entered government for the very first time, as a junior coalition partner of conservatives (ÖVP). The reaction, mainly in Czechia, has been alarm that Sebastian Kurz’s government would wage an anti-nuclear campaign similar to the one at the turn of the millennia. Border crossings were repeatedly blocked by protesters, as the then Czech government was launching the nuclear power plant Temelin in southern Bohemia and was refusing to pay serious attention to the safety concerns of its Austrian neighbors.

When it comes to Austria, the anti-nuclear attitude appears to be a consensus shared across society and this sentiment is fanned by the most popular tabloid Neue Kronen Zeitung.

It is unlikely, however, that similar passions will flare again. The Austrian president is the former chairman of the Green Party Alexander Van der Bellen, and is not a particularly passionate nuclear-basher. When it comes to Austria, the anti-nuclear attitude appears to be a consensus shared across society and this sentiment is fanned by the most popular tabloid Neue Kronen Zeitung. It is relatively easy for local politicians to score some points with readers when they declare the need to “immediately shut down” these installations in neighboring countries, be it in Temelin, Dukovany, (Czechia), Mochovce (Slovakia) or Kršk (Slovenia).

It may seem paradoxical, but it is hard to imagine the Austrian Greens as tabloid friendly. Even the anti nuclear bill from 1986 was passed when they had been in the parliament only for a few months.

Rather than fighting for a EU without nuclear energy, the Austrian government is more than likely to focus on bringing together carbon neutrality and principles of the market economy while keeping a balanced budget—and this should be of interest for Central and Eastern Europeans.

Rather than fighting for a EU without nuclear energy, the Austrian government is more than likely to focus on bringing together carbon neutrality and principles of the market economy while keeping a balanced budget.

The Best of Both Worlds

Many more eyes will be turned to Austria of course and this mainly in Germany, where the young Chancellor Kurz has been enjoying the image of a ‘role model’ in the local media since the migration crisis in 2015. This is partly due to the different nature of the Austrian coalition. Whereas local ‘Kenyan coalitions’ in Saxony or Brandenburg are built on the basis of the lowest common denominator, which will lead to a great number of unfulfilled promises and explaining to the voters, the Austrian Chancellor has charted a different course.

Kurz gave the Greens space to show what they are made of and provided them with space in their key domain. In return, he received a promise of not meddling in his strict immigration and security policies, which has led to two election victories thus far. As he himself recently proclaimed: “We brought together the best of the both worlds”, i.e. the environmental and conservative.

Donald Tusk, the new chair of the European People’s Party (EPP), an umbrella for christian, popular and moderate parties, will be watching as well. Shortly after becoming chair of the largest group in the European Parliament in 2019, he declared that member states have to do more in climate and environmental protection, and take initiative on this highly emotional subject stirring the public and mainly the young. The main rationale for this charge is to employ market principles and mechanisms, not to go against them.

Mr. Tusk seems to know what he is talking about. Long gone are the days of eccentric green revolutionaries, such as Daniel Cohn-Bendit. Instead, moderate pragmatists are finding their way into the spotlight and are able to attract formerly conservative voters. The best example might be the Prime Minister of Baden-Württemberg Winfried Kretschmann. He is well into his second term in a region home to three large automakers and intensive agriculture industries. It had been reliably held by conservatives for decades, until the Fukushima disaster. Out of the blue, Kretschmann stole the lime-light and has not let it go since. Local companies, carmakers included, dance to his tune and in return he lavishes them with praise for their innovation and creativity. One hardly remembers different days.

Long gone are the days of eccentric green revolutionaries, such as Daniel Cohn-Bendit. Instead, moderate pragmatists are finding their way into the spotlight and are able to attract formerly conservative voters.

It has even gone so far that some German media, initially over the moon about the new Prime Minister, now warn the Greens against so-called 'Kretschmannisation'. What they mean, of course, is a criticism of compromise and a desertion of pure 'Green Ideals'. He is against, for example, the ban on domestic flying, and seems to agree with the agrarian industry that it is impossible to remain competitive without the use of artificial fertilizers.

His popularity seems to show how to make the transition to a market economy compatible with the goals of sustainable development palatable for the majority, while not risking the prosperity of future generations.

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Embracing the Change— Decarbonization Pathways for the Czech Republic

ASPEN.REVIEW
ANNA KÁRNIKOVÁ

COVER STORY
CARBON NEUTRALITY
CZECH REPUBLIC
TRANSFORMATION

The transformation will require the strong role of the public sector, in both regulation and investment. The Czech political representation is thus far hesitant to embrace this level of change.

To confront and overcome the “greatest market failure that the world has seen” (in the words of the British economist Nicholas Stern), the global economy will need to undergo an unparalleled transformation, often described as the second industrial revolution.

While this comparison works well to describe the profound changes we will experience in the way we produce and use energy, travel, eat and live (imagine the trajectory from horsepower to a steam engine to solar panel), many would argue there are some important differences. The Industrial Revolution took place over decades and even centuries at a pace set mostly by the demands of the private sector. The nearly complete decarbonization of our economies, which is at the heart of the new transformation, should be, however, accomplished much faster. Due to the inertia of the climate system, the main changes will need to take place over the upcoming three decades to gradually stabilize the level of warming between 1.5°C and 2°C—in the “safe operating space for humanity” (Rockström et al. 2009) as politically agreed by the international community. Moreover, since climate change is an externality of the current economic system and carbon sinks are public goods, the transformation will require the strong role of the public sector, in both regulation and investment.

Such a situation of profound change represents a genuine challenge for our approach to governance, which will need to be adaptive, constantly assessing trade-offs and risks, exploiting new opportunities and engaging in public debate about the decisions that are ahead. The Czech political representation is thus far hesitant to embrace this level of change.

The Czech Economic Model is Exhausted

Mitigation efforts represent, however, only one changing aspect in our economy. As we have already committed to an increase of 2°C over the last 60 years (Faktaoklimatu.cz 2020), our economy will also need to absorb the ever more visible climate change impacts, such as increasingly frequent extreme weather events and its ramifications for industry, agriculture or cities.

Unlike our neighbors Poland, Germany, Austria and Slovakia, the Czech government agreed to the 2050 carbon neutrality target without having yet laid out a plan as to how to achieve it.

Moreover, these major shifts are coming at a time when the sustainability of the Czech economic model, which emerged from the post-socialist transformation in the 1990s, is increasingly described as exhausted, plagued by low wages, with a dwindling rate of innovation and with a high risk of steering into a middle income trap (OoG 2014, MIT 2020). How these concurrent trends interact and play out has not yet been subjected to a proper debate.

The Czech economic policy will be strongly influenced by the wider EU context. In December 2019, the President of the European Commission Ursula von der Leyen presented its integrated package of climate and economic policies called the Green Deal for Europe. This set of measures will allow the EU-27 to reach its vision of a climate-neutral continent by 2050.

Climate neutrality¹ is a state in which the sources and sinks of GHG emissions are balanced. Unlike previous climate goals that focused primarily on emissions reduction targets compared to a chosen base year, climate neutrality brought to light the importance of carbon sinks—natural systems (such as forest biomass or soil) with the ability to absorb and store CO₂ in the form of carbon compounds. The EU scenarios also highlight the importance of negative emission technologies (such as CCS or bio-energy CCS known as BECCS) in order to reach the net zero emissions.

Carbon Neutrality without a Plan

Unlike our neighbors Poland, Germany, Austria and Slovakia, the Czech government agreed to the 2050 carbon neutrality target without having yet laid out a plan as to how to achieve it. The most ambitious scenario the government is currently working with (Politika ochrany klimatu from 2017) would not provide more than a 80% GHG reduction by 2050. Czech strategies also tell very little about the macroeconomic impacts of climate and energy policies. Impacts on the GDP, the labor market and added value in the economy are mostly discussed in reports by non-government actors (e.g. Deloitte 2019). The preliminary theses of the government's economic policy strategy from January 2020 describe the decarbonization trend merely as a challenge for Czech companies (MIT 2020, p. 5). The innovation strategy from 2019 further mentions investment in innovative adaptation measures, low-carbon infrastructure and energy efficiency (MIT 2019). A genuine public debate about the pros and cons of different transition scenarios is still lacking.

To understand the main shifts required from the Czech economy to tackle climate change, we need to explore the pillars of decarbonization as foreseen by the EU trajectories for achieving climate neutrality by 2050. The current policy trajectory of the EU would achieve reduction of only -60% in 2050. The leap forward to net zero emissions is explored in scenarios presented by the European Commission in the fall of 2018 (communication Clean Planet for All). The key transformations concentrate in the following sectors: energy efficiency, energy, transport, industry, forestry and agriculture and negative emission technologies.

Key Questions Remain Open

The Czech energy sector is the largest source of emissions with a 63 % share of the total GHG emissions (CHMI 2020). By 2050, the Czech Republic should achieve its complete decarbonization, which will open up transition in sectors such as heating, transport and industry, either directly (through electrification) or indirectly (power-to-X solutions). With the establishment of the government coal commission, the coal phase-out became a tangible policy option. The commission is currently examining several scenarios of closure of coal-fired power plants from 2030 onwards including economic restructuring of regions affected by this phase-out.

1) Sometimes also referred to as carbon neutrality, which could, however, mislead about the inclusion of the non-CO₂ emissions, especially methane.

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While the EU counts primarily on large-scale deployment of renewables, the Czech government has been recently showing a renewed determination to push through its plan to construct a new nuclear power plant. Key questions around the feasibility, however, of the plan remain open (financing model, costs of construction, timeframe and constantly falling prices of wind and solar) and undermine the trustworthiness of the project. If we put aside the long-term debate about the need and feasibility of a new power plant, it is, however, clear that the massive organizations and financial capacity needed for the nuclear power comes at the cost of strategic development of renewables, which has been developing greatly below its potential in the recent decade and will continue to do so according to the current plan of the government. Overcoming the long shadow cast on renewables by the ill-designed scheme of the 2010s and the nuclear deadlock will be key in achieving the carbon neutrality of the Czech energy sector.

While the EU counts primarily on large-scale deployment of renewables, the Czech government has been recently showing a renewed determination to push through its plan to construct anew nuclear power plant.

It is projected that energy efficiency measures in the EU will have reduced the consumption of energy by as much as half compared to 2005 by 2050 and will drive decarbonization of industrial processes as well as reduce demand in the buildings sectors. Since most of the housing stock of 2050 is in place today already, this will require high renovation rates with adequate public stimuli and switching fuel to sustainable renewable heating. The Czech Republic will need to focus on both an increased rate of renovation as well as deep renovations to avoid lock-in of savings potential. This approach is currently limited by the availability of the required professions in the labor market.

Risks and Costs vs. Opportunities

In the transport sector, the only sector from which emissions continue to grow, we will in all probability need to rely on a mix of fuels (some of them not yet in a commercial stage, such as hydrogen-based), since it is unclear whether batteries will reach a cost and performance level that would allow electrification of all the transport modes. In the meantime, transition alternatives such as LNG with bio-methane, advanced biofu-

els and carbon-free e-fuels should be considered taking into account LCA to ensure their carbon free nature throughout the production chain. This will require adequate development of the refuelling infrastructure. The EU expects that 75 % of freight will move to rail and waterways. Changes in taxation of aviation fuel will redirect mobility to low-carbon modes of transport such as high-speed rail.

On the side of sinks, the Czech Republic is currently facing a severe downturn. The forest carbon sink was devastated by the bark beetle infestation and we are expected to lose all spruce monoculture forests by 2025. The forest sink will thus turn into a source of emissions in the very near future. The agricultural soil has been also decreasing due to loss of arable land due to construction and land degradation. Sustainable management of forests and protection of agricultural soil will therefore become key to our sink capacity.

All the above-mentioned measures will require massive public investment in infrastructure and R&D which can act as a fiscal stimulus in a decade of expected economic slowdown. Increasing share of renewables, material use efficiency as well as building renovations have wider economic impacts on employment, GDP and added value. Risks of rebound effect and problems with net employment rate can be mitigated by careful policy design. Moreover, these measures provide societal co-benefits in the form of less air pollution, health condition or quality of living.

The debate about decarbonization in the Czech Republic is biased towards risks and costs rather than opportunities and (co-)benefits. Implementation of decarbonization measures is slow, with key measures being postponed or abandoned altogether (such as a carbon tax to tackle emissions from coal boilers). There is no doubt that such deep transformation poses many risks, but without genuine debate about costs as well as benefits of different scenarios, we are not likely to embark on the most economically efficient and socially beneficial pathway into a climate stable future.

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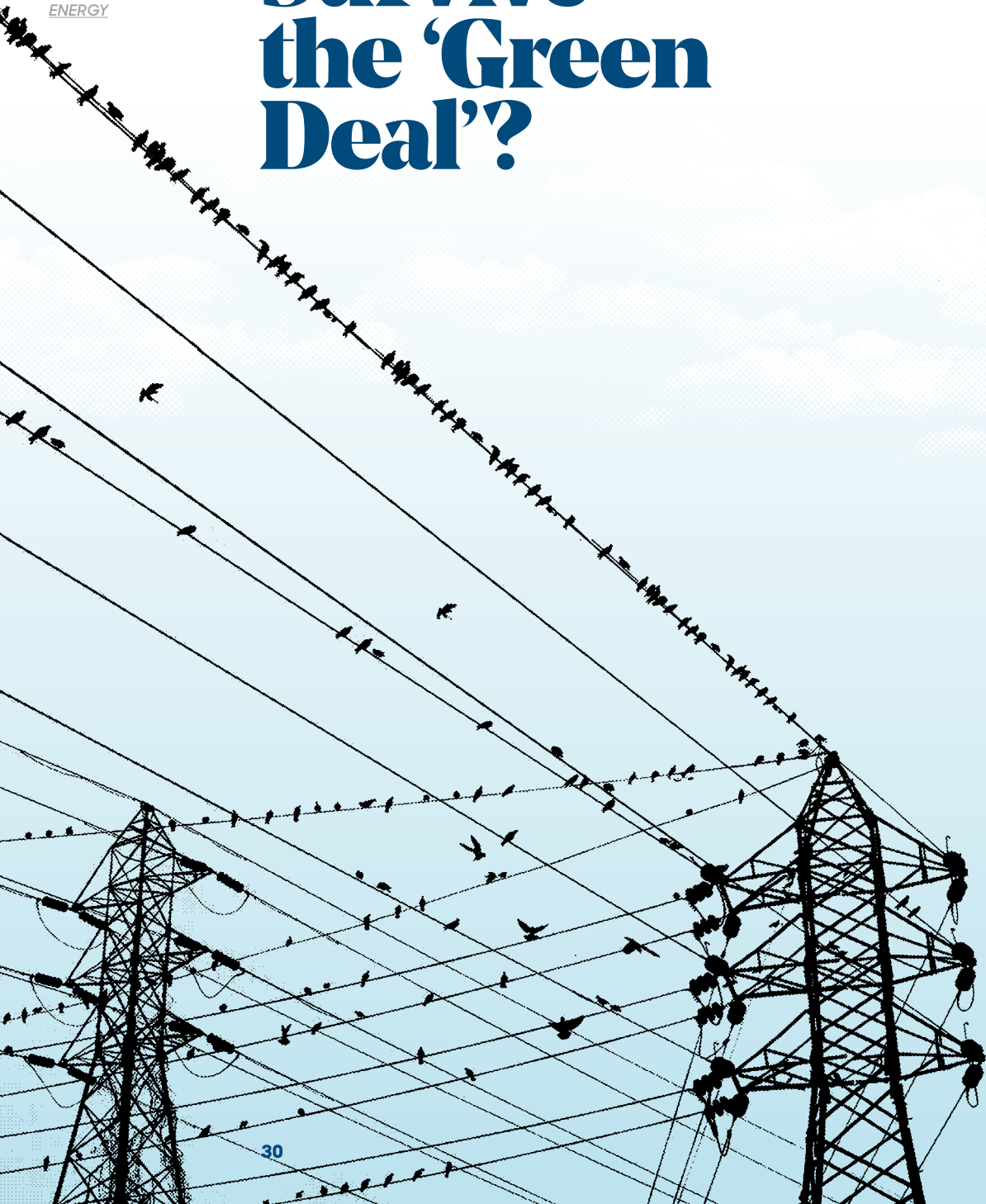
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ASPEN.REVIEW
WITOLD GADOMSKI

COVER STORY
GREEN DEAL
V4
ENERGY

How to Survive the 'Green Deal'?



For three countries of the Visegrad Group—the Czech Republic, Slovakia and Hungary—the ‘Green Deal’ can be an opportunity to modernize the energy sector and the entire economy. The situation in Poland is different.

The ‘Green Deal’ is not the European Union’s first long-term investment plan. There were several similar projects—the Lisbon Agenda (2000), the Europe 2020 Strategy (2010), Horizon 2020 (2013), or the Juncker Plan (2014).

Under these programs, hundreds of companies received public support from European funds and the European Investment Bank. Many useful technical innovations were also created. The European Union, despite proclamations to the contrary, has not become, however, the most innovative and competitive area in the world. Projects implemented under subsequent strategies and plans were evaluated by officials, who then decided on the public support for them.

The amount of the private funds quoted in the Green Deal Program is still, however, a loose estimate. Private companies will invest in the energy transformation only if they consider it profitable.

Billions of Euros for the ‘Green Deal’

The ‘Green Deal’ is another long-term investment program aiming to modernise Europe’s energy mix with public and private resources, while introducing a number of innovative technological solutions. It differs from previous programs in that the primary objective is to reduce greenhouse gas emissions. This is supposed to force the European Union Member States to deeply restructure their energy systems.

By 2050, the European Union wants to become an area where CO₂ emissions will be fully offset by absorption of this gas by plants or its neutralization by human activity. This requires significant investment by the EU as well as by individual governments and the private sector. The strategy involves the use of private funds through different types of financial instruments, bringing the total amount spent on reducing emissions to €1 trillion. One such instrument is the InvestEU program, under which funding from the EU budget will take the form of loans and guarantees. Resources from the EU budget will be leveraged, i.e. they will provide collateral for loans taken out to implement projects in line with the Green Deal.

The ‘green taxonomy’ recognizes natural gas and nuclear power as transitional solutions that are acceptable, but not preferred. On the black list, on the other hand, is the coal-fired power generation.

Regions whose economy is now particularly dependent on fossil fuel production are to receive support from the Just Transition Mechanism (JTM). Between 2021 and 2027, the JTM is to receive €100 billion in total, with only €7.5 billion from the EU budget. The sum of 30-50 billion euros is to be transferred from funds that have so far served other purposes—the European Regional Development Fund and the European Social Fund Plus. The rest of the money is to come from national budgets and EIB loans.

The JTM will support private investment in renewable energy and green transport, which will help regions moving away from coal to find new sources of growth. It will help start-ups and small and medium-sized enterprises to create new jobs in regions undergoing the transition.

The resources from the EU budget, both the additional €7.5 billion and the redeployment of other budget funds, are really there—their use depends only on the final decisions of the European Council and the European Parliament. The amount of the private funds quoted in the Green Deal Program is still, however, a loose estimate. Private companies will invest in the energy transformation only if they consider it more profitable than investing in other areas. European Union institutions have yet to come up with specific solutions to encourage such investments.

The Dispute over Criteria

As in previous EU long-term investment programs, the criteria entitling individual countries and companies to benefit from support in the form of grants or loans guaranteed by the InvestEU are of major importance. In December, representatives of the European Parliament reached an agreement with the European Council on new criteria for defining environmentally sustainable activities.

This system of criteria is called the taxonomy of the European Union. In the case of the 'Green Deal' it is called the 'Green Taxonomy'. It will provide investors with information on what projects are worth pursuing, what returns they can expect from their investments and what the prospects are for their income growth. Private companies will be required to disclose all the key data necessary to assess to what extent their investments meet the criteria of the 'green taxonomy'.

The 'green taxonomy' recognizes natural gas and nuclear power as transitional solutions that are acceptable, but not preferred. On the black list, on the other hand, is the coal-fired power generation, with this applying to both hard coal and lignite.

The 'green taxonomy' will be implemented through Member States' legislation. Initially, until 2021, criteria covering actions that contribute to climate change mitigation will be introduced into legislation. Later on, criteria will also be introduced for actions related to other environmental objectives. This means that companies and their investors must prepare for major changes in the legislation.

The Green Deal is not, however, without its risks. If it is consistently implemented it will mean a deep interference in the free-market mechanism.

The problem of climate change is of growing concern and campaigns to address this threat are popular, especially in rich Western European countries. The Green Deal is not, however, without its risks. If it is consistently implemented it will mean a deep interference in the free-market mechanism. Many investment decisions influenced by the 'green taxonomy' would probably produce losses in free-market conditions. The 'Green Deal' could therefore reduce the already low growth of the EU economy.

The Visegrad Group—a Reluctant ‘Yes’

Poland was the only country not to declare its support for the solutions of the ‘Green Deal’ at the summit in Brussels on 13 December 2019. The rest of the Visegrad Group countries accepted the program, which had been presented two days earlier by the European Commission, but were reluctant to do so. They remain poorer than the countries of Western Europe and fear that the energy transformation forced by the ‘Green Deal’ will overburden their economies. “We cannot allow bureaucrats in Brussels to let poor people and poor countries bear the costs of the fight against climate change”, said Hungarian Prime Minister Viktor Orbán before the meeting. “We must receive clear financial guarantees and we will negotiate their terms.”

The Visegrad Group countries remain poorer than the countries of Western Europe and fear that the energy transformation forced by the ‘Green Deal’ will overburden their economies.

Hungary has four nuclear reactors producing about half of its electricity. 18% of the energy comes from coal and 20% from gas. The government intends to increase the share of nuclear power to 60% and close coal-fired power plants by 2030.

Central and Eastern European countries want guarantees that the costs of switching to energy production emitting less greenhouse gases will be financed by the European Union budget. Hungary, the Czech Republic and Slovakia fear that the Just Transition Mechanism will not support nuclear power, which is neutral in terms of CO₂ emissions, but from which Germany is withdrawing.

Poland is in the most difficult situation, for its power industry is still based on coal. Lignite-fired power plants account for 23% of the country’s energy capacity, hard coal-fired power plants for 45%.

“It is important to make sure that no one stops us from building nuclear units,” Czech Prime Minister Andrej Babiš said before going to the summit in Brussels. Babiš stressed in a tweet that achieving carbon neutrality in the Czech Republic would cost CZK 675 billion (around €26 billion), or one fourth of the Just Transition Mechanism money, whose resources—€100 billion—are not yet guaranteed.

The Czech Republic has six nuclear reactors producing about a third of its electricity. 49% comes from coal, 6% from biofuels, and 4% from solar and wind power. The capacity from renewable sources has been growing rapidly since 2000, but this energy is subsidized.

In Slovakia, 55% of electricity comes from nuclear power plants, 17% from hydroelectric power, 12% from coal and 7% from natural gas. Slovakia buys gas exclusively in Russia.

Poland is in the most difficult situation, for its power industry is still based on coal. Lignite-fired power plants account for 23% of the country's energy capacity, hard coal-fired power plants for 45%, gas-fired power plants for less than 7%, and wind power plants for 16%. Poland is the only country of the Visegrad Group without nuclear power plants. The latest draft of the State Energy Policy until 2040 provides for the construction of 6 reactors with a total capacity of 6-9 GW, to be gradually put into operation from 2033. This would mean that in 20 years' time 20% of electricity would come from nuclear power plants.

According to the analysis of the Ministry of Energy, transformation of the energy sector consistent with the goals of the 'Green Deal' could cost as much as 210 billion euros.

Dilemmas of Polish Energy Policy

For the three Visegrad Group countries—the Czech Republic, Slovakia and Hungary—the 'Green Deal' may be an opportunity to modernize their energy sector and the economy as a whole, provided that its subsequent versions do not eliminate atomic and gas-based energy from the list of acceptable technologies. The problem of these countries may be, however, the growing dependence on gas supplies from Russia and Russian nuclear technologies.

Poland's situation is different than in the three remaining countries of the group. According to the analysis of the Ministry of Energy, transformation of the energy sector consistent with the goals of the 'Green Deal' could cost as much as 210 billion euros. Even if these estimates are exaggerated, the cost of the transformation in Poland will certainly be much higher than in any other EU country. The exorbitant costs will come not only from building new power plants, but also from the liquidation of coal mines, which today employ about 100 thousand people.

The Polish government cannot openly question the European climate program, even if it considers it disadvantageous for the Polish economy, as well as for the economy of the entire European Union, which has to compete with countries taking a less restrictive approach towards climate change—the United States, China and India. Poland will probably announce at the European summit in June 2020 that it is joining the ‘Green Deal’, at the same time setting a number of conditions for financing the energy transformation.

An additional problem is that the vast majority of electricity in Poland is generated by four companies, controlled by the State Treasury. In recent years, the government has purchased several large power plants from foreign investors. The state-owned companies perform tasks commissioned by the government (e.g. they finance inefficient coal mines), which means they have little funds for their own investments. In Poland, the power industry is seen as part of the public sector, which, however, has no means of financing the transformation. A de facto government monopoly in the power industry will also be an obstacle to raising funds from private investors.

Privatization should therefore be the first step opening up the possibility of implementing a program of investments in climate-neutral energy. The government should lift the restrictions on wind energy introduced several years ago and encourage private entrepreneurs to invest in this area. A hopeful signal is the signing in October 2019 of an agreement between the US-Japanese company GE Hitachi Nuclear Energy and the chemical company Synthos, controlled by a private Polish businessman Michał Sołowow, on cooperation in the possible construction of a small 300 MW nuclear power plant in Poland. Small modular nuclear power plants, which are cheaper and have a shorter construction period, could be an alternative to traditional ones, requiring huge expenditures and reluctantly financed by private investors.

The Polish government cannot openly question the European climate program, even if it considers it disadvantageous for the Polish economy, as well as for the economy of the entire European Union.

It is also important to introduce competition on the natural gas market, which is dominated by the state-owned company Polskie Górnictwo Naftowe i Gazowe (PGNiG). The Polish government’s actions are aimed

at completely halting gas purchases from Russia and relying on liquefied gas bought in the USA and gas from the North Sea fields. These steps have some political justification, as Poland, unlike the other three Visegrad Group countries, has experienced tense relations with Russia for years. Measures to guarantee gas security largely ignore, however, the economic side. Gas-fired power plants should be an alternative to coal-fired ones, and the Polish government should try to ensure that investments in them are treated as compatible with climate objectives.

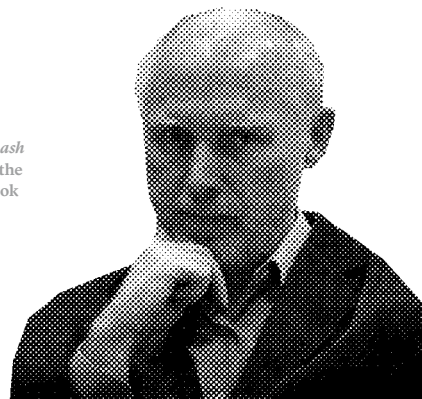
The Polish government's actions are aimed at completely halting gas purchases from Russia and relying on liquefied gas bought in the USA and gas from the North Sea fields.

Finally, in order to attract foreign investment, Poland needs to sort out the chaos in the judicial system caused by attempts to subordinate the courts to the government. Uncertainty about the independence of the courts may be the biggest obstacle to raising EU and private money.

It is also difficult to imagine effective energy transformation if the government is geared, as it has been so far, towards short-term political goals, above all maintaining voter support. The transformation towards climate-neutral energy does not enjoy as much support in Polish society as in Western European countries, and government propaganda attempts to show that the government is doing everything possible to avoid giving in to the EU on climate issues.

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Is Environmental Awareness a ‘Rich People’s’ Thing?

Not really thinking it over, I agreed to write an article about environmental changes that affect our lives. Now, sitting on my couch in the middle of one of the most environmentally conscious and responsible countries in Europe, the thought comes to my mind, what a lucky life I have, to be able to breath fresh air, drink tap water and even water from the river. I’m also able to spend weekends in the countryside and cook vegetables grown in my own garden, just a 30-min drive from the city center. Mom, Dad, I forever thank you.

Many of the people living in the cities and urban areas in Vietnam, my country of origin, don’t have these amenities. To those of you who haven’t visited Vietnam yourselves, local people buy bottled water, boil it and then drink it. They use surgical masks when leaving their homes (well, not to mention that they ride motorcycles even for short distances), and deal with pesticides in vegetables sold in local markets, as the government lacks the capacity to manage and control pesticide usage.

For those of you who have already visited Vietnam and its neighboring countries, there is no need to remind you of the helpless feeling when encountering the impacts of missing system solutions for basic environmental awareness and responsibility: sewage, waste separation, single-use plastics, water pollution as a sign of rapid economic growth without adopting sufficient environmental measures, etc. Being a tourist in my own country, it sometimes reminds me of a Potemkin Village. A foreign visitor sees and raves over an Asian tiger, a country that can finally boast the fruits of the ‘doi moi’ economic reforms that began to attract foreign investments thirty years ago.

Losing Roots?

The main theme of my blog describes the life of the Vietnamese diaspora in the Czech Republic. I usually write about the differences between the Czech and Vietnamese mentality (if such a phenomenon even exists). Moreover, it’s quite fun to observe where the second generation of Vietnamese people living in the Czech Republic is heading.

In Western countries, owning less, circulating, and sharing is a privilege rather than a sign of being poor. This is the opposite to how a ‘wealthy lifestyle’ is portrayed and perceived in South-east Asia.

There is clearly one thing that differentiates our generation from our parents’—an integrated sense of responsibility, sustainability and conscious living. For some of the older generation, this is a sign that the millennials and Gen Z’ers are losing their cultural roots and with it, the ambition to maximise financial gains at all costs. Owning less and not chasing profits (e.g. taking holidays, traveling, not spending the days in shops) is unfathomable.

To give it a bit of context, I come from a country where responsible and environment-friendly behaviour hasn’t gained much public attention yet. Thus, owning more and more goods, or choosing plastic bags to carry takeaway food is pretty much a common thing. This was a habit acquired in developing countries from the 1990s, exploiting its natural resources in order to gain economic independence. In my community growing up, I only saw my parents working hard to secure a comfortable life for our family here and financially supporting the rest of the family in Vietnam.

The mindset of being environmentally responsible goes far beyond our day-to-day struggles of finding our own ‘place in the sun’, as we like to say in Czech. Living in a western country affords us one of life’s biggest privileges—freedom of choice. Little by little, we can make responsible and conscious decisions, including going plant-based, reducing our ecological footprints, etc., without losing our comfortable lifestyles. Paradoxically (or how one can see from social media and Greta’s followers), in Western countries, owning less, circulating, and sharing is a privilege rather than a sign of being poor. This is the opposite to how a ‘wealthy lifestyle’ is portrayed and perceived in South-east Asia.

Put your Invisible Cloak on!

It is a notorious economy-versus-ecology dilemma that affects developing countries. As a non-frequent tourist in my home country, I can only see bits and pieces of developing environmental movements and activism, which, well... the government isn’t really impressed with. There is no dispute, however, that in order to protect the environment in Vietnam (or elsewhere in the world), there is a need to take systematic measures in affected areas and they must be driven by the local government.

Looking at this topic from a different perspective, being environmentally conscious means caring for others. And this should correspond quite well with Asian collectivistic values and approaches, right?

At the same time, let’s not overlook the issue of non-regulated tourism that can disrupt the local lifestyle and ecosystems by creating an intermittent demand. So, how can we contribute, or rather blend in, as you will find out later. Everybody sitting on a couch in the middle of Europe and planning to go to Asia, Africa or any other country, can start reducing their ecological footprint by taking small, conscious steps. Recently, I came across a quite niche trend (yet very natural) of ‘invisible tourism’, which might help prevent one from intervening in the local lifestyle and flow. It takes a few steps, such as avoiding the main tourist attractions, skipping a hunting experience just for the sake of hunting, taking back everything you arrive with, not using single-plastics, etc.

Every little step towards ethical and sustainable travel and living counts. Perhaps, we should start asking ourselves how to change our lives in order to stop affecting the environment in negative ways. In order to preserve its natural resources, Vietnamese people need to shift from the growth and wealth-driven mindset towards a more responsible and sustainable lifestyle.

But, let's give it one more generation since ecology is finally being taken seriously by young people who spend their time browsing social media. And, there is no better place for ecology to become a youngsters' viral trend than in Asia. Looking at this topic from a different perspective, being environmentally conscious means caring for others. And this should correspond quite well with Asian collectivistic values and approaches, right?

Lastly, since we have been given the opportunity to grow up with and gain environmental awareness, maybe this is the right time for us, the second generation, to go back to our home countries and contribute something we have learned here in order to preserve a piece of the world, where our parents came from and maybe our children will return to.



We invite alumni of the Aspen Young Leaders Program to present their projects, thoughts and inspiration in *Aspen Review*. [Aspen.me/AYLP](https://aspen.me/AYLP)

DO THU TRANG

is a Czech-Vietnamese blogger. Growing up in the Czech-German borderlands, she then studied Czech-German Studies in Prague and Regensburg and also graduated with a degree in Marketing Communications and PR from Charles University.

Her career began in marketing agencies, later gaining experience working in IT companies such as IBM Czech Republic. She has been part of the TEDxPrague organization and currently works as Communications Manager in a proptech startup.

She has been writing her blog ASIJATKA.cz about the Vietnamese diaspora in the Czech Republic and was nominated for Magnesia Litera in the category Blog of the Year. Trang received an award for journalists under 33 years of age and was listed on Forbes Czech 30under30. She also co-wrote and hosted an online show entitled "Foreigners in the Czech Republic". She received the Aspen Central Europe Leadership Award last year.

Photo: Patrik Sobek



Misha Glenny: The Mafia Has Integrated itself into the Licit World

The grand political criminal enterprise can only happen because of the intermediaries, like banks, lawyers and management consultants. This is something which we really need to understand—says Misha Glenny in an interview with Aleksander Kaczorowski.

ALEKSANDER KACZOROWSKI:

International crime has disappeared from the headlines. It is no longer as popular a media topic as climate change, cyber threats, or risks to the liberal democratic order. Does this mean that gangs are not as dangerous as they used to be?

MISHA GLENNY: I don't think these issues have gone away. I think they are struggling to find air in an environment where much of the oxygen has been soaked up by the political crises that started to unfold soon after 2011, 2012, and obviously reached a high point in 2016 with the election of

Donald Trump. But looking at most of the issues that you raise, like climate change, cyber threats and risks to the democratic order, all of these have an organized crime component to them. So, for example, the destruction of the forests in Indonesia or Brazil is driven primarily by criminal conspiracies. Whether these are illegal loggers, people clearing land for illegal farms or for the planting of palm trees for palm oil, organized crime has a central role in that. Regarding cyber threats, a lot of national security communities who use cyber have co-opted organized crime in order to assist them or to use organized crime groups as

a cover for their activities. And the risks to the liberal democratic order in many parts of the world are the whole issue of funding, the whole relationship between Trump and various constituencies in Russia, and

I think it is worth understanding and highlighting what happened with the transition, perhaps as a way of avoiding it in other places, for example in North Korea or Cuba, when the change happens there.

much of this is alleged to be mediated by organized crime. So what I see as having happened is that the Mafia has actually advanced and integrated itself into large parts of the licit world, and that makes the challenge even greater than it was before.

In your book, *McMafia*, you write that the breakthrough in the history of organized crime was 1989; after that date it became really global. Last year we celebrated the fall of the Berlin Wall, but I did not notice that on this occasion someone raised this embarrassing issue. What do you think is the relationship between the freedom of citizens and the frolics of criminals?

I don't think that this is a full interpretation. What I was arguing for in *McMafia* was that globalization of organized crime took place for two fundamental reasons. One was the emergence for

a decade or so of a largely lawless space in Eastern Europe, particularly in the Soviet Union and Yugoslavia. Second was the triumph of financial capitalism and a particular type of globalization and financial globalization in the Western world. These two phenomena combined to create the world of *McMafia*.

Essentially we have to remember that 1989 saw the end of undemocratic regimes in Eastern Europe and we cannot under any circumstances paper over the fact that this was a really important event in the advancement of freedom and democracy. And so we have to hold on to that even during this time of increasing populism. I think it is worth understanding and highlighting what happened with the transition, perhaps as a way of avoiding it in other places, for example in North Korea or Cuba, when the change happens there. But at the same time we shouldn't underestimate what a marvelous, momentous moment 1989 was.

I am not trying to underestimate it. I would like to know what the development of crime on a large scale tells us about modern capitalism?

That is the question I alluded to in my last answer, that is the responsibility of financial capitalism for the spread of organized crime. The case of Isabel Dos Santos [Africa's richest woman, accused of moving even a billion dollars from Angola] is a peculiar one. Her father

emerged as the strong man of a Marxist regime in the 1970s and 1980s, but very quickly just turned into another political oligarch and looted his country in an entirely criminal sort of way. And as the most recent case has shown this was facilitated by all manner of companies, lawyers, consultants, banks and hedge funds. And something which I think we really need to understand is that this type of grand political criminal enterprise can only happen because of the intermediaries that I call facilitators, as I said banks, management consultants and so on. We see this going on in Nigeria with the oil industry, we see it going on with the deforestation in Indonesia, the corruption associated with the Lava Jato case in Brazil. And what we need to do in the West is to call out the fact that we are fostering and facilitating all of this. It is completely and utterly unspeakable, and governments around the world have ignored this, some governments more than others. The United States has a very good record on this, largely because of its Foreign Corrupt Practices Act, which the United States uses against American companies to prevent them from engaging in corrupt practices like bribery when doing deals abroad. But Europe has actually been very slow on this and is only just picking up on it. We are seeing massive corruption cases, like the one involving Shell in Nigeria, that are being called out by non-governmental organizations like Global Witness and

brought to the attention of the authorities.

But this is an area where governments have been extremely slow, often of course under pressure from some of the interested parties. It's very difficult to know where legitimate capitalist practices begin and criminal practices end and vice versa.

We are seeing massive corruption cases, like the one involving Shell in Nigeria, that are being called out by non-governmental organizations like Global Witness and brought to the attention of the authorities.

You devoted one of your recent projects to the President of Russia, Putin. He is one of the most powerful politicians in the twenty-first century, in power for 20 years. And yet you called him A prisoner of power. Why?

In terms of Putin being a prisoner of power, why do I call it that? There was some anecdotal evidence and some maneuvering, but at the last election Putin was trying to discover a way he could exit from his position as the single most important defining authority in Russian politics. But he couldn't find a way out, and that's because he has accrued so much power himself. There are, broadly speaking, three big centres of power underneath him: the banking and technology industry, the natural resources (hydrocarbon industry) and the military, which will try to replace

him. And he is worried that if he departs like some sort of Mafia style boss, there will be the most almighty chaos as people struggle for power in his wake. And that threatens his own personal position.

What he really wants to do is to map a path out of power, which will enable him to keep his money and for him not to be threatened subsequently with jail or some such. So every time you come round towards an election or to a major shift in policy, you see that Putin sort of considers new ways and new strategies to try and create a smooth transition and always fails. He feels it necessary

Organized crime has learned to adapt, to work with or within authorities in Eastern Europe and move around the European Union. They have benefited hugely from the chaos associated with Brexit.

to stay and in that sense he is a prisoner of power. If you're a Mafia boss and you stop being a Mafia boss, your personal security is almost always threatened and I think he feels that way now.

In the 1990s, which we both remember very well, Central European countries lived with reports of unpunished criminal Mafias dealing in drug trafficking, arms and live trade, racketeering and kidnapping. It seems that these times of overt crime

were fortunately gone. And what does it actually look like to you?

Organized crime has learned to adapt, to work with or within authorities in Eastern Europe and move around the European Union. They have benefited hugely from the chaos associated with Brexit. The United Kingdom having left the European Union, it is no longer a member of Europol, which all means we are going to have severe issues, very damaging issues from a policing point of view, relating to things like data sharing. You have to give Europol its due. It is turning into an interesting agency, it is tracking very effectively and they have some extremely good information on where the main criminal gangs are and how they operate. But doing anything about it remains extremely difficult, and particularly during the period of political turmoil and emerging from the regime of austerity, which has seen the wings of law enforcement agencies very severely clipped around Europe. Brexit is not going to make the European Union or the United Kingdom any safer. Criminals with money and with power, they are the ones who are not intimidated by ordinary border regimes, they always find a way to get across borders, to get a passport. We have a variety of Polish criminals in the United Kingdom and there are a lot of Italian criminals in Germany. These are people who are well established now and they are running smooth operations, which are largely

able to avoid the attention of police and the attention of the media. That shows you that we have sophisticated and well-oiled criminal organizations.

Eastern Europe is still used for smuggling goods, and in particular untaxed cigarettes, but because of Hungary's position on the migrant issue fewer migrants come through Eastern Europe than was the case in the past.

Central Europe after 1989 took a fairly favourable place in the international division of labor. It is an important subcontractor closely related to the most powerful European exporter, i.e. Germany. But what does the region's place in the global criminal network look like? Can this be somehow compared?

We know that Eastern Europe, particularly the Baltics, but elsewhere as well, is an important place for money laundering. But then again, if we look at the case of the money-laundering scandal in Estonia, that was because the Danska Bank, the main Danish bank, did not fulfil its oversight obligations over what was going on in the bank in Estonia. Estonia has always prided itself on being much more up-to-date compared to everything that was going on in Latvia and Lithuania, and the Danska Bank

scandal is a very significant embarrassment to both Estonia and Denmark. Eastern Europe is still used for smuggling goods, and in particular untaxed cigarettes, but because of Hungary's position on the migrant issue fewer migrants come through Eastern Europe than was the case in the past. But the idea that somehow it is an offshoot or subcontractor of German organized crime—I very much doubt that Germany is one of the places where people involved in organized crime want to get their goods. That's one of the most lucrative markets, so it makes Eastern Europe important primarily in transit of criminal goods and services for the consumer zone of Germany, France, Scandinavia and elsewhere.

What is organized crime today? What brings it the most profits and who gets them? And who is its greatest enemy today?

There is one big issue that I haven't yet mentioned, that is a huge shift in the most important criminal enterprise, which is the manufacture, production, distribution and consumption of illegal narcotics. That has been undergoing a huge change in the last ten years, in part because several states in the United States and all of Canada have legalized marijuana for recreational use and it is also being decriminalized in large parts of Europe. What that means is that steadily marijuana is being taken outside of the hands of organized crime

and put into licit businesses, so that is an extreme relief to police, who don't have to go after what has become a very, very generalized consumption habit. Lots of people in the United States and Canada of all generations now smoke marijuana. We haven't seen the end of Western civilization as we know it as a consequence. In countries like the United Kingdom, that have relatively harsh laws against marijuana, you see that the production and distribution of it remains underground. It remains a very severe strain on police resources, and I think the move even in countries like the UK is

There has been a significant increase in the consumption of synthetic drugs, which are purchased over the Internet, over the darknet.

going to be towards legalization.

One of the reasons for this is because there has been a significant increase in the consumption of synthetic drugs, which are purchased over the Internet, over the darknet. And those synthetic drugs are not manufactured or produced in countries like Colombia and Afghanistan, where the production of illegal drugs for Western markets results in significant violence and death of hundreds of thousands. These drugs are being produced in countries like Holland, Serbia, Bulgaria, Israel, Canada, and production of drugs is moving closer towards the zones of

consumption, if not right in the middle of them. So this is going to force governments to have at some point in the next 10 years a wholesale look at the way that illegal narcotics are managed and whether the war on drugs is worth it. In particular, because the most devastating drug of all in the past twenty years by a long, long way have been the opioid painkillers that were manufactured and distributed by legal organizations in the United States. This is very, very significant for organized crime, because the drugs market is where most people first get involved in organized crime. You make a profit very quickly if you engage with the drug market. And so a fundamental change here is going to lead to a weakening of criminal markets all over the place. That's one of the reasons why you are seeing as you are in every other sector a move away from traditional organized crime and supplying goods and services over to cybercrime, which is a very, very different area.

I want to ask you about the role of the media. Most newspapers in Europe can no longer afford months of journalistic investigations, while others simply do not want to mess with politicians or Mafias. Sometimes it is difficult to distinguish them from each other, as demonstrated by the case of the murder of the Slovak journalist Ján Kuciak and his fiancée. Many offices are simply involved in

political propaganda, professional falsifying reality. How do you see the future of journalism you do yourself?

The issue of the role of the media is an important one, very difficult, very complex. It is perfectly true that resources for large investigations are less available to traditional media than in the past, but we are seeing various organizations like the OCCPR in Sarajevo, Pro Publica in the United States, the Unifying Committee of Investigative Journalists, we are seeing all sorts of organizations get around the problem of funding by coming up with new structures, new ways of getting revenue, and we have had some spectacular successes. To wit, the Panama papers, that involve the cooperation of new media, old media and have exposed just how cancerous corruption and organized crime have become. So I don't feel so bad about investigative journalism at the moment, but I am very worried about the phenomenon of fake news and how you get people to learn how to read news in the current climate. I think you should have lessons in school, so that people are educated to understand what is political propaganda, a professional falsifying of reality, and what is proper reporting, that is upheld by recent standards, and that is a long-term project, but it's one that I think we need to engage with. At the moment we are seeing a lot of piecemeal, sometimes regulatory, sometimes self-regulatory ways of constraining what goes on with social

media in particular. And I think we need to have a deeper sense of what the regulation should be and how you introduce regulation without curtailing freedom of speech. Because some things like the directive on copyright, which the EU passed last year, I think has a very damaging impact on certain aspects of freedom of speech.

Based on your book, *McMafia*, a television series was made that was also shown in Central European countries. I guess what satisfaction this is for you; you have been associated with our region for years, you have been an eyewitness to many important events, such as the memorable speech of Václav Havel from the balcony of the Melantrich house in Prague in the fall of 1989. What feelings do you have as you return to Prague, where hundreds of thousands of citizens again, like 30 years ago, are protesting against power?

I have a deep, deep affection for all of Eastern Europe. I don't travel there as much as I would like now. I am particularly fond of Prague, because I lived there as a student during the period that I call mature normalization in 81 and 82.

I haven't been to Poland nearly enough recently, or Hungary or indeed Romania, although I still try to travel to the Balkans now, because the issues in the Balkans remain serious and delicate, and a return to some form of social conflict or even

armed conflict can't be entirely excluded. And so I think it's important to work very hard, particularly in terms of integrating the remainder of the Western Balkans into the European Union. It's important

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to work very hard on these issues. I'm obviously saddened to see what happened politically in Poland and in Hungary. And the issues which you actually asked me about in the last question, that I did not answer, on things like the

murder Ján Kuciak. They are deeply, deeply disturbing, but it is also clear that Poland, the Czech Republic, Slovakia and Hungary are deeply divided in the way that the United Kingdom and United States are deeply divided. So at least we know what the challenges facing liberal democracy are, and I believe that there are signs that the hour of authoritarian populism a la Kaczyński, a la Orbán, a la Trump, a la Johnson has probably reached its peak and it might be about to recede a little. I don't know that for sure, but I certainly hope so. But Eastern Europe, particularly Czechoslovakia and former Yugoslavia—I suppose one says former Czechoslovakia now—will remain deeply embedded in my consciousness and my affections until I die.

MISHA GLENNY

is an author and journalist with a rich background in cyber security, geopolitics, criminology and broadcasting. He studied at the University of Bristol and Prague's Charles University before becoming Central Europe correspondent for The Guardian and later the BBC. He specialized in reporting on the Yugoslav wars in the early 1990s. While at the BBC, Glenny won a Sony Gold Award for his "outstanding contribution to broadcasting". As an author he has published three books about Central and Eastern Europe. His best-selling non-fiction book, *McMafia*—about the globalization of organized crime—was adapted into a major TV drama series broadcast in the US, UK and elsewhere. | Photo: Teresa Walton



The Great Paradox of Covid-19

Closing the borders between EU member states and locking people in their apartments has made us more cosmopolitan than ever. For perhaps the first time in history, people around the world are having the same conversations and sharing the same fears.

'Man is the only known time machine.'

Georgi Gospodinov, *Time Shelter*

Ivan Krastev

In José Saramago's novel *Blindness*,¹ a man suddenly loses his sight, as does the doctor who examines him and a thief who steals his car. Fearful of the spread of the 'white sickness', the government takes draconian measures to halt the contagion. All those who are already blind and those who have had contact with them are rounded up and taken to a former mental asylum at the edge of the city. Any attempt to leave the hospital is met with lethal force from patrolling soldiers, petrified that they will also lose their sight. The asylum becomes more of a concentration camp than a hospital.

In the novel's final pages, the epidemic finally abates as suddenly as it began, leaving people to wonder why they went blind. "I don't think we did go blind, I think we are blind, blind but seeing", concludes one of the characters in the novel. "Blind people who can see, but do not see."² The loss of sight is a characteristic of every epidemic; we feel blind because we did not see the pandemic coming, and we did not understand what was happening around us. Saramago does not believe that epidemics transform society, in his view, they help us see the truth about our societies. If he is right, it is important that we understand what we witnessed while we were imprisoned in our homes.

My reflections on the impact of covid-19 began with my articulation of seven early lessons and one quarantine later, they have been reconceptualized into seven paradoxes.

The Virus Has Synchronized the World

The first paradox of covid-19 is that it exposes the dark side of globalization—but also acts as an agent of globalization. The virus is most vicious in places that are, according to the British historian Frank Snowden, “densely populated and linked by rapid air travel, by movements of tourists, of refugees, all kinds of businesspeople, all kinds of interlocking networks”.³ At the same time, it has synchronized the world and brought us together in a way no previous crisis could accomplish. For some time we have lived in a common world.

The second paradox of covid-19 is that it has accelerated the trend towards deglobalization that was triggered by the Great Recession of 2008–9, while at the same time exposing the limits of re-nationalization. In a post-covid-19 world, Gideon Rachman surmises that “It is hard to believe that large developed countries will continue to accept a situation in which they have to import most of their vital medical supplies”.⁴

Covid-19 has accelerated the trend towards deglobalization that was triggered by the Great Recession of 2008–9, while at the same time exposing the limits of re-nationalization.

If the high point of globalization in the 1990s was represented (at least in the public imagination) by the efficiencies of just-in-time global supply chains, then today the public is seduced by the image of a strong state that can stockpile all the resources society needs in a crisis. That said, of all the crises threatening humanity, covid-19 may be the most globalization-friendly in terms of the evidence it provides for the importance of international cooperation. Unlike wars, pandemics do not pit nations against each other. Unlike great migrations, they do not cause violent nationalism. Unlike earthquakes or tsunamis, pandemics are global. A pandemic is a crisis that allows humanity to experience its interdependence and its togetherness. It places humanity’s hope in science and rationality. And rather than the pandemic itself, it is the failure of the world’s political leaders to mobilize a collective response to the crisis that makes me pessimistic about the future.

Unpredictable Political Consequences

The third paradox of covid-19 is that fear of the virus in the early stages of the pandemic inspired a state of national unity that many societies had not experienced in years, but in the longer term it will deepen existing social and political divides. With the passing of time, however, the pandemic will not only intensify the political, economic and social divisions that were once manifest throughout all societies, but it will also establish the pandemic as a line in the sand. And the more the fear of covid-19 recedes, the less we will acknowledge that the threat was ever real. The paradox is that the countries that were either most effective in containing the virus or were most fortunate to be not visited by it, will be the places where public opinion will be most eager to criticize the government for its lockdown policies.

Unlike wars, pandemics do not pit nations against each other. A pandemic is a crisis that allows humanity to experience its interdependence and its togetherness. It places humanity's hope in science and rationality.

A fourth paradox of covid-19 is that it has put democracy on hold, at least in Europe, with many countries enacting a state of emergency. By doing so, however, it has limited people's desire for more authoritarian government. One consequence of civil rights and liberties being frozen will be a rejection rather than an embrace of authoritarianism. In the early stages of the crisis, people willingly granted extraordinary powers to their governments, but they will become increasingly uncharitable as economic concerns begin to supplant public health ones. This is the changing nature of the covid-19 calamity; a health disaster that will turn into an economic one makes the political consequences of the crisis incredibly difficult to predict.

A fifth paradox of covid-19 is that while the EU was notably absent in the early stages of the crisis, the pandemic may become more critical for the future of the Union than anything in its history. The EU is not just risking territorial disintegration, as in Brexit, but a slide into irrelevance.

The Pressure of Globalization

A sixth paradox of covid-19 is that while the virus brought back the ghosts of the three recent crises that have shattered Europe in the last decade—the war on terror, the refugee crisis and the global financial crisis—it also revisited

the policy outcomes of those crises. The outcome of the global financial crisis was the unwillingness to mutualize debts and reluctance to loosen constraints on governments' spending as a way to overcome the crisis. Now we see the opposite happening. The European experience of the war on terror was that unlike Americans after 9/11, Europeans were unwilling to trade their right to privacy for more security. This crisis revisits that decision.

The refugee crisis ended up with the unspoken consensus that closing internal European borders was impossible and that if this happened the biggest losers would be the Eastern Europeans. This crisis demonstrates that borders could be closed, at least for a while, and that Western Europe is also a major loser from it. The charter flights organized at the peak of the pandemic to transport seasonal workers from Eastern Europe to France, Germany and the United Kingdom have dramatically changed the nature of the debate.⁵

A final paradox is that while the EU views itself as the last man standing in defense of openness and interdependence, it could be the pressure of globalization that pushes Europeans to adopt more common policies and even to delegate some emergency powers to Brussels.

In the early stages of the crisis, people willingly granted extraordinary powers to their governments, but they will become increasingly uncharitable as economic concerns begin to supplant public health ones.

The Crisis Diminished Enthusiasm for the EU

In the EU, public health has always been the 'competence' of national governments. When Italians and Spaniards were dying by the thousand every day, Brussels had little to say. The European Union has proven structurally unsuited to ameliorating the unfolding catastrophe, an irrelevant actor at the very moment when people were seeking protection. Imprisoned in their homes, Europeans suddenly ceased thinking about the European Union. While Italians and Spaniards felt betrayed by the EU, their betrayal was focused on their fellow Europeans and their governments rather than on the European bureaucracy.

When people became absorbed by understanding why fewer people were getting infected and dying in some European countries than others, the idea of a common Europe disappeared. Nobody cared to count the

number of dead or infected on a continental level. No government called out for European health policies or for the Europeanisation of covid-19-related personal data. There were times during this crisis that the European Union began to resemble the final decades of the Holy Roman Empire, when people living in the territory of the empire became unaware that they were even still a part of it. In many places in Europe, the covid-19 crisis diminished citizens' enthusiasm for the EU but at the same time forced governments to realize their dependence on the EU.

When people became absorbed by understanding why fewer people were getting infected and dying in some European countries than others, the idea of a common Europe disappeared.

Faced with the political challenge presented by covid-19, European leaders are confronted with a strategic choice: they can either fight to preserve a globalized world of open borders, or they can work towards a softer version of de-globalization. At the end of the day, they will end up doing both. Brussels will remain the last man standing in defense of globalization while at the same time trying to use the pressures coming from the process of de-globalization to obtain more powers and advocate more integration in certain areas. The globalized nature of covid-19, combined with the realization that nineteenth-century economic nationalism is no longer an option for small and mid-sized European nation states, may give a chance to a newly configured, EU-centred territorial nationalism. The coronavirus has taught Europeans that if they want to remain safe, they cannot tolerate a world in which most medicines or masks are produced outside of Europe. Likewise, they cannot rely on Chinese companies to build a European 5G network. If the world is going protectionist, effective protectionism in Europe is only possible on a continental level.

Closing the Borders Has Made Us More Cosmopolitan

During the acute phase of the crisis, we saw that national self-reliance trumps mutual interest. When Italy asked allies for urgent medical supplies, not a single EU country responded. Germany initially banned the export of medical masks and other protective gear and France requisitioned all the face masks that it produced. The European Commission was forced to step in and regulate the export of medical equipment.

While the return of the nation state was the inevitable response to such a massive public health danger, in a world lacking American leadership and sundered by the US-China rivalry, a more united Europe and a Brussels endowed with emergency powers may turn out to be the only realistic solution to deal with the next phase of the crisis.

The great paradox of covid-19 is that closing the borders between EU member states and locking people in their apartments has made us more cosmopolitan than ever. For perhaps the first time in history, people around the world are having the same conversations and sharing the same fears. By staying at home and spending countless hours in front of computers and TV screens, people are comparing what is happening to them with what is happening to others elsewhere. It might only be for this weird moment in our history, but we cannot deny that we are currently experiencing what it feels like to live in One World.

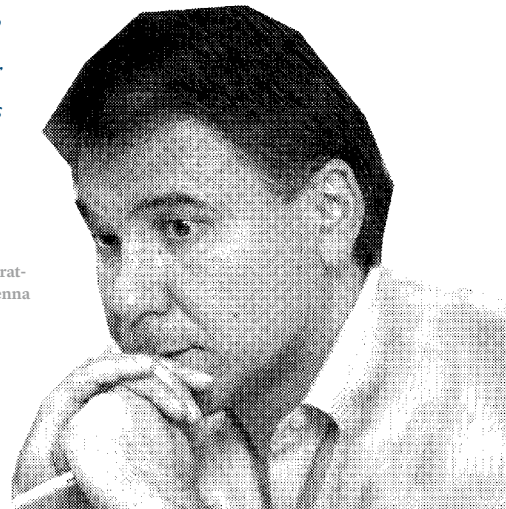
The coronavirus has taught Europeans that if they want to remain safe, they cannot tolerate a world in which most medicines or masks are produced outside of Europe.

It is one of the great optical illusions of twenty-first-century globalization that only mobile people are truly cosmopolitan and that only those who feel at home in different places can maintain a universalist perspective. The truth is, however, that the world's ultimate cosmopolitan, Immanuel Kant, never left his hometown of Königsberg. His town at various times belonged to different empires, but he always preferred to remain there. Today's paradoxes of globalization (or de-globalization) perhaps began with him. covid-19 has infected the world with cosmopolitanism, while turning states against globalization.

This text comes from the new book of Ivan Krastev 'Is It Tomorrow, Yet?—How the Pandemic Changes Europe' which is forthcoming with Penguin in English and a number of other languages in mid June. We print it with the author's kind permission.

IVAN KRASTEV

is a Bulgarian political scientist. He is president of the Center for Liberal Strategies in Sofia, Permanent Fellow at the Institute for Human Sciences in Vienna and a member of the European Council on Foreign Relations.



Irony, Narration and *Zeitgeist*

I have good news for the left: the contemporary *Zeitgeist* finally favors it. If progressive politicians repeat the mistakes of their predecessors from previous decades, however, it may soon start favoring populists—who already know how to use it better.

1. It started, like many events on the Internet, from an event so insignificant that it was difficult to imagine that it would have any longer impact. In October 2019, one of the users of *TikTok* (an application peopled not even by millennials, but rather by representatives of the Z generation, and not yet colonized by advertisements of large corporations) posted a video in which aggressive complaints directed at the youngest generation by a sixty-year-old man were commented on with the inscription ‘ok boomer’ running across the screen. The phrase itself was not new: its first traces can be found on 4chan in 2015. It was in 2019, however, when it reached mass attention, and commentators of serious newspapers “*The New York Times*”, “*The Washington Post*” who published fuzzy texts about it, wondering if politics will be led according to its message in the 2020s.

I will try to answer: it will, and the left will make use of it this time, if it does not make some mistakes. Before I say why this will happen, I will explain what ‘ok boomer’ is actually about.

In short, it is a phrase to comment—while at the same time ending the conversation—on the political views of the older generation (baby boomers, i.e. those born in the post-war years), the representatives of which reject issues which are important for the youngest generation such as global warming, growing income inequalities and the question of where sexual harass-

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ment begins. This means that the commentator does not even want to deny the interlocutor’s arguments, because he does not consider them arguments at all; to put it in other words, he throws them beyond the bounds of rationality, in which certain matters are already concretely resolved.

A series of accusations were immediately raised against ‘ok boomer’—first of all about ageism. The conservative American radio presenter Bob Lonsberry stated that ‘boomer’ is the new ‘n-word’, while in Poland the liberal writer and journalist Piotr Bratkowski said that it functions today like ‘Jew’ in 1968. Not without significance for these accusations was the behavior of the youngest generation, such as the song entitled ‘ok boomer’ (which premiered on TikTok, as the original video), sung by a 20-year-old American student, with the chorus “You are all old and racist”. Those who used the phrase—for example, a 25-year-old New Zealand parliamentarian named Chlöe Swarbrick, who did this during a public debate—argued that you can be a boomer regardless of age, because it is not the date of birth, but the set of political views that makes you one.

Swarbrick, a member of the New Zealand Greens, is—next to her compatriot Jacinda Ardern, the American Alexandria Ocasio-Cortez, the Pole Adrian Zandberg or the German Kevin Kühnert—a representative of the youngest generation of politicians whose views could not be more different from those of the stereotypical boomers—at least today. In the past, it was those people whom the youngest generation called by this phrase who believed in what Ardern, Ocasio-Cortez or Zandberg believe in today.

2. In what specifically? In a nutshell: leftist values. The story about how their beliefs did not translate into political representation is a great lesson for the modern Left, which is growing in strength all over the Western world. If the Left wants to learn from the mistakes of previous generations, ‘OK boomer’ will be the symbol of its Zeitgeist. If not—populists will gladly take advantage of it.

Jonathan Russo in “*The Observer*” noted that if the Western millennials and representatives of the Z generation were to be placed next to their peers from the 1960s and early 1970s, they would get along very well in terms of political matters. In Woodstock, it was quite acceptable to identify as gay, black or transsexual; no one ranted against abortion. Ecology, the food industry and its impact on the welfare of our planet? In 1971, a bestseller in the US was the book by Frances Moore Lappé *Diet for a Small Planet*, in which the author argued that humanity should switch to a vegetable diet, because it is better for the natural environment. The issue of income inequalities? In the 1960s, students were grabbing the books of Marx and Marcuse. Racism? In the 1960s, the Civil Rights Movement was born. Pacifism? There is no need to mention the demonstrations against the Vietnam War.

Of course, it can be argued that this comparison works only in the West, because in the countries of the former Communist bloc the 1960s looked different. I will refute this argument in two ways. First, at least the Polish 1960s were leftist—let’s take the Open Letter to the Party by Jacek Kuroń and Karol Modzelewski. Second, the inclusion of the former Eastern Bloc into a global, Internet village equates the past of former communist countries with the past of the Western ones: the dominant one becomes binding.

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Politically, the 1960s revolution was a defeat: as Jenny Diski wrote, when that decade turned into the 1970s, the meaning of words such as ‘freedom’ favored by counterculture, had been reversed. ‘Freedom’ began to mean economic freedom and a capitalist understanding of individualism. This was apparent in the 1990s, when the baby boomers took power in governments around the globe: Bill Clinton, Gerhard Schröder, Tony Blair,

Aleksander Kwaśniewski, Gyula Horn. They all came from parties with a left-wing provenance, but they were left only in name because they had fallen to liberal positions.

And then, history began to happen.

The Left will not turn out to be left only by name, but will return to the ideals of the 1960s, and make liberal consensus not even its enemy, but will ignore it, and use it to build a siege mentality among voters.

3. When exactly? Slavoj Žižek would probably say that in 2011, in the “year of dangerous dreams”, when Occupy Wall Street began. I do not agree with this answer. History began to happen when populist-connotated right wing politicians took power in Europe and the US.

It was then, when in the political sphere—not in its margins, but in the center—opinions were voiced aloud, which until then were beyond what those who are today called boomers thought and think of as a liberal consensus. Throughout the 1990s and the beginning of the twenty-first century, someone who expressed similar views excluded himself from rational debate. It is the experience of this exclusion (not necessarily factual) that is something that meets the Left today and what, when properly used politically, can help it in gaining power. By proper political use, I mean that the Left will not turn out to be left only by name, but will return to the ideals of the 1960s, and make liberal consensus not even its enemy, but, first, will ignore it, and secondly—use it to build a siege mentality among voters.

The populists built it by using irony. One would have to agree with Jakub Dymek that what presaged the revolution of Donald Trump and the alt-right was the activity of young Americans on Internet forums, where—during the so-called gamergate—they mocked the liberal consensus by posting memes and accusing liberals of succumbing to left-wing influences (e.g. through submission to feminist groups). This was, of course, a lie, but it made it possible to create a strong narrative that described a world seduced by voters by this very description. This narrative began with wit, frivolous treatment of the opponent—which ultimately helped to make him completely invalid, with arguments considered to have come from outside any order that is worth taking into account.

Let us now look at how the Left behaved at that time—for example, on such occasions as Occupy Wall Street or Central European demonstrations against the adoption of ACTA (also in demonstrations against changes in the judicial system in Poland). Its representatives tried to talk—first to representatives of the liberal consensus, then to the right—and use arguments, thus indicating that what the other party has to present is worth talking about. In this way, the Left did not create a narrative that would address the possible voter as a vision of the world order, but which reacted to the one proposed by the liberals and the Right.

Having won the elections thanks to their narrative, the right-wing populists did one more thing that the Left can learn from them today: they did not present themselves as winners but as victims, at least on the level of public discourse.

The one—at least in the Internet world—the Left has conquered (after all, the video described at the beginning of this text was displayed on TikTok several million times). There is something else acquired, however, a world outside the Internet. According to the principle: the worse, the better—it favors the Left. The siege mentality, which was used to build popularity by the right, is not only a mentality in the case of the Left, because the threats it points to—especially the impending climate disaster—are very real. That is why I claim that the Zeitgeist favors the Left, and the use of irony previously associated with the Right—which is represented by the phrase ‘OK boomer’—helps it to use this historical moment to gain political influence.

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4. Irony helps to conceal things, which from a liberal consensus point of view, seems radical: a claim to tax the richest or to take far-reaching measures against climate change. At the same time, it deprives the set of these views of its radical nature, because it annuls those which make them seem radical. Deprived of the odium of radicalism, they can be presented in the political forum—as Alexandria Ocasio-Cortez did in the US during the interrogation of Mark Zuckerberg, in Germany Kevin Kühnert at the SPD congress, in Slovakia Zuzana Čaputová during her election campaign and Jacinda Ardern

as the Prime Minister of New Zealand. In this way, a strong narrative that was born as a witty disregard for the views of the other party becomes simply a strong narrative.

Is there anything that could menace the Left in such a situation? From the outside: no, because it is difficult to expect the Zeitgeist to change, income inequality suddenly disappeared, and the summer months ceased to be the hottest in history. The real threat to the Left comes from within and lies in the fact that left-wing politicians can repeat the path of the activists of the 1960s. In a word -they may want to fall to liberal positions, giving up irony and masked radicalism. Political change, which may be just beginning, is not—unlike Greta Thunberg stated in the UN—inevitable and will not happen regardless of whether politicians of the generation and views of boomers want it or not.

What then? The Zeitgeist, which can help the Left, will be used by populists—the only party except the Left, which remain capable of building a strong, trustworthy narrative; liberals have not had this skill for a long time. The problem is that for populists the goal remains what for the Left-ists is the means: total domination of the discourse in which the liberals ruled as long as their Zeitgesit lasted. And in such a dominated discourse, the chief enemy will be the Left, which—if it misses the chance it faces—may not get more like it.

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Adrian Zandberg: The Mentality from Margaret Thatcher's Times still Dominates among the Leaders of Visegrad

The left-wing story has to be built on recognising what really unites us. We are the periphery and like every periphery we have the ambition to stop being periphery. This can only be done by deepening European solidarity—says Adrian Zandberg in an interview with Jakub Majmurek.

JAKUB MAJMUREK: “Poland’s real security is Europe, it is cooperation with our neighbors from the north, with our neighbors from the west”, you said in your speech during the debate on the vote of confidence for the second government of Mateusz Morawiecki. You did not mention the countries south of us, that is the Visegrad Group. Was this a deliberate omission? Is the Visegrad Group not an important point of reference for today’s Polish left?

ADRIAN ZANDBERG: Relations with the Czech Republic, Slovakia and Hungary are not the most neglected foreign policy front that the left would like to bring to the fore during such a debate. On the contrary, Law and Justice has made many very friendly gestures towards the partners from the region, often encountering a marked lack of reciprocity, especially from Hungary. For a very long time, we have perceived our presence in Europe in terms of “squeezing out the brussels sprouts” together with

our brothers from Visegrad. But for the future of Poland, relations with Northern Europe are as important as relations with Central Europe. And for the future of Europe it is crucial that we rebuild our relations with Germany and France.

So the Visegrad perspective is not important for the left?

Of course it is important. Ignoring Central and Eastern Europe would be stupid. Our four countries have similar needs in the context of the next EU budget perspective, European funds, or a common industrial policy—although unfortunately the current governments of the Group are not very inventive on how to cooperate in these areas. But if we think about the future of Europe in a slightly longer term perspective, our interests are not always the same as those of the other V4 countries. Sometimes they are close to

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Scandinavia or Southern Europe, that is Spain or Greece—a direction completely neglected and forgotten in our policy. Finally, looking at Visegrad, you cannot ignore the obvious differences between the political parties in particular countries.

The Polish left has different ideas for European integration than the current Polish government or the government of Viktor Orbán. The lines of division in ideas about Europe do not necessarily follow geography. We are closer to a new left-wing government in Spain than to those in Budapest or Bratislava on many issues.

At the height of the Ukrainian crisis, the number two person in the Spanish government, Pablo Iglesias, called Maidan a ‘coup d’état’, spoke about the ‘double standards’ of the West in its approach to Russia, and later was a vocal opponent of the sanctions against Russia. This view is probably rather distant from how Poland and other countries in the region see this key issue for their security. Do we have a problem with the fact that the left in Europe often does not understand the distinct nature of our region?

It is true that the Western European left has not been looking very carefully to the East for many years. But a lot has changed since Maidan. Today, in parties like Podemos, it is difficult to find lovers of Putin’s authoritarian, conservative and extremely anti-social regime.

Even if so, you do hear voices saying that Russia, however authoritarian it might be internally, is a barrier to ‘Atlantic imperialism’ and offers hope for a ‘multipolar world’.

Fortunately, you hear them less and less often. Just to be clear: Putin's Russia is not a hope for a 'multipolar world', but a country whose reckless policies pose a threat to security in the region. To use a language comprehensible in Spain, Russia is an imperialist country. When you look at it from the distance of 1500 kilometers, you may miss it. In the case of the European left, especially the one to the left of mainstream social democracy, the problem used to be that for years it had no meaningful partners in the countries of our region, partners who would explain the situation to them from the perspective of the left in Warsaw or Riga. This has changed only in recent years. In the Razem Party we make sure that this perspective is present in the discussions of the European left. Either way, Visegrad, or more broadly the whole of Central Europe, shares some common interests with the European South, resulting from the status of these areas as the EU's semi-periphery.

But isn't the peripheral nature of these two regions different? Greece, Spain and Portugal rebelled against a Europe that in their mind was geared for the export-oriented German economy. Poland, the Czech Republic and Hungary are to a greater or lesser extent economically 'plugged in' to the German export engine and they have built their development on that in recent years.

There is some truth in this, but the matter needs to be looked at more broadly. For the left, it is important that the inhabitants of a peripheral country pay for the development of the center with their living standards. Regardless of whether this happens through a trade balance crisis, a debt crisis and an imposed policy of cuts, or through pressure on wages, taxes and so-called labor costs, the effect is similar. And the political response should also be similar—levelling of inequalities. In fact, the model in which Central Europe is a pool of customers and sub-contractors for Germany and other countries of the north-western part of the continent is slowly reaching its limits. We will see this with the upcoming economic slowdown, especially if—which is not impossible—it

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turns into a recession. The situation of the Polish economy may be completely different than during the 2008 crisis. Europe needs more sustainable development and a bolder industrial policy. It is not only a question of levelling the potentials between the East and the West. If we look at the most obvious engines of

development, such as artificial intelligence, there are two development centers here today. One is the United States and the other is China, with powerful government support. And we have Europe, which is three steps behind despite all its potential. This will not change if Europe remains stuck with the dogmas of the 1990s about government aid—especially that nobody in the world today has such scruples and

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government aid is freely flowing everywhere. This will not change if Europe blocks mergers of European companies, effectively preventing them from competing in global markets. Finally, this will not change if Europe does not launch a stream of public investment to unlock the potential of more peripheral areas like ours.

But won't the consolidation of European players geared for global competition leave our region behind, further strengthening the strongest players?

Letting market forces loose would, of course, have such an effect, that is consolidation would serve the

center. But this is where active public policy can come into play.

What would it look like in specific terms?

We have the European Investment Bank. We have tools that at current interest rates cost really little. We can create a large European public investment mechanism that will at one go strengthen Europe economically, make it more coherent and tackle the climate crisis. The new European Commission is preparing some mechanisms under the so-called European Green Deal. A Just Transition Fund is to be created. This means the success of progressive movements across Europe. The European elite could not ignore their voice, but unfortunately the details are disappointing. They make costs public and privatize profits. Even in the face of the climate crisis, the Christian Democrats—because it is them who play the first fiddle—don't have the courage to say that public investment financed by government bonds is the most effective way to overcome stagnation. Not accidentally, the 'European Green Deal' is not called the 'New Deal', as activists from across the continent wanted, invoking the program of huge public investments from the Roosevelt era. For our region, shedding this dogmatism and launching large European public investments is very important, for it would provide an opportunity for a development leap.

New investments should create jobs different from those to which our region is accustomed: well-paid, with stable contracts, with participation of employees in the management of the company, with limits on the spread of wages between management and staff. What we need here, more than anywhere else in Europe, is a change in thinking about labor. The

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same goes for the European Pillar of Social Rights. A well-conceived plan guaranteeing minimum social security for all would be a breath of air for the region—with its dismantled social security and underfunded public services. The problem is that the Visegrad governments rarely think in such terms. Even if there are good ideas, such as the Intermarium Fund, the mentality from Margaret Thatcher's times still dominates among the political leaders of this bloc. There is a belief that the market alone will guarantee the region's sustainable development. Moreover, there is a lingering conviction that competing through low taxes is the way to go. Recently, Poland has become a kind of one big special economic zone, where investors are

discretionally exempt from paying their dues. This is a blind alley. It ends with a lack of money for public services, but it also strengthens the kind of capital that is looking for cheap labor in our region, petrifying its semi-peripheral character.

The Law and Justice party, which consolidates state-owned companies and focuses on economic nationalism, does not see these problems? And what about Orbán? The right-wing populist leaders, seeing the weaker potential of Central Europe, favor consolidation of national capital, believing that this is the way to discard our peripheral status.

Orbán is more of a Thatcherite than he seems at first glance. Orbán has an amazing ability to combine very militant rhetoric with ministering to the interests of German export industries on key issues. The Hungarian economy remains dependent on them. But yes, the idea of building 'national champions' is not fundamentally bad. Only the actual practice is flawed. And the question of scale remains. Even the biggest 'national champion' in Hungary is still a minor player on the global market. That's also why the belief that our countries can emerge from their semi-peripheral status is illusory. The real interest of Poland or Hungary is deeper integration based on solidarity rather than acting as a brake on such initiatives. In the intergovernmental "Europe of strong

nations” of Kaczyński and Orbán’s dreams, economically weaker countries would also be politically weaker. An opportunity for areas like ours is the strengthening of community mechanisms and democratic mechanisms in the EU—which today means above all the European Parliament. This provokes opposition from the right in the region, because a strong European

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Parliament does not fit their picture at all. No longer only the Left is now speaking about the need to deepen integration, joint investments and social policy to alleviate the current imbalances. The elites from the center are slowly becoming aware of this. To some extent, this can be seen in Macron’s proposals.

Macron’s proposals are criticized as being blind to our region, focused solely on the Eurozone, if not on Carolingian Europe.

That’s why I say ‘to some extent’. Macron, like many French leaders, tends to look at Europe within the ‘Carolingian’ borders. However, unlike the German Christian Democrats, he at least notices the need for a systemic correction of the inequalities created by the current

model of integration. I say this, although Macron, with his disastrous domestic policy, is not my cup of tea as a politician. Correction will be necessary once Europe is affected by the slowdown. Without it, the economic crisis can trigger off powerful centrifugal movements and have lamentable political consequences.

Macron’s proposals are also criticized for their anti-Americanism, willingness to reach an agreement with Russia and scepticism about NATO. Isn’t this another important feature of our region—the attachment to transatlantic ties? Can one imagine the security of countries like Poland without them?

There are many indications that imagining our security without them will be necessary in the future. This is not about trying to outcompete Macron in dire descriptions of the NATO situation. It is hard not to notice that the importance of our region for the United States is in decline. The Polish government may get excited about stationing rotating American forces in Poland, but the attention of the US is focused on other places: China, the Middle East and so on. Now it is necessary to work on strengthening European security policy, cooperation on cyber defence or standardisation of defence industries. In the face of unstable, troubled Russia, a common European policy is the only way to ensure security.

Polish elites, when they hear such a proposal, have two concerns in the back of their minds: 'German Europe' and a new Rapallo.

You can swap historical analogies forever and each side will find some nice one to support its claim, but they must not paralyse politics today. As far as the threat of 'German Europe' is concerned, the advice is simple: more democracy in the Union and a common industrial, fiscal and social policy that levels the economic potential.

What partners in the region would you like to build a 'left-wing Visegrad' with?

It is no secret that the power of the left in our region is not dazzling. On the map of the region Poland is almost an exception—because the left is both present in parliament and promoting left-wing views. Parties such as the Slovak SMER unfortunately play with very ugly social sentiments and flirt with nationalism. We can hardly admire their successes, not to mention the parties in Romania or Bulgaria, which are difficult to consider as leftist either economically or in relation to human rights, and are extremely corrupt. Of course, we have a network of contacts with many parties and organizations throughout Central and Eastern Europe, including the Czech Republic, Slovakia and Hungary. When will Visegrad be left-wing? Once the left takes over political power in Poland and other countries. The opposition and

civic organizations can, of course, say how they see the future of the region and the future of Europe. But of real importance is the voice of those in power, because they have the means of changing things.

Visegrad has an opinion of the region drifting towards authoritarianism. How did it find itself in this place?

The liberal project is exhausted. It sometimes took the guise of the former democratic opposition and sometimes of post-communism, but it had similar features: unambiguous economic liberalism plus often quite naïve pro-Europeanism, not taking into account the relationship between the center and peripheries. Joining the European Union was supposed to be the end of history, after which there would be no more politics, apart from preserving a vague 'Europeanness'. Liberalism became sterile because it offered no vision of the future, no hope

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of change for the less fortunate ones. So it got weaker and weaker, gradually changing into a generational identity of 55+ voters. It did not respond to the needs of people who entered adulthood already after joining the European Union by their

country. What's more, the next generations saw the 'Europeanness' of the liberal elite as obsequiousness—perpetuating the subordinate position rather than breaking away from it. This sense of disappointment with being second-class Europeans was one of the things that the right-wing populist movements grew out of. Of course, the right, with its sword brandishing and 'Respect Us' campaigns is the other side of the same coin: it has not broken away from the periphery, but gradually revealed its own powerlessness. This is the result of a generational change. People who do not know adult life outside the EU enter politics. This is the greatest challenge and opportunity for the left in the region.

Isn't the experience of the generation you are talking about, the memory of the 'Autumn of Nations 1989' from our region, a useful symbol in the fight against the authoritarian drift?

I'm afraid that far from being a useful symbol, it is a trap. It is impossible to talk about the future, to build an alternative to right-wing populism in these costumes. This was seen, for example, during the extremely ritualistic celebrations of the 30th anniversary of the 'Velvet Revolution' in Prague, but also during the recent disputes about the transition in Poland. The matter was seemingly innocent—it concerned the overall effects of housing policy. It turned out that for the founding fathers of Polish democracy the only

acceptable form of conversation about the past was to pay tribute to them. Every critical opinion about the elections in 1989 was seen as sacrilegious. The problem is that there are fewer and fewer people willing to make sacrifices at this altar every year. A practical example was the exhaustion of the formula of the Committee for the Defence of Democracy in Poland. Sentiments fuelling right-wing populism also stem from the fact that the heroic

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story of the 'Autumn of Nations' that we were fed blatantly differed from the experience of large social groups. And it is not only about the costs of economic transition. The breakthrough of 1989 established a new political elite and a new framework for the circulation of ideas in the region, but it did not give everyone a sense of participation in democracy. A significant part of society did not participate in this story. Look at the turnout in the first, partially free, Polish democratic elections in 1989. What did the new elites do? Instead of asking themselves what they had been doing wrong, they coined an exclusionary story about 'homo sovieticus', supposedly

not mature for democracy. The practice of the democratic breakthrough was not particularly democratic. The result is that politics is quite removed from the everyday life of most citizens. And this is a huge failure of the 'Autumn of Nations'. After thirty years, Polish political parties have ridiculously several members compared to the British Labour Party, where hundreds of thousands of citizens are involved in party work. When you look at the last election of the president of the Civic Platform (PO), you see that there are actually eight thousand active PO members—more or less as many as the number of professional politicians in this party. So OK, let's talk about the legacy of the 'Autumn of Nations' in Central Europe, but let's also talk about how the dream of democratization diverged from the practice of the party systems, with decisions taken outside the democratic debate.

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After all, this was the case with the favorite achievement of the Polish elite—Balcerowicz's plan, pushed through the Sejm without public consultation in December 1989.

Central Europeanism, often defined in the manner of Kundera, was a very important part of the identity of the so-called Round Table generation, especially its liberal part. What about the left born in the late 70s and early 80s? About you personally?

The story of Central Europe being kidnapped by the East seems deeply unfortunate to me. I like our region. I often spend my holidays here. Last year, I was in the Ukrainian-Moldovan borderland. I recommend it—pretty nature; great vineyards, founded in the eighteenth century by Swiss emigrants. This is, no less than Prague or Budapest, our part of the world. Just like the Serbian mountains, like the Sandžak region around Novi Pazar. This is a 'we' wider than Visegrad—a 'we' with room for Ukraine, Moldova, Serbia, Croatia.

The countries of the Intermarium.

It seems to me that this is a sensible and capacious form of cooperation.

So what would the left-wing narrative about the region be? The liberals more or less speak the language of Kundera, only today, instead of Russia, the region is being torn away from the West by right-wing populism. The right says: we represent the true Christian identity of Europe and defend ourselves against the West imposing its novelties on us, trying to get as much from it as possible. What about all of you on the left?

The left-wing story has to be built on recognizing what really unites us. We are the periphery and like every periphery we

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have the ambition to stop being periphery.

This can only be done by deepening European solidarity. Not by conflict and not by ad hoc, often changing alliances.

The left-wing story of Central Europe is a story about cooperation. About solidarity—not abstract, but expressed in specific actions. About the fact that workers from

Poland, the Czech Republic and Germany can gain more from organizing a strike together than from letting themselves be used against each other. Without solidarity, the European project will be blown up by anger, frustration, the feeling that you are a second-class citizen.

There is no magic powder with an instruction: “Take two teaspoons and tomorrow Visegrad will be democratic and left-wing”. Building a strong left in the region is a long way off. But the good news is that we’re already going this way.

ADRIAN ZANDBERG

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The Grand Gaming Table

In September 2019 the theme of Ukraine returned to the pages of the world press. It concerned the publication of the transcript of a conversation between newly elected President Zelensky and US President Donald Trump. In this conversation, Trump allegedly asked Zelensky to assist his lawyers in resuming an investigation into the activities of Hunter Biden, the son of Joseph Biden, one of Trump's main rivals in the 2020 presidential election.

The latest chapter in the modern history of Ukraine began in the fall of 2013. In those days, the attention of the whole world was riveted on Kiev, where the dramatic events of the Maidan were unfolding. It began with a peaceful protest against President Yanukovich's refusal to sign the Association with the European Union at the Eastern Partnership Summit in Vilnius. It subsequently deteriorated into direct bloody skirmishes, as a response to provocations from the authorities and pressure from the Kremlin.

After the victory of the Maidan and the flight of Viktor Yanukovych from the country, the Russian Federation launched the 'Russian Spring' project in Ukraine. As a result, Ukraine has lost control of some parts of its eastern regions. Here pro-Russian puppet regimes were established. As a result of these events, Russia annexed Ukrainian Crimea. In its turn, this led to an actual (albeit undeclared) war between Ukraine and Russia. All this time, the US administration and American politicians provided moral support to the protesters. In December 2013, ten days after the bloody crackdown on the student rally, Victoria Nuland, Assistant Secretary of State for European and Eurasian affairs, visited Kiev. Right after her came Senator John McCain, who defiantly supported opposition leaders. The Americans have repeatedly condemned the annexation of Crimea.

Although the Obama administration imposed sanctions against Russia, the Ukrainian side was not successful in attracting the United States to the peace process in Minsk, as well as in implementing a security treaty.

In May 2014, Petro Poroshenko was elected President of Ukraine. Poroshenko put a great deal of effort into the American direction of Ukraine's foreign policy. Its unspoken motto could be defined as 'more America in Ukraine'. The main task of Poroshenko as the President of Ukraine was to ensure the security of Ukraine and guarantee the preservation of its independence. During these years, the United States committed significant amounts to Ukraine for military assistance with non-lethal weapons, and provided impressive loan guarantees. At the same time, when President of the United States of America, Barack Obama failed to provide either the lethal weapons, or the status of a special ally outside NATO, which Petro Poroshenko had hoped for. In contrast to the position of the Ukrainian President, the USA professed the principle of 'more Europe in Ukraine'.

The White House administration has made the development of the partnership between Ukraine and the US dependent on reforming the Prosecutor's office, the judiciary system, and the fight against corruption. At the insistence of the International Monetary Fund and the European Commission, a National Anti-Corruption Bureau was created in Ukraine. Ukraine's problems in the fight against corruption cooled off the good intentions of the

US administration. Although the Obama administration imposed sanctions against Russia, the Ukrainian side was not successful in attracting the United States to the peace process in Minsk, as well as in implementing a security treaty. With respect to the construction of Nord Stream 2, the US administration wielded tough rhetoric, but in fact made no attempt to block this project.

With the Donald Trump administration coming to power in the White House, relations between Ukraine and the United States became even more complex. Poroshenko failed to attract Trump as a peacemaker in the Russian-Ukrainian military conflict. Moreover, the corruption scandal in Ukroboronprom, which erupted at the end of Poroshenko's term of presidency, even more adversely affected these relations.

In the spring of 2017, the FBI initiated an investigation by special prosecutor Mueller. It concerned the suspicious relationship between Russian officials and representatives of the Donald Trump election campaign. The whole machine of the Democratic Party was involved in the search for evidence of Russian influence on the US elections. The investigation (which ended in March 2019) found two facts of Russian interference in the election of the US President, in particular, the hacking of Hillary Clinton's correspondence by Russian intelligence. The Congress was to make a decision on the question of whether Trump was obstructing justice, according to the investigation. Mueller's investigation and the subsequent initiation of impeachment against President Trump became an expression of a sharp electoral struggle between American Democrats and the Republicans. Because of 'the Kremlingate' investigation, however, a 'Ukrainian trace' appeared in the documents.

Mueller's investigation and the subsequent initiation of impeachment against President Trump became an expression of a sharp electoral struggle between American Democrats and the Republicans.

In June 2018, a popular Ukrainian news resource Strana.ua spoke about the role of Ukrainian officials in the 2016 election campaign in the United States based on the words of a former employee of the Ukrainian Embassy of Ukraine in Washington by the name of Andriy Telizhenko. He specifically suggested that the Ukrainian government in 2016 was misled by a request

for support from a team of Democrats, believing that Trump is a pro-Russian President. The goal was to get Donald Trump out of the race. And here the Ukrainian side played right into the hands of Trump's political opponents. "They decided to play in the big league without having a global strategy. This led to a miscalculation."—believes Telizhenko.

After his rise to power in the White House, Donald Trump launched a campaign against his main opponent Joe Biden, who was the Vice President during the time of President Obama.

It was then, in 2016, at the height of the election campaign in the United States, that a Ukrainian MP from the party Poroshenko Sergei Leshchenko published material about 'secret accounting books' of the Party of Regions in the *Ukrainska Pravda*. Based on the report, the total cost of political needs of Viktor Yanukovich and his supporters amounted to more than \$66 million. These materials happened to mention the name of Paul Manafort, an American political strategist who at that time headed the election headquarters of current US President Donald Trump. Due to the publication of these documents, Paul Manafort was forced to resign, and was subsequently brought to trial. According to the investigation of an American news source *Politico*, and with reference to the very same Telizhenko, Ukrainian action against Trump could be coordinated by a representative of the Democratic National Committee, a US citizen of Ukrainian origin Oleksandra Chalupa.

Information that made everyone doubt the veracity of Telizhenko's words appeared in the media, however, in the middle of March. Vladislav Davidson, the editor of the Ukrainian edition *The Odessa Review* in English and the son of the American media magnate Gregory Davidson, said in an interview that Telizhenko offered him \$ 5,000 in 2018.

For this money, he asked Davidson to come to an agreement with several well-known Republicans to make statements on censorship in Ukraine. It was an attempt by Ukrainian deputies to limit the influence of two channels '112' and 'News One' (owned by Putin's godfather Viktor Medvedchuk) in Ukraine due to the fact that after the Russian annexation of Crimea, Russian propaganda was broadcast in Ukraine. According to CNN, Telizhenko is an ally of Giuliani. On this basis, the FBI found him

an unreliable witness. In turn in the beginning of March, the Senate Committee on Internal Security and Government Affairs withdrew the planned interrogation of Telizhenko in the case against Biden.

After his rise to power in the White House, Donald Trump launched a campaign against his main opponent Joe Biden, who was the Vice President during the time of President Obama. As far back as 2017, Trump's lawyer Rudolph Giuliani was trying to secure cooperation with Ukrainian authorities through certain people. Referring to its own sources, The Wall Street Journal wrote that American businessmen, immigrants from Belarus and Ukraine, Lev Parnas and Igor Furman, who were close to Giuliani, allegedly met with Poroshenko in the presence of Prosecutor General Yuriy Lutsenko. They insisted that Poroshenko had to initiate an investigation against Biden. In return, they promised to arrange a visit to the White House for Poroshenko. In particular, it was about the investigation of the ties of Joe Biden's son Hunter, who since 2014 was on the board of directors of Burisma Holdings, one of the largest private oil companies in Ukraine. Its founder and ultimate beneficiary was the former Minister of Ecology, Nikolai Zlochevsky, who, in particular, is suspected of money laundering, tax evasion and illegal obtaining of mining licences.

With the election of Vladimir Zelensky as President of Ukraine in April 2019, Trump representatives intensified their efforts in the Ukrainian direction.

During the time of Poroshenko, this story was not built upon further. With the election of Vladimir Zelensky as President of Ukraine in April 2019, Trump representatives intensified their efforts in the Ukrainian direction. In early May, Rudolph Giuliani announced his trip to Kiev. According to him, the purpose of the trip was to convince the Ukrainian authorities to start an investigation related to the interests of the US president. Several days later, however, the trip was cancelled. Giuliani assumed that in Ukraine, President Zelensky might find himself among the people who are 'enemies of the US president', and in some cases, enemies of the United States. Apparently, he meant Sergey Leshchenko, who joined Zelensky's team in early 2019. On the same day, on his Twitter account, Permanent Representative of Ukraine to the Council of Europe Dmitry Kuleba wrote: "Such a harsh statement by Giuliani, who is Trump's close ally, is

dangerous. Maintaining and increasing the US support is in Ukraine's fundamental national interest. It is a delicate game that the team of the new president will have to play and make difficult decisions".

Zelensky realized all the ins and outs of this game pretty soon. The situation of his relationship with the US culminated in a scandal over his conversation with Trump on 25 July 2019. The State Department published a transcript of the conversation Zelensky and Trump had on September 25. There, in particular, Trump asked Zelensky to help out Giuliani's deal with Biden's case. Already on 26 September, US intelligence released the text of a complaint against US President Donald Trump regarding the prolonged pressure that, according to intelligence officers, the United States applied against Ukraine for the sake of the personal goals of the American president. And, indeed, over the several months preceding the conversation, there were some quite clear signals from a number of key US officials who tried to convince Kiev authorities that Giuliani should be reckoned with. A week before the call, Trump also instructed to freeze \$400 million of military assistance for Ukraine. All this led to the initiation of the impeachment of the US President. It ended in a fiasco for its organizers and made Trump even stronger.

We have to do justice to the fact that in these few months after the scandal, President Zelensky and senior Ukrainian officials distanced themselves as much as possible from these processes. They did not comment on either Biden's case, on issues related to the impeachment, or on Ukraine's alleged interference in US elections, which, in fact, there is no evidence of.

We have to do justice to the fact that in these few months after the scandal, President Zelensky and senior Ukrainian officials distanced themselves as much as possible from these processes.

A similar position was taken by ex-president Poroshenko. In a commentary for the *Pryamoy* channel on 26 September, he said: "I will not comment on telephone conversations of presidents of other countries. I think that this is definitely not the thing that I should do." He noted that over the past 5 years, Ukraine has received unprecedented bipartisan support from American congressmen. He expressed the opinion that "under no circumstances should Ukraine be involved in election campaigns in either the United States

or any other state.” At the same time, he thanked the United States and the European Union for their support of sanctions, military, economic and other forms of assistance and expressed hope for the extension of the sanctions against Russia in December 2019.

In a similar tone, the former US ambassador to Ukraine (1998-2000) Stephen Pifer commented on this scandal. In an interview with the Ukrainian newspaper *Novoye Vremya* in October, he said: “It is important for Ukraine to remember that everything that happens around the scandal between Trump and Zelensky is an American political process. And Ukraine does not need to get involved in the internal political field of the United States. There is a fine line between protecting one’s interests and interfering in the politics of another state. It seems to me that Zelensky is aware of this line”. He called Ukraine a victim in this process and called this scandal “the Trump scandal and nothing more”.

The dramatic impeachment story for President Trump ended on 5 February. On this day, the US Senate voted against impeachment. A week before, US Secretary of State Michael Pompeo visited Kiev.

In December, an influential Ukrainian publication *Zerkalo Nedeli* noted that the Office of the President began to signal that Ukraine was an ally of the United States. With reference to NYT, it was alleged that the Ukrainian president was looking for a lobby that would allow him to establish contacts with the US President Donald Trump. In particular, the Ukrainian side was concerned about the issue of US military assistance and sanctions against Nord Stream-2. On December 19, a new ambassador, the experienced diplomat Vladimir Yemchenko, was appointed to Washington.

The dramatic impeachment story for President Trump ended on 5 February. On this day, the US Senate voted against impeachment. A week before, US Secretary of State Michael Pompeo visited Kiev. He met with President of Ukraine Volodymyr Zelensky, Foreign Minister Vadim Prystaiko and Defense Minister Andrei Zagorodniuk.

In the Ukrainian expert community, this visit was considered more of an attempt to extinguish the political scandal in Washington. As President of the National Strategy Fund Taras Berezovets wrote, “one of the key reasons

why Michael Pompeo flew to Kiev was to make sure that new compromising information against Trump would not leak from Zelensky's entourage. The Americans have zero confidence in the current Ukrainian President and Trump wants to make sure that after all the recent screwups and leaks from Zelensky's side he would not [be again] set up with a new scandal."

On camera, the politicians expressed full understanding. In his speech, Pompeo said: "We provided defensive weapons so that Ukrainians could protect themselves. We support the new leader, President Zelensky, in his efforts to overcome corruption and build democracy in the country." For his part, Zelensky said that the issue of the impeachment of American leader Donald Trump did not affect the relations of Kiev with Washington. "It seems to me that we have taken a further step in our relationship. ... We are doing everything to improve our relationship".

The day after Pompeo's visit, Rudolph Giuliani published excerpts from an interview with former Prosecutor General of Ukraine Viktor Shokin on his YouTube channel. Shokin is involved in Giuliani's personal YouTube project and voices a number of statements aimed at discrediting Joe Biden. It is clear that Trump continues to play the card of Ukraine for his personal benefit and places his chips here as if on the 'Outside section' of a roulette.

This game definitely does not play, however, into the hands of Ukraine. The former US ambassador to Ukraine, William Taylor gave a good piece of advice to the authorities of Ukraine. At the end of December, before returning to Washington, he gave an interview to Yulia Mostova, the editor-in-chief of the newspaper *Zerkalo Nedeli*. There he said, in particular, regarding Giuliani: "I would advise against letting them confuse the Ukrainian government. Giuliani is a private civilian, a personal lawyer to President Trump, as far as is known, even unpaid".

While preparations for the 2020 election campaign are taking place across the ocean, Ukraine has a number of pressing problems that it will have to address.

While preparations for the 2020 election campaign are taking place across the ocean, Ukraine has a number of pressing problems that it will have to address. These are problems of economic development, and the fight against corruption, as well as the question of reforms.

First of all, there are the reforms of the security services. In the condition of developing decentralization of the country, only these services can fight local corruption and restrain various separatist sentiments that may arise in different parts of the country in case, some country from the ones neighboring Ukraine wants to play their game on Ukrainian territory. The President is faced with the issue of relations with oligarchic groups. They can be allies of the President only situationally, but in fact—they all are his opponents. They have no intention to benefit the country. Their goal is to hit the jackpot in ‘Casino Ukraine’.

The ruling party faces the challenge of local elections in the fall of 2020, for which it is not yet ready. In fact, the ruling party ‘Servant of the People’ does not have an extensive party structure throughout the country. In addition, the President will be forced to negotiate with local influence groups.

The question of resolving the situation in Donbas remains acute. In addition, there is the related issue of sanctions against Russia. Here Vladimir Zelensky has a lot of work to do in the European direction, where the political situation is sliding towards weakening sanctions against Russia. In the American direction of Ukraine’s foreign policy, there are a number of issues that are in the sphere of Ukraine’s interests. This is the role of the United States in resolving the situation in Donbas, and participation in the; and American investment in strategic sectors of the economy, and cooperation with the IMF.

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Will Ukrainian diplomacy be able to build profitable cooperation with their overseas colleagues? Will Ukrainian authorities be able to defend the interests of their country, not allowing others to engage themselves in the game? Will Ukraine manage to secure the cooperation of American politicians among both Republicans and Democrats without becoming an executor of the will of one of the parties? Will Ukraine repeat its own mistakes of the past? Here are the questions, the answers to which we will see in the near future.

P.S. Two events that would significantly affect the course of events in Ukraine took place when this material was published.

The first is the resignation of Alexei Goncharuk's government.

This was regarded as Zelensky's curtailment of declared reforms and the oligarchy's revenge. The second is the coronavirus pandemic, which significantly affects the development of the situation in the world as well as in Ukraine. The public health system was not ready to take a hit. Volunteers and business representatives are actively involved in the work of anti-crisis headquarters in many cities.

Here is what Odessa businessman Alexander Yakovenko wrote on his FB page on 21 March: "Yesterday, the governor invited representatives of large/medium-sized businesses to a closed meeting. Topic: The fight against covid-19. We are on the verge of an apocalypse. There is nothing in our hospitals. From basic protective equipment to resuscitation equipment. Everything is in the hands of volunteers and business again:

- in 2014 we put the army on its feet
- in 2020 we put medicine on its feet"

But this is the subject of another study.

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Russia's Economy in the 2020s: A Cheerless Future

Russia's leadership is not interested in economic growth.
Everybody only wants things not to turn to the worse.

Back in 2013 and 2015, I wrote two pieces for the *Aspen Review Central Europe* arguing that President Putin's return to the Kremlin in 2012 marked the beginning of a 'lost decade' in Russia's economic development¹ and reiterating this statement after the first consequences of Moscow's aggression against Ukraine became clear.² Today it seems I was right: in the last ten years, from 2009 to 2018, Russia's economy grew in real terms by 8.8%, or by 0.85% annually on average,³ the nominal wages in dollar terms increased from 588 to 697 dollars per month,⁴ but the official poverty rate inched up from 13.0 to 13.1% of the country's population.⁵ Not one of the ambitious tasks the government put forward ten years ago was achieved, as Putin's long-time dream either to catch-up with Portugal in terms of per capita GDP or overtake Germany as the world's fifth-largest economy remained unrealized. But at the same time all these economic shortcomings have not caused any critical dissent in Russia, allowing its longtime leader to be reelected in 2018 and redraft the country's Constitution in 2020 to stay in power for life.

Two Important Points Became Clear about Russia's Economy over the Last Five Years.

On the one hand, it appeared that it has a huge capacity for absorbing external shocks: it was the oil that dipped to around 30 dollars per barrel in 2016, and the Western sanctions that were thought would destroy Russia's finances—but at the end saw the federal budget reporting record surpluses both in 2018 and 2019 with the government reserves restored at around 125 billion dollars. These adjustments came from the introduction of the floating

exchange rate for the ruble back in 2014 that allowed the Russian currency to lose its value in case oil prices fall and secure the government's ability to collect almost the same amounts of rubles into the treasury (around 40% of Russian budget income originate from custom duties nominated in dollars, and up to 20% comes from profit tax that rises when domestic production costs fall alongside with the ruble exchange rate). It should also be mentioned that the economic standstill caused by declining real disposable incomes (which are now around 11% lower than in 2013)⁶ became an ultimate weapon for combating inflation that in 2019 fell to 3% simply because any price hikes immediately resulted in a dramatic fall in customer demand. The sanctions and the 'counter-sanctions' produced some stimulus for developing domestic agricultural and industrial production oriented at low-quality low-priced goods being consumed by the lower middle class. So, as I argued last year, today Russia's leadership is actually not interested in economic growth at all since everybody just wants things not to turn to the worse, and the stagnating economy secures Putin's beloved 'stability'.⁷

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On the other hand, the developments over these years have confirmed my thesis about the 'lost decade' that started after 2012. One would be wrong if she or he believes the Russian government did not try to push the economic growth during all this time. Quite to the contrary—the budget outlays for 'the development of the national economy' doubled between 2011 and 2019 to reach 2.64 trillion rubles (40.7 billion dollars) per year;⁸ both in 2012 and 2018 Putin issued a series of decrees establishing ambitious economic goals; and during 2018-2019 over a dozen 'national projects' with an unprecedented price tag of 21 trillion rubles (325 billion dollars) for 2019-2024 were announced by the Kremlin. But it seems nothing can help: for making the economy 'grow' by 1.3% in 2019 the Russian authorities decided just to change the management of Rosstat, the country's statistical office, as well as the methodological backgrounds of statistical analysis⁹ (I would say that the statistical manipulations has become very widespread in recent years: e.g., when in 2015 it became obvious that the highway construction programs

1) See: Inozemtsev, Vladislav. "The Beginning of a Lost Decade" in: Aspen Review Central Europe, 2013, No 4, pp. 66-68.

2) See: Inozemtsev, Vladislav. "Russia's Economy: A Changing Trend" in: Aspen Review Central Europe, 2015, No 3, pp. 82-88.

3) Based on World Bank data, see: data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=RU, site retrieved Jan. 18, 2020.

4) Calculated after Rosstat data using the official weighted exchange rates for both 2009 and 2018, see: www.gks.ru/free_doc/new_site/population/trud/sr-zarplata/t1.docx, site retrieved Jan. 18, 2020.

5) See Rosstat data: http://www.gks.ru/free_doc/new_site/population/bed-nost/tabl/2-3.doc, site retrieved Jan. 18, 2020.

6) See: "Реальные доходы россиян упали пятый год подряд" ("The Real Disposable Incomes of the Russian Citizens Declined for the Fifth Consecutive Year") at the RBC newspaper website: www.rbc.ru/economics/25/01/2019/5c4af2c39a7947badf2d4e74 [in Russian], site retrieved Jan. 18, 2020.

7) See: Inozemtsev, Vladislav. "Putin Doesn't Care About Economic Growth" at the Project Syndicate website: www.project-syndicate.org/commentary/russia-economic-stagnation-prospects-by-vladislav-inozemtsev-2019-06, site retrieved Jan. 18, 2020.

8) See: "Расходы бюджета РФ на национальную экономику вырастут до 2,64 трлн рублей в 2019 году" ("Federal Budget Spendings on the Development of the National Economy to Rise to Rub 2.64 trln in 2019") at Vesti Finance website: www.vestifinance.ru/articles/107167 [in Russian], site retrieved Jan. 18, 2020..

failed, the Russian road network was ‘adjusted’ by adding the streets in the cities to its overall length). I would say the Russian economy simply cannot absorb the money it generates: in 2018 public commercial companies generated more than 5 trillion rubles in profits, and paid out more than 4 trillion as dividends to the shareholders,¹⁰ trying to reinvest as little money as possible. Under such conditions there was little hope for an economic revival to happen anytime soon.

The Lack of an Industrial Sector

First, I would like to recall that few experts made enough efforts to find out what the sources of the economic growth in Russia were in the 2000s. Most of the people simply believed there were enormous oil revenues that pushed the economy forward. But in this case two crucial elements are neglected. On the one hand, it should be mentioned that during the first two of Putin’s terms in power the investments into fixed assets stood at a very low level, close to 16% of GDP (compared to the Soviet figures of 41-43%). The money that was saved due to such ‘economizing’ went to the personal consumption that fueled the aggregate demand. In the 2010s the terrible situation in road

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construction, electricity networks, bridges and other infrastructure shifted the investment up to 20-22% thus cutting the share of personal expenditures. On the other hand, in the early Putin years there were many industries with high growth potential that never existed before: in 2000-2008 around 70% of GDP increase came from wholesale and retail trade, lodging and restaurants, residential construction, banking and insurance business, mobile telecommunications and the development of Internet networks.¹¹

By early 2010 all these sectors had become saturated (today Russia has more sim-cards per 100 people than any other European country, and the tariffs are the lowest on the continent) without any other industries being able to secure future growth. Once again, the Russian economy can generate money, but it lacks the industrial sector that can consume it: up to 90% of office equipment, telecommunication devices and mobile phones, as

well as medicines and healthcare devices are imported. Russia can export its resources and buy what it needs—but one should realize that the country is simply poor: if the overall value of oil and natural gas exports for 2019 (288 billion dollars) is equally divided between Russia's citizens, everyone would

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receive 1,964 dollars per year, while the same calculation for Qatar would leave every Qatari citizen with 262,400 dollars in cash.¹² With the oil prices plunging due to the covid-19 pandemic, Russia-Saudi oil quarrels and the upcoming global economic recession, the Russian people will become more and more preoccupied with their daily survival while all the modernization plans will be put aside.

Second, Putin's policies from the very beginning were oriented on 'restoring order' in his country. For the Russian economy it meant that it began to be monitored and managed by the ever increasing number of bureaucrats and officials (by 2013 they were twice as numerous than in 1999). Moreover, both the Ministry of the Interior and the Federal Security Service started to investigate the businessmen and their commercial deals pretending they were trying not to pay taxes, orchestrating sham transactions, and even organizing criminal communities. By 2012, nine of out ten criminal cases that were opened by either the police or the investigative committee did not come to court came—first of all because the policemen accepted bribes or simply took over the businesses that belonged to the accused. In the 2010s in Russia, the active or retired MVD or FSB officers became the main dealmakers in different sectors of the national economy and, at the same time, the most corrupt officials in the country. In 2016, a 38-year old police colonel Zakharchenko was arrested in one of his apartments where 8.5 billion rubles (or 127 million dollars) were found both in cash and gold;¹³ in 2019, the FSB Colonel Cherka-lin was taken with 12 billion rubles (or 185.5 million dollars) found in his three apartments and houses in and around Moscow.¹⁴ With the courts acquitting less than 1% of all the accused¹⁵ the police and security services now seem to absolutely dominate the business landscape in the country. The regulations are becoming increasingly strict, taxes are increasing, and economic freedom

9) See: "Медведев сменил главу Росстата" ("Medvedev Changes the Director of Rosstat") at the RBC website: www.rbc.ru/society/24/12/2018/5c20d36d9a7947c9fed6ed23 [in Russian], site retrieved Jan. 18, 2020.

10) See: Сарычева, Мария. "Российские компании выплатили рекордные дивиденды. Почему это плохой сигнал для экономики?" (Sarycheva, Maria. "The Russian Companies Paid Out Record Dividends: Why It's a Bad Signal for the Economy?") at the Forbes Russia website: www.forbes.ru/finansy-i-investicii/384233-rossiyskie-kompanii-vypatili-rekordnye-dividendy-pochemu-eto-plohoj [in Russian], site retrieved Jan. 18, 2020.

11) See: Иноземцев, Владислав. "Исчезнувшие источники роста" в: Бизнес-Журнал, 2017, №1-2, сс. 15-17 (Inozemtsev, Vladislav. "The Disappearing Engines for Growth" in: Business Journal, 2017, No. 1-2, pp. 15-17 [in Russian]).

12) See: Иноземцев, Владислав. "Обещанного сорок лет ждут. Почему радужные обещания власти в принципе невыполнимы" (Inozemtsev, Vladislav. "It's Never Long That Comes at Last: Why the Government's Promises Are Absolutely Unfeasible") at the Snob Magazine website: snob.ru/selected/entry/186342/ [in Russian], site retrieved Jan. 18, 2020.

13) See: "Дело Дмитрия Захарченко" ("The Dmitry Zakharchenko Case") at the Kommersant newspaper website: www.kommersant.ru/theme/2619 [in Russian], site retrieved Jan. 18, 2020.

14) See: "Рекорд взяткок Захарченко побит" ("Zakharchenko's Bribery Record Broken") at the Rosbalt information agency website: www.rosbalt.ru/moscow/2019/05/17/1781570.html [in Russian], site retrieved Jan. 18, 2020.

is diminishing. Mikhail Mishustin, who was sworn in last week as new Russian Prime Minister, serving previously as the Minister for Taxation, once said that people are ‘Russia’s new oil’ meaning that after the oil revenues declined, the state should squeeze its subjects to get additional money into the budget. I believe that such an approach cannot create an investor friendly environment that stimulates the economy to grow.

Over the last years, Russia lost tens of billions of dollars due to extensive capital flight—and I would argue that this outflow became bigger from one half decade to another.

A Massive Outflow of People

The third major challenge to the Russian economy seems to be its openness to the world. Over the last years, Russia lost tens of billions of dollars due to extensive capital flight—and I would argue that this outflow became bigger from one half decade to another (in 2004-2008 the country lost 59 billion rubles annually on average, while in 2009-2013 the figure rose to 1.75 trillion rubles, and in 2014-2018 it reached 3.71 trillion rubles per year—those figures equal 0.21%, 2.45 and 4.21% of Russia’s nominal GDP for those years, correspondingly).¹⁶ The capital outflow was caused primarily by the poor business environment and the pressure applied by both bureaucracy and security services; I would also say that since 2012 the most famous Russian oligarchs, who enjoyed very good and friendly relations with Putin himself, began to pull their fortunes out of the country, extensively buying European and American publicly traded companies, expensive real estate, sport clubs, and works of art (by 2018 at least half of the combined fortunes of Russia’s top ten richest people were transferred abroad).¹⁷

From the start of Putin’s rule until 2017 more than 2 million Russian citizens had left the country, and, if the trend continues, by the end of next year this exodus may exceed the biggest ever that happened.

Experiencing all this money drain, the Russian economy cannot feel itself healthy—but this is only one part of a much more complex problem. I am talking about a massive outflow of people that began in 2012 but which has become in recent years one of the most acute issues in Russia. By several

estimates, from the start of Putin's rule until 2017 more than 2 million Russian citizens had left the country, and, if the trend continues, by the end of next year this exodus may exceed the biggest ever that happened with Russia between 1917 and 1922.¹⁸ My own research made several years ago suggests that the Russians who left the country in recent years (1990s included) now control overseas assets that are bigger than the entire GDP of the Russian Federation.¹⁹ Those who decided to move out are not of course Putin's security guards and police officers but the most educated and business-minded people in the country, most of them young and self-made. This, I would argue, makes the Russian economic growth in the future even more problematic since there is a much higher probability that the money will return to the country than that people will.

By the start of 2020, one was able to say that Russia had found its 'equilibrium', or, as the top financial officials used to say back in 2017, 'a new normal'. It meant that the government commanded enough funds to secure at least some support inside all social groups; that the state-owned corporations produced enough profit to be taxed and channeled into both federal and regional budgets; and the bureaucracy and security services believed their positions were strong enough to obtain their share of the national wealth for the years to come. The government masterfully used the pressure from abroad to legitimate economic hardships so therefore there is little room for an organized domestic opposition. This changed all of a sudden, however, in recent months as the global economy stalled, oil prices collapsed and most of the Russian economy suffered from the covid-19 quarantine imposed almost everywhere in the country.²⁰

Will the Russian economy collapse due to recent events? I would rather say it has just begun to muddle its way toward another 'new normal' that will make its economy even more primitive but not as inclined to crumble. I will try to explain what Putin's strategy looks like these days even though experts believe he simply does not have anyone to follow.

A Massive Wave of Bankruptcies

During March 2020, the oil prices fell from around \$50 to less than \$25/barrel and at some points the situation looked catastrophic as the Russian oil was priced 'negatively' in Europe (which means that in Rotterdam the Urals brand was valued at \$10.6/barrel as the extraction costs, pipeline and maritime

15) See: Володина, Мария. "В 2019 году российские суды оправдали меньше 1% подсудимых" (Volodina, Maria. "In 2019 the Russian Courts Acquitted Less than 1 percent of the Accused") at the Snob Magazine website: snob.ru/news/187669/ [in Russian], site retrieved Jan. 18, 2020.

16) See: Иноземцев, Владислав. "[Об оттоке капитала]" (Inozemtsev, Vladislav. "[On the Capital Outflow]") at the Kremlevskiy Bezbashennik: t.me/kremlebezBashennik/4638 [in Russian], site retrieved Jan. 18, 2020.

17) See: "Им не страшна национализация" ("They're Not Afraid of Nationalization") at the Forbes Russia website: www.forbes.ru/milliardery-photogallery/343801-im-ne-strashna-nacionalizatsiya-10-milliardero-v-s-naibolshimi [in Russian], site retrieved Jan. 18, 2020.

18) See: Herbst, John and Erofeev, Sergei. The Putin Exodus: The New Russian Brain Drain, Washington (DC): Atlantic Council, 2019, p. 1.

19) See: Inosemzew, Wladislaw. "Wer gehört zur „russischen Welt“?" in: Internationale Politik, 2014, № 6 (November-December), S. 97-98.

20) As of 1 April 2020 only six out of eighty-five Russian regions had not introduced the State-at-Home orders, see: "Ярославская область в числе шести регионов без режима самонезависимости" ("Yaroslavl Region Among Six Regions Without State-at-Home Regime") at the Kommersant newspaper website: www.kommersant.ru/doc/4310543 [in Russian], site retrieved Apr. 2, 2020.

21) See: "Цена российской нефти упала до нового рекорда в \$10,5" ("The Price for Russian Oil Touches New Low of \$10.5 [per barrel]") at the RBC Daily newspaper website: www.rbc.ru/business/02/04/2020/5e85a9909a7947d8b-20fbcf4 [in Russian], site retrieved Apr. 2, 2020.

transportation as well as the taxes the oil companies were obliged to pay to the Russian government made up to \$16/barrel).²¹ I would argue, however, that even under such conditions the average price for Russian oil still stood at \$48.2/barrel during the first quarter²² which means the economy might well survive on it. The reserves accumulated by the government (\$123.3 billion as of March 1)²³ were still sufficient to cover the emerging budget deficit and refinance the shortcomings in the regional budgets. The ‘closing’ of major Russian cities and termination of dozens of types of businesses due to covid-19 pandemic (which may last well into May) will mean a major blow to the small and mid-sized private businesses all over the country that employ up to 18.5 million people,²⁴ or roughly a quarter of Russia’s workforce.

Will the Russian economy collapse due to recent events? I would rather say it has just begun to muddle its way toward another ‘new normal’ that will make its economy even more primitive but not as inclined to crumble.

Unlike Western governments, Russian leadership did not announce any huge efforts either to distribute cash payments among the general public or to support the affected businesses (the only relief that was made are the ‘tax loans’ which means businesses can postpone their tax payments for six months, but have to eventually pay later).²⁵ I would assume that the most crucial result of the recent crisis will be a massive wave of bankruptcies in the service sectors followed by a huge redistribution of property caused by the taking over of affected businesses either by state companies or by ‘commercial’ entities controlled by Moscow or local bureaucrats. By 2021, the share of private businesses in the Russian economy will be at least halved—and this will be another step in creating the kind of ‘corporate state’ Putin is trying to build.²⁶ After the redistribution is conducted, the state funds will be provided via the state-owned banks to the businesses which are already in the ‘right’ hands. The Russian economy will finally become almost entirely nationalized. I would also argue that quite a significant stock of money will be returned to Russia by many wealthy businessmen and bureaucrats as a great deal of cheap purchases emerge in the country and the new laws tighten the requirements for public servants on double citizenship and possessing overseas assets. My general conclusion would be that Russia will emerge from the unfolding crisis as a much poorer country, but still remain firm on the path Putin chose for it.

What might then the forecast for the approaching new decade look like? For responding to this question, one should look at several major lines of the Russian government's economic strategy.

Unlike Western governments, Russian leadership did not announce any huge efforts either to distribute cash payments among the general public or to support the affected businesses.

It seems obvious that Russia looks forward to making even more use of its natural resources. Putin addresses the issues of selling, delivering, or transporting Russia's natural gas at almost 70% of his high-level meetings with foreign officials whether in Moscow or Sochi or abroad (even natural gas made up only 9.8% of Russia's exports in 2019).²⁷ As the oil prices fall, Russia has nothing else to rely on (in 2019 its oil, oil products and natural gas accounted for 63.3% of its exports²⁸ and this share has not changed significantly in recent years). All its other exports are also affected by the falling global demand while its armament supplies are barely profitable if one takes into account that around a third of them go to the countries that will never pay for the supplies). There is consequently no chance Russia will become 'independent' of oil and gas exports even in the long run—at least for the 2020s everyone can be certain there will be no change here.

How to Pacify the People

There is no serious doubt today that Russia will remain a large exporter of oil and gas in 20-25 years from now, so I expect Moscow will do its best to restore its relationships with Saudi Arabia and other oil producing nations in order to stabilize the oil prices at \$40/barrel at least which is a realistic task taking into account the inevitable revival in the global economy in 2021 and beyond. The ruble exchange rate will decrease to Rub100/\$1 and even lower in 2022-2023 but the inflation will remain in single digits due to the depressed domestic demand. For obvious reasons, Russia will further cut imports and continue its 'import-substitution' policies introducing more and more domestically produced low-quality products to the market. By 2022, real disposable incomes will decrease by around 20% compared to 2019—but the issue of unemployment will be mostly resolved and people will become accustomed to the 'new normal' as they became accustomed to the old ones.

22) See: "Минфин раскрыл среднюю цену российской нефти за март" ("The Finance Ministry Unveil Russian Oil's Average Price for March [2020]") at the RBC Daily newspaper website: www.rbc.ru/economics/01/04/2020/5e84cc099a7947889c4ba151 [in Russian], site retrieved Apr. 2, 2020.

23) See: "Объём Фонда национального благосостояния" ("National Wellbeing Fund Volume") at Russia's Finance Ministry website: www.minfin.ru/ru/document/?id_4=27068-obem_fonda_natsionalnogo_blagosostoyaniya [in Russian], site retrieved Apr. 2, 2020.

24) See: "Сбербанк оценил долю занятых в малом и среднем бизнесе" ("Sberbank Estimates the Share of Employment in Small and Mid-Sized Businesses") at the RBC Daily newspaper website: www.rbc.ru/economics/22/07/2019/5d3594ee9a79478645ac1102 [in Russian], site retrieved Apr. 2, 2020.

25) See: Пятин, Александр. "Схема нового налога и законы о кредитах для бизнеса" (Pyatin, Alexander. "The New Tax Scheme and New Laws on Business Loans") at the Forbes Russia website: www.forbes.ru/newsroom/biznes/396319-shema-novogo-naloga-i-zakony-o-kreditah-dlya-biznesa-putin-razdal-porucheniya [in Russian], site retrieved Apr. 2, 2020.

26) For more details see: Inozemtsev, Vladislav. "The Zombie Nation Returns" in: *The American Interest*, 2019, January-February, Vol. XIV, No. 3, pp. 25-28.

27) See: "Доходы РФ от экспорта трубопроводного газа в 2019 году упали на 15,3%, от нефти — на 6%" ("In 2019, Russia's Revenues from Pipeline Gas Exports fell by 15.3 percent, from Oil — by 6 percent") at the Prime Agency website: prime.ru/energy/20200211/830924885.html [in Russian], site retrieved Apr. 2, 2020.

I would also argue that the main line of Putin's new strategy will be to unleash the potential of the Russian Central Bank for covering the budget needs since it will become increasingly clear that the oil revenues cannot provide the funds needed for pacifying the people. The lowering of the Central Bank rate would also lighten the burden for private borrowers (today, the average Russian owes as much as 47.1% of her or his annual income to the banks and other credit companies).²⁹

I would also argue that the main line of Putin's new strategy will be to unleash the potential of the Russian Central Bank for covering the budget needs.

I would argue that this will be the most important economic difference between Russia of the 2020s and Russia of the 2000s and 2010s. In the 2000s, the country was able to accumulate impressive currency reserves and reserve funds that ceased to grow in the 2010s but were almost stable during most of the decade. Russia refrained, however, from increasing its government debt staying now at a mere Rub 14.4 trillion³⁰ (13.5% of GDP, at least five to six times less than in any developed Western economy). As the budget is in the red with disposable incomes falling, it is not a problem to inject at least 3 to 4% of GDP into the economy every year with no huge risk of facilitating inflation—and I have no doubt the Russian government will begin to do so already this or next year as the reserves are depleted with the oil price remaining low. The practices of all developed nations suggest these days that the expanding central bank loans can be of vital importance for maintaining the economy afloat, so Russia will definitely follow suit fast since it has to channel more and more funds into its social programs. I cannot say how long this strategy will last and how it will be supplemented with the former means of maintaining financial stability but I am absolutely certain that it will become a crucial feature of Russia's economic reality of the 2020s.

One can also insist with a high degree of confidence that the Russian government will be forced to channel more and more money into the social programs as its population is aging and the fertility rates remain very low (Putin already focused on this issue in both of his latest annual addresses to Parliament). It is even more apparent now because it is clear that President Putin will remain in power at least for a major part of the coming decade, and in a situation of economic stagnation he will need to appease his electorate

by some ‘gifts’ from the budget. One might expect several new programs to be introduced that address poverty and inequality because the government has to do its best to prevent poverty rates from rising fast (there is no chance for them to stabilize or be lowered, as Putin promised so many times). At the same time, as one can see even during the crisis days that Russia will not lower taxes on businesses, so the business environment will not improve at all. The authorities will introduce campaigns of fighting corruption for responding to the public attention to the issue, but these measures will target only mid-level corrupt officials and will not address the abuses of power by the highest functionaries.

Tighten State Control over Citizens

The Russian government will develop different cases for use of information technologies which today are known under the notion of ‘digitalization’ (цифровизация). The main goal of these measures will be to tighten state control over citizens: to track all payment card transactions for obtaining more taxes; to find out how many apartments are unofficially rented for collecting more fees; to look over the transborder and interregional movement of people; to automate the collection of driving fines, etc. I would predict that in the coming three to five years there will be a number of attempts to marry Russia’s preindustrial economy with postindustrial technologies. The government will invest significant money into this, trying to produce ‘entirely Russian’ software, and control the Internet—but I do not expect these efforts to be effective; much more likely they will undermine those sectors of the Russian economy that are currently quite modern and competitive (one of the seminal examples may be seen very recently as the government tried to regulate the country’s largest email operator and search engine, *Yandex*).³¹

It is clear that President Putin will remain in power at least for a major part of the coming decade, and in a situation of economic stagnation he will need to appease his electorate by some ‘gifts’ from the budget.

Responding to the rising human capital outflow and growing number of pensioners, the government will stimulate immigration—first of all from the former Soviet republics of Central Asia. The *Eurasian Economic Union* that Putin has been building since 2011 provides all necessary frameworks for

28) See: “Внешняя торговля России в 2019 году” (“Russia’s Foreign Trade in 2019”) at the Russian Trade web database: russian-trade.com/reports-and-reviews/2020-02/vneshnyaya-torgovlya-rossii-v-2019-godu/ [in Russian], site retrieved Apr. 2, 2020.

29) See: “Аналитики назвали средний размер долга россиян перед банками” (“The Analysts Unveil the Average Amount of Debt Russians Owe to Banks”) at *Izvestia* newspaper website: iz.ru/966127/2020-01-20/analitiki-nazvali-srednii-razmer-dolga-rossiian-pered-bankami [in Russian], site retrieved Apr. 2, 2020.

30) See: “Государственный долг Российской Федерации” (“Government Debt of the Russian Federation”) at the Electronic Budget web database: budget.gov.ru/epbs/faces/p/Бюджет/Государственный%20долг?_afctl-state=t5j9vpyy0_4®ionId=45 [in Russian], site retrieved Apr. 2, 2020.

31) See: Inozemtsev, Vladislav. “The Yandex Affair: Insider Trading and Institutionalized State Control” at the Jamestown Foundation website: jamestown.org/program/the-yandex-affair-insider-trading-and-institutionalized-state-control/, site retrieved Jan. 18, 2020.

32) See: Жуковский, Иван. “Как в Германии: сколько у нас мигрантов?” (Zhukovsky, Ivan. “As in Germany: How Many Migrants Do We Have?”) at the *Gazeta.ru* news outlet website: www.gazeta.ru/social/2019/10/10/12747578.shtml [in Russian], site retrieved Jan. 18, 2020.

that. Russia has already become a temporary home to no less than 12 million workers from post-Soviet countries³² and a number of reports made by Moscow-based think-tanks suggest many more will be welcomed.³³ This trend, I would argue, reflects the complete inability of the Russian economic elite to engrain the technological advanced methods of production into the national economy. The growing immigration is also needed for recruiting new citizens that will be loyal to the regime while allowing the more educated and independent dissenters to leave making the political system more ‘stable’.

While promoting further, however, the goals of achieving economic ‘stability’ and political ‘sovereignty’, Russia will become poorer and less developed during all the 2020s. The economic downturn of 2020-2021 will deprive it of up to 10% of its GDP and, what is much more important, no recovery growth will follow since the oil prices will remain depressed and business confidence will hit historic lows. The average growth rates for 2020-2025 will be around zero with some more dismal years of stagnation to come. Real disposable incomes may decrease by up to 15% during the decade. I expect no structural changes or modernization efforts to happen in the country in the coming years.

The most problematic issue these days, of course, is the question as to whether some political changes might be expected in Russia. I would cautiously argue that these do not look all that probable in coming years—for several reasons. On the one hand, the immediate result of the ongoing crisis will be a decrease in the power struggle inside the Russian elites. No one these days is interested in assuming more power since it comes at the price of a greater responsibility—therefore the top bureaucrats would rather declare someone like the current Prime Minister Mishustin or the Moscow Mayor Sobyanin responsible for either the economic troubles or the growing number of covid-19 deaths and make use of them than to accuse Putin of policy shortcomings. On the other hand, I find it hard to believe that the Russian people will revolt against the current policies since it has never happened before that the population of any of the post-Soviet states has become agitated by purely economic troubles.

There have been a number of cases when it stood up because of rigged elections (as it happened in Georgia in 2003, in Ukraine in 2004-2005, in Belarus in 2010 or in Russia in 2011), broken political promises (as in Ukraine in 2014), or even politically motivated violence (like the Gongadze killing in

Ukraine in 2000), but it never consolidated against the economic hardships. Russia is, as I called it a long time ago, ‘a society without citizens’,³⁴ and this will not change any time soon. I expect the Constitution will be amended in a highly formal vote this summer, and all the upcoming elections will be held under some new rules that actually exclude the real chance for the people to elect the officials they prefer. I recently described this situation as something similar to the state of emergency that existed in Egypt from 1981 to 2012³⁵—an order that does not harm all that much the economic activity, but diminishes political freedoms. No one can predict how long it can last but I do not expect things to change until 2024 at the earliest.

Responding to the rising human capital outflow and growing number of pensioners, the government will stimulate immigration—first of all from the former Soviet republics of Central Asia.

Around four years ago, I argued that Russia of the 2010s would be a country with a non-growing economy contrary to Russia of the 2000s which resembled East Asian tigers for a while—and added that after this standstill a long and continuous downfall would in all probability follow.³⁶ It seems I was right that time: in the 2020s Russia will not crumble; it will not become a place of revolts and revolutions—its economy will slowly deteriorate, its people will try either to accustom to the new conditions or to leave, its political life will actually disappear. The country will turn from a territory of hope into one of disillusionment—and no one can tell these days for sure when and how this may change.

33) See: Ивахнюк, Ирина. Предложения к миграционной политике России до 2035 года, Москва: Центр стратегических разработок, 2017 (Ivakhnyuk, Irina. Propositions for Russia's 2035 Migration Policy, Moscow: Center for Strategic Research, 2017) [in Russian]. See: Inozemtsev, Vladislav. “Russie, une société libre sous contrôle autoritaire” в: Le Monde diplomatique, 2010, № 10 (Octobre), pp. 4–5. See: Inozemtsev, Vladislav. “2020: Russia's Historical Watershed” at the Riddle website: www.ridl.io/en/2020-russia-s-historical-watershed/, site retrieved Apr. 2, 2020.

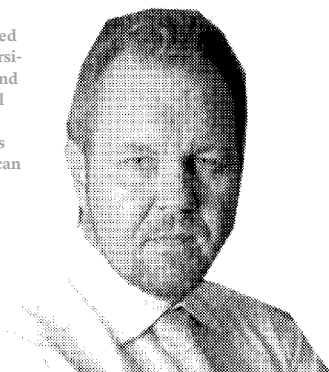
34) See: Inozemtsev, Vladislav. “Putin's Self-Destructing Economy” in: The Washington Post, 2016, January 18, p. A15.

35) See: Inozemtsev, Vladislav. “2020: Russia's Historical Watershed” at the Riddle website: www.ridl.io/en/2020-russia-s-historical-watershed/, site retrieved Apr. 2, 2020.

36) See: Inozemtsev, Vladislav. “Putin's Self-Destructing Economy” in: The Washington Post, 2016, January 18, p. A15.

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The Future of EU Innovativeness and Competi- tiveness

The EU needs improvement in its competitiveness and innovation performance. This cannot be achieved, however, without addressing the problems of regional and country differences.

The European Union is lagging behind its major competitors in terms of innovativeness and competitiveness in spite of the fact that in March 2000 the EU heads of state and governments launched the so called ‘Lisbon Strategy’ with the aim of making Europe “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.”

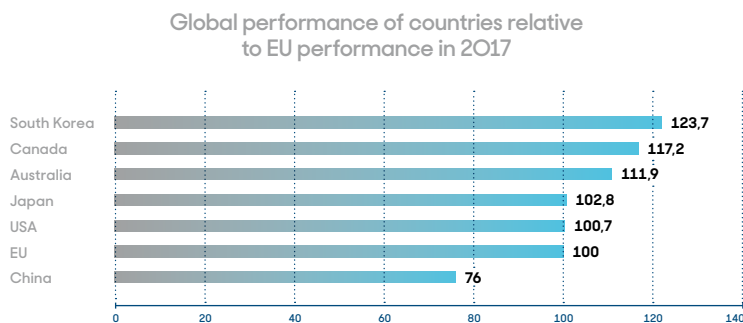


FIG 1: Source: The innovation potential of the EU Budget 2010–2027. Clingendael, January 2019.

As Figure 1 indicates, based on four groups of indicators taken from the European Innovation Scoreboard (2018), the so-called innovation potential of the EU is now the sixth among the key economic competitors in the world.

As far as competitiveness is concerned, there are no EU member states among the first five countries on the IMD 2019 world competitiveness list. There are also no EU member countries among the first six countries in the 2019 World Economic Forum (WEF) list. The seventh is Germany.

Considering the deteriorating competitiveness position of the EU, it is understandable that the new EU leadership again emphasizes the importance of improving the innovative and competitiveness position of the EU.

Large Regional Differences

If we look at regional differences within the EU, we will find that they are considerably large.

On the IMD list, 15 years after enlargement, Slovakia is in the 53rd position out of 62 evaluated countries. Hungary is 47th, Poland is 38th and only the Czech Republic has a better, 33rd position.

On the WEF list, which contains 141 countries, Hungary is 47th, Slovakia is 42nd, Poland 37th and the Czech Republic, again in a slightly better, 32nd position. The differences within the EU are also demonstrated on the EU Innovation Scoreboard 2019, on which, among the 28 countries the Czech Republic is 14th, Slovakia is only 22nd, Hungary 23rd and Poland 25th.

1) The Europe 2020 Competitiveness Report: Building a More Competitive Europe. 2012. World Economic Forum

2) Ketels, Ch., Porter M.E: Towards a New Approach for Upgrading Europe's Competitiveness. Working Paper 19-033. Harvard Business School. 2018.

3) Germany's Economy. Angela in Wunderland. 3 February 2011. The Economist

Considering the deteriorating competitiveness position of the EU, it is understandable that the new EU leadership again emphasizes the importance of improving the innovative and competitiveness position of the EU, and is determined to allocate more resources to achieve these objectives. There is no discussion, however, about how this shift can be achieved without decreasing the great differences among member countries.

The two key conclusions can be that amore balanced regional development is required to improve the general competitiveness and innovativeness of the EU and in achieving this corporations should play a decisive role.

The WEF¹ warns the EU the following way:

- There is a sense of urgency and scale to undertake the necessary investments and implement the necessary reforms to boost competitiveness and avoid a lost decade for Europe.
- A competitiveness divide exists in the EU. The likely result will be a lack of sufficient economic and social convergence across member countries.

Ketels and Porter² also point out the problems of regional differences, and—as one practical way to solve the problem—emphasize the importance of microeconomic and firm level innovation.

They say: “The competitiveness priorities set at the EU level are right on average, but wrong for every individual European region and country. The central competitiveness challenge European countries and regions are facing is microeconomic: what is needed, is strengthening the fundamental drivers of firm level productivity and innovation.”

The Differences Are Striking

The two key conclusions can be that a more balanced regional development is required to improve the general competitiveness and innovativeness of the EU and in achieving this corporations should play a decisive role.

Let’s see now how corporations perform in terms of innovativeness in the developed and less developed countries of the EU. It is especially important to analyze the performance of foreign controlled businesses, as they—as can be seen in Figure 2.—, dominate the economies of the less

Share of value added by foreign controlled enterprises in the nonfinancial business economy

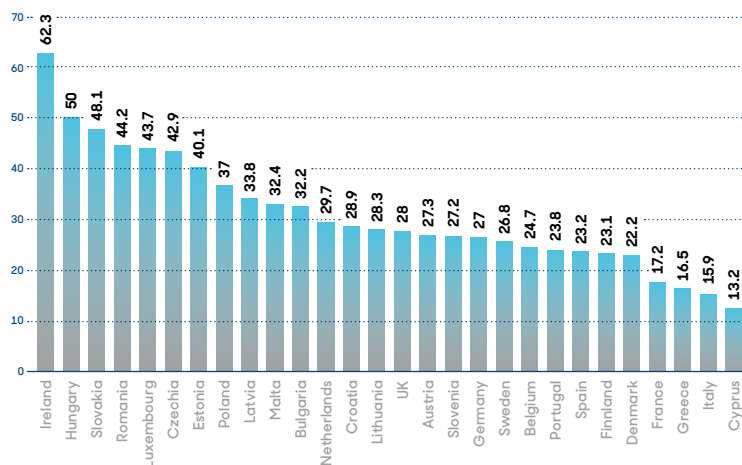


FIG 2: 2017 (%). Source: Eurostat

developed countries in terms of value added. Value added is an important macro indicator, as it shows how much new value is created in an economy in a given time period.

Foreign owned businesses—for statistical purposes called foreign affiliates—are considered to be enterprises resident in one country which are controlled by a unit resident in another. (Eurostat).

Country	R&D expenditure in VA (%)					R&D employment in total (%)				
	2009	2011	2013	2015	2017	2009	2011	2013	2015	2017
Bulgaria	0.1	0.2	0.4	0.9	0.6	0.1	0.1	0.2	0.5	0.5
Czechia	3.5	4.1	3.3	2.8	3.4	1.5	1.6	1.9	1.8	1.9
Hungary	2.1	2.1	2.5	2.0	2.2	1.3	1.6	1.9	1.5	1.6
Poland	0.9	0.8	1.4	1.5	2.2	0.5	0.8	1.0	1.1	1.8
Romania	0.8	0.8	0.7	1.1	1.1	0.4	0.3	0.3	0.5	0.5
Slovakia	1.6	1.5	-	1.6	2.5	0.4	0.7	-	1.0	1.1
Austria	14.7	11.6	13.6	13.4	14.0	8.6	8.6	9.0	9.7	10.2
Denmark	-	-	8.5	6.4	7.8	-	-	4.8	4.6	6.9
Germany	9.4	10.4	12.5	9.8	7.0	6.0	7.4	7.8	6.8	7.0

TABLE 1: Share of R&D expenditure in value added (VA), and R&D employment in the number of persons employed in manufacturing in foreign controlled enterprises (%). Source: Eurostat

A dominating value can be seen in Figure 2 added by foreign controlled companies in the less developed countries, among them the V4 countries. This reinforces the argument that foreign controlled companies could contribute to the innovative performance of these countries by investing in local innovation and knowledge creation.

The two most important indicators, measuring the innovative performance of businesses are the share of R&D expenditure in their value added (VA), and their R&D employment as a percentage of the number of all persons employed. Table 1 demonstrates these numbers in 6 less developed and 3 developed countries in the most important economic sector, which dominates industry in all these countries: manufacturing.

Although some data are missing, it is nevertheless evident that the differences among the developed and less developed countries are striking. The best performing country from the less developed region is the Czech Republic, which is clearly mirrored in its innovation and competitiveness rankings. We could argue that this is obviously an indication that business innovativeness is a key for national innovativeness, and based on that for competitiveness, as well. R&D and innovation are also a key force behind productivity, which—in turn—leads to higher wages.

Apparent labor productivity measures value added per employee. It is a very objective and important indicator especially for those countries which are the homes of foreign value chains, because it clearly indicates the locally

The apparent labor productivity of foreign controlled businesses in the same countries.

Country	2010	2011	2012	2013	2014	2015	2016	2017
Bulgaria	13.0	15.6	15.2	14.4	15.3	18.8	21.9	23.0
Czechia	34.9	36.0	36.1	37.2	39.3	40.3	41.2	42.1
Hungary	36.6	39.2	37.2	39.4	41.8	43.7	40.8	43.4
Poland	34.4	37.1	33.1	35.5	35.3	35.7	35.4	37.7
Romania	15.6	16.6	16.0	16.6	17.5	17.6	18.9	20.3
Slovakia	30.4	28.5	28.6	31.8	34.8	39.2	37.8	38.5
Austria	100.4	102.0	99.5	97.3	102.1	105.1	109.7	107.8
Denmark	95.7	74.9	79.7	78.9	73.1	78.8	99.8	104.2
Germany	109.1	89.2	83.3	82.5	86.0	90.1	118.8	132.1

TABLE 2: Apparent labor productivity in foreign controlled enterprises in manufacturing (thousand euro)

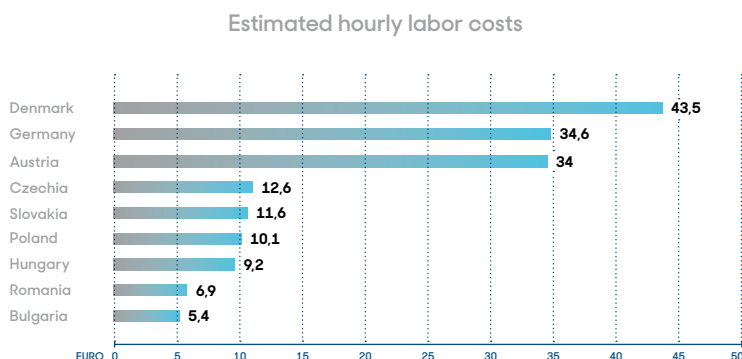


FIG 3: Year 2019. Source: Eurostat

produced new value. This is also an important indicator from the local wage levels perspective, because wages are elements of value added.

Table 2 indicates the tremendous differences among the more and less developed countries in terms of productivity which is strongly influenced by R&D investments and R&D employment. These numbers explain the fact that as the typical operations of foreign controlled companies in manufacturing of the less developed countries are assembly operations which help optimize the costs of these companies, they can not contribute to improving competitiveness based on knowledge and innovation in the host countries. They also do not support social convergence in the EU, as keeping labor costs low means lower wages. This is demonstrated in Figure 3.

The EU is not only an Economic System

To sum up the arguments based on the facts, the EU indeed strongly needs improvement in its competitiveness and innovation performance. This cannot be achieved, however, without addressing the problems of regional and country differences. How can this be achieved when the business interests of the strong Western European companies is to minimize labor costs by locating the lowest value added activities to the less developed 'Eastern' countries?

*The Economist*³ expressed this phenomenon the following way in 2011:

"What is Germany's secret? Germany has a cheaper-labor hinterland right on its doorstep in Central Europe that has helped companies raise efficiency and hold down pay." It is obviously not only the German companies which

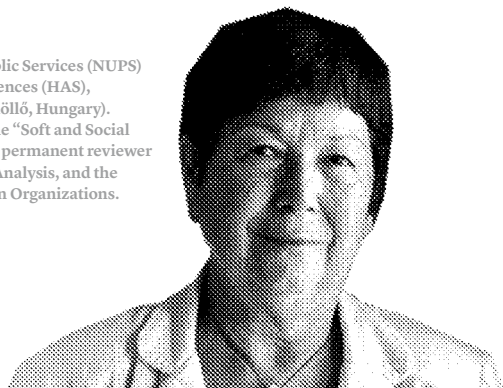
are present in the manufacturing sector of the less developed countries, but they are definitely dominant in the key manufacturing sector: the production of motor vehicles and parts. Innovation is identified as a crucial driver of productivity, competitiveness and economic growth, as well as a key means of addressing societal challenges. Improving the competitiveness of strong Western companies by minimizing costs in their operations in the less developed countries will not help improve the competitiveness of the EU. The EU is not only an economic, but also a social system. At least it should be. Therefore the economic and social future of the EU is strongly dependent on the success of the less developed countries. Otherwise, the entire system cannot be balanced and successful. The key question is then the following: how can the individual business interests, the cost optimizing drive of global value chains better serve the system level success of the EU? How can this cost optimization drive be harmonized with the need for innovation based economic and social convergence among all the EU member states? How could the capabilities of employees in the less developed countries be better utilized in better, more knowledge-based jobs for stronger local value-added creation and better living standards?

Improving the competitiveness of strong Western companies by minimizing costs in their operations in the less developed countries will not help improve the competitiveness of the EU.

These questions also should be investigated in the process of creating the new industrial and social policy and the new seven year EU budget.

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A Rainy Night in Georgia

ASPEN.REVIEW
ALEXANDER KAFFKA

ECONOMY
GEORGIA
HYBRID DEMOCRACY

If the 'Anna Karenina principle' could be applied to states, it would sound as follows: All the full democracies are alike, but every hybrid democracy is hybrid in its own way.

After 2004's *Rose Revolution* led by Mikheil Saakashvili, Georgia won the admiration of the international community as it went from the brink of a failed state to an exemplary leader of democracy and successful market reforms. Other post-Soviet nations looked with much excitement at what appeared to be a fantastic achievement in combating corruption at all levels, unthinkable in their own countries. Digitalization of government services brought online convenience to every household, placing Georgia in the world's top countries in terms of its ease in doing business, and in fact even becoming an exportable know-how.

Once a frontrunner of democracy, however, Georgia has lost its leading position. The pace of reforms has been slowing down since 2012, when the opposition took power, reconfirmed at 2018's presidential election when Saakashvili's party lost in the second round, but refused to recognize the election results. The outgoing president himself expressed concern about the "sharp drop of democratic standards" during the runoff. The election monitors noticed the "negative character of the campaign".

According to the latest Democracy Index published by the Economist Intelligence Unit (EIU) in January 2020, Georgia dropped to 89th place globally, being outperformed by neighboring Armenia. With a score of 5.42 out of a total of 10, Georgia remains in the category of ‘hybrid regimes.’ And a recent sociological poll shows that 59 percent of Georgians do not believe Georgia is a democracy at all, which is a significant increase since one year ago. According to the same poll, Georgians increasingly believe the country is moving in the wrong direction, the state of the economy is poor, and the government’s performance is worsening. In 2019, political problems resulted in public protests in downtown Tbilisi, leaving barricades around the Parliament building. Members of the US Congress have been bombarding the current Georgian government with letters in recent months. Not to forget the economic side: the rate of national currency lari to the US dollar fell from 1.6 in 2012 to almost 3.0 in 2019, depleting by half the purchasing power in the import-dominated consumer market. Going back to Leo Tolstoy’s classic novel, “everything was in confusion”.

Surrounded mostly by non-Christian peoples, the Georgians had to nourish their Christian values, which became an indispensable part of their national identity—still very vivid and widely reflected in present life.

A Division Line between the East and West

While attempting to comprehend the facts, it may be useful to look into psychological factors. Disclaimer: This is by no means an exhaustive analysis, but just some feed for thought.

Georgia is a country, which rarely leaves a foreign guest unimpressed. It is so intensely colorful in all its manifestations—including people, nature, and culture—that even a short visit makes a wow-effect. Most visitors will keep in memory the unparalleled hospitality, breathtaking natural and historical beauties, sophisticated culture and the arts, excellent and affordable food and wine (not necessarily in that order).

I would like to throw some additional colors to this palette. Georgia has a rich and long history, being one of the world’s oldest Christian countries capable of surviving through centuries under constant pressure from stronger and hostile neighbors, and preserving its identity including a unique

language and ancient alphabet. Being sandwiched between Europe and Asia, Georgia has always been at the division line of East and West—geographically as well as mentally. Surrounded mostly by non-Christian peoples, the Georgians had to nourish their Christian values, which became an indispensable part of their national identity—still very vivid and widely reflected in present life. At the same time, the need for survival required perfection in negotiating skills, capabilities to understand and balance the oriental and Western ways.

In today's Georgia, the feeling of being an integral part of Europe is vividly reflected by the fundamental public consensus regarding strategic engagement with the Western world.

Centuries-old traditions have direct implications for today's life: from a Byzantine approach to politics to conservative LGBT attitudes. And the level of trust in the Georgian Orthodox Church is about twice as much as that of the government.

A Strictly European Self-identification

The Georgians assimilated the widest possible multiculturalism a long time before it became mainstream in the West. Tbilisi is one of few capitals which could proudly demonstrate the peaceful coexistence of Orthodox, Armenian, Jewish, Muslim, Catholic, Protestant, Greek, Kurd and Yazidi communities with their churches, synagogues, mosques and temples mixed comfortably in the city center. Even an ancient Zoroastrian temple can be found in the Tbilisi old city, to say nothing about a range of cathedrals from German to Russian.

While tolerance for other cultures is therefore part of the Georgian genocode, the self-identification of Georgians has remained strictly European. In this sense, it appears quite different from the self-identification of many other post-Soviet societies, including Russian. This “I’m Georgian, and therefore I’m European” feeling (in the words of the late Prime Minister Zurab Zhvania) is also rooted deeply in the Georgian mentality, dating back perhaps to ancient times. Every Georgian is aware of the legend about the Argonauts, where part of today’s Georgia called Colchis became the destination of the mythological hero Jason in his quest for the Golden Fleece.

When Georgia became part of the Russian Empire in the eighteenth century, the Georgian nobility began to merge with the Russian aristocracy in a natural way, being treated as equals throughout Europe without signs of a small nation's inferiority complex (in contrast to arguments about Georgia being an occupied and oppressed colony). Even the royalties of Russia and Georgia—descendants of the Romanov and Bagrationi royal houses—are in fact connected by blood. Vice versa, Georgia was considered part of Europe by foreign visitors, including, for example, the writer Alexandre Dumas, who admired Tbilisi's theatre built by the Italian Giovanni Scudieri.

In contrast to nations, whose well-being has been going from low to high, Georgia remembers the times when it was one of the richest and most prosperous regions of the Soviet Union.

In today's Georgia, the feeling of being an integral part of Europe is vividly reflected by the fundamental public consensus regarding strategic engagement with the Western world (according to 2019's NDI's poll, 77% of the population approves the goal to join the European Union, while 74% support membership in NATO). It is also at the root, however, of a perhaps less realistic expectation of a quick and effortless integration into European institutions. The lack of progress in the European accession process is a constant source of public disappointment.

The Income of Georgia Depends Directly on Relations with Russia

One more factor, which I believe is important for understanding the larger picture, is people's perception of the current economic conditions. Georgians are not used to living in a poor country. In contrast to nations, whose well-being has been going from low to high, Georgia remembers the times when it was one of the richest and most prosperous regions of the Soviet Union. To illustrate, I quote two parameters most commonly associated with wealth in a socialist world: ownership of a car, and size of dwelling space. If we look into such a vital parameter as housing, in square meters per person, we see Georgia in first place among the 15 Soviet republics. According to the 1988 census results, before the collapse of the USSR, an average Georgian owned 20 square meters, and this was more room per person

than anywhere else in the country. By number of privately owned cars per 1000 people, Georgia in 1988 was in fourth place, being outperformed by the Baltic republics only. Therefore, the residents of Georgia felt considerably better off in comparison to the average Soviets, while the privileges of a sunny and mild climate, beautiful nature, and an abundance of luxury resorts added even more to the self-esteem of the nation, making Georgia a much desired and prestigious destination.

Today in Georgia, however, people have to adapt to a much more modest lifestyle, with a pension rate of approximately 64 EUR (200 lari), and an average monthly salary at 350 EUR (1092 lari) level; the once fashionable car fleet is now the oldest in Europe. It is not surprising therefore that such an adaptation is accompanied by deferred psychological consequences, and eventually may lead to serious stress. At the end of 2019, the illusory promise for a better life in future was cut abruptly by the leader of the ruling Georgian Dream party (and the de facto leader of the country) Bidzina Ivanishvili, who suggested to his compatriots to seek employment abroad: “It needs decades to employ everyone in our homeland... We can negotiate with the developed European countries... to fill the gap that Europeans have. Europeans have jobs, they lack a labour force, we do not have jobs”. Ironically, the Georgian Dream offered broken dreams to a nation with habits for luxury.

The fundamental problem of the breakaway territories of Abkhazia and South Ossetia, recognized by Russia as sovereign states, is in a constant stalemate with little if any diplomatic perspective.

The fundamental problem of the breakaway territories of Abkhazia and South Ossetia, recognized by Russia as sovereign states, is in a constant stalemate with little if any diplomatic perspective. What makes the problem even more sensitive is the fact that Russia still remains the major trade partner of Georgia—as the largest source of tourists and the main export destination for Georgian wine. The income of a large part of Georgian families therefore depends directly on the state of relations with its northern neighbour, and this leverage tool was also put to use in 2019, when Russia banned all passenger flights to and from Georgia (the ban is still in force at the time of writing), cutting the tourist influx and leaving many small and medium business owners without clients. Russia’s move was provoked by a scandal with

a member of Russian Duma member during an inter-parliamentary event hosted by Georgia, when he was offered a chairman's seat in the Parliament building in Tbilisi. The scandal was the last drop for street protests to start spilling over. The government reacted by unexpectedly brutal use of rubber bullets, which resulted in the blinding of two people.

Economic Slowdown and the Worsening of the Business Atmosphere

In the wake of street protests in the summer, the government promised to enact the constitutional amendments demanded by the opposition, which were about moving Georgia to fully proportional representation from the current mixed system, with almost half of the MPs coming from single-mandate majoritarian districts. The reform was scheduled for 2024, but the activists wanted to bring it forward by four years, to come in force before the upcoming parliamentary elections in October 2020. The bill on reform failed to pass at the first hearing, however, in November 2019. This caused serious doubts about the perspectives of democracy in Georgia, raising many brows even among Georgia's friends and partners, and infuriating its citizens, who felt deceived and resumed street protests in Tbilisi.

As a result, the number of Georgians who evaluate the current government's performance as 'bad' has increased from 49% in March 2018 to 64% in November 2019; only 37% trust the parliament. According to EIU's 'Functioning of government' Index, the score of Georgia is just 3.21 out of 10, while the score of neighboring Armenia is 5.36. As mentioned above, this resulted in sliding Georgia's overall position in Democracy Index from the region's highest to second place after Armenia.

A Georgian paradox became visible: the centuries-old European aspiration of the nation came into contradiction with equally old Byzantine political traditions.

These developments coincided with an economic slowdown and the worsening of the business atmosphere, making Georgia less attractive to foreign investors. "Unfortunately, American and European companies have suffered harassment, causing many to reconsider their business ventures," reads a recent letter from a U.S. congressman to the Georgian Prime Minister. A major Black Sea deep port project in Anaklia was recently suspended.

A number of factors therefore overlapped in 2019. Fundamental economic and political problems were aggravated by the shortsighted behaviour of politicians, and sparked public protests against a background of general dissatisfaction, accumulated over several years. A Georgian paradox became visible: the centuries-old European aspiration of the nation came into contradiction with equally old Byzantine political traditions.

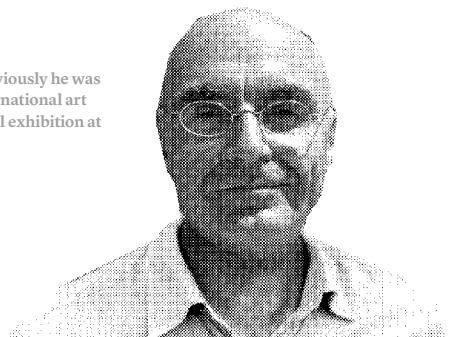
To put things in a correct global context, it should be noted that Georgia's situation is to some extent a reflection of a global tendency, something that the EIU called "a year of democratic setbacks": "Eastern Europe's democratic malaise persists amid a weak political culture, difficulties in safeguarding the rule of law, endemic corruption, a rejection by some countries of 'liberal' democratic values, and a preference for 'strongmen' who bypass political institutions, all of which creates a weak foundation for democracy."

It is not my intention to criticize and attach labels, which would be easy to do if I was a cold-blooded outsider, but it is not my case. Georgia is my native country, I love it, and I came back here several years ago to contribute my professional experiences to its success. I am only attempting to put the latest developments in a broader cultural and political context.

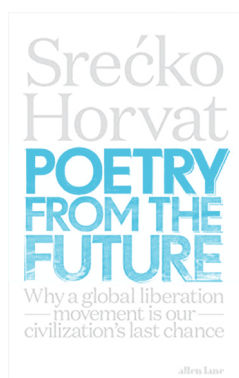
It has become commonplace for the authors of articles on Georgia to play with the jazz song *Georgia on My Mind*. Keeping up the tradition, for this article I used the name of another jazz standard, which seems to better reflect a turbulent and difficult moment. I keep Georgia, however, on my mind and hope for a sunny and democratic dawn, long expected and very much deserved by the nation.

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Fantasy Island



Poetry from the Future: Why a Global Liberation Movement is Our Civilization's Last Chance

Srećko Horvat

Allen Lane, 192 pp, 2019

The American intellectual and journalist Walter Lippmann opened his 1922 book *Public Opinion* with a story about an island. It's the year 1914 and Lippmann's fictional island is populated by English, French and German settlers. News from the mainland arrives just once every 60 days with a steamboat delivering supplies. As the boat approaches, the islanders gather on the dock, only to find that their countries have already been at war for a full six weeks. Friends and neighbors morph into potential enemies from one second to the next.

Lippmann uses the anecdote to show that gaps between perception and reality are inevitable. People consume information, synthesize it with their previous understanding of the world and develop what he calls

a pseudo-environment—a picture in their head that they interpret as reality. When new information is added, that image is altered. Even when a person receives accurate information about the world, and then honestly interprets that information, the picture they form is outdated even before they can create it. While today the delay receiving information is rarely 60 days, and may only be 60 seconds, there is nonetheless always a lag between when something occurs, when somebody finds out it occurs and, finally, when a person merges that new information with their pre-existing interpretation of the world.

Horvat argues, Europe is not under military occupation, but the West nonetheless suffers from a “psychical occupation of our emotions, desires and imagination, drowning in the melancholy and pessimism of the will.”

In his latest book, *Poetry from the Future*, the 37-year-old Croatian writer and philosopher Srećko Horvat also begins with a story about an island. His is set in the spring of 1944, when much of Europe is still occupied by the Nazis. With the Normandy invasion still months away, the first ever BBC radio broadcast from liberated territory trickles out from the Croatian island of Vis. Before the broadcast, the German army seemed invincible. To the public, at least, there was no evidence that Allied armies could retake and hold land seized by the Nazis. Even the most optimistic listeners felt wary about Britain’s prospects in the War. But after the broadcast, within seconds, they are capable of envisioning a future where the whole continent is liberated. As in Lippmann’s story, nothing and everything changes from one second to the next.

Both tales are about how perception can bend time—allowing the past to catch up to the present or the present to project into the future. Today, Horvat argues, Europe is not under military occupation, but the West nonetheless suffers from a “psychical occupation of our emotions, desires and imagination, drowning in the melancholy and pessimism of the will.”

“Our current occupation consists in the widespread sense—or even reality—that there is no alternative, and ultimately, that there is no future,” he continues. The first step to remedying this is to encounter glimpses of what could be, or as Lippmann once put it: “The world that we have to deal with politically is out of reach, out of sight, out of mind. It has to be explored, reported, and imagined.”

The Progressive Left is Defeatist and Backward-looking

Horvat is cut from different political cloth than Lippmann, an avowed liberal. Though they approach their subject matters from opposite perspectives, they are both preoccupied with the manner mass democracy might solve societal problems. Horvat's title alludes to Karl Marx's 1852 essay "The Eighteenth Brumaire of Louis Bonaparte" which reads: "The social revolution of the 19th century cannot take its poetry from the past but only from the future. It cannot begin with itself until it has stripped away all superstition about the past."

In general terms, Horvat argues that today's progressive left is defeatist and backward-looking. Lacking new ideas, leftists revert to regurgitating twentieth century social democratic dogma, while tinkering at the edges of capitalism through taxation. They are content with any minor gain in reconstructing a piece of the welfare state that dominant neoliberal policies have crippled and degraded over the past 30 or so years. Something new and much more forward looking is needed, he says, while decrying the "false dichotomy of the choice presented to us between neoliberalism and fascism". Politics need not be reduced to a choice between Hillary Clinton and Donald Trump.

Instead, his Yugoslav roots on full display, Horvat argues we need a "rebooted non-aligned movement" that focuses on "the struggle against all forms of occupation and domination by capital". In charting this future vision, he uses real world anecdotes from the Croatian island of Vis, rural Catalonia, the G20 summit in Hamburg and elsewhere as glimpses of potentiality. These snapshots of what is possible are mixed with philosophical asides that use, in a style that evokes the Slovenian philosopher Slavoj Žižek (the two once co-wrote a book together), pop culture references to illustrate complex points. Films like *The Circle*, HBO television series like *The New Pope* and *The Leftovers* and Margaret Atwood's novel-cum-TV show *The Handmaid's Tale* are deployed as metaphoric material.

A Radical Transformation in Temporality

This combination makes what could otherwise be a heavy text light on jargon and readable, allowing Horvat to largely avoid academic vocabulary. In cases where the terminology gets dense he is able to explain himself clearly. Horvat uses the term fetishistic denialism to refer to people who are willing to ignore the threats posed by global warming or potential nuclear war and go on living as if nothing is wrong. Meanwhile, fetishistic apocalypticism is

the phenomenon which sees billionaires seeking citizenship in New Zealand or constructing elaborate bunkers to hedge against future unrest. While the two approaches may appear polar opposites on the surface (one passive, and the other action oriented), both exemplify the pessimism of our times in that they concede nothing can be done to change the future.

Serious as the topics in books are, Horvat does not take himself too seriously on the page. Enthusiasm for the subject shines through and his writing comes off as optimistic even as it is cast against a tragicomic backdrop that one is tempted to call style or voice. And yet Horvat is not fully immune to the occasional lapse into leftist tropes of his own. He visits a commune in Catalonia that grows organic food, hosts tourists in its farmhouse and stages “jam session” music parties (sound familiar?) and tries to pass it off as some kind of innovation (these communards are into blockchain technology and crypto currencies).

Lacking new ideas, leftists revert to regurgitating twentieth century social democratic dogma, while tinkering at the edges of capitalism through taxation.

Horvat contends that such communes represent a “radical transformation in temporality” in that they are initiating radical change now rather than waiting, as the left has so often done, for perfect revolutionary conditions that never come. While this commune sounds a lot like escapism rather than a serious effort to impact the wider world, Horvat goes on to say further transformation will come from the “multiplication of communes, proliferating everywhere, in every factory, every school, every street, every village, every city, block by block, forming a network, a web of connections”. In other words, someday, someday, in the future, eventually, when the time is right, the revolution is coming—you’ll see.

The Pop Culture References Feel Gratuitous

While generally engaging, through provoking and successful in confronting political melancholia, the book has a few other lapses as well. The pop culture references are great for illustrating complex points, but on occasion they feel gratuitous. A traffic jam on the way to Barcelona evokes Jean-Luc Godard’s film *Weekend*. Excellent as the film is, the reference feels like a performative display of cinephilic credentials. *Weekend* is about a middle-class couple

trying to acquire an inheritance from the wife's sickly father. Godard's characters encounter the reincarnated spirits of Emily Brontë and Sant-Just and are later cannibalized. Other than cars, it is hard to find parallels with Horvat's one paragraph reference to the traffic jam, and he doesn't bother to explain. He has another commune to visit after all.

Along with former Greek Finance Minister Yanis Varoufakis, Horvat is one of the founders of the Democracy in Europe Movement (DIEM25). Among other big ideas, they push for a pan-European approach to European politics. In a world where European elections amount to a mash up of national elections, where Europeans who do vote tend to use their ballot to protest against some element of domestic politics, this feels entirely reasonable and necessary.

Fetishistic apocalypticism is the phenomenon which sees billionaires seeking citizenship in New Zealand or constructing elaborate bunkers to hedge against future unrest.

But other DIEM25 contradictions come through in Horvat's discussion. Both the author and the political movement wave the flag of internationalist solidarity but also insist that supporting democracy equates supporting the Catalan independence movement—an extreme, fantastical, nationalist project. Meanwhile, DIEM25's same insistence on self determination and popular sovereignty does not preclude them from defending Julian Assange, who knowingly cooperated with the authoritarian Russian government to intercede in the 2016 American election with the intent of altering the outcome.

Political and Social Change Requires Horizontal and Vertical Organization

This creates some confusion over what exactly Horvat means when he speaks about democracy. While elections are not the only element of a democracy, they are surely a necessary part. Horvat is advocating organizations constructed outside the bounds of government and the nation-state, because “there are not that many progressive governments, yet”. But less clear are the means by which those organizations are granted legitimacy. It's as if public support for such movements is inherent because, somehow, Horvat just knows what people really want. He never bothers to explain the “why” promised by the book's subtitle: “Why a Global Liberation Movement is Our Civilization's Last Chance”. Instead, it's taken as a given.

Though Horvat would vehemently insist otherwise this makes his, and DIEM25's, position close to the aforementioned Walter Lippmann who contended that governance was best organized by "a specialized class whose interests reach beyond the locality."

Any successful radical leftist project must blend broad support with hierarchy. In the past, he rightly notes, activist movements like Occupy Wall Street fizzled and have—thus far—failed to foment lasting change.

Horvat concludes his book arguing that political and social change requires both horizontal and vertical organization. Any successful radical leftist project must blend broad support with hierarchy. In the past, he rightly notes, activist movements like Occupy Wall Street fizzled and have—thus far—failed to foment lasting change because they lacked coordination, leadership and management. In short, they were horizontal but not vertical. "Long-term geopolitical, social and economic solutions can be achieved only by a mutually interconnected movement with a leadership structure at all levels: local, national, international," he writes in a passage that is difficult to disagree with.

"There are no islands anymore," Horvat adds, before returning to a story about the island of Vis. Once an optimistic projection of a liberated Europe to come, it is now overrun by tourists and served as the filming location for the 2018 film "Mamma Mia! Here We Go Again".

Only a Trump sequel could be worse.

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'Translating' Dissidentism



Dissidents in Communist Central Europe: Human Rights and the Emergence of New Transnational Actors

Kacper Szulecki

Palgrave Macmillan, 2019, pp. 242

The history and meaning of dissidence have acquired new importance. The year 2019 has been dubbed 'the year of the street protester' as mass demonstrations erupted across the globe, including in Hong Kong, Georgia, Russia, Chile, Argentina, Lebanon, Sudan and many other places.¹ Some have compared 2019 to 1968, while others have compared it to the 1980s.² Street protest is different from what we typically understand as dissidence. Dissidents rarely go to the streets. They are a different type of oppositional figure defined by their intellectual status, marginalization in larger society, and the power of the written word. Yet as global challenges to democracy unfold, the questions of how to counter anti-democratic regimes come to the forefront. What does dissent mean? And how did the dissident figure come about?

These questions are at the heart of Szulecki's compelling book on *Dissidents in Communist Central Europe: Human Rights and the Emergence of New Transnational Actors*. As the author explains, dissidents are not assigned to any specific national context, but can typically be found in states with repressive regimes such as China, Russia and Iran. But how did we come to understand the dissidents as transnational actors? As Szulecki explains, the roots of today's concept of the dissident goes back to Communist Central Europe and the distinct ways in which dissidents interacted with international audiences.

'Dissidence' has had an ambivalent meaning in American and European discourses. The term originated as a religious concept to describe those who 'dissented' from the dominant doctrine.

Focusing on Poland, former Czechoslovakia, and Hungary (with some discussion of the GDR and the Soviet Union), Szulecki offers a fresh perspective on dissidents. He is not interested in individual biographies or the role of dissidents in bringing down the Communist system. The book instead explores the history and representation of what Václav Havel identified as *dissentstvo* or dissidentism. In other words, Szulecki seeks to establish dissidentism as a category of analysis by taking it out of the "realm of action to that of analysis" (32). In the process, dissidentism emerges as a quintessentially transnational endeavor. Transnationalism, in this case, does not only mean the well-documented cross-border connections among activists from different countries in the region.³ More important, it means the Western imagining of the dissident figure as crucial to how dissidentism originated and functioned. As the author aptly puts it, the dissident figure "can only be understood and analyzed—on the outer frontiers of the West and under its gaze" (6).

Historical Junctures in a New Way

A major strength of the book is that it does not repeat worn-out political narratives of dissident activity. Instead, it looks at historical junctures in a new way to demonstrate the making of dissidents: not only as powerful symbols of "living in truth," but also as transnational figures transmitting a particular perspective on their societies to the world. In other words, Szulecki assembles the building blocks that went into dissidentism and that re-

sulted from an interactive process shaped by the dissidents, the repressive states in which they lived, and the international audiences.

‘Dissidence’ has had an ambivalent meaning in American and European discourses. The term originated as a religious concept to describe those who ‘dissented’ from the dominant doctrine. In the first half of the twentieth century, the meaning of the term shifted to describe internal opposition within the Communist project. Perhaps unsurprisingly, the first individuals (and countries) deemed dissident were rebels against the dominant dogma of Soviet Stalinism. These included the Polish poet Czesław Miłosz, who emigrated to the West in 1951, as well as states that embarked on their own socialist projects such as Albania and Yugoslavia. Havel expressed his distance to dissidence as a primarily Western concept in *Power of the Powerless*. During the 1970s and 1980s in Poland, the more common term to describe the anti-regime activity was ‘opposition’ rather than dissidence, because the latter implied passivity and solitary intellectual work rather than a supposedly superior action and movement (25).

The critical time for the emergence of the dissident figure, according to Szulecki, was the period between the two Eastern European revolutions: that of 1956 in Hungary and 1968 in Czechoslovakia. The efforts to reform Communism during that time created a set of conditions for the dissidents to enter the stage. First, the liberalization of the Thaw eliminated the Stalinist terror machine and allowed for a degree of pluralism within society. Second, the pre-reform opposition within the party voiced alternative ideas of the socialist order. These forces gave rise to what Szulecki considers the first dissident document: The *Open Letter to the Party* penned by Jacek Kuroń and Karol Modzelewski in 1964.

Human Rights as a Unifying Platform for Dissident Groups

The *Open Letter* has recently been rediscovered as an important yet forgotten voice of the oppositional left in Poland.⁴ Debates persist, however, regarding the message and aims of the letter. Did it indeed advocate a new socialist revolution? Or was the *Letter* a discursive device to delegitimize the ideological monopoly of the party? Szulecki does not address these questions, but rather turns to the *Letter* as a breakthrough document that had less to do with ‘reform Communism’ and more with creating the dissident figure and the transnational power of dissidentism. First, Kuroń and Modzelewski established the personi-

fication of dissent by acting in open ways and writing under their own names. Second, the document generated a strong reaction from the domestic leadership, exposing just how threatening leftist dissident ideas were to the Communist regime. Third, the trial of Kuroń and Modzelewski fueled unprecedented international attention. The two authors, who dared criticize the ruling regime in the open, became “internationally recognized prisoners of conscience” (71). Finally, their writing inspired others: it generated more upheaval that culminated in the student demonstrations of March 1968.

For Szulecki, 1968 in Poland and Czechoslovakia was most significant for re-orienting the dissidents from internal leftist challenge to an anti-regime stance. The full-fledged dissidentism did not crystallize, however, until the dissidents in Central Europe found a common language to overcome their own ideological differences. That language emerged in the mid-1970s with the help of the *Final Act of the Helsinki Accords*, in which nearly all European countries (in addition to the United States and Canada), including those from the Eastern bloc, agreed to uphold and respect human rights. The language of human rights provided the much needed unifying platform for diverse dissident groups in the region. In addition, it generated a strong connection between Central European dissidents and the wider Western public by disassociating dissidents of a strictly leftist orientation. Dissidents were now understood as the ‘democratic opposition’. This umbrella term included socialist ‘revisionists’, as well as liberal and conservative groups, all believed to work for upholding human rights against violations by the Communist regimes.

The critical time for the emergence of the dissident figure, according to Szulecki, was the period between the two Eastern European revolutions: that of 1956 in Hungary and 1968 in Czechoslovakia.

A False Picture of the Anti-Communist Opposition in the West

Some of the most fascinating parts of the book are those about the process of ‘translating’ dissidentism to the international public. Travel restrictions and language barriers limited direct contact between Central European dissidents and the Western public. Rather, a number of mediators emerged to communicate and explain the dissident messages at the international forum.

1) Jackson Diehl, “From Hong Kong to Chile. 2019 is the year of the street protester. But why?” *Washington Post*, 27 October 2019, www.washingtonpost.com/opinions/global-opinions/from-hong-kong-to-chile-2019-is-the-year-of-the-street-protester-but-why/2019/10/27/9f79f4c6-f667-11e9-8cf0-4cc99f74d127_story.html Accessed 30 January 2020

2) Robin Wright, “The Story of 2019: Protests in Every Corner of the Globe,” *The New Yorker*, 30 December 2019 www.newyorker.com/news/our-columnists/the-story-of-2019-protests-in-every-corner-of-the-globe Accessed 30 January 2020

3) See, for example, Padraic Kenney, *A Carnival of Revolution: Central Europe 1989* (Princeton: Princeton University Press, 2003).

4) See, for example, Bartłomiej Starnawski, “‘Tu stoję, inaczej nie mogę...’ Wokół Listu Otwartego do Partii oraz pojęcia ‘rewizjonizmu’ w perspektywie analizy retorycznej dyskursu o opozycji politycznej lat 60. w Polsce,” in Katarzyna Chmielewska, Agnieszka Mrozik, and Grzegorz Wołowicz, eds. *Komunizm. Idee i praktyki w Polsce 1944-1989* (Warsaw: IBL, 2018), 377-433; and Michał Siermiński, *Dekada przełomu. Polska lewica opozycyjna, 1968-1980*. Warsaw: Książka i Prasa, 2016.

These included post-1968 emigres such as Jiří Pelikán and Milan Horáček from Czechoslovakia, and Irena Lasota and Irena Grudzińska Gross from Poland, who achieved prominent professional and academic positions in the West. Another group of powerful mediators consisted of Western scholars, foreign correspondents and journalists, who proved instrumental in propelling “the growing authority of dissidents in the West” (138). Through the 1970s, more and more lectures, discussions, exhibitions, and television programming in the West dealt with the dissidents to the extent that some of them became household names. By no means, however, were dissidents universally cheered by Western audiences. Szulecki reminds us about the ambivalent position of prominent politicians such as French President Valéry Giscard d’Estaing, who worried that the Western support for dissidents could interfere with détente. Translating dissidentism thus had one overarching goal: garnering international support for the dissidents.

The full-fledged dissidentism did not crystallize, however, until the dissidents in Central Europe found a common language to overcome their own ideological differences.

It is no surprise that the process of translation contributed to a romanticized image of the dissident that distorted the more complex reality. In particular, the “generalization of the dissident figure,” prominent in Western discourses, created an impression that large groups of people took part in anti-communist activity in their home countries (147). The omnipresent language of human rights, at the same time, not only overshadowed the internal differences within opposition movements, but also generated a false picture of the anti-communist opposition as uniformly committed to democratic values. “That is why strongly nationalist, religious, or other anti-modernist opposition currents,” Szulecki writes, “were not caught by this supposedly ‘catch all’ label” (194). In other words, the ideologies that did not fit the ‘translated’ image of the dissident figure did not make it to the public discourse. This had profound consequences for future politics and for dissidents themselves.

Dissidents with an Aura of Unmatched Heroism

The book closes with a discussion of post-dissident Central Europe and the backlash that dissidents experienced after the fall of Communism. Through the 1970s and 1980s, the strong transnational grounding of dissidentism had

proved to be a double-edged sword. On the one hand, Western publicity helped mitigate the repression against dissidents in their home countries. On the other, it provided ammunition to Communist propaganda to vilify dissidents as “the agents of the West, detached from their native societies” (156). The latter hunted the dissidents long after 1989 as they were often blamed for economic and political shortcomings produced by the painful transition to a free market and parliamentary democracy. In the end, it turned out that their link to wider society was tenuous at best. The societies that the dissidents claimed to represent were divided and did not necessarily subscribe to dissident values such as liberal attitudes or the embracement of human rights. These became especially visible in the resurgence of nationalism in the region. In many ways, dissidents became victims of their own transnational fame.

The book opens compelling questions for further studies. In particular, the different understandings and uses of human rights within the dissident milieus deserve further exploration as they may help understand the recent authoritarian turn in such former strongholds of dissidentism as Poland and Hungary. The instrumental approach to human rights on the part of dissidents (and often their Western advocates) comes across most vividly in the section on *The Absent Women*, in which Szulecki delineates the dominant masculine culture of dissidentism. In their quest for human rights, dissident movements rarely generated a reflection on gender identity. This supports the larger claim of the book that the language of human rights primarily served as a unifying platform for a variety of dissident orientations. Keeping that language vague and unreflective, one may argue, benefited the dissidents’ agenda of avoiding internal friction. This does not mean, however, that we should not analyze what the dissidents actually said and wrote about human rights.

Through the 1970s, more and more lectures, discussions, exhibitions, and television programming in the West dealt with the dissidents to the extent that some of them became household names.

Gender analysis holds a particular potential here. It can expose the gap between the dissidents’ everyday practice and the cultural construction of the dissident figure. As Szulecki notes, although dissidents had often been imagined as solitary figures, in reality, many of them relied on the support

of their wives (the most prominent examples being Olga Havlová and Gaja Kuroń), and other women in how they carried out their dissident activity. Moreover, their Western ‘interpreters’ were aware of the substantial female participation in dissident movements but chose not to include women in their public narratives. As Szulecki notes, foreign correspondents often interviewed female dissidents and obtained important information from them, but they nevertheless tended to report only on prominent male figures.

The notion of totalitarianism underscored the evils of Communism and gave the dissidents an aura of unmatched heroism, but it did little to understand the social and political reality of state socialism.

The book is an inspiring and engaging read. It gives much needed analytical perspective on dissidents. It also prompts us to re-think conventional historical narratives on postwar Central Europe that we have often learned from dissidents. It was the dissidents, for example, who promulgated the idea of ‘totalitarianism’ as an essential characteristic of the states they came from. The notion of totalitarianism underscored the evils of Communism and gave the dissidents an aura of unmatched heroism, but it did little to understand the social and political reality of state socialism. Rather than replicating the dissidents’ perspective, we need to explore how it came about. Szulecki starts this important endeavor. He does so with an utmost scholarly rigor and sensitivity while not diminishing the accomplishments of the courageous men and women, who often put their lives on the line to “live in truth.” It is through such critical assessment and humanization of the dissident figure that we can start learning important lessons for today.

MAŁGORZATA FIDELIS

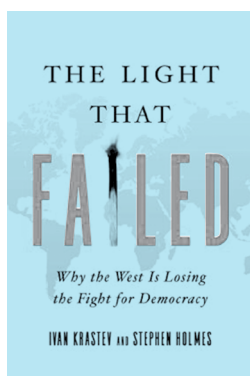
is an associate professor of History and Director of Graduate Studies, University of Illinois at Chicago. Her research focuses on social and cultural issues, particularly everyday life and the relationship between individuals and state power, in post-1945 Eastern Europe. She is the author of *Women, Communism, and Industrialization in Postwar Poland* (Cambridge University Press, 2010), Polish translation, 2015.



The Light that Shines

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JAN SOWA

CULTURE
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The Light that Failed. Why the West Is Losing the Fight for Democracy

Stephen Holmes and Ivan Krastev

New York: Pegasus Books 2019

If you are a person of critical, progressive persuasion, recent political developments give you more than enough reasons to feel frustrated. Liberal consensus is appar-

ently over, yet it has not been replaced by anything that could even remotely fit in the paradigm of Enlightenment. Austerity seems to have been discredited, yet any renaissance of the welfare state is posed to be the domain of the likes of Jarosław Kaczyński or Boris Johnson rather than Bernie Sanders or Jeremy Corbyn. People are revolting against the *status quo* yet few progressive politicians have managed to ride on this wave of popular discontent that favors autocracy over democracy.

The attitude taken by the liberal milieu towards these troubling developments adds a great deal of disappointment to this already somber landscape. It amounts to a mix of disgust, disdain and hurt feelings: not only have the people turned out to be savage and barbarian, but they do not appreciate all the benefits bestowed upon them by the recent decades of liberal hegemony. There is a kind of populophobia growing in liberal minds that tends to explain all disturbing political facts in an equally convenient as unpromising way: bad things are happening, because people are bad. Fascism is on the rise, because people are pigs and if you allow them to behave like pigs that is exactly what they are going to do—as it was once ‘explained’ by a Polish anti-populist liberal ‘activist’.¹ What makes this kind of reaction even more disappointing is its striking contrast with popular belief that liberalism may have a number of downsides, however what it is good at is fighting conservatism and obscurantism. After all, the destruction of authoritarian autocracies and the securing of individual freedoms was supposed to be the bourgeoisie’s political achievement of historical importance. Even Marx believed that. It would be very difficult to uphold that opinion based on the current political situation—the really existing liberalism does not live up to its idealized image.

The global failure of the liberal project is epitomized by a peculiar reversal of what the so-called modernization theories of the last century asserted to be the general direction of universal history.

Not a World-wide Triumph of Liberal Order after 1989

In that rather gloomy landscape, the book written by Ivan Krastev and Stephen Holmes is a genuine ray of light. After well intended, although somewhat underwhelming attempts at giving account of liberalism’s failures—like, for example Mark Lila’s *Once and Future Liberal*—the essay of the US-Bulgarian duo truly opens up a new discursive path towards rethinking contemporary political predicaments. As the Authors admit, it does not aspire to be a full and comprehensive explication of why the West is losing the fight for democracy—as the subtitle states—but it does give genuine insights into what has gone socially and politically wrong in recent decades.

Deconstructing in a witty way the many traps and perils of social and political mimetism, the book examines the post-1989 world in the timeframe of what the Authors call “The Age of Imitation”—the period after the alleged end of history that was supposed to be the era of world-wide triumph of the liberal order. A particular focus is placed on four areas: Eastern Europe (with a separate chapter on Russia), the US and China. It is worth paying attention to the fact that it is precisely in that order that the Authors’ analysis proceeds, starting with populist revolt in the post-Soviet bloc, particularly in Poland and Hungary. It is not because of vanity or narcissism that I underline that fact—the East yields for recognition that it genuinely lacks, however the acknowledgement that it receives in *The Light that Failed* is not of the sort that could kindle any progressive mind.

As the book demonstrates, the global failure of the liberal is epitomized by a peculiar reversal of what the so-called modernization theories of the last century—from Daniel Lerner’s *The Passing of Traditional Society* in the 1950s to Francis Fukuyama’s *The End of History* in the 1990s—asserted to be the general direction of universal history. Not only does the West not lead and the rest does not follow, but rather the contrary is true: if anything it is rather what we may call the (semi)peripheries, the developing countries, the postcolonial world or even the Third World—to use that obsolete etiquette—that now leads revealing a possible future of the West that once believed itself to be the avantgarde of global modernization. It is a phenomenon that I once proposed to call ‘de-modernization’² as it directly reverses the alleged pattern of modernization theories. Thus the post-Soviet Eastern Europe has become a kind of perverse avant-garde that not only refuses to imitate the West, but even provides inspiration for populist revolts in Western, liberal countries. The book by Krastev and Holmes is one of the first ones to give this phenomenon the attention that it requires.

The Need to Try to Explain Populism

As one would expect from a genuine attempt at thinking, *The Light that Failed* does not go only against liberal illusions, but it also shatters fantasies dear to leftist hearts. What many left-wing politicians and commentators believe is that people choose conservative populists over progressive leftists because of some kind of trick that renders the electorate blind to what they are actually voting for. The usual culprit is media manipulation: if only

1) Allow me to spare him embarrassment of quoting him by his name, though the statement was made publicly.

2) See J. Sowa, „The Age of De-modernization”, *Aspen Review Central Europe*, Issue 03/2019; available on-line: www.aspen.review/article/2019/age-de-modernization/ [accessed on 10.02.2020].

3) See W. Reich, *The Mass Psychology of Fascism*, trans. M. B. Higgins, New York: Farrar, Strauss and Giroux 1970.

4) More see D. Ost, *The Defeat of Solidarity: Anger and Politics in Postcommunist Europe*, Ithaca: Cornell University Press, 2005.

the opposition had more access to state media in countries like Poland or Hungary or if private media did not present Corbyn in such a bad light, or if they gave more space to Sanders, people would surely chose openness over closeness and ‘civilization’ over ‘barbarism’. It is a useful fantasy as it allows the Left to maintain the image of noble people and not cross beyond the line of criticizing the working class into the no-go zone of politically incorrect thoughtcrime. The fact that it is, after all, a kind of patronizing attitude that deprives people of genuine agency, attributing all their actions to ideological interpellation, does not seem to matter much to any left-wing defender of working class dignity.

People want populism, knowing what it is, just like they wanted Fascism realizing what it implied. It is not a moral or ethical judgement, it is rather a structural approach.

With every consecutive election that the Left loses—and a lot indicates there will be more of those in 2020—it is more and more difficult to sustain that illusion. A decade ago it might have sounded plausible that as there was no progressive alternative on the horizon, the only possible choice against the liberal mainstream was the one of reactionary conservatism. It does not sound credible, however, that today people do not know that Jeremy Corbyn, Bernie Sanders or Jean-Luc Mélenchon exist and what they stand for. What seems much more likely is that people are perfectly aware that there is a left-wing alternative, however only a smaller minority finds it desirable. Thus we need to approach populism in the very same way that Wilhelm Reich approached Fascism almost a century ago³: not denying the populist desire, but acknowledging it is there and trying to explain it. This is what Krastev and Holmes do.

Some People in Poland Rejected Liberalism at a very Early Stage

People want populism, knowing what it is, just like they wanted Fascism realizing what it implied. It is not—by any means—a moral or ethical judgement, not just a different way of saying that “people are bad so they do bad things”. It is rather a structural approach that takes into account both people’s agency and the fact that in the given structural conditions some solutions seem more desirable and even rational than others. People do make their political choices, but not in the circumstances of their own making. Thus in an environment

of unregulated, free-market capitalism with diminishing support of any welfare state, in conditions of growing precarization and an uncertain future it is logical and rational for people to try to limit competition by making immigration as difficult as possible.

In the social reality of compulsive narcissism created by social media and by ubiquitous politics of identity it is therefore not surprising that people strive to eliminate any competitors to recognition—homosexuals, ethnic minorities or other disadvantaged groups—believing that those groups are stealing their enjoyment. Why would the right-wingers not talk about protecting identity if the left has been doing nothing but that for the last four decades? The conceptual framework of Krastev and Holmes' book allows for these and a similar diagnosis to be articulated thus taking the attempts to grasp the nature of current socio-political predicaments to a new level.

The Authors also acknowledge people's agency when it comes to the transformation of 1989. As the Polish economist Tadeusz Kowalik affirmed on several occasions, the most hardcore model of neoliberal transition was not imposed on Poland forcefully by international institutions, but chosen by the Polish side. It is true that Jeffrey Sachs and David Lipton arrived in Poland in the summer of 1989 with propositions based on radical shock doctrine, however the expected outcome of negotiations with the Polish side was supposed to be some middle way between the radical left-wing program of Solidarity of 1981 and the market-fundamentalist extreme.

Polish opposition intellectuals opted for the most austere option, betraying any notion of class solidarity as well as Solidarity as a trade union.

It was that left-wing solution that the World Bank and International Monetary Fund wanted to avoid. To their great surprise, Polish opposition intellectuals opted for the most austere option, betraying any notion of class solidarity as well as Solidarity as a trade union.⁴ Initially, they had public support, however it also needs to be recognized that this support faded very, very quickly. Already in 1990, Stan Tymiński, an obscure—and proto-populist—candidate in presidential elections gathered 25% of votes. At least some people in Poland rejected liberalism at a very early stage—the Polish populist revolt is not a post-2008 phenomenon nor did it come to existence during the so-called first PiS government in 2005-07. It has been there for a long time as a gloomy reverse of neoliberal capitalism.

The Liberal Emperor is Naked

That important fact points to what is maybe the weakest side of Krastev and Holmes' book: a lack of class analysis and their predilection to reasoning in big hypostatical terms: 'societies' chose, 'countries' decide, etc. Not that it discredits the conclusions—it just makes mechanisms of what has been going on more difficult to grasp. Take one of the most important factors of the populist uprising: xenophobia and the anti-immigration stance. It is not a ubiquitous position, however, neither is support for it randomly distributed in the population. One can clearly see that upper classes are much more favorable to immigration and multiculturalism than the lower ones. It is not a 0-1 division, however, a clear correlation between openness and class position is obviously there. It is not a major intellectual challenge to explain it: the less you are likely to enter into a direct competition with a migrant when it comes to getting a job, renting an apartment or obtaining welfare benefits, the more eagerly you will support immigration. I am in favor of making, for example, borders as permeable as possible, however what is the risk of an immigrant claiming my job due to their lower material expectations (readiness to accept a lower salary)? It may not be zero, however, it is such an unlikely scenario that it is negligible. Being open and ethically correct comes at no cost for me, on the contrary—immigrants bringing their food, their dress and their customs make my *lebenswelt* more diverse and colorful. (Obviously, I do not believe in any fundamental threat of Islamism—the only dangerous minority are the rich.)

This problem goes even deeper: technically the middle class does not participate in national identity to a lesser degree than the lower classes do. I am not less Polish than a PiS voter from the Polish countryside: I carry the same passport, I speak the same language, I was raised with the same books and movies, I was even brought up to be Catholic just like them. Why then am I – similarly to other people like me—not obsessed with defending my national identity at any cost? Well, due to a different class situation, namely to the fact that I do have many other things apart from my national identity—both cultural and material capital that allows me to distance myself from being just Polish and appreciate other things. For vast segments of societies, their national and religious identity along with their families are the only instances of community that are left after neoliberalism destroyed

all forms of collective structures, especially the ones of class and a trade union. That is why before we expect people to be less attached to their primordial identities, we have to make sure there are progressive forms of community that they can belong to.

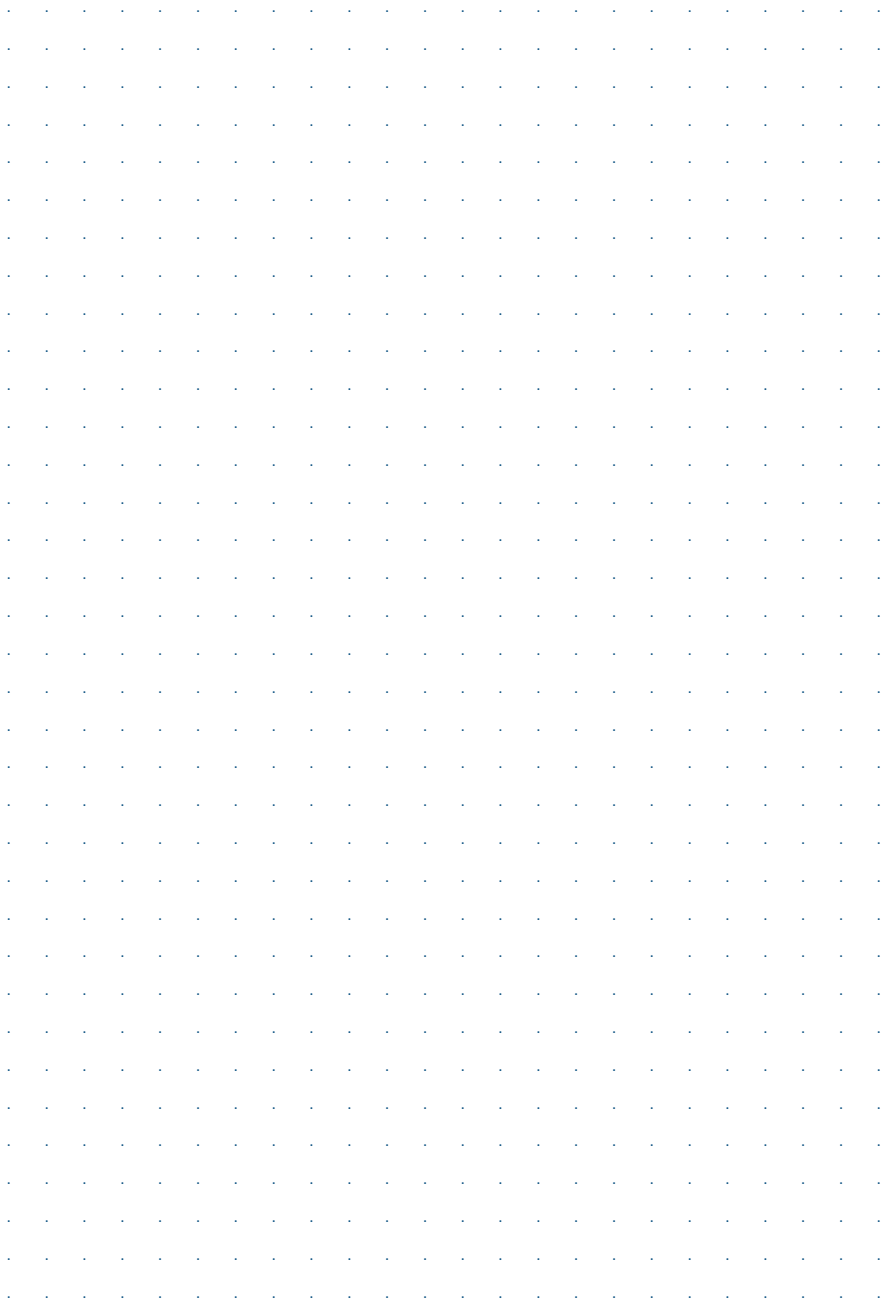
For vast segments of societies, their national and religious identity along with their families are the only instances of community that are left after neoliberalism destroyed all forms of collective structures.

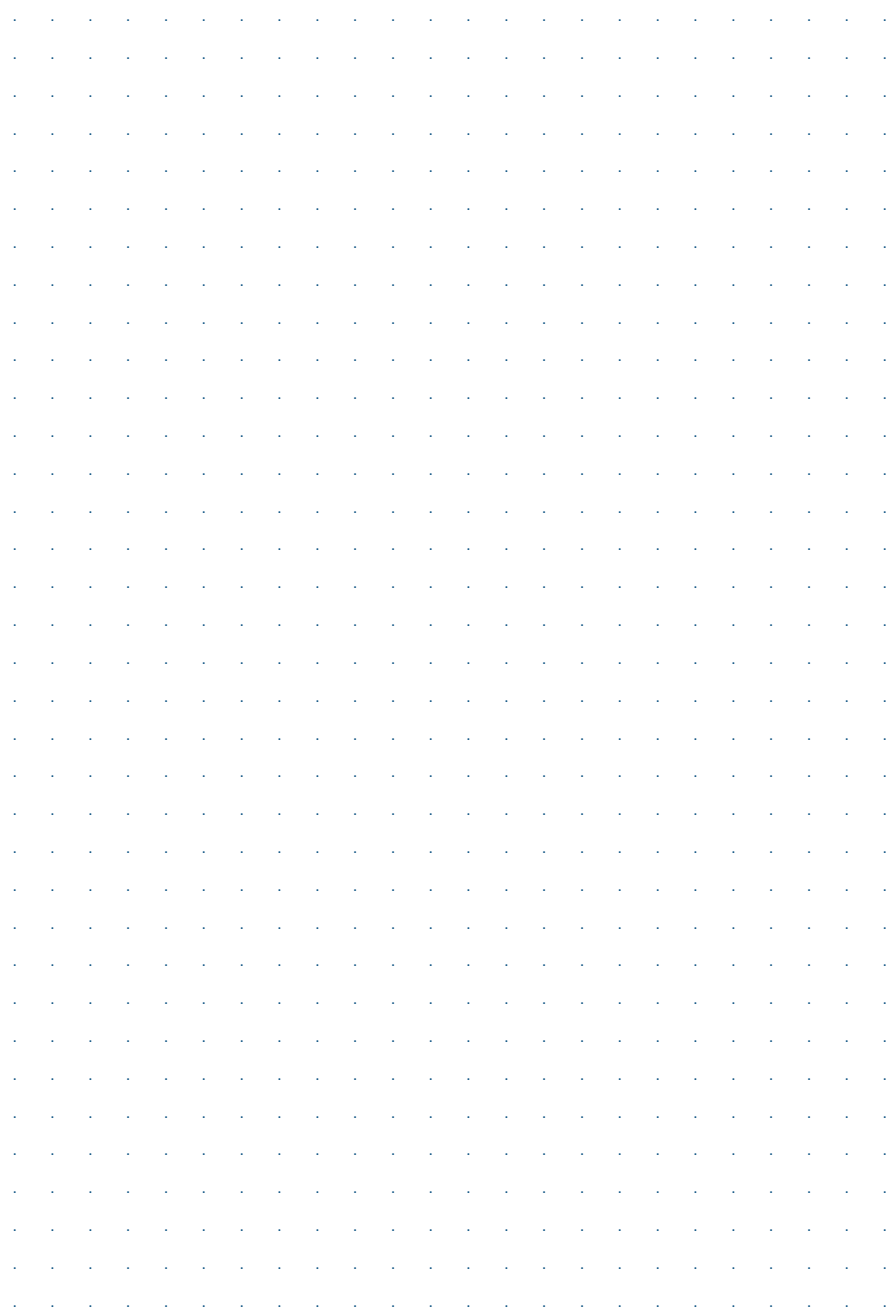
The authors may argue, of course, that applying in a consistent way a class-oriented materialist analysis of processes and phenomena they deal with in their work would mean writing a different book than the one they actually did write. It's a legitimate point. It is important to stress that such a book would not go against their conclusions, it would just give them an additional dimension. What's more, now that Krastev and Holmes have managed to get their foot in the door by showing that the liberal emperor is naked, there's a whole new field open for various kinds of different investigations into the failure of the Age of Imitation. In the difficult situation that we are all in, opening new perspectives is not less important than giving answers—yet one more reason to truly praise Krastev and Holmes' achievement as the light that shines.

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Unlike wars, pandemics do not pit nations against each other. A pandemic is a crisis that allows humanity to experience its interdependence and its togetherness. It places humanity's hope in science and rationality.

IVAN KRASTEV

In Western countries, owning less, circulating, and sharing is a privilege rather than a sign of being poor. This is the opposite to how a 'wealthy lifestyle' is portrayed and perceived in South-east Asia.

DO THU TRANG

While the EU counts primarily on large-scale deployment of renewables, the Czech government has been recently showing a renewed determination to push through its plan to construct a new nuclear power plant.

ANNA KÁRNÍKOVÁ

We are seeing massive corruption cases, like the one involving Shell in Nigeria, that are being called out by non-governmental organizations like Global Witness and brought to the attention of the authorities.

MISHA GLENNY