



Central Europe: A Region To Lead Or To Fail

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Last year West-European media suddenly discovered Central Europe, especially the Visegrád Cooperation, i.e. the alliance of Poland, the Czech Republic, Slovakia and Hungary. The region's image in Europe has been being largely influenced by its actions related to the refugee crisis. Commentators and politicians are divided. While some, mostly from the region though, admire these countries' capability to influence European politics, others accuse Central Europeans of being selfish, xenophobic, populists, short-sighted, in short: destroyers of European values.

Some of the leaders overestimate the current situation, and believe time has come when finally, the new member states could influence key developments in Brussels, but the series of internal crises in the EU raised the stakes for all. No matter whether we are South, North or Central Europeans, we have to find a common ground in Europe or we risk the very existence of the European Union. If we are not finding anything that unites us, if we are fiercely fighting for co-existing national identities by denying even the possibility of developing – in parallel – a European one, we can only discuss what we can save from the existing cooperation format. Similarly, if we are keen on replacing national identities with a European one, if we keep pushing for a liberal dream, we will face further national movements demanding the exit of their countries. We have to believe and work for multiple identities. In our resistance towards refugees, we have also rediscovered each other. Slovenia and Austria have become key allies and the issue of intensified dialogue, a broader Central European cooperation got into our focus. We have to note that internal cohesion has always been a tough issue in the region, and the last and strongest integrating factor is the cultural heritage of the Habsburg monarchy. The issue of cohesion is a crucial question in every regional format of Central Europe. Most of them failed to fulfil its promises: the Central European Initiative is in a deep crisis for years now, the less political Danube Region Strategy couldn't show a real potential so far, but the Visegrád cooperation is also slowing down and showing signs of potential disintegration. A Czech-Slovak and a Polish-Hungarian tandem is



already visible (but as Angela Merkel visited Poland, it seems that the Polish-German friendship has been reinvigorated). Obviously, the problems are not critical yet, they are not threatening the V4 in its very existence, but we can already see signs of exhaustion especially through the record of the current Polish presidency.

Finding the positive agenda

For introducing changes, V4 is a useful starting ground, but a broader coalition is needed. Not only because the Visegrád countries are too small as a voting bloc, but also because in Brussels, the V4 is increasingly suffering under the label of a “toxic brand”: as if it was an exclusive bloc of Europe sceptics. It can be disputed whether this image was only created by the liberal media, or it is realistic, but in either case, this negative PR has to be challenged. Changing this image is only possible by cooperating with a larger pool of small EU member states pushing for a change, and by highlighting the positive elements of our agenda. The task is difficult. The process of European integration created and delivered inequalities. Recent political fights proved that even almost 15 years after EU-accession, Central Europe is still considered as the region of the new member states (or in less diplomatic terms, as second-class members). Imagine Austria or Sweden in 2008 to be still referred to as new members. This problem is not only symbolic, but also illustrates the failure of European cohesion. It would pour oil on fire if we started to echo our visible problems: the demographic challenges, coupled with the crumbling state of the social system, most visibly healthcare, education and pension. As these problems can lead to the collapse of our societies and economies already in a mid-term, it is a logical step to consider reforms and strengthen cohesion policy as our next grand project. Logical but not political. Having in mind how dividing these issues are within Europe, we should consider postponing that.

So what can be our positive agenda, which would unite Central Europe?

First of all foreign policy. It was considered for a long-time as low hanging fruit, but as Europe faced multiple crises, it has become a neglected topic.



Despite the intensifying fights there is little energy and focus in Europe right now to support reforms and stability in the Eastern Partnership countries, especially in Ukraine. The Eastern Partnership, especially the support of Ukraine is not only a value-based choice. It needs to be stressed that our export to these countries exceeds by far our export to Russia. Risking the economic development of the Eastern Partnership region, in exchange for the hope of increasing our export to Russia, can do actually more harm than good. Therefore, we have to invest more into the transformation of the region.

When it comes to Hungary, Slovenia and Austria, tackling the problems of the Western Balkans is even more obvious. Our immediate neighbours are not only vital partners in maintaining stability in the region, but they are crucial in keeping migration under control. If Macedonia's or Bosnia-Herzegovina's integrity are at risk, if tensions between Kosovo and Serbia are intensifying, there is little chance they can maintain their support in the refugee crises. We also have to address issues related to competitiveness. Internal crises put the Juncker plan aside. The region, which is still the growth engine of Europe, has to tackle this threat. With Brexit, we have lost the most important supporter of the Digital Agenda. Central Europe's trademark in the EU should be its pursuit of an active competitiveness agenda. Together with the Nordic-Baltic countries, Central Europe could lead the efforts in the field of the digital agenda with particular attention given to the support of start-up companies and digital skills. As an important element, we can get closer to a Digital Single Market, which can significantly boost the EU's growth rate.

How to make the region stronger?

To make our voice louder we also have to do our homework. Nothing discredits more our call for cohesion funds and greater competitiveness than the fact that we could not finalize the development of any major North-South interconnection. Right now, it seems that the connection of our region to Southern Europe will not be developed by a Central European nor a broader European initiative, but due to Chinese economic and political interests.



Improving the region's small and fragmented capital markets is crucial for Central European companies to be able to meet their needs. Establishing a larger, liquid and better integrated capital-market hub in our region is more important than the issue of where it will be located. The industrial and financial sector should also become more engaged with governments to modernize higher education to better match the demands of the workplace and labour market needs. Otherwise, Central Europe risks losing the potential of a well trained workforce in a matter of half-a-generation.

For the success of our economies, we have to harmonize our relationship with Germany. The most important common feature of Central Europe is its large dependency on the German economy. Germans are the leading investors and trade partners in all of the countries. Our vital interest is a politically and economically strong Germany, therefore we have to settle our disputes and set common goals with Berlin.

The problem of workforce is already visible. Within the next decade, the region will need more than 1 million new workers. We cannot choose anymore whether we want to attract a large number of immigrants, a campaign we have already started in Ukraine, or we take more seriously the integration of the Roma population. We need both. The only thing we can do is to harmonize positions and support joint programs.

A European Forum

The regions' leaders have to finally sit down in a broader regional format to create their agenda. The Hungarian Visegrád Presidency might be a good momentum to lead our talks with Slovenia and Austria. It is also a unique opportunity to tackle the issues related to the Western Balkans. The time is now. If our region is really demanding more leadership in the European Union, we have to set an example.

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