

Summary Report

DIFF GOV City Talk #1 Part #2

Slovakia & the Euro – More LOVE than HATE

Reflections on the 10th anniversary of the euro in Slovakia, 20th birthday of single currency, and the future of the eurozone

While some Europeans regard the euro as a success story that has contributed to the creation of a single European identity, others view it as “the cause of all evils,” including austerity, stagnation and unemployment. In recent years, Eurosceptics have blamed the single currency for increasing the price of a baguette, lowering export competitiveness, and causing the most severe financial crisis since 1929. But the findings from the Eurobarometer or Parlemeter surveys show that Slovaks do not necessarily view the currency as an economically flawed initiative. Eighty percent of Slovaks are in favor of the single currency, according to a 2018 Parlemeter survey. And with good reason: adoption of the euro gave further impetus to institutional convergence and allowed Slovakia to anchor its macroeconomic institutions in a stronger European framework. What are the lessons learnt for Slovakia from the adoption of the single currency? How to keep the momentum of a good image for the euro in Slovakia? How can Slovakia contribute to fixing the eurozone’s institutional flaws and thus ensuring the euro’s long-term viability?

These and many other questions could be raised when talking about the euro in Slovakia. This session was led by Barbora Mazúrová, Ing., PhD and there were three other speakers: Juraj Karpiš, an analyst and cofounder of Institute of Economic and Social Studies (INESS); Tomáš Meravý, Chief Economist, Future of Europe Programme in GLOBSEC Policy Institute; and Emília Zimková, prof., Ing., PhD., Professor at Faculty of Economics, Matej Bel University.

Since this event was held during the celebration of Slovakia’s 10 years in the eurozone, the debate started by referencing the past and commenting on the situation in the year 2009, and even few years before, when the euro-currency thinking began. Prof. Zimková described the situation as difficult, at least in the beginning, when Slovakia was under Vladimír Mečiar’s rule. Because of the situation and conditions set by then-Prime Minister Mečiar, Slovakia was in “the second group” of the European integration process. However, after becoming Prime Minister and forming a large, coalition government in 1998, Mikuláš Dzurinda and his government introduced far-reaching reforms that are credited for enabling Slovakia to begin the process of joining the EU and NATO. Slovak accession to the European Union in 2004 was obvious evidence of Mr. Dzurinda’s efforts. The process of becoming a member of the Euro zone began in mid-2003, when the Slovak government approved the Strategy for adopting the euro in Slovakia. These were the steps that led Slovakia to full-use of the euro at the beginning of 2009, when within 16 days the whole republic was fully using only the euro.

Despite the economic crisis in Europe right during the Slovak currency transformation, the question of timing for such a change could be asked. An interesting approach can be explored when one would look at the positive and negative aspects of accepting the euro in Slovakia. Mr. Meravý claimed that there are both positive and negative aspects of accepting the euro in Slovakia in 2009, however, positive aspects prevail. In his presentation, he provided some concrete evidence of benefits of the euro. For example, he cited how the euro in Slovakia helped to lower interest rates and contributed to the growth of GDP per capita and purchasing power parity. On the other hand, the unemployment rate increased. In general, Slovakia’s economy is however in much better shape than today’s Italian economy.

Another crucial debate arose when the topic of Eurozone's future came on the table. Should countries of Eurozone cooperate in closer way? Does Slovakia have the same political voice like Germany or France? Mr. Karpiš answered that: *"As a citizen I believe there is an optimal level of mutual integration. As an economist, I do not see a tool that would restrict the control of integration."* Therefore, according to Mr. Karpiš, the political voice of Slovakia in the eurozone, Slovak voice weight the same as German one. To put it simply, a voice of small Slovakia and a voice of Germany is similar. However, the perceptions on the Economic and Monetary Union differ from country to country. While Greece (despite its economic problems) remains rather positive about the Euro, the member states such as the Czech Republic and Latvia hold rather negative perceptions. In that sense, it is not possible to have unified approach to the future shape of the EMU.

According to the panel, Slovakia does not take full advantage of the adoption of the euro. The improvements in an education sector and in public sector are still to come. Therefore, Slovak lessons learnt is that the simple adoption of the euro, will not solve all problems of the country as they remain the homework for the country itself. This is a task is for a political leader as well as for citizens.

When comparing Slovakia with Estonia – the later was much more united and political class shared the same vision about what it was to achieve from the euro's adoption. Slovakia misses that. Slovakia should aim at achieving a sustainable economic growth in a long run and continue with structural reforms. For those, Slovakia need to be even more critical and find the leader who would follow these ideas. Mr. Meravý said that: *"I see two visions that need to be improved: education and demographic deficit. Slovakia needs to invest more money into education. At one side, the argument might go that only investments do not have to improve the situations, however, without investments in for example renovating campuses and dormitories, not much will change. Secondly, democratic deficit is hardly to be stopped any time soon. Slovakia should invest more into pre-school institutions and provide mothers with more day-care facilities."*

When looking at the V4 format, Slovakia is the most euro-positive. After the Euro crisis peaking in 2008/2009, the general public of Czech Republic was rather against accepting it, even though the Czechs could see that the situation in Slovakia in the international spectrum improved very fast after accepting euro. In case of Poland Prof. Zimková added that: *"Such big economy as Poland does not need euro. And that in this sense, Slovakia cannot be compared with Poland. We could see that Poland as the only country was not influenced by the euro-crisis."*

The participants of the discussion while responding to sli.do opinion poll set up by the organizers, said that according to their views other V4 should adopt the euro (64%), only 36% were against it.

"The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein."



**EURO NA SLOVENSKU:
OBLŮBENÉ
ČI ZATRACOVANÉ?**

DEBATA K 10. VÝROČIU EJRA NA SLOVENSKU,
20. NARODENINAM JEDNOTNEJ MENY
A BUDÚCNOSTI EUROZÓNY

Utorok 2.4.2019 | 13:30 – 15:00
Prednášková miestnosť P4
Fakulta politických vied a medzinárodných vzťahov
Univerzita Mateja Bela v Banskej Bystrici

**HOPES AND DREAMS:
WHAT TO EXPECT FROM
THE EUROPEAN
PARLIAMENT ELECTIONS?**

DEBATE WITH ZUZANA PODRACKÁ, PROJECT
COORDINATOR AND KINGA BRUDZINSKA, SENIOR
RESEARCHER, GPI

Tuesday 2.4.2019 | 10:30 – 11:30
Dayroom on 3rd floor
Faculty of Political Science and International Relations
Matej Bel University, Banská Bystrica

