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Freedom and Democracy in Contemporary Europe: An Insider's View

Mr. Chairman, distinguished guests, Ladies and Gentlemen,

It is a great pleasure to be here, to be for the first time in the American South after having visited the U. S. about 50 times before. Two months ago I was in Chicago, but it is very different here and there, and at this time of year, and in January. We are very pleased to be here with you.

I have come here as a President of the free and democratic Czech Republic, of a country which – it is already more than 17 years ago – succeeded in getting rid of Communism, a country which quite rapidly, smoothly and without unnecessary additional costs overcame its past and transformed itself into a normally functioning parliamentary democracy and market economy, a country which is an integral part of the free world, member of NATO and the European Union, a good friend of the United States of America.

I came here with an important delegation to demonstrate our friendship with the U.S., to contribute to the intensification of our contacts with the Southern states, to support our very active Czech community in the region.

I will conclude my visit in Washington D. C., meeting vice-president Cheney, Secretary of Defense Gates and other leading U. S. politicians.

In this speech of mine I want to talk about something that was absent during most of my life in the communist era. What I have in mind is, of course, freedom, something the Americans value very highly, even though they did not experience its nonexistence or absence personally. In this respect our own experience makes us especially sensitive.

I would like to touch upon two topics we have been occupied with for the past 17 years:

- our postcommunist transition, and
- our involvement in the European integration process.

My views on both issues are heavily influenced by my personal experience.

Seventeen years ago I was living in a country which had no freedom. We were unable to travel to the free world. There was no political freedom and there were no civil rights. The citizenship was an empty term. We were strictly limited in all kinds of our personal activities. The economy was centrally administered. Free decisions of consumers and producers were non-existent. **It was an extremely inefficient, excessively regulated, unfree and illiberal system.**

We were dreaming about getting rid of it all the time, and some of us wanted nothing less than a fundamental change, nothing less than the total transformation

of the whole political, economic and social system. **We knew that it would require to fully liberalize both the political and economic life.** We knew as well that – at least in our part of the world, in our cultural and civilizational setting (I don't speak about Southeast Asia) – these spheres were inter-related and that it was not possible to touch them independently, separately or in any "planned" sophisticated sequencing. It had to be (and was) done simultaneously.

The political task was relatively easy. It was sufficient **to liberalize the entry to the political market**, which only confirms my conviction that **a political system can be neither constructed from above, nor imported from abroad**. It must grow from inside. We made no significant (or worth-mentioning) interventions in the spontaneous evolution of the political system in our country.

We understood that freedom either is or it is not. It must be introduced fully, not partially, without looking at currently fashionable – for some perhaps progressive and desirable – ideas, without accepting the requirements of political correctness, without listening to nowadays so popular "isms" (such as multiculturalism, humanrightism, environmentalism, supranationalism, communitarism, feminism, NGOism), etc. These "isms" are not contributing to the increase of our freedom. They jeopardize it.

Changing substantially the economic system was more difficult and especially more time-consuming. **We had to liberalize, deregulate and privatize the whole economy**, because everything was state-owned and regulated.

The concept how to do it was not brought from outside. It was prepared by ourselves. Its implementation was achieved by our own domestic efforts and it was made possible by the political support of millions of Czechs who wanted to get rid of the past.

We had to liberalize prices in the environment of a monopolistic structure of the economy and we had to do so before privatization. We had to minimize inflation in the situation of excess aggregate demand and in the moment of a very sizeable loss of output. We did it by the radical opening of markets, by cautious fiscal and monetary policies, by "importing" competition through the liberalization of foreign trade and by the substantial devaluation of the currency.

We privatized without having any capital and capitalists. We privatized the whole economy, not just individual firms. And we privatized businesses as we found them and not, as some of our critics wanted, after bailing them out financially first.

The historic dismantling of communism brought us freedom and sovereignty. Our gradual approaching

the European Union, adjusting to its requirements and in 2004 formal entering into it was a process with much different characteristics than the first one. It has brought us less freedom, less democracy, less sovereignty, more of regulation, more of extensive government intervention.

That is not the usual interpretation of the European integration process. What is usually seen or heard is the unstructured, unanalytical, almost naive pro-integrationist argumentation. It bothers me, because I consider march towards an "ever-closer", supranationalist, regulated and harmonized Europe to be a mistaken ambition and the misunderstanding of the true substance of European integration to be a dangerous intellectual defect.

The European Union is currently neither a state, nor a purely intergovernmental organization, but **has been evolving into a state-like entity**, particularly over the past fifteen years. During that time the very positive inter-European opening-up based mainly on intergovernmental cooperation was replaced by supranationalism and **by searching for democracy where it can hardly exist** – i.e. above the states.

The European Union has now its own flag, its own anthem, its currency, its bank holiday, its citizenship and its territory. It has its own ever-expanding law (the so called *acquis communautaire*) which includes 22,000 legal acts, out of which 12,000 were introduced between the last eight years 1997 and 2005.

Europe is at an important crossroads and I am convinced that a turn must be made because the unification of decision-making at the EU level and the overall harmonization went much further than was necessary, rational and economically advantageous.

I suggest redefining the whole concept of the European Union, not just to make cosmetic changes. I suggest going back to the intergovernmental model of European integration. **I suggest going back to the consistent liberalization and opening-up of the markets. I suggest minimizing political intervention in human activities. Where intervention is inevitable, it should be done close to the citizens (which means at the level of municipalities, regions and states), not in Brussels.**

Those are the issues I feel very strongly about. I am convinced we should learn from

the American experience, especially how long it takes to integrate and unify a country in an evolutionary, peaceful way. Saying that I have to, of course, forget about the Civil War.

Thank you for your attention.

Václav Klaus, World Affairs Council, Houston, March 5th, 2007