

Christian Mandl

SLOVAKIA

Christian Mandl co-founded SkyEurope, a Central European low-cost airline, which he managed until 2007 as Chief Executive Officer. He took SkyEurope public on the Vienna and Warsaw stock exchanges in 2005 before exiting his investment in 2007. In 2009, Mandl took over the assets of Maporama, a leading French provider of digital mapping solutions for professional users. He restructured the company and sold it in March 2013 to TIBCO Software, a NASDAQ-listed company. In 2013, Mandl co-founded Neulogy Ventures, a venture capital fund that provides both funding and mentoring to young entrepreneurs in Slovakia. Most recently, Mandl founded Govio, a social entrepreneurship project aimed at improving democratic processes and public services through the use of technology.



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More than 20 years ago, as a fresh graduate in political sciences and a member of the international student organisation AIESEC, I organised an information campaign about the European Union in Central and Eastern Europe prior to the enlargement. The "Eurobus" was a London double-decker bus painted in blue with yellow stars, filled with computer databases and information material, which covered 20,000 km across 7 countries, with conferences and events held in 30 cities from Gdańsk in Poland to Plovdiv in Bulgaria. My memories from that time were that the further you went east, the more enthusiastically pro-European people were. I also gained the impression that while the West could provide economic wealth, the East could contribute a much-needed cultural dimension to European integration.

A few years later, I launched SkyEurope, the first low-cost airline in Central and Eastern Europe, initially out of Bratislava in Slovakia, but soon adding bases across the region. During the 7 years of operation of the airline, about 10 million passengers used it, often as their first experience of air travel. The collapse of the Iron Curtain had provided people with the freedom to travel, but not with the financial means. Against strong initial scepticism, low-cost airlines would prove extremely successful in the region, with Ryanair and Wizz Air taking over what SkyEurope had



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started, contributing in their own way to European integration by reducing distances between East and West.

After this and other entrepreneurial experiences, I co-founded Neulogy Ventures, a venture capital fund investing in early-stage tech start-ups, currently managing a portfolio of 36 companies. I guess that based on my track record, I would be expected to write about the business background and economic convergence in the Member States that joined the EU in 2004, 2007 and 2013. That would however result in a very short article, as in my view the objective of economic convergence has already been largely achieved, at least in the Visegrád Group. The country I live in, Slovakia, is at par with Portugal in respect of GDP per capita expressed in purchasing power standards (PPS). There is less red tape doing business in Slovakia than in my previous experience in France. Looking at it from a pure economic standpoint, EU accession has been very beneficial and the economic reunification of the continent is an incredible success story, even if much still needs to be done to address regional disparities.

My concern is not the economy, but the governance. Not the economic convergence, but the political divergence. In my experience of living in the region for many years, post-communist countries of Central and Eastern Europe are still suffering from a lack of effective, accountable and inclusive

institutions. The Romanian researcher Silaghi-Dumitrescu writes about “Feudalism in modern Eastern Europe”, arguing that the now-extinct “communist” regimes were mainly a cover for the feudal nature of the system, which may still explain some of today’s political movements.

Even in Slovakia, proudly labelled as the world’s largest car manufacturer per capita, and a member of the core Eurozone, distrust in institutions (in particular police and justice) is at its highest level since the murder of investigative journalist Ján Kuciak and his fiancée, Martina Kušnírová. Widespread corruption and mafia-structured organised crime are challenging the rule of law. The decentralised allocation of EU funds provides a fertile ground for these illegal practices, which are rarely investigated locally, and would require that the EU anti-fraud office OLAF be provided with FBI-style federal powers. In this respect, the establishment of the European Public Prosecutor’s Office (EPPO) is a step in the right direction.

Public services such as education and healthcare are poorly managed and underperforming. Teachers and nurses are underpaid and therefore have become unattractive professions. The vacuum left by the State which is incapable of providing a quality public service is filled by private conglomerates focusing only on the most profitable treatments, leaving the public sector



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to cope with the most expensive cures. Although Bratislava is only 5 km away from the Austrian border, and this border has now been opened for 30 years, life expectancy in Slovakia is still 5 years lower than in neighbouring Austria.

Having spent significant time in countries such as Belgium, France and Spain, there is another area where I see divergence rather than convergence. Again, not at the economic level, but regarding values. The French national motto is "Liberty, Equality, Fraternity", but during the dark years of the French State it was replaced by "Work, Family, Fatherland". These three words describe pretty well current dominant values in most countries of Central and Eastern Europe, and contrary to the universal ambitions of the former, the latter are self-centred values. The "illiberal" regimes in Poland and in Hungary are precisely an attempt to combine economic convergence with political divergence. I would however not consider them as equal, as the current Polish regime is probably more ideology-based than in Hungary, where corruption plays a greater role. Nevertheless, the difficulties with the Roma integration, the latent racism and xenophobia, and the constant anti-Soros campaigns play with fears that seem to be still deeply embedded in the national narrative, dating as far back as the Battle of Vienna of 1683 when a Christian Coalition led by King John III Sobieski won against the Ottomans. The rejection of multiculturalism, the refusal to

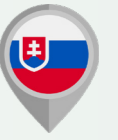
welcome migrants (especially those of Muslim faith) and the recent political instrumentalisation of the UN-negotiated Global Compact for Migration signed in Marrakech are symptoms of a growing cultural divide between East and West. Nobody seems willing to recognise that Ottomans brought croissants and coffee to the doors of Vienna, and that cultural openness can also be an enrichment. Many seem to have forgotten that not so long ago their own people were migrants in Western Europe, Canada or the United States where they were offered new opportunities.

As a student in political science, my interest in Central and Eastern Europe was fuelled by authors such as Milan Kundera, Jan Patočka, István Bibó or Sándor Márai. Who are the successors of these brilliant central European intellectuals? When I first came to Slovakia I was impressed by folklore groups such as Lúčnica or SL'UK. But aren't these folklore productions an idealised memory of a forgotten past? I sometimes wonder if the way of life in these countries is not becoming more American than European. People spend their weekends walking around shopping malls, leaving the city centres for food courts and their convenient parking facilities. Is it then an accident that they also start to embrace American neo-conservatism?

The youngest and most educated vote with their feet and leave the region. Brain drain has been and still is a demographic



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challenge with significant implications. Between 1990 and 2017, Romania lost 15%, Bulgaria 19% and Latvia 27% of their respective populations.

It is of utmost importance that the European Union does not rest on its economic laurels but as a value-driven community starts to address also fundamental political and rule of law challenges. The success of convergence cannot only be measured in economic terms. Introducing conditionality to the allocation of EU structural funds is one way of doing this, but this “carrot and stick” approach risks generating pushback against a perceived power grab by distant “Brussels”. Unfortunately for the aspirant candidate countries of the Western Balkans, if the EU cannot first address these issues among its current eastern members, it is questionable whether it should accept new members that might face similar corruption and rule of law problems, potentially coupled with influence from external powers pursuing an anti-European agenda.

Fortunately, there is also hope. Some of the expatriate talent is coming back home. A new generation of politicians is grabbing power. As an example, my former business partner Ivan Štefunko launched a political start-up in the form of a new party called Progressive Slovakia, whose candidate Zuzana Čaputová won the presidential election on an anti-corruption and pro-European

liberal agenda. Alternative forms of governance are emerging using blockchain technology. Civic tech initiatives provide additional opportunities for citizen engagement. Platforms such as Apolitical (which I support as an angel investor) connect policy-makers across the world, building capacity in the public sector by exchanging best practices.

Support for the European project is still strong in Central and Eastern Europe, but how much of it is linked to the availability of EU structural funds? Increased convergence will result in lower transfers, with some regions already moving out of the eligibility criteria. What will happen when the money flow from Brussels stops? Will the eastern part of our Union still show loyalty to enlightened European ideals and values? Refusing to address these questions may result in a potential time bomb. Fifteen years after the first EU enlargement to the East, it is time to look at convergence beyond economics.