



# THE SLOVAK SPECTATOR

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## NEWS

### Ex-minister probed

The ownership of a house occupied by Jirko Malchárek, a former economy minister whose name features repeatedly in the so-called Gorilla file, is being investigated by police.

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### Presidential challenge

President Ivan Gašparovič has been on the phone to Kiev trying to heal a diplomatic rift between Europe and Ukraine over its treatment of jailed opposition leader Yulia Tymoshenko.

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## OPINION

### Wrong playground

How much more convincing Slovakia's response to the situation in Ukraine might have been had Iveta Radičová, instead of Ivan Gašparovič, been elected president in 2009.

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### Banks boost profits

Last year was a good one for Slovak banks, with profits up and the sector avoiding the problems afflicting other parts of the eurozone. But the outlook, both economic and regulatory, is unsettled.

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### Bank levy could rise

Banks started paying a new tax on assets at the beginning of this year and the Fico government has signalled that some sort of rise is on the cards. Bankers are, unsurprisingly, opposed.

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## CULTURE

### Barbizon at the GMB

A visiting collection of works by the Barbizon painters, an important group who were the forerunners of impressionism, are now on show at the Bratislava City Gallery.

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## SELECT FOREX RATES

€ benchmark as of May 10

CANADA	CAD	1.29	HUNGARY	HUF	288.31
CZECH REP.	CZK	25.16	JAPAN	JPY	103.31
RUSSIA	RUB	39.04	POLAND	PLN	4.23
GREAT BRITAIN	GBP	0.80	USA	USD	1.30



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The official wreath-laying ceremony to mark the end of the Second World War took place at Bratislava's Slávný war memorial on May 9, the date when Russia traditionally commemorates the event. Photo: Sme

# Government to focus on vocational schools

A LACK of quality labour to work in some industrial areas, an overly complicated system of financing public schools and too many young people studying humanities: these are three main problems that Slovakia's new education minister has identified in the country's education system. The government's programme document and the minister's public statements provide some ideas about the direction of the new government. There have been critical comments from some education experts, as well as some praise.

The section of the programme statement called 'Knowledge-based society, education and culture' pledges the government of Prime Minister Robert Fico to develop a

BY MICHAELA TEREZANI  
Spectator staff

comprehensive education system for the country stretching from pre-school programmes up to life-long learning.

"[The government] will support the development of education with direct ties to business, focusing on social and technological modernisation of society," states the programme, saying it will create conditions for better technical and scientific schools. But the specific proposals to be laid out by the Education Ministry headed by Dušan Čaplovič are not yet clear.

"At the moment we don't know the details of the solutions either," Michal Kaliňák, the ministry's spokesperson, told The Slovak Spectator, explaining that more specific plans will be discussed and agreed upon by social partners - employers, trade unions and school administrators.

The Slovak Governance Institute (SGI), a non-governmental think tank, criticised what it called shortsightedness in the direction proposed in the programme statement, specifically a too-narrow specialisation of students at vocational schools, gymnasiums and universities.

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# Radičová leaves the political stage

BY BEATA BALOGOVÁ  
Spectator staff

THERE were no shockwaves in the Slovak political arena when former prime minister Iveta Radičová delivered her letter of resignation to the central office of her party, the Slovak Democratic and Christian Union (SDKÚ) on May 3. Radičová had announced her intention to quit politics shortly after the fall of her centre-right government last October.

"I announced after the fall of the government that I am done with politics and this statement is valid," Radičová, who is now returning to academia, told the Sme.sk website.

Perhaps the only unexpected aspect of her move was its timing: Radičová, one of the most popular personalities in the SDKÚ, resigned two weeks before the party's major congress at which her official departure had been expected. Delegates to the congress, scheduled for May 19, will elect a new party lead-

er. Former justice minister Lucia Žitňanská, Pavol Frešo, president of the Bratislava Self-Governing Region, and MP Viliam Novotný, who has the backing of the party's Košice branch, are the three candidates. Radičová has not endorsed any of the candidates.

While Radičová says she is quitting politics for good, speculation about her making a bid for the country's presidency in 2014 have been flying around.

See SDKÚ pg 2

# Gašpar appointed as top cop

BY BEATA BALOGOVÁ  
Spectator staff

THE HOT favourite to become Slovakia's new police chief has not, after all, made it to the top job. Former police vice-president Stanislav Jankovič, who was previously tipped for the post by Interior Minister Robert Kaliňák, was ultimately edged aside in favour of Tibor Gašpar, who presently leads the Office for the Fight Against Corruption. Kaliňák, who made the appointment, said he still considers Jankovič to be a good police officer, but added that if he had been picked for the post both he and the police force would have been showered with what he called unjustified media criticism, a reference to a case in which Jankovič faced criminal investigation.

"Many issues in his case have already been explained," Kaliňák said, as quoted by the SITA newswire on May 9, adding that in the future Jankovič's services would be "irreplaceable".

The criminal investigation into Jankovič, which related to the alleged cover-up of a speeding offence, was dropped by the prosecutor in late April after he ruled that wiretap evidence which reportedly implicated the former police vice-president was inadmissible.

See COP pg 3

# Fico's plan nears approval

BY BEATA BALOGOVÁ  
Spectator staff

WHILE the programme statement of the government of Robert Fico faces little likelihood of being voted down by MPs - the ruling Smer party controls 83 of the 150 seats in parliament - discussion of it has been lengthy, with the opposition criticising many of the ideas through which Fico aspires to bring about what he calls a "modern and thrifty state that intervenes in the economy only when reasonably necessary and avoids approaches that deform the market".

As of May 10, there was still a queue of 28 deputies waiting in parliament to comment on the draft programme, which among other things promises heavier taxes for high earners and profitable businesses, as well as enhanced protection from growing indebtedness for low-income citizens.

Regardless of the phrasing of the 60-odd-page document, the Fico team faces a very specific near-term challenge.

See PLAN pg 9

NEWS *in short***Sacking postpones Mlynky treaty**

THE PROBLEMS surrounding funding of a new Slovak cultural centre, the Slovak House, in the Hungarian village of Mlynky apparently will not be resolved as early as planned due to the dismissal of Milan Vetrák from his post as chairman of the Office for Slovaks Living Abroad (ÚSZZ), effective as of May 10.

His departure means the signing of a treaty with Hungary to resolve the funding dispute has been postponed indefinitely, ÚSZZ spokesperson Tomáš Šarluška said, as reported by the TASR newswire.

The treaty was supposed to end a dispute that was caused by the weakening of the Hungarian forint against the euro. Slovakia and Hungary previously agreed to provide the same amount to the Slovak House. While Slovakia set aside €492,000 for the project, the Hungarian government agreed to hand over HUF126 million.

Due to the fall in the value of the Hungarian forint, this currently represents

only €440,000. The proposed treaty stipulates that Hungary would provide almost €14,000 per year to the Slovak House for a period of three years in compensation.

The centre for ethnic Slovaks in Mlynky is scheduled to be opened in June, but this will depend on the schedules of the prime ministers of Slovakia and Hungary, Robert Fico and Viktor Orbán, TASR wrote.

The Slovak government dismissed Vetrák on May 9, citing what it called his poor performance as head of the office and the lack of confidence expressed by organisations of Slovaks living abroad about his leadership.

"Aimed at preventing further damage relating to Mr Vetrák's activities in the job, the government has made the decision to fill the post with a competent person who will be fully accepted by associations of Slovaks living abroad," TASR wrote, and Igor Furdík will take the post immediately, according to the statement issued by the Government Office.

**Judge's discrimination suit dismissed**

A DISCRIMINATION lawsuit filed by retired judge Jozef Soročina was dismissed by the Bratislava I District Court, but the judge's lawyer, Juraj Kus, stated that the case would be appealed, the SITA newswire wrote.

In his decision, Judge Branislav Král noted that discrimination did exist in the salaries between judges serving on Slovakia's former Special Court, created to hear cases involving high-level corruption and organised crime, and the salaries of judges serving in normal district and regional courts. But to eliminate the discrimination by paying the difference between the two levels of salaries now would again result in discrimination against other judges, he ruled.

"It would have been a completely different situation if initially all judges were entitled to such a claim

that would then be only awarded to judges of the Special Court," the judge wrote in his ruling.

When the Constitutional Court previously ruled that the higher pay for judges of the Special Court was contrary to Slovakia's Constitution, this provided reasonable moral satisfaction to the judges, Král wrote, adding that only in the event that this had harmed the judges' dignity to a large extent should financial compensation for non-pecuniary damages be considered. The judge wrote that no such harm had been proven in this case.

Eleven judges from Slovakia's Supreme Court have been successful in similar wage discrimination lawsuits, but the court president, Štefan Harabin, has helped them by not appealing first-instance verdicts, SITA wrote.

**MP named to UN expert group**

ANDREJ Hrnčiar, the mayor of Martin and an MP for the Most-Híd party, has been appointed to a United Nations group of experts who will be tasked with drawing up proposals for combating corruption in public administration, the TASR newswire reported.

Membership on the committee represents another accolade for Martin's 'Transparent Town' project. The town was recently awarded the 2011 United Nations

Public Service Award for North America and Europe in the category of 'Preventing and Combating Corruption in Public Service', Hrnčiar told TASR.

The mayor will take part in meetings at UN headquarters in New York next month. He told TASR he is pleased to have the chance to represent not only Martin but Slovakia as a whole at the UN.

Compiled by Spectator staff

# Malchárek investigated

SLOVAKIA's police are now examining the circumstances in which Jirko Malchárek, a former economy minister (November 2005-July 2006) who was nominated by the now defunct New Citizen's Alliance (ANO) party, acquired his residence in a high-end area of Bratislava. Malchárek's name is featured in the so-called Gorilla file, a document published on the internet that purports to include transcripts of conversations covertly recorded by Slovakia's SIS spy agency in 2005 and 2006 between representatives of the Penta financial group and several influential Slovak public figures, including Malchárek.

According to a story in the Sme daily, the criminal investigation of Malchárek is based on suspicions of abuse of power and legalisation of income from criminal activities and was started only after the Gorilla file was published. In February 2009, when Sme reported

that Malchárek had moved into what it called a luxurious home, the former minister did not explain how he had paid for the house but the police at that time said there was no reason to investigate how the house was acquired.

The villa, where only Malchárek resides, is in Bratislava's Kramáre area and was purchased in 2007, according to public records, by a firm called HM Invest, represented by Zoltán Varga, an employee of the Penta group, Sme wrote on May 7. Sme added that of HM Invest's basic capital of Sk300 million (nearly €10 million), Malchárek had contributed only Sk5 million in capital, or less than 2 percent.

Varga is the owner of the flat on Vazovova Street in Bratislava where the alleged meetings, documented in the Gorilla file, between Penta co-owner Jaroslav Haščák and various public figures were held and recorded. The transcripts in the

Gorilla file allegedly include conversations with Anna Bubeníková, then a senior official at the National Property Fund (FNM), the country's privatisation agency, and then economy minister Malchárek, as well as other high-ranking officials.

According to document on the internet they discussed various transactions involving the state government and Haščák allegedly tried to influence personnel decisions at the Economy Ministry.

Sme reported having possession of a document suggesting that the police suspect the land on which the house stands was fraudulently auctioned and ended up in HM Invest's hands after what it called questionable transactions.

Sme reported that the parcel of land originally belonged to the Milosrdní Bratia Catholic order but was seized in 1950 by the government in an execution process with no further

documentation recorded in Slovakia's land registry. In 2003 a document indicates that 67-year-old Jozef Beňuška, now deceased, became the owner of the property but the notary who signed the execution document refused to talk to Sme about it. Beňuška sold the land to Miroslav Konôpka, a businessman who claims he purchased the land in a standard deal and built the villa. Several additional owners later had an interest in it before Konôpka bought it back and sold it to HM Invest in 2007.

Sme quoted police investigators as stating: "The developments suggest that during the last transaction of purchasing the house the suspect Malchárek financed the purchase of the house with money deposited to a safe deposit of a bank, which in itself is a violation of regulations pertaining to safe deposits."

By Beata Balogová

## SDKÚ: Could Radičová return in 2014?

Continued from pg 1

But political scientist Grigorij Mesežnikov, the president of the Institute for Public Affairs (IVO) think tank, says he does not think that the nation will see her re-enter party politics.

Last October, Radičová commented that "I think I no longer have the right to compete for the trust of citizens in elections".

"For now it seems that this is a definite decision, but we will see how it will be over the next couple of years," Mesežnikov told The Slovak Spectator, adding that her move was not unexpected at all, but rather a logical outcome of events over the past two years such as the failure to maintain the ruling coalition in power, the collapse of her government, as well as the internal situation within the SDKÚ.

Yet Juraj Marušiak of the Institute of Political Sciences at the Slovak Academy of Sciences (SAV) notes that this is not the "first definite departure of Radičová" from politics and he suggested no conclusions should be drawn yet about the finality of her move.

**The impact**

Radičová's former party colleagues expressed regret over her decision: "We felt sorry and we, as well as me personally, are sorry but it is her free decision," commented Žitňanská, as quoted by Sme.sk. Frešo spoke in a similar vein, suggesting that Radičová had thoroughly considered her decision and that he did not think she could have been persuaded otherwise.

"She was a benefit to the SDKÚ but their ways parted and now the party has to make it on its own," Frešo commented, as quoted by Sme.sk.

Mesežnikov does not think that Radičová's departure at this point will significantly affect the SDKÚ, as the major effect was felt after she chose not to run in the parliamentary elections. He nevertheless believes that Radičová will still influence public discourse, and in fact sees scope for her to have a deeper impact.

"She has the preconditions to influence the public discourse more significantly than many other politicians due to her qualifications," said Mesežnikov, noting



Iveta Radičová has now left Slovak politics.

Photo: Sme - Vladimír Šimíček

that she is an academic, an expert, and a sort of public intellectual. But he predicted that her influence would not be exerted at a party level.

Unlike Mesežnikov, Marušiak does not rule out Radičová's return to politics, either within a party or as a candidate for the presidency, suggesting that "after all, even if she is denying the first possibility, she has not yet excluded or rejected the second".

As for the effect that Radičová's departure will have on the SDKÚ, Marušiak said that the party is losing a charismatic leader to whom a large number of supporters were attached. He said it was precisely those people that voted for the SDKÚ in 2010 because of Radičová who in 2012 did not vote for the party.

Marušiak believes that Radičová will have the opportunity to influence politics while adding that "she will not necessarily remain in the position of an observer" and that another possibility for her to make an impact is in the non-governmental sector, which could later create a runway for her return to politics, for example via the presidential election.

"However, it is questionable how many departures and returns voters are willing to accept," Marušiak said.

**Her contribution**

When talking about her contribution to Slovak society, Marušiak said that

Radičová "at least for a brief time returned to people their ideals and the hope that politics can be done in an honest way. At a verbal level at least, she expressed an effort to resist the partocratic system and pressures within her own party".

As for the qualities that Radičová brought to politics, Mesežnikov noted her efforts to achieve greater transparency, and said she is a person with a high level of internal integrity and "is beyond any suspicions about linking her personal, economic or other interests with the position she held".

According to Marušiak, her greatest success was to require all state institutions to publish contracts online. Marušiak said that she failed "as a manager of the government and an organiser" and that "if she herself wanted to operate as politician of consensus, then she was not even able to create sufficient consensus to keep her own government together and secure a majority in parliament".

Mesežnikov noted that Radičová's personal aversion to party politics also affected her relationships with her own party. Mesežnikov added that Radičová should not have linked the vote over the bailout mechanism with a vote of confidence in the government, though he added that other factors influenced the course of those events.

Radka Mínavrečová contributed to this report

# Gašparovič faces Ukrainian challenge

BY RADKA  
MINARECHOVÁ  
Spectator staff

UKRAINE'S decision to postpone a summit of central and eastern European presidents that was to have taken place in the Black Sea port of Yalta on May 11-12 has now presented Slovak President Ivan Gašparovič with a rare spot in the diplomatic limelight. The event was put off after a series of European leaders – though not Gašparovič – said they would not attend, most citing Ukraine's treatment of jailed opposition leader Yulia Tymoshenko.

Gašparovič, together with his Polish counterpart Bronisław Komorowski, has now ended up as an interlocutor with the Ukrainian government in what appears to be a growing diplomatic rift between Europe and Ukraine.

Ukraine's president, Viktor Yanukovich, telephoned Gašparovič and Komorowski on May 9 and 10 to discuss possible legislative changes, including to Ukraine's penal code, designed to assuage European concerns, Slovak presidential spokesperson Marek Trubač told the SITA newswire.

Tymoshenko, one of the leaders of Ukraine's 2004 Orange Revolution and now a leader of the country's opposition, was jailed for seven years in 2011 after a Ukrainian court found her guilty of abuse of power for signing an agreement on gas deliveries from Russia while serving as prime minister between 2007 and 2010. Her imprisonment has prompted criticism from several European leaders. Tymoshenko herself claims that her imprisonment is part of a campaign of persecution by her rival Yanukovich, who defeated her in the 2010 presidential elections.



A protest in support of Yulia Tymoshenko.

Photo: TASR/AP

Tymoshenko's imprisonment was also the main reason given by several European leaders who say they will not attend matches by their national football teams during the upcoming Euro 2012 football championship, which is being staged jointly by Ukraine and Poland.

"None of our government will personally come to watch the football matches in Ukraine," said Austrian Foreign Minister Michael Spindelegger, as quoted by the SITA newswire, adding that it is "their expression of solidarity".

Ukraine has decried such tactics.

"We cannot believe that German representatives consider imposing the methods from the Cold War again and that they will try to make sport a hostage to politics," said Ukrainian Foreign Ministry spokesperson Oleh Voloshyn, as quoted by the TASR newswire, after German Chancellor Angela Merkel confirmed that her ministers would not go to see matches held in Ukraine, only those in Poland.

Polish President Bron-

isław Komorowski said he was concerned that a boycott could restrict the European ambitions of Ukraine and push it back into the arms of Russia.

"A football championship is not the property of this or that politician," said Komorowski, as quoted by TASR. "It is a chance for a state, for Ukraine, to present its best side."

Alexander Duleba from the Slovak Foreign Policy Association (SFPA) told The Slovak Spectator that though Tymoshenko deserves a fair trial and the necessary medical treatment, he is convinced that "the EU needs to have a dialogue with Ukraine" and that the boycott itself will not bring the results that European leaders seek.

## V4 discusses summit

The first to cancel his attendance at the Yalta summit was German President Joachim Gauck. He was later followed by several of his counterparts. Fourteen presidents eventually pulled out; the exceptions were Slovakia's Ivan Gašparovič, Poland's

Bronisław Komorowski and Lithuania's Dalia Grybauskaitė. But not all of the pull-outs stated openly that the Tymoshenko case was the reason for their absence.

Attendance at the summit was also one of the issues discussed during a V4 meeting at which Gašparovič confirmed his plans to take part in the summit unless it was cancelled. He said that Slovakia, as Ukraine's neighbour, cannot avoid an open dialogue with the country, TASR reported.

"In addition, we need to communicate about issues that have sprung up concerning Ukraine's internal political developments," stated Gašparovič, as quoted by TASR. "I believe that such a debate can yield benefits to us, the European Union as well as for Kiev."

Duleba considered Gašparovič's attitude as positive and told The Slovak Spectator that Slovakia needs to have what he calls "a systematic policy" towards Ukraine.

"The Slovak Republic is in a different situation than, for example, Estonia or the Czech Republic, which do not neighbour this country [i.e. Ukraine]," Duleba said.

Though Duleba said it is necessary to talk about the errors made in the process, he stressed that European leaders "should not deal with the substance of the verdict passed by the Ukrainian court".

## Ukraine vs. the EU

When asked about the consequences of a boycott of the football championships and the absence of European leaders at the summit in Yalta on relations between Ukraine and the EU, Duleba said that the impact would be negative since there was a political misunderstanding between the countries.

See EAST pg 5

# Minister's diploma scrutinised

LABOUR Minister Ján Richter certainly has some challenging bites on his ministerial plate including the country's notoriously high unemployment, its perpetually-revised pension system as well as the dizzying prospect of reforming the payroll levy system. Yet the media is quizzing him for an explanation over the legitimacy of his law degree after the Sme daily reported alleged problems with the accreditation of the course that earned Richter his bachelor's degree. Richter's former school, Matej Bel University, stated that everything was in line with the rules and that any doubts are the result of a misunderstanding.

Education Minister Dušan Čaplovič earlier this month said that he does not want to step into the affairs of Matej Bel University.

"I respect the autonomy of universities as the law stipulates and I am not entering this process," said Čaplovič, as quoted by the SITA newswire. "Moreover, the accreditation committee of the government, which has the authority to judge many of these issues, can also deal with this process. It is an internal affair of the university."

Sme reported that Richter graduated from the law school of Matej Bel University based on a disputed bachelor's degree. The degree, dated January 19, 2002, is signed by the then rector of the university, Milan Murgaš, who was previously a senior Smer official but was expelled from the now-ruling party in 2009.

According to Sme, Richter received the diploma five months before Murgaš on June 6, 2002, publicly described the course in international law as unaccredited, which meant it could not lead to the award of a bachelor's

degree. Richter was ultimately awarded a degree for the law course.

"I understand the media's natural interest in my person as a public figure; my achieved education," Richter said in a paid-for story published by the SITA newswire, adding that only his school can respond to these questions since they lie entirely within its powers.

The ruling Smer party led by Prime Minister Robert Fico does not intend to initiate an MPs' audit at Matej Bel University, with the deputy chairman of the parliamentary education committee, Lubomír Petrák, saying that only if there were relevant information and "not tabloid newspaper articles" then the committee would deal with it, Sme reported.

Sme listed several circumstances which it dubbed suspicious surrounding Richter's diploma.

Referring to Richter's diploma, the former dean of the law school, Pavel Kandráč, said that he had "not issued anything", according to Sme. His successor Július Kováč also denied having signed the diploma.

The school's current dean, Beáta Kosová, told Sme that the signature on the diploma belongs to the late Zoltán Valentovič, who served as Kandráč's deputy and who, according to Kosová, could have signed it.

"According to information available to me, me and an additional 38 students who completed their bachelors' degree at that time have diplomas with the signature of the then dean as well as the then rector, Milan Murgaš," Richter said, adding that his diploma is dated January 19, 2002.

See DIPLOMA pg 5

# COP: Gašpar accused of misdeed by past interior minister

Continued from pg 1

However, the controversy, which has received widespread media attention, was enough to stymie Jankovič's chances and open the door for Gašpar. The new police chief is no stranger to controversy, however. Earlier this year he was accused by then interior minister Daniel Lipšic of shredding documents relating to the Gorilla file, a leaked document purporting to contain transcripts of conversations covertly recorded by Slovakia's SIS spy agency in 2005 and 2006 implying high political corruption. Kaliňák says that Lipšic should now apologise to Gašpar.

"Lipšic should take a manly approach and apologise to Gašpar because there has never been suspicion of illegal conduct," Kaliňák said. He said that the country's vetting authority, the National Security Authority (NBÚ), had decided that Gašpar's actions were not at odds with the regulations, SITA reported.

The Office for the Fight Against Corruption previously investigated a version of the Gorilla file under Gašpar's leadership, and Lipšic has suggested that in 2008 documents related to that investigation were shredded in violation of regulations. Gašpar has denied shredding any documents illegally.

Kaliňák also said that the police under Gašpar, who was appointed to his previous post by then interior minister Vladimír Palko during the second government of Mikuláš Dzurinda, and who also served under Martin Pado (another Dzurinda-era interior minister), and Kaliňák himself between 2006 and 2010, would be the least political president of the police in recent years. Gašpar quit his post under the leadership of the previous police chief, Jaroslav Spišiak.

"He was a high police functionary under several political parties," said Kaliňák.

## Jankovič's baggage

Before making his decision to appoint Gašpar instead of Jankovič, Kaliňák had met the latter to hear his explanation of the speeding case.

Businessman Ján Božík was caught driving at 190 kilometres per hour on the R1 dual carriageway in June 2010. Police officers fined him €400 and, when he refused to pay, confiscated his driving licence. Božík then allegedly called Jankovič, who reportedly arrived in person at the police station in Žiar nad Hronom and asked that the driving licence be returned to the businessman and that the offence be deleted from the public record.

The pair's alleged telephone conversation was covertly recorded because Božík was at the time being investigated over suspicions of corruption.

The prosecutor in the case, Tibor Šumichrast, said that the

wiretap evidence could not be used since it was made in the course of a completely different investigation. However, in March this year deputy general prosecutor Dobroslav Trnka had said that the recordings could be used, despite their original purpose being completely different, Sme wrote.

The prosecutor concluded there was a lack of evidence to confirm that it was Jankovič who returned the driving licence to Božík, the Sme daily reported.

Jankovič also underwent a polygraph, or lie detector, test. Kaliňák denied that his decision had anything to do with the results of the test, stating that "he was truthful" while declining to expand on this.

## Spišiak departs

Kaliňák said he would still talk to outgoing police chief Spišiak, who acquired a reputation for fighting

organised crime in the aftermath of a massacre involving the Pápay crime gang in Dunajská Streda in 1999, without specifying whether he intended to offer him any post.

After serving as district police director in Dunajská Streda since 1998, Spišiak became vice-president of the Police Corps on October 1, 2001. He remained in that position until August 2006, when he was fired by Kaliňák. Spišiak subsequently quit the police and, according to media reports, later served as head of security at Slovnaft, the Bratislava-based crude oil refiner. Lipšic brought him back as police chief in 2010 to fight organised crime and corruption.

Spišiak said at the time that he had no choice but to accept the offer. "If I did not accept it I would go on suffering all my life. And I don't want to suffer. Let those who deserve it suffer," he said, as quoted by SITA.

BUSINESS *in short***Trade surplus continues in March**

SLOVAKIA'S foreign trade surplus continued in the positive trend of previous months as the Statistics Office reported that exports exceeded imports by €389.9 million in March and that the surplus had increased by €48.7 million from February. The March 2012 trade surplus was more than €200 million higher than in March 2011, the SITA newswire reported.

Slovakia accumulated a foreign trade surplus of €1.037 billion during the first three months of 2012, €430 million more than in the first quarter of 2011. First quarter exports totalled €14.442 billion, up 7.3 percent and imports increased by 4.3 percent to €13.405 billion.

Exports of Slovak goods

and services in March reached €5.287 billion, an increase of 5.3 percent from the same month in 2011. Imports to Slovakia in March, at €4.897 billion, were 1.3 percent higher than in March 2011.

Slovakia has returned to a surplus position in its trade account after recording several monthly deficits during the global economic crisis. But during the past three years, Slovakia has had a foreign trade deficit in only four months and the country has recorded annual trade surpluses since 2009.

Last year Slovakia recorded its largest trade surplus ever when exports exceeded imports by over €2.4 billion, SITA wrote.

**State Material Reserves has new head**

THE STATE Material Reserves Administration (ŠHR) now has new management as the cabinet appointed Andrea Seková as the deputy head of the ŠHR, replacing Róbert Repiský as of May 9, the TASR newswire reported.

Until recently the ŠHR had been without a management team following the dismissal of the previous head, Eva Hrinková, by the cabinet of Iveta Radičová on November 2, 2011, in the wake of a controversy over the ŠHR's sale of state-owned

platinum mesh for a fraction of its market price. The underpriced sale reportedly left the state €2 million out of pocket, TASR wrote.

Kajetán Kičura was appointed the new head of the ŠHR by the cabinet of Prime Minister Robert Fico on April 18.

The Fico cabinet has also reversed the previous government's decision to suspend all sales by the ŠHR and the office is now expected to return to normal operations, according to TASR.

**'Activating' 65,000 Slovaks in need**

ACCORDING to the Centre of Labour, Social Affairs and Family (ÚPSVAR) almost 65,000 Slovaks in March were receiving what is called 'activation benefit' worth €63.07 a month, the TASR newswire wrote.

Activation benefit is available to Slovaks in material need and is supposed to help them acquire, maintain or increase their knowledge, professional skills or working habits so that they can find a job.

Prešov Region had the

most residents receiving this benefit - over 19,000 - followed by Banská Bystrica Region (18,582) and Košice Region (17,613).

The number of people receiving activation benefit in western regions of Slovakia was much lower.

Nitra Region had 4,000 recipients of activation benefit, followed by Žilina Region with 2,694, Trenčín Region with 1,537 and Trnava Region with 1,025. Only 160 persons in Bratislava Region drew activation benefit in March.

**Global wine competition in 2013**

BRATISLAVA will host one of the world's major viticulture competitions next year, as the 20th Concours Mondial de Bruxelles comes to the Slovak capital.

Slovakia will be the first former Eastern bloc country to host the prestigious competition.

"It is a success of our diplomacy and its long intensive work for one and a half years that convinced people abroad about the top quality of Slovak wines, as well as about the attractiveness of Slovakia as a destination,"

František Stano, the general director of the Slovak Tourist Board (SACR), told the SITA newswire.

Since 1994 the Concours Mondial de Bruxelles has been one of the most prestigious international events for winemakers.

Each year more than 270 oenophiles from around the world meet to select the best wines from about 8,400 entrants in the competition, Stano told SITA.

Compiled by Spectator staff  
from press reports

# EC wants answers from Slovak Telekom

BY RADKA  
MINARECHOVÁ  
Spectator staff

THE EUROPEAN Commission is looking into whether Slovak Telekom (ST) violated European competition rules in regards to several wholesale broadband markets in Slovakia. If ST and its parent company, Deutsche Telekom, cannot prove that there was no breach of EU regulations on open access to telecommunication networks they could face large fines.

"At this stage, the European Commission takes the view that Slovak Telekom may have refused to supply unbundled access to its local loops and wholesale services to competitors and may have imposed a margin squeeze on alternative operators by charging unfair wholesale prices, in breach of EU antitrust rules," states an EC news release, noting that this would be a violation of Article 102 of the Treaty on the Functioning of the European Union, which prohibits abuse of a dominant position in a national market.

The EC also wrote in its news release that Deutsche Telekom, which owns a 51-percent stake in ST, may be liable for the alleged conduct in Slovakia because of "the nature and degree of its links with its subsidiary".

"The EC launched a formal proceeding against these companies after it carried out an unannounced inspection at the premises of Slovak Telekom in January 2009," Andrej Králik from the European Commission's office in Slovakia told The Slovak Spectator.

Králik added that the EC suspected that ST breached



The EU believes ST did not provide fair access to its network for competitors.

Photo: Sme

European rules for protection of market competition by misusing the company's dominant position in Slovakia.

ST rejected the preliminary charges made by the EC. In an official statement it said that "the Slovak market for broadband services is fully developed".

"Slovakia has one of the lowest prices for broadband services within the OECD and these prices are still decreasing," the statement added.

ST wrote in its statement that all of its actions were in accordance with regulatory requirements and it had opened its metallic network to alternative operators who cover about 60 percent of the telecommunication market in Slovakia.

"The conditions of the approach of Slovak Telekom are fair and non-discriminatory." ST stated it will determine its next steps after it scrutinises the EC document.

Králik told The Slovak Spectator that the EC process will now allow the company

to explain its actions and present evidence on why it believes there was no breach of the EU's competition rules. The company can also ask for an oral hearing to respond to the EC charges.

Králik added that if ST and Deutsche Telekom do not prove that ST did not violate EU competition rules there could be a fine of up to 10 percent of annual profits.

"The final sum [of a fine] depends on various factors such as the duration of the violation and the character and importance of the unlawful act," Králik told The Slovak Spectator.

**Slovak court rulings**

Slovakia became part of the EU telecommunications market, which was made fully open to competition in 2002, when it joined the EU on May 1, 2004. The EU's open competition rules in the telecommunication sector require that any new entrant to a national network, often called an alternative operat-

or, should be able to access the networks of existing telecom operators because building a duplicate network alongside those built by firms under past monopoly conditions would not be economically viable.

The EC launched the proceedings against ST in April 2009, asserting that the firm prevented or hindered competition in broadband internet access and other electronic communication markets in Slovakia after completing an unannounced inspection undertaken jointly with Slovakia's Anti-Monopoly Office.

The Anti-Monopoly Office had previously assessed a fine of €31.6 million against ST but the Sme daily reported that ST had successfully defended its actions in the Slovak courts, which ruled that the company did not violate the law.

"What is abuse of a dominant position in Europe will be imperceptible in Slovakia," stated a representative of Slovakia's Anti-Monopoly Office, as quoted by Sme.

## Why Slovak web pages load quickest

WEB PAGES load onto desktop computer screens in Slovakia faster than anywhere else in the world: in just 3.3 seconds, on average. This was the somewhat surprising finding from tests conducted by Google in April 2012. One possible explanation for the fast speed is the fact that Slovaks tend to browse mainly Slovak-language sites, which are hosted locally. Google measured the speed at which web pages loaded onto desktop computers and mobile devices in 50 countries with the fastest internet connections, the Bloomberg newswire reported.

According to Google, the data were extracted using its Google Analytics Site Speed feature. The aggregated data show the average speed of websites as experienced by users.

The Site Speed feature worked under two conditions: web publishers allowed Google Analytics to share data anonymously; and the information about what

country a web publisher was located in was not tracked.

Peter Tomaščík from the webhosting company SlovakNet suggested that the reason for Slovakia's high desktop speed is the conservative nature of users twinned with a local language barrier. According to Tomaščík, Slovak users mainly visit Slovak websites that are primarily interconnected through the peering centre SIX (The Slovak Internet Exchange). He further explained that this local interconnection of Slovak providers significantly accelerates the loading of web pages.

"[The average] Slovak is conservative and plays in his own sandpit," Tomaščík told The Slovak Spectator.

According to Google's findings, South Korea generally has the fastest loading speeds. Loading a web page to a mobile device there takes just 4.8 seconds on average, the shortest time worldwide,

while South Korea holds second place for desktop speeds: 3.5 seconds. The survey showed that in mobile devices Slovakia took 10th position, with an average of 7.6 seconds.

Eight of the top 10 countries for desktops are from Europe. Slovakia and South Korea were followed by the Czech Republic, the Netherlands and Japan. The slowest desktops were in Indonesia, which had an average loading speed of 23.3 seconds.

Following South Korea on the list of the fastest mobile loading speeds were Denmark, Hong Kong, Norway and Sweden. On the other hand, in the United Arab Emirates it takes more than 26 seconds, on average, for web pages to load on mobile phone screens. Also near the bottom on this measure are Saudi Arabia, Thailand and India.

By Roman Cuprik

QUOTE OF THE WEEK: "Thank you for listening to me while the hockey match was tied at 1:1."

MP Jozef Mikloško thanks the small number of MPs who remained in parliament to hear him speak while the Slovak team was playing a world championship game.

## Intelektuálna bezpečnosť

BY LUKÁŠ FILA  
Special to the Spectator

SLOVAK WORD  
OF THE WEEK

ONE OF the promises the new government makes in its manifesto is to "pay increased attention to the intellectual security of the state". Yes, feeling unsafe in your own head is dreadful. But after reading the cabinet programme one feels as though the administration is in fact itself attempting an attack on common sense. Here are some excerpts from the document:

"The government emphasises the need for a strategic dimension of governance creating conditions in which the prognosis of development, determination of priorities, and development of strategic governance become a permanent part of the functioning of the state and of the social dialogue... The government declares political support to strategic governance as to the fundamental precondition of the application of this institute." Before focusing too much on how strategic governance will ap-



ply, maybe the cabinet should just figure out what it wants to say.

"It is necessary to accentuate the need for an increased coordination of policies and a tight cohesion of social, economic, and environmental goals and policies for their achievement." Too bad the prose is not a little tighter.

"The strategy of creating jobs and the future of labour in the form of employment must create an internal and external environment such that it will be able to continuously regenerate an equilibri-

um state between the economic needs of entrepreneurs and society on the one side, and the abilities and effective motivations of employees on the other." Wouldn't it be easier to just say that they want there to be enough appropriate, well-paying jobs? Or would it then be too obvious that what they are saying in fact means nothing?

"Upbringing and education must lead people to humanism, tolerance, solidarity, cooperation, and responsibility for life, and realise the systematic handing-over of common cultural and democratic values in an inter-generational process." Maybe instead of inter-generational transitions of humanism, schools should focus more on teaching kids to think and write.

But don't get confused; the wording of the manifesto is not just a result of bad literary skills. It reflects two deeper qualities of this government: an admiration for socialist rhetoric, and a lack of actual ideas about what to do with the country. We'll see just how big a threat that poses. Intellectually, and otherwise.

## DIPLOMA: Doctorate soon followed

Continued from pg 3

However, the daily also reported that the first 39 diplomas issued as a result of the disputed course had been shredded and that the circumstances of the shredding have not been sufficiently explained.

"Everything has been in line with the law," Kosová said, adding that in 2002 the school provided courses only in law, and that she considers talk about an international law course as a misunderstanding.

Kosová said that students had a specialisation in international law within the law course, which means that there was a stronger emphasis on international law.

The Education Ministry has said that ten years ago the law school had accreditation only for its law course.

Thanks to his bachelor degree, Richter later obtained a master's degree in law and, soon afterwards, submitted a doctoral thesis.

Sme reported that his doctorate in law was awarded just a few months after he completed his master's studies in 2007.

Sme wrote that a colleague of Richter's in Smer party, Mojmir Mamojka, occupied the position of dean of the law school at the university during Richter's accelerated academic career.

By Beata Balogová

## EAST: EU's unease now clear

Continued from pg 3

Duleba recalled the fact that Ukraine is the first among the EU's eastern European neighbours to succeed in preparing an association agreement which creates a framework for cooperation between the EU and the non-EU country. However, ratification of the agreement has been halted until the country addresses Tymoshenko's case and ensures her fair treatment.

Duleba says it is unlikely that all EU countries will unite to persuade Ukraine to change its attitude since Poland, for example, has already said that it will not join such a coalition.

On the other hand, Jozef Bátora, an associate professor and director of the Institute of European Studies and International Relations of the Faculty of Economic and Social Sciences of Comenius University in Bratislava, says that a common attitude and pressure by the EU towards Ukraine has been present for some time,

either in the form of declarations passed in Brussels, or in the form of statements made by the EU's ambassador to Ukraine.

He told The Slovak Spectator that Slovakia has "an imminent interest in a change to the current erosion of the democratic establishment in Ukraine" and that it "is necessary to use the whole range of tools from the coordination of common attitudes within the EU through to cooperation with neighbouring states in our region, to its own activities focused on the support of the development of civil society and the rule of law".

"The boycott is only a symbolic reaction to the erosion of democracy in Ukraine," Bátora said, adding that it is the Ukrainian government which is threatening the country's relations with the EU.

"If the current undemocratic tendencies continue, relations between the union and Ukraine will continue to worsen, regardless of the boycott," he commented to The Slovak Spectator.

## In the wrong playground

UNLESS the democratic community is unified in its approach towards leaders who like to make their own odd interpretations of universal human rights, these leaders will always find ways to garner symbolic support and tell their citizens that they have legitimate contacts in the international community.

"If they do not want us in the West we will go to the East," is how past prime minister Vladimír Mečiar, who thankfully has now been consigned to political oblivion, responded in the mid 1990s to Slovakia's international isolation, a consequence of his undemocratic practices and cronyism.

This is why Slovak President Ivan Gašparovič, Mečiar's onetime right-hand man, should have joined his Austrian, Bulgarian, Czech, German, Hungarian, Estonian, Latvian, Montenegrin, Italian and Slovenian counterparts and straight away refused to attend the proposed Yalta summit of central and eastern European presidents. These other countries - some more explicitly than others - boycotted the summit over Ukraine's treatment of jailed opposition leader Yulia Tymoshenko.

While Gašparovič is right that dialogue with Ukraine should not die, he failed to give an answer to the rest of the issue: when, with whom, how and under what conditions should such dialogue continue. To comfortably navigate in such sensitive areas the person who does so should be the bearer of the utmost democratic values as they seek to convince an autocrat to respect democratic values and human rights. Otherwise, the dialogue turns into only a festivity of empty gestures that can be easily abused by an autocrat.

There is no doubt that Gašparovič's competitor in the 2009 presidential election, Iveta Radičová, would have been in a much better

position to keep dialogue ongoing with Ukraine without spoiling joint international efforts. Shortly before Gašparovič was wriggling around on the Yalta summit, Radičová announced her de-

stated on May 4, as quoted by the SITA newswire.

But a recent meeting between Radičová and Daniel Lipšic, the deputy chair of the Christian Democratic Movement (KDH), or rather some information published by the media, stirred the political waters and led Lipšic to deny that he had offered Radičová a post in what the media called a new party that Lipšic might form.

Nevertheless, Lipšic did confirm that he and Radičová agreed that the current situation on the right is quite bad, while noting, symptomatically, that the parties continue to quarrel. Both also commented that the parties on the right need a strong vision to recapture the public's attention. Both the KDH and the SDKÚ pressed the two individuals for clearer answers about their future intentions. Lipšic said he would decide by the end of May; Radičová seems to have set her course.

Even though "what if" questions take one into the swampy land of speculation, the temptation of imagining what it would be like today if Radičová, the former SDKÚ deputy chair, had replaced Gašparovič in 2009 is just too strong to resist. He is the president who, for instance, has refused to appoint Josef Čentěš after parliament chose him as general prosecutor. A recent survey conducted by the Institute of Public Affairs found that 90 percent of the legal experts they spoke with do not approve of Gašparovič's refusal to appoint Čentěš.

The fact is that Slovakia has two more years with its current president. Many hope that Gašparovič will only perform his symbolic functions, read his speeches with his occasional slips of the tongue, and forget about any ambition of making his mark on international playgrounds where he either does not know or ignores the accepted rules of behaviour.

EDITORIAL



BY BEATA BALOGOVÁ  
Spectator staff

parture from the Slovak Democratic and Christian Union (SDKÚ) and all future politics, even though speculation about her return as a 2014 presidential candidate remains alive.

Without doubt her statement that she is "done with politics for good" reflects her deep disappointment with the partisan politics that have nearly strangled public discourse in Slovakia.

Radičová, however, has not hidden her intention to influence public discourse and told the media that her departure from the political scene does not mean she has become apolitical and promised that she will continue to speak out on public issues.

"I have been partisan only once - in the SDKÚ; my position as a party-affiliated person ends now," Radičová

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Government considers a hike in bank levy

Leasing market grows by 14 percent in Slovakia

BUSINESS FOCUS

# BANKING & LEASING

Next issue:  
BUSINESS FOCUS  
HUMAN RESOURCES

## Slovak banking sector holds steady, for now

**Profits rose last year by over 30 percent**

BY JANA LIPTÁKOVÁ  
Spectator staff

THE SLOVAK banking sector boosted its aggregate profits last year and experts expect it to remain stable, notwithstanding the turbulence caused in 2011 by questions about the sector's capital adequacy and liquidity here as well as across Europe. Experts predict that current economic developments and new financial regulations at both the Slovak and European levels will make it difficult for the country's banking sector to repeat its successful financial performance of 2011.

"The condition of the Slovak sector is very good within the EU and it is resistant to negative development," said Vladimír Dvořáček, the head of the financial markets supervisory body of the National Bank of Slovakia (NBS), in mid-April, as quoted by the SITA newswire, as he reported on the results of the latest stress tests undertaken by the NBS.

The first test simulated a decline in the Slovak economy and the second imagined an existential crisis involving another country or countries.

"The Slovak banking sector showed resilience in both scenarios," Dvořáček stated.

According to Marek Ličák, the head of the risk analysis department of the NBS, the banking sector showed a relatively significant robustness against unfavourable economic developments at the end of last year. He believes Slovak banks will be able to continue to generate positive interest income even during negative economic periods.

### Profits up in 2011

Based on preliminary non-audited results released by the NBS, the overall net profit of the Slovak banking sector rose by 34 percent year-on-year to reach €674 million for 2011. Its capital adequacy ratio was 13.4 percent.

The sector's profits rose by as much as 90 percent during the first half of last year and then slowed during the second half, leaving the trend moder-



The NBS says Slovakia's banks are solid. Photo: J. Liptáková

ately negative. Ličák said one of the core reasons for the slowdown was negative developments in the financial markets, re-assessing the value of securities, and a slowdown in the growth of interest income. This became more significant as the sovereign debt crisis more directly affected Slovakia. The banking sector's profitability also suffered from declining earnings from investments in Slovak government bonds, Ličák said.

The Slovak Banking Association (SBA) commented to SITA that a flurry of one-off revenues contributed to the sector's rising profits in 2011 and noted that when these are deducted the sector's profit level is around €503 million, close to the figure for 2010.

Dvořáček also noted that domestic banks followed a classic business model that focused on the local economy, that loans to households were rising and had neared their pre-crisis level, and that housing loans made up a significant portion of the retail part of the banks' business. Early in 2011 this part of the market posted positive gains but the second half brought a negative trend caused by lower demand as consumers' willingness to borrow fell. Rising interest rates also had a negative impact. Nevertheless, the volume of new housing loans hit a new high in 2011, exceeding €3.8 billion, considerably higher than the volume of €3.2 billion recorded in 2010.

A similar scenario occurred in the corporate banking sector, where loans to companies started to grow early in the year but then slowed during the second half when companies' financial condition worsened, with

Ličák attributing this to a drop in confidence in the economy.

The volume of all bank loans stood at €36.4 billion at the end of 2011, up 8.7 percent year-on-year. The proportion of loans in default dropped slightly in annual terms, from 6.2 percent to 5.96 percent, according to SITA.

### Outlook for 2012

The Slovak banking sector is expected to be affected again in 2012 by sluggish activity in the economy and fallout from the sovereign debt crisis as well as new regulatory measures enacted on both the Slovak and European levels. Banking analysts predict these factors will restrict bank profits this year compared with 2011. The NBS pointed out that banks' financial results for the first quarter of 2012 have already confirmed a downward trend, with sector profits in this quarter falling by 18.8 percent to €141.9 million compared to last year.

"During the first months of 2012 the banking sector reported lower profits than during the same period of 2011," Petra Pauerová, the NBS spokesperson, told The Slovak Spectator, adding that the special tax levy imposed on banks by Slovakia is one reason for the reduced profit level.

Zdenko Štefanides, chief economist at VÚB Banka, told The Slovak Spectator that growth in the Slovak economy would slow by about half compared with last year due to the moderate recession occurring in the eurozone and this would lead to a drop in demand for financial products as well as a worsening of payment discipline.

"Developments in the banking sector are closely in-

terconnected with the development of the real economy," Róbert Prega, chief economist at Tatra Banka, told The Slovak Spectator. "In 2012, when we expect a slowdown in economic growth it may be assumed that, regardless of the introduction of the special [bank] levy, the outlook for the banking sector will worsen. The deceleration in economic growth will probably result in a lower demand for loans, especially by the business sector, as well as less growth in deposits."

ČSOB expects that sharp competition between banks will continue this year, especially in the retail banking sector and said this competition will benefit customers rather than banks.

"We assume that interest rates will rise for both loans and deposits this year and liquidity will become an important factor in the coming months," Zuzana Eliášová, spokesperson of ČSOB financial group, told The Slovak Spectator.

According to Štefanides of VÚB, the sovereign debt crisis in several eurozone countries has increased risk surcharges and the cost of acquiring long-term capital. Many European banking houses, including those which have activities in Slovakia, have found that attracting capital and maintaining liquidity have become more expensive and sometimes practically impossible.

He pointed out that in this already tense situation, the European Banking Authority has raised the required capital adequacy ratio and banks must comply with this standard by June 30. Štefanides believes many European banks will be able to meet these new rules only by selling some assets and freezing their loan activities.

Regarding other conditions limiting the growth of banks in Slovakia, Štefanides criticised the special levy on banks that was approved by the Slovak parliament last year.

"The levy directly reduces banks' profits and hinders their ability to strengthen their own financial position," Štefanides told The Slovak Spectator, adding that he expects it to have a negative impact on the volume and cost of loans.

### Institutions and organisations in the banking and leasing sectors

**Ministry of Finance**  
www.finance.gov.sk  
Minister: Peter Kažimír

**National Bank of Slovakia (NBS)**  
www.nbs.sk  
Governor: Jozef Makúch

**Slovak Banking Association**  
www.sbaonline.sk  
President: Igor Vida

**Bank Ombudsman**  
www.bankovyombudsman.sk

**Association of Leasing Companies of Slovakia**  
www.lizing.sk  
President: Juraj Ebringer

### Some banks active in Slovakia

#### Universal banks:

**AXA Bank Europe**, www.axa.sk  
**BKS Bank AG**, www.bksbank.sk  
**Citibank**, www.citibank.com/slovakia  
**Československá Obchodná Banka (ČSOB)**, www.csob.sk  
**Commerzbank**, www.commerzbank.sk  
**Prima Banka** (former Dexia Banka), www.dexia.sk  
**ING Bank**, www.ingbank.sk  
**Oberbank**, www.oberbank.sk  
**OTP Banka Slovensko**, www.otpbank.sk  
**Poštová Banka**, www.pabk.sk  
**Saxo Bank**, sk.saxobank.com  
**Slovenská Sporiteľňa**, www.slsp.sk  
**Tatra Banka**, www.tatrabanka.sk  
**UniCredit Bank Slovakia**, www.unicreditbank.sk  
**Volksbank Slovensko**, www.volksbank.sk  
**VÚB Banka**, www.vub.sk

#### Direct banks:

**mBank**, www.mbank.sk  
**Zuno**, www.zuno.sk

#### Private banks:

**J&T Banka**, www.jt-bank.sk  
**Slovak Representative Office, Banque Privée Edmond de Rothschild Europe**, www.groupedr.sk  
**Privatbanka**, www.privatbanka.sk

#### Housing savings banks:

Three banks, called housing construction savings banks, specialise in loans for the purchase and reconstruction of housing in Slovakia:

**ČSOB Stavebná Sporiteľňa**, www.csob.sk/sp  
**Prvá Stavebná Sporiteľňa**, www.pss.sk  
**Wüstenrot Stavebná Sporiteľňa**, www.wustenrot.sk

### Leasing companies in Slovakia

**ČSOB Leasing**, www.csobleasing.sk  
**Impuls-Leasing Slovakia**, www.impuls-leasing.sk  
**Mercedes-Benz Financial Services Slovakia**, www.dcfs.sk  
**Oberbank Leasing**, www.oberbank.sk  
**S Slovensko**, www.sslovensko.sk  
**Tatra-Leasing**, www.tatraleasing.sk  
**UniCredit Leasing Slovakia**, www.unicreditleasing.sk  
**VB Leasing SK**, www.vbleasing.sk  
**VFS Financial Services Slovakia**, www.vfscsco.com  
**Volkswagen Finančné Služby Slovensko**, www.vwfs.sk  
**VÚB Leasing**, www.vub-leasing.sk

Compiled by Spectator staff

Source: The Slovak Spectator database and websites of institutions and companies

# Government considers a hike in bank levy

**Banks say levy could hurt Slovak financial sector and the broader economy**

BY JANA LIPTÁKOVÁ  
Spectator staff

A SPECIAL levy on banks was originally a pet project of Robert Fico and his Smer party. But it was the centre-right cabinet of Iveta Radičová that actually ended up introducing the special levy on domestic banks and local subsidiaries of international banks, a measure which started to bite earlier this year. Fico, now prime minister, is toying with the idea of increasing this levy in some way to help patch holes in the state budget. Some experts warn that such a measure would endanger the international position of the Slovak banking sector and could have a negative impact on the whole economy.

The Slovak parliament passed the legislation introducing the special levy on October 20, 2011. Its rate was set at 0.4 percent of banks' liabilities after equity capital and deposits covered under Slovakia's deposit protection system are deducted. While the Finance Ministry, at that time led by Ivan Mikloš from the Slovak Democratic and



The state may increase the special tax on banks. Photo: Sme

Christian Union (SDKÚ), said that the bank levy would provide a "healthy bite" for the state coffers, the Slovak Banking Association (SBA) said the measure represented a potential threat to the stability of the country's banking sector.

Both before and after the March parliamentary election Fico hinted that he had plans to tap the profitable banking sector further via a higher corporate income tax and an extended bank levy. With regards to the latter there were hints that the current rate might be increased to 0.7 percent or that the levy might be extended to cover retail deposits. The levy rate suggested for these funds is 0.2 percent and it might raise an additional €50 million for the state.

Vladimír Dohnal, head of Symsite Research, says extension of the levy to retail deposits could be a better solution than raising the existing levy

to 0.7 percent. According to him, the former would not represent such an interference in the ability of banks to provide loans and thus would not affect economic growth. But he expects that bank customers would feel the result of higher taxation. Taxation of deposits may make bank loans more expensive and reduce interest rates on deposits, the Sme daily wrote in late April.

While a final proposal for a revised levy has not yet been drawn up, the banking sector has already voiced opposition.

"The National Bank of Slovakia (NBS) regards the bank levy in general as a solution bringing more risks to the banking sector," Petra Pauerová, spokesperson for the NBS, the country's central bank, told The Slovak Spectator. "The current proposal, based primarily on corporate deposits, may cause an outflow of corporate deposits

from local banks. Also, the bank levy creates an asymmetrical environment in the market in which banks with a significant share of corporate deposits in their liabilities are disadvantaged [compared] to retail banks."

The central bank also claims that the current setting of the levy does not take into consideration the state of the economic cycle.

"In other words, during 'bad times', when the profitability of the banking sector is generally lower, the bank levy can make up a very significant portion of aggregate profit," said Pauerová. "This may reduce [banks'] ability to strengthen their capital position."

The central bank also regards as negative the fact that the current scheme requires payment of the levy by banks with losses.

It does not expect the bank levy to have a significant direct impact on the position of domestic banks in the international banking market.

"Domestic banks are primarily oriented towards the domestic economy," said Pauerová, adding that it is necessary to note that over-burdening local banks, which are mostly foreign-owned, with the levy could decrease their attractiveness in the eyes of their parent companies, which may result in some negative trends.

See LEVY pg 8

## FOCUS shorts

### Leasing market grows by 14 percent

THE SLOVAK leasing market grew last year in line with expectations, with an aggregate volume of new contracts of €1.848 billion, an annual increase of 14.4 percent, while the number of new contracts rose 1 percent to 66,578. The market was driven by leasing of machinery and facilities, trucks and real estate.

The share of financial and operating leasing products increased to the detriment of loans and instalment sales and this was linked to a significant increase in financing by corporations as the consumer segment registered a moderate decrease, the Association of Leasing Companies of the Slovak Republic (ALS) announced in a press release on March 3.

"The growth of the overall market reached 14 percent but this figure was positively affected by one-off deals in financing alternative energy-producing facilities," wrote Juraj Ebringer, the chair of the ALS board of directors. "After this impact is taken into consideration, the growth was up to 10 percent."

According to Ebringer, both numbers were in line with ALS' expectations and the association expects single-digit growth in the leasing market in 2012 to be driven by business clients, especially in segments of passenger cars, machinery and facilities.

The segment of machinery and facilities registered the highest annual increase in leasing deals, up 47 percent to €431 million.

The association pointed out that purchasing and funding for some technologies are still affected by falling demand in the wood processing industry, the health-care sector and construction, but that other sectors posted growth.

Besides renewable energy sources, new deals were stronger in the engineering and agriculture sectors.

The second most important segment for was for trucks of over 3.5 tons, with an increase of 29 percent to €339.2 million.

Leasing of passenger cars rose by 10.1 percent to a volume of €767.5 million, with a 14-percent increase among corporate customers and 3-percent growth among individuals.

The real estate segment reported growth of 26 percent to €153 million.

"Last year's growth in the leasing market in all of Europe was at about 7 percent while the countries of central and eastern Europe registered an increase of over 30 percent," wrote Ebringer.

In the financing of non-fixed, movable assets, operating leasing showed the best numbers, with volume in this area increasing by 24 percent. The financial leasing segment finished with 17-percent growth.

The volume of deals of these two kinds of leasing products increased to about two-thirds of the total.

The volume of loans and instalment scheme purchases increased only moderately, by 7 percent.

## Leasing: using rather than owning

BY MARTIN KARDOŠ  
Special to the Spectator

### CHAMBER COLUMN



M. Kardoš Photo: Courtesy of CSI Leasing

COMPANIES in the past often purchased assets like cars, buildings, and IT equipment almost exclusively from their own resources. But executives of many companies are now realising that the main benefit flowing from having these kinds of tools is from using them, not from actually owning them. As a result, companies have started to use financial leasing in addition to cash purchase, and recently a large amount of operating leasing as well.

Acquisition of IT equipment by Slovak companies has mostly been done by using their own cash resources in contrast to methods used by firms in western Europe and the United States. One of the reasons for this dichotomy is that only a small number of Slovak companies prepare a thorough analysis of the costs of purchasing and operating IT equipment compared to the costs of leasing it.

When a company uses its cash reserves to acquire IT equipment it usually does not realise that it is not acquiring an asset but rather a liability because it only considers the beginning of the life cycle of the IT equipment and the firm's calcu-

lations do not reflect what happens at the end of its life cycle.

The most serious flaw in taking this approach is that it does not provide an accurate figure for the total cost of ownership (TCO) of IT equipment.

To prepare an accurate model for analysis, a firm's chief financial officer (CFO) should incorporate the following costs of owning IT equipment and answer questions such as these: what is the cost of

control and reporting of IT equipment and how will the firm comply with disposal of its IT equipment at the end of its life cycle with appropriate sanitisation of sensitive data and recycling in accordance with the law. The additional costs for recycling and sanitisation may range between 15 and 20 percent of the original cost, depending on the complexity of the equipment and the firm's IT infrastructure.

Additionally CFOs' analytical models often do not plan for an outage situation and subsequent reconstruction of the firm's IT system and how much it will cost if a failure occurs when it is not covered by the manufacturer's warranty or a service agreement that usually runs for a period of three years. In a situation like this, costs can grow exponentially.

### Operating leasing

Many companies in the west have chosen to use operating leasing as a way to acquire needed IT equipment. The lessee pays a monthly or quarterly payment that includes all costs related to the equipment and the firm's cash can be employed in its core business rather than in the purchase of equipment not directly related to its core activities.

See MK pg 8

### UniCredit Leasing tops ranking

MOST leasing companies clustered in the Association of Leasing Companies (ALS) reported growth last year with UniCredit Leasing Slovakia having the highest year-on-year increase in the volume of new deals. UniCredit Leasing Slovakia concluded contracts worth €295.5 million in 2011, an annual increase of 86.5 percent, the TASR newswire wrote.

ČSOB Leasing had the second best growth rate at 10.3 percent, to a volume of €279.3 million.

The number three in the leasing market last year was Volkswagen Finančné Služby even though it posted a year-on-year decline in the volume of new deals of 5.7 percent, to €177.9 million.

Tatra-Leasing was fourth with new deals worth €170.7 million, representing 20.9-percent growth. VÚB

Leasing concluded new contracts for €152.9 million, an increase of 33.6 percent. All other leasing companies sealed deals worth less than €100 million.

UniCredit Leasing Slovakia had a breakthrough year in 2011 in the aftermath of the economic crisis. The leasing company stated that it was again engaged in most investment projects on the Slovak market.

But the outlook for 2012 is somewhat gloomy. Dušan Keketi, a member of the board of directors of UniCredit Leasing, stated that the year began with the unfortunate cancellation of leasing depreciation under the law, noting however, that this was changed and leasing depreciation is again fully in effect as of March 1.

Compiled by Spectator staff  
from press reports

# LEVY: Bankers object to any increase

Continued from pg 7

The SBA considers the bank levy in its current form as being a significant risk with the potential to endanger the stability of the banking sector and the growth of the economy.

"The current rate is significantly higher than in other countries," SBA spokesperson Monika Kuhajdová told The Slovak Spectator. "The average rate of the bank levy in the EU is around 0.05 percent. Only two countries significantly exceed this level: Slovakia and Hungary."

Kuhajdová added that in Germany, for example, which directly participated in saving its banks during the financial crisis, the rate is 10-20 times lower, at 0.02 and 0.04 percent.

According to the SBA, the bank levy at its current level reduces the ability of banks to provide credit and hence future economic growth in two ways. First, it may mean an outflow of corporate deposits into countries with a lower levy or where such taxation does not exist, meaning less money will be available for loans. The SBA also says the levy reduces banks' profitability and thus their ability to generate adequate capital, which is equally necessary to boost the provision of credit.

Individual banks also pointed to what they say is a high rate of the current tax levy. Róbert Prega, chief economist at Tatra Banka, told The Slovak Spectator that the higher taxation rate and lower rate of available resources for banks means they have less re-



Some banks have increased their service fees in 2012. Photo: Sme

sources to allocate for increasing their capital. Banks have to maintain a minimum capital adequacy ratio set by the NBS. If, because of reduced profits, a bank is not able to increase its capital, the result will be that it cannot increase the volume of loans it provides to companies and households.

"Thus a too-high rate of taxation on the banking sector can lead in the medium term to a risk that banks are not able to finance economic growth to an adequate degree," Prega said, adding that each potential increase in taxation of the Slovak banking sector significantly increases these risks.

Zdenko Štefanides, chief economist at VÚB Banka, shares the opinion that the levy directly reduces banks' profits and consequently their ability to strengthen their own capital. He expects the levy to have a negative impact not only on prices but also on the volume of loans provided.

"Moreover, the levy disadvantages banks in Slovakia also in the area of liquidity,"

said Štefanides. "Due to the levy on their deposits in banks in Slovakia, some large companies may consider moving them into other countries without such a levy. It also overprices the price of mortgage bonds by which banks finance their mortgages."

## Impacts of the levy

The special bank levy has already resulted in a changed outlook for the Slovak banking sector, higher banking fees and more revenue flowing to state coffers.

The special bank levy was one of the reasons Moody's recently gave for changing its outlook for the Slovak banking system to negative.

"The outlook for the Slovak banking system has been changed to negative from stable, caused by the downside risks to economic growth and asset quality within the system," wrote Moody's Investors Service in its Banking System Outlook published on March 27.

Despite a recovery in profits in the last two years, Moody's believes the weakening operating environment will depress banks' profitability due to several macro and specific domestic factors, such as: a slowdown in lending growth; a likely increase in loan-loss charges, reversing the lower charges recorded in 2010 and 2011; the payment of the new bank tax...; and pressures on interest margins, driven recently by increased competition for deposits.

Maroš Ovčarik, an analyst with the website [www.financnahitparada.sk](http://www.financnahitparada.sk), which compares financial products offered by banks in Slovakia, said that banks have increased their fees during the first quarter of 2012 more than in previous years and that this time the rise has also affected everyday services.

"I think this will be the response to the bank levy," said Ovčarik, as quoted by the Sme daily.

The banks estimate that they will pay €97 million via the special levy this year; they have already paid €22 million during the first quarter, according to the *Hospodárske Noviny* daily.

First quarter profits in the Slovak banking sector shrank by 18.8 percent to €141.9 million.

"During the first months of 2012 the banking sector reported a lower profit than during the same period of 2011," said Pauerová of the NBS, adding that the special levy imposed on banks is one reason.

## FOCUS shorts

### Household debt lowest in eurozone

SLOVAK households are among the least indebted in the European Union. The National Bank of Slovakia (NBS) presented this fact in its *Bi-atec* banking journal in February, attributing this to the short history of the household loan market that began to develop here only as recently as 2003.

"Since then households' debt has been growing faster than the Slovak economy, as well as households' income and savings," the central bank commented.

In spite of rapid growth in loans, the volume of retail housing loans as a proportion of the country's gross domestic product remains one of the lowest in the eurozone. Similarly, the average loan amount per citizen is the lowest within the eurozone. The central bank ascribed this not only to the

low penetration rate of loans but also to lower average household income, which does not permit Slovak households to take loans in amounts typical for countries with higher incomes.

Housing loans dominate the Slovak loan market, making up about three-quarters of all loans. This is slightly below the EU average but above the average in central and eastern Europe.

Although overall indebtedness from retail-type loans as a percentage of GDP is lower in Slovakia than the EU average, the cost of servicing these loans makes up a significant portion of household expenses and the NBS wrote that considering the country's average interest rates, Slovakia is the "most expensive country" for these kinds of consumer loans within the eurozone.

### Consumer loans hit record high

THE VOLUME of consumer loans provided by Slovak banks in March exceeded the record set last November. Slovaks borrowed €120 million in March through consumer loans, the highest amount since the introduction of the euro in 2009.

The annual growth was 17.8 percent, the TASR newswire wrote, citing information released by the National Bank of Slovakia on

May 7.

Eva Sadovská, an analyst with *Poštová Banka*, told the Sme daily that she believes massive advertising campaigns by banks promoting loan consolidations were the reason for the record loan volume. Another reason behind the increase in the volume of consumer loans was stronger interest in loans for property reconstruction, Sme wrote.

# MK: Making IT costs more predictable

Continued from pg 7

A leasing company incorporates all the costs associated with the IT life cycle into the lease payment and the lessee is not surprised with additional costs. Additionally, the lessee does not need to deal with the hassles related to recycling the obsolete equipment and sanitising its sensitive data. The lessee is able to predict the TCO associated with its IT equipment up front.

The chief financial officer then has a complete overview of the cost of IT equipment and can use this to precisely determine cash flow. The firm's IT department can also become an important partner in helping the firm make strategic decisions and not only serve as a "fire-fighter" reacting to problems caused by obsolete or malfunctioning IT equipment.

Operating leasing works best for companies which see the benefits of using information technology equipment and not owning it. In particular, it can be a way of acquiring IT equipment that can have an initial cash investment that on average is higher than €30,000.

## Considering the benefits

Why do certain companies lease their IT equipment instead of purchasing it? First, they are not motivated by ownership in itself since the equipment actually represents a liability rather than an asset on the company's balance sheet.



Who actually owns the computer you use every day?

Photo: SITA/AP

Secondly, they do not need to keep the equipment until it is fully depreciated and then miss out on timely, regular refreshment of their hardware by being trapped in the so-called depreciation jail. Third, operating leasing can be less expensive than ownership because a company uses its valuable resources in its core business, which yields a profit, rather than on auxiliary equipment that depreciates over time.

Companies leasing their IT equipment want greater flexibility in regularly refreshing the quality of their hardware and put more emphasis on accurate

budget forecasting with predictable cash flow figures; they know the precise monthly cost of their IT equipment. Last but not least, these firms reduce the hassles and risks related to data sanitisation and proper disposal of information technology equipment.

**Martin Kardoš is Managing Director, Central and Eastern Europe, for CSI Leasing, Inc.**

This column is prepared in cooperation with AmCham, the American Chamber of Commerce in Slovakia. [www.amcham.sk](http://www.amcham.sk)

### Zuno Bank gets 46,000 customers

ZUNO bank, a bank operating primarily via the internet, attracted 46,000 new customers during its first year and three months of operation aged 20 to 39.

The bank received deposits of €331 million from customers in the Slovak market and over 50 percent were in the form of savings accounts, according to its general director, Tomáš Kuna, as reported by the SITA newswire in late March.

A market survey conducted by the bank showed that its customers prefer simple, transparent and accessible loan products at reasonable

prices. A Zuno customer can arrange a loan on the internet and does not need to visit a bank branch.

Zuno Bank is part of Raiffeisen Bank of Austria which announced its plan to enter markets in central and eastern Europe with a new direct banking model at the end of 2009.

Zuno Bank's pilot operation was launched on August 1, 2010 in Slovakia, the first country where Zuno offered its services. It was followed by a subsidiary in the Czech Republic. The bank offers loan products in Slovakia as well as current accounts, saving accounts and term deposits.

### Central bank reports loss of €76.7m

THE NATIONAL Bank of Slovakia (NBS) reported a loss of €76.7 million in 2011. However, this was an improvement over 2010 when the bank had a net loss of €515.2 million.

The central bank's poor results were influenced by a drop in the market prices of financial instruments, the SITA newswire wrote. This

caused losses of €462 million in 2011 compared to losses of €673.5 million recorded in 2010.

The bank attributed the drop in market prices to the crisis situation in European financial markets, SITA reported in mid March.

Compiled by Spectator staff from press reports



# EDU: Seeking better technical schooling

Continued from pg 1

"Economics, technology and employers change very fast in a knowledge economy so we need to prepare every graduate for the labour market also in terms of universal skills - the skill to learn and adjust to changes, to communicate, analyse, and work with information and data," education experts from the SGI commented in a news release discussing the cabinet's programme statement.

## A new system of financing?

Another widely discussed issue which covers a large part of the government's programme statement is financing of regional schools at the primary and secondary levels. The cabinet states that it wants to clearly define the competencies of regional governments and the state government in the education sector and gradually introduce a model basing financing on the quality of classes rather than on the number of students enrolled. It also wants to motivate the business sector to participate in financing schools, particularly those that prepare students for future vocations.

Čaplovič provoked a strong reaction when he stated that public finances flowing to vocational schools and gymnasiums should depend on the ability of their graduates to find jobs, advancing the logic that if graduates of a certain gymnasium fail to find jobs after graduating it proves that "the gymnasium prepared its students very poorly", as quoted by the Sme daily. A vocational school or gymnasium in Slovakia provides three to four years of education beginning at age 15.

These schools would get less government funding if



There are few details about plans for Roma students. Photo: Sme

some proportion of their graduates were to remain unemployed or were to find employment in a specialisation other than what they studied, the Sme daily wrote, such as when a trained hairdresser works as a sales clerk.

Sme reported that administrators of gymnasiums rejected this logic and claimed it is not their fault if graduates fail to find what the minister had called "an adequate job" after finishing school. The SGI commented that it is a useless and harmful approach to follow this logic, writing that it is more important to be able to get any kind of job right now and that will apply as well in the more distant future.

"The minister [as a historian] doesn't have a background in the policies of education and science," states the SGI news release.

Slovak Democratic and Christian Union (SDKÚ) MP Miroslav Beblavý told The Slovak Spectator that school financing could be tied in some way to the ability of graduates to find jobs comparable to their levels of education but said he did not agree that a graduate must

find the exact job they studied for.

"If a university graduate serves coffee it is a problem; but I don't mind at all if a sociologist works in an advertising agency," Beblavý told The Slovak Spectator.

## Little mention of Roma education

Better education for children from socially-excluded communities, primarily Roma settlements in parts of eastern Slovakia, is one of the most difficult challenges facing the education system but the government programme statement devotes little attention to the problem, according to the SGI.

"Ignoring this topic means wasting the human potential of a significant part of Slovakia's population and it could put pressure on the social system in the future," SGI wrote.

The only mention of education of Roma or young people from other socially-excluded communities is a pledge "to reconsider the possibility of establishing boarding schools on a voluntary basis for children from a marginalised environment". When asked for more specific information in this area, the Education Ministry's spokesman said the ministry was not willing to provide partial details at this point.

## Spotlight on technical studies

The new minister made it very clear that vocational schools and schools specialising in technical subjects will have priority during his term because companies, including those of foreign investors in Slovakia, might soon lack qualified labour, a point made by many companies. This emphasis is reflected in the minister's plan to re-introduce mathematics as a compulsory subject that is tested as part of the school-leaving exam at the second-

ary level for all students. The minister has also said he wants to limit the number of students at general gymnasiums and grammar schools, saying they too often produce graduates in humanities and social sciences who have more difficulty finding employment.

Čaplovič told the TASR newswire that he wants to permit students to enter a gymnasium only if they have an average grade of 1.5 or higher at primary school; others will have to choose from among specialised schools, adding that many countries such as Germany follow a similar approach. The minister also announced that he wants to limit the number of students entering grammar schools (which offer eight years of non-vocational education beginning at age 11) to five percent of the population in any particular year. The programme statement promises to "get realistic" in the number of students accepted at gymnasiums by using "financial tools and qualitative criteria in the admission process".

Beblavý spoke against the idea, stating that Slovakia has one of the lowest numbers of gymnasium graduates in Europe.

"Specialised schooling needs a change since it is much more expensive than gymnasiums and yet it produces many unemployed," the MP said. "The reform of specialised schooling should be a priority."

Beata Briestenská, the leader of a project sponsored by the American Chamber of Commerce in Slovakia called 2012: Year of Education, told The Slovak Spectator that applying the 1.5 grade point average and the "five percent of the population" criteria for admission to grammar schools would be improper because both are based solely on quantitative measures.

"We definitely need to re-introduce entrance exams in maths, [the Slovak] language and foreign language for high schools," she stated.

The minister's plan to re-introduce mathematics in the school-leaving exam is a good idea, Briestenská said, while adding "it should be graded on two levels: on a higher level for those who go on to study science and engineering and at a lower level for those who go on to study other subjects at universities".

More information about the government's plans for the education sector will be covered in next week's Business Focus section on human resources.

# PLAN: Race to cut the budget deficit

Continued from pg 1

Reactions from business

Slovakia must cut the state budget deficit to below 3 percent of the country's GDP in 2013 in order to satisfy EU rules. It is a task that even the opposition acknowledges will be difficult.

## Hitting deficit goals

"We are at a crossroads and the government of Robert Fico will not be able to do anything because it will not have the money," said former finance minister Ivan Mikloš, now an MP for the Slovak Democratic and Christian Union (SDKÚ), adding that there will not be record economic growth, nor will indebtedness or high deficits be permitted.

Prime Minister Robert Fico earlier emphasised that fiscal consolidation will not take place at the expense of poorer citizens, while confirming that he intended to end the 19-percent flat tax on personal and corporate income (the VAT rate, the third element in the original flat tax scheme, was increased from 19 to 20 percent in January last year). Mikloš on May 4 described this as an unfortunate move with the potential to harm Slovakia's international competitiveness.

Fico responded that if income taxes were not hiked the only alternative would be to increase excise and property taxes or VAT, adding that the state could not squeeze excise taxes on tobacco and alcohol more since "even the unborn children will have to drink and smoke", the SITA newswire reported.

Meanwhile, Finance Minister Peter Kažimír confirmed on May 3 that the state will not, for now, include a tax on inheritance in its consolidation package, despite his and Fico's own earlier suggestions to the contrary. A previous tax on inheritance was cancelled in 2004.

## Programme details

The programme statement as it now stands includes: a minimum pension level for retirees; mergers of certain regulatory bodies; dissolution of the National Property Fund (FNM), the state privatisation agency which holds shares in many state-owned and private enterprises; no privatisation of state-run or other public hospitals; changes in how public health insurers operate; support for the development of air transport; the creation of a government real estate agency; and the entry of private capital into the construction of public housing.

Parliament is not the only setting where the government programme is being scrutinised. Róbert Kičina, the executive director of the Business Alliance of Slovakia (PAS), said that the programme has many positive elements, especially those aimed at improving the business environment.

"On the other hand, I view some of the measures as risky since these contradict the above commitment; for example, through introducing progressive taxation on firms, increasing the bank levy or increasing state subsidies for particular businesses," Kičina told The Slovak Spectator, adding that the quality of the programme will depend on which specific measures prevail in the upcoming work of the government.

Unfortunately, he said, emphasis is being laid on the revenue side of the budget, which means a higher tax burden for either firms or individuals. He added that he had expected a greater willingness to cut government spending.

Regarding the imminent demise of the flat tax, Kičina said that taxes are one of the key parameters used by investors to make investment decisions. He noted that while the introduction of progressive taxation on corporate income would not mean that tax rates would double, he said that for larger firms it would still have a negative impact by transferring more money to the state. He added that in most European Union countries companies pay taxes only at a single tax rate on their profits.

Kičina noted that since independence in 1993 Slovakia has not had progressive taxation of corporate profits. The original corporate tax rate was set at 40 percent, and this gradually dropped to 19 percent over time. But he stressed that there had always been one rate, regardless of the volume of profits.

Kičina said he regards the government's effort to scrutinise the operation and effectiveness of regulatory offices as a positive approach, assuming the state merges certain regulatory bodies based on serious analysis.

The business alliance would also welcome more effective law enforcement in Slovakia, with Kičina stating that "all businesses in Slovakia would welcome such a development since today enforcement of the law is very low, something which has been harming Slovakia".

Radka Minarechová contributed to this report

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## Rare Mednyánszkys return home

A COLLECTION of 140 works by painter Ladislav (or László, in Hungarian) Mednyánszky, one of the most sought-after Slovak-born artists – individual works of his have attracted the highest prices of any Slovak artist at auction – is currently being exhibited at Bratislava's SOGA auction house prior to being auctioned on May 29.

Július Barczy, curator of the exhibition Mednyánszky from the Private Collection of Leo Ringwald, told the *Hospodárske Noviny* daily that the exhibition has drawn a lot of foreign attention and that its assessed value exceeds €1 million. The most valuable paintings, like *Spútaný* (Chained) or *Stromy pri rieke v zime* (Trees near River in Winter), are valued at €50,000 to €55,000.

"It would be best if the collection was preserved as a whole; if someone bought it as a whole," Barczy said. "But this will probably not happen, unfortunately, as even the Slovak National Gallery (SNG) – where it should logically end up – does not have the resources to buy it whole."

The works exhibited include, for instance, Mednyánszky's paintings from the era of symbolism,

but also works focused on death, new life and inspired by theosophy and alternative religions of the artist's era.

Although born in the Slovak municipality of Beckov, then part of the Habsburg Empire, Mednyánszky (1852-1919) spent long spells in Paris, Vienna, Rome and Budapest. The paintings from this collection, put together by Ringwald, who was his lawyer, were originally located in Trenčín. However, the Ringwald family was forced as a result of politics to leave Slovakia and settled in Great Britain.

"The collection is still very mysterious, although we have studied it for several months," Barczy said. According to him, there was communication between the Ringwald family and the SNG – SNG employees contacted his son Richard in the 1970s, wishing to exhibit and even buy the collection from him but the project failed. Although Leo Ringwald died 44 years ago, the full collection surfaced only three years ago. Part of it was bought by collectors from Hungary who have now offered it for exhibition and auction in Slovakia, as it originated here.

Thus, at least for now, Mednyánszky has returned home.

## Košice City Day is a great success

THE TRADITIONAL City Day celebrations held in Košice actually lasted a full week this year. The most important event commemorated the 700th anniversary of the Battle of Rozhanovce on June 15, 1312, in which the troops of King Charles I of Hungary defeated the supporters of Palatine Amade Aba, a Hungarian oligarch who then ruled the city of Kassa, now called Košice.

"Each year this event has a specific orientation and after last year's focus on the Ice Hockey World Championship, it was this historical anniversary this year," said the mayor of Košice, Richard Raši, as quoted by the TASR newswire.

Andrea Horváthová from the City Council also told the media that the city is looking forward to next year when Košice will be one of two European Capitals of Culture.

Košice City Day ran from April 30 to May 8 and included the traditional craft market, laying the foundation stone for an Olympic monument, city tours, free admission to local museums, *Retro 2012* – the 10th year in which vintage autos were on show – and much more.

Košice also celebrated Europe Day with presentations by schools and cultural associations. Europe Day is an annual celebration of peace and unity in Europe but surprisingly there are two separate designations: the Council of Europe celeb-

rates the day on May 5 but the European Union celebrates it on May 9.

A very interesting part of the week's activities was the renewal of a tradition called *Košice Venice* in which people row around a small lake on home-made watercraft. The opening of the Children's Railway in the Čermel station on the outskirts of Košice started the week off on a high note and the Katka steam engine, celebrating 128 years, took families for a short ride. The train ride was so attractive – including a fake attack by bandits – that not everyone who wanted to ride could be accommodated.

"I would like to thank all those who contributed and supported our association in the effort to revive the operation of this small railway. Katka is in good condition now and it will serve adults as well as children. I believe that we will make the Children's Railway a popular place and it will bring fame to the whole region, not only the city," Lubomír Lehotský of the Košice Children's Railway said, as quoted by the SITA newswire.

Mayor Raši gave awards to residents for their contributions to the city during the event. There was also a competition between rock and pop bands called *Rokoko* and a cooking contest to find the best goulash in Košice.

Compiled by Spectator staff

# Barbizon art now at GMB

BY ZUZANA VILIKOVSKÁ  
Spectator staff

BARBIZON is a small town near Paris which attracted and inspired many noteworthy painters in the 19th century. The exhibition *Nebo nad hlavou - Umelci Barbizonu* (Under the Open Sky - The Barbizon Painters) brings many of their works of art to Slovakia for the first time. They are currently being exhibited at Bratislava's City Gallery (GMB) in the Mirbach Palace.

The GMB news release states boldly that "European art history of the 19th and 20th centuries would be unthinkable without the Barbizon painters". According to the release, the Barbizon artists created a new style of landscape painting that reflected the individual impressions of the artists without veering totally into realism.

The exhibition of 54 paintings was lent to the GMB by the Liberec Regional Art Gallery in the Czech Republic. According to Jan Randáček of the gallery, this is the largest collection of French landscape paintings ever sent to another gallery. It comprises works of renowned artists such as Eugén Boudin, Paul Vernon, Théodore Rousseau, Narcisso Virgilio Diaz de la Peña and was assembled from the private collection of Baron Heinrich von Liebig, an influential nobleman and entrepreneur, who eventually bequeathed them to the town of Liberec.

Zuzana Štěpanovičová of the Regional Art Gallery in Liberec and the GMB's Zsófia Kiss-Szemán are co-curators of the exhibition. Kiss-Szemán dates the artworks to the middle and second half of the 19th century, telling *The Slovak Spectator* that for these artists, the decision to leave Paris and move to rural Barbizon was an issue more of life-



Landscape with a Small Lake by Narcisso Virgilio Diaz de la Peña.

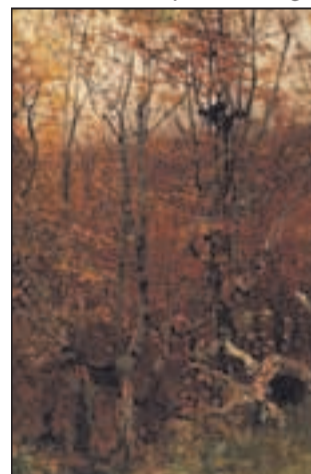
Photo: Courtesy of GMB

style than artistic inspiration. Many of the painters stayed from time to time at an inn that offered more than mere shelter. In bad weather, the artists painted the inn's interior walls in a kind of early graffiti. Later, the painters also pressed local authorities to make the nearby woods at Fontainebleau a nature preserve, thus becoming early environmental advocates.

Štěpanovičová told a press conference that the Barbizon artists quickly received acclaim from the art centres in Vienna and Budapest. The collection also includes later landscapes by Czech, German and Austrian painters who were inspired by the Barbizon artists and their style, which has been labelled mood-impressionism.

Štěpanovičová explained that the Barbizon artists shifted the then-fashionable Romantic Movement to a new genre that emphasised "plain and ordinary" themes and the elements of light as well as nature's changing seasons. These same elements were later markedly (and famously) developed further in impressionism.

Ladislav Mednyánszky, a native of Beckov, is the best-known Slovak artist inspired by the Barbizon group and visited Barbizon and later lived and painted in Paris and Vienna. Twenty-five of his paintings in the Barbizon style are included in the current GMB exhibition. Mednyánszky's paintings come from the Slovak National Gallery, the GMB and private collections. Many are landscapes of the French coast or countryside. Though



Mednyánszky's Study of an Autumn Forest, circa 1880.

Photo: Courtesy of GMB

Mednyánszky developed his style later than the original Barbizon artists, he added his own contribution to what has become known as the Barbizon style.

Guillaume Robert, the cultural attaché of the French Embassy in Bratislava, said that even though the Barbizon artists might exist somewhat in the shadow of the later, better known, impressionists, they nonetheless exerted a great influence on the more famous group. He added that he thought the exhibition – supported by the French Embassy – well-balanced the emphasis usually given to more contemporary artists and their works.

The Barbizon artists definitely broke new ground, Kiss-Szemán said, adding that "these artists were among the first to abandon studios and go into nature and faithfully depict the play of light and shadow in nature".

The exhibition can be viewed in the Mirbach Palace in Františkánske Square until June 17 except for Mondays. More information can be found at [www.gmb.sk/en](http://www.gmb.sk/en).

## Finding the best café in Bratislava

A COMPETITION called *Kaviareň mesta* (Café of the City) got underway on May 3 for the 6th year in Bratislava. There will also be a concurrent competition in Košice this year for the first time. The finalists consist of 16 cafés in Bratislava and seven in Košice which are seeking the honour of displaying the Bronze Coffee Bean statuette.

The decision on the winning cafés in the two cities will be based on walk-in customers as well as experts from Slovakia's Coffee Quality Institute (Inštitút kvality kávy).

According to contest rules, each venue must have been open for at least 12 consecutive months and must serve at least three types of coffee. The cafés were nominated by coffee experts, coffee importers and city officials.

"In the beginning, 90 cafés were nominated," event coordinator Denisa Priadková told *The Slovak Spectator*. "We knocked on the doors of the 20 cafés that had the largest number of nominations and asked if they would be willing to participate. Of those, 16 were selected to compete for the bronze statuette."

From May 3 to May 31, coffeehouse denizens are invited to vote on their favourite café and offer their reasons why. The list of participating cafés is at the [www.skvelakava.sk](http://www.skvelakava.sk) website in the 'kaviarne' section.

Priadková told *The Slovak Spectator* that unfortunately "the information is only in Slovak this year". Customers are encouraged to taste the coffee and food and also specify

whether it was the coffee itself, the service, the pastries or the atmosphere that impressed them the most.

"Experts, bartenders, people from hotel academies, coffee gourmets and others will go secretly and evaluate the quality of the establishments from their point of view," Priadková explained. "Sometimes these opinions can go in totally opposite directions," she added, while noting that one quarter of the competing cafés are owned by foreigners. "Mostly it is Italians, who – contrary to what one would expect – don't serve their own coffee but rather a good Slovak espresso," she stated.

An extension of the project was called *Deli Week* and it dealt with fancy types of coffee as well as tea, chocolate,

waffles, cupcakes, and muffins that were all offered to patrons without charge. Those competitions took place from May 9 to 12 in Bratislava and from May 2 to May 4 in Košice.

"It is funny," Priadková said, "but some of the best coffee in Bratislava is not found in cafés but in other venues such as a small Italian food shop or a casino or a bookstore. The aim of our event is to educate the public about what makes a good coffee so they can demand that cafés improve their quality."

More information, including recipes, can be found in the *Crema de la Crema* publication offered for free at the competing cafés as well as on the [www.skvelakava.sk](http://www.skvelakava.sk) webpage.

By Zuzana Viliková

# The Tatras' 'mountain eyes'



IN THIS nice postcard from 1906 we see the end of Malá Studená dolina (Small Cold Valley) and, behind the posing hiker, one of the five Spiš mountain lakes (Spišské plesá) as well as the roof of the Téry cabin in the lower left corner.

There are about 160 lakes of glacial origin in the High Tatras and they have been called "pleso", or mountain eye, from the earliest times. It is interesting to note that the lakes were also called "sea eyes" as there was a widespread belief that the lake water originated in the Baltic Sea, travelling through various underground rifts to the mountains of Slovakia.

Several documents show that it was not just common people who believed the theory. In 1751, a scientific expedition visited the Tatra lakes and waited two days near Pribylinské pleso to see

if high and low sea tides were manifested in the water of the pleso.

Residents of some villages at the foot of the Tatras helped to spread this theory in an effort to make money,

## HISTORY TALKS

claiming to foreign researchers that one could see the surface of wonderful lakes at enormous depths through clefts in the peaks. Another widespread rumour was that remains of shipwrecked boats from the Baltic Sea were found in the lakes.

Professor Juraj Bohuš from Kežmarok wrote in one of his studies that he had found pieces of wood floating on various lakes that were decorated with the Swedish Kingdom's coat of arms. Entering Gorals, a distinct ethnic group living in the

Tatras, even took pieces of old wood to King Stanislaw August of Poland and presented them as remains from a wrecked ship. They were well-rewarded by the king and the old flotsam ended up in the scientific collections of Warsaw Castle.

This postcard also shows Prostredný hrot, also called Stredohrot, (Middle Spike) impressively looming over the pleso, which was first mentioned in 1412.

Two mountain climbers, Schwarz and Téry, ascended its peak on August 11, 1876. The first climb to the peak in snow was on April 2, 1904 and the members of the expedition were Karol Jordán, J. Lackner and József Szelke. Jordán was subsequently one of the most important personalities in developing mountaineering in the High Tatras.

By Branislav Chovan

# New Drama - also in English

THE 2012 NOVÁ dráma (New Drama) festival is a competition of contemporary theatre that will return to Bratislava for the eighth consecutive year, from May 14 to May 19. "Afterwards, it will travel to other Slovak cities like Košice, Nitra, Prešov and Žilina," festival head Vladislava Fekete told the TASR newswire.

To qualify for the competition, theatres' stagings of dramas cannot have premiered earlier than 2011 and the pieces cannot be older than from 2000.

Experts chose 10 out of a total of 40 Slovak and world theatre pieces to vie for three prizes, including the Grand Prix Nová drama, which will be chosen by an international jury. Audience members will also be able to cast their votes

for the Viewers' Prize and the Bratislava Viewers' Prize.

The main competition will take place in seven theatres in Bratislava. The accompanying programme includes theatre workshops, an exhibition of Polish theatre photographs, readings, lectures, discussions and a translation workshop.

Each year, the festival focuses on one issue or one country, and this time Focus Poľsko (Focus Poland) will offer anthologies of contemporary Polish dramas, readings from Polish plays, a lecture by Polish teatrologist Justyna Jaworska and two legendary Polish theatre companies: Ad Spectatores from Wrocław, with the documentary performance 9 rekonstrukcia; and Teatr na Woli from Warsaw, with Our

Class by Tadeusz Slobodzie-anek.

"The idea of the festival is to support the creation of new pieces by young, modern playwrights," said actress Zuzana Kronerová, the honorary head of the festival, to TASR. "I am sure that mainly for young audiences, they can touch them more - and more pressingly than the classics, which are, of course, fantastic too."

All pieces are presented with English subtitles, Lucia Čarnecká of the festival informed The Slovak Spectator. Our Class, in Polish, will also have Slovak subtitles. More information - some in English - can be found at the www.theatre.sk website, in the section Projects and Services, Nová drama (New Drama) festival.

By Zuzana Vilikovská

## Western SLOVAKIA

### Bratislava

■ **CIRCUS:** Cirkul'art 2012 - The "Festival of New Circus" returns with another successful international show combining theatre and modern circus art. The festival comprises various circus and theatre genres performed by artists from 17 countries, along with workshops, training sessions, theatre, puppet-theatre and street events.

Starts: May 18-20, (20:00 on Friday); Medická záhrada / Medical Garden, between Americké Square, Špitálska and 29. Augusta Streets. Admission: free to €17. Tel: 02/5293-3321; www.ticketportal.sk; www.cirkulart.sk.

### Bratislava

■ **MUSEUM/GALLERY:** Noc múzeí a galérií / The Night of Museums and Galleries - This annual event, part of the European Night of Museums, opens many museums in Bratislava and other cities, as well as several castles, until midnight. Entrance is free or a symbolic amount.

Starts: May 19, 10:00-24:00; various sites. Admission €1.50 (in Bratislava). More info: www.muzeum.sk/nocmuzeiagalerii.

### Bratislava

■ **LIVE MUSIC:** Chanson Aboard a Boat - The Voilá band and songstress Zdenka Trvalcová make music that combines the French-style songs (inspired by Edith Piaf, Lucienne Delyle, and others), jazz, retro and Klezmer.

Starts: May 15, 19:00; Loď Café / Divadlo v podpalubí, Tyršovo embankment. Admission: €7. Tel: 0903/449-650; www.adyld.sk.

### Bratislava

■ **DANCE:** The Best of Elledanse (elledanse): Score (Boris Nahalka) - The elledanse dance school and theatre premieres Score, a piece about free-style dancing, competition, and rules which are not certain. A group of people is connected through a common goal, but the whole has a different start, course and score with individual team players.

Starts: May 19, 20:00; Dom T&D (T&D House), Miletičova 17/B. Admission: €4-€6. Tel: 0907/835-528; www.elledanse.sk.



THE KOŠICE-based Divadlo Cassia offers the successful Slovak rock musical **Matúš Čák Trenčiansky**, written by Ľubo Horňák and Dodo Gombár, and directed by Peter Weinciller. The work, inspired by the turbulent life of the famous Great-Hungarian nobleman Matúš Čák, is playing on May 18 and 19 at 19:00 in the theatre at Masarykova 2. Tickets cost €5-€7 and can be bought either through www.ticketportal.sk or through www.divadlocassia.sk.

## EVENTS COUNTRYWIDE



FOUR years after his last visit, US jazz legend **Al Jarreau** returns to Slovakia, to give a **concert** in the Majestic Music Club, at Karpatská 2 in Bratislava, on May 14. Jarreau started his musical career with George Duke, later performing on the Johnny Carson and Mike Douglas TV shows. His debut album We Got Boy won several awards and brought him fame worldwide. He received a Grammy not only for his jazz performances, but also in the category Pop and R'n'B. Tickets for the MMC event cost €35-€50 and can be purchased through www.eventim.sk; for more information see www.majestic.sk. Photo: Sme - Vladimír Šimíček

### Bratislava

■ **LIVE MUSIC/EXHIBITION:** Jerguš Oravec plays with Fragile and Erich "Boboš" Procházka - Young multi-instrumentalist Oravec will open an exhibition of artworks, comprising monumental paintings, graphic art and airbrush, by his father, Juraj Oravec. He will be accompanied by the a cappella band Fragile and harmonica player "Boboš" Procházka.

Starts: May 17, 18:00 (the exhibition runs until June 16); Dom umenia, SNP Square 12. Admission: free. Tel: 02/2047-1217; www.nocka.sk.

### Bratislava

■ **EXHIBITION:** V čase / In Time - Two artists from Orava, painter Ignác Brezoňák (aka Igi Brezo) and sculptor Peter Kolčák, exhibit a selection of their works. Curator Bohumír Bachratý notes that both are relatives of famous painter Ignác Kolčák. While Brezo is an autodidact who has travelled to many countries worldwide, Peter Kolčák graduated from the academy in Banská Bystrica.

Open: Mon-Fri 12:00-17:00 until June 1; Galéria SPP,

Mlynské Nivy 44/C. Admission: free. Tel: 02/6262-4203; www.spp.sk/kontakt/kontakt-galeria-spp.

## Central SLOVAKIA

### Žilina

■ **ART FESTIVAL:** Artičoky / Artichokes - This one-day festival of young artists focuses on creativity, joy of art and interest in culture. It offers young artists the chance to present their works to the wider public and to connect them for cooperation, response and interaction. During the day, fine arts will be presented, while in the evening, students' movies will be screened.

Starts: May 19, 15:00-24:00; Stanica Žilina-Záriečie, Závodská cesta 3. Admission: voluntary. Tel: 041/5005-064; www.stanica.sk.

### Banská Bystrica

■ **DANCE:** Veselosti minulosti / The Merriments of the Past - This choreography by Milan Tomášik, to the music of Katarína Máliková, shows in its premiere how two worlds, that of past dance and that of contemporary dance, are intertwined through the dynamics of space and the joy of dance.

Starts: May 18, 19:00; Štúdio tanca, Komenského 12. Admission: €4-€6. Tel: 048/4146-540; www.studiotanca.sk.

## Eastern SLOVAKIA

### Nížny Hrušov

■ **SCYTHING CONTEST:** Zemplínska ostrá kosa / The Zemplín Sharp Scythe - The third year of this competition in traditional scything attracts reapers of both genders from all corners of Slovakia, including the Orava, Upper Nitra and Upper Hron regions. Starts: May 19, 10:00; Nížny Hrušov, near Vranov nad Topľou. Admission: free. Tel: 057/4493-200; www.niznyhrusov.sk.

By Zuzana Vilikovská

## NAME DAY MAY 2012

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Bonifác	Zofia	Svetozár	Gizela	Viola	Gertrúda	Bernard
May 14	May 15	May 16	May 17	May 18	May 19	May 20

A Slovak's name day (meniny) is as important as his or her birthday. It is traditional to present friends or co-workers with a small gift, such as chocolates or flowers, and to wish them Všetko najlepšie k meninám (Happy name day)



Weather updates and forecasts from across Slovakia can be found at [www.spectator.sk/weather](http://www.spectator.sk/weather).

# AROUND SLOVAKIA

compiled by Zuzana Viliková from press reports



## 100% Slovak-made pipe organs

**1** SINCE 2005, two brothers from Poprad, Ján and Gabriel Bies, have been manufacturing church pipe organs. But through the years, the Bies brothers lacked the skills to craft the pewter-based pipes so essential to creating the proper resonance to pipe organs. Since the brothers were dissatisfied with the quality of the organ pipes bought from other countries, they looked for another way to solve this problem. Now, after years of study and research, the brothers are at last able to turn out pipe organs completely manufactured in their own workshop.

The saga of how this came about is a study in old-fashioned persistence.

In the beginning, Gabriel Bies told TASR he tried to learn the craft himself. But it soon became clear that the skills required could not be mastered overnight. So in 2007 the brothers decided to dispatch their nephew Stanislav Rusnák, not yet 20, to the Czech Republic, where he spent four years learning

the trade under the tutelage of an 82-year-old craftsman named Jan Kubát in Kutná Hora, in the Czech Republic.

The young graduate Rusnák explained to TASR that the sound of a pipe organ depends on several factors, including the thickness and diameter of the pipe as well as air pressure. He said patience is the most important personal characteristic in making superior organ pipes.

In the past eight years the Bies Workshop (Dielňa Bies) has produced dozens of organs. Currently a team of seven people is completing an organ for a church in Sabinov. Producing one mid-sized organ takes six to nine months.

The largest organ that the firm has made thus far is in the Košice Martyrs' Church. St Giles Church in Poprad also owns a Bies organ but the pipes of these two organs were manufactured outside Slovakia.

The first organ with 100-percent Slovak materials was finished last autumn and is housed in the church of St Catherine of Alexandria in Matejovce nad Hornádom.



Neither playing nor making a pipe organ is easy. Photo: SITA



A slightly bigger pet.

Photo: Sme, Vladimír Šimiček

## ...and Slovak-bred big cats

**2** IT HAS been estimated that 12 lions and 30 tigers are living in the vicinity of Trnava, the Sme daily wrote. In the village of Hrnčiarovce near Trnava a young man, Peter Ardan, enters an enclosure like a dog pen and calls out "Suri" and soon a young lioness greets him. The young man scratches the animal's belly and later goes to a larger enclosure with seven other lions. This is not Africa but western Slovakia, about 50 kilometres from Bratislava, where Ardan breeds lions on rented land.

Ardan told Sme that he got his first lion, a male named Leo, from the Humberto circus when the circus had eight cubs at one time.

"I was asked to take care of him for two weeks and he has been with me for almost eight years," Ardan explained.

Seven tiger cubs were born last year just 30 kilometres away in Kostolná pri Dunaji. Miška Kocmundová, their tender, knows them all by name even though they look the same.

"She can caress them all and even can lie on a young lion from the neighbouring enclosure as she has been with tigers since she was small," said Yveta Iršová, their breeder and owner, to Sme. She keeps 30 tigers and three lions in Kostolná and told Sme that "when Markíza [a tiger] was born, she slept with me until she was two".

Michal Prášek from Zvončín pri Trnave also sleeps comfortably while raising lions, telling Sme that "everybody has some kind of hobby: some people prefer fast cars, some motorbikes, and I came to like lions". Though not exactly a normal hobby, breeding tigers and lions is on the rise in Slovakia, with the three breed-

ers telling Sme that there are about 20 across the country. They added that they are upset about irresponsible breeders and the media, who they said are harming their good reputation, noting that breeding of these wild cats was often mentioned in the media in the 1990s in connection with underworld figures.

But the general public and the media sometimes are irritated even now. Kristína Mangová from the organisation Sloboda zvierat (Animal Freedom) told Sme that owning a tiger or a lion is not automatically bad and it does not mean that all breeders are of poor character. But she said her organisation is critical of a lack of unified rules in Slovakia for breeding these big cats.

Sme wrote that from an administrative point of view it is as easy to breed tigers as it is to establish a company. Only notification to the Environment Ministry and approval from the regional veterinary office are required. Sme added that village or town officials often have no information about these kinds of animals living within their jurisdiction.

Sme wrote that a lion cub can be purchased for €2,000, a young tiger may cost about €3,000 and fully-grown animals are only slightly more expensive, adding that breeders can acquire cheap food from farmers who have cattle that are not suitable for the slaughterhouse.

Prášek was attacked by one of his lions in Zvončín but the breeder did not blame the animal.

"It was my fault as I underestimated and neglected a lot of things: the lioness was in rut and my clothes smelled of dogs," Prášek explained, adding that "it cannot even be said that the lion attacked me - I would not have been able to

leave if he really wanted to attack me. He just got too excited".

After the attack Prášek continued to tend the lions and visited a doctor only several hours later. "It was just a scratch when you consider the power of a lion," Prášek commented but noted that he is "more careful now and goes inside with a shovel".

Iršová discounted the danger of the wild cats escaping from their enclosure, stating that her tigers would not even cross the next fence because they do not like strange environments, while adding that lions are more curious.

The species owned by private breeders in Slovakia are generally the common lion (Panthera leo), the Siberian tiger (Panthera tigris altaica) and the Barbary or Nubian lion (Panthera leo leo). Iršová started breeding Siberian tigers in the 1990s in the Petržalka area of Bratislava and later moved to a more rural area around Senec.

"This is my work, my dream come true," she said, claiming that breeders are helping to maintain endangered species that do not live easily in the wild anymore.

Ján Šiška, a vet from the Regional Veterinary Administration in Trnava knows all the lions in his region by name.

"I am from a village and I consider farms with sheep and cows more appropriate for Slovakia than enclosures with such exotic animals. This is a modern trend that cannot be stopped but it is as natural as putting up a large capacity cattle ranch somewhere on the equator - it defies logic," he stated. He added that breeding these animals might help some threatened species to survive and they might have a better life than travelling with a circus.

## Guild lives on in Rákoš

**3** THE SOCIAL organisation called the Honest Mining Guild (Poctivá

banská cecha) has survived in the village of Rákoš in central Slovakia to this day even though it rarely fulfils its only official task. Its current chairman, Ján Valko, told the TASR newswire that the guild's primary task was to help families bury their loved ones. Members of the guild helped to dig graves for other members and their relatives without any kind of remuneration and in this way helped alleviate the sorrow and financial worries of the bereaved family.

"From what I know this guild has operated since the times of the first Czechoslovak Republic. Its standing has gradually changed according to the social position of its members. During the communist regime the organisation should have been disbanded as it was not part of the National Front as every political party, association and even hobby clubs had to be in those times," Valko told TASR.

But Valko said the regime did not bother the guild because of its social mission while noting that now "the guild is more about tradition, as the mine that connected the members no longer operates and the social status of families has changed and now when someone dies, they prefer to pay someone to dig the grave".

The guild accepted new members only once a year during its meeting on Ash Wednesday, the day on which the guild continues to meet. "In Rákoš, we call it Krivá streda (Crooked Wednesday) and on this day we meet to pay our membership dues which we use to buy tools for digging graves - to replace any damaged ones. With the rest, we buy alcohol."

Valko explained some other traditions of the guild.

"Before being accepted, new members were called 'pagans' and every potential member had to choose a 'godfather' first, an older member who would guarantee that the greenhorn was a decent, honest person."

The godfather's responsibility was to educate the newcomer about all his duties and then the members voted.