

The Czech Media: One Year On

BHHRG reports from Prague where the struggle for control over the Czech media continues a year after the crisis in state TV brought thousands on to the streets. Now, the focus has shifted to the commercial sector where pressure is increasing on TV Nova and its controversial director, Vladimir Železny.

Introduction

Many people will remember the strike that took place at Czech Television during winter 2000-2001 which brought thousands of people on to the streets of Prague to defend media freedom and which led to the resignation of the station's newly-appointed director-general, George Hodac. BBHRG covered the dispute. The Group's report **Turmoil at Czech TV: Principle or Politics?** www.bhhr.org concluded that the causes of the dispute were not as clear cut as presented in the local Czech and Western media but were part of a larger process whose aim was to bring about a change in the political landscape in Prague.

In the months that followed the dispute changes were made to the composition of the governing Czech TV Council – one of the strikers' demands - and a new director, Jiří Balvin, was appointed. However, as passions abated following these developments another controversy was brewing – this time over the running of the Czech Republic's leading commercial station, TV Nova and, in particular, over the financial arrangements entered into by its director Vladimir Železny.

During the strike Železny had offered technical help to the beleaguered management at Czech TV. He had also used his weekly *Call the Director* slot on the station's programme to criticize the handling of the strike reminding viewers that it was the law rather than the demands of the street which should govern the settling of the dispute. In doing so Železny was vilified by certain elements of the political elite in Prague who regarded his intervention as something akin to an act of war as well as a coded way of supporting the leading opposition party, the Civic Democratic Party (ODS).

As it happened, Železny was then (and still is) mired in a series of court cases both in Prague and under various international jurisdictions with his former US business partner, Ronald Lauder. According to Mr. Železny, there are 56 law suits of which he has won 41 so far. However, in January 2001 an arbitration tribunal in Amsterdam ruled against him and awarded Lauder 1 bn. Kr. (\$27.2. m.) Soon afterwards, Železny's assets were frozen in lieu of payment. Later, in September 2001, two further arbitrations took place in London and Stockholm, where Lauder sued the Czech government for breaking international treaty requirements by failing to protect his investments in the country. In November, 2001 Železny himself became part of a police investigation which alleged, that he had harmed a creditor (Lauder), a crime under Czech law. He was arrested and briefly held in custody in Prague. His lawyer Ales Rozenhal was also arrested on these (and other) charges. Rozenhal was released from custody with sureties on 31st January 2001.

As this report is written the criminal investigation is still in its early phase. Mr. Železny has been required to answer police questions on several occasions and was arrested on 14th January although he was, again, released on police bail. Criticism of him in the local press has grown and enemies of ODS leader, Vaclav Klaus are seeking to prove that the former prime minister has close links with the controversial head of TV Nova and, therefore, is in danger of being compromised by Železny's business activities. With elections due in the summer, Klaus's opponents, no doubt, hope to benefit from the affair.

Lauder v. Železny

Vladimir Železny was a journalist in the former Czechoslovakia with impeccable anti-Communist credentials. In 1993 he founded the first commercial TV station in the Czech Republic, TV Nova. After the split with Slovakia, the country's broadcasting affairs were put into the hands a Media Council which ruled that commercial broadcasting should be split

between two entities – the licence holder and a service provider. In the case of TV Nova, Železny's company CET 21 was given one of the two commercial licences – the rules forbade foreigners from holding the licence. The service provider, CNTS, a company in which Ronald Lauder, a US citizen had “an important interest” was part of Central European Media Enterprises (CME) a Lauder holding company.

Ronald Lauder is no ordinary businessman. An heir to the cosmetics empire set up by his mother, Estée Lauder, he has been a leading player in and fund raiser for the US Republican Party for many years. He was Deputy Assistant Secretary for Defence for European and NATO policy in the early eighties and Reagan's ambassador to Austria (1986-7). After the collapse of Communism Lauder and other associates set up companies to run media outlets in Eastern Europe and Germany.

However, many of them failed to prosper – TV stations in Poland and Berlin lost money, seriously affecting CME's profitability. In 1998 alone it lost \$125m. The only 'jewel in the crown' was Czech TV Nova which had captured over 50% of the local audience and was highly profitable. It also brought in 44% of CME's profits. However, because the licence was in the hands of his business partner, Vladimír Železny, Lauder and co. did not have full control of the operation. In 1999 Lauder's plans to sell CME to Scandinavian Broadcast Systems (SBS) were scotched, because, without Nova under its control, the merger was deemed to be unprofitable.

Lauder sacked Železny in April 1999 but the latter went on to run the TV station with his own company. It was then that Lauder sued - not only Železny himself but the Czech Republic for not exercising proper oversight under the terms of various international treaties covering the protection of foreign investments. While many of these cases have been (and are being) dealt with under Czech law, Lauder brought several of them to international arbitration.

In January 2001 a court in Amsterdam ordered Železny to pay \$27.1m in damages to Ronald Lauder, a decision the former says he is appealing. Meanwhile, the two arbitration cases against the Czech Republic were heard respectively in London and Stockholm in September, 2001. Lauder lost the London case but gained a partial victory in Stockholm. However, one of the three Stockholm arbitrators, the Czech representative Jaroslav Handl, refused to sign the award and issued his own minority judgement which contained some worrying allegations. In a published dissenting opinion Handl (see: “Dissenting Opinion of JuDr. Jaroslav Handl against the Partial Arbitration Award” www.mfcr.cz) claimed that, quote: “the two arbitrators seem to have firstly agreed upon the final decision ..and only thereafter looked for the arguments to the favour of the Claimant. The basis of their decision was, and that was their only target, to condemn the Czech Republic and the two arbitrators adapted all their legal conclusions to this target”. He went on to say that claimant (Lauder) had failed to produce original documents to support his claim, as required by law and that the other arbitrators had acted improperly by, for example, not adjudicating on the matter of jurisdiction before considering the substance of the case.

Whether or not the 2 other arbitrators were minded to look favourably on Mr. Lauder's claim cannot be proved. However, Lauder himself has publicly demonstrated his feelings towards the Czechs independently of the legal proceedings he has launched against the country. In 1999 he took out full page advertisements in the *New York Times* and *Washington Post* warning American investors to steer clear of the Czech Republic. He is also known to have lobbied aggressively for his cause: in January 2000, Czech Deputy Finance Minister, Jan Mládek reported that during a visit to Washington he “couldn't go to dinner in Georgetown without some congressman pressing me about the Lauder business”. [1/1/2000] According to the *East European Constitutional Review*: “since Lauder realized that Železny could be defeated by political rather than legal means, he proceeded to exert pressure on the Czech government. American congressmen Tom Lantos and Benjamin Gilman wrote to Prime Minister Zeman on his behalf; the issue was raised, as well, by Secretary of State Albright in her meetings with Zeman in the US in November [1999].

In January 2002 the Media Council awarded Železny an extension of his broadcasting licence to 2015. But, it remains to be seen whether or not he can hang on to it until then. A

number of cases are wending their way through the Czech courts, some alleging improprieties regarding the licence. There are also the criminal proceedings initiated in November 2001. Should any – or all – such cases result in appeals to the Supreme Court in Brno Mr. Železny cannot necessarily expect a warm reception there. Judges to the Supreme Court are appointed by the President – he recently surprised people by appearing for a photo call wearing judges' robes during a recent visit to the court. The chairman of the court, Eliška Wagnerova, (who worked for Radio Free Europe during exile in Germany) is a critic of the present government's legal policies.

Political Background

The labyrinthine network of legal proceedings involving Mr. Lauder and Vladimír Železny can only be fully understood in the context of the Czech political scene. Parliamentary elections are scheduled to take place in the Czech Republic in summer, 2002.

A minority government led by the Social Democrats (ČSSD) and tolerated by the centre-right, opposition ODS has been in power in Prague since June 1998 when a pact was entered into by the parties' leaders, Miloš Zeman and Vaclav Klaus. During that time, attempts have been made to end the arrangement which has been strongly criticized for being 'undemocratic'. As BHRG has pointed out, minority governments have been formed and survived in this way in other European countries in recent times. However, some Czechs have been persuaded that this arrangement is peculiar to them and uniquely undemocratic.

Various so-called citizens' initiatives have taken place over the past four years - including the TV strike - to bring the pact to an end, but they have all fizzled out. Many would say that the government's tenure has produced mixed results but, against all the odds, it has survived. During its period in office the country has entered NATO and, despite arguments over certain controversial issues – like the future of the Temelin nuclear power station - it is still on track to enter the EU in the first wave of applicants. What, then, has caused it to have been permanently attacked by the greater part of the Czech media?

The power structure in the Czech Republic

The Czech Republic is one of the few post-Communist political successes for one important reason: serious, grass-roots political parties developed in the country soon after its 'velvet revolution' in 1989. For example, the Czech Communist Party did not seek to reinvent itself as a pro-business entity as similar parties had done elsewhere. It adopted a democratic agenda but continued to appeal to its former constituency among the working classes. In doing so, it has always managed to garner c.12% of the vote in nation-wide elections since 1990. The two leading parties – the revived Social Democrats (ČSSD) and the ODS created by the first Czech Finance Minister, Vaclav Klaus – quickly developed strong grass-roots organizations which have enabled them to dominate the political scene for the past 10 years. Smaller parties have struggled to gain a foothold – apart from the Communists, only the Christian Democrats have succeeded in coming anywhere near the ČSSD and ODS in popular support and even that seems to be concentrated in one area of the country, Southern Moravia.

But the authority of all the Czech governments since 1992 has been compromised by what many people see as the *real* centre of power in the Czech Republic – President Havel and his circle, known as the 'Castle Group'. Although Havel's powers as president are heavily circumscribed he has played a far larger part in the country's affairs than envisaged by the constitution, largely due to his perceived authority both at home and abroad as the country's leading dissident. Over the years, disaffected politicians have looked to the president and his advisors as an alternative political network.

Many of these people, some former dissidents, are defectors from the ODS who, having failed to take over the party in 1997/8 formed a new entity, the Freedom Union (US). Although they have powerful contacts in the business community, as a small, Prague-based elite they needed a wider base of support and so formed a coalition with 3 other small, centre-right

parties, including the Christian Democrats, after the 1998 elections. Known as the 'Quad' this coalition of 4 parties has regularly been placed first in opinion polls during the past year.

However, the results of these polls are questionable. Two of the parties in the Quad (the Democratic Union (DU) and Citizens Democratic Alliance (ODA) are virtual shell organizations which barely register in the polls while the Freedom Union itself appeals to a small group of Prague insiders and those who aspire to intellectual respectability. Only the Christian Democrats/Peoples' Party (KDU-CSL) can hope to garner support that runs into two figures in any nation-wide election. This explains why the party's leader, Cyril Svoboda, was named head of the Quad in 2000.

But the Christian Democrat component of the Quad, according to some, could become detached in the near future. Observers of the Czech political scene point to the fact that candidates who have emerged from recent countrywide elections for inclusion in the party's electoral lists might be more comfortable cooperating with the ODS in the future rather than the Freedom Union, which is thought to be too socially liberal by many Catholic activists.

Whatever the polls may say, it has been difficult to believe that the Quad would come in anything but third in the June election. However, the coalition itself collapsed on 1st February after the Christian Democrats refused to cooperate with the small ODA any longer over the latter's handling of an unpaid loan. A new coalition is likely to be formed between the US and the KDU-CSL in the near future and this coalition is more likely to favour cooperation with the Social Democrats rather than the ODS. Finding like-minded people in the party may be easier than it was in 1998 when the US refused to join what it considered to be the 'left-wing' ČSSD in government. In 2001 the party's leader, the Prime Minister, Miloš Zeman, handed over the reins of power to Vladimír Špidla. According to many, Špidla is a deeply uncharismatic figure. But it may be possible to sideline him; there are others in the party closer to the US and President Havel, including Petra Bužiková and Vladimír Gross, the young interior minister who could easily come to the fore. Ms. Bužiková played a high-profile role in the Czech TV strike joining the rebels during their 'sit in'.

It is a fact that the 'dream solution' for many would be an election victory for the ČSSD with the young Turks gaining control of the party which would make a post-election pact with the successors to the Quad coalition to form the next government. This solution would also appeal to certain powerful business interests in the Czech Republic, particularly those with connections to foreign investors, who blame both the present ČSSD government and the ODS for dragging their feet on privatization and awarding contracts to 'unsuitable' companies. Foreign governments also have a vested interest in the results: the US has been known to favour a Quad component in a future government which it sees as being more favourably disposed to US defence contractors. Meanwhile, Austria and Germany are unhappy with the present government's decision to award the privatisation of Czech electricity utilities to the French company Electricité de France.

The reform agenda: what to do?

The fairy-tale ending described above faces several hurdles along the way. Most conspicuously, the continued strength at grass-roots of both the ČSSD and ODS. So, it has been imperative that their detractors tarnish both parties in the eyes of the voters. In 1997 the ODS-led government collapsed after financial scandals surfaced over party funding. Since then the drumbeat of 'corruption' has continued remorselessly targeting all manner of politicians – apart from members of the elite, US.

A favourite target has been the Czech Republic's Foreign Minister, Jan Kavan who is regularly reminded of past allegations that he worked as a double agent, code-named 'Kato', during exile in London. Kavan has also been accused of covering up dubious financial dealings over the *Česky Dum*, (Czech House) in Moscow. Another favourite in the corruption line-up is Trade Minister, Miroslav Gregr, the oldest member of the government. Gregr attracts particular vituperation as a Socialist dinosaur for having recommended a slow-down and softening of harsh economic measures.

Corruption rather than political chicanery has become the most useful stick with which to beat hapless politicians all over the world from the Philippines to Peru. As BHHRG has regularly noted, while many political squabbles remain arcane and remote to ordinary people, corruption is close to their hearts as it touches on two of the most potent human qualities: venality and envy. Even if an allegation is proved to be unfounded the original slur often remains fixed in peoples' minds.

Transparency International is the leading NGO charting corruption in the world today. In its Autumn 2001 report the Czech Republic was chided for its failure to combat corruption at all levels of society. There are other organizations in the Czech Republic which also deal with business ethics – the Leadership Forum, for example, the chairman of which is Jan Bubenik, a former dissident and Havel confidant. In November 2001 there was more criticism of the Czech government's business ethics, this time from US East European expert, Charles Gatti. In a long letter to the *Washington Post* ("Murky Tales in Prague", 8th November 2001) Gatti accused the Czechs of, among other things, illegal arms deals and technology transfers to country's on the US's list of states sponsoring terrorism, including Iran and Yemen. Foreign Minister, Jan Kavan replied forcefully on 23rd November but the letter gave some indication of the what the thinking was in Washington. Gatti is a Beltway insider.

This, in spite of Prime Minister Zeman's Operation Clean Hands launched after the last election with a commitment to clean up corruption in the country. Some people have criticized the conduct of the operation for its peculiar arrangement whereby the state prosecutor operates in conjunction with a special branch of the police over which there is no supervision. At the time Interior Minister Gross promised to get "the biggest fish ever" without explaining exactly who. Vladimir Železny may not be alone in thinking that he was the person Gross had in mind when making the statement.

Letter to Brezhnev

When Mr. Železny was detained again for police questioning (14th January?) a letter signed by a list of artists, intellectuals and journalists was sent to Vaclav Klaus in his role as Chairman of Parliament. The letter whose best-known signatory was the former dissident/writer Ludvik Vaculik, asked three questions basically questioning the propriety of Klaus's alleged connections with Železny, a 'pariah' as the letter suggested with several outstanding court cases against him. The letter then went on to present the findings of the arbitration proceedings in what can only be described in a highly selective manner.

This whole episode seems to hark back to another era. The original letter reads very like an old-style "letter to Brezhnev" from the Communist period when 'artists and intellectuals' would band together to demand that the Party confront a particular person or issue. It is difficult to imagine that this collection of poets, painters and stage directors' (as well as a number of journalists previously involved in the TV strike) could have possibly got their minds around the complexities of the Lauder-Železny law suits which involve, among other things, an expert knowledge of company law and financial instruments as well as the rules governing international arbitration. The published proceedings of both the London and Stockholm cases run to hundreds of pages; those of the London arbitration run to 175 pages of foolscap.

But the purpose of the letter was not to discuss the finer points of litigation they were to insinuate in a less than subtle way the existence of a relationship between the dubious figure of Železny and, as the letter put it, the third most important politician in the Czech Republic, Vaclav Klaus.

It was apparent to BHHRG during an interview with Mr. Klaus in January 2001 that he had no desire at all to get involved with the goings on at Czech TV. So much so, that people like George Hodac who were the butt of the strikers ire, felt totally isolated by everybody in the political establishment in Prague. This, even though Hodac was regularly accused of being close to Vaclav Klaus and having applied for a job as his media advisor. Therefore, it came as something of a surprise when Klaus forcefully replied (on 14th January) to the allegations made against him in the letter from Vaculik & co.

The media

The letter from Vaculik and co. was also reprinted in the leading Czech national broadsheets which have been overwhelmingly hostile to Vaclav Klaus, the ODS and the Zeman faction of the ČSSD for some time. Of the major Czech quality dailies, *Mlada Fronta Dnes* (with the highest circulation) and *Lidove Noviny* both support the Quad Coalition and politicians around President Havel. Martin Schmarz a leading participant during the Czech TV strike is with *Mlada Fronta*. While *Pravo* steers to the left, *Hospodarsky Noviny* (an economics broadsheet) again favours the 'reformers'.

There is also *Respekt* an influential weekly broadsheet which carries foreign stories as well as investigative reports into domestic issues. Since it was launched in 1990 it has pursued politicians, originally for their connections with the security services, more recently for corruption. The paper is now edited by Petr Holub. His predecessor, Vladimír Mlýnař, is a classic post-Communist insider. The son of the 1968 reformed Communist, Zdeněk Mlýnař he is a leading member of the Freedom Union who served in the brief interim government before elections in 1998.

BHHRG visited the offices of *Respekt* in December 2001. The paper had recently been at the centre of a serious spat with the government over an article published in the edition for 22nd - 28th October 2001 entitled *Korupce: Neco sprosteho a vulgarniho* (Corruption: Something dirty and vulgar) signed by the paper's editor, Petr Holub. In a piece of modest length, Holub ruminated on de Tocqueville's definition of corruption in the light of the criticisms made against the Czech Republic in Transparency International's most recent report. In one sentence at the end of the piece he claimed that everyone in the current government was corrupt from the youngest, Karel Brezina to the oldest, Miroslav Gregř.

Prime Minister Zeman was furious and threatened to destroy the paper. He also said that all members of the government would sue *Respekt* for defamation – a figure of 170 m. Kr. in damages was mentioned. Two days later a torrent of abuse started to be heaped on the prime minister's head by various international bodies that monitor press freedom. The Committee to Protect Journalists in New York fired off the first salvo on 24th October under the banner "CPJ denounces the threat by the prime minister to bankrupt independent weekly". In a letter to Zeman CPJ claimed that "criticism of government officials is at the heart of democratic debate". The letter failed to mention the fact that the article in question named two individuals in particular as guilty of corruption, something which is, at the very least, *prima facie* libellous. On 29th October the International Press Institute in Vienna added their voice to the chorus of protest: "the magazine [meaning *Respekt*] reportedly [BHHRG's italics] accused the government of failing to deliver on its promise to fight corruption". In other words, no one at the IPI had bothered to read the article in question before sounding off.

An even more gratuitous attack appeared on 10th January 2002 in a report by a US congressional committee which criticizes the Czech government for liberal use of the country's defamation laws. They cite, for example, charges brought against a far-right politician for saying the Americans "deserved" the 9/11 attacks in New York and Washington and include attempts to prevent publication of *Mein Kampf* in the Czech Republic. Leaving aside the droll spectacle of US lawmakers supporting the rights of such people – in any other set of circumstances they would attract condemnation for 'racism' and 'extremism' – the main problem is the sheer selectivity of their interventions. For example, there has been no congressional censure of those Polish politicians who have raised complaints with the police about insulting language used by former *Sejm* deputy speaker, Andrzej Lepper which has led to him being sentenced to various terms of imprisonment for defamation.

Zeman undoubtedly shot from the hip, so to speak, when he threatened to "destroy" *Respekt*. But, as pointed out in this report, leading Czech politicians are regularly the subject of innuendoes and attacks for their alleged corruption. In December *Mlada Fronta Dnes* reported that Vaclav Klaus had been holding secret meetings with George Hodac, the former director-general of Czech TV. As it happens, a BHHRG representative saw Mr. Hodac in a café in Oxford, U.K. at the very time of day we was alleged to be conspiring with Vaclav Klaus in Prague. An apology appeared in the paper the next day but apologies rarely have as much

impact as the original slur, often being lost on the inside pages of a newspaper. In many ways, the Prime Minister's response to journalistic irresponsibility is understandable.

On 10th November *Respekt* hit back and issued a complaint to the police against Mr. Zeman for threatening to destroy the weekly. Despite the fact that BHHRG was assured that various members of the government would carry out their threat to sue the paper proceedings have not been initiated.

Tomaš Němeček also told BHHRG that the events surrounding the police inquiry into Železny's activities "really smelled". From police "leaks" the paper had proof that Železny and his lawyer Ales Rozenhal were involved in a plot. He also said that Železny "manipulated" TV Nova in favour of Klaus and the ODS. A Sunday discussion programme is very "anti-Havel, pro-Klaus". The coverage of the ODS by Nova is "inappropriate". However, Mr. Němeček had to agree that the ODS had "no media outlets" – apart, if he is right, from Nova. A new Austrian owned tabloid *Super* is rumoured to be close to Mr. Železny but as this is full of the usual fare for such papers: sports, pin ups etc. with articles of barely 200 words each, it can hardly be described of as being at the cutting edge of political debate.

BHHRG pointed out that it was impossible to name another European country where the second most popular political party had no broadsheet support. It also contradicts the claims of people in the Czech Republic who insinuate that Vaclav Klaus wields enormous power. No modern day political party can sustain a high level of support without a powerful media component. TV Nova itself cannot be branded a tool of the ODS. It has often broadcast material that has been troublesome and embarrassing to the party. For example, in August 1997 during the party's last period in government, a film stating that Czech Gypsies were seeking asylum in Canada to escape racism provoked international criticism of the Czech authorities. Tomaš Němeček thought that news programmes at Nova had "changed" since Mr. Železny's detention and were now more in line with those at Czech TV. During the dispute many Nova journalists had supported the strikers.

Meanwhile, there is evidence that the changes made last year to the composition of the Czech TV Council and the appointment of Jiří Balvin as director of Czech Television have not brought peace to the troubled state broadcaster. Industrial unrest is threatened for April where unionists are demanding a pay rise while criticizing restructuring plans set to begin in March.

The real agenda

The prospects for Vladimír Železny's retaining control of TV Nova are far from certain. As this report has demonstrated, serious business interests in the US with close contacts to the Bush administration as well as other leading members of Congress are pitted against him. These interests are complemented by the agendas of influential figures in the Czech political and media establishment. Even the objectivity of the judiciary cannot be relied upon. In principle, Mr. Železny could still keep his broadcasting licence even if was to be sent to prison. Therefore, some people predict that the police investigation will attempt to show that the licence was either improperly obtained or used so making its removal possible.

Many of those opposed to Mr. Železny are interconnected. For example, the democracy 'watch dog' Freedom House criticized the Czech Republic in its most recent report lamenting that : "the top levels of public administration, the ministries and Parliament appear to be the most corrupt". The report was written by Petr Vančura one-time diplomat in Washington. Vančura now directs what is termed the "*non-partisan*" [BHHRG italics] Prague Institute for National Security which was recently established in the city.

BHHRG is aware that this institute is an off-shoot of a Washington think-tank , the Center for Security Policy with close ties to the Republican Party and the Pentagon. Its purpose is to lobby for NATO policy which is to boost defence spending by the Czech Republic. No doubt, there is nothing illegal for the director of such an institute to opine on subjects like democracy and free speech, but it does seem rather inappropriate. The Czech government has agreed, in principle and against the wishes of the US, to upgrade its air force by purchasing the 49 JAS 39 supersonic fighters from a Swedish-British consortium. Perhaps the intensity of the

criticism levelled against the Czech government by Freedom House is not unconnected with this decision.

The complexities of the ongoing litigation and the issue of who is right or wrong are beyond the scope of this report. However, one or two points do stand out. For example, how does Ronald Lauder fund such a profligacy of court cases? It is hard to believe he is dipping into his own pocket to pay the legal costs. To date, there is no indication from the awards made that he is getting back anything like the damages he has demanded. He has also lost a number of the cases brought by him. CME is a failed company. However, if Nova – a thriving operation - can be prised away from Mr. Železny there would likely be many bidders to take it over. For example, media empires - Bertelsman in Germany or Rupert Murdoch might be interested in future ownership. It was even suggested by some with horror (eg. By Tomáš Němeček of *Respekt*) that Gazprom has shown an interest.

However, some insiders in the world of Czech TV predict that Nova without Železny would soon lose its edge. Despite regular sneering at the low-brow quality of much of the station's output (no different to the fare of most other commercial television in the world today) it is remarkably professional with an instinctive grasp of what the viewer wants. There is a feeling that no one else – certainly no one in the Czech Republic- could fill Mr. Železny's shoes. There are added complications for those wanting to see the back of him: in November 2001 he was awarded a licence by the Slovak broadcasting council to set up a separate TV channel in the country. The complications of unravelling his media empire could prove difficult to overcome. And, in the event of a take-over of Nova, no one with any serious business instincts would want to rid themselves of its successful CEO. All this only leads to the logical conclusion that Mr. Železny is a thorn in some peoples' sides for political rather than commercial reasons.

The curse of reform

There are also other battles underway over strategic privatizations in the Czech Republic as well as a dispute with neighbouring Austria over government's determination to keep the Temelin nuclear power station, situated some 37 kilometres from the Austrian border in operation. Harsh words were recently exchanged between Austria's controversial leader of the right-wing Freedom Party, Jörg Haider, and Zeman which led to the amusing spectacle of politicians in Vienna rushing to Haider's defence. The public tender to privatize the Czech power utility, CEZ, to a consortium of foreign investors, including the French company Electricité de France, failed in January 2002. France has a wide network of nuclear power stations and would probably support the continued operation of Temelin. Other possible European investors – the Austrians or Germans – are not only opposed to nuclear power they also have a surplus production of electricity to unload. It is anticipated that Germany's RWE will take part in a new tender.

In all these cases there are lobbyists and their political clients (both in the Czech Republic and abroad) who hope a change of government in June, 2002 might promote their causes and such people need a compliant media environment. TV Nova under Vladimir Železny's control, has not 'played the game' in such peoples' eyes, particularly since the debacle at Czech TV. It may not be entirely special pleading on his part when he (and others) say that the criminal investigations, ongoing suits and attempts to show improper relationships with politicians like Vaclav Klaus, are part of a systematic attempt to remove him from the Czech media scene.

This is not to say that there is a clear divide in the Czech Republic between politicians who are squeaky clean and others who are corrupt – most will be subject, at some time or another - to temptation. The real problem in all the former Communist countries rests with the model of reform forced on them by the West. The prospect of profiting from the sale of strategic industries and resources - a key part of the 'reform' agenda – as well as benefiting from defence procurement contracts resulting from NATO membership has been an invitation to cheat for many in what are still poor countries by Western standards. Politics is in danger of retreating further and further away from ordinary voters towards oligarchies competing over

the economic spoils . The results will not be the triumph of Havel's 'non-party' politics but a return to totalitarianism under a new version of The Party.