

His Excellency  
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# The Czech Republic's Role in the New Europe

The last time I gave a speech here in L.A. was in November 1997, when I was prime minister, on a tour promoting U.S. support of the Czech membership in NATO. I tried to describe the results: both positive achievements and remaining vulnerabilities of the rapid political, social and economic transformation of the Czech Republic. I pointed out that it was, in our case, not possible to overcome the past by “introducing” a regime imported from outside the legal system, that would undergo a difficult transformation process, and I stressed that our task was to minimize the non-negligible transformation causes which were part of the process and could not be fully avoided. So it was still in the process of radical changes in the country, changes, which are now really more or less over.

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In regard to NATO, I said that the transatlantic community was never connected solely with one past enemy. It was, and is, based on ideas, not on enemies. I warned that to believe that the collapse of communism, as a final victory, would be very costly. I see around us new dangers, new blind alleys, new threats, new conflicts, new attempts to create a brave new world based on wrong ambitions and false assumptions. It seems to me that there is no need to change these views of mine after eight or nine years.

This time, however, I will concentrate on Europe because for us, for the Czech Republic, as well as for other central and eastern European countries, approaching the EU was the second most important aspect of our past 15 years.

I am sure that most of you know that the Czech Republic finally became a member of the European Union two years ago and I would like to say a few words about that. It may be surprising for some of you that when talking about the EU I will not be very positive. I know that 50 years of the European integration process is usually, both here and in Europe, considered to be a success. To express a different view is politically incorrect, but I am sure it must be done from time to time. The rest of the world can eventually afford to look at the EU with neglect. I am, however, an object of the European integration process and my way of looking at it must be sharper. The reason for my rather unorthodox way of looking at it is probably connected with my and our historic memory and our experience of the communist era. This determines my attitudes towards many issues and it gives me and us a special sensitivity—or perhaps, for other people without the same experience, oversensitivity.

So, what has happened in Europe since November 1997 when I was here the last time? I see four main changes. First, the European Union has been considerably enlarged by accepting ten new member states, mostly former communist countries in central and Eastern Europe. This happened two years ago. This increased the economic disparities and the transaction costs of the EU ruling and decision-making as well as complying with these rules and decisions. It also increased the EU's democratic deficit, as it is called. So, the enlargement was the main crucial change.

Second, the European Union has continued at an accelerated speed to expand the number of pages of its legislation which now deals with almost every aspect of human life and human activity. I recently found quite interesting figures. There are now 22,000 pieces of legislation in the EU in this over-regulated entity—22,000. 10,000 were introduced during the 40 years between the start of the European Union—then the EEC, the European Economy Community—in 1957, and my visit to Los Angeles at the end of 1997. So, out of 22,000 pieces of legislation, 10,000 were introduced in the first 40 years and in the eight years since my last visit here and today 12,000 pieces of legislation were introduced. This is really an enormous, enormous increase. So, the expansion of legislation is for me the second most important phenomenon that has happened in Europe in the last years.

Third, the ambitious attempt to accelerate the unification process by a European Union constitutional treaty di-

even suggest such a link.

So, those are the four big changes that happened in the last eight years. I must say sincerely that I have many doubts about the development, and basically I disagree with the now very fashionable plan and ambition to create the so-called "ever-closer union." That's a slogan in Europe these days. I am against the objective "ever-closer" and I'm against a Europe in this connection. I think we shouldn't speak about "Europe," we should not criticize "Europe," build "Europe" or expand "Europe", because Europe existed, exists and will exist independently of our ambitions to organize ourselves within it, to unite or divide ourselves, or to make friends or enemies within it. The Czech Republic two years ago entered not Europe but the European Union and I consider the difference as really, really important methodologically. I am sometimes frustrated to come somewhere and they tell me, "Mr. President, welcome to Europe." The Czech Republic has always been part of Europe. Those of you who have visited Prague, I am sure you would consider the Charles Bridge as much European as Rome or Paris and elsewhere—so the Czech Republic entered not Europe, but the European Union. Europe simply existed.

vided Europe. It has been, to my satisfaction, rejected both in France and the Netherlands, but I must say that the creeping unification goes on as if nothing happened. So, this is a third phenomenon.

Finally, you know, I'm sure, that the European common currency, the euro, was successfully launched, but I do not agree with the interpretation that the launching itself was convincing proof of the positive contribution of this monetary arrangement to economic development. The costs of the common currency, which demonstrates that, for example, economic growth slowed down since its introduction, has not been recognized. It has been, again, politically incorrect to

The EU is the result of a modern contemporary political approach of some European countries to do, regardless of their historical, political, economic, cultural or religious differences, some things together. The question is, what does it mean to do things together? When I look

back at the last half century, I see in Europe two different integration models, two different ways of integrating Europe. The first one, which existed at the beginning, was what I would call the liberalization model. It was characterized by inter-European opening up; by the overall liberalization of all kinds and all sorts of human activities, by the removal of barriers existing at the borders of the countries as regards the movement of goods, services, and capital as well as of ideas and cultural patterns. The main feature of the first stage, the first period, was the removing of barriers and its basis was inter-governmentalism. So, removing the barriers and inter-governmentalism.

The second stage, which I call the harmonization model, is characterized by something else. It's characterized by centralization and regulation of all kinds of parameters of the political, economic and social systems. It's characterized by a standardization of conditions of production and consumption characterized by homogenization of the human life in Europe. So, the main feature of the second stage is unification orchestrated from above and the birth of super nationalism.

Probably, you expect me to say that I am in favor of the first model, not of the second. Nevertheless, I am afraid that European integration in the last 15, 20 years moved from the first model to the second. I am convinced that the unification of decision making at the EU level and the overall harmonization of all kinds of societal parameters went much further than was necessary and more than is rational and economically advantageous. I am aware of various externalizations, and spill-over effects. These phenomena undoubtedly existed and exist in Europe and should be properly reflected in European institutions and European legislation. However, when I say they existed and exist they do not dominate, and I'm afraid that the second stage of the European integration has been based on the false



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assumption that they do. I consider this wrong.

I suggest, therefore, [we] redefine the whole concept of the European Union, and not just to make cosmetic changes. I suggest going back to being an inter-governmental model of European integration. I suggest going back to the original concept of attempting to remove all kinds of barriers in Europe. I suggest going back to the consistent liberalization and opening up of all markets, not just the economic ones, and I suggest minimizing political intervention in human activities. Where intervention is inevitable, it should be done close to the citizens. This means at the level of municipalities, regions and states not in Brussels.

I am sure that Americans understand this point sufficiently well. You are quite happy to decide many things in Los Angeles. I had the chance to meet your mayor this afternoon. I am sure that he has the chance to decide many things; then you have the states, and then you have the federal government. So we are afraid that too much has been sent to be decided to Brussels from Prague, from the Czech Republic.

Europe must be free, democratic and prosperous. This will not be achieved by democratic deficit, by super-nationalism, by an increase in legislating, moni-

toring and regulating. Europe needs a system of ideas and it must be based on freedom, personal responsibility, individualism, natural caring for others and

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a genuinely moral conduct of life. Something that could be found more on this part on the Atlantic Ocean than in Europe. Europe needs a political system which must not be destroyed by a post-modern interpretation of human rights, its emphasis on positive rights, with its dominance of group rights and entitlements over individual rights and responsibilities, and with its de-nationalization of citizenship. It's a political system which must not be destroyed by weakening the democratic institutions which have irreplaceable roots exclusively on the territory of the states. It is a political system which must not be destroyed by the loss of needed coherence inside countries, and it must not be destroyed

by the continental-wide very powerful and very vocal NGOs in Europe.

I believe as well that Europe needs an economic system which must not be damaged by excessive government regulations, by fiscal deficits, by heavy bureaucratic control, by attempts to perfect markets, by means of constructing optimum market structures, by huge subsidies to privilege—protected industries and firms, and by having labor market legislation.

Europe needs, as well, a social system. It must not be wrecked by all imaginable kinds of incentives by more than generous welfare payments, by large-scale income redistribution and by all other forms of government paternalism.

And finally, on the international scene, Europe needs a system of relations and relationships of individual countries which must not be based on false internationalism, on supernational organizations and on a misunderstanding of globalization, but on the good neighborliness of free sovereign countries, as well as international pacts and agreement. So, this is my dream of Europe and I can only hope when I come again in eight years I will be able to say that at least a part of the dream was fulfilled.

Thank you very much.

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