

## The Manifesto of Czech Eurorealism

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#### **INTRODUCTION**

The installation of the Iron Curtain after the end of World War II forcibly deprived the Czech lands of the opportunity to participate in the post-war democratic development of Europe. As a result, we joined the development process with a great delay and limited possibilities only after 1989, the year of our country's return to freedom and national sovereignty. However, our ambitions cannot be other than to fully participate in the decision-making process that is shaping the present and future democratic Europe, an integral part of the natural Euro-American civilization. Our foreign policy has therefore naturally formulated - besides other priorities - two chief integration goals - the accession to NATO and to the European Union (at that time EC). The most significant achievement of the Czech foreign policy to date - full NATO membership - was secured in 1999. Our current goal is the accession to the European Union. We sincerely wish the European Union to be a community of democratic European states based on equality of members' rights, a community which will exist in co-operation and partnership with the United States, the most important democracy with close ties to Europe and a country which, traditionally, has helped Europe overcome her internal conflicts.

However, there is no real debate about our accession to the European Union under way in our country. The issue has been reduced to technical and administrative training in the application of Community legislation and to media battles in which self-appointed arbiters divide our political scene according to their personal likes or dislikes into "Europeans" and "anti-Europeans". Even the representatives of the European Commission recommend us to steer clear of an EU debate, at least in the context of the next election campaign. The accession of the Czech Republic to the EU is, however, not a politically neutral step - on the contrary, it is a profoundly political decision. It will be accompanied by the most extensive voluntary transfer of part of our sovereignty to a supranational level which our country witnessed in its modern history. At present, it is therefore no longer possible to understand our accession to the Union only superficially, as a symbolic and final line separating us from our past within the socialist empire or our present within the transitory post-communist area. We have to realize on what conditions we will join the EU, what is the current state and the likely future development of the EU, which potential forms of the Union would bring the most advantages to us, and which would be less convenient, and which model of the EU we will support after our country becomes a full-fledged member. Even before the next election, each political party (or those with sufficient capacities to do so) should provide a concise and public answer to these questions in order to provide Czech citizens with all the required information.

This short analytical and political document is a contribution to the EU discussion within the ODS, and complements the party's framework document on foreign policy from October 1999 titled "National interests in the real world". The authors will continue to work on the material, further developing its theses.

#### **I. EUROPEAN UNION - PRESENT SITUATION, FUTURE TRENDS**

EU as a tilt-yard of interests

The integration of Europe undoubtedly brought about a uniquely long period of stability, prosperity and peace in the history of western Europe. The four principal freedoms of the single market - free movement of people, goods, services and capital - have become a successful instrument with which old antagonisms could be overcome and a long-term peaceful coexistence of European nations ensured. Despite this

indisputable fact, it is necessary to realize that European integration had, has and will have principally the form of confrontation (naturally non-violent!) of various political, economic and strategic interests. Moreover, the different aspects of the integration process overlap, which, in some cases, produces synergic effect, while in others results in a conflict.

One of such aspects of European integration is the confrontation of "European" interests (the common interests of European bureaucracy, European institutions and Member States) with the interests of the world's other centres. Another aspect is the clash of interests between the European bureaucracy and individual Member States. The third aspect is the confrontation among the individual regional or local entities and lobbies within each Member State as well as within the EU as a whole.

Some of EU bottlenecks

At the root of many present-day European problems, there are the constructing elements of the integration process itself, the ideological and political residue of the European past as well as certain economic and juridical schools of thought which, naturally, were conditioned by their time of origin and today are considered obsolete. As a consequence of the post-war development, European states are characterized by costly re-distributive bureaucratic processes, burden of the welfare state, and the collective claims on "group rights". All this is presented as a specifically European system of values. However, in the contemporary global economic competition, these phenomena negatively affect the competitiveness of European economies and stifle economic development. The single market is bound by tens of thousands of pages containing the ever-increasing volume of *acquis communautaire*, rules and regulations which, for the most part, are the product of various lobbyist and corporate pressures. Rather than to attain the declared "high" standards, their purpose is to serve as a protectionist instrument sheltering the European market from outside competition. In this way, Europe in many segments rather shuts the global market out than opens up to it.

The European institutions are suffering from what is called a "democratic deficit". This term refers to insufficient application of common democratic principles. For example, the governments of individual nation-states associated in the EU Council assume the role of European legislature, while the European Commission, a body of appointed officials without direct mandate from the electorate, performs executive functions. This process lies outside the genuine parliamentary control of European voters, which makes it a constitutional anomaly. Also the status of the European Court of Justice and the European Central Bank is very problematic from the point of view of the constitutional division of powers and the system of checks and balances. European institutions have little respect and authority among the public. This is caused by their lack of transparency and controllability (these problems culminated for example in the recent corruption scandal and the fall of the entire Commission), as well as by the fact that not many citizens of Member States identify themselves with the concept of "European citizenship". This is reflected also in the ever-diminishing interest in the elections to the European Parliament (EP).

The concept of political integration of Europe includes as one of its aims also the building of a common European foreign and security policy, the second pillar of the EU. The ambition of European states to assume greater responsibility for their own security, a laudable intention in itself, is accompanied by certain alarming signals: implicit anti-Americanism, attempts of some states to restore the lost status of a world power, indications of changes in strategic orientation (towards Russia), etc. The ambitions of this strategy, however, are greater than its real potential - the efficiency of European armed forces is several times lower than that of the American forces, the percentage of European GDP earmarked for defense is one third lower than in the United States, and raising the defense budget is socially, and therefore also politically, unacceptable. Still, if the common foreign and security policy of the EU should lead to a gradual separation of Europe from the United States, to building of structures parallel to, or even competing with NATO, and to weakening of the transatlantic relationship, it would seriously undermine the essential and vital interest of the European democratic civilization.

Which way?

The two historically different concepts of European integration can be described in a very simplified manner as the "intergovernmental" model (preferring the cooperation of Member States on equal terms and on multilateral basis) versus the "federalist" or "supranational" model (preferring a unified European state with strong supranational institutions).

In fact, the European Union represents and always has represented a combination of both models. In the 1980s and the first half of the 1990s, its development had been dominated by the "linear" concept of an ever-deeper integration tending to a federalist model. This model was supported mainly by the founding members of the Union, particularly by Germany, alongside with France. A supranational political union

symbolized by the Treaty of Maastricht, the founding document of the EU, was presented as the only possible and (according to the German MEP Lamers) the "most progressive" culmination of the European integration process. The envisaged development was supposed to bring further limitations on the role of the nation states and lead to their gradual "regionalisation", the European Parliament would be transformed into a genuine legislative body and the European Commission would assume the role of a European government. The most prominent symbol of this approach is the political project of the European Monetary Union, which, according to the opinions of some, should be necessarily followed by a fiscal union (i.e. the unification of tax and social systems).

At the end of the 1990s, however, the whole federalization process has been slowed down by two factors - a partial change in the attitudes of France together with the traditionally less enthusiastic approach of the "northern wing" of the EU (United Kingdom, Scandinavia). This tendency has been manifested most clearly during the last summit of the EU in Nice, which was also marked by conflicts between small and large Member States. In the Treaty of Nice, neither the European Commission nor the European Parliament were granted any new competencies. The planned binding inclusion of the "Charter of Fundamental Rights" in the complex of treaties which form the basis of the future European constitution has been blocked by no less than six of the northern states, i.e. by more than one third of all EU members. The scope of application of a qualified-majority vote (the Council voting procedure under which unanimity is not required and individual Member States therefore cannot use national veto) has not been extended considerably, too. This, of course, does not mean that Nice once and forever turned the scales in favor of the "intergovernmental" approach. Large states with federalist orientation, particularly Germany, have realized that in the future enlarged Union, it will be very difficult, if not impossible, to put through any other changes on consensual basis. They therefore took advantage of the reform of voting mechanisms within the EU Council (the "balanced" voting procedure and majorities necessary for putting through or blocking of a proposal). During the reform - which was carried out in connection with the planned enlargement of the EU - they focused on the adoption of such mechanisms as would ensure them a better position in the future. This is linked to the revival of the "flexible Europe" concept, i.e. the concept of speed differentiation in the integration process. This concept also originated in Germany (its authors are the above mentioned MEP Lamers and his colleague Sch(uble; last year, a modified form of the concept has been referred to by foreign minister Fischer). According to this concept, some of the Member States would form a "vanguard" of the EU or a "gravitation nucleus" of closer integration without being slowed down by the rest. In the future development of the integration process, the key period will be the year 2004 and the planned intergovernmental conference of the EU. We may expect a vigorous struggle especially in regard to the extent of possible use of qualified majority vote, the extent of potential "flexibility," and a clearer division of competencies between the national and supranational institutions, as well as yet another attempt at a binding adoption of some form of a future European constitution.

## **II. THE PROJECT OF ENLARGEMENT TO THE EAST**

"Cons" of enlargement process

With regard to the post-communist countries, including the Czech Republic, the EU adopted in the first half of the nineties the project of "eastern enlargement". This project is influenced by the above mentioned interests which shape the decision-making process within the EU. It is not aimed at a fastest possible accession of the candidate countries, but rather at the exploitation of the pre-accession process for the benefit of the present members. The Union sees the candidate countries above all as markets for its products and as an advantageous outlet for its surplus of experts. The candidate countries are also seen as a source of raw material and local qualified and cheap labour force, as well as a potential buffer zone against the political and security risks of the East or the Balkans. At present, there is an asymmetric economic exchange between the EU and the individual candidate countries, which works for the benefit of the Union. The link between the candidate countries and the EU also generates a considerable number of jobs in the Union itself and thus guarantees the functioning of a part of the EU's social subsystem. Even after the removal of tariff barriers, the present arrangement guarantees a sufficient protection of the EU's internal market. This is due to the well-developed protection mechanisms within the EU (quantitative quotas, anti-dumping procedures, veterinary and phytosanitary measures etc.), contrasting with the minimal protection of the candidate countries which, in the respective association agreements signed in the first half of the 1990s, opened up their markets to an extent which was previously unthinkable. From the economic viewpoint then, a candidate country is for the EU considerably more attractive than a full-fledged member.

Moreover, rapid enlargement is incompatible with many other interests of the Member States or lobbyist

groups. For some Member States, central and eastern Europe is not a priority since their attention is turned in a different direction - toward the Mediterranean or the countries of Maghreb. For others, enlargement would mean that they would have to share with the newcomers the already limited amount of the EU's financial assistance, which is definitely not going to increase in the future. The employees' lobbying groups from the countries adjacent to the candidate countries fear a major cross-border influx of cheap labour. The agricultural lobbies in the Member States fear the accession of new countries to the generously supported CAP system. Even the preferences of the public are clear enough - while at the beginning of the nineties the enlargement of the Union was supported by more than 70% of the EU population, at the end of the decade support fell to less than 50 % (the sharpest fall has been naturally recorded in Germany and Austria). With regard to the upcoming elections for example in Germany or France, these data should be taken by the European political elite as a warning.

The dynamics of the internal institutional development described above seriously complicates the enlargement process. The advocates of the supranational decision-making model will hardly admit new members to a system in which the newcomers could rule out or substantially influence the premeditated decisions of the majority (for example by making use of a national veto).

#### Negotiation process

The skilful negotiation tactics implemented by the EU has turned the enlargement process into a competition among individual candidates, thus preventing them from adopting a common approach in many areas. After the reorientation of the candidate economies toward the EU market, the Union demanded an unconditional adoption of the entire *acquis communautaire*. This is primarily an anti-dumping measure which will soon do away with the rest of the comparative advantages which the central and eastern European economies have so far enjoyed in relation to the EU (for example lower labour and production costs with a comparatively good and competitive quality of products), although, on the other hand, the adoption of parts of the *acquis communautaire* will undoubtedly foster their further liberalization. None of the previous waves of EU (EC) enlargement witnessed such unmerciful pressure on candidate countries to integrate into the national legal systems as quickly as possible the huge and ever-growing volume of Community law (in the 1970s and 1980s, *acquis communautaire* of the EC represented only a fraction of the present-day volume, while the countries that joined the Union in the 1990s adapted their legislative system to the EU standards earlier in the framework of EFTA). The adoption and implementation of EU laws will bring the candidate countries costs several times higher than the maximum amount of financial assistance they receive from the Union, a fact admitted today even by Czech government sources. The assessment of a candidate's success in implementing the *acquis communautaire* is entirely in the hands of European officials and thus becomes a useful negotiation instrument by which the candidate countries can be moved up and down the evaluation scale and the distance between any two of them can be increased or reduced according to instantaneous needs. Other evaluation criteria are being used in a similar way.

#### "Pros" of EU enlargement

The Union is well aware of its good negotiating position that makes it simultaneously a player and a referee, and there is no reason why it should change the existing arrangement unless strong exogenous factors make it necessary. One of these factors could be the risk of potential economic and political destabilization in candidate countries, caused for example by their frustration from repeated postponement or blocking of their accession. This risk is perceived most clearly by the neighbouring countries - in 1994, MEPs Lamers and Schuble wrote with astonishing directness that without further enlargement of the EU, "it might be desirable or necessary that Germany, for the sake of its own security, ensure the stabilization of eastern Europe on its own and by traditional means" (!!!). Another factor in favour of enlargement could be found in the interests of countries that oppose further "intensification" of the integration process. The accession of new members, bound to cause certain "diffusion" of the EU, may help them in their effort to stop the supranational integration tendencies. Last but not least - since the candidates are for the most part smaller countries, the present-day small Member States may benefit from their accession, because with the newcomers' assistance they can strengthen their occasional alliances against the great powers and balance their influence.

#### What form of enlargement?

If the EU used the same criteria as in the previous waves of enlargement, it could have already admitted some of the prospective members. The enlargement depends, however, strictly on the political will within the Union. Even if a positive approach prevailed once and for all, enlargement would take place only to an extent and under conditions that the EU itself can afford. This is firstly the question of the EU's financial capacities in relation to its expenses - Structural Funds, the Cohesion Fund and the Common Agricultural

Policy - and, secondly, the question of institutional rules of the Union at the time of enlargement.

At the very beginning, candidate countries made a serious strategic mistake when they focused, mainly for symbolic reasons, on the quantitative aspect (membership as soon as possible) instead on the qualitative aspect (i.e. membership conditions). The EU today responds with the requirement to suspend, in regard to the candidates, for a long period of time at least two of the fundamental freedoms of the EU - free movement of people (by limiting access of the candidates' labour force to the European market) and free movement of goods (by limiting the candidates' access to the CAP system and, subsequently, by the introduction of double trading conditions for agricultural products). A rapid accession will mean a liberalization shock for the economies of the candidate countries, a shock not unlike that of the early nineties, including the rise of inflation and unemployment, as well as growing pressures on the business sector. The future compensation in the form of assistance from EU funds is being overestimated by the prospective members. It will be limited and lower than the existing assistance provided to Member States, and some of the criteria of its granting are open to flexible interpretations and their use thus depends on a political consensus.

Within the next few years, enlargement may take place only on the condition that the candidates accept a limited (second-rate) membership. The often-cited date of the first possible enlargement of the EU - beginning of 2004 - is uncertain. That year will see some key negotiations about the internal institutional and decision-making processes of the EU and it is doubtful whether many of the existing Member States wish that the new members participate in making and influencing decisions of such importance. However, even if some of the candidates were admitted in 2004 (or possibly in 2005), with regard to the above mentioned limitations they would attain full membership in the second half of the decade at the earliest, and possibly only after 2010. The number of countries admitted to the EU in the "first enlargement wave" will depend on political decisions which, for the present, we can only speculate about. One alternative which is being mentioned quite often is the so-called minimal enlargement which would mean the accession of a few "cheap" countries followed by a long pause. Nonetheless, we cannot rule out other possibilities, including further postponement or even blocking the enlargement process.

### **III. CZECH REPUBLIC AND EUROPEAN UNION**

EU in the light of the Czech statehood concept and national interests

Freely established democratic European unity of loosely connected and cooperating states, i.e. a unity which would originate from below, has always been fully compatible with the concept of the Czech statehood as a permanently inspiring formulation of national identity and state sovereignty derived from this identity. From the idea of Czech statehood issues the main stream of modern Czech politics, embodied by the continuity of efforts of Palacký, Havlíček and Masaryk. This stream has always quite naturally tended to the liberal democratic form of government and administration of public affairs, markedly close especially to the Anglo-Saxon traditions of liberal conservatism. Those problematic concepts of European integration that stem from other than liberal democratic principles are therefore contrary to the founding ideals of the Czech state. These concepts include - apart from the earlier extremist visions of fascism or Marxism to unite Europe by force - also the present-day European social democracy with its central re-distributive processes and the politically centrist Catholicism of the Christian democratic parties.

Although full membership in the EU remains one of our strategic goals, all the reservations and negative circumstances of EU enlargement described in detail in the preceding paragraphs fully apply also to us. We will therefore have to monitor further development and always evaluate it in the light of Czech national interests which, in this context, may be summed up as follows: the strengthening of the international legal order and its institutional framework (with the same rules applying to large and small countries), the ensuring of territorial integrity, political sovereignty, independence, stability and security of the Czech Republic and the mutual opening and integration of markets accompanied by dismantling of unneeded barriers. From this, two practical consequences can be derived - first, the political necessity of our full and equal participation in the decision-making processes within the EU, and second, the economic necessity of our full and equal participation in the EU single market.

We want intergovernmental model

It is difficult to talk about an ideal model of European integration, but from the two alternatives described above - the intergovernmental and the supranational model, the Czech Republic should clearly prefer the intergovernmental one. European integration must be a bottom-to-top process, it must come from below, from European nations and citizens of Member States represented by their parliaments and governments, not from the office desks of the European political and bureaucratic elite. We should reject further unnatural "intensification" of the integration process tending toward a federal state - apart from other reasons also on the basis of our own historical experience with a non-homogenous federative entity (the federation of Czechs and Slovaks). The efforts to establish a supranational federation stem from theories about the

unavoidable "extinction" and dismantling of the national state as a result of economic globalization. These theories, however, contradict certain essential features of European democratic history. First, they disregard such fundamental prerequisites of a stable state as for example a common language of its inhabitants, shared historical experience, or a jointly created model of democracy and political culture developing from this model. Second, this concept reduces national identity to a mere cultural and folkloristic element. It does not take into account its political and constitutional significance, based on the political concept of a nation as the source of state sovereignty and constitutional legitimacy. These concepts are substituted by the idea of a "European" identity and a "European" political nation. But there is no such thing at the present, and if it ever comes into being, it will require a long process of social evolution, not a few decades of integration. The reduction of nations to the level of mere ethnic groups without the possibility of political self-identification may result in a frustrated response - a destructive wave of ethnic nationalism.

For similar reasons, we must also reject another popular theory - the diffusion of nation states by their gradual "regionalisation," which is likewise presented as a "progressive" historical process. The Swedish diplomat Karlsson (now the ambassador of Sweden to the Czech Republic) characterized this European regionalism with great accuracy: "...Many of the existing regional movements are rather provincial and anti-modernist than anti-centrist, and their principal wish is to close their region to the influences of modern society..."

The EU decision-making processes are another reason for preferring the intergovernmental model. The conclusion that "the position of a small state stimulates interest in the strengthening of the supranational elements of the European order" and that "...intergovernmental elements ... open the field for the workings of power politics..." (Prague Institute of International Relations) must be rejected. These analyses are completely erroneous - quite the contrary is actually true. The potential dictate of great powers can be prevented precisely by the broadest possible intergovernmental approach, i.e. the equality of individual states regardless of their size, and the possibility of each state to say no to changes in any of the key areas by exercising the right of a national veto. This is why the EU Council - despite the already mentioned constitutional anomaly - remains the most legitimate EU organ, as it is made up of representatives of national governments. Moreover, the distribution of votes to individual states in the Council is asymmetric in favor of smaller countries like the Czech Republic (notwithstanding the reform adopted at the Nice summit that weakened the position of small states).

What form of EU should we support?

Based on the above stated facts, we derive our concrete attitude towards problems the EU is facing right now. We must reject further extension of competencies granted to the European Commission as a non-elected, executive and administrative body with no direct electoral mandate. We must also reject new competencies for the European Parliament. Since there is no such thing as "European" public or "European" electorate, the EP can never become a genuine parliamentary institution reflecting "all-European" interests, but will rather always resemble a body of representatives speaking for various national, regional, local and other interests or lobbies. We must strictly oppose further limitations of the right of national veto and the extension of areas in which qualified-majority voting can be used and in which we thus might be outvoted and forced to adopt certain measures against our will. We must also oppose the binding inclusion of the "Fundamental Rights Charter" into the complex of EU treaties as well as the adoption of a European constitution. These are gradual steps on the way to a federal state; moreover, they would again, by means of subjective decisions of the European Court of Justice, seriously and destructively interfere with the national legislative systems. Instead of the adoption of the Charter we should gather support for the adoption of a basic, simple document defining the areas which may be with binding effect regulated at the European level.

In fact, the foundations of a "flexible" or "multi-speed" European Union have already been laid. In an enlarged EU, any other model would hardly be viable. Let us therefore embrace flexibility and support it in such a form as would enable some states to opt out of the common policies without preventing others to participate in the closer integration they prefer. This model should resemble a menu from which Member States can select areas in which they would opt for closer integration. Flexibility involves one risk - instead of a multi-speed Europe in which all speeds are equally legitimate, it may potentially lead to the emergence of "first-rate" and "second-rate" Europe, i.e. an enclave of the "more equal" among the equal. This risk is inherently present already in the proposal for the creation of the "gravitation nucleus". Those states which would not be included in it would be indirectly forced to adopt its standards without having the opportunity to influence them - they would simply have to "gravitate" (in fact, the EU has already witnessed similar development). This interpretation of the flexibility concept as the formation of some kind of a EU vanguard

again leads to inequality in the status of individual states and must therefore be rejected.

The European Monetary Union (EMU) is primarily a political project since the single currency is one of the attributes of a federal state. In economic theory (for example in the theory of optimal monetary zones), we find arguments which cast doubt on its introduction and future success. Moreover, it is likely that the criteria for the accession of new members to the EMU will be tightened and it would therefore be premature - even in case of our rapid admission to the Union - to occupy ourselves with this issue now. Our potential accession to the EMU as well as to the EU must be preceded by a referendum. Although we already have strong links with the European currency, it does not mean that we cannot, if the circumstances require, keep the tools of monetary policy in our own hands. We must, however, say a clear no to the potential fiscal union, i.e. the unification of tax, social, pension and other systems, since this is yet another step towards a federal state. Also, the fiscal union might serve the countries with extensive social systems, high taxes and high cost of labour and indirect wage expenses as a means to bring others to their level and thus do away with comparative advantages within the EU.

In regard to the second pillar - common foreign and security policy - the only European defense structure is, in our view, NATO. It is unacceptable for any European project in the field of security and defense to weaken NATO and the transatlantic link with the United States. We insist that the Czech Republic as a member of NATO be included now in all the relevant decision-making processes within the EU. The EU must not build a parallel system of defence planning nor any structures duplicating those of NATO. European operations may be considered only if NATO decides not to act. Joint forces and resources of NATO may be used only with its consent and under its supervision.

In the EU environment, it is necessary that we find ourselves allies with whom we could, after our accession, best defend our common interests and form interest coalitions. With some exceptions, our potential partners belong to the same "weight category" of smaller European states and they can be divided into two groups - those that hold similar views with regard to the internal organization of the EU (the "northern wing" - United Kingdom, Scandinavia), and those with a strong Atlantic orientation (also Portugal and the Netherlands). The Czech Republic also has to balance with these alliances the influence of our strongest neighbour - Germany. Germany is not only our most important economic partner, but also a prominent architect of the federalist projects of European integration which substantially influence our domestic political scene and distort its notions of the EU.

With respect to Germany, it is necessary to mention one particular problem which has disappeared from the bilateral Czech-German agenda only to appear on the agenda of the Czech Republic's relations with the EU (for example through the European Parliament). It is the attempt of German lobbies from the former Sudetenland to make our accession to the EU conditional on the historical revision of the outcomes of World War II (in particular on the abolition of some presidential decrees from the relevant period). This would be followed by a reinterpretation of Czech history from the Sudetendeutschen viewpoint and, eventually, by legal and economic "restitution". It is especially alarming that these demands find positive response in the conservative Germanophile segments of Czech journalist and intellectual circles. They must therefore be opposed in principle and strictly rejected whenever they appear.

How to negotiate about accession?

Our negotiations about accession to the EU should be governed by the principal requirement of our full and undeterred participation in the EU decision-making processes and in the single market. As a weaker partner of the Union and a transition economy, the Czech Republic should make every effort to push through its applications for transition periods, as was the case with the previous waves of enlargement (Spain, Portugal, Greece). Apart from this, we should also try to achieve revision of the Nice decision concerning the number of Czech representatives in the European Parliament. The Czech Republic should insist on raising the number from 20 to 22, a number granted to states of a comparable size, although, given the nature of the EP, this is rather a question of symbolic influence than real power). Also, we should insist on the opportunity to participate fully in the decisions about the future of the European Union that will be adopted at the next intergovernmental conference in 2004 (regardless of the phase in which our integration will be at that moment).

The European integration process must be looked at realistically and soberly. During the past centuries, the Czech lands had already been a part of several integrated complexes all of which eventually disintegrated. It would therefore be a mistake to see the contemporary European Union as an indisputable "finality" in the development of Europe. It is always necessary to take into account disintegration as well as integration

tendencies, and we must therefore learn to face and accept both in accordance with our national interests.

#### **IV. ALTERNATIVE, SUBSTITUTE AND OTHER SOLUTIONS**

##### **Czech Republic outside EU**

Our accession to the EU may be prevented by various circumstances internal or external to the Czech Republic. It would be politically short-sighted or even hypocritical to pretend that this possibility does not exist. It is necessary to at least outline and further analyze the possible avenues that the Czech foreign policy may take in case that our country does not join the EU.

The EU could block or postpone enlargement for institutional or financial reasons. This, nonetheless, is not very likely. The Czech Republic and other countries can be, however, excluded from the first wave of enlargement by a political decision of the EU. In the competition among the candidate countries, the Union may give preference to "cheap" and "no-problem" countries whose priority is the symbolic value of accession regardless of its conditions. On the other hand, those who defend their interests more vigorously may be "punished" by an indefinite postponement of their accession, especially if they do not have - as is the case of the Czech Republic - any powerful "sponsor" of their membership.

The Czech Republic may also change its attitude towards membership if the development within the EU goes contrary to its foreign policy or national interests. This concerns mainly the threat of our long-lasting or even permanent unequal status within the Union. The EU cannot adequately compensate us for a long-term exclusion from some of the fundamental freedoms of the single market (free movement of goods and persons). Moreover, the EU decision-making mechanisms may be adjusted in a way that would make us only a puppet member dominated by large European states or interest coalitions, with no opportunity to put through proposals of our own. In such a constellation, the EU membership would have even fewer advantages than a "mere" integration into the single market through the EEA (see below). Another reason for a reassessment of our accession efforts could be for example the growing number of anti-American elements in the policies of the second pillar, accompanied by the attempts to dismantle the transatlantic security link. Being a full member of NATO, our country of course cannot accept such tendencies. An equally unacceptable requirement would be to make the revision of the outcomes of World War II the condition of our accession (see previous page).

The public can also reject our accession to the EU in the planned referendum if the majority of citizens feels that the EU does not treat us as equals and with respect. The underestimation of this possibility is the underestimation of democratic principles. The outcome of the referendum about our accession to the EU cannot be predicted now, and we should not pretend that the only acceptable result is a positive one. In such a case, it would make no sense to carry out the referendum at all.

##### **EFTA, EEA**

It is a vital interest of the Czech Republic with its small, export-oriented economy to gain a full access to the EU single market in which a significant majority of its foreign trade take place and which is still not fully open to us. In case we do not join the EU, we could enter the single market by way of joining the European Free Trade Area (EFTA), which now consists of four small states with substantial export potential - Switzerland, Norway, Iceland and Liechtenstein. The volume of EFTA foreign trade is comparable with much larger economic associations. The accession to EFTA does not exclude us from future membership in the EU. On the contrary, for many existing Member States EFTA membership has been a transitory step on their way to a full EU membership (Finland became a full-fledged member of EFTA nine years before its accession to the EU).

EFTA members (with the exception of Switzerland) have signed an agreement with the EU establishing the European Economic Area (EEA), which means that they have full and free access to the EU single market. They had to adopt only the part of *acquis communautaire* that directly concerns the free market. Their experts, moreover, can participate in the preparation of relevant legislation. Access to EEA also brings the participating countries closer to the EU, as was demonstrated when Sweden, Finland and Austria joined the EU two years after the creation of EEA. Unlike the EU, EFTA is also building a bridge to areas outside Europe by integrating non-European states into the free trade area, and it even strengthens the transatlantic link since it is currently negotiating with Canada (!). EFTA also enables its members to negotiate individually, based on their needs, other bilateral agreements on free trade. Through EFTA and the EEA, the Czech Republic could therefore secure access to the European market and could continue to independently negotiate bilateral agreements with other states or even the EU.

The accession to EFTA is, of course, incomparable with the accession to the EU which - as a political

subject - will always influence also its immediate environment, including non-members. EFTA is an intergovernmental organization serving "only" the interests of its members. It does not include the possibility of introducing free movement of labour force and it does not have re-distributive mechanisms comparable to EU funds. Its members, however, enjoy full legislative and political sovereignty and are not forced to adopt the entire *acquis communautaire*. Apart from an autonomous and independent internal and foreign policy, EFTA membership would also mean that we would not have to transpose - on the contrary, we could at least partially reduce - the huge burden of the unnecessary social, labour, environmental and consumer legislation of the EU, together with the instantaneous expenses incurred by its implementation. EFTA membership combined with the membership in NATO can therefore prove to be, under the conditions described above, a comparatively good and advantageous political solution, as can be demonstrated by the example of Norway.

Bilateral solution

The Czech Republic could also try to arrange its relationship with the EU bilaterally, as is the case of Switzerland. Switzerland has repeatedly refused not only EU membership, but even the relationship with the Union in the framework of EEA, because such relationship would place restrictions on Swiss sovereignty. Switzerland initiated a complicated negotiating process which resulted in the last year's adoption of a bilateral treaty governing the its relations with the European Union. The treaty consists of seven "sectoral" parts which regulate the relations between Switzerland and the EU *per partes*. In some areas, the treaty goes even further than the EEA, although it does not mean the accession of Switzerland to the EEA project. In contrast to the EEA, this treaty guarantees Switzerland full legislative autonomy for the future since it requires no *acquis* implementation. If the Czech Republic chose this approach, it could make good use of the experience and positions taken in the present negotiations (in any case it should already start studying the Swiss treaties for the sake of adjusting its negotiation position for example in respect to free movement of people where the EU was in an opposite position compared to the ongoing negotiations with the Czech Republic). In any case, the bilateral Association Agreement of the Czech Republic with the EU would definitely need to be revised and renegotiated, since it was drafted as a temporary arrangement before the accession of our country to the Union.

#### Transatlantic link

If the Czech Republic did not join the EU, it would be necessary to strengthen the relationship with the United States, at first, of course, in the area of security through NATO. This would involve for example our full and active participation in the American project of anti-missile defence, to which the EU has a reserved stance. It would also be necessary to fully respect the priorities of American foreign policy, even if they were in conflict with those of the European states. In the next phase, we should try to establish economic links with the North American continent. As a member of EFTA and the EEA the Czech Republic should attempt to connect itself to the important North American Free Trade Area (NAFTA). If EFTA admitted as a new member for example Canada (see previous section), the establishment of closer relations with NAFTA would be easier. Thus far, our trade has been oriented for the most part to European countries; nonetheless, we must realize that in the global trade exchange, the importance of geographic distance is gradually diminishing. The Czech Republic would, of course, have to focus on those sectors of the domestic economy that have a potential for growth as well as tradition and prospects of cooperation with the United States (for example certain segments of the defence industry, which is substantially more developed in the United States than in Europe).

Broad and intense relations with the United States should, however, be one of the priorities of the Czech Republic even if it becomes a member of the EU, since such relations are, from the long-term strategic point of view, in our best interest. Our vision must be that of a broad Euro-Atlantic area joined by economic, political and security links, not that of a "fortress Europe" defining itself in opposition to the United States or other world centres and rejecting reforms which have proved successful elsewhere.