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SEVENDAYS

News & Notes

COLLISION > At least 43 people were injured, three of them severely, when two passenger trains collided head-on in Paskov, north Moravia, Feb. 16, the Czech News Agency (ČTK) reported. Czech Railways spokesman Kateřina Šubová told ČTK one of the train drivers had likely overlooked a red light and entered a one-way section. The damage was estimated at 7.5 million Kč (\$339,828). Czech Railways said it will compensate injured passengers.

OBAMA > Officials are hoping to receive U.S. President Barack Obama in Prague in April for a meeting with leaders of the European Union, according to the *International Herald Tribune*. Obama is scheduled to make his first visit to Europe as president when he attends a G20 summit on April 2 in London, and a NATO summit April 3–4 in Strasbourg, France.

REFUGEES > Sixteen refugees from Burma arrived in Prague Feb. 12, joining an initial group of 23 who arrived in October, under a resettlement program adopted by the Czech government, Aktuálně.cz reported. All are from the Chin state in western Burma, where Chin ethnic minorities are reportedly widely subject to persecution by the Burmese military.

COURT > The Constitutional Court upheld a three and a half year prison sentence handed to a former secret police agent for the torture of anti-communist dissidents during the 1970s and 1980s, Aktuálně.cz reported Feb. 12. Jiří Šimák was found guilty in 2002 for his role in the "Asanance" (Clearance) operation to harass and torture political dissidents, but had appealed the verdict at the Constitutional Court.

BANNED > A march planned by a neo-Nazi group in Plzeň, west Bohemia, Feb. 14 was banned by the municipality. According to Radio Prague, the local council said it outlawed the march, which was scheduled to take place near the town's synagogue, because it could incite hatred and intolerance. This is the second neo-Nazi march to be banned in Plzeň in a month.

EURO >
▲ 29.14 Kč = €1.00
Euro cash middle rate, February 16 (ČNB)

DOLLAR >
▲ 22.82 Kč = \$1.00
US\$ cash middle rate, February 16 (ČNB)



MICHAEL HEITMANN/The Prague Post
Central Bohemian Governor David Rath sparked a nationwide political dispute when he abolished healthcare fees in his region.

THE BATTLE OVER HEALTH CARE

Regional hospitals caught in the middle of dispute over fee policy

By CURTIS M. WONG
STAFF WRITER

When former Health Minister Tomáš Julínek introduced a series of patient fees as part of his multifaceted 2008 healthcare reform plan, he expected the mandatory remuneration would reduce unnecessary hospital visits as well as create an independent source of income to aid in the purchase of state-of-the-art medical equipment.

A year after the health reform's launch, however, many hospitals find themselves saddled with administrative problems and even facing pricey penalties in its wake. On Feb. 9, local insurance companies announced plans to slap five Central Bohemian hospitals that have not collected mandatory health fees from patients with fines of up to 50,000 Kč (\$2,266) as a violation of health insurance laws.

These allegations have pitted insurance companies, including the General Health Insurance Company (VZP), against regional hospitals and pharmacies, with the latter claiming they have been wrongfully implicated due to health officials' misinterpretation of perplexing legalese.

In a move that proved instrumental in the party's sweeping victory in the November regional elections, the opposition Social Democrats (ČSSD) promised to abolish the fees — 30 Kč per doctor's visit and per prescription, 60 Kč for each day spent in hospital care and 90 Kč for after-hours care — for patients in hospitals operating in self-governing regions.

That same month, newly elected Central Bohemian Governor David Rath abolished the fees in all regional hospi-

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NGOs struggle to get EU funds

Civic sector cuts jobs and social services, blames gov't

By WENCY LEUNG
STAFF WRITER

Jiří Knitl, director of Prague's Counselling Centre for Refugees, is anxiously waiting to find out whether his nongovernmental organization receives approval for European Union funding within the next few weeks. Without it, Knitl said, his center, which has provided legal and psychological support services for foreigners and refugees for more than 15 years, may not survive. "We are about to close our office," Knitl said. "There's a big danger of that. We're trying to find funds wherever possible."

Although the center also relies on private donations and sponsorships, money from the EU, which is distributed by Czech authorities, is vital for the center's operations, Knitl said.

In recent months, the center and legions of

other nongovernmental organizations across the country have come under threat as they struggle to obtain European Union funds administered by the Czech government.

Several NGOs have already shut down, unable to continue without further assistance, particularly from the EU's European Social Fund, which has earmarked 3.8 billion euros (\$4.9 billion/108 billion Kč), for projects in the Czech Republic between 2007 and 2013. The amount distributed thus far was not available at press time.

The various government authorities responsible for distributing EU funds are incapable of effectively carrying out the task, making the process of applying and receiving money a complicated and arduous one, said Monika Ladmanová, a former executive of the Prague-based Open Society.

Calls for funding applications for some NGO projects that should have started in January 2009 were not made until early January, Knitl said. Since it takes a month or two to receive approval, and another few months to actually receive the funds, NGOs must scramble to get through the gap, he added.

The Open Society, a nonprofit organization that aims to strengthen civil society in the Czech Republic, had been warning Czech authorities since July to step up their support of the country's nonprofit sector and make EU funds more readily available to NGOs. "The situation is really bad," Ladmanová said. "If we want to make use of the [EU] money, you also have to plan for that, but this is something [the government authorities] are unable to do somehow."

Besides a lack of coordination among the various authorities, including the Labor and Social Affairs Ministry and Prague City Hall, there appears to be a general lack of will from the government to support civil society, Ladmanová added.

"There is a suspicion, or a feeling, or a notion that the NGOs are somehow not part of the system," she said. "They just don't feel the NGOs are doing an important job."

After four years of fostering equal employment opportunities for men and women, the Prague-

See **NGOS** on Page **A2**

Czechs push for southern pipeline

PM Topolánek promotes EU energy agenda in Central Asia

By BENJAMIN CUNNINGHAM
STAFF WRITER

Europe is making progress on the long-proposed Nabucco pipeline, but obstacles to the gas project remain at its source, Central Asia.

Experts say there have been significant moves forward on the pipeline project under the Czech EU presidency, triggered as much by circumstances as action. Prime Minister Mirek Topolánek's visit to Central Asia last week is the latest in a series of events initiated by the Ukraine-Russia gas dispute earlier this year.

"Nabucco all of a sudden became more important," said Lucia van Geuns, deputy director of the Clingendael International Energy Programme in The Hague. "A sense of urgency is now clear. That is different."

A late-January meeting in Budapest saw the European Commission pledge 250 million euros in financing. While a consortium to build the pipe and transport the gas is increasingly solid, signing on gas suppliers remains a major stumbling block. Another meeting on the issue is slated for Prague in May.

"I am not convinced that, once the pipeline is laid, it will be filled," said van Geuns. "You can lay a pipe. The whole supply issue is unresolved."

During Topolánek's three-day trip to Azerbaijan, Turkmenistan and Kazakhstan last week, Kazakh Prime Minister Karim Masimov reiterated his country's commitment to partnering with Russia on gas transport.

"It is primarily a political decision," said CEO of state energy company ČEZ Martin Roman, who accompanied Topolánek, of Kazakhstan's participation.

Russia is working with Kazakhstan and Turkmenistan on its own pipeline project. China is also increasingly a Central Asian player.

Nabucco would begin at Erzurum in eastern Turkey and end in Austria, traversing Southeast Europe. It could connect with two other Central Asian pipelines and be capable of drawing supplies from the Caspian Sea Region including Iran. The most optimistic forecasts put the pipeline operational by 2013.

With the Czech Republic — a country that directly experienced the Ukrainian supply cut this year — at the head of the EU, the project is gaining momentum, but other member states have their own plans. Italy is the proposed terminus for Russia's South Stream pipeline while Germany is pushing the Russian North Stream project to pipe gas under the Baltic Sea.

"The diversification of pipelines is an absolute necessity," van Geuns said.

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TRANSITUPDATE

Due to ongoing construction of the Blanka tunnel, no trams run from Sparta through Hradčanská to Prašný most (in both directions) and from Chotkovy sady to Hradčanská (both directions, as well) until the 3rd quarter of 2009, and there is no tram connection directly from Hradčanská metro station.

- ▶ **Tram 1** from Strossmayerovo náměstí to Vozovna Střešovice is rerouted through Čechův most, Malostranská, Královský letohrádek and Pražský hrad.
- ▶ **Tram 5** is rerouted at Masarykovo nádraží through Bílá labut, Vltavská and Strossmayerovo náměstí.
- ▶ **Tram 8** is rerouted at Dlouhá třída through Čechův most, Malostranská, Královský letohrádek and Pražský hrad.
- ▶ **Tram 15** does not run.
- ▶ **Tram 18** from Malostranská to Vozovna Střešovice is rerouted through Královský letohrádek and Pražský hrad.
- ▶ **Tram 20** from Malostranská to Prašný most is rerouted through Královský letohrádek and Pražský hrad.
- ▶ **Trams 25 and 26** from Strossmayerovo náměstí terminate at Sparta.
- ▶ **Night tram 51** is rerouted at Dlouhá třída through Čechův most, Malostranská, Královský letohrádek and Pražský hrad.
- ▶ **Night tram 56** is rerouted through Čechův most, Malostranská, Královský letohrádek and Pražský hrad.
- ▶ **Night tram 57** from Malostranská to Prašný most is rerouted through Královský letohrádek and Pražský hrad.
- ▶ **Special tram 36** runs from Divoká Šárka through Dejvická, Prašný most, Vozovna Střešovice to Vypich.
- ▶ **Special bus X-1** runs from Letenské náměstí to Vozovna Střešovice.
- ▶ **Special night bus X-56** runs from Strossmayerovo náměstí to Vozovna Střešovice.
- ▶ **Buses 108, 174 and 216** from Vozovna Střešovice will terminate at Dejvická.

SVÁTKY

Long-standing Czech tradition places a high value on *svátky*, or name days. If someone you know has a name day this week, wish him or her *Všechno nejlepší k svátku* (All the best on your name day), accompanied by flowers or a small gift.

Wednesday, Feb. 18: Gizela Thursday, Feb. 19: Patrik Friday, Feb. 20: Oldřich Saturday, Feb. 21: Lenka Sunday, Feb. 22: Petr Monday, Feb. 23: Svatopluk Tuesday, Feb. 24: Matěj

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Reporter reacts to gov't fine

Journalist Slonková told to pay 20,000 Kč for protecting source

BY MARKĚTA HULPACHOVÁ AND
NAĀA ČERNÁ
STAFF WRITERS

In 2002, journalist Sabina Slonková became the subject of local media headlines after police discovered that a senior Foreign Affairs Ministry official had hired a man to murder her. Since then, the investigative reporter for Aktuálně.cz has helped uncover countless political corruption scandals. Earlier this month, she was slapped with a 20,000 Kč (\$906) fine for refusing to divulge the identity of a source who provided her with footage of an illicit meeting of controversial lobbyist Miroslav Šlouf and Jiří Weigl, adviser to President Václav Klaus, prior to the opaque February 2008 presidential elections. Known as the Savoy case, the information leak sparked a series of police investigations and raised public speculations about the Šlouf-Weigl meeting's role in Klaus' re-election. As she prepares to appeal the fine, Slonková talks to *The Prague Post* about political corruption, the Savoy case and government attempts to muzzle journalists.

The Prague Post: What is your reaction to the fine you received for refusing to identify your source?
Sabina Slonková: I consider the fine unjustifiable, as does my lawyer and the Aktuálně.cz editorial department. We will employ all legal tools at our disposal to reverse this verdict. However, we already had to pay. The editorial department settled the fine, as the law does not give us another option. Now we are preparing to [appeal]. We believe that the final verdict will reaffirm journalists' rights to protect their sources.

TPP: In your opinion, what effect did the Savoy case have on the January 2008 presidential elections?
SS: I have to admit that, due to the sheer scale of what investigation authorities have unleashed in connection with this case, I am unsure of what the police and politicians are trying to accomplish. Why did so many internal security units — including the police organized crime unit, which should be focusing on stymieing the mafia — investigate this case? Why were dozens of people spied on? Is it possible that something essential that no one should ever find out transpired at these meetings between Klaus' adviser Weigl and former communist henchman Šlouf? In other words: How much did the Weigl-Šlouf meeting influence the result of the presidential election — both of these gentlemen should answer that.



Sabina Slonková says corruption among high-level politicians has been on the rise in the past few years. photo: Aktualne.cz/ONDREJ BESPERAT

Klaus approves controversial press bill

The court decision to fine investigative journalist Sabina Slonková 20,000 Kč for refusing to identify a source coincides with a further-reaching recent government attempt to regulate the media.
On Feb. 13, President Václav Klaus signed into law a Criminal Code amendment containing a controversial provision criminalizing the publication of information obtained from police wiretaps. Slated to take effect in April, the ban carries a maximum fine of 5 million Kč or five-year imprisonment.

Local journalists, who in the post-1989 era have frequently relied on such information leaks to uncover weighty cases of government corruption, had previously urged Klaus to veto the bill,

TPP: On Feb. 12, Prime Minister Mirek Topolánek announced his intentions to publicize the investigation results of the Savoy case. What do you think will come out of this?

SS: I am convinced that we'll find out exactly the same things that the prime minister already announced several months ago without citing any further evidence: that it was a conspiracy of the Social Democratic Party, spies and journalists against Klaus. The prime minister has said that [former civil intelligence service head] Karel Randák was behind the leaks, but, after a year, the police have been unable to find any evidence in support of this claim.

claiming that the anti-wiretap provision usurped freedom of expression rights.

The bill also caught the attention of international media watchdog groups such as Reporters Without Borders, which commented on the bill and Slonková's fine in a Feb. 11 statement. "The appeal court decision to convict Sabina Slonková is a perfect illustration of the risks that will be run by journalists from now on after the wire-tapping vote," said Jean-Francois Julliard, the organization's secretary general. "We urge President Vaclav Klaus to veto the new law on publication of wiretapping and not to endorse a law which will considerably obstruct the work of the investigative press."

Despite the repeated protests of

local journalists, Klaus was quick to sign the amendment. In a Feb. 10 letter to the Czech Journalism Syndicate, the president defended his decision by claiming that his responsibility lay with the interests of the public as a whole — not the interests of any "special interest group."

"The illegal publication of police and any other types of wiretaps prior to the conclusion of legal proceedings significantly infringes on the rights of innocent citizens," Klaus wrote. "Only the court can say whether or not a wiretap helped uncover a potential criminal activity. No one else can substitute this role in a democratic state, much less the sensation-hungry media."

— Markéta Hulpachová

TPP: What do you think of the recently passed law that bans the publication of information obtained from wiretaps?

SS: This law is ridiculous. In a way, it is symbolic that it was pushed through by the right-leaning governing party 20 years after the fall of the communist regime and censorship. On the other hand, it is necessary to send politicians a clear message that they cannot stop journalists, not even by such laws. There is always a way to make concrete information public without breaking the law.

TPP: In your opinion, is the level of corruption in Czech politics grow-

ing or decreasing? Are you concerned that the new anti-wiretap law will worsen the situation?

SS: I believe that the situation is getting worse. One of the reasons is that there are more and more cases when the revelation of an offense committed by a public servant yields no repercussions — not even resignation. It is still possible to see such reactions when the offense is committed by low-level, essentially insignificant politicians, but, over the past two years, the prestigious political elite has shown that it will weather practically anything.

The writers can be reached at news@praguepost.com

NGOs: EU funds lacking

NGOSFROM A1

based NGO Žába na prameni closed late last year, when the government's calls for EU grant applications were repeatedly postponed, its director Dana Radová said.

Radová said her NGO had received approximately 10 million Kč of state and EU funds during the course of its existence. Although that may seem like a lot, she said, "you actually end up returning half of the money back to the state on taxes, social and health insurance for your employees."

Her organization's last project wrapped up in June, but the NGO was unable to survive long enough to apply for the next round of funding, since the calls for applications were repeatedly delayed. "We felt completely exhausted and frustrated with the indifference of our government to support the nonprofit sector. We closed down," Radová said.

Jana Smiggles Kavková, project coordinator and political analyst for the gender equality NGO Forum 50%, said her organization is also feeling the financial strain. Three members of staff were paid with the help of around 4 million to 6 million Kč of EU funds that Forum 50% received over the past two years. But, without a new injection of funds, the organization has had to dismiss two employees and reduce some of its full-time positions.

ProFem, an NGO that deals with domestic violence and shares an office with Forum 50%, is in danger of closing in the second half of 2009 if it doesn't receive EU funds soon, Smiggles Kavková said. Czech authorities simply "don't realize many NGOs do the work the state is supposed to do," she added.

Jiří Kinský, manager of City Hall's department of EU funds, said 15.2 million euros from the European Social Fund has been allocated by the city in 2009. Last year, between January and October, the city distributed EU funds for 166 projects, but Kinský said he was not able to reveal the number of projects that will receive support this year.

EU funds make up only a portion of overall financing for NGOs, he said, but noted, "The amount of [EU] money does not satisfy the demand." He referred further questions to the Labor and Social Affairs Ministry.

The Labor and Social Affairs Ministry said it allocated 9.3 billion Kč in the state budget for European Social Fund spending in 2009.

— Naďa Černá contributed to this report.

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Vietnamese worker resists deportation

Ministers at odds over detained migrant's alleged hunger strike

BY CURTIS M. WONG
STAFF WRITER

More than anything in his native Vietnam, Le Kim Tranh worries about facing his parents.
"If I have to go home, my parents will die out of shame," says Tranh, the eldest of three siblings, currently being held in the Poštorná Center for Foreigners near Brno, south Moravia. "They gave me [all the money] they had for me to come here. ... If I return, they stand to lose the house, the garden, everything."

Unfortunately for Tranh, he may not have much say in the matter. Last October, the 26-year-old was one of

five Vietnamese workers ordered to leave the Czech Republic for a year after authorities discovered they had been working here illegally. Though Tranh, who has lived in the country since February 2008, and his four colleagues all had valid work permits at the time of their arrest, it was found that all five had already been working for three weeks before their visas were issued, thus violating the law.

While his four colleagues immediately appealed to the Foreigners' Police and reduced their bans to three months, Tranh said he was unable to appeal within the allotted 10-day period due to illness. On Feb. 5, the Foreigners' Police ruled to expel Tranh from the country for a total of five years on the grounds that he had ignored the earlier ruling.

Now, Tranh says he has taken his case to a different extreme, telling officials he is holding a hunger strike,

refusing to eat unless the latest decision is repealed.

"I'd accept any other punishment," he said. "Just don't send me home."

Though Poštorná officials refute reports of the strike, saying Tranh has been eating regular meals alongside other detainees, his case has nonetheless garnered national attention. Representatives from 15 NGOs have contacted the Interior Ministry to prompt authorities to reconsider, though ministry officials say the decision will be upheld.

"Tranh committed several illegal acts during his stay here in the Czech Republic," said Vladimír Repka, spokesman for the Interior Ministry. "He was working without a valid permit and, moreover, he didn't respect the administrative decision ordering him to leave the country." He noted that Tranh had initially supplied the Foreigners' Police with a false

address, an act for which he received a 2,000 Kč fine.

At a Feb. 8 Cabinet meeting, Human Rights and Minorities Minister Michael Kocáb urged Interior Minister Ivan Langer to reassess the situation. "Czech society should be more open-minded and sensitive to foreigners," Kocáb said. "[Tranh] lives and works thousands of kilometers away from his home. ... In the case of problems, he and his family can be sanctioned back home."

A former employee of Automotive Petex in Hostinné, north Bohemia, where he said he helped produce carpeting and other components for automobiles, Tranh said neither his employers nor the employment agency that placed him in the job indicated that any problems with his working papers existed. Much of the problem, he said, stemmed from shuffling

jobs three times before finally signing a contract at Petex in June 2008, four months after his arrival.

"I was just following orders given to me by my employer and the agency," he said. "They said work, so I worked. ... I had no idea about any of the legal restrictions."

Arrangements to deport Tranh have yet to be finalized. Repka said ministry officials were continuing to review the case at Kocáb's insistence, and that Tranh had yet to explore all of his options to appeal the decision.

"It's important to note that Tranh did not use, and is still not using, all of his rights guaranteed by law. ... His defense counsel has not lodged an appeal," Repka said.

— Xuang Dung Nguyen contributed to this report.

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A ray of hope for Lisbon through the fog of skepticism

By now, the entire European Union appears to have come to terms with the fact that its presiding country is the only member state that has yet to vote on the Lisbon Treaty. Now, a lower house committee's Feb. 13 decision to submit the treaty to the Czech Parliament

for ratification as early as Feb. 18 indicates that the oft-debated EU document is still alive and kicking.

The treaty, which had been stalled for months because a Euroskeptical wing within the governing Civic Democratic Party (ODS) refused to accept the

EURO WATCH

Markéta Hulpachová

inevitable, now appears to have the support of all parliamentary parties except the communists, making it ripe for ratification.

With its EU-wary reputation, the Czech Republic may not be the ideal harbinger of pro-Lisbon diplomacy to renegade Ireland, whose citizens dealt the treaty a near-fatal blow when they rejected it in a June 2008 referendum. But, as a job is a job, and, as EU presidents,

the Czechs paid their fellow EU rebels a dutiful visit Feb. 15. The Irish agreed to hold a second referendum by the end of October if the EU provides them with several guarantees.

Markéta Hulpachová can be reached at mhulpachova@praguepost.com

EUROPEAN
ROUNDUP

News & Notes

RUSSIA ▶ A fire at a hostel in the southern region of Astrakhan claimed at least 15 lives Feb. 15, the BBC reported. Seven more were hospitalized in the wake of the fire, which may have been caused by electric heaters. Some 80 inhabitants had moved back into the building after it had been deemed unsafe and shut down. Survivors were evacuated to a school nearby.

TURKEY ▶ Demonstrators and police clashed in the predominantly Kurdish city of Diyarbakir on the 10th anniversary of the separatist rebel Abdullah Ocalan's arrest Feb. 15, the Associated Press (AP) reported. Of the roughly 1,500 people involved in the riots, 50 were detained and about 20 were injured. Ocalan was a member of the Kurdistan Workers' Party, PKK, which has been fighting for the autonomy of the region since 1984.

GERMANY ▶ The 11-day Berlin Film Festival, which ranks second only to Cannes in size and prestige, wrapped up Feb. 15 after handing its Golden Bear top prize to a Peruvian director for *The Milk of Sorrow*, the AP reported. The film tells the story of a woman born of her mother's rape and beat the top U.S. contender, *The Messenger*, starring Woody Harrelson.

SWITZERLAND ▶ Doubts have arisen over details of an alleged Feb. 9 attack in Zurich initially thought to be racially motivated, the BBC reported. Paula Oliveira, a 26-year-old Brazilian woman who was pregnant with twins, claimed that she was attacked by three local skinheads and subsequently suffered a miscarriage, but a forensic report points to the wounds on her torso and legs being self-inflicted. Local authorities say inquiries continue.

FRANCE ▶ Pakistani citizen Amer Mushtaq Butt was sentenced to 20 years in prison Feb. 13 for setting fire to ex-girlfriend Chahrazad Belayni after she refused to marry him, the BBC reported. Butt poured petrol over Belayni and then set her on fire in the Parisian suburb of Neuilly-sur-Marne in 2005. The case brought attention to violence against women in poor urban Muslim communities in France.

UK ▶ The 61-meter-high monument to the 1666 Great Fire of London reopened Feb. 16 after an 18-month restoration that cost 4.5 million pounds, the AP reported. It was originally built by Sir Christopher Wren in 1677 following a massive fire that destroyed countless houses, businesses and churches as well as St. Paul's Cathedral.

AUSTRIA ▶ Reverend Gerhard Maria Wagner, who had been named auxiliary bishop in Linz, announced Feb. 15 that he will ask Pope Benedict XVI to revoke his nomination, the AP reported. Wagner's statements depicting Hurricane Katrina as a "divine retribution" had previously stirred up controversy. His nomination was one of two recent moves to garner international criticism of the Vatican.

SWEDEN ▶ A landmark file-sharing trial commenced in Stockholm Feb. 16, the AP reported. Media firms such as Sony and Warner Bros. have taken four men who work for file-sharing Web site The Pirate Bay to court. The men are charged with accessory to breaking copyright law and face up to two years in prison.

SPAIN ▶ Officials said more than 20 illegal North African immigrants are missing as of Feb. 16 after a boat accident near the Canary Islands, the BBC reported. The immigrant boat, loaded with up to 28 people, foundered in the waters north of the tourist island of Lanzarote, about 125 kilometers off the coast of Africa. Six of the passengers were rescued from Atlantic tidal waters.

BELGIUM ▶ A new 20 million euro Belgian research station has been opened in Antarctica a few miles north of the Soer Rondane Mountains Feb. 15, the AP reported. The Princess Elisabeth polar science station is the country's return to climate studies after closing its first base 42 years ago. It is completely self-sufficient and eco-friendly.

Weak economy hits rural Bohemia

Villagers struggle to cope as unemployment rate rises nationwide

By WENCY LEUNG
STAFF WRITER

VŠERUBY, WEST BOHEMIA

On a gray winter's day, the village of Všeruby is a bleak, hour-long drive from Plzeň, through fallow, snow-covered fields and small, dreary communities not unlike Všeruby itself.

Here, less than 1 kilometer from the German border, the village's 700 inhabitants live far from the industry and commerce of the Czech Republic's major centers. Since last fall, when the village's main employers in the nearest town of Kdyně began laying off staff, work has been harder than ever to come by.

At the local bar Jana's, owner Jana Šteiglová serves pints of beer to her handful of regular customers and hears their complaints about the dismal economic situation. "It's going from bad to worse," she said, adding that her customers these days "are drinking out of despair."

As the Czech Republic began feeling the effects of the global economic crisis, the Kdynium factory in Kdyně, which manufactures castings for motorcycles and other machinery, laid off a reported 200 workers during the last quarter of 2008. In the same town, Elitex Machinery, s.r.o., which produces textile machines, laid off around 60 employees during the same period.

Those cutbacks may seem tiny in comparison with the Jan. 26 announcement by Prague-based Karlovarský porcelán (KP) that it would lay off around 1,100 employees, or Zlín logging company CE Wood's Jan. 23 announcement that it would lay off 2,000. But, throughout the country, the job losses are adding up, and small communities like Všeruby are suffering from countless tiny cuts.

Dubbed "black January" by local media, last month saw more than 50,000 job losses nationwide, raising



Ivana Čišecká, right, shown with Marie Neubelerová, says their village has "no connection to the world."

MICHAEL HEITMANN/The Prague Post

MAJOR JOB CUTS ANNOUNCED SINCE JANUARY

- ▶ **Jan. 5** Ardo frozen foods producer says it will close its plant in Mochov, central Bohemia, and cut 130 jobs
- ▶ **Jan. 5** Raw-yarn producer Schoeller says it is in insolvency proceedings and cannot pay wages; 550 jobs threatened
- ▶ **Jan. 9** Steelmaker ArcelorMittal Ostrava reportedly plans to dismiss 650 workers
- ▶ **Jan. 21** The country's largest bank, ČSOB, reportedly cuts 600 jobs
- ▶ **Jan. 23** Zlín's CE Wood says it will lay off 2,000-plus staff
- ▶ **Jan. 25** Textile producer Slezan reportedly dismisses around 140 staff
- ▶ **Jan. 25** Otrokovice-based tiremaker Barum Continental cuts around 30 staff
- ▶ **Jan. 26** Prague-based Karlovarský porcelán says it will cut 1,100 staff
- ▶ **Jan. 30** Construction-materials producer Prefa Brno says around 100 staff are without work due to lack of orders
- ▶ **Feb. 2** French car parts maker Faurecia says it will cut 90 employees from its Bakov nad Jizerou plant
- ▶ **Feb. 8** Ostrava steelmaker Evraz Vítkovice Steel says it is shutting down two units, affecting more than 470 staff
- ▶ **Feb. 9** Prague Municipal court declares Sázava glassmaker Sklárný Kavalier, which employs 1,300, bankrupt
- ▶ **Feb. 9** Mexican aluminum parts manufacturer Nemak Europe reportedly cuts production, affecting 400 staff in Most, north Bohemia

Source: Czech News Agency

the unemployment rate from 6 percent to 6.8 percent year on year, according to government figures.

Residents estimate that between one-quarter and one-third of Všeruby's population is now unemployed and living off welfare. The solution for Všeruby's jobless is hardly as simple as finding work further afield, explained Ivana Čišecká, a local gas station attendant. "If you don't have a car, you can't do anything — and it's pretty expensive to have a car," Čišecká said, noting that the area's public bus passes through the village only three to four times a day. "There is no connection to the world."

Villagers had believed that the country's entry into the Schengen zone in December 2007, which eliminated border checks, would bring in more German tourists and create new local job opportunities. Instead, Šteiglová said, a simultaneous spike in the value of the Czech crown over the past year drove the Germans away.

Seeing their earnings dwindle,

the village's Vietnamese merchants packed up their vending stalls late last year and moved out, taking with them any incentive to visit Všeruby for cheap goods.

Even before Schengen, Šteiglová estimates German patrons used to make the short trek across the border to Všeruby three to four times a week. They now visit her pub only once a month or so, she said. "If we were depending on the Germans [for business], we'd have to close down."

Leaving town

With business as slow as it is, Šteiglová said she has been forced to shut her bar two afternoons a week. Besides the handful of locals, "no one is coming here," she said.

Marie Neubelerová, 62, who has lived in Všeruby all her life, said a large local farm and state-owned heavy machinery factories provided work for the entire village during the communist era. Ever since, jobs have been increasingly scarce.

After four generations of making Všeruby their home, Neubelerová's family has now spread out. Her daughter left for a job in Mířnice, about 60 kilometers away, and her son now works in Germany.

When the borders opened in 2007, villagers who were then still gainfully employed didn't think to seize the opportunity to find work in Germany, said resident Václav Schleiss. The ones who did were considered "adventurous types," he said.

Despite Všeruby's bleak economic outlook, Šteiglová's daughter Pavlína, 20, said she is hopeful about her future here. Pavlína, a first-year student at the University of Plzeň, studies German and computer sciences and plans to become a teacher. In her free time, she comes home to Všeruby to help her mother at the bar.

"It's tough with employment here, but I hope to show local people [what I can do] and tell them, 'Either I'll teach your kids or be your mayor,'" Pavlína said. "I like it here. I'd like to stay here."

— Naďa Černá contributed to this report.

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Critics say health fees disadvantage elderly

HEALTH CARE FROM A1

tals in that locality.

Other ČSSD-governed regions are now following suit. The Association of Regions ČR agreed to abolish the fees in regional hospitals that fall under their respective jurisdiction from Feb. 12. According to the agreement, those fees would be entirely covered by regions.

The regional deferral has led to additional conflicts at the national level, with Health Ministry officials green-lighting local insurers' plans to collect fines from hospitals thought to be exempt from their authority.

"Like anything else that pertains to the health sector, it's created a lot of problems," said Kateřina Pancová, director of Kladno Regional Hospital, one of five central Bohemian hospitals awaiting insurance fines. "When a hospital is constantly required to

respond to court subpoenas and legal requests, it takes the focus away from treating our patients. ... Insurers need to know there is no one who unjustly profits from this situation."

In the first weeks since waiving fees for patients at regional hospitals and pharmacies, ČSSD officials have maintained their anti-reform stance.

"Julínek introduced these fees as regulatory aid to prevent healthcare abuse," said Rath, himself a former health minister. "These fees are the biggest burden for people who need health care the most: senior citizens and children." He went on to call the regional fee waiver "a gift," not a violation of insurance laws.

While Rath says the gesture has pleased legions of hospital patients, numerous medical officials felt differently, including many who disagree on whether Julínek's motivation for introducing the fees more than a year

ago was justified.

Despite acknowledging the unpopularity of the reforms, many called the ČSSD's waiving of fees for patients only in regional hospitals and pharmacies "a violation of economic competition," potentially hampering citizens' access to universal health care.

"If a region wants to support a given patient, they have to apply the same rules," said Stanislav Havlíček, president of the Czech Pharmacists' Chamber (ČLK), which lodged a formal complaint Feb. 13 with the European Commission over the approach to the collection of fees.

He noted that patients opted to bypass local pharmacies in favor of regional government-run locations in an effort to avoid the fees, leading to an unprecedented spike in the number of customers regionally.

Officials at nonregional hospi-

tals with fees agreed, saying ČSSD authorities had wrongfully appropriated the cause for political gain.

"These fees are the same as any other part of the hospital's income," said Jaromír Morávek, spokesman for Prague Motol Hospital, before noting that support of the fees had yet to affect the number of incoming patients. "Unfortunately, it's gone from a health issue to a political one."

Authorities in regional hospitals where fees have been waived said such charges hampered patients' access to quality health care, particularly for elderly patients with frequent doctors' visits. "Everyone should have the same resources and options in terms of receiving medical attention," Pancová said, noting that requests for prescriptions have increased 250 percent this month.

Health Ministry officials support the overall reform, calling it a

resounding success. "Thanks to the money saved, patients were able to get treatment comparable with [West European] standards for the first time last year," said Health Ministry spokesman David Pfišedom before noting that more than 5 billion Kč was collected in 2008.

Though coalition deputies have voiced their disapproval of abolishing patient fees altogether, a new amendment exempting pensioners and minors from the fee requirement passed in the Chamber of Deputies Feb. 11 and awaits Senate approval. The amendment would also lower senior and minor patients' maximum annual fees from 5,000 Kč to 2,500 Kč.

— Sarah Boruška and Naďa Černá contributed to this report.

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BY AVIEZER TUCKER

The recent death of Czech architect Jan Kaplický has renewed the debate about his controversial plan for a new building for the National Library in Prague. Supporters of the futuristic "Blob" design that won a 2007 competition, but which was blocked and then canceled by politicians associated with the Civic Democratic Party (ODS), present now the design of the library as Kaplický's legacy to his nation, a vision that should become a reality after the famous architect's death. They blame Czech aesthetic provincialism and pettiness for rejecting the avant-garde design. Library supporters proved their popularity in a recent demonstration on Old Town Square, attended by Foreign Affairs Minister Karel Schwarzenberg and other celebrities.

However, libraries are about making books and journals available to readers. Without books and journals, there is no need for a building. An old or cheap and ugly building on the outskirts of Prague could serve as an excellent library if it can obtain the books and journals and make them available to readers.

The National Library that also serves as the library of Prague's Charles University practically stopped purchasing foreign printed books and journals during the totalitarian era, and has not resumed acquiring them. Part of the reason is financial. The best American university libraries spend about \$10 million annually on purchasing practically everything that is published that year. Admittedly, \$10 million is a lot of money for a country that has still not overcome the legacies of socialism and is still among the poorer European Union member states. But, as a percentage of the state's budget, such a sum is hardly significant. The Czech state spends much more money on, say, military procurements. Why does a nation that is basically pacifist need a tank force? Well, a state should have an army, and NATO requires of its members to spend a certain percentage of their budget on procuring NATO-grade weapons. NATO membership is essential for the Czech "return to Europe" and integration in the West. These are all valid arguments. But this is just as true for purchasing books and journals. Intellectual integration in Europe required access to Western scholarship and science. A civilized nation should have a well-stocked national library.

A larger library would require more space than is currently available at the beautiful Baroque buildings of the Klementinum, but any cheap and functional, even ugly, structure can house books, as long as it can maintain a suitable climate and easy accessibility to the shelved books. Access to contemporary and recent journals usually no longer requires shelves or buildings because they are digitized. Libraries purchase subscriptions to digital library services that rent selections of journals much like cable companies. Readers can then access these journals from their home computers via the Internet.

Under communism, libraries were repositories of knowledge rather than providers of information. Materials were not cataloged, and staff was untrained and poorly paid. Cataloging systems were neither efficient nor user-friendly. Libraries had no open shelves, and manual systems of retrieval were inefficient. Books were

spread over many specialist libraries without central management or cataloging. Though cataloging has been digitizing and much improved more than a decade ago through a large grant from the Mellon Foundation, it did not make the books necessarily available because the National Library has a large section of "archived" books that are not to be touched but merely deposited. This section includes more than Czech printed books that are deposited for copyright purposes. For example, a recent edition of Max Brod's biography of Kafka in German that is cataloged is not available because it is "archived." When looking for a book that was printed in Bohemia in the 17th century, I was directed to a beautifully handwritten catalog from the 19th century. That catalog listed the book, which established that it existed in the collections then. Where is the book today? Where has it been during the

past 100 years? Who knows!

During the 1990s, several philanthropic organizations were involved in organizing book donations to what used to be Eastern Europe — to both university and national libraries. However, donated used books were often those that Western donors did not need, frequently because they were outdated. Also, not everything that was donated actually reached potential readers. Some donated books were stolen, destroyed by academics who could not read them or hoarded in departmental or institutional libraries as trophies not to be touched or used. Other books languished uncataloged because there were not enough librarians to catalog them, or because the librarians were too lazy to do so. These donations dried up during the last decade, so Czechs must take responsibility for their own libraries now.

Despite the political and social upheavals,



BOOKS not buildings

Czech provincialism shows not in opposition to modern architecture, but by not tapping into world class literature

An immigration system in need of reform

POSTVIEW

Is Vietnamese immigrant Le Kim Tranh really on a hunger strike? Without sitting at his side 24 hours a day, it's impossible to know, as conflicting reports are filtering out of the Poštorná Center for Foreigners, where he's being held. Tranh says he's on a bare-survival regimen, but officials at the center insist he's a regular in the dining hall. (See story, page A2.)

Either way, the very idea of a prisoner refusing to eat conjures up a host of bad associations, most recently from the Guantánamo Bay Detention Camp in Cuba, where the United States has held prisoners classified as "enemy combatants" for the past eight and a half years, stripped of all legal rights. The international shame and embarrassment of the camp is such that U.S. President Barack Obama, as one of his first official acts in office, signed an Executive Order to close the facility within the year.

Obviously, Poštorná is not Gitmo. But the approach to dealing with unwanted or troublesome foreigners is disturbingly familiar, and, in the case of Vietnamese stranded in the Czech Republic, seems particularly cruel. As two Vietnamese students explained in an essay on this page two weeks ago, many of their countrymen are lured here with promises of employment and generous wages that they can send back to impoverished family members.

Some sell everything they have to pay the exorbitant fees that unscrupulous agencies charge, then are stranded with literally nothing when they arrive, as all the promises turn out to be false.

In Tranh's case, he was actually working. The problem, according to the Interior Ministry, is that part of the time he was working without a proper visa.

Tranh may have violated the letter of the law. But, from our experience struggling to keep a staff of foreigners working legally in this country, we know how confusing and frustrating that process can be. Even with trained locals helping secure and file all the necessary forms, it is quite frankly impossible to perfectly fulfill every requirement — which can change, depending on who is sitting behind the counter at the Foreigners' Police office any given day and how amenable or grumpy that person is feeling.

The situation became nightmarish when the Czech Republic joined the Schengen zone last year. Suddenly, foreigners without

valid work visas had to leave the country after 90 days — and go to a non-Schengen country for another 90 days before they could return. But the Czech government refused to process visa applications in less than 120 days, creating an impossible Catch-22.

When American officials then working at the embassy went to the Interior Ministry to complain, the response they got was essentially: We know these new rules are impossible. But we're not going out and arresting anybody for violating them. What are you worried about?

That's been largely true for Americans, but obviously not for other foreigners. The latest Czech answer is simply to get rid of them, either by deportation or giving them a free plane ticket home. But, for the many Vietnamese who have nothing to go back to, that's not a viable or humane option.

We're not suggesting that the Vietnamese, or any group of foreigners, are blameless. But, if the Czech government wants a perfectly legal immigrant population, then it has to set clear and reasonable rules, and enforce them uniformly and even-handedly. With the current system so full of brain-twisting regulations, loopholes and irregularities, it invites and creates situations like Tranh's.

And ultimately, that serves no one's interest.

disruptions and discontinuities of the 20th century, most notably totalitarianism, in certain respects the cultural map of Europe that was established in the 18th century has been maintained. The most telling contemporary indicators of the frontiers of the 18th-century Enlightenment are the contents of libraries. All European copyright libraries and main university libraries make available virtually all locally, recently published books and journals. The borders of the Enlightenment matter when one looks for foreign printed books in foreign languages. Where the Enlightenment reigned — in Western and Northern Europe — libraries purchased knowledge from abroad. The easternmost decent research library in Europe is the State Library in Berlin (STABI), the eastern frontier of the Enlightenment. Where the Enlightenment never took hold, foreign books are just that: foreign, purchased by the privileged few for personal use.

For example, the Austrian National Library is housed today in what used to be the Viennese palace of the Habsburgs (also notable for Hitler's appearance there after the Anschluss to greet the crowds). As a copyrights library, it houses all the books published in Austria, but there are hardly any contemporary books in foreign languages. The Viennese educational bureaucracy still finds foreign books as challenging or as irrelevant as their more recent post-totalitarian East European colleagues. Austria is a wealthy country. Surely, the reason for avoiding foreign books is not constraints on the national budget.

Since scientific, academic and otherwise specialized literature often cannot be translated into various vernaculars, as there is insufficient market for them, it is usually published in the English language and then read universally. The absence of universal research libraries that make such literature available plays a decisive role in maintaining the isolation and consequent backwardness of post-totalitarian education institutes, and Austria finds itself in this group. Successful transition to democracy, free markets and thriving capitalism are not sufficient conditions for generating world class institutions of higher education because without foreign books, there can be no world class education and culture remains provincial.

East-Central European libraries and academic systems reflect the mutually reinforcing effects of the Counter-Enlightenment, nationalism and then 50 years of almost uninterrupted totalitarianism, which considered foreign-made knowledge an enemy and education as a means for controlling social mobility. This is another legacy of totalitarianism yet to be overcome in the Czech Republic.

The whole debate about the building of the National Library in Prague is symptomatic of this provincial approach. The debate is about the shell of knowledge, not its content; about a depository for books rather than about a library.

The writer is the author of The Philosophy and Politics of Czech Dissidence: From Patočka to Havel and is completing a book titled The Legacies of Totalitarianism: A Political Theory of Post-Totalitarianism. He formerly taught at Palacký University in Olomouc and has held research fellowships at Central European University, Columbia University, New York University and Australian National University.

LETTERS TO THE EDITOR

Selected from e-mail, Web site comments and mail

Middle East peace

The conflict needs to be put into perspective ("NGO plans hospital in Gaza," News, Feb. 11-17). I'll use California as an example, as that's where I am. What if Britain had agreed to give half of California to the Zionists so they could establish a "Jewish State" there? Would Californians have agreed to the UN partitioning their land? What if they didn't, and the Zionists took it by force anyway? What if, when you resisted, you were bombed by an advanced military, and then labeled as "terrorists" for fighting back? What if the world sat back and just let it happen? The high mountain desert where I am would be our West Bank, and Los Angeles our Gaza Strip. How do you explain sanctions and occupation to your kids? What if a nation like America funded and supported it? What about displaced people from San Francisco, Sacramento, etc., do they ever get to go home? Who would your kids blame for all of the undue hardships in their lives? I wish for the best for the Jewish people, but not at the expense of someone else.

James Hovland
Indian Valley, California

The entities in Gaza have their hand on the spigot; should they want a peaceful co-existence with their neighbor, open borders, jobs in Israel, political and economic viability, they should stop sending human bombs to kill innocent civilians; they should stop hurling rockets on civilians.

Should they not want a peaceful coexistence, they know exactly how to accomplish such: Stop the rockets = Peace. Hurl rockets = War.

Jaroslav Polivka
Tucson, Arizona

Money talk

Good article ("Crown swings back to weaker levels," Business, Feb. 11-17). I am beginning to return to *The Prague Post*. This is encouraging. I had stopped buying it; [I felt it] too biased to the American value system.

John Noonan
Prague

Diplomacy

These are interesting Neo-Kennan views on the need to question all delusions, from politics to defense, from "conservative" to "progressive" taboos ("An end to embassies," Opinion, Feb. 11-17).

Of course, bureaucracies grow as self-justified Leviathans. Of course, one of the elements of diplomacy is bureaucracy. Of course, bureaucracy's province can border paranoia.

But one can argue, as you do indirectly when mentioning "public diplomacy," that there is an alternative to pure extinction of the diplomatic "profession."

This alternative includes a series of options, including reform, reduction, accountability, periodical review, flexibility, self-criticism, sophistication, capacity to improve continuously, application of lessons learned, common sense and realism.

Is diplomacy profession, art, service or old fashioned patriotism?

Nuno Rogeiro
Lisbon

Comments posted at www.praguepost.com are considered approved for publication. Letters, which should include the writer's name and location, are subject to editing for length or style. Brief letters are preferred.

BIZWEEK

News & Notes

HOMES > Homebuilding dropped 19.1 percent year on year in the fourth quarter of 2008 with a total of 9,600 homes starting to be built. A total of 38,383 dwellings were completed in 2008, down 7.8 percent from the year before, according to data released by the Czech Statistical Office Feb. 16. The majority of real estate companies are seeing declines in demand ranging from 20 percent to 30 percent.

ENERGY > J&T investment bank and financial group PPF formally announced the creation of their joint holding company for J&T's energy and industrial assets. The merger will create the country's second-largest energy company in revenue behind ČEZ. J&T's revenue from the deal will amount to between 12 billion Kč (\$543.7 million) and 13 billion Kč, according to a company spokesperson, including 6 billion Kč from PPF for a 40 percent stake in the company.

AUTO > New-car prices have sunk to record lows, although analysts don't expect the discounts to last. A VW Golf cost 38 average monthly salaries in April 1997 (414,000 Kč) but now costs just 16 monthly salaries (359,900 Kč). Peugeot has also cut the price of its 607 Titane model by 415,800 Kč to 842,900 Kč.

ČEZ > The largest power company in the Czech Republic, ČEZ, has canceled 10 percent of its shares, bringing the state's stake in the company up 7 percent to a 70 percent ownership as of Feb. 12. The cut in share capital canceled 54 million shares in the Register of Companies, the company announced. The company will consider a further share buyout as share values on the exchange are favorable.

TENDER > Delta and China Airlines will not participate in the tender for privatizing Czech Airlines (ČSA), the companies told the Czech News Agency Feb. 13. Both companies were part of speculation over which airlines have been interested in buying state-owned ČSA. The only company so far to confirm interest has been Russia's Aeroflot. The tender was put up by the Finance Ministry Feb. 5, and companies may submit bids until March 23.

DEPARTURE > Unipetrol Chief Executive Francois Vleugels resigned effective immediately Feb. 13 and was replaced by Krzysztof Urbanowicz. Unipetrol would not give a reason for Vleugels' departure. Urbanowicz was managing director at insulation manufacturer URSA for Central and Eastern Europe from 2003 to 2007 and has been in private business in the interim.

SUV > ŠKODA Auto will release a compact SUV sooner than planned to combat the company's decline in sales. The Škoda Yeti was originally going to be launched in September but will now be unveiled at a Geneva showroom at the beginning of March. The company expects the new model, a first for the company, will attract customers and boost sales. The vehicle is expected to be available in the Czech Republic this summer.

PENSIONS > Labor and Social Affairs Minister Petr Nečas proposed a system for allowing taxpayers to allocate 4 percent of their 28 percent social security tax to a private pension fund when they contribute an extra 2 percentage points. An outline of the opt-out law will be submitted in July, but opposition party ČSSD called the plan shortsighted and "cynical" given the current economic crisis.



EYES ON GERMANY

The German stimulus package could do more for the Czech Republic than any domestic fiscal policy

BY STEPHAN DELBOS
 STAFF WRITER

The Finance Ministry is hoping a broad new German stimulus package will bolster the Czech auto industry and export-driven economy.

The German Parliament voted to approve a 51 billion euro (\$65.8 billion/1.5 trillion Kč) stimulus package Feb. 13, bringing the total for two stimulus packages passed since November to 82 billion euros, or 1.6 percent of German gross domestic product. The new two-year package, which will put 18 billion euros toward infrastructure and education, will also include tax breaks, decrease healthcare payments and provide individual stimulus checks such as 100 euros per child for families and 2,500 euros toward the purchase of a new car.

Germany's GDP growth fell by almost half in 2008 to 1.3 percent and is expected to plummet further in 2009. The newest stimulus package proposes both short- and long-term solutions for the struggling economy of the Czech Republic's largest trading partner, said Jeanette Schwamberger, spokeswoman for international finance

See **STIMULUS** on Page **A7**

The CDU party of German Chancellor Merkel worked with Germany's Social Democrats and the CSU to create the package.

ISIFA

Deficit may threaten euro timeline

Topolánek says Maastricht criteria should be loosened

BY STEPHAN DELBOS
 STAFF WRITER

Banks and economic institutions have proposed a variety of figures for 2009 gross domestic product growth, but all agree that the public finance deficit will be above 3 percent of GDP, which could delay transition to the eurozone.

The European Commission's January prediction of 1.7 GDP growth for the Czech Republic in 2009 seems acutely optimistic since the Czech National Bank (CNB) announced Feb. 7 its prediction of 0.3 percent growth. Analysts at Goldman Sachs predict a further growth contraction to -0.9 percent. But analysts from all three institutions believe the Czech public finance

deficit will rise above 3 percent of GDP, a figure which would disqualify the Czech Republic from entering ERM II, a two-year stage of economic monitoring required by the Maastricht criteria for euro adoption.

Prime Minister Mirek Topolánek told Slovak Television Feb. 15 that he predicted a "big discussion" about loosening the Maastricht criteria in light of the economic crisis. However, many analysts are skeptical the European Commission would be willing to set such a precedent.

"I haven't seen any policymaker within the European Central Bank, including the governing council members, who has advocated a loosening of the criteria," said one Brussels insider who declined to be identified, citing EU protocol on speaking with news media.

Analysts in Prague point to increased spending for fiscal stimulus as the main culprit behind the increased deficit, and say that economic difficulties in 2009 will do little to affect the

country's long-term progress through the Maastricht program.

"Policymakers are confronted with an economy that's rapidly slowing down, so they're throwing money on it," said Martin Lobotka, analyst at Česká spořitelna. "That money needs to come from someplace, and it can't be taxes. But breaking the criteria doesn't matter for us this year because we aren't locked in yet," he added.

The earliest likely date the Czech Republic could enter the eurozone is 2013, according to Vladimír Dlouhý of the National Economic Council (NERV), who added that the Czech economy remains sound despite gloomy predictions.

"We score some negative points because we are grouped with other countries in the [CEE] region, but the general macroeconomic parameters for the Czech Republic are very favorable," Dlouhý said.

Stephan Delbos can be reached at sdelbos@praguepost.com

Cabinet passes stimulus package

The measures total 1.9 percent of the Czech Republic's GDP

BY CLAIRE COMPTON
 STAFF WRITER

The Czech Cabinet approved a stimulus package Feb. 16 and passed the initiative to Parliament the following day. The package, comprised of recommendations from the National Economic Council (NERV), has total direct expenditures that amount to 1.9 percent of the gross domestic product, roughly 70 billion Kč (\$3.2 billion), Prime Minister Mirek Topolánek announced Feb. 16. The package invests nearly 50 percent more than the EU's suggestion of 1.2 percent of a country's GDP.

The measures include a cut in social insurance contributions, faster write-offs and an exemption of income-tax prepayments for companies that employ five people or fewer — short-term solutions meant to boost employment and keep jobs in place. Topolánek said the social insurance cuts could save 50,000 to 70,000 jobs.

"The aim of all the measures is to stimulate higher employment than the economy needs at the moment. At the same time, we want to reduce the potential growth in costs of various social and unemployment benefits," he said.

The measures will kick the public deficit well above 3 percent this year, said NERV council member Miroslav Zámečník, adding that the stimulus package is only adding to what was an already hugely expansionary budget that had been drafted with an expectation of economic growth exceeding 4 percent.

"The Czechs probably have a stimulus on par with Germany — certainly with Austria — because Parliament approved a budget based on plus 4 percent growth. If we have a recession of -1 percent growth, there's automatically a huge differential," he said.

The difference with the Czech bill is that the country "didn't put one crown" into the banking sector, as opposed to the huge banking sector bailouts that make up most of other country's packages. That difference left a huge amount of money remaining for "real sector" measures, primarily tax cuts, Zámečník added.

The tax cuts, meant as temporary short-term solutions, include at their broadest a drop in social insurance contributions from employers until 2011, up to 1.15 times the amount of the gross wage, which will have a total impact on the budget of 18 billion Kč. Small businesses, ones that employ five or less, will be exempt from prepaying income tax in 2009, freeing up cash for other activities. A shortening of the write-off period from three years to one year will be in effect only until June 30, 2010.

"Most of it is very focused on the short term, except for education and science measures, where the payback is much longer. It's actually an attempt to kick-start the overhaul of the education system and introduce a new way to assess its quality and performance," Zámečník said.

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↑ **EURO**
29.1 Kč = €1.00
 Euro cash middle rate, February 16 (CNB)

↑ **DOLLAR**
22.8 Kč = \$1.00
 US\$ cash middle rate, February 16 (CNB)

↓ **PX-50 STOCK INDEX**
Fell to 699.0
 Close, February 16

INSIDE
 For stocks and currencies, see **A6**

Renewable energy explored in Liberec

ČEZ considers geothermal plant to provide renewable, if small, source of energy

By STEPHAN DELBOS
STAFF WRITER

Plans for the Czech Republic's first geothermal power plant, to be built in Liberec, north Bohemia, is a small but necessary step for the country's goal to increase reliance on renewable energy, say those connected with the project.

ČEZ, the Czech Republic's largest power company, has issued a 250 million Kč (\$11.3 million) tender for an exploratory dig to determine Liberec's geologic suitability for the proposed geothermal power plant, which has a total estimated cost of 1 billion Kč.

If conditions prove favorable, the plant would provide heating and electricity for about half the city of Liberec through a relatively clean process that harnesses the earth's heat through pipelines drilled several kilometers underground.

The plant would only contribute about 0.3 percent to overall Czech energy production but is a step in the right direction in a country whose renewable energy sources are geographically limited, said Jakub Kašpar, a spokesman for the Environment Ministry.

"Geothermal energy can help diversify the portfolio of energy resources within the Czech Republic," he said. "We have no more capacity for large hydroelectric plants, so it doesn't make sense to compare the two types of renewable energy."

The Czech Republic has pledged to meet



The Czech Republic's first geothermal plant, similar to Iceland's Nesjavellir plant, above, would power half the city of Liberec.

a target of 13 percent reliance on renewable energy sources by 2020, a number set by the European Commission in January 2008. Renewable sources such as wind and hydroelectric power make up 5 percent to 6 percent of energy production in a country powered mostly by coal, according to statistics from the Industry and Trade

Ministry. The geothermal plant is only one part of Czech efforts to increase renewable energy production, which will include 4.5 billion Kč in spending from ČEZ, two-thirds of which is earmarked for developing wind capacity.

"It definitely makes sense to build [a geothermal] plant, but we cannot consider it the

solution," said Tomáš Bartovský, spokesman for the Industry and Trade Ministry.

Once built, the geothermal plant could produce power for 20 to 40 years before the temperature of outflow drops and the well loses economic viability. The startup costs for geothermal power are higher than other energy sources, but, once the plants are operating at

full capacity, they run more cheaply and are more easily maintained than nuclear plants, whose maintenance costs have increased 50 percent to 100 percent over the past three years, said Martin Schreier, a communication manager for renewable resources at ČEZ.

"Initial investment intensity of geothermal power would be 240,000 Kč per installed kWe due to insurance expense, and, with a 2 percent yearly decrease, the cost stagnates at 150,000 Kč," he said, adding that, once the plant has outlived its usefulness, the area would be returned to its natural state. "In the case of the geothermal plant, we'd fill the holes and transport the facilities elsewhere."

The plans for the plant are still in the initial stages, and the final decision whether the plant will be built in Liberec depends on the results of an exploratory dig in the area. ČEZ's tender ends March 16, but a complete geological survey could take up to four years, ČEZ spokeswoman Eva Nováková told energy Web site Platts Feb. 9.

Environmental and energy experts agree that geothermal power is a promising, if limited, source of renewable energy. It is unlikely that the Czech Republic will come close to matching Iceland, which has five major geothermal plants producing 26 percent of the country's energy, but supporters of the project say the benefits of geothermal energy outweigh the drawbacks.

"It's up to ČEZ to decide if it's viable or not," said Bartovský. "But if the survey shows it's worth it, let's do it."

— Shariffa Abdulrehman contributed to this report.

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Czechs call March summit

Protectionism during crisis raises EU fears

By CLAIRE COMPTON
STAFF WRITER

In navigating their respective economic woes, EU member states are still trying to strike a balance between creating a concerted solution to the crisis and protecting their own industries, even if it comes at a cost to neighboring countries.

Accusations of protectionism were lobbed last week after French President Nicolas Sarkozy said French car manufacturers should move production back into France, provoking the ire of and an immediate response from Czech Prime Minister Mirek Topolánek. The Czech reaction was doubly defensive,

not only because the country profits from hosting French car manufacturers, but also because, as the current seat of the EU presidency, it is trying to enforce unity during troubled times. Sarkozy quickly backed off from the suggestion, but Topolánek has nonetheless called for an extraordinary March 1 EU summit on anti-crisis measures, during which he said the Czech Republic would like to hear a clear "no" to protectionism from other states. Beyond the auto industry, Czechs are concerned that individual countries are pouring too much money into domestic financial stimulus packages.

"The European economy is so interlinked that we cannot afford such protectionism," he said Feb. 15 on Slovak Television.

The danger in protectionism is that it can often offer perceived

benefits in the short term, even though it creates deeper economic woes both domestically and abroad in the medium and long term, said Nicolas Veron, a resident scholar at the Bruegel think tank in Brussels. The new growth that is spurred by industry restructuring is painless during times of economic growth, but, during the crisis, it can become unpopular to avoid protectionist measures, he added.

"It's very painful and politically very difficult to defend," he said, especially as governments are under enormous pressure to preserve as many jobs as possible, even if doing so "comes at the expense of economic competitiveness."

"Protectionism is a negative sums game," he added.

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MARKET AT A GLANCE



PX-50 INDEX

FEBRUARY 16, 2009

COMPANY	SECTOR	16/2/2009	MIN.	MAX.	09/2/09
TELEFÓNICA O2 CR	telecom	392.3	336.0	533.8	422.8
CETV	media	200.1	186.1	1,753.0	202.0
ČEZ	energy	674.8	580.5	1,387.0	714.8
ERSTE GROUP BANK	banking	260.0	260.0	1,254.0	319.0
KOMERČNÍ BANKA	banking	2,020.0	2,020.0	4,475.0	2,275.0
ORCO	real estate	186.6	137.9	1,765.0	197.5
PARAMO	chemicals	1,017.0	985.0	1,399.0	1,017.0
PHILIP MORRIS ČR	tobacco	6,171.0	3,765.0	7,299.0	6,090.0
ECM	real estate	222.5	209.1	914.0	215.1
PEGAS NONWOVENS	textiles	254.5	176.3	664.6	242.5
UNIPETROL	chemicals	126.1	105.5	294.4	128.2
ZENTIVA	pharmaceuticals	1,128.0	807.5	1,152.0	1,139.0
NWR	coal	78.3	61.2	622.1	79.3

PX-50 INDEX BASE

FEBRUARY 16, 2009

COMPANY	MARKET CAPITALIZATION (MIL. Kč)	WEIGHT
ČEZ	142,121.5	26.43
TELEFÓNICA O2 CR	126,355.9	23.49
ERSTE GROUP BANK	82,423.3	15.33
KOMERČNÍ BANKA	76,779.9	14.28
ZENTIVA	43,017.7	8.00
UNIPETROL	22,857.2	4.26
NWR	20,655.5	3.84
PHILIP MORRIS ČR	11,809.4	2.20
PEGAS NONWOVENS	2,348.9	0.44
ORCO	2,041.7	0.38
CETV	2,033.3	0.38
ECM	1,001.8	0.19
AAA	521.1	0.10

SHARE INDEXES

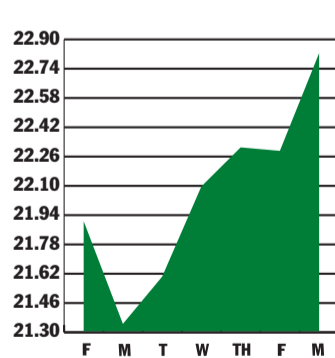
FEBRUARY 16, 2009

EXCHANGE	INDEX	CLOSE	%CHANGE
Russia	RTSI\$	609.30	7.10%
Romania	BET 10	2,068.20	-9.40%
Slovenia	SBI	3,888.70	-1.10%
Poland	WIG	24,789.80	-6.90%
Croatia	CROBEX	1,559.10	-7.70%
Hungary	BUX	11,437.80	-5.10%

DOLLAR 7-DAY HISTORY

Kč/Dollar 7-Day Range

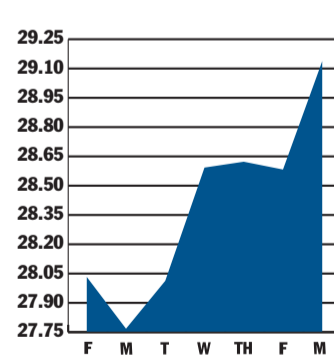
HIGH 22.82 LOW 21.34



EURO 7-DAY HISTORY

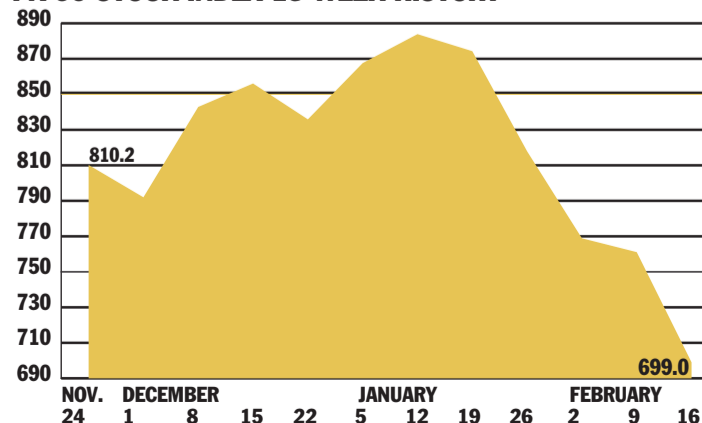
Kč/Euro 7-Day Range

HIGH 29.14 LOW 27.77



3 months ago 6 months ago 1 year ago 3 months ago 6 months ago 1 year ago
20.0 16.6 17.2 25.4 24.5 25.2

PX-50 STOCK INDEX 13-WEEK HISTORY



EXCHANGE RATES

FEBRUARY 16, 2009

COUNTRY	CURRENCY	RATE	CHANGE
US	\$1.00	22.82	6.90%
Australia	1 AUD	14.84	3.00%
Canada	1 CAD	18.31	5.30%
Denmark	1 DKK	3.91	5.00%
Hungary	100 HUF	9.62	0.00%
Japan	100 Yen	24.85	7.00%
Norway	1 NOK	3.31	3.30%
Poland	1 Zloty	6.08	-2.00%
Sweden	1 SEK	2.67	0.30%
Switzerland	1 CHF	19.56	6.10%
UK	1 £	32.56	2.20%
EMU	1 Euro	29.14	4.90%

VITAL STATISTICS

The Prague Stock Exchange hit a five-year low Feb. 16, falling to **699**, down **62** points from last week's close of **761.1**, a **8.1** percent drop. Analysts blamed the steep decline on investor flight due to the depreciation of the crown, while bank shares continued to post big losses.

Off-exchange stock market RM-System closed at **1,700.07** Feb. 16, a **3.94** percent decrease and a **69.71** point drop from its close of **1769.78** a week before.

WINNERS/LOSERS

FEBRUARY 16, 2009

COMPANY	CHANGE
PEGAS NONWOVENS	5.00%
ECM	3.40%
PHILIP MORRIS ČR	1.00%

BIGGEST DECLINES BY PERCENT

ERSTE GROUP BANK	-18.50%
KOMERČNÍ BANKA	-11.20%
TELEFÓNICA O2 CR	-7.00%
ČEZ	-5.60%

HIGHEST VOLUME COMPANIES

IN MILLIONS Kč	
ČEZ	1,094.57
ZENTIVA	216.30
TELEFÓNICA O2 CR	144.13
KOMERČNÍ BANKA	143.15

Czech fuel prices gained again this week as gasoline added **62** hellers to close at **24.64** Kč per liter, and diesel added **50** hellers to close at **24.89** Kč per liter.

Package designed with EU in mind

STIMULUS FROM A5

at the German Finance Ministry.

"No one can eliminate all recessionary tendencies, but the package was aimed at softening the recession," she said. "It was the aim to get a short-term, timely stimulus, but also important that the measures would enhance our long-term economic development."

Finance Minister Miroslav Kalousek has indicated the importance of a successful German package, telling Czech economic weekly *Ekonom* that efforts to promote the German domestic market were "much more important for us than some kinds of packages to boost consumption in the Czech Republic." Any effort to boost the German economy, which accounts for 30 percent of Czech exports, will have significant, if not immediate, effects on the Czech Republic. But the bonus check for new-car buyers is proving to be the biggest and most immediate boon to the Czech economy and the ailing car industry, which relies heavily on Germany, said Karel Potměšil, an auto industry analyst at Cyrus.

"Germany is the biggest market for Škoda, which sold more than 120,000 cars there last year — twice as many than in the Czech Republic," he said.

As a result of increased German demand, Škoda Auto has resumed a five-day workweek for manufacturers of the Fabia, a compact car. Škoda predicts a demand of 18,000 cars in Germany of mostly smaller models. There is no guarantee that German new-car buyers will choose Škoda over other European brands, but the 2,500 euro limit of the bonus check will limit many German households to a selection of smaller cars such as the Fabia. And the positive effects of increased auto sales won't be limited to large car manufacturers like Škoda.

"These incentives can really help not only Škoda and Hyundai, but Czech parts suppliers as well," said Jiří Kyncl, a spokesman for the Automotive Industry Association. "Every car in Europe has something from the Czech Republic."

The effects of Germany's stimulus package will also extend beyond the auto industry, as Germany accounts for more than 25 percent of foreign direct investment (FDI) in the Czech Republic. According to statistics from the German-Czech Chamber of Commerce and Industry, 70 percent of Czech export companies are under foreign control, and most of these companies are German-owned. Two German-owned banks, Commerzbank and Landesbank Baden-Württemberg, have branches in the Czech Republic. The German domestic economy is the immediate focus of the stimulus package, but secondary effects are certain to trickle throughout the Czech Republic, said Sebastian Holtgrewe, a spokesman for the chamber, who called German companies "the most important investors in the Czech Republic."

"All German companies, especially the bigger ones, are closely connected with their mother company. If the mother is doing better, that could only help the Czech branches, too," Holtgrewe said.

The most immediate effects of the German stimulus on the Czech economy will also be the most ephemeral. Analysts expect an initial spike in Fabia sales, but say that won't be enough to boost the auto industry for long. The lasting effects of a successful German package won't be visible on the Czech market until the second half of 2009, as economic confidence improves, freeing up the loan market and leading to an increase of both domestic consumption and exports, said Luboš Mokráš, a European analyst at Česká spořitelna.

"In the short term, the Czech economy will continue to struggle, especially with low demand," he said. "In the case of a successful stimulation, when confidence improves, it should support economic demand."

The international effects of the German package come at a time when many European economies are contemplating a turn inward toward protectionism. According to Schwamberger, when designing the stimulus package, the Social Democrats, Chancellor Angela Merkel's Christian Democratic Union (CDU) and the sister party Christian Social Union (CSU) were careful to keep the EU economy in mind. Such economic considerations should prove beneficial both for Germany and other countries in Europe.

"Germany is well aware that nearly half of its GDP comes from economic relations with other countries," Schwamberger said. "We didn't focus our measures only on the national economy, because everybody has to be part of the EU program — and the world."

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Left: Jan Valdinger of Fairway, British Ambassador Linda Duffield and Lenka Dostálková of the British Chamber of Commerce join in a performance by the Original Rhythm Team. **Right:** Ariel Green of Prague Adventures hazards a guess at the animal sounds game, in which tables competed in matching the calls of the wild with the species.



Darwin's bicentennial blowout

British Chamber of Commerce honors scientist's 200th birthday with an exotic celebration

It's been 200 years since the birth of Charles Darwin, the man who took a trip around the world and came back with a theory of evolution. In celebration of one of Britain's most famed scientists, the British Chamber of Commerce held a gala for members at Sacré Coeur and enjoyed exotic entertainment one might expect in the Galapagos. The sold-out event hosted 150 and included Ambassador Linda Duffield.



Left: Hynek Sagan of Armax Oil collects his raffle prize from the chamber of commerce team. **Center:** Brendan Donnellan of Best Communication revels in his raffle prize, the proceeds of which benefited the Prague Botanical Gardens. **Right:** Blanka Šedivcová, Robert Šedivec of PNO Consultants and Petra Ondrušová of HSBC.



Ambassador Linda Duffield opened the evening with remarks with the chamber's executive director, Simon Rawlence. **COURTESY PHOTOS**



Looser employment contracts shot down

Gov't rejects NERV's plan to expand Švarc system regulating self-employment

BY BIBIÁNA DUHÁROVÁ
STAFF WRITER

The array of proposals being considered as solutions for the crisis in the employment sector stirred heated discussion between the private and public sectors last week after the National Economic Council (NERV) released a 32-point plan. Within days, one of the suggestions to temper the growing unemployment rate was first supported by government leaders then discarded in an abrupt about-face.

The point of contention was the Švarc system, which is based on "trade certificates" and provides an alternative to a full-time employment contract. Workers under the system are classified as self-employed workers, easing the tax burdens on the employer. The move was meant to create additional jobs and allow employers to hire more people.

While the system already exists, under its current incarnation, the number and type of employees in a company that can be on the contract are capped. In the majority of cases, the system is not completely legal as it is being used by companies, but the practice has become widespread, as Labor and Social Affairs Minister Petr Nečas admitted. Controlling and regulating the system has been beyond the scope of the state, he added.

"I am personally more for the legalization of the Švarc system, simply because it is already a common practice today, and it is almost impossible to control," Nečas told

the daily *Hospodářské noviny* Feb. 10. "At this point, it would work as a precautionary measure until 2011. The permission to use trade certificates would be time-limited so that we can see how it affects the state budget."

Nečas added that his opinion would most likely outrage unions and Social Democrats, and it has, indeed, as several representatives publicly denounced the proposal soon after. Unions were the most vocal in their reaction to NERV's suggestions, specifically the broadening of the Švarc system.

"This is an example of how our government works. They draw these ideas out of a magician's hat," said Milan Štěch, the leader of the Czech-Moravian Confederation of Trade Unions. "The Labor and Social Affairs Ministry is supposed to come up with a plan to fight the crisis in the employment sector, but no such thing exists. They just want to divert attention from their real duties."

Saving staff

Nečas appeared to bow quickly to the pressure and announced Feb. 12 a new ministry plan to combat the unemployment crisis, one in which the Švarc system would pointedly not be legalized. Suggestions for the new Labor Code would halve the resignation notice period from two months to one month, the employment trial period would be prolonged from three to four months, and wages could be paid in euros. The full crisis plan will be presented by Prime Minister Mirek Topolánek at a conference Feb. 19.

Easing the restrictions on trade certificates would decrease costs to employers for each worker and, in theory, stimulate the job market. But the downside means revenues for the state budget would suffer as the

government would collect less money from tax, health and social insurance payments. Any losses to the government's coffers would more than likely be made up through the economic stimulus the system would have, said Josef Novák, the managing director of the Veba textile company and president of the Association of the Textile-Clothing-Leather Industry.

"It is true that the state will lose money this way, but, at the same time, once people are hired and can work, they will be spending more, which puts the market on the move," Novák said.

While unions are unhappy with the proposal, there are several proponents who see it as a short-term solution for companies either to keep staff and the work force at current levels or even to hire more workers.

"We support fully legalizing the Švarc system, because we believe it can moderate the impacts of economic recession, especially for small and midsize businesses," said Chamber of Commerce President Petr Kužel. "Even though it might seem that this measure goes against employees, the reality is different. We are sure companies will not want to lose their quality employees, and, in the worst-case scenario, they will keep them working for the company but under trade certificate conditions, which can save staff layoffs."

The appropriateness of trade certificates also varies within the different employment sectors. In construction, IT, financial services and freelancing jobs — including journalism and acting — the use of the contracts is already widespread. For many companies, it becomes an important balance between the benefits of self-employment contracts and

ABOUT THE ŠVARC SYSTEM

► **What it is:** A working relationship between a company and a person who is self-employed, which puts the burden of paying taxes and insurance on workers

► **Who uses it:** The system is typically used by workers who aren't necessarily full-time, who are paid by tasks rather than by hours

► **The proposal:** The Economic Council proposed broadening the system to allow companies to use as many self-employed workers as they wish

the commitment and stability of permanent employee contracts.

"It is common practice for smaller companies, but it also is dependent on the sector," said Joshua Saul Mensch, marketing director at Data3s, an IT company. "We have external employees on the trade certificate working for us, too. But you also want to maintain your employees on contracts, because it is, in a way, a commitment the person is making to the company, and it has more enriching effects on the company's growth in the long run."

In addition to the Švarc system, proposals for an auto-scrap subsidy, a one-year tax holiday for the self-employed and a decrease in the VAT on restaurant meals were rejected by the government.

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AROUND TOWN

Markéta Hulpachová

Polish
martyr
lives on

In September 1968, a communist harvest festival celebration in Warsaw's Dziesięciolecia Stadium went horribly wrong when Ryszard Siwiec, a 60-year-old accountant, set himself on fire before thousands of spectators to protest Poland's participation in that August's invasion of Czechoslovakia by Warsaw Pact troops.

Captured on secret police tapes, the approximately one-minute, black-and-white footage is a chilling reminder of the sense of isolation and sheer despair evoked by totalitarianism. The scene opens with a shot of a crowd enjoying the festive atmosphere. One second later, the cluster disperses as a frantic Siwiec runs into the stands, his body aflame.

Several men take off their coats to extinguish the flames, but Siwiec pushes them away. Riddled by severe burns, he orates to the crowd before security and medical staff carry him off, presumably to the hospital, where he died days later.

In the weeks following the unsettling incident, the Polish communist apparatus employed all its methods to keep the motivation behind Siwiec's self-immolation under wraps. Siwiec did not tell his family about his plans, and so his children only found out the truth days after his death.

"I first found out about what happened at school, from one of my professors," said Siwiec's eldest son, Wit Siwiec. "I congratulate you," he said. "Your father was a great man."

Wit Siwiec visited Prague last week to participate in a commemorative act organized by the Polish Institute in Prague and the local Institute for the Study of Totalitarian Regimes (ÚSTR).

Charged with researching the nation's Nazi and communist past, ÚSTR opened in 2007 in Prague 3-Žižkov. Much to the ire of its leadership, the building that houses the institution — as well as thousands of sensitive communist-era secret police files — had stood on a street named after Václav Havelka, a decorated communist.

According to ÚSTR Director Pavel Žáček, it was high time to name ÚSTR's street after a more appropriate figure. "We didn't feel it was dignified for our institution to operate on a street named after a former communist functionary," he said.

So, almost 100 years after Siwiec's birth, Prague named one of its streets after him. More than 60 people clustered around the ÚSTR entrance to witness the official Feb. 13 unveiling. The outside temperature at the time was well below zero, but the poignant speeches of dignitaries including Wit Siwiec, Polish Ambassador Jan Pastwa and Prague 3 Mayor Milena Kozumplíková were enough to distract participants from the frigid gales.

"It has made us all very happy. The Czechs were the first to honor my father," said Wit Siwiec, referring to his father's in-memoriam decoration in 2001, when then-President Václav Havel awarded him the prestigious Masaryk Order.

Despite his father's connection to 1968 Prague, Wit Siwiec appeared sorry that Prague beat out Warsaw in honoring Siwiec with a street name. "I would like him to have a street named after him in his hometown, where he died," he said.

Those devoid of personal ties to Siwiec were more keen to emphasize the importance of the international link.

"For us, the new name is also symbolic of the future direction of research on totalitarian regimes," said Žáček. "It is not possible to only focus on events in Czechoslovakia — it's necessary to also look for an international dimension."

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COURTESY PHOTO

Last year's Masopust parade in Žižkov included traditional revelry; this year, the parade's finale will include a martial arts–based fire show by the group Palitchi.

FOOLS' PARADE

IF IT'S ALMOST LENT, THEN IT'S TIME FOR THE MADNESS OF MASOPUST

BY SARAH BORUFKA
FOR THE POST

"Sometimes I say to myself: Gosh, how have we been able to survive those four days for the 15th year in a row?" says Prague 3 spokesman Jan Sotona of Žižkov's famed Masopust celebration.

Come hell or high water, since its inception in 1994, Masopust cannot be stopped.

"I have tons of crazy memories of the event. The most horrible and hard one was probably when it was – 20 degrees," says Simon Kotek, who organizes the annual Masopust ball at Akropolis.

One of the crazier memories of local artist Martin Velíšek, who designs posters for the event, is seeing a street vendor offering a diet version of rotisserie pig.

"Visitors to Žižkov Masopust should try not to think about cholesterol and health regimes," he says.

Indeed, health is not a priority when it comes to this time of the year. Masopust, or "farewell to meat" is a time of indulgence and celebration. Carnival traditions in

the Czech Republic date as far back as the Middle Ages. The season is celebrated from Epiphany (Den tří králů) until midnight Tuesday and has its roots in the simple fact that, back in the day, around this time of year, food supplies stored for winter would start to run out. Before fasting and waiting for spring, people lived it up one last time.

Variations of Carnival are celebrated worldwide, with New Orleans and Rio de Janeiro the most famous party locations. In the Czech Republic, Masopust is celebrated in most villages in Moravia and some in Bohemia. Traditions, costumes and masks vary from village to village and are often passed down from generation to generation. Some villages, such as Studnice (south Moravia), take the Masopust tradition very seriously and are eager to keep it alive in its purest medieval form. Recently, the UNESCO World Heritage Committee took note of its celebration and approached the village. Its addition to the UNESCO book of world heritage is pending.

Studnice's undiluted Masopust celebration provides the theme for this year's party in Prague's bohemian and rebellious Žižkov neighborhood.

Žižkov Masopust '09

Feb. 21: 2 p.m. Free children's party; 10 p.m. Masked Ball, free with mask, 100 Kč without. Both events at Palác Akropolis, Kubelíkova 27

Feb. 22: noon: Lunch and music, Shot Out Eye, U Božích bojovníků 3; 2 p.m. Children's mask-making class, Kino Aero, Biskupcova 31

Feb. 24: 4 p.m. Parade stops at the TV Tower, Town Hall and Žižkovo náměstí ending at náměstí Jiřího z Poděbrad; 8:30 p.m. Martial-arts fire show by performance group Palitchi at náměstí Jiřího z Poděbrad

The mix of historic folklore and eclectic performances suits the area and its residents, and it comes as no surprise that, in 2007, the event came in third on *The Guardian's* list of Prague's top 10 attractions. The article brought much attention and foreign visitors whose number peaked last year when about 4,000 people watched the Žižkov Masopust parade.

The growing number of visitors and international attention may cause

some to worry that the event will lose its traditional and unique charm, falling victim to commercialization. While it is hard to predict what the future holds, Sotona says of the Žižkov incarnation, "If you ever see celebrities like Britney Spears there, you won't be seeing me anymore."

For now, it is safe to say that Žižkov's Carnival is miles away from attracting that brand of mainstream celebrities. Kotek thinks that "the 16-year history of Žižkov's Masopust shows that the event is not in any danger of being commercialized, since the organizers put great emphasis on maintaining its folklore character." Sotona agrees that "it is true that the interest in Masopust has been growing and that it has become a bigger production, but we want to keep its alternative soul alive, which is very different from the rest of Prague."

This year's events begin Feb. 21 with a children's party. Adults get a chance to dress up later that night. The ball for grown-ups includes free beer and *jitnice* — a white-herbed pudding sausage — and performances by Beatles and Rolling Stones revival bands.

Owners Pavla Caháková and

Martin Bauer have been hosting a lunch at the Shot Out Eye pub (U Vystřeleného oka) since the event's inaugural year and will do so again with a performance by the band Žižkovanka. Caháková advises to "get there early."

"The line is several blocks long before we even open," she adds.

Keep one eye out for Radomil Uhlíř, a pub regular of a portly build with long wavy hair who used to be the parade's Bacchus for its first six years, before quitting the job over a payment dispute. Caháková teased him on a recent day, "Come on, Radomil, tell us about Masopust." Uhlíř grumbled and walked away.

A children's mask-making class is nearly as popular, and Kotek recommends "reserving a ticket early on." This year's Tuesday parade will feature horse carriages, a Masopust orchestra, the usual array of masked revelers and stilt-walkers, plus a folklore group from Studnice.

Žižkov's Masopust may not date from the Middle Ages, but if the past is any prelude it seems capable of producing spectacle for years to come.

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Gordon Ramsay pulls out of Maze Prague

Celebrity chef ends Hilton partnership

BY CLAIRE COMPTON
STAFF WRITER

It's not you Prague; it's Gordon Ramsay.

After little more than a year, the celebrity chef is ending his "business relationship" with Hilton Prague Old Town — in effect, closing the Maze restaurant and recalling executive chef Phil Carmichael.

The details remain murky. The Hilton says negotiations aren't finished, and Ramsay's PR will only confirm that Gordon Ramsay Holdings will continue to "offer support with regard to menu planning." Whether the restaurant will keep the

name is also unconfirmed but unlikely, given the brand's other location in London. After Valentine's Day weekend, the hotel officially took back control of the entire food operation Feb. 16, said Hilton spokeswoman Alžběta Slavíková.

The move is being characterized as part of a bigger restructuring for Ramsay's company, which includes 25 restaurants. His top restaurant in London, Foxtrot Oscar, is closing two days per week, and two of his other London restaurants — Sloane Street and The Devonshire — are rumored to be for sale. According to British media reports, his company was loaned \$14 million (309 million Kč) eight months ago by the Royal Bank of Scotland, which is now calling in the loan because of the financial crisis. But the timing of the

Prague closure raises eyebrows, as the Michelin Guide announces the restaurants who have earned stars — the definitive rating akin to an Oscar in the hospitality business — March 18. Ramsay has a lifetime total of 14 stars, none of which was bestowed upon the Prague restaurant despite expectations of one last year. Instead, the Four Seasons Hotel's Allegro restaurant became the first restaurant in Central and Eastern Europe to earn the distinction in 2008. Given the hotel's track record, that distinction was a deserved one, said Pavel Hlinka, president of the Association of Hotels and Restaurants.

"The reputation of the Four Seasons was built for years. It doesn't guarantee after one or two years they'd receive a star only because the name was Maze," he said. "I think it

could be also that [Ramsay] already knows he won't receive a star this year, and so that could be the reason he's leaving now."

Daniel Cahel, Michelin's press coordinator for the Czech Republic and Slovakia, said neither restaurant owners nor chefs are informed in advance of the awards.

"Of course not," said Cahel. "They receive the information at the same time as the media and the public."

While Maze remained Ramsay's for one last weekend, Carmichael was rumored to have already left Prague last week as he prepares to lead the kitchen at Maze Cape Town, slated to open ahead of schedule April 4. Carmichael's new and distant post is, as yet, unconfirmed, but Jason Atherton, who oversees the Maze brand under Ramsay and has worked

closely with Carmichael, will help open the Cape Town location.

The rest of the kitchen's staff will keep their jobs in Prague, albeit under a different and perhaps more event-driven employer.

Stars aside, fine dining establishments are all feeling the financial crisis as their core clientele, business people, are cutting back on lunch meetings and client dinners.

"I think the biggest problem was that he came at the wrong time," Hlinka said. "Business is going down; people are starting to save money. Fine dining is mostly used for important meetings, and companies are starting to cut costs, so there's been an immediate shortage of guests in these kinds of restaurants."

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