

DEMOCRACY IN CENTRAL AND EASTERN EUROPE: RENEWING THE PROMISE OF DEMOCRATIC TRANSITIONS



JULY 26, 2017

**Briefing of the
Commission on Security and Cooperation in Europe**

Washington: 2017

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The Helsinki process, formally titled the Conference on Security and Cooperation in Europe, traces its origin to the signing of the Helsinki Final Act in Finland on August 1, 1975, by the leaders of 33 European countries, the United States and Canada. As of January 1, 1995, the Helsinki process was renamed the Organization for Security and Cooperation in Europe [OSCE]. The membership of the OSCE has expanded to 56 participating States, reflecting the breakup of the Soviet Union, Czechoslovakia, and Yugoslavia.

The OSCE Secretariat is in Vienna, Austria, where weekly meetings of the participating States' permanent representatives are held. In addition, specialized seminars and meetings are convened in various locations. Periodic consultations are held among Senior Officials, Ministers and Heads of State or Government.

Although the OSCE continues to engage in standard setting in the fields of military security, economic and environmental cooperation, and human rights and humanitarian concerns, the Organization is primarily focused on initiatives designed to prevent, manage and resolve conflict within and among the participating States. The Organization deploys numerous missions and field activities located in Southeastern and Eastern Europe, the Caucasus, and Central Asia. The website of the OSCE is: <www.osce.org>.

ABOUT THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE

The Commission on Security and Cooperation in Europe, also known as the Helsinki Commission, is a U.S. Government agency created in 1976 to monitor and encourage compliance by the participating States with their OSCE commitments, with a particular emphasis on human rights.

The Commission consists of nine members from the United States Senate, nine members from the House of Representatives, and one member each from the Departments of State, Defense and Commerce. The positions of Chair and Co-Chair rotate between the Senate and House every two years, when a new Congress convenes. A professional staff assists the Commissioners in their work.

In fulfilling its mandate, the Commission gathers and disseminates relevant information to the U.S. Congress and the public by convening hearings, issuing reports that reflect the views of Members of the Commission and/or its staff, and providing details about the activities of the Helsinki process and developments in OSCE participating States.

The Commission also contributes to the formulation and execution of U.S. policy regarding the OSCE, including through Member and staff participation on U.S. Delegations to OSCE meetings. Members of the Commission have regular contact with parliamentarians, government officials, representatives of non-governmental organizations, and private individuals from participating States. The website of the Commission is: <www.csce.gov>.

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**Commission on Security and Cooperation in Europe
Washington, DC**

The briefing was held at 2:00 p.m. in room SVC–215, Capitol Visitor Center, Washington, DC, Erika B. Schlager, Counsel for International Law, Commission for Security and Cooperation in Europe, presiding.

Panelists present: Erika B. Schlager, Counsel for International Law, Commission for Security and Cooperation in Europe; Andrew Wilson, Managing Director, Center for International Private Enterprise; Martina Hrvolova, Central Europe and the Balkans Program Officer, Center for International Private Enterprise, The George Washington University Law School; Peter Goliaš, Director, Institute for Economic and Social Reforms, Slovakia; András Löke, Chair, Transparency International, Hungary; Marek Tatala, Vice-President, Civil Development Forum, Poland; Jan Surotchak, Regional Director for Europe, International Republican Institute; and Jonathan Katz, Senior Resident Fellow, German Marshall Fund.

Ms. SCHLAGER. Good afternoon. I'm Erika Schlager, counsel for international law for the U.S. Helsinki Commission.

On behalf of Senator Roger Wicker, the chairman of the Helsinki Commission, I would like to welcome everyone here today to the Helsinki Commission's briefing on "Democracy in Central and Eastern Europe: Renewing the Promise of Democratic Transitions."

The Helsinki Commission is an independent agency of the U.S. Government chaired by members of Congress. Since its establishment by federal law in 1976, the Commission has been deeply engaged promoting democracy in Central Europe and Eastern Europe, including efforts to counter malign Russian influence and acts in the region. We strive to support the transatlantic relationship, promote human rights, advance good governance and prosperity, and—in the words of the seminal 1990 Paris Summit Charter—"We undertake to build, consolidate and strengthen democracy as the only system of government of our nations."

Since the start of this year's Congress, we have increased our focus on Central Europe. We have organized several roundtable discussions in our offices for congressional staff with experts focused on this region. Last week, issues relating to the Czech Republic were raised by Brian Whitmore of Radio Free Europe at our briefing on Russian kleptocracy. And in June, Chairman Wicker convened a hearing to examine and support effective anticorruption efforts in Romania.

Today's event is being streamed live on Facebook, and there will be a transcript posted to the Helsinki Commission's website at the end of the briefing.

I am heartened by the turnout for this event. Clearly, this briefing is fortuitously timely, if not overdue, and I am privileged to have such an extraordinary panel with me today. Full biographies of our panelists are available on the table as you enter this room, so we won't be reading them in detail here. I expect we will have a lively question-and-answer session, so I want to be sure we have ample time for that.

I will pass the floor now for introductory remarks from Andrew Wilson, the managing director of the Center for International Private Enterprise [CIPE]. Thank you very much for being here.

Mr. WILSON. Thank you, Erika.

I wish to begin this timely briefing by thanking Erika Schlager of the Helsinki Commission for leading this very important initiative. Countries across Central and Eastern Europe have made great strides since the 1990s building democratic institutions, growing market economies, joining the European Union and NATO. And the people of this region should be proud of the progress they have made. Thanks to the work of committed citizens and visionary leaders, countries have been transformed from repressive communist systems to exemplars of political freedom and vibrant commerce. In large part, these changes have served as a beacon for citizens beyond this region's borders.

Yet recently, many of Europe's new democracies have faced serious stresses, which raise questions about the resilience of new transitions and threaten to undo the progress that the region has made during the last three decades. Moreover, the political climate in Europe has revealed significant risks to the system of European multilateralism.

The complex challenges of globalization and resurgence of authoritarianism have increasingly led to significant disenfranchisement and fueled the anti-system feelings. Many of the problems in this region and across the globe, however, don't stem from the failure of democracy, rather a failure to more actively pursue its consolidation, and ensure that the economic and social benefits of democracy penetrate throughout societies.

You know, there's a very large, genuine interest in reinvigorating the region's democratic trajectory by addressing homegrown failures of governance and following through on promised reforms. And at the same time, the citizens of the Central and East European countries want a greater say in how their countries and how Europe as a whole is governed, and more local control over their affairs, including in the business realm.

Therefore, for the past two years CIPE has therefore been supporting local voices in Central and Eastern Europe in their efforts to understand the current challenges to freedom, democracy and markets, and to pave the way to demonstrate that democracy can meet today's challenges and to revive people's faith in it. This would not be possible without the generous support from the U.S. Congress and the U.S. National Endowment for Democracy, and I would like to recognize them for their continued commitment to the region.

Earlier this year, CIPE, with many of its partners from across Central and Eastern Europe, launched a declaration reaffirming our own Euro-Atlantic commitments to democracy and private enterprise. The purpose of this modest action is to make a broader statement about our desire to forge a renewed commitment to regional and global economic systems based on the principles of democratic dialogue, free markets, and the rule of law that guarantees a level playing field.

As expressed in the declaration, civil society and business representatives from the region are committed to the values of democracy and the market economy, and are seeking to take concrete steps to address the democratic challenges that our distinguished speakers will discuss later today. Their ideas, such as improvement of the entrepreneurial environment to foster growth and the encouragement of citizens' engagement in democratic decision making, should be welcomed. Otherwise, the influence of antidemocratic elements will continue to grow.

Because a free and prosperous Europe is one of the key pillars of the lasting relevance of universal values of liberty, democracy, and free enterprise in the still-evolving global arena, our transatlantic alliance has to remain strong. The U.S.'s enduring commitment to supporting healthy democracies and thriving markets, including in Europe, runs very deep, and the role that the Helsinki Commission has recently been playing is a great proof of that commitment.

In this respect, business leaders also have a critically important role to play. They must become the champions of advancing democratic and pro-democratic values. Coordinated and sustained engagement with reform-minded business is specifically needed because only in functioning democracies can the private market system provide the economic opportunity necessary for sustainable democratic stability.

The lessons we are learning now about how our nations, republics, unions, and alliances are managed, and how to balance those institutions with the role of the individual in society, will have lasting ramifications for whether we succeed in ensuring stability of the global architecture and furthering human progress in future. Thus, because our alliance is only as strong as we are, we pledge to continue to support similar efforts, exchanges of ideas, and mobilization of democratic champions across the globe to safeguard democracy that delivers also in the interest of future generations free from memories of our struggles against totalitarianism.

And with that, I'll hand it back to you, Erika.

Ms. SCHLAGER. Thank you, Andrew. I appreciate that help in framing the issues that we're going to be discussing today.

At this point, I'm going to turn the microphone back over to my left, to Dr. Martina Hrvolova, to take the role of moderator and traffic cop, and to ensure that we are able to hear from everyone on this outstanding panel as well as to have ample time for discussion. Martina is a program manager at CIPE, and has been invaluable in helping put together today's event. So thank you very much, Martina, for being here and for the role you're playing.

Dr. HRVOLOVA. Thank you, Erika. Thank you for your kind introduction, and good afternoon to everyone. Let me start by welcoming you all again to this briefing. We could not be more pleased that you decided to join us today, both in the Capitol but also online, for this important briefing.

Before I turn to our speakers, our panelists, inviting them to provide their opening remarks and comments, let me briefly introduce them to you.

To my left, I have our first speaker, Peter Goliaš from Slovakia, who is director of Institute for Economic and Social Reforms. Peter has outstanding experience in research and advocacy that dates back to pre-accession period of Slovakia.

Our next speaker is András Löke, who has served as chairperson of the board of Transparency International in Hungary for the past seven years. He's also a founder of the local online media portal that serves as a gateway together for more than 20 local websites.

Following András, we then have Marek Tatala, who is a vice president and economist at the Civil Development Forum, founded by Professor Balcerowicz in Warsaw, Poland. Marek is a graduate of multiple programs at the Atlas Network, and he's interested in economic and political affairs.

Because we have speakers from both sides of the Atlantic today with us, let me then introduce Jan Surotchak of IRI to you. We will hear from Jan about some important work that IRI has been doing in Central Europe. But I would also like to stress that Jan is the regional director for Europe, which comprises not only Central Europe, but also Baltic states, Southern, Eastern Europe, and Turkey. Jan also manages IRI's Leadership Institute for Central and Eastern Europe.

Last but not least, we have Jonathan Katz here with us today, who also doesn't need much introduction. Jonathan was the deputy assistant administrator at USAID. Previously, he also served as a senior advisor to the assistant secretary in the International Organization Affairs Bureau at the U.S. Department of State, and he also had several leadership roles here on Capitol Hill.

Today, we are meeting to recognize progress and challenges to democracy in Central and Eastern Europe. We will hear, again, from the speakers from both sides of the Atlantic. The three European speakers join us all the way from Poland, Slovakia and Hungary. Again, but let us not forget that there are also other countries in the region that are facing very similar challenges and experiencing similar stresses to their democracies.

And with that, let me turn to Peter Goliaš and invite him to share his insights on the state of democracy in Slovakia.

Mr. GOLIAŠ. Thank you very much. Good afternoon, ladies and gentlemen. Thank you, organizers, for inviting us here. It's a great pleasure for me.

I will be, in my short introduction, explain or give you a short overview of current state of democracy in Slovakia, what are our key democratic challenges, and what are possible solutions.

First of all, we have run a project together with CIPE, with Center for International Private Enterprise, over the past two years. And in 2016, in November, we had a public opinion poll, representative public opinion poll, where we asked people about what they think about the quality of democracy in Slovakia and how it's changed over the past five years. And the result was that 40 percent of people said that democracy is rather bad in Slovakia, or is rather bad, and 26 percent thought that it is rather good. When we asked about the development over the past five years, 43 percent answered that it's getting worse or it got worse over this period, and just 18 percent answered that it got better.

We asked the same questions just one month earlier, so in October 2016, the same questions, the opinion leaders in Slovakia, the experts, and we received answers from 80 of them. And it proved that they think even—they have even more negative views of the democracy. So 50 percent had the opinion that it's rather bad, the quality; 25 [percent] it is rather good. But 71 percent think that the democracy has got worse over past five years, and just 13 percent think that it has improved.

So we asked, why is it so? What are the reasons for these negative views of the general public, but also of the expert society? And the main explanation was, based on this survey, that the main cause of the population dissatisfaction is the perception that politicians do not work in the public interest, but in the interest of the private interest, or interest of some businessmen, oligarchs who are behind and have links to these politicians.

It also proved that people are dissatisfied that the corruption cases which are there in Slovakia and were being investigated, and it has not been—nobody was punished for these corruption cases. And, last but not least, they also complained about the quality of public services, especially in health care, education, quality of public roads.

Now, we asked also people about their attitudes to democracy and if they see some alternatives to democracy. And it showed up that around 20 percent of people would be ready to replace democracy with dictatorship, which was striking to us. Moreover, almost one-third of people would exit from the European Union, and also almost one-third of people would return back to socialism which we had before 1989. For this returning to socialism, these were mostly older people.

Of course, these opinions are showing slowly in the political landscape in Slovakia. And we had parliamentary elections in March 2016. And the biggest surprise was that the radical far right fascist party entered the parliament, the national parliament, with more than 8 percent of votes. Another party, which is a populist party led by one celebrity, extravagant celebrity, received almost 7 percent, and they also entered the parliament. So we see that this popularity of nonstandard and anti-systemic, anti-democratic parties is growing in Slovakia.

Now the question is: What is the perspective? What will be the future development? And according to my opinion, the most probable is that the leftist SMER, social democratic party, which is the strongest one in Slovakia, will remain the strongest one, and they will pick up the partners from among other smaller parties, and they will form the coalition from them. This is not very good for democracy because, as we can see now, democracy is getting worse. So I think that this would mean further slow deterioration of democracy because of gradual erosion of checks and balances, and moreover because dissatisfied people will probably more turn toward extremism or these low-standard and anti-systemic parties.

So I would summarize, the key issues, the key challenges that we have are—in the first place, it's the axis of power and corruption which is not being punished. And the second key issue is that we have populism spread in Slovakia, which means that politicians prefer very often short-time solutions or short-time policies which increase their popularity, but they are ignoring long-term problems like, for example, segregation and poverty of the Roma community, of the Roma minority, or improving the quality of the health care, of judiciary, of the public roads, et cetera.

Moreover, it was surprising that these radical parties and these nonstandard parties are very popular among young people. In the elections, among first-time voters, these parties were winners. So they did not receive just 6 [percent] or 8 percent, but they were winners in these elections. This proves or at least hints at some poor quality of our education system in explaining to the children why democracy is important, why democracy matters for the quality of our life, why the European Union is important, and it also fails somehow to teach children to think critically. It's another very important challenge.

Now, the last part of my presentation is about solutions—what solutions can we have for this situation? And we asked for solutions the experts in our survey, and the answer was that the most important, both in the short and in the long term, is to have stronger and more independent and accountable institutions, such as police, prosecution, judiciary, regulatory institutions and authorities, and oversight authorities. This proved to be the most important solutions that we need to have in Slovakia.

In the short term, there are several other solutions. One of them is credible investigation of the main corruption cases and scandals. The other one is that we need more consistent feedback to politicians from civil society. This means mostly fact checking, regular fact checking of politicians breaking their promises, if they are fulfilled or not. Then we need to watchdog the biggest public tenders, where very often the most public money is stolen. And we need to declare or to disclose detailed declarations of assets of politicians and officials.

For the long term, the solutions are, in the first place, the improving of the education system to teach children to think more critically and to teach them how to understand the link between democracy and quality of life. Then the second is enhancing public services—again, education, health care, roads, et cetera. And the third one is that we need some better opposition parties, so we need some more pro-democratic parties which would enter the political scene, and which would perhaps sometimes in the future overtake the power.

So what do we need to implement these solutions? Because, of course, it's nice to have solutions, but we need to implement them. I think that we are unable to implement these solutions without mobilization of civil society. So it's very important—it's crucial that the pro-democratic forces in the country are mobilized, and I mean these local NGOs, media and businesspeople. And I think that we need also some international support for this.

Thank you for your attention.

Dr. HRVOLOVA. Thank you. Thank you, Peter, for that. Also for sticking to the time limit. And thank you also for trying to identify the solutions, so not only speaking about the problems but also solutions.

With that, let me invite András, to my left, to make his presentation on the state of democracy in Hungary.

Mr. LÖKE. Thank you, Martina. I'm very, very grateful to be able to take part in this event. And I will try to sum up the situation of democracy in Hungary in seven minutes, which is—[laughter]—not an easy task to do, but thank you. But let's try.

Tusnádfürdő—in Romanian it's Băile Tușnad—is a small resort in the Hungarian-populated part of Romania, Transylvania, and Fidesz, the governing party, organizes its summer university here every year. Prime Minister Viktor Orbán generally is there, and he generally introduces his newest political and ideological ideas there. His famous vision about the “illiberal state” was born here three years ago. This was his speech, and he

mentioned not only Singapore but also Erdoğan's Turkey and Putin's Russia as examples to follow.

Last week, Prime Minister Orbán took part again in this meeting. So it might be interesting for you to bring some of the most interesting quotations. Elections in Hungary are due next spring, and Orbán has already set the tone and the direction of the upcoming campaign. Quote: "First of all, we have to confront external power. We have to stand our ground against the Soros mafia network and the Brussels bureaucrats. And, during the next nine months, we will have to fight against the media they operate." This is a new quality, so turning directly against the media. European Union leaders and George Soros are seeking a, quote, "new, mixed, Muslimized Europe." Another quote: "Hungary will use every legal possibility in the European Union to be in solidarity with the Poles." A third one: "Hungary, since the Trianon Treaty"—Trianon Treaty was the treaty closing down the First World War, and Hungary lost much of its territories—"Hungary, since the Trianon Treaty, hasn't been as close to being a strong and thriving country as it is now. If a government comes which again will serve global interests, then this historical chance will be wiped out for decades."

Now let me give you some examples how some influential NGOs see the same country, Hungary. Let me begin with Freedom House. Freedom House gave an aggregate score of 76 for Hungary out of 100, by which count Hungary is a "free" country. Let's then see the breakdown. Political rights—on a scale of seven where one is the most free and seven is the least free, political rights got a three and civil liberties got a two.

The bad news is that all of the trends are on a downward trajectory. Transparency International Corruption Perception Index 2016: The good news is that Hungary is perceived to be only a moderately corrupt country in a worldwide comparison, reaching 48 points in 2016 on a scale from zero, which is "very corrupt," to 100, which is "clean and non-corrupt." The bad news, again, is that the trend is downwards. In the region, Hungary is only followed by Romania and Bulgaria.

Then perhaps the most telling is the Global Competitiveness Report of the World Economic Forum, where Hungary is coming 69th out of 138, and this is the worst position ever Hungary has had. Countries like Rwanda, Oman, Jordan, Romania, Botswana, Peru and Macedonia scored better. And, back in 2001, Hungary was the 29th most competitive economy in the world. In the EU, Hungary takes the 25th place, which means that there are only three countries that are less competitive than Hungary.

This survey is based on twelve pillars, and Hungary scored the worst under the first pillar, which is institutions. Within this pillar, the following areas are the most problematic, and I will give you expressions and rankings. Like transparency of government policymaking, it's ranking 136 out of 138. Then ethical behavior of firms, 136. Favoritism in decisions of government officials, 135. Property rights, 134. Burden of government regulation, 123.

The key challenges of the country, as I see it, are:

Emigration and demography: About 1 million people have left the country since 2000, out of 10 million, so this is a serious challenge. And, as mostly economically active people leave, an aging population dependent on pensions and social support remain. Doctors and nurses continue to leave the country by the thousands, whereas the overly stressed health care is underfunded.

Education: Hungary has never scored extremely well in the international student assessment, but recent results are really disappointing. Students scored much worse in 2015 than 2012. No CEE country shows a similar deterioration, and no CEE country's education budget is shrinking faster than Hungary's.

Press: Pro-government media dominates the media sector, while critical voices experience difficulties in reaching audiences and securing financial resources.

Markets: The Orbán government significantly has undermined the functioning of the markets in many areas through crony capitalism, central decision making, unpredictable and erratic regulations. Shortly after coming to power, Orbán introduced the System of National Cooperation, the SNC, which is an informal but very powerful means of creating and maintaining parallel economy for the cronies. The losers are, amongst others, companies in those sectors in which the government introduced punitive taxes—which is banking, retail, and telecommunications—and practically all businesses, which have to face unfair competition from the cronies.

GDP growth is not impressive, but acceptable. It measured 2 percent last year, and this year and the next two years it's going to even better probably. And one good news about the economy is that the external debt is coming down from 81 percent in 2011 to 74 percent last year.

The level of investment is quite low. It's not even 18 percent. But the really bad news is that if you compare what the state invests and what private companies invest, the state invests more than three times more than private companies. And that's very bad for the economy, I think.

What's the wider background? In Hungary, there is a genuine lack of experience with strong democratic governance, and there is a feudal culture. Each government spent a lot of energy on undoing what the previous government did. Polarization and enmity between the two elites of the country reached such a degree that compromise seems to be impossible even on the most basic values. This leads to a general inclination to accept short-term solutions, lies, and extreme ideologies.

What are the possible solutions? I can offer no quick fix and no general easy solution. So I thought about presenting some ideas what NGOs can do step by step in this situation. It is to reassert civil society's role in maintaining transparency and accountability in governance, as well as facilitating greater public consultations in decision making; urge political parties, civil society, and the business community to communicate and practice democratic values, so as to encourage more inclusive engagement in public affairs and present alternatives to extreme messages; and lastly, increase engagement with the business community, so as to mobilize resources and know-how in reconfirming society's commitment to pluralism and maintaining healthy space for civil society.

And I think I passed my seven minutes, so I'll stop here. Thank you very much for your attention.

Dr. HRVOLOVA. Thank you, András. And I'm sure that we'll have at least a few interesting questions from the audience. We'll be able to follow the discussion with you on the important challenges that Hungary is facing.

Moving forward, let me turn to my right, to Marek Tatala from Poland, inviting him to share hopefully a brighter perspective of the future of Poland.

Mr. TATALA. Thank you, Martina. And thank you for coming today. It's a great honor to be here and have a chance to talk to you about the assessment of democracy in Poland.

For many years, Poland has been presented as a success story of peaceful economic and political transition. Thanks to the initial free market reforms and continuation of the pro-reform path, we observed a rapid and stable rate of economic growth in Poland, which led to the highest increase of GDP per capita in the region.

During this period, different political parties from left-wing social democrats to right-wing conservatives were present in the governments, with a rather smooth transition of power following elections. There were no significant legislative attacks on the foundations of the 1997 Polish Constitution by the mainstream political parties, either. And, overall, institutional framework has significantly improved thanks to domestic efforts and external incentives, such as accession to the EU and NATO.

Democracies can be taken advantage of by undemocratic leadership. Lukashenko, Putin, Erdoğan, as well as a few Latin American leaders, all won democratic elections, and later weakened democratic systems or abolished democracies completely. Viktor Orbán in Hungary won constitutional majority, and used the power to limit political competition through changes in the electoral system, rule of law, and media.

There is no doubt that the ruling Law and Justice Party in Poland won democratic elections, after a very populist electoral campaign. And Poland is still a democracy, despite the harsh rhetoric we often hear these days. I personally think that these strong words should be reserved for more difficult times, which will hopefully never come, as exaggerations can sometimes backfire.

However, instead of strengthening democracy, including rule of law, the governing party is pushing Poland in the opposite direction. On Monday, President of Poland Andrzej Duda stepped in to announce that he plans to veto two out of three controversial legal acts in the area of the justice system, which will slow down the process. Nevertheless, most of the challenges mentioned in the declaration asserting the crucial role of democratic values and free market principles prepared by CIPE and its regional partners are currently very present in Poland.

Many people in Poland now believe that winning elections and having a majority, 37 percent of the vote in case of Poland, means that the winner can do anything. The ruling party's promises and slogans have certainly fed this belief. As a consequence, there is a lack of commitment to checks and balances and separation of powers, as well as less respect for minority rights among a significant part of the society.

Fortunately, recent protests that led to the presidential vetoes show that there is also part of the society committed to democratic values, and it should grow in the future. Hopefully, recent events in Poland will strengthen the latter.

I will focus today mostly on rule of law, as it is the key challenge, in my opinion, to the future of democracy in Poland. As the U.S. Department of State asserted in their most recent press statement, quote, "The Polish Government has continued to pursue legislation that appears to undermine judicial independence and weaken the rule of law in Poland." And we have observed that the following acts contributed to this process.

Firstly, the laws on constitutional tribunal. The ruling party, in an unconstitutional way, nominated some judges and took political control over the tribunal. This poses a risk for the implementation of other unconstitutional legislation supported by the Law and Justice Party in the future.

Then law on organization of courts signed by President Duda today. The law would empower the minister of justice, who is at the same time the prosecutor general, to dis-

miss all heads of courts in an arbitrary way within six months of its adoption, and appoint their successors without binding consultation with the National Council of Judiciary as required in the past.

The ruling party, Law and Justice, supported two other legal acts that were a major threat to independence of judiciary and the rule of law, on the National Council of Judiciary and on the Supreme Court. These two controversial laws stimulated protests in Poland and prompted international reaction, which have pushed the president to announce his plan to veto them.

And then we have problems with very rapid legislative process. Much of this recent legislation, but also other laws, have been passed in a very rapid manner without any public consultation or debate with citizens, experts or NGOs. The government has violated various provisions to safeguard the quality of the legislative process in Poland.

So, summing up, the model of judiciary proposed by the ruling party so far resembles the model known from the past, in communist Poland, when the Communist Party controlled all the legislative, executive, and judiciary powers.

In his recent speech in Warsaw, the President of the United States said: "As long as we know our history, we'll know how to build our future." We in Poland know where this model of concentration of power, lacking any checks and balances, led the Polish society and the Polish economy. It is why more and more Poles have been in the streets demanding that President Andrzej Duda veto the most recent judiciary reform. Two out of three vetoes were a good decision by the president and a major success of this part of the Polish civil society committed to democratic values.

And now a few remarks about the possible solutions to these challenges, especially to rule of law.

Firstly, fast fact-checking and watchdog activities by NGOs, media, and civil society using efficient communication tools. There are many people in Poland who know what is wrong or what is false, but they need to improve their communication to reach wider audiences.

Then, more dialogue and better cooperation of civil society, NGOs, business-support organizations and political parties, with NGOs and civil society acting as possible mediators.

Increase engagement of the business community. Business should not only support NGOs with resources, but also speak up about the future of democracy in Poland.

Then we should offer alternative proposals for justice reform, improving what does not work like lengthy proceedings and excessive formalism, while strengthening the system's independence. As the President of Poland announced his administration would work on the justice system reform after recent vetoes, it is essential to monitor this work and to provide high-quality feedback.

Then we need to improve the quality of the legislative process to ensure genuine inclusive public debate and expert assessments of proposed laws.

And finally, education should be focused more on civic engagement and economic literacy; for example, practical lessons of democracy that delivers, including in economic terms.

Polish civil society is a key player in advancing democracy in Poland. The European Union and our other Western partners should not be expected to solve our problems. That, however, does not mean that they should remain silent or turn a blind eye to what's hap-

pening in the country right now. Quite to the contrary. All friends of Poland can certainly help by sharing their knowledge, expertise and resources, as well as by providing moral support to those committed democrats in Poland who found courage to seize the opportunity that the present crisis provides.

I therefore particularly appreciate the role of CIPE here in this regard, supporting their local partners, drafting the declaration of renewed commitment to democratic values in Central/Eastern Europe countries, and hosting us in the U.S. on the occasion of this briefing.

Finally, Poland has a historic potential to be an inspiration for societies east of Vienna and the Balkans looking for higher quality of life and greater individual freedom. The strength of Polish democracy should continue to serve as an example for the regions. To preserve the foundations of international stability, it is therefore our joint responsibility to act whenever democracy is in jeopardy.

Thank you.

Dr. HRVOLOVA. Thank you, Marek.

Next on my list is Jan Surotchak, regional director for Europe of the International Republican Institute, who will speak about the important work IRI is doing in Europe to be better able to understand where exactly the democratic deficiencies in Europe are. The floor is yours, Jan.

Mr. SUROTCHAK. Thanks, Martina. And thanks to Andrew and Mark, and Martina, to you, for CIPE for organizing this.

And thanks to Erika and the Helsinki Commission. Thirty-one years ago on this day, in the summer of 1986, I was an intern at the Helsinki Commission. And it's an odd thing. I'm not sure whether, frankly, I should be happy or depressed by the turnout at this discussion. It reminds me a great deal of the mid-1990s, to be honest with you, when we were having many of these very same discussions. So I guess I'm happy that you're all interested, but worried about the fact that we have to be talking about this again.

So I'm going to go back, maybe, just a little bit to the 1990s. And you know, let's maybe help with some framing around where we are and where we've come from.

In Europe, of course, the post-Cold War strategic goal of the United States was crystalized by George H. W. Bush in his famous speech in Mainz, Germany, where he talked about building and maintaining a Europe "whole and free." At that time, of course, the field for democracy advocates like us, both European and American, was wide open. The people of the newly free, former Warsaw Pact countries were hungry for assistance. Those in the field in those days felt the full support of the United States Government in the work that we were doing. Moscow's influence was declining dramatically as the Soviet Union collapsed and Russia turned in to focus on itself. And it appeared, we hoped, that the inclusion of the new member states in the European Union had both, one, signaled their capacity to succeed as democracies; and, two, guaranteed recourse if they once again were to exhibit weaknesses.

Two decades later, the strategic situation has changed radically, and unfortunately in some ways has reversed. New fault lines have emerged in the societies of the still new democracies, very much along the lines that we've just heard laid out here by Peter and András and Marek in Slovakia, Hungary and Poland, not forgetting our friends in the Czech Republic, which is also facing significant anti-democratic pressures of its own as it moves toward elections, and potentially even something of a coronation, this October.

It is precisely these fault lines that offer points of entry to a Russian Federation once again seeking to destabilize NATO and the European project.

For this reason, IRI has been undertaking a fairly aggressive public opinion research project as part of something that we call the Beacon Project, generously funded by our friends at the National Endowment for Democracy, in an effort to build coalitions in Europe to push back against Russian soft-power meddling in democratic processes there. Part of this effort is to help our allies in the region better understand exactly where the main democratic deficiencies and weaknesses in the various societies are.

So in late May at the Globsec conference in Bratislava, therefore, we released a comparative poll covering the four Visegrad countries, and that was done through IRI's Center for Insights in Survey Research. This poll reveals a number of disturbing trends in the heart of Europe, including waning support for core transatlantic institutions such as NATO, tensions over the nature of European identity, and discontent with socio-economic challenges in the region.

After investing 20 years and hundreds of millions of dollars in building a Europe “whole and free,” it's clear that there is a potential risk that transatlantic peace and security can indeed be undermined, that Russian influence in Central and Eastern Europe is increasing, and that in some ways challenges to democracy are now fully within the European Union's house.

So what do the data from our poll show? First, with regard to the overarching question of security and stability, while NATO and the U.S. presence in Europe have, of course, been historically cited as a key pillar of peace and security, in Slovakia an alarming 60 percent of respondents feel that the U.S. presence actually increases tensions and instability in the region. A majority of respondents in all four countries either strongly or somewhat support a neutral position for their countries between NATO and Russia. In Slovakia, that number was 73 percent; in the Czech Republic, 61 [percent]; in Hungary, 58 [percent]; and in Poland—even in Poland—53 percent. Seventy-five percent of Slovaks believe that Russia should be a partner in security, followed by 59 percent of Czechs, 54 percent of Hungarians, and 35 percent of Poles.

A second area of concern is values. Our survey revealed ambivalence about the nature of European identity. More than one-third of respondents in the Czech Republic—40 percent—and in Slovakia—36 percent—feel that the European Union is pushing them to abandon traditional values, while 41 percent of Slovaks believe that “Russia has taken the side of traditional values.” In the Czech Republic that number was 27 [percent], Hungary and Poland 18 [percent] and 14 [percent].

A third area is economics. And I think it was really interesting to hear what András had to say about the socioeconomic situation in Hungary today. Reflecting the dissatisfaction with the state of the economy and public services, a significant portion of respondents in all four countries feel that their socioeconomic status is so poor that it is better to compare it to Russia than to that of Europe. Thirty-nine percent of Hungarians think that their social benefits have more in common with those of Russia than those of Europe, followed by 26 percent of Slovaks, 24 percent of Poles, and 15 percent of Czechs. Similarly, 37 percent of Hungarians say that their economy and standard of living is much more akin to Russia's than it is to that of Europe. In Slovakia, the number was 22 percent; in Poland, 19 [percent]; and in the Czech Republic, relatively more economically successful, 16 [percent].

And on the question of Russian interference itself, in addition to the widening number of respondents who identify with Russia on key issues such as identity, the poll also indicates vulnerability to Russian disinformation among respondents who get their news from nontraditional media outlets. In Slovakia, a combined 76 percent either do not believe that Russia is engaged in efforts to mislead people—38 percent—or do not care if they do—38 percent there as well.

So, in summary, these results correspond closely to the data that we've gathered from the Beacon Project's >versus< media monitoring tool, which has revealed a correlation between socioeconomic disparities in the V4 countries and vulnerabilities to Russian influence. It is precisely these disparities, as well as the ongoing weaknesses in foundational institutions of democracy in the V4 that we've heard about here today, which we believe opens a door for Russia to proffer a narrative that coldly counters the democratic one upon which the entire Helsinki vision is based.

The next key product of Beacon will be a similar public opinion survey in Germany in the run up to the crucial parliamentary elections there this September 24th, with a special focus on opinion in the *Bundesländer* that used to comprise the German Democratic Republic—which we all know, of course, while surely German, was neither democratic nor a republic.

Thank you again for your attention to this important set of issues. It is fabulous to be able to sit on this panel and talk about what's going on in these countries and try to figure out solutions with you all. So thank you.

Dr. HRVOLOVA. Thank you.

And with that, to conclude this first round of initial presentations, let me turn it to Jonathan, who is a fellow at the German Marshall Fund, and will offer some of his thoughts on how should the U.S. and transatlantic allies respond to some of these challenges.

Mr. KATZ. Great. Thank you. And I just wanted to thank the Helsinki Commission for this opportunity, as well as CIPE for organizing today's event, and for all the panelists, especially colleagues who've come across from Europe to speak to this issue today, because it is timely.

I want to, again, thank everybody for being here today, and this is an amazing crowd. As somebody who used to be on the Hill, when you get everybody to come over to the Capitol and have a packed room, actually standing room only, you know you're doing something right and you know it's timely. So that's great.

Just sort of listening to the panel here today, I wanted to start off—make no mistake, I know that you had mentioned, Marek, not to be over-dramatic about the challenges, maybe, in the region. But let me be a little bit more over-dramatic: I think what we're witnessing in Central and Eastern Europe—the rise of illiberal democracies, weakened rule of law, attacks on press freedom and media independence, increased corruption, and the rise of ethno-nationalism—is a threat to the successful democratic transformation of Europe and Euro-Atlantic integration that's been underway for the past two decades.

The external challenge, which was mentioned, exacerbating this alarming situation is Russia's hybrid war on targets in this region, including a relentless campaign of disinformation, economic corruption, and election meddling that we know even here in the United States as well. The transatlantic community, led by the United States and the EU, must prioritize democracy, human rights, and economic development in Eastern and Cen-

tral Europe to push back against these challenges. This does not mean that the United States and Europe should downplay regional security challenges—including those posed by Russia, a threat that needs constant attention. It means that, in conjunction with greater regional security, we must increase our bilateral and joint diplomatic engagement and development assistance efforts in the region to support continued democratic and economic transition.

So how should the United States and our transatlantic allies respond to these challenges? I'll offer four core strategies to answer this question and guide policymaking in Washington and Europe in this space.

First, the U.S. and transatlantic partners must resist the idea of retrenchment. Now is a critical moment for the United States and our European partners to be vocal and clear about our support for democracy and human rights, particularly in this region. Ignoring the spreading cancer of illiberal democracies in Central and Eastern Europe is not an option. Over time it will impact U.S. and European interests if left unchecked.

As many of you know, the United States relies heavily—heavily—on allies in the region for political support, security support—including in the fight against terror—to promote democracy and human rights, and to serve as important trade and economic partners. The less democratic and more corrupt that Central and Eastern European nations become, the less reliable they are as allies, and more likely they are to be influenced by Russia or other actors.

This will also have a profound impact on the EU, as we're seeing. And it shouldn't be lost on anyone that as democracy backslides and erodes in certain EU countries, how that impacts the internal debate within the EU and the future course of the EU as well. And it's something important to recognize as we have this discussion.

The other impact, as was mentioned, is this knockoff effect or knock-on effect, which is countries in the region, including those who are transitioning, like Ukraine, looking at their neighbors—in fact, the neighbors that they look to as the model of transition in the region—and seeing some of the efforts, including targeting NGOs and NGO laws, weakening the ability for civil society to operate and to support continued democratic transition. This is happening, so there's a knock-on effect as well.

A second way in which the United States and Europe should respond to challenges in Europe is not to try and reinvent the wheel. Transatlantic partners, including many of the people in this room, know what needs to be done. It was mentioned that this is a similar conversation as you had in the 1990s. We know what needs to be done, both on the ground working with partners and governments, to address illiberal democracies and strengthen resiliency—which was something that I focused on greatly while at USAID and with the U.S. Government, was to support strengthening resiliency—the ability to handle both internal and external challenges, including Russia. We can draw on 70 years of experience, from the implementation of the Marshall Plan following the end of World War II, to the creation of multilateral institutions including NATO, the EU, and the OSCE, to the U.S. and EU support that came following the collapse of the Soviet Union, which was discussed earlier. That was critical.

And I think it's so important that we're having this conversation on the Hill today, because it was here in the Capitol that the Freedom Support Act and SEED Act in the late 1980s and early 1990s, signed into law by President Bush, was a catalyst in supporting the democratic transition in this region, which then led to a number of the coun-

tries that received assistance transitioning to become EU member states and NATO member states that have fought side by side with the United States in Iraq and Afghanistan, and have lost troops as well.

So we know. We have this past experience. We know what to do. We have roadmaps. But we need to do it. This continued support is really necessary to continue to move. When I think about Slovakia, Hungary and Poland, they were really shining examples of this transition.

A third strategy for a transatlantic response to challenges in this region is to keep U.S. leadership central. The U.S. must play a bigger role in addressing the backsliding in democracy and governance in Central and Eastern Europe as a full partner with the EU. I mentioned the 1990s and into the 2000s that the U.S. led this effort, providing billions in bilateral and multilateral development assistance for democratic and market reforms, and Euro-Atlantic integration of many of the countries that we're talking about today. Keeping that moving forward, keeping that front and center, is really critical.

And in addition to that, it's not enough alone, from my perspective, to have just the State Department make a statement in the eleventh hour of a conversation with the Polish Government. I think it's critical that they did it. I know many of my colleagues over there care deeply about judicial reform and the importance of maintaining democracy in governance, rule of law in Poland and the region. But we also need to have that message coming from the highest level of the U.S. Government. And I think it's not lost on anyone in the room that a few weeks earlier the president of the United States was sitting in a room with Polish leaders. It would have been important to be sending a strong message on these issues directly from the President of the United States. So this is really important.

And the other aspect is on U.S. assistance. Now, U.S. assistance and attention over the past decade—and I want to speak specifically to Central Europe and Eastern Europe, and I want to exclude the Ukraine, Moldova and Georgia—this has atrophied. And the U.S. Government, because of the success of the region and because of the transition in the 1990s and 2000s, closed USAID missions, and it was part of a process of graduation. I believe that graduation was premature, and that by doing so the U.S. withdrew its resources to support NGOs and civil society, and we took our eye off the ball, even though some of the indexes that you mentioned—a number of the colleagues on the panel mentioned today were showing backsliding a couple years into the EU transition process itself. And that, you know, if you look at these indices—which some people, even within the U.S. Government, have called to defund, because several of the indices receive U.S. funding—showed this backsliding continued to occur, and yet we didn't recognize the need to address these challenges, both diplomatically and with resources.

So it's my real hope that we will find the opportunity with this administration, with congressional support, to provide the right mix of bilateral assistance and diplomatic support. This must include increasing support for an independent media, civil society, combatting corruption, and student exchanges. GMF, where I work right now, has been at the center of supporting civil society in the region, working with—in fact, I think we have a Marshall Memorial Fellow sitting here at the table as well, which I'd like to point out. But working through the Black Sea Trust, working through the Balkans Trust for Democracy, the Fund for Belarus Democracy—and recently we launched something called the Alliance for Securing Democracy—all of this is meant to support and strengthen civil society's ability to address some of the challenges that we're facing in the region today,

but also to find ways to support governments in their efforts to be resilient when it comes to Russia.

So, instead of these deep cuts, it's important that we find an opportunity to strengthen our resources and be very clear about our signals. We need to balance this. And I understand that for the U.S. Government it's difficult in the region sometimes to balance politics, security and other issues. But if we only look at security without addressing the backsliding in democracy, I think we're missing the point.

A fourth strategy to respond to these challenges is for transatlantic partners to establish mechanisms, real mechanisms to strengthen development cooperation. Over the past quarter century, development cooperation and coordination in Europe and Eurasia and between the United States and the EU has not been as strong as it needs to be, and it is in need today of a makeover. Unlike NATO, there is not a set mechanism for coordination. There's no North Atlantic Development Organization for development assistance cooperation and coordination amongst allies. Just as we want to maximize collective transatlantic defense cooperation via NATO, we also want to maximize the impact and effectiveness of transatlantic development assistance.

USAID has an ongoing dialogue with its EU counterparts to strengthen development cooperation in Europe and Eurasia, and globally. And I think it's time for that dialogue to transition to a comprehensive MOU to lay out a joint U.S.-EU development assistance strategy, and institutionalize and sustain this coordination. The U.S. and the EU are the number one and two largest development providers in Europe and Eurasia, and we should be working together and coordinating together to be able to address the challenges that we're seeing today.

I'm going to end there, and I look forward to your questions. And I just want to thank the Helsinki Commission and CIPE again for this opportunity.

Dr. HRVOLOVA. Thank you, Jonathan.

And, with that, I think we have enough of food for thought to move to the Q&A phase. I'm tempted to refrain from using my moderator's privilege of asking the first question, but only in case the audience is ready to start asking questions you may have for our panelists. So let me see if I will get any hands. In case you have a question, please raise your hands. And before asking any questions, I will ask you to kindly introduce yourself first, and the mic is coming.

QUESTIONER. Thank you. I'm Nate Schenkkan. I'm the project director for Nations in Transit at Freedom House, so we focus on this exact region. And thank you for organizing the panel. It's an excellent discussion and an excellent opportunity.

I actually would love to hear what some of our panelists from the region had to say to Jonathan's remarks, especially concerning this issue of assistance. And what kind of assistance would be welcome? What kind of assistance would be necessary? And what lessons should we learn from the last 20 years, particularly regarding civil society, think tanks, and how that development agenda could be advanced? I'd just love to hear all of your thoughts about that.

Thank you.

Dr. HRVOLOVA. Do we have a volunteer who wants to start? Peter, maybe? Marek?

Mr. GOLIAŠ. Yes, so among solutions that I mentioned, there were some which relate directly to the work of NGOs and to the civil society. And I think that this is really the place where this assistance would be very useful.

I will repeat some of them. This feedback to politicians, this fact-checking and tracking of the promises. The improving of the education system, so discussions with students. Also, the exchanges of students, I think it's also very important. And simply supporting NGOs to watchdog the efficiency of the public tenders and the projects where enormous amounts of money are spent, and it's wasted very often. I think these are the areas. I'm sure that you would find many more if we discuss more in that.

Dr. HRVOLOVA. Perhaps next Marek could share some of his stats? I remember that you mentioned some of the assistance that could be used in Poland in your concluding remarks.

Mr. TATALA. Thank you.

Firstly, I would like to use this opportunity to respond to Jonathan's initial comment before he started his speech, because my intention was not to over-dramatize in terms of language, and you did not use this language, of course. But you sometimes hear, even here in the United States, about dictatorship in the region or single-party government.

It's still not there. We should work hard to prevent these things in Central and Eastern Europe. But when these words are used abroad, here but also by some members of the European Parliament, for example, they are then used by the Polish public media, especially, manipulated, and then they try to ridicule, for example, some media outlets or some experts. So I think the situation in Poland is very serious. It is probably that we haven't faced such huge challenges since 1989. But I just wanted to make this remark about the—in terms of language we are using.

Speaking about assistance, I agree with Jonathan that the voice here also from the United States in terms of public administration could be stronger, and I think the meeting in Warsaw where—during the visit of the President of the United States was the opportunity to emphasize some of these issues, but it did not happen. I hope it will happen in the future, not only in the public sphere, but also in private conversations between the Polish Government and the U.S. administration.

I also think the assistance in terms of resources is necessary in Poland and in the region where still the culture of fundraising, like donations from business is not so strong as in the United States. But I think it should be treated as investment. So we see many, for example, grants for research projects. But I think all these grants should focus more on communication. I think there are many smart people in Poland who know what is wrong, who know what should be done. But I think the challenges among NGOs, civil society is how to communicate these ideas to the wider audience.

And we saw in the electoral campaign that, for example, Law and Justice Party was very efficient in the internet. And I would like to see many civil society organizations to be as efficient in social media, in the internet. And you need the resources to do this. You can't do this for free. It does not mean paying comments or some people active in the social media. It means to have very professional media campaigns, communication campaigns. So I think any type of assistance should consider this element of promoting also the results of research or the results of activities that they are supporting.

Dr. HRVOLOVA. Thank you, Marek.

This question is also somehow connected to the question of how difficult is it to make your case on the ground. And that's why I would like to maybe ask Andrés to comment on this, to get your take on how difficult it is for you, for Transparency International,

Hungary, to make the case, to get the support from the local entrepreneurs, and even average citizens.

Mr. LÖKE. Yes. Transparency International, Hungary, is financed partly from abroad, partly by Hungarian companies who are brave enough to give some money for us. And the braveness is, to tell you the truth, diminishing. So companies either have a connection to the state by ownership or by regulation. And they are increasingly afraid to donate. We feel that on our budget.

Getting back to your question, what areas are there to help, I think any areas where resiliency has to be kept up and strengthening basic democratic values in a nonpartisan way.

Let me give you some areas which I think are especially useful to support. And those are freedom of information, transparency, legal support, investigative journalism, and media reach.

Dr. HRVOLOVA. Thank you.

If Jan and Jonathan don't have any more comments, then I'm going to give the floor to the lady at the front, if we have a mic.

QUESTIONER. Hi. Thank you for being here.

In the last briefing put on by the Helsinki Commission, the discussion was about kleptocracy in Russia and how that undermines democracy. I was just wondering if in these Central and Eastern European countries this problem also exists, and if this is another factor that's playing a role in the backsliding that's occurring there.

Thank you.

Dr. HRVOLOVA. Who wants to have a crack at that?

Mr. LÖKE. It indeed plays a big role in Hungary. And most Hungarians really cannot decide whether Fidesz, the governing party, has a genuine ideology or it is there to accumulate power and wealth only. And the conquering of the markets is—no one bribes anymore. So it's not kickbacks or such a simple type of corruption. It is rather dominating whole areas of the industry or the economy. It is vastly present there.

Mr. GOLIAŠ. If I may comment, I mentioned in my introduction that a key reason for dissatisfaction of people is that people do not trust politicians, that they work in the public interest, but that they work in the interest of some oligarchs behind the scenes. So this problem—kleptocracy problem, and the oligarchs who are somewhere behind, is really crucial, very important also in Slovakia.

Mr. TATALA. First of all, I think it's important to emphasize—and we had these discussions yesterday as well—that in Poland I think the word “oligarch” is not used so often as even in Hungary or Slovakia or in Russia. And it was a big success of Polish transformation that we did not develop this kind of business people very closely associated to the ruling party politicians, who were in power. And this division between business and politics was much stronger in Poland than, for example, in Ukraine and Russia.

What I think is a big threat is use of state resources, especially in state-owned companies, to support some of the political or ideological causes of the ruling party. When you look at the OECD data regarding regulations and concentration in terms of state-owned companies, in Poland we are in the top of the rankings. So the role of the state-owned companies is quite big in the economy. And it will be stronger, because government is talking about something called re-Polandization, which is really re-nationalization of

some of the industries. They recently bought some foreign banks through state-owned banks.

So we are increasing state ownership in the banking sector, which is not only risky from the perspective of using these resources to support some of the attacks on democracy, but also it's dangerous in terms of stability of the financial system. But these companies have huge resources. We see, for example, at some events which are not critical to the government but rather supporting government in terms of civil societies or historical education, that they are sponsoring certain events only, and they are not sponsoring events that can be critical to the government.

So here I see the biggest threat of using actually state resources to support private activities of one political party. And the solution is here very simple. The next government, or whoever will be the power, should finally complete privatization in Poland, and make sure that politicians are not at the same time responsible for management of the big state-owned companies.

Dr. HRVOLOVA. Thank you, Marek.

Now we have another—we have two more questions—three more questions—four. [Laughs.] So let's try maybe to collect two together. I'll start with the gentleman at the back and then maybe another gentleman, in the middle on the right. We'll take two questions at the same time.

QUESTIONER. Thank you. Joshua Russell, Open Society Foundations.

I was wondering if you think there are practical steps that Congress should take to limit the closing of civil society space, particularly in Hungary. Right now there's two resolutions in the House, one condemning Viktor Orbán for attempting to close Central European University, and another condemning the latest NGO law that was recently passed, which put severe limitations on foreign NGOs. Do you have opinions on these resolutions or other steps that the Congress could take to push back against the closing space for civil society?

Dr. HRVOLOVA. Yes, I would probably like András to answer, because this is very specifically related to the Hungary. Why don't you give us your views on the resolution?

QUESTIONER. Sure. Do you want another question from me, or—

Mr. LÖKE. I read the text of the resolutions, and I agree with them. And practically, I don't have any other idea what the Congress could do with any further resolutions.

Dr. HRVOLOVA. Which is a good sign. That means that Congress is doing something well, right? I guess.

Mr. KATZ. Can I just add to that? I think there's—obviously a passage of resolutions completely, not just in the subcommittee, full committee, but also by the full bodies is really important as well. But also, taking a message with—you know, congressional message directly to Hungary would be important as well. And it seems to me, when you talk—if you were listening earlier, one of the things that Orbán looks at, he focuses on Soros or he focuses on the EU, but he doesn't necessarily scapegoat the United States. And I think that's—I think he believes that he has a—he's simpatico with the current President of the United States in terms of what he is doing. And I think a strong message from Congress—resolutions being introduced are one thing, but passing them is another. And having a significant number of members supporting it in passage, both in the House and Senate, would be helpful.

The other, as I mentioned before, which is the resources. You know, there is no—the resources right now—very small amounts of resources for diplomatic and which types of assistance engagement in Central and Eastern Europe, and particularly in Hungary as well. But to really, as USAID closed its mission in Hungary several years ago, I really believe it's time to look at whether or not USAID should put assets back on the ground. I'm not saying necessarily in Hungary, but also resources. Maybe open a mission for Central Europe that will focus on the region. But also, the congressional side is important because the resources have to come from Congress. And what we've seen over the last two years is Congress coming back in and putting resources back in the budget for Eastern Europe, for the Balkans. But none of those resources are directed towards Central Europe. And I think it's time that—and it could come in the form of an authorization bill that focuses on, you know, providing a certain level of funding and then appropriators stepping in as well.

But I think part of it is the education that you're seeing here today, which is not everybody is aware of exactly what is happening. But if you build up that support, I've had enough conversations on the Hill to know that people are really concerned and interested in making sure that this backsliding doesn't continue, and that the U.S. sends as strong a message as possible. And lastly, it's just Congress lobbying the administration to play that role, to push much harder in its messaging with Mr. Orbán and with others in the region. I don't think that push has been clear enough and strong enough. And if it is, it could be helpful. I'm not saying that's necessarily going to move this administration or President Trump, but the louder the voice is coming from the Hill, more likely you're going to gain recognition in state and other national security agencies that this is a problem and a challenge.

Dr. HRVOLOVA. Marek?

Mr. TATALA. I would also like to have a comment about this topic, because I think the next step in Poland might be Hungarian/Russian-style laws on nongovernmental organizations. We already have a draft in the parliament of legislation on something called national center for civil society development, which will consolidate some of the budgetary funds going to NGO sector. And I am afraid only friendly NGOS—friendly to the government—will be able to use these funds, or the NGOs who are not involved in politics, who are not criticizing what is going on in Poland. But there are already some statements by members of the Polish parliament that—also other laws regarding NGO financing should be implemented, especially in the area of foreign involvement in terms of donations.

So I think Hungarian solutions might be used here also. We should remember about the close relations between Polish and Hungarian governments nowadays. And then, similar resolution might be also important in case of Poland. And I think the strong voice from different bodies in the United States is very important nowadays in Poland, because we are criticized—or, the European Union, the institutions, almost every week because of the Polish Government, because of their activities in the justice system, rule of law, and so on. This is our also very important critique. But because it's so frequent, I think it's—it doesn't make any change in attitude of the Polish Government.

While, especially after visit of Donald Trump in Warsaw and all this media campaign showing how important an ally Poland is for the United States, it's much harder for Polish public media, which were captured by the ruling party, and for the politicians of the ruling party themselves to criticize voices from the United States, because they've

built this image of a stronger connection. And so I hope that if there are attempts to attack NGOs, there will be a much stronger voice from the United States than even we heard now in terms of the justice system crisis. And you have to remember that the justice reform will come. It will be now drafted in the presidential palace. We don't know how it will look like. But if threats to independence of judiciary are as serious as they were with the previous legislation, I also hope for a stronger voice of different American institutions.

Dr. HRVOLOVA. Thank you, Marek.

I think we have time for more questions. Thank you, gentleman on the right. Thank you for being patient with me.

QUESTIONER. Yes, hi. Paul Kamenar with the American Hungarian Federation. We've been around since 1906, and we're a nonprofit organization that strives to improve relations between Hungary and the United States.

In light of that, András, in terms of your particular organization, Transparency International, one would think that you would be in favor of the NGO law in Hungary that proposes to disclose where the funds are coming from, from a foreign government. We have similar type laws here in the United States—the Foreign Agents Registration Act, IRS, laws for nonprofits. But I also want to call your attention to your report here, where you cite Freedom House in terms of civil liberties for Hungary. I've got the Freedom House reports for both—for Hungary. And in terms of association and organizational rights, they got a score from Freedom House, which is nonpartisan, 11 points out of 12, 12 being the highest. The United States got 10 out of 12 in terms of NGO association rights. And there are other things like that.

And the point I'm getting at is, people in Hungary—and I'm sure in Poland and otherwise—they kind of feel that when you're calling for the United States to lecture them on how their democracy should work, that it may have—may backfire, and have a backlash. So I wonder whether there's a better way, a more—a quiet diplomacy, rather than getting on your soapbox and criticizing others how they should run their country.

Thank you.

Mr. LÖKE. This is a very good question. And Mr. Surotchak said that in the whole region 60 percent of the people think that a bigger U.S. presence in the region would increase the tensions. So I'm thinking about the possibility, if the messages are too political, too strong, that might even backfire. I don't know if the association law in the U.S. or the situation here would serve as a bad example, because the basic understanding is that the U.S. has a strong democracy, whereas everyone who follows Hungarian politics about the difficulties of NGOs, which are huge—I mean—what do you—speak about direct intimidation of NGOs.

Although there is one action which is really intimidating, there was in recent years the strife about the Norwegian monies. The Norwegian money is what Norway and Lichtenstein pay into the EU for certain countries, because they are not in the EU but they access the EU markets. So they have to give some money to underdeveloped countries. And most of it goes to the government, but about 10 percent of that goes to civil societies. And Hungarian Government in 2014 and 2017 interfered in this seriously. It's the money of the Norwegians, but the Hungarian tax agency—sorry, it was not the tax agency. It was an anti-corruption agency from the government, which started to inves-

tigate. And in one instance, there was an office search against the Ökotárs Foundation, which even the courts later said that that was illegal.

Other than that, now we have the foreign funding law, which is about every NGO who receives more than about \$25,000 a year from abroad should put it in all their communications that we are foreign funded, which is a kind of a stamp that means that you are not with us Hungarians, you are with foreign powers. And this is still on. And NGOs are—it's basically uncomfortable for them. I shouldn't call this intimidating again, but uncomfortable, yes, because this is a stamp on them. And they are reacting in different ways. Like, some of them, accepting the new law. Some of them—and bringing their own messages to these compulsory messages. And some of them decided to break the law.

Dr. HRVOLOVA. Jan, do you want to make a comment?

OK, so why don't we take a few more questions? We still have time for a few more. Lady here in the middle. Can we get the mic for her? And then gentleman at the back, in the second row from the back.

QUESTIONER. Thank you very much. My name is Beata Martin-Rozumilowicz. And I'm from the International Foundation for Electoral Systems, IFES.

We heard from a number on the panel of the importance of robust institutions and how crucial they are to further democratic development. And of course, judicial independence and separation of powers is key. But I wanted to ask about the independence of election commissions, and particularly in Poland, where after the courts there is now talk about restructuring the National Election Commission and introducing a different appointment process for that body. And as one of the speakers mentioned, the margin of minority or majority of the government is very tight. Once you start playing with the rules of the game in terms of how elections are processed, that can change the outcomes of that process. And, whether that is also an issue in Hungary and in Slovakia in terms of institutional independence of those election commissions.

Thank you.

Dr. HRVOLOVA. Marek, do you want to start?

Mr. TATALA. I am not aware of any current legislative work on changes in the electoral commission in Poland. What is important is that in Poland the supreme court is accepting the final results of elections. So here, we see how dangerous the law on the supreme court was. Fortunately, it was vetoed by President Duda. But he will draft the new one and we will see how the legislation will look then.

I think what is a serious threat is the electoral system. We already had some attempts to change electoral system in terms of local elections. And I think this was a huge problem in Hungary when, after changes of the electoral system in terms of electing local and national-level politicians, it is much harder now in Hungary for opposition to fight with the ruling party. For example, I think, by removing the second round in local election. So everyone has to unite to fight with Fidesz candidate. And if we have something similar in Poland, it will be also very supportive for the ruling party, which consolidated some of the right-wing conservative groups now in Poland.

And another attempt that was also so far blocked was term limits for local politicians. I am in favor of term limits, but starting from today. So today we announce: You guys have two terms and then you can't be mayor of the city or member of the local council. But if you use all these terms that were in the past, it's not a fair competition because they were not aware of these rules when they were then candidates. So I think if the

government decided to abandon this change, but the elections are coming. And I am sure that with weakening of the independence of judiciary, there are many threats to playing with the electoral system to make it more favorable just to the ruling party.

Mr. LÖKE. Yes, when Fidesz came to power, it practically changed the personnel of the electoral committee. I'm not aware of any acts that were done by the new committee pro-Fidesz. And Marek is very right to point out the fact that the election systems changed, which brings the differences to an even bigger scale, like if you have a 30 percent vote proportionally in the elections, then in the parliament it might turn to 50-plus percent. So it's not proportional. It's a mixture of proportional and winner-takes-all. And the old system used to be like this, but the amplifying factor was by far less than in this system. And even if you reach only 45 percent proportionally in the elections, then you have a supermajority. Supermajority in Hungary is two-thirds of the votes. But that, you can change the constitution, which we just did. And in several years it amended it seven times.

Mr. GOLIAŠ. Just briefly that as far as I know the independence of election committee is not the issue in Slovakia. We have now the regional elections coming up in this autumn, where we for the first time will have just one round of elections. Before we used to have two rounds. So they changed the legislation just recently. And there's been some criticism about this, but this was result not of antidemocratic efforts but of political trade among government commission parties, because one of them has higher probability to have winners in particular regions. So they agreed with the other ones who have—so it was a political deal. It was not, I think, an anti-democratic effort.

Dr. HRVOLOVA. Thank you.

I think I forgot to give the floor to the lady at the front. So if they could get a mic to her, here all the way at the front to my right.

Thank you.

QUESTIONER. Thank you. My name's Christina [sp]. I'm from Senator Gillibrand's office.

I'd like you to please discuss how the U.S. and EU can engage in a productive dialogue and cooperation during this time, under our administration, along with the disparities among the EU, including the effects of Brexit, the rise of populism, economic instability, and the lack of strong political leadership among the EU states.

Dr. HRVOLOVA. So the question is how can the EU and the U.S. engage in countering populism, right, lack of leadership, economic instability.

Jan, if you want to take a crack of it?

Thank you.

Mr. SUROTCHAK. A tall order, but I'll give it a shot.

So, you know, I think I'll go back to Jonathan's comment when he opened. In my experience in Central and Eastern Europe, the way to accomplish the most in facilitating positive change in what are now the new member states is when the EU and the member states, and the United States, send the same message. In any country at any given time, the relationship will be better or worse with various member states or with the United States or with the Union. So if the most effective message this day, as Marek suggests, can come from the United States and Poland, then that's excellent. In another country in a different time, in a different place, it might be more effective for a message to be communicated by the EU or by an individual member state.

The question is whether or not those messages are coordinated. There are many mechanisms for doing that that are already in existence. I think, frankly, the Helsinki Commission serves a vital role in making sure that messages are founded on data and can be effectively communicated by the governments. So I think it's a question of who should do what when.

With regard to populism, you know, I'm a political party guy, right? And in my mind, if populism emerges, one of the mainstream political parties failed to do their jobs. And to me, that is the chronic problem in Central and Eastern Europe today. And I think it's incumbent upon us, people who do political party assistance, to ask ourselves, why has this all gone so desperately wrong after 20 years of engagement? I think there are good answers to that question. And I think we're attempting to enumerate them and to adjust to dealing with the situation that's happened. But the fact is that the political party organizations in this region that we believed would carry democratic practice over time simply have not been able to do that.

And I would say, though, that that's not just a question in the countries that are represented at the table here, right? It's a question that we see just west of here—or just west of there, in Austria. We saw it in France. We have seen it in the U.K. We've seen it all over Europe. So the bigger question to me is what is the ultimate fate of the mainline center-right and center-left political party establishments? And how can we collectively—the U.S. and the EU—seek to and effectively strengthen them, because that, to me, is the greatest protection against the populist message. If the mainline political parties are delivering what they're supposed to deliver, then the populists simply just don't get any traction. Or, they get traction at 5 percent, or 6 percent, or 8 percent—which a system that's healthy and democratic can manage.

Mr. TATALA. Can I have a comment? Because you also mentioned Brexit in your question. And I think there are two interesting impacts of Brexit on the developments in Poland. Firstly, the Law and Justice Party is member of the group in the European Parliament which is the group where also the British conservatives are. So this group will either disappear or be very, very weak without British conservatives. And it will mean that political position of Law and Justice, which is now very weak in the European Parliament, will be even weaker, because they will have less and less allies in the European Union.

And then there is the huge question how—what will be the contribution of the Polish Government to the negotiation process of Brexit. Of course, each country has their own interests in this process. And I think from the Polish perspective, the biggest challenge is to what solution United Kingdom will offer to the Polish community in the United Kingdom. We are the biggest minority there, with almost 1 million Polish people in the United Kingdom. And we will see how strong the Law and Justice government will be in these negotiations regarding guarantees for these people to stay there, to have similar rights as British people have.

But I think the Law and Justice made the mistake in the beginning of their term, because they treated also Britain as the biggest ally. It was still before Brexit referendum. And then now they will be weaker in the European Union without British presence.

Dr. HRVOLOVA. Thank you. Thank you for that.

Let's give the mic to the gentleman at the back.

QUESTIONER. Can you hear me? OK. Thank you for being here. And I'm an intern here.

And my question is: When the U.S. or Congress sends funds to Eastern Europe, what kind of mechanisms are there in place so as to make sure that these funds are used for what they are meant for, and not so bad the—I would call them slightly authoritarian politicians take a chunk of the money and lie on the transparency sheet, if there is any transparency sheet?

Dr. HRVOLOVA. I don't know if any of our speakers will be in a position to give you the answer, but let's ask András direct if he wants to—

Mr. LÖKE. This, I think, is a very good question. And one bad example is what the European Union did. And the European Union practically sent money under two titles to Central Europe to the new EU members, and didn't control the spending. Then, when the whole money flow began, first it was not used. And then, as soon as the politicians and business leaders found out how to steal them, there was movement. And what the European Union failed to do was to follow the money and to check the spending. So I think any money sent to the region has to be thoroughly checked.

Dr. HRVOLOVA. Thank you. It would be maybe also better if you would address the question to some folks here on the Hill, if you're seeking the answers as to what can be done better on the U.S. side.

But let me see if we have any other questions—

Mr. KATZ. Can I just weigh in on that too?

Dr. HRVOLOVA. Go ahead.

Mr. KATZ. This issue of transparency and assistance is a really important one. We're actually engaged, I know, with this administration, with Congress in looking at assistance and overall U.S. foreign assistance and reforms right now, and monitoring and evaluating and planning. And following the resources from the appropriations in Congress all the way to the implementation of projects is really an important question. And Congress does play a critical role in providing oversight over these assistance programs. But within each one of the departments and agencies that engages on the U.S. side in assistance, there's a whole mechanism in place in terms of monitoring and evaluating.

We work with—in fact, there's several implementers of assistance programs here in this room as well, that have to follow very strict guidelines—probably sometimes maybe, from their end, too onerous, and at times difficult. But it's also because we understand the importance of protecting taxpayer funding, but also making sure that at the policy end and the development end that we're carrying out the objectives of the U.S. Government. So it's a really an important and a serious question. But it's not one in which all of us are thinking about how to do better. And it doesn't mean that there hasn't been cases where resources have fallen into the wrong hands or projects have not gone as they should have. And I know even during my days at USAID there were a number of projects started, particularly in Ukraine, that ended early because we didn't like the direction it was going. It wasn't achieving the objectives or there was mismanagement.

And so that oversight is in place within U.S. departments and agencies. Implementers also on their end have their own mechanisms to make sure that the projects they're carrying out are watched quite closely. There are these mechanism and layers. But if you have any specific project you're talking about, please raise that. But it's something that we think about. We could always do better at monitoring and making sure the resources

are spent well. It's an incredibly important question. And when I was sitting on the other side in the U.S. Government and was asking for resources, we had to provide the results of where these resources were being spent, and were on the receiving end of criticism when the process didn't work in the way that Congress wanted, or the way that we wanted it to as well. So I've been on the receiving end of some pretty harsh questions and had to deal with difficult issues that didn't always end in the way that we hoped they would.

Dr. HRVOLOVA. Thank you, Jonathan. I'm sure your remarks are highly appreciated by many in this room.

Do we have more questions from the audience? Because if not, then I will probably have to turn to Erika, because she still has some more words to say. Before I do that, let me thank you again, but also to the speakers for their interventions, great questions from the audience, and everyone for your attention.

Thank you, again.

Ms. SCHLAGER. Thank you. I want to close this session this afternoon with a couple of words of thanks. First of all, for everyone up here at the panel with me—Jonathan, Marek, Andrew, Martina, Peter, András and Jan—thank you all. It's been a privilege to be here with you and to hear the insights that each of you brings to these issues. I am really grateful for that. And especially for my colleagues who have come such a long distance to be here, very much appreciated. Also, thanks to everyone who came to this event today. I am really overwhelmed and grateful that so many people came out to hear this event, and including that so many of you are really experts in these issues in your own right. So thank all of you for being here today as well.

I had started today's session by making a reference to the Charter of Paris for a New Europe, which was agreed in 1990 and was really a breakthrough document. And right about the same time there was one other set of agreements that is, I think, not as well known, but really extraordinary for what it achieved at the time. In 1990 in Bonn, just as countries that had been under decades of communism were just beginning to make that transition, there was agreement by those countries—by the Soviet Union and the countries of COMECON—that recognized the relationship between market economies and political pluralism, and that committed to the rule of law. And I think goes to what Andrew was saying at the beginning, the understanding that the rule of law provides an absolutely critical level playing field.

So I am really grateful that you were able to talk about the declaration that people have worked on. I think there are copies of that on the desk out front where you came in, if you want to take a look at that and use that for food for thought, because I hope that this will not be the last time we are thinking about how to address these issues.

And, again, I thank everyone for being here on the panel in here, and those that are watching. And with that, this briefing is closed.

Thank you. [Applause.]

[Whereupon, at 3:46 p.m., the briefing ended.]

A P P E N D I X

PREPARED STATEMENT OF ANDREW WILSON

Chairman Wicker and Co-Chairman Smith, Distinguished Members of the Committee, Senate and the House of Representatives,

I wish to begin by welcoming this timely briefing and thank Erika Schlager of the Helsinki Commission for leading this very important initiative.

Countries across Central and Eastern Europe have made great strides since the 1990s, building democratic institutions, growing market economies, and joining the European Union and NATO and the people of this region should be proud of the progress they have made.

Thanks to the work of committed citizens and visionary leaders, countries have been transformed from repressive communist systems to exemplars of political freedom and vibrant commerce. In large part, these changes have served as a beacon for citizens also beyond this region's borders.

Yet, recently, many of Europe's new democracies have faced serious stresses, which raise questions about the resilience of new transitions, and threaten to undo the progress that the region has made during the last three decades. Moreover, the political climate in Europe has revealed significant risks to the system of European multilateralism.

The complex challenges of globalization and resurgence of authoritarianism have increasingly led to significant disenfranchisement and fueled the anti-system feelings. Many of the problems in this region and across the globe however don't stem from the failure of democracy, rather a failure to more actively pursue its consolidation, and ensure that the economic and social benefits of democracy penetrated throughout societies.

There is very clearly genuine interest in reinvigorating the region's democratic trajectory by addressing home-grown failures of governance and following through on promised reforms. At the same time, the citizens of the Central and Eastern European countries want a greater say in how their countries, and how Europe as a whole, is governed, and more local control over their affairs, including in the business realm.

For the past two years, CIPE has therefore been supporting local voices in Central and Eastern Europe in their efforts to understand the current challenges to freedom, democracy and markets, pave their own way to demonstrate that democracy can meet today's challenges and to revive people's faith in it. This would not be possible without a generous support of the U.S. Congress and the U.S. National Endowment for Democracy and I would like to recognize them for their continued commitment to the region.

Earlier this year, CIPE with many of its partners from across Central and Eastern Europe therefore launched a declaration reaffirming our own Euro-Atlantic commitment to democracy and private enterprise. The purpose of this modest action is to make a broader statement about our desire to forge a renewed commitment to regional and global

economic systems based on the principles of democratic dialogue, free markets, and rule of law that guarantees a level playing field.

As expressed in the Declaration, civil society and business representatives from the region are committed to the values of democracy and the market economy, and are seeking to take concrete steps to address the democratic challenges that the other distinguished speakers will discuss later today. Their ideas such as improvement of the entrepreneurial environment to foster growth and encouragement of citizens' engagement in democratic decision-making should be welcomed; otherwise the influence of antidemocratic elements will continue to grow.

Because a free and prosperous Europe is one of the key pillars of the lasting relevance of universal values of liberty, democracy and free enterprise in the still-evolving global arena, our Transatlantic alliance has to remain strong. The U.S. enduring commitment to support healthy democracies and thriving markets including in Europe runs very deep and the role that Helsinki Commission has recently been playing is a great proof of that commitment.

In this respect business leaders also have a critically important role to play. They must become the champions of advancing democratic and pro-democratic values. Coordinated and sustained engagement with reform-minded business is specifically needed because only in functioning democracies the private market system provides the economic opportunity necessary for sustainable democratic stability.

The lessons we are learning now about how our nations, republics, unions and alliances are managed, and how to balance those institutions with the role of the individual in society, will have lasting ramifications for whether we succeed in ensuring stability of the global architecture and furthering human progress in the future. Thus, because our alliance is only as strong as we are, we pledge to continue to support similar efforts, exchange of ideas and mobilization of democratic champions across the globe to safeguard democracy that delivers also in the interest of future generations free from memories of our struggles against totalitarianism.

PREPARED STATEMENT OF PETER GOLIAŠ

DEMOCRACY IN CENTRAL AND EASTERN EUROPE: RENEWING THE PROMISE OF DEMOCRATIC TRANSITIONS

Helsinki Commission briefing held in Washington DC on July 26, 2017

Key statements to be presented by Peter Goliaš, Director of the Institute for Economic and Social Reforms (INEKO) in Slovakia

INEKO (<http://www.ineko.sk/>) is a non-governmental, non-profit organization established in support of economic and social reforms which aim to remove barriers to the long-term positive development of the Slovak economy and society.

1. Assessment of democracy in Slovakia and future predictions:

- According to a representative public opinion poll from November 2016, **40% of the population considers the quality of democracy in Slovakia to be rather bad to poor and only 26% of the interviewees are satisfied. According to 43% of the population, Slovakia's level of democracy has deteriorated in the last 5 years, while only 18% thinks that it has improved.**
- In an October 2016 questionnaire survey, compared to the general public, the experts were even more critical. i. Half of them find the current state of democracy rather bad to poor and 71% think that the quality of democracy has deteriorated in the last 5 years.

Table: Opinions about the quality of democracy

	Opinion poll	Survey among public figures/experts
Rather good to excellent	26 %	25 %
Neither good nor bad	33 %	25 %
Rather bad to poor	40 %	50 %

Table: Opinions about the change in the quality of democracy in the last 5 years

	Opinion poll	Survey among public figures/experts
It has rather improved	18 %	13 %
It has neither improved nor deteriorated	36 %	16 %
It has rather deteriorated	43 %	71 %

Sources: Representative survey conducted by Focus Agency for INEKO (November 2016); INEKO questionnaire survey conducted among 80 selected public figures/experts (October 2016)

- **The main cause of the population's dissatisfaction is the perception that politicians do not work in the public interest but in their own interests or in the interests of affiliated entrepreneurs/oligarchs.** People complain that there is no fair investigation and punishment for inefficient/illegal use of public money and that the state fails to provide quality public services for example in health care and education.

- Dissatisfaction with the abuse of power drives many to extremism. **Approximately one in five Slovak citizens views the abolishment of the parliament system and establishment of a dictatorship as an alternative to the current state of democracy.** Almost one third of the population would go back to the socialist regime that existed here before 1989 (mostly older people) and almost one third has admitted Slovakia should leave the European Union. But on the other hand, **most of the population still supports democracy.** More than two thirds of respondents can see the improvements it has provided in terms of the greater involvement of decent people in governing public affairs. Almost the same proportion of people wish to strengthen the independence and expertise of police investigators, public prosecution, the judiciary, and regulatory and oversight authorities in order to reduce the risk of abuse of power.
- **A portion of frustrated people have started to vote for nonstandard/anti-systemic parties, including the fascist “Kotleba – People’s Party Our Slovakia” led by Marián Kotleba that entered the National Parliament in 2016** (it obtained 8.04% of votes and its popularity is rising). The party is well known for its anti-Roma rhetoric, its claims to punish corruption and exit the EU and NATO, among other divisive platforms. The populist and xenophobic “Boris Kollár – We are Family” party led by local extravagant celebrity Boris Kollár (which obtained 6.62% of the vote) also entered the National Parliament in 2016. As an example of their agenda, they joined forces with Kotleba in October 2016 in an unsuccessful attempt to mark foreign-funded NGOs as “foreign agents”.
- Recent developments have challenged the Kotleba party though, and in May 2017, the Chief Prosecutor proposed the dissolution of the fascist party on the grounds that it is anti-democratic. The Supreme Court is expected to make a decision later this year. In the meantime, the fascists have created a backup party.
- **Regarding future development, the most probable outlook maintains the status-quo. From this perspective, the SMER-Social Democracy party led by current Prime Minister Robert Fico will remain the strongest party, choose its smaller coalition partners and cement its power.** This would mean slow deterioration of democracy, as the gradual erosion of checks and balances would continue and the unpopularity of the SMER-Social Democracy party would increasingly push dissatisfied citizens towards the right-wing parties, like Kotleba or Kollár. On the other hand, the opportunity is that the new democratic parties will be created (two parties have been announced, it is possible that they will later merge) and may get into the Parliament in the 2020 elections. Also the Christian Democrats may return to Parliament.

2. Stating the problems/democratic challenges:

- The key problems are (1) the abuse of power and related corruption which is not punished and (2) opportunistic populism, whereby, for example, top politicians provide various subsidies to gain short-term popularity while ignoring the underlying longer-term social problems such as poverty and the segregation of Roma, the insufficient quality of health care and education, and stagnation in the business environment, etc.

- These problems have fueled the rise of anti-system political parties, which have become popular especially with youth in the country. According to Focus Agency's exit poll from March 2016, **the fascist "Kotleba – People's Party - Our Slovakia" was the most successful among the first-time voters attracting almost one quarter of them.** This was also confirmed by the Youth Council of the Bratislava Region in cooperation with the Institute of Public Affairs after simulating government elections among students at secondary schools across Slovakia prior to the 2016 elections. With a sample of almost 12,000 students, the winners of the simulated elections were the populist "Boris Kollár – We are Family" party and the fascist "Kotleba – People's Party - Our Slovakia".
- Overall, the voting behavior of young people hints at the poor quality of the education system not only to teach critical thinking, but also its failure to demonstrate the importance of democracy and the EU for quality of life in Slovakia. According to a representative public opinion poll organized by INEKO in November 2016, **the inability to understand the link between the quality of democracy and the quality of life proved to be one of the most important distinctions of voters of non-standard political parties.** Among other distinctions, they also typically have lower salaries and a lower level of education, and come from economically disadvantaged regions.

3. Identifying solutions

- Based on an INEKO survey among 80 local opinion leaders from October 2016, **the most desired solution both in the short and long-term is strengthening the independence and accountability of the police, prosecutor, judiciary, regulatory and oversight institutions.** This includes more transparency regarding their work, separation from the executive, establishing an independent inspection of the police and of public prosecution, abolishing the possibility to withdraw the President of Police for no reason, opening the Prosecutorial Council to members outside the prosecutorial environment, and other initiatives.
- **In the short-term, the most desired solutions also include the following:**
 - o Credible investigation of the main corruption cases/scandals;
 - o Consistent feedback to politicians from civil society – fact-checking and tracking their promises;
 - o Monitoring and assessing the efficiency of projects and tenders in areas where the largest public contracts are awarded (e.g. in transport, healthcare, IT, defense, etc.) and where the risk of stealing public money is the highest;
 - o Disclosing detailed declarations of assets of the top politicians and officials.
- **In the long-term, the most desired solutions also include the following:**
 - o A better education system that teaches children to think critically and understand the importance of democracy and the EU for quality of life;
 - o Enhancing the quality of public services (e.g. in education, healthcare, the judiciary, security, etc.) for example by measuring and disclosing results, financial incentives, etc.;

- Emergence of trustworthy, pro-democracy politicians (e.g. establishing new political parties which would mobilize democratic voters).
- **To implement proposed solutions, it is crucial to mobilize democratic forces in the civil society, including local NGOs, businesses, and media both in Slovakia and abroad.**

PREPARED STATEMENT OF ANDRÁS LÖKE

Transparency International, Hungary (transparency.hu) is a non-governmental, non-profit anti-corruption organization.

Hungary: Assessment of democracy and future predictions

Tusnádfürdő (Romanian: Băile Tușnad) is a small resort in Transylvania, Romania, where Fidesz, the Hungarian governing party, organizes its “summer university” every year.

PM Viktor Orbán uses these occasions to introduce his political and ideological ideas. His vision about an “illiberal state” was presented here three years ago, bringing up not only Singapore, but also Erdoğan’s Turkey and Putin’s Russia as examples.

Last week PM Orbán, as every year in the past two decades, took part in the “summer university.” Let me quote some of his most important messages.

“Hungary will use every legal possibility in the European Union to be in solidarity with the Poles.”

Elections in Hungary are due next spring and Orbán has already set the tone and the direction of the “upcoming campaign.” “First of all, we have to confront external power. We have to stand our ground against the Soros mafia network and the Brussels bureaucrats. And, during the next nine months, we will have to fight against the media they operate.” European Union leaders and George Soros are seeking a “new, mixed, Muslimized Europe.”

“Hungary, since the Trianon Treaty, hasn’t been as close to being a strong and thriving country, as it is now. If a government comes, which, again, will serve global interests, then this historical chance will be wiped out for decades.”

Let me give you a few examples how international NGOs see the same country.

Freedom House—Freedom in the World Scores

Aggregate Score

76/100—Hungary is a free country

(0= Least Free, 100= Most Free)

Political Rights 3/7

Civil Liberties 2/7

(1=Most Free, 7=Least Free)

The bad news is that all of the trends are on a downward trajectory.

World Press Freedom (Reporters Without Borders), 2016: Hungary ranks 67th on its 2016 Index which is a steep decline compared to 23rd position reached in 2010.

Transparency International Corruption Perception Index (TI CPI), 2016: The good news is that Hungary is perceived to be only moderately corrupt in a worldwide comparison, reaching 48 points in 2016 on a scale from 0 (‘very corrupt’) to 100 (‘clean and non-corrupt’). The bad news is that the trend, again, is downwards. In the region, Hungary is only followed by Bulgaria and Romania now.

Global Competitiveness Report (World Economic Forum), 2016-2017: Hungary coming 69th out of 138, worst position ever. Countries like Rwanda, Oman, Jordan,

Romania, Botswana, Peru and Macedonia scored better. In 2001 Hungary was the 28th most competitive economy in the world! In the EU, Hungary takes the 25th place, which means that there are only three countries that are less competitive in the Union.

The survey is based on twelve pillars; Hungary scored the worst under the first pillar, i.e. institutions. Within that pillar, the following areas are the most problematic (with ranking):

- Transparency of government policymaking 136
- Ethical behavior of firms 136
- Favoritism in decisions of government officials 135
- Property rights 134
- Burden of government regulation 123
- Efficiency of legal framework in settling disputes 114
- Efficacy of corporate boards 111
- Strength of auditing and reporting standards 110
- Efficiency of legal framework 108
- Diversion of public funds 108
- Judicial independence 102

Key challenges for the country

Emigration, demography: About one million people have left the country since 2000. As mostly economically active people leave the country, an aging population dependent on pensions and social support remain.

Health care: Doctors and nurses continue to leave the country by the thousands. Health care is underfunded.

Education: Hungary has never scored extremely well in the international student assessment, but recent results are really disappointing: students scored much worse in 2015 than 2012. No CEE country shows a similar deterioration and no CEE country's education budget is shrinking faster than Hungary's.

Press: Pro-government media dominates the media sector while critical voices experience difficulties in reaching audiences and securing financial resources.

Markets: The Orbán government significantly has undermined the functioning of the markets in many areas through crony capitalism, central decision making, unpredictable and erratic regulations. Shortly after coming to power, Orbán introduced the **System of National Cooperation** (SNC). SNC is an informal but very powerful means of creating and maintaining a parallel economy for cronies. The losers are, amongst others, companies in those sectors, in which the government introduced punitive taxes (telecommunications, retail, and banking) and practically all businesses, which have to face unfair competition from the cronies.

The economy at first glance

GDP growth is not impressive but acceptable, measuring 2% last year, 3, 6% and 3, 5% projected for this year and 2018. The level of external debt is down from 81% of the GDP in 2011 to 74% last year.

The level of **investment** is quite low, not even 18% of the GDP, but the really bad news is that the level of government investments exceeds the level of private investments by at least three times.

FDI stock decreased in 2015 (–15bn USD) and 2016 (–5bn USD) but 2017 may see a comeback. The amplitude of FDI transfers is growing, perhaps meaning that investors either agree with the government or are intimidated by its policies.

Wider background

Lack of genuine experience with strong democratic governance, feudal culture. Each government spent a lot of energy on undoing what the previous government did. Polarization reached such a degree that compromise seems to be impossible on even the most basic values. This led to a general inclination to accept short term solutions, lies, and extreme ideologies.

- PM Ferenc Gyurcsány 11 years ago: “We lied in the morning, we lied in the evening and we lied at night.”
- If the data of the London based Tax Justice Network are correct, in the three decades before 2010 more than 240bn USD found ways from Hungary to tax havens.

Possible solutions:

There is probably no easy solution, no quick fix. Here are a few ideas of what could be done:

- Reassert civil society’s role in maintaining transparency and accountability in governance, as well as facilitating greater public consultation in decision making.
- Urge political parties, civil society and the business community to communicate and practice democratic values, so as to encourage more inclusive engagement in public affairs and present alternatives to extreme messages.
- Increase engagement with the business community, so as to mobilize resources and knowhow in reconfirming society’s commitment to pluralism and maintaining healthy space for civil society.

PREPARED STATEMENT OF MAREK TATALA

FOR (www.for.org.pl) is a non-profit think tank based in Poland promoting and, if necessary, defending economic freedom, rule of law, individual liberties, private property, entrepreneurial activities, and the idea of limited government. FOR was founded in 2007 by Professor Leszek Balcerowicz.

1. Assessment of democracy in Poland:

For many years Poland has been presented as a success story of peaceful economic and political transition. Thanks to the initial free market reforms and continuation of the pro-reform path we observed a rapid and stable rate of economic growth in Poland which led to the highest increase of GDP per capita in the region. Ukraine had a slightly higher GDP per capita in 1990 than Poland but we see today how the lack of successful economic and political transition has led to a huge divergence between these two countries.

During this period, different political parties from left-wing social democrats to right-wing conservatives were present in the governments with a rather smooth and peaceful transition of power following elections. There were no significant legislative attacks on the foundations of the 1997 Polish Constitution by the mainstream political parties either. **And overall, institutional framework has significantly improved thanks to domestic efforts and external incentives such as EU and NATO admissions.** As I will later focus mostly on rule of law and the judiciary it is important to emphasize that independence of judges from politics was also an important institutional improvement achieved after the fall of communism.

Past progress is not a guarantee of future success. From history we know many examples of institutional reversals or bad transitions: from democracy, rule of law, and economic freedom, to the importance of entrepreneurial activity, and the quality of other institutions.

Democracies can be taken advantage of by undemocratic leadership. A. Lukashenko, V. Putin, R. Erdoğan as well as a few Latin American leaders all won democratic elections and later weakened democratic systems or abolished democracy completely. V. Orbán in Hungary won constitutional majority and used his powers to limit political competition through changes in the electoral system, media, and rule of law. Moreover, Orbán famously announced the formation of “illiberal democracy” in Hungary in 2014. Jaroslaw Kaczyński, the leader of the ruling Law and Justice party in Poland, stated already in 2011 the following: *“I am deeply convinced that the day of success will come and we will have Budapest in Warsaw.”* We now observe many similarities between policies in Hungary and Poland, **though the Polish government does not have a constitutional majority.** Nevertheless, the government seems to act as if it does.

There is no doubt that the ruling Law and Justice party won democratic elections (after a very populist electoral campaign) and Poland is still a democracy, despite the harsh rhetoric we often hear these days. Personally, I think it should be reserved for more difficult times—which will hopefully never come—as exaggerations can sometimes backfire. **However, instead of strengthening democracy, including rule of law, the governing party is pushing Poland in the opposite direction.**

On Monday, President of Poland Andrzej Duda stepped in to announce that he plans to **veto two out of three controversial legal acts in the area of the justice system** which will slow down this process. Nevertheless, most of the challenges mentioned in the

Declaration asserting the crucial role of democratic values and free market principles prepared by CIPE and its regional partners are currently very present in Poland.

Many people in Poland now believe that winning elections and having a majority (37% of the vote in case of Poland) means that the winner can do anything. The ruling party's promises and slogans have certainly fed this belief. As a consequence, there is a lack of commitment to checks and balances and separation of powers as well as less respect for minority rights among a significant part of the society. This is not a healthy democracy and there may be some serious long-term consequences to the current state of affairs as a result. Fortunately, recent protests that led to the presidential vetoes show that there is also part of the society committed to democratic values and it should grow in the future. Hopefully, recent events in Poland will strengthen the latter.

2. Stating the problems/democratic challenges—future of rule of law as a key challenge in Poland:

The ruling Law and Justice party has not yet addressed many of the country's challenges, including many key economic concerns. Quite to the contrary, they have actually made some of these concerns even worse, for example through expanding unsustainable welfare spending and decreasing the retirement age despite Poland's rapidly aging population. While major concerns, **what is now a key challenge in Poland is the future of the rule of law.**

As the U.S. Department of State asserted in their most recent press statement "*the Polish government has continued to pursue legislation that appears to undermine judicial independence and weaken the rule of law in Poland.*" We have observed that the following acts contributed to this process the most:

- **Constitutional Tribunal:** The ruling party nominated some judges in an unconstitutional way and took political control over the Tribunal. This poses a risk for the implementation of other unconstitutional legislation supported by the Law and Justice Party in the future.
- **Law on organization of courts:** The law would empower the Minister of Justice (who is at the same time the Prosecutor General) to dismiss all heads of courts in an arbitrary way within six months of its adoption and appoint their successors without binding consultation with the National Council of Judiciary as required in the past.
- The ruling party supported two other legal acts that were a major threat to independence of judiciary and the rule of law: on the National Council of Judiciary and on the Supreme Court. **These two controversial laws stimulated protests in Poland and prompted international reaction which have pushed the President to announce his plan to veto them.**
- Professor Marcin Matczak, University of Warsaw warned, before presidential vetoes, "*If the mechanism to use the Constitutional Tribunal as a tool in the political battle is repeated in the case of the Supreme Court and common courts, the outlook will be bleak for justice in Poland.*"
- **Rapid legislative process:** Much of this recent legislation has been passed in a very rapid manner, without any public consultation or debate with citizens, experts or NGOs. The government has thus violated various provisions to safeguard the quality of the legislative process in Poland.

Summing up, the model of the judiciary proposed by the ruling party resembles the model known from the past when the communist party of Poland controlled all the legislative, executive, and judiciary powers. In his recent speech in Warsaw, even the President of the United States said: “*As long as we know our history, we will know how to build our future.*” We in Poland know where this model of concentration of power lacking any checks and balances led the Polish society and economy. It is why more and more Poles have been in the streets demanding that President Andrzej Duda vetoes the most recent judiciary reform. Two out of three vetoes were good decision by the President and a major success of this part of the Polish civil society committed to democratic values.

What else?

- **Media:** The government is already debating the limitation of foreign ownership in the media sector—which carries a risk of nationalization and greater political control over some media outlets (after taking control of public media right after the latest elections).
- **NGOs:** Parliament is discussing the law on the “National Center for Civil Society Development”—which carries the risk of directing state funds to “friendly NGOs” and cutting access to grants for NGOs critical of the government. There is also a risk of possible adoption of Hungarian or Russian style of foreign agent laws on NGOs.
- **Economy:** Without a functioning Constitutional Tribunal and independent judiciary (prosecution is already under direct control of Justice Minister) there are risks to long-term investments and also business owners’ freedom to disagree with the government.
- **Justice system:** President Andrzej Duda announced his administration will work on the reform.

3. Solutions:

Short-term:

- Fact-checking and watchdog activities by NGOs, media, and civil society using **efficient communication tools**. There are many who know what is wrong or what is false but they need to improve their communication to reach wider audiences.
- **More dialogue and better cooperation** of civil society, NGOs, business-support organizations and political parties—with NGOs and civil society acting as mediators.
- **Increased engagement of the business community**—business should not only support NGOs with resources but also speak up about the future of democracy in Poland.

Long-term:

- **Offer alternative proposals for justice reform**—improving what does not work (e.g. lengthy proceedings, excessive formalism) while strengthening the system’s independence. The latest reforms however need to be reversed first. This may require another constitutional reform for which a constitutional majority would need to be secured.

- As the President of Poland announced his administration would work on the justice system reform after recent vetoes it is essential to **monitor this work and provide high quality feedback**.
- **Improving the quality of the legislative process** to ensure genuine inclusive public debate and expert assessment of proposed laws.
- **Education focused more on civic engagement and economic literacy**, e.g. practical lessons of democracy that delivers, including in economic terms.

4. Conclusions:

Polish civil society is a key player in advancing democracy in Poland. The European Union and our other Western partners should not be expected to solve our problems. That, however, does not mean that they should remain silent or turn a blind eye to what's happening in the country right now. Quite to the contrary. All friends of Poland can certainly help by sharing their knowledge, expertise and resources as well as by providing moral support to those committed democrats in Poland who found courage to seize the opportunity that the present crisis provides. I therefore particularly appreciate the role of CIPE in this regard, supporting their local partners, drafting the Declaration of renewed commitment to democratic values in the CEE countries and hosting us in the U.S. on the occasion of this briefing.

Last but not least, it needs to be reiterated that democracy and economic prosperity in Poland and other CEE countries are essential to the mutually beneficial transatlantic partnership. Additionally, Poland has a historic potential to be an inspiration for societies east of Vienna (e.g. Belarus, Ukraine, and Russia) and the Balkans looking for higher quality of life and greater individual freedom. The strength of Polish democracy should continue to serve as an example for the regions. To preserve the foundations of international stability, it is therefore our joint responsibility to act whenever democracy is in jeopardy.

5. Additional information in English:

Two laws vetoed by the President of Poland:

- **Law on the National Council of Judiciary:** This Council appoints and promotes judges and was previously appointed by the Judiciary. The new law would end the terms of a majority of its members. The parliament would now have the power to directly appoint the members and politicians would have a much stronger voice in the Council contrary to the expert opinion of the Council of Europe, according to which: *“These institutions are often composed of a majority of members of the judiciary which is an essential guarantee of their independence.”* By the introduction of this new law, the ruling party would create tools to weaken this independence through political appointments.
- **Law on the Supreme Court:** It would enable all the judges to retire, except those accepted by the current government and would change the organizational structure of the Court.

Recommended additional reading materials:

- Marek Tatala—Which of Orbán’s policies in Hungary are inspiring Kaczynski in Poland?, <http://www.epicenternetwork.eu/blog/which-of-orbans-policies-in-hungary-are-inspiringkaczynski-in-poland/>

- Marcin Matczak, Professor of Law from University of Warsaw—Who’s next? On the Future of the Rule of Law in Poland, and why President Duda will not save it, <http://verfassungsblog.de/whos-next-on-the-future-of-the-rule-of-law-in-poland-and-why-president-duda-will-not-save-it/>
- Dalibor Rohac, American Enterprise Institute—What just happened in Poland?, <http://www.aei.org/publication/what-did-just-happen-in-poland/>
- US Department of State—Poland: Independence of the Judiciary, <https://www.state.gov/r/pa/prs/ps/2017/07/272791.htm>

PREPARED STATEMENT OF JAN SUROTCHAK

The Regional Challenge

In Europe, the post-Cold war strategic goal of the United States was crystalized by George H. W. Bush in May 1989: to build and maintain a Europe “whole and free.” At that time, the field for democracy advocates—both European and American—was wide open. The people of the newly free, former Warsaw Pact countries were hungry for assistance; those in the field felt the full support of the United States government; Moscow’s influence was declining dramatically following the collapse of the Soviet Union; and it appeared that inclusion of the new Member States in the European Union both signaled their capacity to succeed as democracies and guaranteed recourse if they once again were to exhibit weaknesses.

Two decades later, the strategic situation has changed radically, and in some ways has reversed. New fault lines have emerged in the societies of the still new democracies—very much along the lines we’ve just heard laid out by Peter, András and Marek in Slovakia, Hungary and Poland (not forgetting our friends in the Czech Republic, which is also facing significant anti-democratic pressures of its own as it moves toward elections, and perhaps even a bit of a coronation this October). These fault lines offer points of entry to a Russian Federation seeking to destabilize the European project. For this reason, IRI has been undertaking a fairly aggressive public-opinion research as part of our Beacon Project, in an effort to help our allies in the region better understand exactly where the main democratic deficiencies or weaknesses in the various societies are.

In late May at the Globsec conference in Bratislava, therefore, we released a comparative poll covering the four Visegrad countries through IRI’s Center for Insights in Survey Research. This poll reveals a number of disturbing trends in the heart of Europe, including waning support for core transatlantic institutions like NATO, tensions over the nature of European identity, and discontent with socioeconomic challenges.

After investing twenty years and hundreds of millions of dollars in building a ‘Europe Whole and Free,’ it is clear that there is a potential risk that transatlantic peace and security can be undermined, that Russian influence in Central Europe is increasing, and that, in some ways, challenges to democracy are now fully within the European Union’s house.

What do the data show?

First, with regard to the overarching question of security and stability, while NATO and the U.S. presence in Europe have historically been cited as a key pillar of European peace and security, in Slovakia an alarming 60 percent of respondents feel that the U.S. presence actually *increases* tensions and insecurity. A *majority* of respondents in all four countries either strongly or somewhat support neutrality towards both NATO and Russia (Slovakia: 73 percent; Czech Republic: 61 percent; Hungary: 58 percent; Poland: 53 percent). Seventy-five percent of Slovaks believe that Russia should be a security partner, followed by 59 percent of Czechs, 54 percent of Hungarians, and 35 percent of Poles.

A second area of concern is values. Our survey revealed ambivalence about the nature of European identity. More than one-third of respondents in the Czech Republic (40 percent) and Slovakia (36 percent) feel that the European Union is pushing them to abandon traditional values, while 41 percent of Slovaks believe that “Russia has taken

the side of traditional values” (Czech Republic: 27 percent; Hungary: 18 percent; Poland: 14 percent).

A third area is economics. Reflecting dissatisfaction with the state of the economy and public services, a significant portion of respondents feel that their socioeconomic status is so poor that it is closer to that of Russia than Europe. Thirty-nine percent of Hungarians think that their social benefits have more in common with Russia than Europe, followed by 26 percent in Slovakia, 24 percent in Poland and 15 percent in the Czech Republic. Similarly, 37 percent of Hungarians say that their economy and standard of living is more akin to Russia’s than Europe (Slovakia: 22 percent; Poland: 19 percent; Czech Republic: 16 percent).

And on the question of Russian interference itself, in addition to the widening number of respondents who identify with Russia on key issues such as identity, the poll also indicates vulnerability to Russian disinformation among respondents who get their news from nontraditional media outlets. In Slovakia, a combined 76 percent either do not believe that Russia is engaged in efforts to mislead people (38 percent), or do not care if Russia funds these outlets (38 percent).

In summary, these results correspond closely with data from the Beacon Project’s >versus< media monitoring tool, which has revealed a correlation between socio-economic disparities within the V4 countries and vulnerabilities to Russian influence. It is precisely these disparities, as well as the ongoing weaknesses in foundational institutions of democracy in the V4 that we’ve heard about here today, which we believe open a door for Russia to proffer a narrative that coldly counters the democratic one upon which the entire Helsinki vision is based.

The next key product of Beacon will be a similar public-opinion survey in Germany in the run-up to the crucial parliamentary elections there this September 24, with a special focus on opinion in the *Bundesländer* that used to comprise the German Democratic Republic, while surely German, was neither democratic nor a republic.

Thank you again for your attention to this important set of issues.

PREPARED STATEMENT OF JONATHAN KATZ

Chairman Wicker and Co-Chairman Smith, I want to thank the Helsinki Commission and its members for the opportunity to participate in this timely briefing on the state of democracy, human rights, and overall progress in Central and Eastern Europe.

Make no mistake, what we are witnessing in Central and Eastern Europe, the rise of illiberal democracies, weakened rule of law, attacks on press freedom and media independence, increased corruption, and the rise of ethno-nationalism, is a threat to the successful democratic transition of Europe and Euro-Atlantic integration that has been underway for over two decades.

The external challenge exacerbating this alarming situation is Russia's hybrid war on targets in this region, including a relentless campaign of disinformation, economic corruption, and election meddling. These campaigns exacerbate instability and undermine democracy.

The challenges to democracy in this region were highlighted in Freedom House's Freedom of the World 2017 Index. The report points out, "While in past years the declines in freedom were generally concentrated among autocracies and dictatorships that simply went from bad to worse, in 2016 it was established democracies—countries rated Free in the report's ranking system—that dominated the list of countries suffering setbacks. In fact, Free countries accounted for a larger share of the countries with declines than at any time in the past decade, and nearly one-quarter of the countries registering declines in 2016 were in Europe."

The Transatlantic community, led by the United States and the EU, must prioritize democracy, human rights, and economic development in Eastern and Central Europe to push back against these challenges. This does not mean the United States and Europe should downplay regional security challenges, including those posed by Russia, a threat that needs constant attention. It means that in conjunction with greater regional security we must increase our bilateral and joint diplomatic engagement and development assistance efforts in the region to support continued democratic and economic transition.

How should the United States and our transatlantic allies respond to these challenges? I will offer four core strategies to answer this question and guide policymaking in this space.

First, transatlantic partners must resist the idea of retrenchment. Now is a critical moment for the United States and our European partners to be vocal and clear about our support for democracy and human rights particularly in this region. Ignoring the spreading cancer of illiberal democracies in Central and Eastern Europe is not an option. Over time it will impact U.S. and European interests if left unchecked.

The United States counts on allies in the region for security, including in the fight against terror, to promote democracy, human rights, and trade. The less democratic and more corrupt that Central and Eastern European nations become the less reliable they are as allies and more likely they are to be influenced by Russia or other actors.

Moreover, there is a disturbing, intra-European demonstration effect undermining democratic transformation. The United States and Western European leaders seek to see countries in the region such as Ukraine, Moldova, and Georgia continue down a path of Euro-Atlantic integration. These countries look to EU neighbors like Poland for democratic inspiration and development support. Unfortunately, instead of modeling the demo-

cratic transformation of their neighbors, what we are seeing across the region is a disturbing trend of governments copying undemocratic action occurring in their neighborhood.

A second way in which the United States and Europe should respond to challenges in Europe is not to try and reinvent the wheel. Transatlantic partners know what needs to be done to address illiberal democracies and strengthen resiliency to address internal and external challenges. We can draw on 70 years of experience from the implementation of the Marshall Plan following the end of World War II to the creation of multilateral institutions including NATO, the European Union, and the Organization for Security and Co-operation in Europe (OSCE).

After the Soviet Union collapsed, and for the last two and a half decades, the EU and the United States have learned from their work to provide far-reaching assistance and support to Central and Eastern European nations. The U.S. Congress played a pivotal role by introducing and passing the bipartisan Support for Eastern European Democracy Act in 1989 and the Freedom Support Act in 1992. This support contributed to successful democratic and economic transition in the region and resulted in new NATO and EU allies, including Hungary, Poland and Slovakia.

The support provided by the U.S. and EU for democratic transition, and a vibrant civil society and independent media, are still evident. Just last week there were protests in over 100 Polish cities in response to concerns about moves by the government to curb judicial independence. The German Marshall Fund through its Black Sea Trust, Balkans Trust for Democracy, Fund for Belarus Democracy, and recently-launched Alliance for Securing Democracy, has been on the front lines in ramping up U.S. efforts to support civil society, independent media, and sustainable democratic institutions and address Russia's malign efforts to undermine democracy in Europe.

A third strategy for transatlantic response to challenges in Europe is to keep U.S. leadership central. The U.S. must play a bigger role in addressing the backsliding in democracy and governance in Central and Eastern Europe as a full partner with the EU. In the 1990's and the first decade of the 2000's the United States led this effort, providing billions in bilateral and multilateral development assistance for democratic and market reforms, and Euro-Atlantic integration of several European countries including Poland, Slovakia, and Hungary. Not only was this assistance essential as part of a U.S. effort to support a Europe "Whole, Free and at Peace," but it was U.S. diplomatic, technical assistance, and leadership and implementation support, that helped nascent democracies in the region transition.

U.S. assistance and attention over the past decade has atrophied, demonstrated by the closure of USAID missions across Central and Eastern Europe. The U.S. prematurely withdrew USAID and its resources from the region and wrongly concluded that EU institutional support alone could further advance democracy and human rights in these countries. To be sure, challenges of Brexit, Grexit, migration, the Eurozone crisis, and Russia, among others, hinder the EU's focus and response to democratic backsliding from within.

Instead of deep cuts to U.S. assistance in this region and tepid diplomacy, which sends the wrong signal and opens the door for Russian meddling, it is critical that the Trump administration and Congress provide the right mix of bilateral assistance and diplomatic support. This must include increasing support for an independent media, civil society, combatting corruption, and student exchanges.

While the United States needs to balance interests in the region carefully, the White House must offer a clearer and more definitive response to illiberal challenges in Europe such as judicial backsliding in Poland and Hungary's closing space for NGOs. Furthermore, it is time for USAID and the administration to review options to place development professionals on the ground in Central and Eastern Europe and provide greater technical assistance and support to bolster democracy, rule of law, and to combat corruption.

A fourth strategy to respond to European challenges is for transatlantic partners to establish mechanisms to strengthen development cooperation. Over the past quarter century, this development cooperation in Central and Eastern Europe has not been as strong as it needs to be; it is in need of makeover. Unlike NATO, there is not a set mechanism for coordination, a North Atlantic Development Organization, for development assistance cooperation and coordination among allies. In Eastern Europe, the U.S. and EU assistance rank first and second in overall assistance. However, despite sharing many of the same objectives, coordination between the partners is weak. There is programmatic overlap that could lead to the waste of scarce resources or the U.S. and EU working at cross-purposes.

Just as we want to maximize collective transatlantic defense cooperation via NATO we also want to maximize the impact and effectiveness of transatlantic development assistance. USAID has ongoing dialogue with its EU counterparts to strengthen cooperation in Europe, Eurasia, and globally. It is time for that dialogue to transition into a comprehensive MOU to lay out a joint U.S.-EU development assistance strategy and institutionalize and sustain this coordination.

Mr. Chairman, we all recognize the historic democratic transformation that has taken place in Europe from the end of World War II to the present. This region is far better off now than it was when President Bush signed the Freedom Support Act into law in October 1992. The United States has greatly benefitted from this transformation and from our partnership with our European allies, including our Central and Eastern European allies. Their support and partnership in advancing a world order based on democratic values, human rights, and freedom has been nothing short of fundamental in importance to the advancement of our own political objectives and way of life.

For Eastern and Central European countries to continue to be reliable allies and partners we, along with our EU partners, need to recognize the geopolitical challenges washing across this region. The United States and the EU need to act immediately, coordinate development assistance, prioritize continued democratic development, assist civil society, and marshal the expertise, resources, and experiences of the past seventy years. Only then can we successfully address the growing internal and external challenges in Europe.



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