

GOOD GOVERNANCE INDEX 2012

OF THE VISEGRAD COUNTRIES

METHODOLOGY AND RESULTS
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Summary

Extensive theoretical literature is available on the subject of good governance; the concept itself and the area of enquiry can be defined in a number of ways. As a result of this, countless arguments could be staged on the nature of good governance and what, if any, methods are adequate for measuring governmental performance. Nézőpont Intézet attempted to identify the notion of good governance through the examination of practical questions. The Good Governance Index (GGI) extends to four areas: stability and the ability to govern; popular support; economic crisis management; and governance results. We attempted to compare the performance of the governments of the four nations that comprise the Visegrád Group (V4) along these considerations.



Commissioned experts representing the Visegrád countries – the Czech Republic, Poland, Hungary and Slovakia – assumed the task of answering five direct questions in each of the four areas. We expected a brief answer in writing and supported by clear reasoning, on the basis of which the given country was to be marked on a scale from 0 to 5. Developments of the year 2012 were to be taken into account when answering questions; if a new government took office during the year, this period was shorter (only the months in which the incumbent government already had control over affairs were to be evaluated).

Each expert was free to express a personal opinion – supported by factual information – in all questions, following which they had the task of assessing the performance of their country in a system similar to school marking. 0 was the worst and 5 was the best possible score (respective descriptions of these are to be found in the methodology below the various questions).

We assessed the number of points given for each question separately in each category; no weighting was applied to certain categories or individual questions. Our intention was to enable the comparison of the examined countries in the aspect of good governance. Based on the results for the year 2012, Slovakia and Hungary take the lead regarding stability and the ability to govern; when it comes to governance results, the Czech Republic and Poland performed best; while the four countries' achievements in economic crisis management were on a similar level. In the area of popular support, the governments of Hungary and the Czech Republic were afforded the highest number of points.

- The comparison of four countries in four areas extending to twenty questions, with the help of the GG Index;
- Last year, the Hungarian and the Slovak governments were the most stable (the latter was formed in 2012);
- The Czech Republic and Poland were the most successful in terms of governance results;
- Results of V4 nations in the field of economic crisis management were similar;
- The governments of Hungary and the Czech Republic boasted the highest level of popular support.

Content

Summary	2
Content.....	3
Developments in Poland.....	4
Developments in the Czech Republic.....	4
Developments in Slovakia.....	5
Developments in Hungary	6
Questionnaire of Poland	8
1. Stability and the ability to govern.....	8
2. Popular support.....	9
3. Crisis management.....	11
4. Governance results.....	13
Questionnaire of the Czech Republic	15
1. Stability and the ability to govern.....	15
2. Popular support.....	18
3. Crisis management.....	20
4. Governance results.....	22
Questionnaire of Slovakia	26
1. Stability and the ability to govern.....	26
2. Popular support.....	27
3. Crisis management.....	31
4. Governance results.....	33
Questionnaire of Hungary	36
1. Stability and the ability to govern.....	36
2. Popular support.....	37
3. Crisis management.....	39
4. Governance results.....	41
The scores of the Visegrad countries	44

Developments in Poland

The ruling coalition, comprised of the Civic Platform (PO) and the Polish Peasants' Party (PSL), has been in power since 2011; however, the cabinet in the previous cycle, acting between 2007 and 2011, was also formed by the two parties under the leadership of the incumbent Prime Minister, Donald Tusk. The coalition has 235 seats in Parliament, out of a total of 460.

The government was afforded a relatively high score (19) in the field of stability and the ability to govern. Its parliamentary majority is narrow but stable; MPs were disciplined when it came to votes concerning crucial issues for the government, and there was no change in the composition of the cabinet which could have indicated a shift in direction. In general, the government is keeping to its line but does not initiate far-reaching reforms and tries to avoid controversial issues. While opposition parties do not cooperate with each other, it is clear that the Law and Justice (PiS) party, which is to the right of the coalition, represents a governmental alternative.

Although governing parties' popular support declined in the course of 2012, the PO continued almost consistently to lead polls, ahead of opposition forces (the PiS only managed to ascend to the first position in October). A declining tendency was also apparent in the popularity of Prime Minister Donald Tusk. Protests and strikes against government policies were largely related to the increasing retirement age and symbolic issues, but these – with the exception of the ACTA agreement, restricting Internet freedom – did not influence governmental decision-making.

Regarding crisis management, Poland's performance matched the average of the Visegrád nations. Within this area, the two per cent economic growth, which was among the highest results in the EU, represented an outstanding success, while industrial production also fared relatively well. However, Poland performed poorly in the fields of government debt, unemployment and inflation.

In the area of governance results, Poland scored second highest in 2012 (12 points), overtaken only by the Czech Republic. Increasing the retirement age to sixty-seven improved the situation of the pension system, the number of criminal offences fell and average wages somewhat improved. Despite all this, only very little progress was made in fulfilling the government's campaign pledges, the demographic situation has not improved in a meaningful way and conditions in healthcare have actually worsened.

In total, Poland's performance in 2012 was evaluated at 56 points, meaning that it belonged to the weaker half of the four examined countries.

Developments in the Czech Republic

Firstly, the subject of the present evaluation is the second Nečas cabinet. This cabinet was formed in April 2012, following a crisis within the Public Affairs party (VV), and consists of the Civic Democratic Party (ODS) and two other parties, TOP 09 and LIDEM. There was one serious government crisis related to the resignation of the Minister of Defence and the appointment of the new one. The LIDEM party announced its departure from the cabinet but finally (in January) decided to stay. There was an unsuccessful vote of no confidence on July 18.

A significant group of Civic Democratic Party (ODS) members and MPs have been unsatisfied with the economic policy of the Nečas cabinet. In September, the tax package proposed by the government was not passed in the Chamber of Deputies because of the “rebels” within the ODS. The dispute over the cabinet’s economic policies was solved after the congress of ODS, at which the rebels’ faction was beaten. Therefore, despite the fact that some party members challenged the policies of the ODS government, cabinet policies remain more or less unchanged. The cabinet’s ability to govern was not in real danger as the government was able to gain the majority needed in decisive votes with the support of the independent MPs or because of the change of opinion of the former “rebels”.

On the other hand, if an early election takes place, the opposition would probably win the elections. Popular support of the left-wing opposition increased but the parliamentary opposition was fragmented and unable to take over the cabinet.

Although the possibility of strikes and even of a general strike was discussed several times, disagreements among different trade union organisations and the lack of support of trade union members meant that no strike took place. Instead, trade unions’ protest activity concentrated on demonstrations. The most visible demonstration against the Nečas cabinet and government policies took place in Prague on 21 April.

The popular support of ODS remained quite stable but lower in comparison with its election result in 2010. The support of TOP 09 fluctuated around nine per cent of votes between May and December 2012. The support of the LIDEM party was stable but very low and the party did not get popular support high enough to have an separate category in the results of opinion polls. The support of both of the relevant opposition parties (ČSSD and KSČM) remained more or less stable, with a steady increase of the popular support of the ČSSD during the last months of the year. The popular support of the VV party dropped to one per cent of votes and its very likely that the party will not be able to cross the electoral threshold. No new relevant political party was formed. The popularity of the Prime Minister Petr Nečas remained more or less stable between May and December 2012 and fluctuated around eighteen per cent.

The GDP growth in the Czech Republic in Q 1-3 of 2012 was in “red numbers”. Public debt increased in Q 3 of 2012 in comparison to Q 3 of 2011 from 39.8% of the GDP to 44.9% of the GDP. The rate of unemployment increased from 6.5% to 7% between Q 3 of 2011 and Q 3 of 2012. During most of the year, industrial production was in the “better half” of EU member states. With the country’s average consumer price index (HICP) at 3.5 per cent in 2012, the Czech Republic belonged to the worst third of the EU member states.

In Q 3 of 2012, real wages decreased by 1.8%, compared to Q 3 of 2011. During first three quarters of 2012, the number of inhabitants of the Czech Republic increased by 8 000 to 10 513 000. In 2012, 304 500 crimes were committed, which represents a decrease of over 4.3 per cent in comparison to 2011.

Developments in Slovakia

In March 2012, parliamentary elections were held in Slovakia. The winner, the party Direction - Social Democracy (SMER-SD) got 44.4 per cent of the vote, guaranteeing it a majority in Slovak parliament. This is the first time since 1994 that a single-party government has been formed, with Robert Fico as Prime Minister.

During its first year in office, the government proved to be very stable. It faced no internal conflict or crisis and there has been only one unsuccessful attempt of the opposition to run a non-confidence veto against the Minister of Justice. Although there have been no personal reshuffles in the composition of the government, it has to be noticed that this may be due to the fact that it is still its first year in office. Since its creation, the party SMER-SD always had a very disciplined parliamentary group. In the case of the current government, this means that it is backed by loyal MPs with no relevant groups which would occasionally vote against the party's program.

With respect to popular support, the post-electoral popularity of SMER-SD went up to nearly 50 per cent. This trend was only temporary, as by the end of the year, the party's support declined to 40 percent or even dropped below this level. On the other hand, the support of the opposition, which remains highly fragmented, rose and in some months even superseded the ruling party. However, the question is whether these parties would be capable of forming a stable alternative to the current government, which seems rather unlikely in the face of previous experiences.

The country's economy in 2012 showed somewhat mixed results. Some indicators – for example, the growth of the GDP - belonged to the best in the EU. The same counted for the industrial production, although the last months of the year showed a slight decline of growth. On the other hand, the development of public debt and inflation produced much worse figures when compared to other countries of the EU. A prevailing negative trend can be traced also for the rate of unemployment, which continued to grow and reached more than 14 per cent at the end of the year.

The last rated area, results regarding governance, also provided varying data. SMER-SD, the ruling party, made a certain amount of progress in some of its highest priorities; however, some of these, as tax policy or the ban of privatisation were not fulfilled in accordance with the party's programme. Other indicators may be marked either positive, as the decline of crime rates, or rather negative, as the development of the per capita income or demographics. Alas, the last mentioned area has deeper roots and the ageing of the population represents a problem which is repeatedly discussed because its possible solution exceeds the four-year term of any government.

In conclusion, Slovakia gained the highest ranking when dealing with stability and ability to govern; in this field, all but one category were afforded the highest possible amount of points. The area of popular support also produced quite good results, though the scores were slightly lower. Crisis management and governance results both remained somewhat behind as they both produced mixed outcomes.

Developments in Hungary

The strength of the Hungarian government was undoubtedly its stability and unity. No situation occurred in which the governing majority would have been in danger and there was no obstacle blocking the implementation of cabinet policies. The second Orbán government was made to alter its original decisions only by the European Union and rulings of the Constitutional Court. Voting discipline within the governing party alliance, which boasts a two-thirds majority in

Parliament, is strong; there are no visible disagreements within the cabinet and the Prime Minister rarely resorted to altering the personal composition of the cabinet, with only two ministers being replaced in 2012. As the opposition is divided into several left-wing and right-wing groups and an alliance between left-wing forces has not yet been formed, no clear alternative to the incumbent government exists at present.

Large-scale strikes extending to an entire sector did not occur; however, student protests of great dimensions did take place during the previous year, which resulted in a new concept being put forward. Left-wing opposition parties and citizens' organisations succeeded in staging demonstrations boasting larger number of anti-government protestors on a few occasions in the course of 2012. However, governing parties' potential to mobilise support is undoubtedly greater ("Peace marches"). The popular backing of Fidesz-KDNP, which remained safely higher than the added-up support of all left-wing opposition groups at the end of 2012, considerably exceeds that of opposition parties even as we approach the end of the third year of the running government term.

Taking office in 2010, the present cabinet inherited a difficult economic situation, and decreasing public debt was made a top priority. Achievements in this field were clearly visible: while government debt stood at 81.4 per cent of the GDP at the beginning of 2012, this figure fell to 79 per cent by the end of the year. However, the economy was in recession during the previous year, despite the fact that the rate of unemployment decreased and on the basis of the industrial production index, Hungary produced a middle-of-the-range performance on a yearly level. Apart from growth, inflation is the greatest challenge faced by the Hungarian economy, which stood at 5.1 per cent in the previous year.

Regarding the major pledges that appeared during the election campaign, progress was made in all areas in the course of the year 2012: employment broadened, the government managed to secure the purchasing power of pensions, the reorganisation of the healthcare system continued, steps were made in order to cut back economic bureaucracy and improve public safety. Despite these positive tendencies, however, the number of criminal offences increased in comparison to 2011. A phenomenon with a negative effect on the Hungarian population was that the average increase of wages fell short of the level of inflation; on the other hand, demographic indicators improved. The financial situation of social security funds will be an important issue for the government in the time to come, as these completed the year 2012 with a deficit greater than previously anticipated.

Questionnaire of Poland

Name of expert: Igor Janke

Study closed: 11.02.2013

1. Stability and the ability to govern	19
2. Popular support	13
3. Crisis management	12
4. Governance results	12
Total score	56

1. Stability and the ability to govern

1.1 question

Has there been a crisis of the government currently in office, a dispute within the governing party / coalition, minority government or vote of (no) confidence? For this question, mark 0 means that the government is on the brink of collapsing; and mark 5 means that there was no tension whatsoever within the governing party/coalition.

1.1 answer: 5 scores

The ruling coalition consists of dominating PO (Platforma Obywatelska – Civic Platform) and PSL (Polskie Stronnictwo Ludowe – Polish Peasant Party) is stable and in 2012 has not come through any serious frictions. The two parties have 235 seats in the parliament, out of 460. The majority is narrow but stable. Opposition parties are divided and there is no cooperation among them. This is the second time PO and PSL are forming coalition. (The first time was between 2007-2011.) There are serious differences between their programmes, but they know what they can expect from each other and how to avoid serious crises.

1.2 question

Has the government been forced to significantly alter the direction of its policies due to the danger of losing its majority in Parliament? Is the government committed to its principles? For this question, mark 0 means that a complete reversal in all major policy areas took place due to the danger of the government losing its majority; and mark 5 means that there is no inner obstacle to the political leadership carrying out its policies.

1.2 answer: 4 scores

In general, the government keeps its line. The ruling coalition has not introduced many difficult reforms and has been trying to avoid controversial issues. Since government position in 2012 was relatively strong there was no reason for MPs from PO or PSL to think about leaving their parties. The majority was secure. However, there was one serious issue when the government changed its line after mass protests on the streets. That was when the government was about to sign ACTA the agreement. Facing big demonstrations organized by young people all over Poland the government changed its decision and took completely different direction of action on that issue.

1.3 question

How disciplined is the governing party/coalition? Have there been instances of MPs representing the governing party/parties voting against proposals put forward by the government in Parliament? For this question, mark 0 means that votes against the government by governing party MPs regularly took place and they posed a danger to the government's

ability to govern; and mark 5 means that there was no vote against the government by governing party MPs in any meaningful issue.

1.3 answer: 4 scores

In 2012, both MPs from both coalition parties were disciplined when it came to votes concerning crucial issues for the government. However, there are strong tensions inside Civic Platform when such problems as abortion, sexual minorities rights and privileges, or in vitro fertilisation are discussed. Civic Platform has quite strong Conservative wing which is opposing many ideas coming from left-liberal group from the same party.

The most difficult topic within the coalition partners was raising the retirement age for both men and women to 67. Initially, PSL had opposed introducing that reform but finally both parties reached agreement and the bill was passed with the support of almost all politicians from PO and PSL.

1.4 question

Have ministers left office? Are cabinet reshuffles common? For this question, mark 0 means that several reshuffles took place; and mark 5 means that no reshuffle took place.

1.4 answer: 4 scores

During almost the whole of 2012 there was no reshuffle in the government established in the autumn of 2011. But in December 2012 the Minister of Economy and deputy Prime Minister Waldemar Pawlak (PSL) was replaced by Janusz Piechociński (PSL). The reason was related to internal changes in Polish Peasants Party: on its party congress, PSL elected a new chairman. Pawlak lost his position in favour of Piechociński. Almost automatically, Piechociński as the new party leader replaced Pawlak in the government. The change in government came smoothly and did not influenced the situation and stability of the government.

1.5 question

Is there a clear alternative to the government? Does an opposition force seemingly capable of assuming the responsibilities of governance exist? For this question, mark 0 means that there was a strong (popular) and unified opposition; and mark 5 means that popular support for opposition movements was low and these movements were fragmented.

1.5 answer: 2 scores

There are four opposition forces in parliament. They are not unified, however it is clear that the main opposition force is Prawo i Sprawiedliwość (PiS, Law and Justice), lead by Jarosław Kaczyński. PiS has its candidate for Prime Minister in a shadow government (in case PO and PSL lose their majority). In opinion polls, PiS is still slightly behind PO but the difference is not huge and in October 2012 PiS overtook PO in opinion polls. It happened only once but you may assume that there is a possible alternative to the current coalition.

2. Popular support

2.1 question

Have there been large strikes in protest of government policies, organised by trade unions and other interest groups? Have these influenced decision-making? For this question, mark 0 means that there were constant strikes and they resulted in changes of direction for important policies; and mark 5 means that no strikes took place.

2.1 answer: 3 scores

Few minor strikes of railway and mining workers took place in 2012. Protesters demanded better work conditions. There were no big strikes but a few large demonstrations against governments

policy took place. Several marches were organized by trade unions against raising retirement age to 67 but those protests did not influence government decisions.

2.2 question

Have political demonstrations or other manifestations of discontent occurred against government policies? For this question, mark 0 means that there were constant manifestations of discontent, organised by opposition parties; and mark 5 means that there were no manifestations of discontent.

2.2 answer: 2 scores

At the beginning of the year, demonstrations against the ACTA agreement which was to be signed by the government, were spontaneously organised in many towns all over Poland and a campaign in the Internet started.

Huge political demonstration (more than 100 thousand people) went through the capital of Poland in defence of freedom of speech after the National Broadcasting Council rejected to give religious Trwam TV (perceived as right-wing) space on a digital platform. Opposition party PiS organised several demonstrations questioning the whole government activity. Apart from ACTA, none of these demonstrations changed the direction of government policy.

2.3 question

To what extent has the governing party/group of parties been able to hold on to its popular support? Does it continue to lead in public opinion polls? For this question, mark 0 means that the governing party's/group of parties' popularity decreased drastically and is currently on a very low level; and mark 5 means that the governing party's/group of parties' popularity increased or did not change.

2.3 answer: 3 scores

Popularity of the ruling party – Civic Platform – has decreased but during almost all 2012 PO retained the lead in opinion polls. According various opinion polls, from January to December 2012 PO lost from 3 to 8 percentage points (having 32-42 % in December). Their coalition partner, PSL lost 1-2 percentage points (currently having 6-8 %).

2.4 question

Has the support of opposition parties increased substantially? Have significant new parties (parties whose popularity is around the parliamentary threshold) been formed? For this question, mark 0 means that the support of opposition parties increased substantially and significant new parties were formed; and mark 5 means that the support of opposition parties did not increase at all and no significant new parties were formed.

2.4 answer: 3 scores

Main opposition power Law and Justice increased their support from 1 to 4 percentage points (having in December 20-26 % according to various polls). In October, PiS overtook PO in opinion polls but a month later PO came back to leader position. Left-wing SLD has more or less similar support during a year around 8% whereas another liberal left-wing party, Ruch Palikota, saw its support decreasing from 9 to 5 %. No new important political power has been formed. There is one new party, Solidarna Polska, which has a small representation of MPs (their MPs defected from the main opposition party PiS), but their popularity is below threshold (2-3%).

2.5 question:

What level and tendency can be observed in the popularity of the Prime Minister? For this question, mark 0 means that the PM's popularity decreased drastically and is currently on a very low level; and mark 5 means that the PM's popularity increased or did not change.

2.5 answer: 2 scores

The popularity of Prime Minister Donald Tusk is decreasing. In December 2011, according to CBOS, 49 % of Poles answered „yes” to the question: „Are you satisfied that Donald Tusk is a head of the government?” In January 2012 „yes” answered only 40 %, and in December 2012, 35 percent.

„No” answered: in December 2011, 38 %; in January 2012, 42 %; in December 2012, 50 %.

The tendency of the popularity of Donald Tusk as a PM in Poland is negative. However, he has no serious challengers from other political parties.

3. Crisis management

3.1. question:

What path has the GDP taken in the past year? For this question, mark 0 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.1 answer: 5 scores

GUS (Central Statistical Office): according to the preliminary estimate, the increase of real GDP in Poland in 2012 was 2.0 %. In 2011, yearly GDP growth was 4.3%. There are no definitive results of the increase of GDP in all EU countries but no doubt Poland had one of the best results in Europe in 2012.

3.2 question

How has the rate of public debt varied in the past year? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the rate increased or did not change; for each 0.5 percentage point decrease, the mark awarded increases by 1, meaning that mark 5 means a decrease of 2.5 percentage points or more.

3.2 answer: 1 score

According to Eurostat, public debt in Poland in the 3rd quarter of 2012 was 55.9 % and was 0.4% lower than year earlier. Some Polish economists claims that the real debt is higher because some liabilities are hidden.

3.3 question

What tendencies were apparent in the rate of unemployment? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the unemployment rate increased by more than 2 percentage points; mark 4 means that no change took place; and 5 means that the unemployment rate decreased.

3.3 answer: 1 score

The unemployment rate in December 2011 was 12.5% and a year later (December 2012) it reached 13.4 %. The situation is still worsening – in January 2013, the level of unemployment jumped to 14.2 %.

3.4 question

How have productive industries performed in the past year? For this question, mark 0 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.4 answer: 4 scores

Industrial Production growth in Poland according to Eurostat – total industry (excluding construction):

2012-XI	-1.9
2012-X	1.1
2012-IX	-2.2
2012-VIII	1.7
2012-VII	4.6
2012-VI	1.0
2012-V	2.4
2012-IV	4.4
2012-III	2.2
2012-II	5.5
2012-I	9.2

3.5 question

How has the rate of inflation fared in the past year? For this question, mark 0 means that the country's average consumer price index in 2012 is among the three worst in the EU; and mark 5 means that the country's average consumer price index 2012 is among the three best in the EU.

3.5 answer: 1 score

At the beginning of the year Poland had one of the highest inflation rates in the EU but the situation improved by the end of the year.

Inflation in Poland in 2012 (HICP):

2012-XI	2.7
2012-X	3.4
2012-IX	3.8
2012-VIII	3.8
2012-VII	4.0
2012-VI	4.2
2012-V	3.6
2012-IV	4.0
2012-III	3.9
2012-II	4.4

4. Governance results

4.1 question

What were the five most important pledges of the current Prime Minister's party during the election campaign? To what extent can we observe a progress in fulfilling these promises in 2012? For this question, mark 0 means that there was no progress in any of the five major pledges; and mark 5 means that there was substantial progress in all five major pledges.

4.1 answer: 2 scores

The most important pledge was to negotiate 300 billion zlotys for Poland from the EU in the next budget (2014-2020). These negotiations took place in February 2013 and were finished successfully; we cannot fully take them into account considering the year 2012 but one has to admit that in 2012 they were preparing negotiations.

During the election campaign in 2011, Civic Platform made a list of 21 pledges. Most of them are to be fulfilled until 2015. But some of them are supposed to be introduced earlier than 2015, for example a bill insuring high income coming from exploration of shale gas (did not happen), introducing tax reduction for families with at least 3 children (did not happen), facilitate procedures for receiving building permits (did not happen), lowering public debt from 56.3 percent in 2011 to 48 percent in 2015 (during the first year, the debt was lowered by 0.4 percent to 55.9), liquidation of traditional tax form (did not happen). In fact, during the first year, there was no progress in fulfilling promises from the elections campaign in most cases, apart from EU budget negotiations.

4.2 question:

What was the per-capita average income for the past year? For this question, the change in per-capita average income for 2011 and 2012 is relevant. Mark 0 means no increase or decrease; and 5 means a very substantial increase.

4.2 answer: 2 scores

According to GUS, average monthly gross wage in December 2012 was 4111.69 PLN, and in December 2011 it was 4015.37 PLN.

4.3 question:

Did demographic indicators (especially the number of births) improve? For this question, mark 0 means that demographic indicators worsened significantly; and mark 5 means that the indicators improved significantly.

4.3 answer: 1 score

The birth rate in 2012 has risen by 0.01 % (four thousand people), which is less than in 2011 (0.02 %) and 2010 (0.08%).

4.4 question

How many criminal offences occurred in the past year? For this question, the tendency in the period of 2012 for which data is available, compared to the same period of 2011, is relevant. Mark 0 means a substantial increase in the number of criminal offences; and mark 5 means a substantial decrease in the number of criminal offences.

4.4 answer: 4 scores

According to GUS, the general number of crimes decreased by 3.1% in 2012, compared to 2011. Significant decrease was noted in case of serious criminal offences like armed robbery (17.8%) and murders (17.4%).

4.5 question:

Did the situation of social redistribution systems (e. g., healthcare, pension system) improve (balance of revenues and expenditures, transparency of financial and debt situation, clear regulation of tasks)? For this question, mark 0 means that the situation of social redistribution systems worsened significantly; and 5 means that their situation improved significantly.

4.5 answer: 3 scores

According to Health Barometer, people in Poland evaluate the healthcare system on the lowest level among 10 researched European countries. On a scale ranging from 1 (poor) to 10 (excellent), Poles assessed their system at 2.6 in 2012. In 2011, the score was 2.9, with an EU average of 4.7.

The minister for healthcare, Bartosz Arłukowicz, publicly admitted that he had to examine how it is possible that the Polish state spent more and more money on the healthcare system while the quality of the service has not improved. Last year, there were several scandals involving Polish hospitals which could not see patients. Waiting lists are getting longer.

According to Euro Health Consumer Index (EHCI), Poland has one of the worst health systems in Europe. In 2012, Poland was on the 27th place (compared with 26th in 2009).

In 2012, the government raised retirement age for men and women to 67 which was accepted as a necessary step by economists but met with strong nationwide protest.

Questionnaire of the Czech Republic

Name of expert: Vlastimil Havlík

Study closed: 25.01.2013

1. Stability and the ability to govern	11
2. Popular support	19
3. Crisis management	11,5
4. Governance results	13
Total score	54,5

1. Stability and the ability to govern

1.1 question

Has there been a crisis of the government currently in office, a dispute within the governing party / coalition, minority government or vote of (no) confidence? For this question, mark 0 means that the government is on the brink of collapsing; and mark 5 means that there was no tension whatsoever within the governing party/coalition.

1.1 answer: 1 score

First of all, the second Nečas cabinet is being evaluated. This cabinet was formed in April 2012 after a crisis within the Public Affairs party (VV) which was mainly a result of a court decision finding Vít Bárta (de facto leader of the party) guilty of corruption. VV decided to leave the cabinet but the „moderate” wing of the party led by Karolína Peake stayed in cabinet (later on this faction formed a new political party – LIDEM (Liberal Democrats or To the People)).

After the resignation of the Defense Minister Alexander Vondra, Karolína Peake was appointed as the new Defense Minister on December 12. Just few days after her appointment, she decided to make several important personal changes at the Ministry including the first secretary. Prime Minister Nečas dismissed her from the ministerial post on December 20 having claimed that Peake had lost his confidence (he claimed that Peake had promised him not to make any important personal changes at the Ministry). The LIDEM party decided to announce its departure from the cabinet but postponed the resignation of its ministers to January 10. Meanwhile, the group of MPs around the former Minister for Education Josef Dobeš (independent, former VV) claimed that they would support the government. In January, LIDEM decided to stay in the cabinet and K. Peake became the Deputy Prime Minister.

There was one unsuccessful vote of non-confidence on July 18 (only 89 MPs voted for non-confidence – according to the Constitution, at least 101 MPs is needed).

However, it has to be added that it is quite easy to call a vote of non-confidence according to the Constitution (only 50 MPs is needed, no sanction in case of the unsuccessful vote) and this instrument has been misused or overused by opposition (e.g. the first Nečas cabinet was unsuccessfully challenged by non-confidence vote three times between July 2010 and March 2012).

1.2 question

Has the government been forced to significantly alter the direction of its policies due to the danger of losing its majority in Parliament? Is the government committed to its principles? For this question, mark 0 means that a complete reversal in all major policy areas took place due to the danger of the government losing its majority; and mark 5 means that there is no inner obstacle to the political leadership carrying out its policies.

1.2 answer: 4 scores

The second Nečas cabinet`s majority in the Chamber of Deputies was questionable since the beginning of its functioning. 105 MPs out of 200 supported the cabinet in its „introductory“ vote of confidence in April 2012. Nevertheless, only 100 MPs were members of the cabinet political parties (the Civic Democratic Party – ODS, TOP 09 and LIDEM). Three votes were given to cabinet by members of VV, two former members of ODS (Pavel Bém and Michal Doktor) also supported the government. Therefore, the cabinet was dependent also on votes of independent MPs, or on votes of some members of opposition parties.

Moreover, the second Nečas cabinet`s economic policy was challenged not only by the opposition by also by some MPs from the right-wing ODS. Finally, the cabinet was not forced to make any significant changes in its policies despite intensive discussion mainly on the 2013 state budget and so-called tax-pack closely related to the state budget.

There has been a significant group of members and MPs of ODS not satisfied with the economic policy of the second (and also of the first Nečas cabinet), mainly with the raise of taxes planned (including the raise of VAT) . In September, the tax-pack was not passed in the Chamber of Deputies because of the “rebels” within ODS. Therefore, the cabinet was force to withdraw the bill on the 2013 state budget. Similarly, some of the rebels opposed the bill on restitution of the church property and the Chamber of Deputies had to postpone the vote on the bill.

In October, Radim Fiala left ODS and its MPs group in the Chamber of Deputies because of his “long-term disagreement” with policies of the cabinet led by the chairman of ODS. According to Fiala, the plans to raise taxes was the “last straw”. Together with the attitudes of other rebels, the majority of the cabinet was in danger.

The dispute over economic policies of the cabinet was solved after the congress of ODS where the rebels` faction was beaten. At the beginning of November, three of the rebels resigned their seats in the Chamber of Deputies and were replaced by MPs who comply with cabinet policies. The tax-pack and the state budget (both bills were related by the cabinet to its confidence) were approved also with help of the other two rebels.

Therefore, despite the challenges of cabinet policies by some members of ODS, the cabinet policies remains more or less unchanged.

1.3 question

How disciplined is the governing party/coalition? Have there been instances of MPs representing the governing party/parties voting against proposals put forward by the government in Parliament? For this question, mark 0 means that votes against the government by governing party MPs regularly took place and they posed a danger to the government`s ability to govern; and mark 5 means that there was no vote against the government by governing party MPs in any meaningful issue.

1.3 answer: 3 scores

The answer is closely related to the previous one. There has been disputes mainly within ODS because of the tax or economy policies and pro-European policy of the cabinet. However, if we examine all the votes in the Chamber of Deputies statistically, we can identify a high level of coherence of the governing parties` MPs voting with exception of Pavel Bém who later asked for suspension of his membership in ODS due to suspicion of corruption (otherwise he would have been expelled from the party), or occasional different attitudes of other ODS MPs. However, the ability of the cabinet to govern was not in a real danger as the cabinet was able to gain the majority needed in decisive votes by the support of the independent MPs or because of the change of opinion of the former “rebels”.

1.4 question

Have ministers left office? Are cabinet reshuffles common? For this question, mark 0 means that several reshuffles took place; and mark 5 means that no reshuffle took place.

1.4 answer: 0 score

Five changes took place:

- July 2012 – Ministry for Justice: Pavel Blažek (ODS) replaced Jiří Pospíšil (ODS).
- November 2012 – Ministry of Labour and Social Affairs: Ludmila Müllerová (TOP 09) replaced Jaromír Drábek (TOP 09)
- December 2012 – Ministry of Transport: Zbyněk Stanjura (ODS) replaced Pavel Dobeš (LIDEM)
- December 2012 – Ministry of Defense: Karolína Peake (LIDEM) replaced Alexander Vondra (ODS), she was dismissed eight days after her appointment (see more in 1.1 answer)
- December 2012 – chairmanship of the cabinet legislative council: Petr Mlsna (non-partisan) replaced Karolína Peake (LIDEM)

The three latest changes described were part of a larger cabinet reconstruction following Vondra`s and Dobeš`s resignation.

1.5 question

Is there a clear alternative to the government? Does an opposition force seemingly capable of assuming the responsibilities of governance exist? For this question, mark 0 means that there was a strong (popular) and unified opposition; and mark 5 means that popular support for opposition movements was low and these movements were fragmented.

1.5 answer: 3 scores

The opposition to the second Nečas cabinet consists of the Czech Social Democratic Party (ČSSD), the radical Communist Party of Bohemia and Moravia (KSČM) and the Public Affairs party (VV). The ideological distance of ČSSD and KSČM on one side and VV on other side is quite big. Moreover, the cabinet collaboration of ČSSD and KSČM and even a minority cabinet of ČSSD supported by KSČM has been considered as controversial not only by relevant part of society but also by significant part of ČSSD members and politicians. The opposition parties had 91 MPs out of 200 (ČSSD 54, KSČM 26, and VV 11). Even with the support of the three left-leaning MPs (one of them was kept in custody because a suspicion of corruption) the opposition parties were not able to hold the majority needed for forming a new cabinet (needless to say that collaboration of ČSSD, KSČM and VV would have been highly improbable). Therefore, an early elections (which are quite difficult to call in the Czech Republic) would have been needed for opposition to take over the cabinet.

On the other hand, if an early elections had taken place, the opposition would probably have won the elections. According the data of the Centre for Public Opinion research (CVVM), the popular support of ČSSD oscillated around 35% of votes and the popular support of KSČM around 20% of votes (see in details the 2.4 Answer). Therefore, a minority cabinet of ČSSD supported by KSČM could have been formed. Following several scandals and the split of VV, the support of the party was around 1% of votes.

All in all, the popular support of the left-wing opposition increased but the parliamentary opposition was fragmented and unable to take over the cabinet.

2. Popular support

2.1 question

Have there been large strikes in protest of government policies, organised by trade unions and other interest groups? Have these influenced decision-making? For this question, mark 0 means that there were constant strikes and they resulted in changes of direction for important policies; and mark 5 means that no strikes took place.

2.1 answer: 5 scores

Although the possibility of strikes and even of a general strike was discussed several times, disagreements among different trade unions organizations and lack of support from trade union members meant that no strike took place. Instead, the protest activities of trade unions concentrated on demonstrations (see the answer 2.2).

The main reasons for considering the organization of strikes was the criticism mainly of economic policies of Nečas cabinet. The trade unions blamed the government for insufficient support of consumption (i.e. a low level of state investments) which (according to representatives of trade union associations) caused or at least deepen economic recession. Another point which was criticized was the tax policy of the government and the reform of high school policy and the reform of the health care system planned (a partially realized).

2.2 question

Have political demonstrations or other manifestations of discontent occurred against government policies? For this question, mark 0 means that there were constant manifestations of discontent, organised by opposition parties; and mark 5 means that there were no manifestations of discontent.

2.2 answer: 3 scores

The most visible demonstration against Nečas cabinet and government policies took place in Prague on 21 April. The demonstration was organized by trade unions and by the platform „Stop vládě” („Stop the government”) which members are different (mostly but not only left-leaning) groups and civic associations. According to media reports, around 100.000 people participated at the demonstration. The demonstrators criticized economic and other policies of the government and demanded the cabinet to resign. It was the biggest demonstration since 1997, possibly the largest protest since the fall of the Communist regime in 1989. The demonstration was supported also by ČSSD and KSČM. Similar demonstration took place in November but these time only around 15.000 people participated.

What should be also mentioned is Holešovská výzva (Holešov appeal) – an initiative founded by a group of people (i.e. by a former dissident but also by a former communist and officer of the Czechoslovak People`s Army) who wanted to express their dissatisfaction with Nečas cabinet. The initiative collaborated with different civic associations and organized several protests (several thousand people attended these protests), demanding e.g. calling the early parliamentary elections.

2.3 question

To what extent has the governing party/group of parties been able to hold on to its popular support? Does it continue to lead in public opinion polls? For this question, mark 0 means that the governing party's/group of parties' popularity decreased drastically and is currently on a very low level; and mark 5 means that the governing party's/group of parties' popularity increased or did not change.

2.3 answer: 4 scores

The popular support (based on regularly conducted surveys by CVVM) of ODS remained quite stable (around 18% of votes) between May and December 2012. On the other hand, the support of the party was a bit lower in comparison with its election result in 2010 (20.2% of votes). The support of TOP 09 in the 2010 parliamentary elections was 16.7%. Its popular support oscillated around 9% of votes between May and December 2012. The support of the LIDEM party was stable but very low and the party did not get popular support high enough to have an separate category in opinion polls results (the results of the party are presented among the „others“).

As already mentioned, the popular support of ČSSD and KSČM was higher. Therefore, the governing parties did not lead the opinion polls. On the other hand, it should be mentioned that it was none of the governing parties which had won (taking into consideration the number of votes or seats in the Chamber of Deputies) the last parliamentary elections but ČSSD.

The 2010 Parliamentary Results and the Developments of the Popular Support of the Governing parties between May 2012 and December 2012

	Parl. Elections (May 2010)	May 2012	June 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012
ODS	20.2	17	20	20.5	16.5	16.1	17.1
TOP 09	16.7	10.5	10	8.5	8.5	10	8.5

Source: CVVM

2.4 question

Has the support of opposition parties increased substantially? Have significant new parties (parties whose popularity is around the parliamentary threshold) been formed? For this question, mark 0 means that the support of opposition parties increased substantially and significant new parties were formed; and mark 5 means that the support of opposition parties did not increase at all and no significant new parties were formed.

2.4 answer: 3 scores

The support of both of the relevant opposition parties (ČSSD and KSČM) remained more or less stable with a steady increase of the popular support of ČSSD during the last months of the year. What is important is a significant rise of the support of the two parties in comparison with their electoral support in 2010.

The case of VV is specific. The party was initially a part of the cabinet but later (April 2012) decided to go into opposition. After several scandals connecting to the functioning of the party and because of its unpredictable behaviour during its cabinet participation and because of its internal split in April 2012, the popular support of the party dropped to 1% of votes and its very likely that the party will not be able to cross the electoral threshold.

No new relevant political party was formed. The support of non-parliamentary parties remains more or less stable with exception of the Christian Democratic Union – the Czechoslovak People`s Party (KDU-ČSL) and the Greens (SZ) which popular support increased above (KDU-ČSL) or is quite close to (SZ) the electoral threshold during the second half of the year. On the other hand, both KDU-ČSL and SZ can hardly be considered as new political party.

	Parl. Elections (May 2010)	May 2012	June 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012
ČSSD	22.1	36.5	31	31.5	33	39	36
KSČM	11.3	21.5	20.5	19	22.5	19	22

VV	10.9	1.5	0.5	0.5	1	0.5	0.5
KDU- ČSL	4.4	5.5	7	6	5	5	6
SZ	2.4	2.5	4.5	1.5	3.5	3	4

Source: CVVM

2.5 question:

What level and tendency can be observed in the popularity of the Prime Minister? For this question, mark 0 means that the PM's popularity decreased drastically and is currently on a very low level; and mark 5 means that the PM's popularity increased or did not change.

2.5 answer: 4 scores

The popularity of the Prime Minister Petr Nečas remained more or less stable between May and December 2012 and oscillated around 18% (Question: "I will read you names of some politicians. Please, tell me whether you trust or mistrust each of them, or whether you cannot assess it.").

May 2012	June 2012	September 2012	December 2012
19	23	16	17

Source: CVVM

One should note, that the trust in the Prime Minister Nečas was comparatively high during first months after he had assumed the office of the chief of the cabinet after the 2010 elections (around 35%). Trust in Prime Minister Nečas was quite high when comparing with the level of trust in the cabinet in general (the trust in cabinet was 12-16% between April and December 2012 and always lower by approx. 5% in comparison to trust in PM Nečas).

3. Crisis management

3.1. question:

What path has the GDP taken in the past year? For this question, mark 0 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.1 answer: 3 scores

The GDP growth in the Czech Republic in Q 1-3 of 2012 was in „red numbers“. The data for the whole year has not been published yet, the Eurostat works with a forecast. According to this forecast the GDP of the Czech Republic dropped by 1.3% in 2012. Nevertheless, due to bad condition of almost all EU members states economics, this result did not mean that the Czech Republic was among the three worst countries in the EU. On the other hand, neither it was among the three leading countries during first three quarters of 2012. The data show that the Czech Republic economy has been in recession for four consecutive quarters.

Q 1 of 2012/ Q1 of 2011	Q 2 of 2012/ Q2 of 2011	Q 3 of 2012/ Q3 of 2011
-1.0%	-1.2%	-1.3%

Source: www.czso.cz

3.2 question

How has the rate of public debt varied in the past year? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the rate increased or did not change; for each 0.5 percentage point decrease, the mark awarded increases by 1, meaning that mark 5 means a decrease of 2.5 percentage points or more.

3.2 answer: 0 score

Unfortunately, the latest data published by the Eurostat covers only Q 3 of 2012. The public debt increased in Q 3 of 2012 in comparison to Q 3 2011 from 39.8% of GDP to 44.9% of GDP which means increase by 5.1%. Taking into consideration the percentage of the public debt to GDP, the Czech Republic belonged to the first third of the EU member states and is somewhere in the middle when we assess the growth of the rate of the public debt in percentage points to GDP. Thus, the Czech Republic would meet so-called Maastricht criteria. On the other hand, the trend is not very positive and it seems that the pace of the debt growth has been increasing in recent years quite rapidly (only six EU member states' public debt-to-GDP ratio increased more since Q 3 of 2011).

3.3 question

What tendencies were apparent in the rate of unemployment? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the unemployment rate increased by more than 2 percentage points; mark 4 means that no change took place; and 5 means that the unemployment rate decreased.

3.3 answer: 3 score

Unfortunately, the latest data on unemployment covers Q 3 of 2012 (or November 2012). The unemployment rate increased from 6.5% to 7% by almost 0.5 percentage points between Q 3 of 2011 and Q 3 of 2012 and was more or less the same as it had been in Q 3 of 2010. The Czech Republic was the EU member country with the seventh lowest unemployment rate in Q 3 of 2012 (the rate was similar to e.g. Finland, Sweden or Romania).

The table shows the monthly development of unemployment rate (in %) in the Czech Republic between January and November 2012. For the most of the period analysed (from January to July), the rate of unemployment was the sixth lowest among the EU member states.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
6,7	6,8	6,8	6,8	6,8	6,9	6,9	7	7,1	7,3	7,4

Source: Eurostat

3.4 question

How have productive industries performed in the past year? For this question, mark 0 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.4 answer: 3,5 scores

For answering this questions, the industrial production of the Czech Republic was compared with other EU member states. Every month percentage change (Y/Y) was evaluated. Most of the year, the dynamics (measured by percentage change) of the industrial production in the Czech Republic was in the „better half” of EU member states. However, one should note, that the industrial production decreased in seven months out of eleven in comparison with 2011. On the other hand, the Czech Republic was able to avoid a rapid decline of industrial production (as e.g. Cyprus, Portugal, Italy or Spain were not). We will see how much the Czech export-driven economy will be affected by an overall decline of industrial production of most of the EU member states during last months of 2012.

Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
1.0	2.6	1.5	-0.7	-0.3	1.6	-2.6	-2.1	-3.3	-6.2	-5.8

Source: Eurostat

3.5 question

How has the rate of inflation fared in the past year? For this question, mark 0 means that the country's average consumer price index in 2012 is among the three worst in the EU; and mark 5 means that the country's average consumer price index 2012 is among the three best in the EU.

3.5 answer: 2 scores

With 3.5% average consumer price index (HICP) in 2012, the Czech Republic belonged to the worst third of the EU member states. Nevertheless, it was not among the three worst countries in the EU. With the exception of 2008, the 2012 average consumer price index was the highest since 2001. The average consumer price index increased by 1.4 percentage points in comparison to 2011. The main reason for the growth of inflation were the prices for energy (electricity, water, heating), for rentals, food and alcohol-free beverages. The table shows 12 months average of percentage change of HICP in the Czech Republic during 2012.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
2.3	2.5	2.7	2.9	3	3.2	3.3	3.4	3.5	3.6	3.6

Source: Eurostat

4. Governance results

4.1 question

What were the five most important pledges of the current Prime Minister's party during the election campaign? To what extent can we observe a progress in fulfilling these promises in 2012? For this question, mark 0 means that there was no progress in any of the five major pledges; and mark 5 means that there was substantial progress in all five major pledges.

4.1 answer: 3 scores

The evaluation is based on the election programme of the Civic Democratic Party (ODS) for the 2010 parliamentary elections. ODS's election manifesto defined seven key areas which could be – with a certain level of simplification – reduced into five most important pledges: (1.) reduction of the level of public debt and passing of the bill on a balanced state budget and lowering of taxes; (2.) reform of the health care system including voluntary supplementary insurance; (3.) measures against abusing of the social system; (4.) educational reform including the reform of higher education; (5.) reduction of corruption and bureaucracy.

One of the challenges, we face during the evaluation of the Prime Minister party, is the existence of coalition cabinets (not only) after the 2010 parliamentary elections. In contrast to single party cabinets, coalition governances is inevitably connected with compromises. Another difficulty is related to the fact that we evaluate only the second Nečas cabinet and is not very easy to distinguish the results of the first and the second Nečas cabinet's policies. Nevertheless, we will try to assess fulfilling of the promises mentioned before.

(1.) *as mentioned before the level of the public debt increased, the bill on a balanced state budget was not approved yet. What was criticized also by members and even by some representatives of ODS was increasing of taxes (VAT included).*

(2.) *some measures were taking (e.g. simplification of payment for medical treatment and for receipts or more precise definition of the scope/standard of the medical treatment). The cabinet continued with its reform steps.*

(3.) *the most discussed was so-called S-card, i.e. a card which should simplify the system of different kind of social (state) benefits. However, the tender for the provider of S-cards was criticized.*

The S-card was intended to be obligatory for people entitled to benefits but according to the Ombudsman, a obligatory S-card would breach the law. Finally, S-cards remained only optional. The conditions for social benefits were tightened (for more information see the answer 4.5).

(4.) a new bill on higher education was being discussed and his final version is intended to be put in the Parliament by the cabinet in the spring 2013. The Minister for Education also propose some modification of the state high school exam.

(5.) The anti-corruption policy of the cabinet was based on the Government Anti-Corruption Strategy for the years 2011 and 2012 which was approved by the cabinet in January 2011. The document defined 11 priorities and more than 50 measures including laws which be taken/passed. Some of the measures planned were approved (e.g. a new legislation on public contracts or strengthening the digitalization of public administration) but many are still being discussed which the new government Anti-Corruption Strategy reflected.

4.2 question:

What was the per-capita average income for the past year? For this question, the change in per-capita average income for 2011 and 2012 is relevant. Mark 0 means no increase or decrease; and 5 means a very substantial increase.

4.2 answer: 0 score

The average wage in Q 3 of 2012 was 24.514 CZK which meant the lowest nominal increase since Q 4 of 2010 and the second lowest increase (by 1.4%) since 2000. Subtracting the inflation, real decrease was 1.8% in comparison to Q 3 of 2011. It was at the same time a real decrease in the fourth consecutive quarter.

The nominal increase was higher in non-business sphere in comparison to the business sphere. It is clear that a relatively low nominal increase (and a real decrease) of the average wage is the result of the European economic crises and is probably also related to attempts of business firms to cut their budget and save money.

Data source: notes.czso.cz

4.3 question:

Did demographic indicators (especially the number of births) improve? For this question, mark 0 means that demographic indicators worsened significantly; and mark 5 means that the indicators improved significantly.

4.3 answer: 2 scores

During first three quarters of 2012 the number of inhabitants of the Czech Republic increased by 8 thousand to 10.513 thousand. The increase was caused both by migration (around 6 thousand) and by „natural way” (around 2 thousand). Nevertheless, the number of births decreased by about 2 thousand in comparison to 2011 to about 82 thousand. Whereas the number of marriages remains more or less the same (38 thousand), the number of divorces decreased by about 1.500 to 19 thousand. For more information see the table below.

	2011	2012 ^{p)}	difference 2012 ^{p)} - 2011
Marriages	38 498	38 502	4
Divorces	20 538	18 982	-1 556
Live births	83 488	81 772	-1 716

- outside marriage *)	34 670	35 246	576
Deaths	79 358	80 217	859
- under 1 year of age **)	230	214	-16
Abortions	29 281	28 315	-966
- legally induced abortions	18 256	17 400	-856
Immigrants	18 567	21 967	3 400
Emigrants	4 671	15 758	11 087
Natural increase	4 130	1 555	-2 575
Net migration	13 896	6 209	-7 687
Total increase	18 026	7 764	-10 262
Population as of 31 March ***)	10 504 757	10 513 209	8 452
Mid-population ***)	10 494 039	10 508 906	14 867

p) preliminary data

*) relative figures state the proportion of live births born outside marriage (%)

**) relative figures are per 1,000 live births

***) figures on population for 2011 are recalculated according to the Population Census 2011 definitive results

Source: www.czso.cz

4.4 question

How many criminal offences occurred in the past year? For this question, the tendency in the period of 2012 for which data is available, compared to the same period of 2011, is relevant. Mark 0 means a substantial increase in the number of criminal offences; and mark 5 means a substantial decrease in the number of criminal offences.

4.4 answer: 5 scores

In 2012, 304.500 crimes were committed which is more than 4.3% less than in 2012 which should be classified as a „substantial decrease”. The decrease occurred in all types of criminal offences including murders, robbery, or economic criminal offences. On the other hand, the 2012 decrease was not exceptional in comparison to previous years. Therefore, it may be misleading to relate the decrease of number of criminal offences to the policies of Nečas cabinet. It seems that the decrease of the level of criminality is rather a result of long-term structural factors.

What could be mentioned here, is the controversial broad amnesty granted by president Václav Klaus and announced in his New Year speech (more than six thousand of prisoners has been released so far). According to the experts, it is quite probable that the amnesty will negatively affect the number of criminal offences in 2013.

4.5 question:

Did the situation of social redistribution systems (e. g., healthcare, pension system) improve (balance of revenues and expenditures, transparency of financial and debt situation, clear regulation of tasks)? For this question, mark 0 means that the situation of social redistribution systems worsened significantly; and 5 means that their situation improved significantly.

4.5 answer: 3 scores

One of the most discussed issues related to the social redistribution system was the pension reform prepared by Nečas cabinet. The reform is a clear reaction on the changing age structure of the population and the necessity to move at least part of responsibility to the individual people as the state will not have enough money for financing the pensions in the future if no change is introduced. The major part of the first phase of the reform was introduced on January 1 2012 and weakened the solidarity dimension of the pension system and raised the age for the retirement and defined new rules for valorisation of pensions. The main change was introducing of the so-called second pillar of the pension system which strengthened the individual dimension of the system by enabling to save money on individual accounts. I believe that the reform planned and introduced will help to decrease the overall level of public debt of the Czech Republic.

Some important changes in the health-care system were introduced by January 2012 – the bill cancelled the payment for every item on receipts (there is only payment for the receipt as a whole) and the patients can extra money for extra services (e.g. for better room in hospitals or for better vaccination or for better plaster). The second phase of the health care system reform was introduced by April 2012. The reform enhanced certain patients` rights (e.g. information right) and defined “minimal standards” for health care paid by the public insurance.

Some social system changes were passed by the Parliament – e.g. reducing of bureaucracy by introducing just one payment place for social benefits, changing for condition for maternity leave (it is now more flexible) or unemployment benefit. All in all, the conditions for social benefits were tightened. Also the controversial S-card was introduced (see above).

The measures described should positively affect the state budget in a long-term perspective. However, they could be disadvantageous for some people (mainly with social problems) in a short-term perspective.

Questionnaire of Slovakia

Name of expert: Peter Spáč

Study closed: 27.01.2013

1. Stability and the ability to govern	23
2. Popular support	18
3. Crisis management	12
4. Governance results	11,5
Total score	64,5

1. Stability and the ability to govern

1.1 question

Has there been a crisis of the government currently in office, a dispute within the governing party / coalition, minority government or vote of (no) confidence? For this question, mark 0 means that the government is on the brink of collapsing; and mark 5 means that there was no tension whatsoever within the governing party/coalition.

1.1 answer: 5 scores

The current Slovak government took power after elections in March 2012. The government is composed of only one party – Smer- Sociálna demokracia (Direction – Social Democracy; Smer-SD) and it is led by the prime minister Robert Fico. For the first time since 1993 a single party has been able to gain majority in Slovak parliament and thus the government is very stable. Since the elections there was an attempt of the opposition parties to make a vote of confidence about the minister of justice but the parliamentary group of Smer-SD blocked the parliament. As a result in 2012 there was no change in the composition of the government and no minor or major tension in Smer-SD at all.

1.2 question

Has the government been forced to significantly alter the direction of its policies due to the danger of losing its majority in Parliament? Is the government committed to its principles? For this question, mark 0 means that a complete reversal in all major policy areas took place due to the danger of the government losing its majority; and mark 5 means that there is no inner obstacle to the political leadership carrying out its policies.

1.2 answer: 5 scores

As Smer-SD has the majority in Slovak parliament (83 out of 150 MPs) its position is very strong. Moreover the government does not compose of more coalition partners and thus there is no relevant danger of losing majority. In sum the government did not face any challenges which would force it to change its ideological or programmatic course so far. A possible influencing factor here may be that the government is only in its first year in office.

1.3 question

How disciplined is the governing party/coalition? Have there been instances of MPs representing the governing party/parties voting against proposals put forward by the government in Parliament? For this question, mark 0 means that votes against the government by governing party MPs regularly took place and they posed a danger to the government's ability to govern; and mark 5 means that there was no vote against the government by governing party MPs in any meaningful issue.

1.3 answer: 5 scores

Smer-SD as a political party belongs to the most disciplined in Slovakia. It was established by Robert Fico who is still its leader (for more than 10 years) and his position is unquestionably the strongest among all party officials. The same counts for the party's parliamentary group. In previous electoral terms the parliamentary group of Smer-SD (whether in government or in opposition) was very stable and when compared to other parties there were no MPs which would leave the group (and the party) and would stay neutral. Parliamentary group of Smer-SD is also highly loyal regarding the governmental bills and any rebellions against the government are unlikely to occur.

1.4 question

Have ministers left office? Are cabinet reshuffles common? For this question, mark 0 means that several reshuffles took place; and mark 5 means that no reshuffle took place.

1.4 answer: 5 scores

There was no change in the government in 2012. No ministers have left the office and the only attempt of opposition parties regarding the minister of justice was unsuccessful. An influencing factor here may be the time, as only 9 month have passed since the parliamentary elections (out of these there is a custom in Slovakia that the opposition waits for the first 100 days of the government before it announces any aim to call for a vote of confidence towards the government or any of its ministers).

1.5 question

Is there a clear alternative to the government? Does an opposition force seemingly capable of assuming the responsibilities of governance exist? For this question, mark 0 means that there was a strong (popular) and unified opposition; and mark 5 means that popular support for opposition movements was low and these movements were fragmented.

1.5 answer: 3 scores

The parliamentary opposition has two features. First, it comprises of 5 parties. All of them have a significantly lesser popular support than Smer-SD (6-10 %) but together their joint support equates the support of Smer-SD. Second, these parties are centre-right but there are differences among them as the opposition includes ideological stances like the Christian democrats (KDH), liberals and in some circumstances even libertarians (SaS) or anti-establishment populists (OLaNO). Four out of these parties (SDKÚ-DS, KDH, SaS, Most-Híd) formed the previous government and although this project ended prematurely they would be able to govern together. There is a relevant question though, how could these parties cooperate with anti-establishment OLaNO. In sum the opposition as a bloc has a significant support, but its ability to govern together is not without doubts.

2. Popular support

2.1 question

Have there been large strikes in protest of government policies, organised by trade unions and other interest groups? Have these influenced decision-making? For this question, mark 0 means that there were constant strikes and they resulted in changes of direction for important policies; and mark 5 means that no strikes took place.

2.1 answer: 2 scores

In the end of November 2012 massive strikes organized by school unions (backing teachers and also non-teaching staff) started. The unions had a series of requests including an increase of wages. The government was reluctant to these requests and so on November 26 the strike started and majority of elementary and grammar schools stayed closed. After a few days the unions and government entered negotiations with partial results which did not completely satisfied the teachers and their protest activities continued until the end of 2012 although not in such a massive amount. The question

whether the protests will continue is still open. At the beginning the government declared that no public finances are available for this purpose, but after the strike began it had to retreat from this position and it agreed to increase the wages.

Besides this also the doctors show high dissatisfaction with the current situation as their once promised increase of wages is now questioned. However until the end of 2012 their dislike has not grown into open protests or demonstrations.

2.2 question

Have political demonstrations or other manifestations of discontent occurred against government policies? For this question, mark 0 means that there were constant manifestations of discontent, organised by opposition parties; and mark 5 means that there were no manifestations of discontent.

2.2 answer: 4 scores

The relations between the government and opposition can be characterized as tense. The government provided a series of changes against which the opposition protested (cancellation of flat tax, changes in the labour law) but this tension stays in the arena of the parliament. However the opposition tried to open a parliamentary discussion about the state of justice in Slovakia. Justice as an area has a very bad image in society, but Smer-SD refused to allow this debate in parliament. In reaction the opposition called this decision of government as a sign of an arrogant use of power and as a decline of democracy. It also referred to it as a characteristic which was used in the 90s under the government led by Vladimír Mečiar.

When dealing with the civic sector, there were massive protests before elections 2012 as a reaction on the so called "Gorilla" case. The Gorilla was an operation of Slovak security services in 2005/6 and showed an intense connection between the politics and financial groups involving in fact every that time relevant political party. After the elections 2012 these manifestations were not repeated.

2.3 question

To what extent has the governing party/group of parties been able to hold on to its popular support? Does it continue to lead in public opinion polls? For this question, mark 0 means that the governing party's/group of parties' popularity decreased drastically and is currently on a very low level; and mark 5 means that the governing party's/group of parties' popularity increased or did not change.

2.3 answer: 4 scores

As the government took power after the elections 2012 I will use the se official results as the starting time point (the same counts for the question 2.4.). In elections in March 2012 Smer-SD gained 44,41 % of support. In the subsequent month this support even went up and reached 50 %, but in the last months there was a slight decline. Still Smer-SD leads the public surveys.

At various polling agencies, the support for Smer-SD since the 2012 elections was as follows:

Agency	Month									
	4	5	6	7	8	9	10	11	12	
Focus	51	46.3	42.3		41.4	42		37.8	37	
MVK			42.7				40			
Polis		46.9	48.8					43.1		

Note: The survey agencies do not do the public surveys regularly every month. An empty cell means that for that month the agency provided no results.

2.4 question

Has the support of opposition parties increased substantially? Have significant new parties (parties whose popularity is around the parliamentary threshold) been formed? For this question, mark 0 means that the support of opposition parties increased substantially and significant new parties were formed; and mark 5 means that the support of opposition parties did not increase at all and no significant new parties were formed.

2.4 answer: 3 scores

The support of the opposition parties was slightly flexible in 2012. Individually they remain mostly under 10 %. Altogether in several months their joint support equates the support of Smer-SD or it even prevails. If a trend may be observed, then the support of the opposition was between stabilization and a slight increase.

One new opposition party Nová väčšina (New Majority - NOVA) was formed by a former vice-chairman of KDH Daniel Lipšic (he gained most preference votes in elections 2012 from all the candidates of the party). The party was created in the summer 2012 but until the end of the year its support remained relatively low. NOVA reacted to this by adding the name of its leader into the name of the party, so now it is Nová väčšina (Daniel Lipšic) (New Majority (Daniel Lipšic)) and this step should attract higher support for the party. Another high official from KDH Radoslav Procházka announced creation of a program platform called Alfa but until the end of 2012 he refused to create his own party and he is staying in KDH so far. These two politicians are perceived as capable of mobilizing more voters for the opposition.

The charts provide data from the same surveys as in question 2.3. First each opposition party in parliament is displayed. The last chart contains the sum of their support. Election results of the parties were as follows - KDH (8,82 %), OĽaNO (8,55), Most-Híd (6,89), SDKÚ-DS (6,09) and SaS (5,88) - together 36,23 %.

KDH

Agency	Month									
	4	5	6	7	8	9	10	11	12	
Focus	7.8	10.7	10.8		9.4	11.7		10.9	11.9	
MVK			7.2				8.4			
Polis		8.3	7.4					7.1		

OĽaNO

Agency	Month									
	4	5	6	7	8	9	10	11	12	
Focus	9.3	6	8.5		8	6.3		9	7	
MVK			10.4				9.1			
Polis		9.5	7.6					8		

Most-Híd

Agency	Month									
	4	5	6	7	8	9	10	11	12	
Focus	7.5	6.3	7.4		6.2	6		5.4	7.7	
MVK			7.3				7.3			
Polis		6.4	6.5					6.5		

SaS

Agency	Month								
	4	5	6	7	8	9	10	11	12
Focus	5.6	6.5	7.1		8.3	8.9		7.2	7
MVK			5.8				5.8		
Polis		5.2	5.8					6.6	

SDKÚ-DS

Agency	Month								
	4	5	6	7	8	9	10	11	12
Focus	3.3	6.9	6.5		8.1	8.3		7.6	8.4
MVK			5				4.8		
Polis		4.8	7.8					7.8	

Sum of
oppositior

Agency	Month								
	4	5	6	7	8	9	10	11	12
Focus	33.5	36.4	40.3		40	41.2		40.1	42
MVK			35.7				35.4		
Polis		34.2	35.1					36	

2.5 question:

What level and tendency can be observed in the popularity of the Prime Minister? For this question, mark 0 means that the PM's popularity decreased drastically and is currently on a very low level; and mark 5 means that the PM's popularity increased or did not change.

2.5 answer: 5 scores

This topic is mapped only in limited terms in Slovakia as the surveys are mostly oriented towards the support of political parties. Also Slovakia uses PR electoral system and so the election results provide only indirect data. Alas in February 2012 (a month before elections) a survey was done by agency MVK which asked citizens about their trust for politicians. This survey (as other of this type in Slovakia) was done in a way where each respondent could name up to three politicians who he/she finds trustworthy. For many years Robert Fico remains as a politician with the highest popularity and the survey in February 2012 only proved it. In this survey he gained 37,1 % of trust which was more than double than the second Iveta Radičová (18,2 %). In June and October 2012 MVK made similar surveys with nearly the same results.

The chart provides the results for Robert Fico in these three surveys and it proves a stabilized support of the prime minister throughout 2012.

	Month		
	2	6	10
R. Fico trust	37.1	39.4	36.5

3. Crisis management

3.1. question:

What path has the GDP taken in the past year? For this question, mark 0 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.1 answer: 4 scores

Slovakia in 2012 belonged to the countries of EU with the highest rate of gross domestic product. In 2009 as a result of the international financial crisis the GDP sharply went down but since 2010 it returned to growth, though the high increases from 2007 were not equated. Still the economy, which is highly oriented on export, belongs to countries in EU whose growth of HDP is above the average. In the first three quarters of 2012 only a few states like Latvia or Lithuania grew even more.

Time period	Q1 2012	Q2 2012	Q3 2012
GDP growth (in %)	2.9	2.6	2.1
Rank in EU	5 th	2 nd	4 th

Source: Eurostat.

3.2 question

How has the rate of public debt varied in the past year? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the rate increased or did not change; for each 0.5 percentage point decrease, the mark awarded increases by 1, meaning that mark 5 means a decrease of 2.5 percentage points or more.

3.2 answer: 0 score

Up to now the data for Q 3 of 2012 is available. When compared to Q 3 of 2011 the Slovak public debt grew very sharply. Since the first government of Robert Fico (2006-2010) the country's debt stopped decreasing and started to grow which was also supported by the world financial crises. The current amount of the public debt crossed the 50% of GDP and in Q 3 of 2012 it reached 51,2 % of GDP while in Q 3 of 2011 it was only 42,2 % of GDP. There were only few countries in EU (e. g. Cyprus, Portugal, Spain) which had a higher increase of public debt in this period.

Time period	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Debt (in % to GDP)	42.4	42.7	42.2	43.3	46.4	50.1	51.2

Source: Eurostat

3.3 question

What tendencies were apparent in the rate of unemployment? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the unemployment rate increased by more than 2 percentage points; mark 4 means that no change took place; and 5 means that the unemployment rate decreased.

3.3 answer: 3 score

So far the data of November 2012 are available. When compared to the data of November 2011, there was a slight increase in the rate of unemployment. The country was vastly affected by the world financial crisis which ended a longitudinal decrease of unemployment which started around the year 2000. Although many domestic economic indicators (e. g. GDP or industrial production) improved with time and stabilized after the crisis, the rate of unemployment is continuously going up and the

year 2012 was not an exemption. The perspective for 2013 stays rather negative as the government passed a less flexible labour law together with higher income taxes.

Month	1	2	3	4	5	6	7	8	9	10	11
Unemployment rate (in %)	13.7	13.6	13.6	13.8	13.9	14	14.1	14.1	14.1	14.2	14.5

Unemployment in 11/2011: 14 %

Unemployment in 11/2012: 14,5 %

Source: Eurostat

3.4 question

How have productive industries performed in the past year? For this question, mark 0 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.4 answer: 5 scores

The industrial production in the first eleven months of 2012 grew very sharply though by the end of the year the growth was much slower. The main reason of this was the growth of the production of automobiles. When compared to 2011, this sector grew by more than 65 % in the first nine months of the year and based on its size in the Slovak economy, it considerably improved the whole industrial production. As a result the industrial production in Slovakia for the first eleven months of 2012 belonged to the highest in the EU.

Month	1	2	3	4	5	6	7	8	9	10	11
IPP (in %)	5.5	9.8	12.8	13.1	12.3	13	18.5	17.1	13	8.1	5.2
Rank in EU	3 rd	1 st	1 st	1 st	1 st	1 st	1 st	1 st	1 st	2 nd	4 th

Source: Eurostat

3.5 question

How has the rate of inflation fared in the past year? For this question, mark 0 means that the country's average consumer price index in 2012 is among the three worst in the EU; and mark 5 means that the country's average consumer price index 2012 is among the three best in the EU.

3.5 answer: 0 score

After the eruption of the world financial crisis the inflation stagnated in 2009 and prices grew only very little in 2010. Since 2011 the inflation is readably higher and this was true also for 2012. The higher domestic amount together with higher energy prices supported its rise and the areas with the highest growth of prices were the transport, education, healthcare and foodstuff. Altogether Slovakia had an inflation rate of 3,7 % in 2012. This according to the available data belongs to the highest in the EU (together with Poland it shares the third-fourth position). Also monthly data ranked Slovakia to the countries with the highest inflation in EU.

Month	1	2	3	4	5	6	7	8	9	10	11	12
Inflation (in %)	4.1	4	3.9	3.7	3.4	3.7	3.8	3.8	3.8	3.9	3.5	3.4
Rank in EU	24 th	23 rd	23 rd	21 st	20 th	22 nd	22 nd	22 nd	23 rd	24 th	23 rd	22 nd

Source: Eurostat

4. Governance results

4.1 question

What were the five most important pledges of the current Prime Minister's party during the election campaign? To what extent can we observe a progress in fulfilling these promises in 2012? For this question, mark 0 means that there was no progress in any of the five major pledges; and mark 5 means that there was substantial progress in all five major pledges.

4.1 answer: 2.5 scores

The party Smer-SD highlighted its priorities in its election program. It defined several of its priorities though two of them may be joined together based on their prevailing vagueness and on the other hand one may be divided into two parts as they represent rather independent aims. The priorities may be noted as follow:

- a) a stable political system and orientation towards European values*
- b) an intervener, regulatory and protective state*
- c) higher taxation of the rich classes*
- d) economy growth based on big projects and refusal of privatization*
- e) social dialogue with political and non-political partners.*

The first priority may be understood as fulfilled as Smer-SD promised to enter only such a government which would not consist of too many parties. Compared to the previous government the new cabinet operates more effectively and without any visible tension. The government also achieved to intervene into the process of price creation (e. g. prices of energies) and successfully negotiated with the distributors of gas in the end of the year.

As for the taxes, Smer-SD promised to increase the taxation of the rich classes, while saying that raising the burden for lower classes by increasing the VAT would be not fair. In autumn 2012 new tax laws were passed which increased the taxes for the rich classes as promised and VAT was left unchanged. On the other hand the tax laws also modified the whole process of calculating the taxes and also the taxes paid for social care and healthcare were increased. In sum the middle and lower classes were also affected by this changes and their income will be lower.

The government announced that in further years it will support the realization of big infrastructure projects. It also declared its aim to expropriate the private health insurances and to accomplish this it stated that privatization of public property is necessary which is in discrepancy with its election program.

The last point, the social dialogue may be regarded as partially done. The government entered cooperation with the representatives of various social and economic sectors. On the other hand the communication with the opposition was not in a good shape and some serious conflicts arose (see q. 2.2.). In more occasions the prime minister announced that Smer-SD will accept the requests of opposition only when all opposition parties agree on such request. This refers to personal nominations like the post of the chief of the Supreme Audit Office which is usually given to opposition and in 2012 Smer-SD refused to support the nominee of SaS because not all opposition MPs voted for him.

4.2 question:

What was the per-capita average income for the past year? For this question, the change in per-capita average income for 2011 and 2012 is relevant. Mark 0 means no increase or decrease; and 5 means a very substantial increase.

4.2 answer: 0 scores

For now the data for the first three quarters of 2012 are available. The average wage continued to grow in 2012 in almost all economic areas. On the other hand the wages grew only nominal. With inflation calculated the real wages have decreased when compared to 2011. The decrease was not very substantial but the effects of the financial crisis are visible for this indicator.

Time period	Q1 2012	Q2 2012	Q3 2012
Average wage	770	793	784
Nominal change	3.2	1.5	2.2
Real change	-0.6	-1.9	-1.6

Note: The changes are in % and they compare the same period of the previous year.

Source: Slovak Statistical Office

4.3 question:

Did demographic indicators (especially the number of births) improve? For this question, mark 0 means that demographic indicators worsened significantly; and mark 5 means that the indicators improved significantly.

4.3 answer: 3 scores

Slovakia (5,41 million inhabitants) represents a case of a country which faces a continuous decrease of birth rate and belongs to European states with lower numbers of this indicator. The year 2012 was not an exemption though the political parties are occasionally trying to start a discussion about the possibilities of how to change the wider trends.

Up to now only data for first three quarters of 2012 are available. When compared to 2011 the number of births and deaths did not change considerably. The population of the country is still slowly increasing as the numerous generation of people born in the 80's of the previous century are entering age when they start to plan to have children. On the other hand the situation is not perceived as optimal and the prospect is rather pessimistic. Migration still plays a minor role and has not a big impact on the final numbers.

	2011				2012		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Births	14 602	14 835	16 491	14 885	13 191	13 288	14 984
Deaths	13 462	12 268	12 424	13 749	13 365	12 739	12 840
Migration	713	385	1 179	689	407	234	666
Population change	1853	2 952	5 246	1 825	233	783	2 810

Source: Slovak Statistical Office

4.4 question

How many criminal offences occurred in the past year? For this question, the tendency in the period of 2012 for which data is available, compared to the same period of 2011, is relevant. Mark 0 means a substantial increase in the number of criminal offences; and mark 5 means a substantial decrease in the number of criminal offences.

4.4 answer: 4 scores

In 2011 the chief of the police introduced a new system with an aim to rank the police officers and based on empirical indicators to affect their wages. In May 2012 after the elections the new minister of interior replaced the police chief Mr. Spišiak for Mr. Gašpar and together they announced that the system will be partly modified. In numerical terms the system proved to have some effect as the

number of criminal offences reached its minimum in 2012. On the other hand the number of criminal offences is gradually decreasing in the last years. When compared to 2011 the biggest decrease was in the area of offences against the property (43 176 offences in 2011 and 39 944 in 2012).

Year	Offences
2003	111 893
2004	131 244
2005	123 563
2006	115 152
2007	110 802
2008	104 759
2009	104 905
2010	95 252
2011	92 873
2012	90 351

Source: Slovak Ministry of Interior

4.5 question:

Did the situation of social redistribution systems (e. g., healthcare, pension system) improve (balance of revenues and expenditures, transparency of financial and debt situation, clear regulation of tasks)? For this question, mark 0 means that the situation of social redistribution systems worsened significantly; and 5 means that their situation improved significantly.

4.5 answer: 2 scores

The effectiveness of this area was not optimal in 2012 and it faced several challenges. The financial situation of the health service is a long-term problem of Slovakia. The hospitals are unable to fulfil their financial commitments and they repeatedly create debts. The help of the state in the past and the elimination of debts proved to be just a temporary solution as in 2012 the debts of hospitals rose again. Also the doctors showed their discontent as their wages were not increased as promised in the past. However until the end of 2012 they have not organized any demonstration or a similar action.

The government presented its aim to end the plurality of health insurances. It officially claimed that it will expropriate two private insurances and that only one insurance will exist in the system. This aim created many controversies as Smer-SD during its first government prohibited the private insurances to create profit which led to arbitrations. In one of these arbitrations Slovakia lost and it has to pay damages unless the German courts, who now consider the whole case, will decide otherwise.

Changes were also done in the pension system. The government of Mikuláš Dzurinda (2002-2006) made a reform of the system by creating a possibility for citizens to pay money not only for the joint public fund but they could also save their money by paying up to 9% of their income on their private funds managed by private corporations. The government of Smer-SD changed this and reduced this amount from 9 to 4% to get more money into the public sector and also temporarily allowed citizens to fully abandon this private funding. The government expected that the number of citizens using private funds will drop by 50 thousand which proved to be very unrealistic as only a much smaller amount of people used this option.

Questionnaire of Hungary

Name of expert: analysts of Nézőpont Intézet
Study closed: 19.02.2013

1. Stability and the ability to govern	23
2. Popular support	21
3. Crisis management	12,5
4. Governance results	7
Total score	63,5

1. Stability and the ability to govern

1.1 question

Has there been a crisis of the government currently in office, a dispute within the governing party / coalition, minority government or vote of (no) confidence? For this question, mark 0 means that the government is on the brink of collapsing; and mark 5 means that there was no tension whatsoever within the governing party/coalition.

1.1 answer: 5 scores

Following the April 2010 elections, the winning alliance Fidesz-KDNP formed a government backed by a two-thirds parliamentary majority. No internal dispute has occurred within the governing alliance; the cabinet lead by Viktor Orbán is stable and solid.

1.2 question

Has the government been forced to significantly alter the direction of its policies due to the danger of losing its majority in Parliament? Is the government committed to its principles? For this question, mark 0 means that a complete reversal in all major policy areas took place due to the danger of the government losing its majority; and mark 5 means that there is no inner obstacle to the political leadership carrying out its policies.

1.2 answer: 5 scores

As the parliamentary majority behind the government remained unthreatened, there was no internal obstacle which could have prevented the implementation of the cabinet's programme. Only decisions made by the European Union and the Constitutional Court caused the second Orbán government to back down from its original positions.

1.3 question

How disciplined is the governing party/coalition? Have there been instances of MPs representing the governing party/parties voting against proposals put forward by the government in Parliament? For this question, mark 0 means that votes against the government by governing party MPs regularly took place and they posed a danger to the government's ability to govern; and mark 5 means that there was no vote against the government by governing party MPs in any meaningful issue.

1.3 answer: 5 scores

One can find no occasion in which MPs belonging to the parliamentary groups of Fidesz and KDNP voted against a draft handed in by the government in any major issue. Only a few MPs representing the ruling parties voted against the joint position of the two party groups in a small number of marginal questions, meaning that discipline within the ranks of the two parliamentary groups is very strong.

1.4 question

Have ministers left office? Are cabinet reshuffles common? For this question, mark 0 means that several reshuffles took place; and mark 5 means that no reshuffle took place.

1.4 answer: 4 scores

There are no tensions or identifiable opposition groups within the government, and cabinet reshuffles are uncommon. Two ministers were replaced in the course of 2012. On 3 May 2010, Minister of National Resources Miklós Réthelyi, who initially only accepted the position for a two-year period at the time the government was formed, left office. Mr. Réthelyi was replaced by Zoltán Balog at the head of the ministry, which underwent a process of reorganisation. The second change in the cabinet's composition saw Tamás Fellegi being replaced by Mihály Varga as the Minister without portfolio responsible for negotiations with the IMF as of 2 June 2012. In the figure of Zoltán Balog, a party politician loyal to the Prime Minister and well-embedded in the Fidesz hierarchy took over from an elderly professor of anatomy who was rather an expert of his field than a party delegate. Tamás Fellegi was also replaced by a politician with close party ties, Fidesz's Vice President Mihály Varga.

1.5 question

Is there a clear alternative to the government? Does an opposition force seemingly capable of assuming the responsibilities of governance exist? For this question, mark 0 means that there was a strong (popular) and unified opposition; and mark 5 means that popular support for opposition movements was low and these movements were fragmented.

1.5 answer: 4 scores

The opposition of the government is divided into left-wing and right-wing groups. The far-right Jobbik would be unable to form a coalition with the left-wing Magyar Szocialista Párt (Hungarian Socialist Party; MSZP) and the smallest of the factions with parliamentary representation in Parliament during 2012, the green-liberal Lehet Más a Politika (Politics Can Be Different; LMP), but the latter two also do not co-operate with each other. The Left is similarly fragmented: LMP has practically split in two (this technically happened in 2013, when its parliamentary group ceased to exist), while breakaway Demokratikus Koalíció (Democratic Coalition; DK), which departed from the Socialists under the leadership of Ferenc Gyurcsány in 2011, and the extra-parliamentary Együtt (Together) 2014 movement, headed by Gordon Bajnai, are also competing for left-wing votes. Any possible co-operation between left-wing forces remains questionable at present, and their joint support remains, at best, somewhat below the popularity of Fidesz-KDNP. On the basis of data recorded in 2012, twenty-five per cent of the adult Hungarian population eligible to vote openly indicated support for the left-wing opposition (eleven per cent backed the Socialists, six per cent Együtt 2014 and three per cent the Democratic Coalition, while five per cent said they support LMP), while a further eleven per cent opted for the extremist Jobbik. On the other hand, thirty-two per cent of Hungarians had their sympathies with Fidesz-KDNP in the course of last year. (Some difference was detected in comparison to these figures in 2013 with the introduction of the category "undecided voters in favour of a change of government" in surveys and adding its result to the performance of the Left, resulting in greater mathematical equality in support with Fidesz).

2. Popular support

2.1 question

Have there been large strikes in protest of government policies, organised by trade unions and other interest groups? Have these influenced decision-making? For this question, mark 0 means that there were constant strikes and they resulted in changes of direction for important policies; and mark 5 means that no strikes took place.

2.1 answer: 4 scores

Several students' demonstrations were staged in connection with the reorganisation of the higher education system (no other strikes or manifestations of discontent occurred in any other particular group of society during 2012). A new concept was devised as a result of the protests, but governmental objectives remained unchanged. Therefore, the demonstrations held by students' organisations did influence the eventual decision taken by the government; the tools were modified but the direction of reform was not.

2.2 question

Have political demonstrations or other manifestations of discontent occurred against government policies? For this question, mark 0 means that there were constant manifestations of discontent, organised by opposition parties; and mark 5 means that there were no manifestations of discontent.

2.2 answer: 3 scores

During 2012, left-wing opposition parties and civil groups succeeded in mobilising a sizeable mass of people against the government on a couple of occasions. For example, tens of thousands took part in a protest against the Fundamental Law in front of the Opera House, while rallies held on national holidays, on 15 March and 23 October, also attracted large numbers. However, other civil organisations organised several pro-government rallies during 2012; many hundred thousand people participated in the so-called "Peace Marches" of January, March and October.

2.3 question

To what extent has the governing party/group of parties been able to hold on to its popular support? Does it continue to lead in public opinion polls? For this question, mark 0 means that the governing party's/group of parties' popularity decreased drastically and is currently on a very low level; and mark 5 means that the governing party's/group of parties' popularity increased or did not change.

2.3 answer: 5 scores

The approval rating of the governing Fidesz-KDNP alliance varied between twenty-eight and thirty-five per cent in 2012; no opposition force succeeded in endangering its leading position in public opinion surveys. Support of Fidesz-KDNP continues to be significantly higher than that of opposition parties even as we approach the third year of its government term. Fidesz-KDNP's lead at polls is clear even if we add up the popularity of various left-wing opposition groups. In December 2011, thirty-six per cent named Fidesz-KDNP as their party of choice; following smaller fluctuations, the governing parties continued to be favoured by thirty-two per cent of respondents at the end of 2012.

2.4 question

Has the support of opposition parties increased substantially? Have significant new parties (parties whose popularity is around the parliamentary threshold) been formed? For this question, mark 0 means that the support of opposition parties increased substantially and significant new parties were formed; and mark 5 means that the support of opposition parties did not increase at all and no significant new parties were formed.

2.4 answer: 4 scores

Opposition parties' approval ratings did not improve significantly during 2012; support behind these groups stagnated. The Socialists remained within the ten-thirteen per cent margin and finished the year with a popularity of eleven per cent in December, although the party's support was far from stable between 2010 and 2012 (figures varied between five and seventeen per cent). Similarly, Jobbik's backing was detectable at ten to twelve per cent and finished the year at eleven per cent,

failing to increase its popularity during the past two years. Although LMP's figures remained steadily around five per cent, the divide within the party caused its popular support to somewhat decrease. As the support of the party remained below the margin of error of public opinion surveys in all occasions, the Democratic Coalition has proven to be unable to attract a meaningful following; Ferenc Gyurcsány's party stood at three per cent as the year came to a close.

One out-of-parliament force with a level of support exceeding the five per cent election threshold, Gordon Bajnai's Együtt 2014 movement, came into being in 2012. The organisation is expected to become a party, but its appearance at elections as an independent entity seems unlikely.

2.5 question:

What level and tendency can be observed in the popularity of the Prime Minister? For this question, mark 0 means that the PM's popularity decreased drastically and is currently on a very low level; and mark 5 means that the PM's popularity increased or did not change.

2.5 answer: 5 scores

No fluctuations in a positive or negative direction broke the long-term trend, meaning that the popularity of the Prime Minister remained stable during 2012. In the competition of possible candidates for the office of Prime Minister, Viktor Orbán remained the favourite during 2012 with a figure of approximately thirty per cent, ahead of Gordon Bajnai, Attila Mesterházy, Gábor Vona and Ferenc Gyurcsány.

3. Crisis management

3.1. question:

What path has the GDP taken in the past year? For this question, mark 0 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's GDP growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.1 answer: 0.5 score

Although figures released by Eurostat show that Hungary's GDP in the fourth quarter of 2012 was 2.8 per cent lower than during the identical period of the previous year, Hungary was not among the three worst-performing states of the European Union (data for some member states is not yet available). According to a rapid estimate published by the Central Statistical Office (KSH), the yearly decrease of the GDP was 1.7 per cent.

Altogether a score of 0.5 can be given, as Hungary was not among the three worst-performing member states.

2012	Q1	Q2	Q3	Q4
Growth of GDP*	-1.0	-0.5	-0.4	-0.9

Source: Eurostat (* in %, compared to the previous quarter)

3.2 question

How has the rate of public debt varied in the past year? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the rate increased or did not change; for each 0.5 percentage point decrease, the mark awarded increases by 1, meaning that mark 5 means a decrease of 2.5 percentage points or more.

3.2 answer: 4 score

Achieving financial stability through decreasing public debt has been a top priority for the Hungarian government since it took office. The country has been consistently pursuing this path; according to data provided by Eurostat, Hungary's debt-to-GDP ratio stood at 83.4 per cent at the end of the third quarter of 2011, which fell to 80.8 per cent by the end of the fourth quarter of 2011. During 2012, the figure decreased further, to 79.6 per cent by the end of the first quarter and then to 78.3 per cent by the end of the second quarter of the year, while public debt at the end of the third quarter of 2012 was at 78.6 per cent of the GDP.

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Debt-to-GDP ratio (%)	83.4	80.8	79.6	78.3	78.6

3.3 question

What tendencies were apparent in the rate of unemployment? For this question, the change between the data for end 2011 and end 2012 is relevant. Mark 0 means that the unemployment rate increased by more than 2 percentage points; mark 4 means that no change took place; and 5 means that the unemployment rate decreased.

3.3 answer: 5 scores

According to data released by the Central Statistical Office (KSH), the rate of unemployment among persons above fifteen and below seventy-four years of age was 11.7 per cent in the period between January and March 2012, while the latest figure, for the period between October and December, shows that the rate fell to 10.7 per cent. KSH's statistics show that in the group comprised of individuals above the age of fifteen and below sixty-four, the rate of unemployment decreased from 11.8 per cent to 10.8 per cent in the identical period.

On the basis of Eurostat figures, 11.1 per cent of the active population were out of work (calculated according to the ILO definition), which fell to 10.9 per cent by November.

A clear decline can be detected in the case of both sets of statistics, meaning that a score of five points can be given.

3.4 question

How have productive industries performed in the past year? For this question, mark 0 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three worst in the EU; and mark 5 means that the country's industrial production growth (y/y) in Q 1-3 of 2012 is among the three best in the EU.

3.4 answer: 3 scores

According to indices published by Eurostat citing Hungary's monthly industrial productivity on a yearly basis, Hungary was among neither the three best nor the three worst-performing member states. Its average ranking was 14.27, which can be evaluated as a mid-range figure.

We have prepared calculations demonstrating the difference of the industrial output in a given month, arrived at on the basis of yearly statistics, compared to the EU27 average of the identical month. Then, taking the average of monthly discrepancies, we assessed that Hungary's yearly industrial productivity index in the period until November exceeded the EU27 average by a medium of 0.65 percentage points. This is the sixteenth best result in a European perspective, meaning that the country's performance in this respect was mediocre.

The data referred to above is for November and, in several cases, based on Eurostat's preliminary estimates.

On the basis of the aforementioned considerations, three points can be given.

3.5 question

How has the rate of inflation fared in the past year? For this question, mark 0 means that the country's average consumer price index in 2012 is among the three worst in the EU; and mark 5 means that the country's average consumer price index 2012 is among the three best in the EU.

3.5 answer: 0 score

According to data published by Eurostat, inflation in Hungary, calculated on a yearly basis, stood at 5.1 per cent in December, which is the highest rate in the European Union. Although, as of 15 February, Ireland had not yet published its final figure, monthly rates of inflation were far lower than in the case of Hungary.

4. Governance results

4.1 question

What were the five most important pledges of the current Prime Minister's party during the election campaign? To what extent can we observe a progress in fulfilling these promises in 2012? For this question, mark 0 means that there was no progress in any of the five major pledges; and mark 5 means that there was substantial progress in all five major pledges.

4.1 answer: 3 scores

The election manifesto of the parties forming the Orbán government, adopted as government programme after taking office in 2010, presents the most important areas of action in five chapters. Of these, the major pledges are the following: the creation of one million new, legal posts of employment in a ten-year period; decreasing economic bureaucracy and improving public safety; protecting the purchasing power of pensions; and finally, reorganising the healthcare system. Changes were begun in all areas after the new government took office; in the following, we will summarise the chief achievements accomplished in the year 2012:

Broadening employment: Although the government embarked upon creating one million new jobs in ten years, proportionately less new posts of employment have been established than would be necessary. According to figures provided by Eurostat, the number of people above the age of fifteen and in employment was 3 850 600 at the end of the fourth quarter of 2011; this number increased to 3 935 500 by the end of the third quarter of 2012. We can justly say that the government is placing a major emphasis on the broadening of employment and provisions in this direction are continual.

Decreasing (economic) bureaucracy: The chapter of the election manifesto on the economy addresses the question of decreasing economic bureaucracy in several instances. As this is an extremely broad area, we will only highlight the most important considerations in the following. In some respects, positive changes happened in 2012. One promising development of 2012 was the Job Protection Action Plan, which places particular emphasis on the situation of micro, small and medium-sized enterprises; below a yearly income of HUF 6 million, microenterprises will be able to opt for a new form of fix-sum taxation instead of paying corporate tax, personal income tax, social contribution tax and various other additional costs. A new, sixteen per cent tax rate will be available to small firms employing less than twenty-five people instead of taxes burdening company profits and costs of employment, such as corporate tax, vocational training contribution fees, healthcare contributions payable after dividends and social contribution tax. The Job Protection Action Plan took effect on 1 January 2013. At the same time, the administrative burdens weighing down upon enterprises are several times higher than the EU average, experts say. Simplifying public administration and cutting bureaucracy is an important objective of the government. The Magyar

Programme, began in 2011 to address this issue, extends to a period of several years. Although several provisions with direct effect on the population have already been implemented, the achievements of the project in their entirety will only be apparent by 2013. First and last, plans have been made and steps have been taken in certain areas, but without significant progress.

Improving public safety: Improving public safety and re-establishing law and order was among the main objectives of the new government upon taking office in 2010. In April 2012, the new law on minor offences took effect, meaning that offences against property are now punishable with a custodial sentence. The new Penal Code, put forward on 27 April 2012 by the government to Parliament, took effect on 1 January 2013. At the same time, the number of crimes has increased; however, it is important to emphasise that the government can take steps to prevent and to sanction criminal activity but is unable to exert influence upon the actual act of perpetration.

Protecting the purchasing power of pensions: Similarly to earlier years, provisions were made by the government in 2012 to protect the purchasing power of pensions. The year 2012 with a 4.2 per cent rise in state pensions; in October, the cabinet decided to add a supplementary increase of a further 1.6 per cent to that figure. On the basis of the state budget for 2013, the pensions will rise by 5.2 per cent in the running year, which exceeds the anticipated rate of inflation, meaning that the promise has been fulfilled. All in all, the pledge has been accomplished and the issue is constantly on the government's agenda.

Reorganising the healthcare system: The second year of the government term was characterised by the establishment of a new system of catchment areas, the reorganisation of in-patient care and the review of capacities and institutions' obligations to treat patients belonging to a certain area, meaning that following the correctional measures of the first year, the cabinet set out to establish the model of the new organisational and operational structure. The National Institute for Quality and Organisational Development in Healthcare and Medicines (GYEMSZI) was set up, hospitals were transferred to state ownership and eight Regional Healthcare Organisation Centres (TESZK) were formed. The structure of the planned healthcare system is as follows: local hospitals, primary-level in-patient care, regional facilities and institutions providing specialist care on a nation-wide level. The actual transition in institutions of in-patient care began on 1 July 2012. GPs and service providers were informed of changes related to the introduction of obligatory treatment within each catchment area, while patients can find the details of the new order of hospitalisation on a website. No institutions of care will be shut down and cases of emergency will continue to be dealt with in all hospitals. On the basis of these developments, significant progress has been made in the area.

4.2 question:

What was the per-capita average income for the past year? For this question, the change in per-capita average income for 2011 and 2012 is relevant. Mark 0 means no increase or decrease; and 5 means a very substantial increase.

4.2 answer: 0 score

According to data provided by the Central Statistical Office (KSH), the average monthly net wage in Hungary was HUF 153 672 in November 2012, which represents an increase of 3.2 per cent on a yearly basis. In the period between January and November 2012, the net wage stood at HUF 142 880, meaning that an increase of two per cent took place. At the same time, it is important to point out that salaries did not increase proportionately to the level of inflation, which, according to KSH data, was 5.7 per cent last year. Consequently, the real value of salaries fell.

4.3 question:

Did demographic indicators (especially the number of births) improve? For this question, mark 0 means that demographic indicators worsened significantly; and mark 5 means that the indicators improved significantly.

4.3 answer: 3 scores

Figures provided by KSH show that the number of live births increased by 2.6 per cent in 2012 compared to 2011, while the number of deaths also increased, by 0.5 per cent. However, the number of mortalities continues to be higher than that of live births. It is worth mentioning that 1.1 per cent more marriages took place in 2012, compared to the previous year.

4.4 question

How many criminal offences occurred in the past year? For this question, the tendency in the period of 2012 for which data is available, compared to the same period of 2011, is relevant. Mark 0 means a substantial increase in the number of criminal offences; and mark 5 means a substantial decrease in the number of criminal offences.

4.4 answer: 0 score

According to data published by KSH, the number of registered criminal offences increased by 4.6 per cent compared to the previous year. Violent crimes, traffic and economic offences were less common in this period, while the number of breaches of public order increased heavily by twenty-five per cent and crime against property by 1.3 per cent. Offences against public order accounted for 28.5 per cent of all criminal activity.

It must be pointed out that the Orbán administration has introduced a Penal Code significantly stricter than the earlier version, which statistically could have lead to an increase in the number of offences.

4.5 question:

Did the situation of social redistribution systems (e. g., healthcare, pension system) improve (balance of revenues and expenditures, transparency of financial and debt situation, clear regulation of tasks)? For this question, mark 0 means that the situation of social redistribution systems worsened significantly; and 5 means that their situation improved significantly.

4.5 answer: 1 score

Social insurance funds finished the year 2012 with a deficit of HUF 117.8 instead of the anticipated level of HUF 35.3 billion; of this, the deficit amassed by the Pension Insurance Fund amounted to HUF 70.8 billion, while the Health Insurance Fund boasted a shortfall of HUF 47 billion at the end of the year. A (modified) projection set out in law expected the deficit of social insurance funds to stand at HUF 35.3 billion for 2012, meaning that the actual level was far higher than the projected rate. In 2013, the funds' deficit amounted to HUF 83.3 billion, which was produced by the Health Insurance Fund; the Pension Insurance Fund closed the previous year at break-even point.

The scores of the Visegrad countries

	Slovakia	Hungary	Poland	Czech Republic
1. Stability and the ability to govern	23	23	19	11
2. Popular support	18	21	13	19
3. Crisis management	12	12.5	12	11.5
4. Governance results	11.5	7	12	13
Total	64.5	63.5	56	54.5