

# A velvet Marriage or a Velvet Divorce

## Side A - Czechs

The year is 1992. Not long ago the Velvet revolution toppled the communist regime in Czechoslovakia. The long road to freedom full of bloody confrontations with the oppressive regime has finally come to an end when a small protest intended to commemorate the 50th anniversary of the suppression of a student demonstration in German-occupied Prague strolled into a nationwide wave of protests. The size of the protests and a sense of change spurred by the fall of communist regimes in Poland and Hungary in previous months forced the communist regime to agree to a transition of power. In 1989 Václav Havel became the first non communist president of Czechoslovakia and in 1990 the first fully democratic election took place.

Yet as the people celebrated their newly gained political freedom another issue began to become more and more apparent. Although Czechoslovakia was a federation of two supposedly equal states, Czechia and Slovakia their equality existed only on paper. All the central authorities had their headquarters in Prague, state funds were primarily allocated to the Czech part of the country. This has led many in Slovakia to feel overlooked and marginalised making the idea of the split of the federation seem like a chance for Slovakia to improve its situation. And while there is no wide popular support for the split of the federation, many in government circles favour that option as a chance for a clean start for both nations. One thing remains clear that the current system can not be upheld and has to be reformed.

Your names are Štefan Řezáč, Matěj Svarta and Eliška Jankovská. You represent the Czech government in the negotiations with the Slovak delegation. Should you fail to reach the agreement a nationwide referendum on the matter would have to be held most likely leading to a long and difficult breakup process.

The morning sun is slowly rising over the Moravian city of Brno where the negotiations between the representatives of Czech and Slovak delegations are to meet. Will the federation be saved or will the two countries united since 1918 be split into two? What will be the nature of their relationship or the rules of the new federalist state?

## Negotiation aspects

### 1. Division of Czechoslovakia

The existence of the Czechoslovakian federation is now called into question. From your perspective the preservation of the union with Slovakia would be very favourable. As one nation the interests of both Czechs and Slovaks can be represented in a much better way and the international position of Prague would be much greater than in the case of a split. Main concerns that Slovaks have regard the form of the federation and not its existence as such so they surely could be convinced into maintaining the federation.

**Czechoslovakia remains a federation +100 pt**

**Czechoslovakia splits +25 pt**

*Based on your decision, particular aspects outlined later will or will not be negotiable.*

### 2. Foreign debt

With the liberalisation of the economy a new issue came to the front namely the matter of repaying our foreign debt. Regardless of whether the split will happen or not the debt has to be allocated somehow between the two nations. You would want the Czech share to be as low as possible. At the same time with Czechia representing the bigger part of the Czechoslovak economy you expect Slovaks may want you to take the majority of the debt.

Percentage contributed by the Czechia	Points
0%	0 pt
10%	-5 pt
20%	-10 pt
30%	-10 pt
40%	-20 pt
50%	-20 pt
60%	-25 pt
70%	-25 pt
80%	-35 pt
90%	-40 pt
100%	-50 pt

### 3. Control over the breweries

State owned breweries are not only a good source of revenue but also a point of national pride. Regardless of whether Czechoslovakia will remain in existence, the decision regarding the direct

ownership of 3 biggest breweries in the country has to be made. They can be placed in the direct ownership of the Czech or the Slovak governments. Alternatively they can be privatised. The question of the potential split of the federation will greatly affect the potential benefits steaming from the ownership of the breweries as a common market would allow you to maximise sales on a wider market compared with operating only on smaller national markets in case of a breakup of the federation.

### ***Pilsner Urquell***

With its history dating back to 1842 Pilsner is probably the most recognisable beer brand from Czechoslovakia. When introduced it was the first lager beer in history. A small brewery located in the Bohemian town of Pilsen grew quickly and is the biggest beer producer in the entire country. For many Pilsner is considered the most Czech beer of all. Losing control over such an important asset would definitely be costly. Moreover retaining the control over the brewery in case of the federation would allow us to maximise sales in both countries.

**Pilsner is privatised +14 pt**

**Pilsner is passed under Czech ownership +20 pt (+40 pt if Czechoslovakia does not split)<sup>1</sup>**

**Pilsner is passed under Slovak ownership 0 pt**

### ***Budweiser***

Established in 1895 in the Bohemian town of České Budějovice Budweiser is the second biggest brewery in the country. The brewerie is not only known domestically but also across Europe and even in the US where it is sold under the name “Czechvar”. Such a well established brand would definitely prove to be an attractive investment opportunity for many international investors, but retaining it in Czech hands would be most favourable for us.

**Budweiser is privatised +15 pt**

**Budweiser is passed under Czech ownership +12 pt (+24 pt if Czechoslovakia does not split)**

**Budweiser is passed under Slovak ownership 0 pt**

### ***Zlatý Bažant***

Located in the small town of Hurbanovo, Zlatý Bažant is the biggest brewery in Slovakia. Though made in the small town the brewery can pride itself with a very high volume of production as well as the recognition in the region. Controle over it could prove to be profitable, especially in the case of the federation remaining in place.

**Zlatý Bažant is privatised +7 pt**

**Zlatý Bažant is passed under Czech ownership +15 pt (+30 pt if Czechoslovakia does not split)**

**Zlatý Bažant is passed under Slovak ownership 0 pt**

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<sup>1</sup> In case of the Czech ownership decision being taken and the split not happening you will receive +40 pt and not +60 pt (second value replaces the first one). Same logic applies to the other values in this aspect.

#### 4. Car manufacturing industry

Automotive industry has always been one of the main pillars of the Czechoslovak industry. Companies such as Škoda or Tatra are internationally recognised brands and their production is predicted to only grow following the recent economic liberalisation. Similarly to breweries their ownership structure has to be negotiated.

##### Škoda

Established in 1895 in a small Czech town of Mladá Boleslav grew from a family business to one of the biggest automotive companies in Europe. Its current valuation and growth potential make it a very profitable asset that if kept in Czech hands could prove very valuable.

**Škoda is privatised +6 pt**

**Škoda is passed under Czech ownership +14 pt**

**Škoda is passed under Slovak ownership 0 pt**

##### Tatra

Although not as recognisable as Škoda this automotive company specialising in production of trucks has a large growth potential in this market segment. If kept in your hands it could prove to be a valuable asset although its privatisation would prove to be more beneficial, especially in the short term.

**Tatra is privatised +8 pt**

**Tatra is passed under Czech ownership +6 pt**

**Tatra is passed under Slovak ownership 0 pt**

Additionally if both Škoda and Tatra are transfer under your direct ownership you will receive additional **+10 pt**

#### 5. Trade marks

Czechoslovakia is known for many traditional dishes. Many of its regions pride themselves in their regional cuisine. Among them two dishes, Smažený sýr and Bryndzové halušky, can be described as one of the most recognisable. With the recent upheaval concerning the shape of the Czechoslovak federation some have called for the dishes to be trademarked according to their origin. It is not only the question of economists, as the establishment of regional trademarks may potentially limit the ability to sell certain dishes, but also one regarding national pride.

##### Smažený sýr (fried cheese)

A delicious dish made from fried cheese often served with the tatar sos (known as tatarská omáčka) is a traditional meal which is served in both Czechia and Slovakia (although made slightly differently and called wyprážany syr). Although made in the whole Czechoslovakia, internationally

fried cheese is oftentimes viewed as a Czech dish. If we were to officially trade mark it as such it would greatly serve your food industry. On the other hand some have proposed the alternative, declaring fried cheese to be a Slovak dish. If affirmed this would have severe consequences. Alternatively we could also leave this question officially answered. In this case the informal narrative about the Czechnses of the dish would most likely do the work.

**Smažený sýr is officially trademarked as a Slovak dish -10 pt**

**Smažený sýr is officially trademarked as a Czech dish +15 pt (+30 pt if Czechoslovakia does not split)**

**Smažený sýr is not trademarked +10 pt**

### **Bryndzové halušky**

Made out of flour and potatoes covered with the Bryndza cheese, bryndzové halušky are a dish traditional for eastern Czechoslovakia. Slovaks want them to be trademarked as their national dish. You on the other hand would prefer it if no trademark was created as it is also a dish made in the eastern part of Czechia.

**Bryndzové halušky are officially trademarked as a Slovak dish 0 pt**

**Bryndzové halušky are not trademarked +15 pt**

## **Split aspects**

*The following aspects come into being only if Czechoslovakia breaks into two states*

### **6. Army equipment**

In the case of the breakup of the federation the equipment of the Czechoslovak army would need to be split between the two newly formed countries. You want to maximise the percentage of the equipment supplying Czech stockpiles.

**If receiving 100% you will receive 200 pt for every 1% lower you will lose 2 pt** (for example if the result was 65% you would receive  $200 - 35 \cdot 2 = 130$  pt)

### **7. Division of the countries**

#### **Royal regalia**

Currently housed in the Prague castle, Bohemian crown regalias are the national heritage of both nations. Their future placement is a matter of contention. Some would see them remaining in Prague, some in Bratislava while others prose the moravian city of Brno as a compromise solution. You feel that the regalia should remain in the rightful seat of the Bohemian kings that is in Prague.

**Royal regalia will be housed in Prague +25 pt**

**Royal regalia will be housed in Brno +10 pt**



## **Royal regalia will be housed in Bratislava -15 pt**

### **Common currency**

Czechoslovak koruna has been the official currency of the country since its inception. Even given the breakup of the federation a common currency between the countries can be maintained. Such a solution would facilitate trade and would simply be convenient for the citizens of both countries. That is why you believe a common currency should be kept.

**Common currency is kept +5 pt**

**Common currency is not kept -15 pt**

### **Language council**

Although differing slightly Czech and Slovak can be classified as a de facto same language. Due to this interchangeability in the past a singular language council regulated the language rules. This arrangement can be prolonged. It would mean that a single council composed of both Czechs and Slovaks would regulate the use of a single language. Alternatively two separate councils can be formed in both countries de facto splitting the language. A third solution would be the situation in which Slovakia would be following the rulings of a Czech national council de facto admitting their language to be Czech. The last arrangement would greatly elevate the status of Czech but would be a great concession on the side of the Slovak state.

**Slovakia follows the rulings of the Czech council +30 pt**

**A common language council is established +20 pt**

**Two separate councils are established 0 pt**

## ***The following aspects come into being only if Czechoslovakia remains a federation***

### **6. Budget split**

In the case of Czechoslovakia remaining a federation a new federal budget division has to be established. Three ideas are being brought forward. The split can follow the land mass ratio resulting in a 70% / 30% split of the budget. The other suggestion would have it observe the population ratio resulting in a 60% / 40% split. Alternatively a flat 50% / 50% ration can be introduced. Your goal is to maximise the share of the budget allocated for Czechia.

**70% / 30% split based on the land mass ration +55 pt**

**60% / 40% split based on the population ration +40 pt**

**50% / 50% split -15 pt**

## **7. Form of the federation**

### **New capital**

With a need to redefine the functioning of the federation one of the biggest issues raised is the matter of the placement of the capital. It could remain in its current location, that is in Prague. From your perspective this would be the best solution. On the other hand two other cities, Brno and Bratislava, are being proposed as the potential new capitals. While Brno, centrally located in the Czech part of the state, could pass as a compromise, moving the Capital to Bratislava would be a change difficult to accept from your side.

**Prague remains the capital +40 pt**

**The capital is moved to Brno +5 pt**

**The capital is moved to Bratislava -15 pt**

### **Separate judiciary system**

Although technically uniform the legal system of Czechoslovakia is still divided with Slovakia still using the elements of old Hungarian and Czechia Austrian laws. The status quo may remain but finally unifying the legal system could prove very beneficial for your side tying the federation together.

**Maintaining a separate judiciary system +5pt**

**Unifying the judiciary system +10 pt**

### **Separate police force**

Similarly to the judiciary system questions as to whether a separate or uniform police force should be present in a federation. Up to this moment on service has been covering the entire territory of the state. Many in Slovakia would like to have two separate national services. You would prefer the current arrangement to be prolonged.

**Maintaining a unified police force +5pt**

**Decentralising the police force -5 pt**

### **New flag**

So far a tri coloured flag has been the symbol of Czechoslovakia. And while no one is seriously suggesting the abolition of the current flag, many in Slovakia would like to see a Slovak coat of arms added to the current design to make it more egalitarian. There is no popular sentiment for abandoning the current flag and you feel keeping it as it always has been would be the best option.

**Current flag remains the official flag +35 pt**

**Slovak coat of arms is added to the current flag +20 t**

**BATNA 180 pt**

# A velvet Marriage or a Velvet Divorce

## Side B - Slovaks

The year is 1992. Not long ago the Velvet revolution toppled the communist regime in Czechoslovakia. The long road to freedom full of bloody confrontations with the oppressive regime has finally come to an end when a small protest intended to commemorate the 50th anniversary of the suppression of a student demonstration in German-occupied Prague strolled into a nationwide wave of protests. The size of the protests and a sense of change spurred by the fall of communist regimes in Poland and Hungary in previous months forced the communist regime to agree to a transition of power. In 1989 Václav Havel became the first non communist president of Czechoslovakia and in 1990 the first fully democratic election took place.

Yet as the people celebrated their newly gained political freedom another issue began to become more and more apparent. Although Czechoslovakia was a federation of two supposedly equal states, Czechia and Slovakia their equality existed only on paper. All the central authorities had their headquarters in Prague, state funds were primarily allocated to the Czech part of the country. This has led many in Slovakia to feel overlooked and marginalised making the idea of the split of the federation seem like a chance for Slovakia to improve its situation. And while there is no wide popular support for the split of the federation, many in government circles favour that option as a chance for a clean start for both nations. One thing remains clear that the current system can not be upheld and has to be reformed.

Your names are Miloš Jánošík, Jan Kováč and Marie Plesová. You represent the Slovak government in the negotiations with the Czech delegation. Should you fail to reach the agreement a nationwide referendum on the matter would have to be held most likely leading to a long and difficult breakup process.

The morning sun is slowly rising over the Moravian city of Brno where the negotiations between the representatives of Czech and Slovak delegations are to meet. Will the federation be saved or will the two countries united since 1918 be split into two? What will be the nature of their relationship or the rules of the new federalist state?



## Negotiation aspects

### 1. Division of Czechoslovakia

The existence of the Czechoslovakian federation is now called into question. From your perspective the breakup of the union would be very favourable. It would allow Slovaks to have full control over their fate. If the federation were to remain it would need to be greatly reformed including the demands of your side.

**Czechoslovakia remains a federation +25 pt**

**Czechoslovakia splits +100 pt**

*Based on your decision, particular aspects outlined later will or will not be negotiable.*

### 2. Foreign debt

With the liberalisation of the economy a new issue came to the front namely the matter of repaying our foreign debt. Regardless of whether the split will happen or not the debt has to be allocated somehow between the two nations. You would want the Slovak share to be as low as possible. At the same time with Czechia representing the bigger part of the Czechoslovak economy you expect Czechs to take the majority of the debt.

Percentage contributed by the Slovak	Points
0%	0 pt
10%	-5 pt
20%	-10 pt
30%	-25 pt
40%	-30 pt
50%	-30 pt
60%	-35 pt
70%	-35 pt
80%	-50 pt
90%	-50 pt
100%	-50 pt

### 3. Control over the breweries

State owned breweries are not only a good source of revenue but also a point of national pride. Regardless of whether Czechoslovakia will remain in existence, the decision regarding the direct ownership of 3 biggest breweries in the country has to be made. They can be placed in the direct ownership of the Czech or the Slovak Side. They can also be privatised. The question of the

potential split of the federation will greatly affect the potential benefits steaming from the ownership of the breweries as a common market would allow you to maximise sales compared with operating only on smaller national markets in case of a breakup of the federation.

### ***Pilsner Urquell***

With its history dating back to 1842 Pilsner is probably the most recognisable beer brand from Czechoslovakia. When introduced it was the first lager beer in history. A small brewery located in the Bohemian town of Pilsen grew quickly and is the biggest beer producer in the entire country. For many Pilsner is considered the most Czech beer of all. Gaining control over such an important asset would definitely be very useful, although you understand it is very valuable for the Czechs.

**Pilsner is privatised +9 pt**

**Pilsner is passed under Slovak ownership +30 pt**

**Pilsner is passed under Czech ownership +0 pt**

### ***Budweiser***

Established in 1895 in the Bohemian town of České Budějovice Budweiser is the second biggest brewery in the country. The brewerie is not only known domestically but also across Europe and even in the US where it is sold under the name “Czechvar”. Such a well established brand would definitely prove to be an attractive investment opportunity for many international investors, but retaining it in Slovak hands would be most favourable for us.

**Budweiser is privatised +12 pt**

**Budweiser is passed under Slovak ownership +16 pt**

**Budweiser is passed under Czech ownership 0 pt**

### ***Zlatý Bažant***

Located in the small town of Hurbanovo, Zlatý Bažant is the biggest brewery in Slovakia. Many would argue it to be the main Slovak brewery. Though made in the small town the brewery can pride itself with a very high volume of production as well as the recognition in the region. Controple over it could prove to be profitable, especially in the case of the federation remaining in place.

**Zlatý Bažant is privatised +7 pt**

**Zlatý Bažant is passed under Slovak ownership +20 pt (+40 pt if Czechoslovakia does not split)<sup>1</sup>**

**Zlatý Bažant is passed under Czech ownership 0 pt**

<sup>1</sup> In case of the Slovak ownership decision being taken and the split not happening you will receive +40 pt and not +60 pt (second value replaces the first one). Same logic applies to the other values in this aspect.

#### 4. Car manufacturing industry

Automotive industry has always been one of the main pillars of the Czechoslovak industry. Companies such as Škoda or Tatra are internationally recognised brands and their production is predicted to only grow following the economic liberalisation. Similarly to breweries their ownership structure has to be negotiated.

##### Škoda

Established in 1895 in a small Czech town of Mladá Boleslav grew from a family business to one of the biggest automotive companies in Europe. Its current valuation and growth potential make it a very profitable asset that if kept in Czech hands could prove very valuable.

**Škoda is privatised +8 pt**

**Škoda is passed under Slovak ownership +15 pt**

**Škoda is passed under Czech ownership 0 pt**

##### Tatra

Although not as recognisable as Škoda this automotive company specialising in production of trucks has a large growth potential in this market segment. If kept in our hands it could prove to be a valuable asset.

**Tatra is privatised +4 pt**

**Tatra is passed under Slovak ownership +18 pt**

**Tatra is passed under Czech ownership 0 pt**

#### 5. Trade marks

Czechoslovakia is known for many traditional dishes. Many of its regions pride themselves in their regional cuisine. Among them two dishes, Smažený sýr and Bryndzové halušky, can be described as one of the most recognisable. With the recent upheaval concerning the shape of the Czechoslovak federation some have called for the dishes to be trademarked according to their origin. It is not only the question of economists, as the establishment of regional trademarks may potentially limit the ability to sell certain dishes, but also one regarding national pride.

##### Smažený sýr (fried cheese)

A delicious dish made from fried cheese often served with the tatar sos (known as tatarská omáčka) is a traditional meal which is served in both Czechia and Slovakia (although made slightly differently and called wyprážený syr). Although made in the whole Czechoslovakia, internationally fried cheese is oftentimes viewed as a Czech dish. If we were to officially trade mark it as such it would greatly limit our food industry. On the other hand some have proposed declaring fried cheese to be a Slovak dish. If affirmed this would be very positive. Alternatively we could also leave

this question officially answered. In this case the informal narrative about the Czechnses of the dish would most likely prevail which would not be favourable for you.

**Smažený sýr is officially trademarked as a Slovak dish +10 pt**

**Smažený sýr is officially trademarked as a Czech dish -10 pt**

**Smažený sýr is not trade marked 0 pt**

### **Bryndzové halušky**

Made out of flour and potatoes covered with the Bryndza cheese, bryndzové halušky are a dish traditional for eastern Czechoslovakia. You really want them to be trademarked as their national dish. On the other hand, the Czechs would prefer it if no trademark was created as it is also a dish made in the eastern part of Czechia.

**Bryndzové halušky are officially trademarked as a Slovak +15 pt**

**Bryndzové halušky is not trade marked -5 pt**

## **Split aspects**

*The following aspects come into being only if Czechoslovakia breaks into two states*

### **6. Army equipment**

In the case of the breakup of the federation the equipment of the Czechoslovak army would need to be split between the two newly formed countries. You want to maximise the percentage of the equipment supplying Czech stockpiles. You understand that probably most of it will go to bigger Czechia but securing a minimum percentage of 20% will prove crucial for your army.

**For every 1% above 0% you gain 1 pt. Additionally if you secure 20% or more you get a flat bonus of additional 40 pt.** (eg. If you were to secure 40% you would receive  $40 \cdot 1 + 40 = 80$  pt)

### **7. Division of the countries**

#### **Royal regalia**

Currently housed in the Prague castle, Bohemian crown regalias are the national heritage of both nations. Their future placement is a matter of contention. Some would see them remaining in Prague, some in Bratislava while others prose the moravian city of Brno as a compromise solution. You would prefer them to be moved to Bratislava but the compromise solution of placing them in Brno could also be favourable.

**Royal regalia will be housed in Prague -5 pt**

**Royal regalia will be housed in Brno +5 pt**

**Royal regalia will be housed in Bratislava +20 pt**

### **Common currency**

Czechoslovak koruna has been the official currency of the country since its inception. Even given the breakup of the federation a common currency between the countries can be maintained. On the other hand, creating your own currency would send a strong message that Slovakia is a truly independent nation.

**Common currency is kept -5 pt**

**Common currency is not kept +10 pt**

### **Language council**

Although differing slightly Czech and Slovak can be classified as a de facto same language. Due to this interchangeability in the past a singular language council regulated the language rules. This arrangement can be prolonged. It would mean that a single council composed of both Czechs and Slovaks would regulate the use of a single language. Alternatively two separate councils can be formed in both countries de facto splitting the language. A third solution would be the situation in which Slovakia would be following the rulings of a Czech national council de facto admitting your language to be Czech.

**Slovakia follows the rulings of the Czech council -20 pt**

**A common language council is established +15 pt**

**Two separate councils are established +25 pt**

### ***The following aspects come into being only if Czechoslovakia remains a federation***

#### **6. Budget split**

In the case of Czechoslovakia remaining a federation a new federal budget division has to be established. Three ideas are being brought forward. The split can follow the land mass ratio resulting in a 70% / 30% split of the budget. The other suggestion would have it observe the population ratio resulting in a 60% / 40% split. Alternatively a flat 50% / 50% ration can be introduced. Your goal is to maximise the share of the budget allocated for Slovakia. Additionally if the capital were to be moved to Brno Czech influence over the budget would be limited multiplying the effects of you getting a larger share of the split

**70% / 30% split based on the land mass ration +15 pt (+30 pt if Brno becomes the new capital)**

**60% / 40% split based on population ration +35 pt (+70 pt if Brno becomes the new capital)**

**50% / 50% split +45 pt (+90 pt if Brno becomes the new capital)**

#### **7. Form of the federation**

##### **New capital**

With a need to redefine the functioning of the federation one of the biggest issues raised is the matter of the placement of the capital. It could remain in its current location, that is in Prague.



From your perspective this would be the best solution. On the other hand two other cities, Brno and Bratislava, are being proposed as the potential new capitals. While Brno, centrally located in the Czech part of the state, could pass as a compromise, you would really want it to be moved away from Prague in order to break the Czech dominant position in your federation.

**Prague remains the capital -25 pt**

**The capital is moved to Brno +5 pt**

**The capital is moved to Bratislava +25 pt**

#### **Separate judiciary system**

Although technically uniform the legal system of Czechoslovakia is still divided with Slovakia still using the elements of old Hungarian and Czechia Austrian laws. The status quo may remain but some call for the legal system to be unified. You feel that Slovakia should retain a degree of independence of its judiciary by keeping it separate from the Czech one.

**Maintaining a separate judiciary system +15pt**

**Unifying the judiciary system -5 pt**

#### **Separate police force**

Similarly to the judiciary system questions as to whether a separate or uniform police force should be present in a federation. Up to this moment on service has been covering the entire territory of the state. Many in Slovakia would like to have two separate national services.

**Maintaining a unified police force +5 pt**

**Decentralising the police force +10 pt**

#### **New flag**

So far a tri coloured flag has been the symbol of Czechoslovakia. And while no one is seriously suggesting the abolition of the current flag, many in Slovakia would like to see a Slovak coat of arms added to the current design to make it more egalitarian.

**Current flag remains the official flag +35 pt**

**Slovak coat of arms is added to the current flag +45 pt**

**BATNA 200 pt**