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A Farewell to a Passive Policy Taker Role?

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Abstract

Multiple European crises had a significant impact on Slovak economy and politics. Slovakia, a traditionally silent policy taker country revolted loudly two times: it refused to take part in the first Greek bailout and refused to accept the ‘refugee quotas’. There is a large paradox in the aftermath: it is the virtual refugee crisis that seems to have durable adverse effects on Slovak politics while the impacts of (economically really hurting) economic and debt crises are rather fading away. While trying to explain this paradox, by analysing fiscal consolidation and the refugee crisis we argue that Slovakia is somewhere in-between the EU core and periphery (a semi-periphery let’s say) with a different degree of integration regarding different areas. The main argument is that although Europeanization in Slovakia has been successful economically but mostly on the level of integrating to the single market and technically implementing EU rules (well-illustrated by successful fiscal consolidation); but underlying social norms, informal rules and cultural values hasn’t been fully internalized by local political elites, let alone the society (which has been fully revealed by the refugee crisis).

Introduction – welcome to the country of the ‘in between’

The EU’s multiple crises had a major impact on Slovak economy and politics. Since the EU accession (and even more prior to it) Slovakia traditionally has been rather a passive policy taker country, a kind of responsible and silent ‘good student’, going with the crowd, fulfilling its obligations, trying to achieve the largest possible degree of integration by getting to the EU core and staying there (Malová et al 2005, Nič et al. 2014). However, this time something unusual has happened, Slovakia openly and loudly revolted against the EU mainstream in two major issues: it refused to take part in first Greek bailout (2010) and refused to accept the reallocation mechanism (‘refugee quotas’) proposed by the European Commission (2015). These two EU-related issues – as never before – became hot and widely discussed topics in domestic politics and influenced the outcome of parliamentary elections in 2010 and 2016. But regarding the durable effects of the revolts, similarities end here. The reluctance to help the “irresponsible and lazy Greeks” turned out to be an exceptional episode with its impacts gradually fading away. Slovakia later participated in the following bailouts by joining EU rescue funds (EFSF, ESM), supported and implemented all new EU-legislation enhancing fiscal responsibility (like ‘fiscal compact’), adopted – with an overwhelming majority in the parliament – a constitutional debt-break law and established an independent fiscal council (Council for Budget Responsibility – CBR) in 2011 and consolidated its public finances returning to the unofficial elite club of fiscally prudent Eurozone members. On the contrary, the legacy of the refugee crisis is here to stay since it contributed to the rise of populism and

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extremism, and riding these waves several non-standard, nationalist and anti-system extremist parties made it to the parliament in 2016.

This is a large paradox since it has been the economic and sovereign debt crisis which had a real adverse impact on Slovakia while the refugee crisis has been virtual, almost without any real refugees coming to the country. Parallel to this we can observe contradictory policies of mainstream political elites: despite its negative impact they mostly resisted the temptation to use the EU's economic problems in a populist anti-EU manner, blaming Brussels for domestic problems (like recession, unemployment or the necessary austerity measures) while regarding migration the opposite is true. (Only with a minor difference: this time German government personalized by chancellor Angela Merkel turned out to be an even bigger scapegoat than all eurocrats in Brussels.²) On the other hand, in both cases the majority of leaders remained responsive to their voters: the general support for EU and euro membership is still relatively high, the refusal to accept any immigrants even higher.

Taking to account all the paradoxes and contradictions it is hard to answer the question where Slovakia actually belongs. It has definitively anchored at the EU core or it is still part of the periphery? It is an example of successful transition to liberal democracy or just the next in row heading for an illiberal turn? It has finally arrived to the West or it has never really left the East in its mindset? Usually there are a number of good arguments to underpin different answers. In this chapter we argue that Slovakia is somewhere in between – we might call it semi-periphery. The main argument is that although Europeanization has been successful economically but mostly on the level of integrating to the single market and technically implementing EU rules; but social norms, informal rules and cultural values of the EU mainstream hasn't been fully internalized by local political elites, let alone the society. Mostly following strictly economic purposes elites accepted EU norms and rules via the mechanism of strategic calculation but this didn't ensure durable behavioural changes (Checkel 2005). What has emerged in Slovakia is rather an unbalanced political system, with elitist and personalized parties that have failed to establish strong and stable ties with (civil) society, high levels of corruption, low levels of popular trust in national political institutions, and a weakly institutionalized party system (Malová and Dolný 2016). Additionally, many symptoms of state capture are present and politicians usually do not hesitate to turn to populist rhetoric and policies if these look profitable.

On the following pages, using the examples of EU crises with largest impact on Slovak economy and politics, we will try to explain the moving forces behind contradictory political decisions often resulting in paradox outcomes. The fiscal consolidation (a consequence of economic crisis) is a good illustration of the Europeanization of Slovak politics. It

² Slovak PM Robert Fico responded to the German criticism towards his government's stance in the refugee crisis in February 2016 with the following words: "They [the Germans] mind that we do not want to listen. The idea is simple: I invited to my house a million guests, currently I am unable to cope with them, so I'm knocking on the doors of my neighbors, take care about my guests... Germany made a mistake, when unfolding and saying, come here. I don't need here unified ghettos with different religion. Nobody will force us to bring here migrants, never." (Cited by Mesežnikov 2016: 126) The leader of the main opposition party (SAS) and member of the EU Parliament, Richard Sulík presented very similar ideas even directly to the German public as he quite frequently appeared in German TV debates (notably at ARD) criticizing the Merkel-government, the EU Commission and other European players for mishandling the refugee crisis. For the detailed picture on the views of relevant Slovak political parties on the refugee crisis see Mesežnikov 2016.

demonstrated the prevailing and durable willingness of political elites to comply with EU rules and norms even at the expense of sacrifices but at the same time its context and two-sided nature shows the limits of this Europeanization as well. The refugee crisis on the other hand fully revealed these limits showing the weak embeddedness of crucial values and norms among the political elite and society.

Before turning to the main analyses it is important to underline some general characteristics of the country and its economy because they intertwined with the impacts of the crises influencing economic, social and political development.

First, and most important, Slovakia is one of the most open economies in the World, very much dependent on export demand and very vulnerable to external shocks. Export to GDP ratio has been over 90 percent during the last few years (Table 10.1). The main driver of the recession in 2009 as well as the recovery since then has been the shrinking and rising export demand. Naturally, in such a country, economic policies on national level, mainly fiscal policy has very limited effects on growth – at least short and medium-term. The massive fiscal stimulus of 2009 did not save the economy from shrinking but fiscal consolidations did not kill the recovery in 2011 or 2013 as well (Table 10.1).

Obviously the policies at national level have a crucial role influencing the long-term growth, this should be the second point. Namely that Slovakia was in very good economic condition when the crisis hit. Mainly thanks to the in-depth structural reforms of two consecutive governments (led by Mikuláš Dzurinda), especially the centre-right second Dzurinda government's (2002-2006) comprehensive reform package³. A successful neoliberal growth model had been created, Slovakia became the fastest growing EU economy (often nicknamed as 'Tatra tiger') with one of the lowest public debts and stable financial sector (not a single bank bailout was needed during the crisis).

Table 10.1 Some major economic indicators in Slovakia (2006-2016)

Indicator/year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real GDP growth rate (%)	8,5	10,8	5,6	-5,4	5	2,8	1,7	1,5	2,6	3,8	3,6
GDP per capita in PPS, Index (EU28 = 100)	63	67	71	71	74	75	76	77	77	77	77
Export (% of GDP)	81	83,3	80	67,6	76,3	85	91,4	93,8	91,8	93,5	-
Export (annual % growth)	22,9	14,6	3,0	-16,8	15,7	12,0	9,3	6,7	3,7	7,0	5,5
FDI inflow (% of GDP)	10	6,5	4,9	1,9	2,3	5,6	1,9	1	-0,4	1,3	-
Budget deficit (% of GDP)	-3,6	-1,9	-2,4	-7,8	-7,5	-4,3	-4,3	-2,7	-2,7	-2,7	-2
Public debt (% of GDP)	31	30,1	28,5	36,3	41,2	43,7	52,2	54,7	53,6	52,5	53,5
Private debt (% of GDP)	51,8	60,4	64,9	69,2	67,4	70,2	70,6	74	77,6	81,4	-
Public revenue (% of GDP)	35,2	34,4	34,5	36,3	34,7	36,5	36,3	38,7	39,3	42,9	39,8
Public expenditure (% of GDP)	38,8	36,3	36,9	44,1	42,1	40,8	40,6	41,4	42	45,6	41,8
Unemployment rate (%)	13,5	11,2	9,6	12,1	14,5	13,7	14	14,2	13,2	11,5	9,8

Notes: PPS – Purchasing Power Standards; export – exports of goods and services; FDI - Foreign Direct Investments; budget deficit – general government deficit according to the European System of Accounts (ESA 2010); public debt, revenue and expenditure - general government gross debt/revenue/expenditure according to the European System of Accounts (ESA 2010); private debt - private sector debt is the stock of liabilities held by the sectors Non-Financial corporations and Households and Non-Profit institutions serving households; unemployment - unemployed persons as a percentage of the labour force based on the Labour Force Survey. Data for 2016 are forecasts by the Slovak Ministry of Finance from the 2017-2019 budget proposal.

Source: Eurostat, World Bank (for annual export growth) and Ministerstvo financií (2016). pp. 5, 10,15 (for 2016 forecasts).

³ The most important reforms included tax, pension, health-care, labour market and welfare reforms and fiscal decentralisation. See Mikloš 2008 for a more detailed overview of the reforms.

Consolidation has been successful but the “Tatra tiger” has died

Between 2010 and 2014 two different Slovak governments managed to reduce the budget deficit from almost 8 % of GDP to less than 3 % (enabling the country to quit the EU’s excessive deficit procedure) and succeeded in stabilizing the public debt (around 53 % of GDP). Consider the current plans to reach – for the first time in history – a balanced budget till 2019⁴ – there is a good chance to achieve it; and the fiscal consolidation process is a definite success. Slovak governments demonstrated several times that – in order to get to EU core and remain there – they are willing to sacrifice quite a lot (i.e. conduct deep, sometimes unpopular structural reforms and austerity measures). This strategic goal of governments to achieve the maximum degree of integration shared by most mainstream political elites has been present at least since 2006 when the first Fico-government – after a short hesitation – opted to continue on the track towards Eurozone membership which resulted in the adoption of the single currency from 2009.

In spite of this impressive record, there are still some serious question marks about the embeddedness of prudent fiscal policies among main political actors. Yes, Slovakia technically taken has fulfilled its obligations or (in the case of balanced budget) is on the way to do it. But would political leaders stick to EU-conform sober budgetary policies even if it seems to be politically too costly? There are good reasons for some scepticism.

One reason is a mixed history of fiscal policies, the other the nature and character of consolidation. The Smer-SD party with its leader and prime minister, Robert Fico has been running the country (leading different multi-party coalitions or alone) for almost a decade from 2006 to 2017 (with a short interruption of less than two years between 2010-2012). The first Fico-government (2006-2010) left office with public finances out of control. Between 2009-2010 they failed to adjust the fiscal policy to the economic crisis and it resulted in huge budget deficits around 5 billion euros or almost 8% of the GDP in 2009 and 2010; naturally, Slovakia entered the Excessive Deficit Procedure imposed by the European Commission in 2009. There is no rational explanation for this behaviour but pure political calculations.⁵

Have a closer look on the consolidation record of the second Fico-government and the picture is much less impressive here also. The consolidation was short (basically in one single year of 2013), shallow and helped by very favourable external environment (see below). More than 40% of it has been achieved by cutting social security contributions to the fully funded second pillar of the pension system and simply channelling them back to the public social security funds (Table 10.2) – a short-term gain at the expense of long-term sustainability of public finances. Further consolidation targets (like achieving the balanced budget) have been postponed several times. As one of the board members of the Council for Budget Responsibility (and one of the CBR’s founding fathers), Ľudovít Ódor reminded in his blog,

⁴ For the general government budget proposal for the 3-year period of 2017-2019 see Ministerstvo financií SR 2016.

⁵ They were five different elections in row (presidential elections followed by elections to the European Parliament and regional elections in 2009 and parliamentary elections followed by municipal elections in 2010), so it is quite clear why the incumbent government was reluctant to cut the deficits. A good illustration for the conflict of political and economic cycles.

the first plans to achieve balanced budget had a target date of 2010 and as time has passed “*it seems to be it is a constant priority: doesn’t matter in which year we are, what we promised, how fast we grow against the plans, how much additional money we have from taxes, we always want to achieve a balanced budget in three or four years from now*” (Ódor 2016).

Additionally, the adoption of the debt-break law and the creation of CBR from the viewpoint of the Smer party could be interpreted also as a necessary cost in a bigger political pact that opened the way for the early elections in March 2012 (when they achieved a triumphant historic victory). Its risks were considered low that time and once it started to bite (limiting the government in its fiscal policy) rumours appeared how to circumvent and plans how to soften it. The aim for some kind of a “strategic public investment” exception in the constitutional law is part of the third Fico-government’s official Manifesto.⁶

There were two major consolidations in Slovakia after the crisis, one in 2011 – mostly on expenditure side, the other in 2013 – mostly on revenues side, both in the first (full) year after the parliamentary elections.⁷

The centre-right Radičová-government (2010-2012) was mostly made up from the former 2002-2006 reformers and their supporters, so no wonder it tried to consolidate while maintaining and repairing the neoliberal growth model they previously created. Therefore, the consolidation had been mostly on the expenditure side and revenues were raised to harm employment minimally, thus not targeting workers and businesses but rather consumption (for example the value-added tax increased from 19% to 20%). The government managed to cut deficit significantly in 2011 but during the autumn of that year it collapsed. Its fate had been influenced by the EU’s sovereign debt crisis. Just weeks in office (11th August 2010), concerned because of possible moral hazard and reasoning that “The more responsible, poorer [countries] should not be raising money for the less responsible, richer ones.” (PM Radičová) most coalition MPs refused the first Greek bailout in the Slovak parliament but shortly after – all parties together – approved guarantees in the amount of EUR 4.4 billion (6.7 per cent of GDP) as part of the European Financial Stability Facility – EFSF.⁸ However, with the ongoing crisis an EU request arrived to expand ESFS. PM Radičová joined this voting with the vote of confidence in her government but still failed to persuade the liberal party Freedom and Solidarity (SaS – one of the four coalition members) which declined to vote for the proposal. The expansion of EFSF was adopted in a repeated vote just two days later – opposition Smer MPs joined the rest of the (former) coalition in exchange for the promise of preliminary elections (held in March 2012).

To finish the clean-up of the fiscal mess left behind by the first Fico-government ended on the shoulders of the second Fico-government (2012-2016) – fair and square at the end. Contrary

⁶ “In order to secure constitutional majority, the Government will initiate a wide discussion of experts and the public, as well as political discussion... on achieving the neutrality of the so-called debt brake in the management of public debt by linking the sanction brackets to net public debt rather than gross public debt, while taking into account strategic public investments in the application of sanctions and setting the parameters of sanction brackets in a manner that will facilitate Slovakia’s economic development.” Úrad vlády SR (2016).

⁷ See Goliaš (2015) for the analysis and overview of fiscal consolidations in Slovakia between 2010-2015.

⁸ See the paper of Goliaš and Jurzyca (2013) on the solutions to the EU’s debt crisis from the Slovak perspective.

to the first Fico-cabinet (2006-2010) when the framework of previous neoliberal reforms enacted by the centre-right Dzurinda-government remained untouched (which came as a surprise)⁹, this time the consolidation tasks had been accomplished at the expense of dismantling the previous growth model. But this is not the only reason why we question the real embeddedness of prudent fiscal policies. The arguments and criticism could be summarized as following:

First, the consolidation has sacrificed the previous neoliberal growth model which was very successful but did not replace it with a consistent new one which could be classified a social democratic. The most important symbol of the previous reforms, the flat income tax was abolished and the second-pillar of the pension system seriously weakened (See Table 10.2 for a more detailed description of the 2013 consolidation package).

Second, the consolidation mix raises some questions. Contrary to the previous centre-right government, tax increases were targeting mostly the labour and businesses, thus being much more distortive. This might explain to a large degree why the development at the labour market was lagging so much behind economic growth (GDP reached its pre-crisis level already in 2011, labour market conditions just at the end of 2016). Economic convergence and FDI inflow also slowed down significantly. Also, it is hard to understand, why a party which identifies itself as a social democracy failed to use many instruments widely regarded as leftist. For example, immovable property taxes are very low in Slovakia, there was some discussion about increasing them but no legislative action followed.¹⁰ The same is true for universal welfare benefits which could be limited for households with higher income (like childcare allowances): some discussion but no action. In the case of personal capital income taxes or environmental taxes even serious discussion was absent.

Third, consolidation could have been much more ambitious for economic reasons. It happened in very favourable external environment: the demand on the main export markets had been growing (Table 10.1), Slovakia had been a great beneficiary of the net transfers from the common EU budget, due to the low interest-rate environment it had been very cheap and easy to refinance public debt and even the change in EU accounting rules was helpful to (statistically) improve fiscal indicators.¹¹

Fourth, consolidation could have been much more ambitious for political reasons as well. The unprecedented unique opportunity to use a single-party government with disciplined and stable parliamentary majority to proceed faster with deficit reduction had been missed. At the end, the feeble, multi-party Radičová-government with a narrow majority consolidated more in one single year (2011) than the one-party second Fico-government during its whole four-year term.

Fifth and finally, the sustainability of the public finances is still a major concern, slow consolidation did not enable to create fiscal buffers for any future crisis. To make it worse, this time the problems might come from the previously remarkably stable banking sector as well. Although the public debt has been stabilised, private debt is just the opposite mainly due

⁹ See Gould (2009) for a comprehensive analysis of this period and the explanations for the surprising development of Fico's policies.

¹⁰ See Remeta, J. et al. 2015, for the evolution of the tax mix in Slovakia and its possible reforms.

¹¹ The change in the European System of National and Regional Accounts (ESA), the EU's accounting framework (from ESA 95 to ESA 2010) led to a revision and nominal increase of the Slovak GDP and this decreased the debt to GDP ratio in 2013 by 1.1 percentage points. See RRZ 2014.

to the sharply rising indebtedness of the households. As the Slovak National Bank warned (in May 2016) the rate of housing loan growth in Slovakia has been by far the highest in the whole EU for five consecutive years, and the same is true for household debt generally within the Central and Eastern European new member states of the EU – as a result Slovaks probably became the most indebted nation in the region (regarding household debt to GDP ratio).¹²

Table 10.2 The consolidation package that killed the “Tatra tiger” (most important measures of the second Fico-government’s consolidation package and their estimated fiscal effects)

Description of the most important measures	Estimated positive impact on public budget (ESA 95 methodology, millions of €)	
	2012	2013
Pension system: the contribution rate to the second pillar reduced from 9 to 4% of gross wage, possibility to return from the combination of two pillars to just the first PAY-GO one (up to the end of January 2013).	185	701
Abolishing the 19% flat income tax: the corporate income tax increased from 19 to 23%; in the case of personal income tax a second rate of 25% introduced for a monthly income above EUR 3 311.	0	351
Social security and health-care contributions to be paid from earnings from temporary work-agreements (previously only 19% income tax and a minor 1% insurance was deducted).	0	125
Maximum assessment base for social security and health-care contributions increased and unified at five times the average wage.	0	130
Increasing the bank levy: the tax base of the bank levy (0.4% of the liabilities) introduced in 2012 broadened to the deposits guaranteed by the state (basically household deposits), plus an extraordinary single levy for 2012.	62	89
Temporary extra taxes levied on profits in regulated sectors (like energy, telecommunication, insurance, postal services).	31	81
Higher social security and health-care contributions paid by the self-employed.	0	52
Fees for public (TV and radio) broadcasting reintroduced.	0	74
Total	279	1 628

Note: Numbers were rounded up, several measures with smaller (positive or negative) effect on the public budget were left out, therefore the sum of the listed measures does not equal to the total fiscal impact in the last row.

Source: Ministerstvo financií SR (2013), pp. 15-16.

The refugee crisis paradox: A virtual problem but with real and enduring consequences

The number of foreigners residing in Slovakia reached almost 90 thousand (1.6 % of total population) and the number of asylum applications in 2015 had been 330, asylum was granted to 8 persons; in both cases Slovakia has one of the lowest numbers as a share of its population within the EU.¹³ It’s not an exaggeration to state that the 2015-2016 refugee crisis has been virtual for the vast majority of Slovaks, they could watch it on the TV and internet, but they have barely met any refugee (or in most cases even an immigrant) in their living place.

To show dramatic pictures of refugees (and use it in a heated pre-election contest of “who is going to defend Slovakia more from the migrants”) PM Robert Fico with his Interior Minister had to visit the Macedonian-Greek border. (Officially they’ve visited Slovak policemen helping to guard the border but since it happened three days before the parliamentary

¹² See Národná banka Slovenska 2016, 5. According to the Slovak National Bank’s data at the end of 2015 with 33,2% of household debt to GDP ratio Slovakia has been “only” third in the region following Poland (35%) and Croatia (37,3%). However, considering the trend of 2015 (strong annual growth in Slovakia by 12.6%, only modest growth in Poland by 3.4%, and slow decline in Croatia) and assuming a similar development for 2016 and 2017 it is very likely that Slovakia has gained the first position since.

¹³ See Mesežnikov 2016 for a comprehensive overview of the migration crisis in Slovakia.

elections the real intention is quite obvious.) So here we have a large paradox: Slovakia almost untouched by the refugee crisis but the issue still resonates in the pre-election contest with shocking intensity.

In 2015 the Slovak parliament adopted two resolutions refusing to accept the relocation mechanism's quotas proposed by the European Commission. In a fast-track regime it changed the constitution and several laws, as part of the so-called anti-terrorist package. The government, after failing to block the quotas in the EU's Justice and Home Affairs Council (only Slovakia, the Czech Republic, Hungary, and Romania voted against) filed a lawsuit against the Council decision at the European Court of Justice (Mesežnikov 2016, 118-119; Baboš et al. 2016, 26). The Slovak rebellion turned not just against the 'refugee quotas' and 'Brussels' proposing them but against the very idea of accepting refugees and against the refugees (or any migrants, especially Muslims) themselves.

The revolt had been led by the governing Smer-SD party and its leader, PM Robert Fico. They even adjusted their main campaign slogan to the events, changing it from "We work for the people" to "We protect Slovakia". The campaign and its aftermath revealed many things, among others the marketing catch-all party character of the Smer, the double speak strategy of PM Fico, the dangers of playing with the extremist card and the weak embeddedness of European values and norms among elites and the electorate.

At first look it might be stunning that a party which is nominally left of center, member of the Party of European Socialists bloc in the EU and holds social democracy even in its name (Smer-SD means Direction-SD where SD refers to social democracy) uses nationalism, xenophobia and islamophobia to attract voters. However, Smer-SD always has been a catch-all party with lot of marketing and little, if any, ideological substance pursuing changeable policies responsive to the feelings of its voters and potential voters (Malová 2013). It has been its modus operandi for long time to make public opinion polls for internal use, map the concerns of the people and shape policies – quite often pseudo policies – accordingly. Considering the astonishing level of refusal to accept any migrants in Slovakia, no surprise Smer-SD and Fico followed the never-falling recipe again. According to various public opinion polls in 2015-16 70 percent of respondents refused to accept refugees who might be sent to Slovakia based on the relocation mechanism; 70 percent had fears over the influx of refugees to Europe; 63,4 percent shared the concern that these refugees represent a threat for Slovakia and its citizens; 86 percent agreed with the government's decisions to refuse the quotas and to strengthen controls and 69.3 percent supported its lawsuit against the quotas.¹⁴ Shockingly, large majority of citizens even refuses to accept the need for legal labour migrants in 'certain sectors' of the economy¹⁵ in spite of the fact that employer's associations started to call exactly for this at the same time.

No wonder PM Fico entered campaign contest with statements like "There is No Room for Islam in Slovakia", talking about "immensely high," security threat for Slovaks but reassuring them that his government monitors "every single Muslim" in the country and that "Slovak citizens and their security is of higher priority than the rights of migrants" adding that "The

¹⁴ See Baboš et al. 2016, 26; and Mesežnikov 2016

¹⁵ Only 19% of Slovak respondents agreed with the statement "(OUR COUNTRY) needs legal migrants to work in certain sectors of the economy" – putting Slovakia to the last place within the EU (the average for EU-28 was 51%). See: European Parliament 2015, 33.

only way to eliminate risks like Paris and Germany is to prevent the creation of a compact Muslim community in Slovakia” (quoted by Cunningham 2016). However, this has been the local political folklore for domestic-use only, he and his government also showed its constructive European face for external use (especially during the Slovak presidency of the EU Council – 2nd half of 2016). This double speak and Janus-faced politics is also a permanent characteristic of Fico and Smer-SD.¹⁶ This time the human face of the Slovak government and Smer-SD party has been represented by Fico himself, especially during various meetings of the EU presidency but also by his Foreign Minister Miroslav Lajčák, who happened to be the candidate of Slovakia for the post of the UN Secretary General. While Fico was giving his tough speeches on Muslims and migrants at home, Lajčák was calling for humane treatment, safety and dignity for all refugees and migrants and condemned Islamophobia as something unacceptable since it is discrimination based on religion (something forbidden under the UN Charter) in the UN headquarters in New York.

Despite all efforts the populist/extremist card turned out to be a two-edged sword this time. Fico had to realise that although his tough speeches and the hysteria around migrants were a successful mobilization tool but at the end mostly for nationalist, extremist and non-standard protest parties which made it to the parliament, while Smer-SD suffered heavy losses.¹⁷ There is a number of probable reasons: the alternative parties perhaps had been much more authentic in their resistance against migration than an incumbent governing party in power almost for a decade with eroded legitimacy due to a large number of corruption scandals; the record of Smer-SD in other areas (health-care, education, fight against corruption) was relatively poor and these questions had been also important campaign topics, the timing and intensity was problematic, Smer-SD came with the migrant topic too early and overshot; the challenging new parties were much more active on the internet (especially on Facebook) and attracted many young people. Whatever the reason, the genie is out of the bottle already, public discourse has radicalised, the extremists are sitting in the parliament and there are no signs of improvement.

Finally, from our viewpoint the most important thing revealed by the refugee crisis has been the weak embeddedness of European norms and values – the vast majority of political elite broke with humanitarian EU norms when it faced high domestic costs. They followed public opinion and even incited the refusal and hatred against migrants. They were very few dissenting voices, notable the small Hungarian-Slovak mixed party Most-Híd (“Bridge”) and president Andrej Kiska (not directly interested in party politics).

Conclusion – democracy is threatened but the illiberal turn is still unlikely

With flourishing populism and extremism is Slovakia not just the next country in row turning the illiberal way? We argue that this scenario is still unlikely. Certainly, they’re some signs of

¹⁶ See Szomolányi and Gál (2016) for a more detailed view on Fico’s double speak and Janus-faced politics.

¹⁷ In the 2016 parliamentary elections Smer-SD lost more than third of its voters opposite to 2012 and gained “just” 28.3 percent, the extreme right-wing People’s Party–Our Slovakia (ĽSNS) with neo-Nazi roots gained 8 percent of the vote, another newcomer was a populist protest party “We Are Family–Boris Kollár,” which achieved 6.6 percent and the traditional nationalist force in Slovak politics SNS (Slovak National Party) also returned to the parliament (after 4 years) with a 8.6 percent support. During the campaign all used tough anti-immigrant rhetoric.

the illiberal turn, notably the political control over large parts of the justice system (especially police and prosecutors), the neutralization of many institutions which should serve as “checks and balances” but fall short of their mission, and the feeble media with a tradition of frequent political interference to public media and a number of private printed and electronic media bought by local oligarchs and financial groups with political ties. Yet there are still more barriers. First, the proportional electoral system makes it hard to form a single-party government (the only exception was the 2012-16 period), let alone one with a constitutional majority. Second, directly elected president Kiska who defeated PM Fico with a great margin in the second round of the 2014 presidential elections is still popular and committed to democratic values. Third, there are still a number of independent institutions which could work as barriers like fiscal rules (debt-brake law) and institutions (CBR) or the Slovak National Bank (member of the Euro system). Fourth, EU membership is still popular amongst the population, even more across the business elites, at the end even the captured state is pro-European in its nature (oligarchs have a rational economic interest to stay in the EU and have access to the single market and EU funds). And finally, Slovak civic sector and media still has a relatively fresh experience fighting governments with authoritative tendencies from the 1990’s.

The most important party, Smer-SD is in decline currently, so the main threat to democracy is not a scenario that it will (re)capture the state and master an illiberal turn but rather the consequences of the captured state itself. The endemic, systemic and unpunished corruption machinery run by the untouchable governing elite and their crony oligarchs is fuelling frustration among the electorate which might further increase the support for populist and extremist ideas and parties and undermine the trust in democratic institutions creating a serious threat to the unconsolidated and feeble democracy.

To conclude, we see Slovakia as a semi-periphery in between, standing with one leg in the EU-core Western club of liberal democracies and with the other still in EU-periphery Eastern club of unconsolidated democracies. Naturally, regarding different areas, the country is more on one or the other side. For example, considering economic integration it is much more in the EU-core but looking at the embeddedness of democratic norms and cultural values it is more at the (Eastern) periphery. We cannot identify a clear direction currently so the future is uncertain. Regarding the chances for illiberal turn, it seems to be still rather unlikely but the quality and stability of democracy faces serious challenges.

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