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Czech Integration Policy:
End of Dichotomy?

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**ROBERT SCHUMAN CENTRE
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Czech Integration Policy: End of Dichotomy?

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1. Introduction

For most of the period between 1992-2000 the Czech Republic was excessively praised for its achievements and for the rest of the time (partly excessively as well) criticised for its flaws.

The generally favourable relations towards the country were based on its remarkable political and economic stability during most of the 90s. Against the background of Balkan war, the peaceful and largely orderly dissolution of Czechoslovakia was appreciated. Even if the split has not been welcomed, its management contributed to the image of the country as well organised and largely compatible with western standards. The Czech Republic does not have territorial disputes with its neighbours, it became ethnically nearly homogenous (a feature, which may be interpreted as a historical failure as well as temporary advantage). In 1993, it had the least indebted economy among the CEE countries, with inflation, being slowly curbed, low unemployment rate and liberal foreign trade. Last but not least, its attractive leadership helped to introduce the old-new country: President Vaclav Havel, leader of the "velvet revolution" 1989 and best known and most acknowledged personality to the East of Elbe; Premier Vaclav Klaus, eloquent self-confident technocrat with an image of high competence and efficiency. The confidence in prospects of the economic growth and further enhancement of political stability was high.

However, there were serious flaws in the generally positive picture. The turmoil of 1997 proved what the critics had expected: the transformation of the country has been at least partly mismanaged and its pace increased only gradually. Moreover, the "golden age" of Czech stability – the years of 1993-1996 – was the most problematic time of Prague's integration policy. The burden placed under considerable pressure the subsequent governments of Tosovsky and Zeman, limited moreover by their weak positions in the parliament, lack of time and small room for manoeuvre. Vaclav Klaus and the ODS, however, remained a point within the narrow Czech political firmament.

The following article represents neither a profound political analysis nor the result of a long term research endeavour.¹ It is rather a brief reflection on the

¹ For an profound analysis of theoretical and political aspects of Czech integration policy 1992-1996 see Anneke Hudalla: "Der Beitritt der Tschechischen Republik zur Europäischen Union: eine Fallstudie zu den Auswirkungen der EU-Osterweiterung auf die *finalité politique* des europäischen Integrationsprozesses". Hamburg, Lit, 1997, 199 pp. For assessment of readiness of the Czech Republic to access to the EU see Marga Jennewein, Kristina Larischova: Czech Republic. In: Werner Weidenfeld (ed.): Central and Eastern Europe on the Way into the European Union. Bertelsmann Foundation Publ., Gütersloh 1996, as well as

political aspects of the evolution of Czech integration policy over recent years.² In order to introduce the reader to Czech integration policy the author will try to set a broader picture of Czech political development and thus create the context within which the gradual maturation of Czech integration policy took place. The article will focus on three periods - 1992-1996 or the time of both stability and stagnation, the turbulent year of 1997 and on the present period of the transformation and integration process, starting from early 1998. The conclusions will sum up some of the findings as well as pose further questions.

Development of a Democratic State

The Czech republic perceives itself as a medium size European country. It is dependent on international co-operation not least due to its size, geographic position in the heart of Europe, economic parameters and the fact that its export and services amount up to 55% of its GDP.³

It represents in general terms an established parliamentary democracy. The Charter of Fundamental Rights and Freedoms represents a part of the constitutional system (Art.112).⁴ The Czech Republic is a party to the European Convention for the Protection of Human Rights (since 1992) and its additional protocols. It became a member of the Council of Europe 1993 and acknowledges jurisdiction of the European Court. The country shares, however, a number of problems with some democratic states and especially with the transition countries of the former Eastern block - low efficiency and functioning of some public institutions, distortions of their politico-economic co-

earlier and later yearly reports in the same project edition.

² The article is based on authors presentation for seminar on Czech integration into the EU, held on 10.1.1998 in European University Institute, Florence. The author thanks participants of the seminar for their stimulating comments, which helped him to complete the paper. Special thanks belong to Professor Jan Zielonka for his invitation to participate at the seminar and to prepare the paper for publication.

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Special thanks belong to Stuart Philip, Institute for German Studies, Birmingham and Alex Zaitchik, Institute of International Relations, Prague for their friendly corrections of the earlier versions of the text. The author is responsible for all remaining mistakes in this final version.

³ *Concept Of The Foreign Policy Of The Czech Republic* (1999),

<http://www.czech.cz/english/textd.htm>

⁴ For *Constitution of the Czech Republic* of the 16th of December, 1992 look at <http://www.czech.cz/english/textd.htm>

ordination. At the same time, the Czech Republic obviously faces a number of specific problems. The political constellation of 1992-1996 postponed implementation of some provisions of Czech constitutional order. While the Chamber of Deputies (200 members) has been elected in 1990, 1992, 1996 and 1998 (proportional representation system), the upper Chamber - the Senate (81 members), equipped with much less powers - was only established in November 1996. There is no special provision for the representation of minorities in Parliament. An Administrative Supreme Court has still not been established. The country is divided into 75 administrative districts. In addition to communes, the constitution stipulated establishment of self-governing regions. The relevant law on establishment of higher administrative units was adopted only in 1997. The new fourteen units will start functioning in 2001. The judiciary is independent. It lags, however, behind the need to process an increasing number of cases mainly in commercial sphere. The police only partly copes with the dramatic increase in all types of crime, including cross-border, international and organised ones. The organisation of the secret service, its efficiency and democratic control of its activities have never ceased to be a topic of political and public debate. The general assessment of the legal system indicates that its evolution was more chaotic than systematic. The result was a low level of transparency, legal protection of citizens and there is therefore a lack of public confidence in law and order. Current shortcomings notwithstanding, the democratic rules of the country have never been contested.

Early post-1989 Years.

The early years of post-1989 Czechoslovak development witnessed some major steps of political and economic transformation of the country: basis of democratic order and market economy with highly developed social element has been laid down. In international affairs Czechoslovakia restored its sovereignty: it negotiated withdrawal of the soviet troops by June 1990. In close co-operation with its regional partners - Poland and Hungary - it brought the CMEA and the WTO to an end (June/July 1991). Prague launched several initiatives within the CSCE, concluded an Association Agreement with the EC (December 1991) and major bilateral treaties with its neighbours (except Austria). However, very soon both the transformation process as well as active foreign policy became burdened by the prominence of the relations between Czech and Slovak political leadership.

The federation of Czechs and Slovaks disrupted as a result of parallel influence of a number of factors - an upswing of Slovak national emancipation, highly asynchronic processes of economic and social transformation in the Czech and Slovak Republics. In June 1992, the elections established hardly compatible political representations in the Czech and Slovak republics: a centre-

right coalition in the Czech and a centre-left coalition in the Slovak republics pursued very different concepts of transformation and further constitutional development. At the same time they had some features in common - they preferred pragmatic, "fast" and "cheap" solutions which would not endanger their governing position, neglecting overwhelming public opinion in both parts of the country. The time horizon of their decisions was essentially limited by one or two election periods. The split of the country has fallen within the logic of this political thinking.

I. 1992-1996 BETWEEN STABILITY AND STAGNATION.

1.1 GENERAL REFLECTION

The government of the centre-right coalition, lead by the Civic Democratic Party (ODS, headed by its Chairman and the first Czech Premier, charismatic Vaclav Klaus) and composed of three smaller parties (Christian Democratic Party - KDS, which later merged with the ODS; Christian Democratic Union/Czech People's Party - KDU-CSL; Civic Democratic Alliance - ODA) received 105 of 200 seats in the chamber of Deputies of the Czech parliament in June 1992. It enjoyed stable majority until the general election in June 1996. The disunited opposition parties (Czech Social Democratic Party - CSSD, the communist led coalition of left parties Left Block - LBL, and Association for Republican Party of Czechoslovakia - SPR-RSC) could not endanger the position of the coalition. The period was, therefore characterised by stability, both real and alleged.

The political constellation, theoretically, could have been used for implementation of a radical transformation of the country including extensive legislative activity. This was, however, only partly the case. On the one hand, the government was successful in setting the exchange-rate policy, managing public finance policy and opening of the economy. The positive impact of these decisive measures was indisputable.⁵ On the other hand, the *laissez-faire* state concept of Czech liberals combined with national populist approaches (postponement of critical structural changes, cautious approach to FDI) was not able to launch consequent transformation within a prudent legal and institutional framework. The national economy passed the phase of transformation depression by 1993 and experienced short economic growth in 1994-1995. During the first phase the GDP decreased by 21%.⁶ Industrial production contracted to 68,3% of the level of 1990 in 1993 and gross agriculture

⁵ Pavel Kysilka, "Ceska ekonomika vyrusta ze svých problemu" (Czech Economy Growing Out of Its Problems), *Hospodarske noviny*, 5.12.2000, p.13.

⁶ These and following data are based on the "Zprava vlady o stavu ceske spolecnosti" (Governments Report on the State of Czech Society), *Hospodarske noviny* 5.3.1999.

production even more. The social burden of the unprecedented economic decrease in modern Czech history was not dramatic with unemployment at the level of 3,5% in 1993. The reason was mainly a lack of structural changes in industrial production and expansion of the third sector of the national economy. During 1992-1996 period GDP increased by 14%, industrial production reached 80,7% of the level of 1990 in 1996 (a positive development, not shared in the agricultural sector).

The “small privatisation” (property worth of roughly 23 bill Koruna) enhanced development of small businesses and services. Roughly one third of the total property meant for the so called “large privatisation” (total property involved in the large privatisation was worth of 934 bill Koruna) was privatised by the so called voucher method. The latter turned out to be a genial political manoeuvre, which enhanced *political* position of the government but ended with highly controversial *economic* results. Nonetheless, throughout most of the years 1992 -1996, general economic and political stability was maintained, being acknowledged by international community and appreciated by the Czech population. Support for the government was overwhelming.

The integration policy of the Czech government was characterised by a certain dichotomy - declaratory distance from the EU on the one hand and growing involvement of the government into the association and pre-accession process on the other. General political and economic stability created a background for a self-confident and even patronising position of some Czech politicians vis-à-vis its Eastern neighbours and even vis-à-vis the EU. As mounting problems were to show, starting with 1995/1996 in a number of key areas, the government failed to create a solid basis for a modern democratic society and market economy. The growing disparity of the external balance, indicated mounting economic problems, which were to explode in 1997. As a result, the process of Czech transformation slowed down, economic performance became more and more problematic and the reserve of political stability started to decrease. By June 1996 critical voices were gaining more attention. While during the general election in June 1992 the ODS gained 29.7% and its rival, the CSSD, only 6,53% votes, so the support for the ODS remained the same during the next general election in June 1996 (29,6%), while the CSSD gained an unprecedented 26,4%. The election results raised the Social Democracy to the position of the second strongest party challenging more and more the leading position of the ODS. The centre right coalition remained in power but did not gain a majority in the lower chamber of the Parliament.⁷

⁷ Fluctuation in the ranks of the deputies for the CSSD granted the coalition a minimal majority in 1997.

1.2 THE CZECH FOREIGN POLICY

Czech foreign policy has, in general terms, followed similar lines since 1990/1991: the westward orientation of the state has never been seriously questioned either by the political class, the business community or by the general public. Essentially public opinion has always perceived foreign policy as the best managed element of the government's policy agenda.⁸

At the same time the macroeconomic focus of the Czech conservative government (June 1992- November 1997), *laissez-faire* state and state-centred view of international relations, resulted in a visible shift in many aspects of Czech foreign policy during 1992-1993. While in most areas of domestic policy Prime Minister Vaclav Klaus behaved as an "orthodox neo-liberal" and "methodological individualist"⁹, in foreign policy his government turned away from an institutionalist focus towards a neo-realist sceptical approach and a heavily accented sense of national interest. That shift found reflection in an ambivalent approach to multilateral institutions as well as to neighbouring states - a rather peculiar concept for an ever smaller country, increasingly dependent on multilateral arrangements and external conditions. The move towards realism resulted in considerable loss to the international standing of the Czech Republic and added to the obvious decrease in prestige and influence of the state after the dissolution of Czechoslovakia in 1992.

Nonetheless, we want to argue that Czech foreign policy has undergone a process of positive maturity post 1992: it travelled the long road from neo-realist emphasis to the mainstream thinking preferring institutionalist solutions on both bilateral and multilateral levels of international relations. Prime Minister Josef Tosovsky (December 1997) could in many ways maintain continuity in foreign policy with the late phase of the first independent Czech government.

Most visible - even if not spectacular - was the increase of co-operative elements in Czech foreign policy. Indeed, Prague has no territorial disputes with its neighbours whatsoever. This is true also for relations with Germany and Slovakia, even if they witnessed other specific problems at the same time.

⁸ A special public opinion research proved in 1994 that 71% perceived the performance of the Ministry of Foreign Affairs as good. See *Verejně mínění o zahraniční politice České republiky a Ministerstvu zahraničních věcí* (Public Opinion on Foreign Policy of the Czech Republic and on Ministry of Foreign Affairs), DEMA, August 1994, p. 3. Early 1997 69% assessed government's foreign policy as good. See: *Trendy 4-1997*, STEM. We want to argue, however, that the highly positive perception is at least partially explained by the obvious lack of alternatives in foreign policy orientation and by the fact, that international affairs have not been high on the agenda of the public - except for relations with Germany.

⁹ Martin Potucek, "Tezke znovuzrozeni: obcansky sektor v Ceske republice", (A Difficult Rebirth: Civic Sector in the Czech Republic). *Politologicka revue*: 1997/2, p.42.

Primarily in 1992-1994, the Czech government's relations with its neighbours were affected by the way in which it perceived international politics. The impression was that the government departed in its political preferences from the geopolitical and economic reality. The US (less so after the election success of the Clinton administration) and the UK (before Blair came into office) had been high on the agenda of political relations, whereas closer neighbours seemed to be less attractive.¹⁰

The agenda concerning *Czech relations with Slovakia* included issues, the resolution of which was burdened by the fact of the inborn difference of political landscape and resulting political developments in both states. The influence of personalities on policy making played a special role. Both Czech and Slovak policies have been influenced by the authoritative political style of their governing parties and especially their Chairmen. Vaclav Klaus and his Slovak counterpart Vladimir Meciar were most successful in agreeing on the fact that they could not come to an agreement - a quality bound to lead to the dissolution of Czechoslovakia in 1992. Prague and Bratislava could not even come to a settlement of the residual issues of division of the former federal property. The mutual relations only partly maintained a character of a special, non-standard relationship. Nonetheless Prague and Bratislava succeeded in negotiating a treaty on adjustment of their common border (January 1996).

It is probably not correct to blame only Czech policy for the disruption of *Visegrad co-operation*. For Prague, the lack of readiness of other partners to co-ordinate in cases where their interests collided with those of the EC or Germany was *the* test-case of purposefulness of further deepening of the co-operation.¹¹ The Czech conservative government, with a certain element of pride and satisfaction, put a lid on the level of regional co-operation in 1993. Prague seriously damaged its image as a constructive partner in international relations and its behaviour as a "superior" to the rest of the group produced negative

¹⁰ Czech diplomacy even mentioned possibility to use liberalisation of trade with the USA as a means of pressure against restrictive elements in trade policy of EC - see e.g. Minister Josef Zieleniec on 23.9.1992 in: *Zahranicni Politika Ceske Republiky. Data*. Ministerstvo zahranici Ceske Republiky. (Foreign Policy of the Czech Republic. Documents. Ministry of Foreign Affairs, Prague): 9/92 (further only: *Data*) p.611; the idea was connected with a proposal of Bush Administration of September 1992 to create a free-trade-zone with Central-East European countries.

¹¹ In mid 1993 Prague sought a common position of Visegrad states vis-à-vis the EC in the case of temporary embargo on meat exports into the EC. It also tried to put through a regional, multilateral settlement to illegal migration on border with Germany, while Bonn - being under the pressure of time - wanted to conclude bilateral treaties. In both cases the other Visegrad states preferred individual way of dealing with the problems and did not explore the Czech readiness for co-ordination.

feelings in the whole region. We argue, however, that Czech government policy vis-à-vis its neighbours became gradually more active. Without its active support, CEFTA would have not become operational in a rather short time. On a working level, regional co-operation proceeded within OSCE, in Vienna, where national delegations of the Visegrad states took turns in representing the interests of the group.¹² Since 1995 an active approach to relations with Poland has gained an upper hand. Clearly, Prague took notice of the fact, that it was Poland which played the strategic role in the process of NATO and EU enlargement.

The conservative government in Prague, however, did not develop any specific closeness with *Germany*. The differences in approach of the newly neo-realist Czech and traditionally institutionalist German governments seemed to prevail for several years. Nonetheless Prague as a whole has slowly but steadily moved towards a more balanced approach to its German neighbour. The need to come to terms with Bonn/Berlin became more and more evident. One of the motives was the fact that Czech accession to the EU (and NATO) might to a great extent depend on a high level of German support. Another, not less important consideration, was the fact that without a reconciliation with Germany Czech public opinion would hardly support the idea of joining the EU given that Germany was perceived as a dominant, and potentially domineering, power within that structure.¹³ Prague, in a concerted effort by the President and the government, sought to provide for a more solid basis in dealing with the past in mutual German-Czech relations. The negotiations for a bilateral declaration in 1995-1997 proved to be much more difficult than originally expected as Germany apparently raised, for the first time, the demands of the Sudeten German community ("Heimatrecht"). The Czech-German Declaration on the Mutual Relations and their Future Development of January 1997, signed by Vaclav Klaus and Helmut Kohl, was a well balanced document. Even if it did not close Sudeten German property demands in legal terms, it expressed a political will on both sides not to burden mutual relations with issues originating in the past.¹⁴ In doing so the German government de-facto gave up its demands to implement the so-called Heimatrecht, while the Czech government expressed

¹² Conversation of the author with the former Czech Ambassador to the OSCE Zdenek Matejka, Prague, October 1996. An official recognition of this praxis would, however, cause severe criticism given the fact that "Visegrad" did not exist according to the Czech government.

¹³ *Vztahy české společnosti k Německu. Výsledky reprezentativního šetření v Czech Republic* (Relations of Czech Society towards Germany. Results of Representative Opinion Research.). Nadace Friedricha Naumanna (Freidrich Naumann Foundation) Gabal Analysis & Consulting. Praha 13.7.1995.

¹⁴ For a brief analysis see Vladimír Handl, Czech-German Declaration on Reconciliation, *German Politics*: 2/1997, pp.150-167.

its regret over the victims of the transfer/expulsion of Sudeten German population.

1.3 POLITICAL PROGRAMMES OF THE CZECH PARTIES ON INTEGRATION

The political programmes of the individual Czech parties proved that the perception of the EU were rather general in the Czech Republic. However, the problem was not solely a problem of the EU or NATO. Foreign policy had a secondary role in Czech policymaking. The party that devoted most attention to foreign policy was traditionally the Communist party. Nonetheless, in the somewhat short and “secondary” sections of the programmes on foreign and security policy, which produced the other parties, the EU and NATO played a prominent role.

The *ODS*, headed by Vaclav Klaus, regarded relations with the EU as priority. It was much less clear to what extent fully-fledged membership of the EU, envisaged in the 1992 election programme, was really a priority in early 1990 or whether it became a priority later.¹⁵ Moreover, the party, dominated by its Chairman, was never fully unanimous. For most of the time the Vice-Chairman, Minister of Foreign Affairs Josef Zieleniec, was clearly more “EU-oriented” than other members of the party’s leadership.

Mainly, but not exclusively, Prime Minister Klaus took a position, closely linked with that of the British Conservatives. The nation-state (in a centralist form) was perceived as a value “an sich”.¹⁶ There are some indications that Vaclav Klaus and his closest aides in early 1990 may not have considered full Czech membership in the EU as the only option. An arrangement, similar to the Swiss model of relations with the EU (European Economic Area) seemed to be highly attractive.¹⁷ The reserved position on EU matters was manifested by the timing of the Czech EU application. Vaclav Klaus postponed the act from Spring 1994, when Hungary and Poland handed over their applications, until January 1996. Some experts perceive Vaclav Klaus’ speech in July 1995 in Cannes as a late reflection of the Premier’s position on the membership issue.

¹⁵ Full membership has been declared the objective of the *ODS* even in its first political programme document *Cesta k prosperite* (The Road to Prosperity), published in April 1991. See: M.Mares, *Ceske politicke strany a zahranicni politika* (Czech Political Parties and Foreign Policy), *Mezinarodni vztahy* (International Affairs, Prague): 1/1999

¹⁶ The Political Programme of the *ODS* favours membership in the EU but stresses that the party did not want to dilute the Czech state in supranational structures arising without any deep roots and real identity. See *Politicky program ODS*. Praha 2.11.1995 (Political Program of the *ODS*).

¹⁷ Authors interviews with several Czech officials in November and December 1997.

In his speech he openly acknowledged that there was no alternative to the EU membership for the Czech Republic.¹⁸ His party however still did not offer any coherent vision of the EU: it avoided substantial internal debate and did not further one in public. In the 1996 election programme full membership of the EU certainly was “the main foreign policy goal of the ODS”, however, the programme stressed that integration could not suppress the diversity of member states, nations and cultures. In the view of the ODS individual member represented the basis of the EU further on; “the sovereignty and competencies of the Union will be derived from the sovereignty and competencies of the individual states”.¹⁹ Vaclav Klaus maintained his opinion throughout the decade and stressed, after his resignation in November 1997 as a re-elected Chairman of the ODS, the need to preserve (Czech) national identity and to limit the “unionist elements” in the EU.²⁰

The *ODA*, headed by Jan Kalvoda, later Jiri Skalicky and Daniel Kroupa, started from very similar positions to those of the ODS. However, it gradually moved to a “Europeanist”, and even a “federalist”, position on integration. While in 1992 and 1993 its leading politicians, like Minister of Industry and Trade, Dlouhý, revealed their close affinity to the Thatcherist concept of the EU, by 1995 and 1996 both Minister Dlouhý and Minister of Justice Jan Kalvoda issued clearly federalist statements.²¹ In its 1996 election programme the ODA rejected “an a priori disapproval of further increase of competencies of supranational institutions of the EU.”²² Being a liberal party, the ODA was cautious as far as the EU mechanisms of redistribution are concerned.

The *KDU-CSL* (Christian-democratic Union - Czech Peoples Party), headed by Josef Lux, never was especially critical about the EU, except for some particular issues of agricultural policy. It was, however, rather reserved and did not pay much attention to the foreign policy, among other things thanks

¹⁸ “...the Czech Republic has no alternative to the membership in the European Union. Our foreign policy as well as our domestic policy orientation are based fully on it.” Václav Klaus: *Notes for Cannes Summit Speech*. June 27, 1995, p.1.

¹⁹ *Bezpečnost a prosperity. Volební program ODS. Parlamentní volby 1996* (Security and Prosperity. Election Programme of the ODS. General Elections, 1996), p.11.

²⁰ Klaus: *Vstupem do EU nechceme přijít o svou identitu.* (Klaus: With the Accession to the EU We Do Not Want to Lose Our Identity). *Ceske Noviny (CTK)*, 12.3.1998

²¹ Minister Dlouhý being, like Minister Zieleniec, most “exposed” to intensive contacts with the EU, gathered enough personal experience and established close links with EU representatives. He expressed his support to “federalist” nature of European integration in an article, published 1.7.1995 in *Mlada Fronta Dnes*.

²² See: *Dal na cestě ke svobodné společnosti - Smlouva pro budoucnost. Volební program ODA* (1996), (Further on the Way to Free Society - Agreement for the Future. Election Programme of the ODA).

to lack of highest party representatives with interest in foreign policy. The concept of a federal EU, including social elements, solidarity and redistribution, found support of the party, its programme was, however, extremely general in its foreign policy section.²³ In its focus the party became very close to the position of the Christian-Democratic parties of the EU.

The opposition *CSSD* (Czech Social Democratic Party), headed by Milos Zeman took, in principle, a pro-European position welcoming especially its redistributive elements and social model anchored in the Social Charter. However, representing the middle and lower class, the Social Democrats were more inclined to protect areas of the Czech economy, notably those where structural reform has not taken place yet.²⁴ Being positive about regional and all-European co-operation (incl. security) Social Democrat grass roots tend to be rather "traditionalist" in their perception of Germany as an eventual "threat". The links of the party with other social-democratic parties enhanced its European orientation. Those contacts, however, did not prevent the party from acting as a "guardian" of the national economy and of national interests, nor deter it from support of protective measures. Reflecting the position of its grass roots on the one hand and the ambivalent position of the government on the other, the party (as all other parties as well) committed itself to a public vote on membership of the EU. As the party did not succeed in its attempt to push the constitutional legislation on a public vote through parliament in October 1997 it stopped insisting on a referendum in the case of NATO membership. It was clear it would have to argue more strongly in favour of the referendum on EU membership in order to confirm its popular identity.

Unlike the parties of the centre right or the centre left, the *KSCM* (Communist Party of Bohemia and Moravia), headed by Miroslav Grebenicek and the *SPR-RPC* (Republican Party), headed by Miroslav Sladek opposed the EU-model of integration, perceiving it as a tool of German domination. Nonetheless, at least the Communist party perceived Czech participation in the integration process as inevitable, but sought "amendment" of the Maastricht treaty mainly in terms of its democratisation. A looser model of integration was perceived as preferable whereby the EU would consist of several groupings of states. The "more advanced states" of the East Central Europe could represent one of these groupings.²⁵

²³ *KDU-CSL. Volebni program 1996* (KDU-CSL. Election Programme 1996).

²⁴ *Alternativa pro nasi zemi. Program schvaleny XXXVIII. Sjezdem CSSD* (Alternative for Our Country. Programme, adopted by the XXXVIII. Congress of the CSSD). 15.3.1997.

²⁵ *Pro demokratickou Evropu* (Manifest KSCM) 1996. (For a Democratic Europe. Manifest of the Communist Party of Bohemia and Moravia).

The *coalition* agreement of 1996 stressed the need to preserve Czech national interests and integrate the country into NATO and the EU. Again it did not include any specific preference as to the form of the integration process but merely stressed that the Czech Republic would accept the EU such as it would be at the moment of Czech accession.²⁶

Whereas most of the political parties maintained their positions throughout the years, the two smaller coalition partners moved in favour of a 'Euro-optimist' position. Several explanations are available: First, neither of the smaller coalition parties, their weaknesses notwithstanding, created a leadership structure comparable to that of the ODS. The dominant position of Vaclav Klaus blocked any substantial debate within the ODS and, in the early years of his government, within the coalition. The smaller parties, however, preserved more open and flexible internal structures which enabled them to absorb the growing direct experience of EU policymaking. This effectively corrected their originally more or less reserved position.

Second, both parties, as junior partners of the dominant ODS, quickly experienced the limits of their influence on government policymaking. Cultivating the European dimension of their policy, they were trying to increase their international recognition and widen their field of manoeuvre within the coalition. They succeeded only partly and in the context of an approaching crisis of government in 1997.

Third, the ODA being very similar to the ODS (even in its name), needed to obtain a more specific policy profile. A European policy, distinct from the position of the ODS, seemed to be a major opportunity, however, it was only partly successful. In fact, the public did not care much about the foreign policy differences within the coalition. Moreover, it instinctively favoured the position of the self-assured and assertive Prime Minister both vis-à-vis the EU and Germany.

1.4 DICHOTOMY OF THE CZECH INTEGRATION POLICY

The image of Czech integration policy in the period 1993-1996 was rather mixed. As mentioned above, the policy was shaped by sharp turns towards political realism and narrow understanding of national interests at the core of the government's foreign policy concept.²⁷ Moreover, this self-confident Czech

²⁶ *Preamble koalici dohody mezi ODS, ODA a KDU-CSL* (Preamble of the ODS, ODA and KDU-CSL Coalition Agreement), *Mlada Fronta Dnes*, 26.6.96, p.4.

²⁷ See: Pavel Seifert, Vladimír Handl: Die Sicherheitspolitik der Tschechischen Republik. In: A. Pradetto (Hrsg): *Ostmitteleuropa, Russland und die Osterweiterung der NATO. Perzeptionen und Strategien im Spannungsfeld Nationaler und Europäischer*

policy was “insulted” by the fact that it had to negotiate a new Euro-Agreement in 1993 (signed on 4. October 1993, in force since 1. February 1995). First, it hoped to “inherit” the “Czechoslovak” Europe Agreement but was disappointed by the refusal of the EC to follow that route.²⁸ Even more important, it was afraid that the new suspension clause (Art.117/2 - which was not a part of the original Europe Agreement of December 1991) could classify the Czech Republic in a different category to that of Poland and Hungary.²⁹

Institutions

The institutional set up was shaped by the process of association to the EU.³⁰ The joint institutions, established in order to implement the Association Agreement and monitor the process produced additional motivation for the Czech side to improve its national institution set-up related to the association process. The joint institutions consisted of the Association Council composed of representatives of Czech government, the Council of Ministers and European Commission. The Association Council exercises general guidance of the process of implementation of the Association agreement. The Association Committee, the executive body, supervised in a more practical way the association process and directed the activities of twelve subcommittees, which dealt with individual sectors and areas. The Parliamentary Association Committee comprises members of the Czech Parliament and of the European Parliament.

In preparation for implementation of the Association Agreement, the Czech Republic created four bodies. The Governmental Committee for European Integration was composed of individual ministers and headed by the Prime Minister. The Governmental Committee was charged both with strategic co-ordination and guidance of Czech relations with the EU and the implementation of the association process. The executive powers lay with the Working Committee for Implementation of the Association Agreement, headed

Sicherheit. (Opladen: Westdeutscher Vrlg., 1997), p.52.

²⁸ Vaclav Klaus hoped that European Agreement could be simply transferred on both republics and referred to private talks of John Major and Helmut Kohl on this matter. See Premier Vaclav Klaus in an interview for *Mlada Fronta Dnes*, 7.9.1992.

²⁹ See e.g. interview of Deputy Minister of FA, Pavel Bratinka (ODA) for *Mlada Fronta Dnes*, 15.3. 1993. In: *Zahranicni Politika Ceske Republiky. Dokumenty. Ministerstvo zahranici Ceske Republiky*. (Foreign Policy of the Czech Republic. Documents. Ministry of Foreign Affairs), Prague: 3/1993 (further only *Dokumenty*) , p.233.

³⁰ for an analysis of Czech institutions in charge of integration policy see V.Smejkal, 'European Policy-Making in the Czech Republic - Institutional And Political Framework', in B.Lippert, P.Becker (eds) *Towards EU-Membership. Transformation and Integration in Poland and the Czech Republic*. (Bonn: Europa Union Vrlg., 1998) pp.109-128.

by the Deputy Minister of Foreign Affairs and composed of higher governmental officials of individual ministries and government agencies. The Working Committee was assisted by twenty two working groups, charged with the implementation of the Association Agreement in individual areas and sectors. The working groups were supervised by government institutions competent in the respective areas. In addition to that, in early 1995 all ministries and other government agencies established a special EU-department or EU-section with more than one department. Some of the government agencies created also their multi-departmental working committees. The co-ordinating role lies with the Ministry of Foreign Affairs, which, however, has only gradually adjusted its structure to the inevitable increase of its tasks. In mid 1990 it was still just an under-staffed EC-Department, which was in charge of the co-ordination.

There was no special committee for integration within the Czech Parliament and the relevant issues were dealt with by the Committee for Foreign Affairs. The Office of the President played a prominent role in development of top-level relations with the EC and its individual member states. It influenced the general political debate on European integration and Czech national interest in this respect. Institutionally, however, it did not directly participate in the activities of the above mentioned government bodies and exercised rather an indirect influence on the Czech integration policy.

Impact of the Implementation Process

The limited liberalisation of Czech exports to the EU in “sensitive goods” and several anti-dumping cases against Czech steel and cement producers, among other critical issues, seemed to confirm the reserved position of centre-right government in Prague vis-à-vis the EU as a whole. Optimistic expectations by Czech representatives as far as the timing of Czech accession to the EU was concerned may be understood as an expression of their high self-esteem and interest in accessing the Single Market rather than the EU as such.³¹

However, a *dichotomy* soon developed in Czech policy, which gradually increased and which only receded in mid 1997 when the self-confidence of the

³¹ Premier Klaus assumed that the Czech Republic could become member of EC within approximately 5 years in interview for *Hospodarske noviny* on 6.11.1992; during signature of the free-trade-zone agreement of Visegrad countries on Dez.21, 1992 Minister Dlouhy argued that 2 years could be enough for Czech Republic to be prepared for full membership in EC. See in *Data*: 12/92, p.804; since the beginning of 1993 Czech representatives repeated frequently their assessment that Czech republic would be ready to join EC within two to three years. See e.g. interview of Vaclav Klaus for *Le Figaro*, 8.1.1993.

ODS was shattered by the economic and subsequent government crisis. On the one hand, the Prime Minister and other Czech representatives repeatedly expressed their reservations as far as the Maastricht model of integration was concerned. They heavily influenced public opinion on those issues and made the Czech desire to join the EU look unconvincing.

On the other hand, the Ministry of Foreign Affairs (MFA), but also other institutions responsible for implementation of the Europe Agreement, focused increasingly on practical issues in their relations with the EU. They welcomed the introduction of structured relations and the White Book on the Internal Market. Minister Zieleniec repeatedly demanded further improvements in the structural dialogue, especially in the field of economic policy and the third pillar - which the EU states were only partly ready to meet.³²

The *structural dialogue* of CSFP was found to be satisfactory.³³ With associated ("shadow") European correspondent established within the MFA and attached to the European correspondents network Czech diplomacy gained access to a new dimension of policymaking and experienced the multiple strains of multilateral diplomacy.³⁴ Gradually, the position of the MFA came closer to the position of the President's Office, which has cultivated a "Euro-optimist" approach.

The *approximation of laws* proved to be one of the most complex and difficult tasks to fulfil. The Czechoslovak government decided unilaterally to approximate national law to EU standards as early as 1991. The performance of the government 1992-1996, however, was influenced by a low respect for law in general, by prioritising economic aspects of the transformation process, by a lack of qualified and well paid civil servants, by attempts to avoid probable economic and social implications by postponing the implementation of EU norms in national economic and environmental policy.³⁵ In the Czech Republic the process of legal approximation has a very good theoretical basis, a private

³² The introduction of the Schengen Agreement motivated further attempts of Czech policy to seek closer co-operation with the EU in this area. It considered obtaining a status, comparable with the status of Norway and Island as an eventual interim solution. Marketa Krönerova: Schengenska dohoda - cile a budoucnost. (Schengen Agreement - its Goals and Future), *Mezinárodní politika*: 2/1997, p.24.

³³ Marga Jennewein, Kristina Larischova: Czech Republic. op.cit., p.72.

³⁴ A responsible Czech official of the Ministry of Foreign Affairs confirmed to the author that at least the initial phase of implementation of direct co-operation with the CFSP brought also considerable stress. In some cases the Czech diplomacy had to take in very short time positions on issues on which it would have no position at all.

³⁵ Petr Desný: The Harmonisation of the Legislation of the Czech Republic with European Union Law, *Perspectives*: 8/ Summer 1997, pp.46, 50, 53-4.

Legal Consortium over the implementation of the PHARE legal approximation giving methodological support to government institutions. The general institutional framework (Department of Compatibility with EU Law within the Ministry of Justice, previously situated within the Office for Legislation and Public Administration) is however insufficiently staffed and can only partially cope with the monumental task of approximation. Even the government's Memorandum of July 1996, which declared the approximation to one of the government's top priorities (with the aim of completing the process by the end of 1997!), did not change the general approach to the task. A real change required "an intellectual revolution", which would make the government consider the law and stabilisation of the Czech civil service as just as important as for example privatisation.³⁶

All in all, the general trend was, that in the course of implementation of the Europe Agreement and intensification of the institutionalised dialogue, the Czech government gradually accepted the Maastricht treaty and attached protocols as a reference point for its policymaking. Within the MFA there was a strong conviction, the reservations of some Czech politicians notwithstanding, that there was no question that Czech policy would not "digest" the Maastricht treaty and other norms of the EU in due time.³⁷ The government sought, however, a self-confident position. The time to present the application (23.1.1996) was the best manifestation of it: in December 1995 the Czech Republic became the first post-Communist state member of the OECD. The *Memorandum*, attached to the EU application, reflected the ambivalent standing of the government with regards to the EU. On the one hand it acknowledged that the European Communities "guaranteed peace, stability, positive international relations, unparalleled freedom and economic prosperity".³⁸ It declared the readiness of the Czech Republic to "assume its adequate share of responsibility" for their further strengthening and development, to "exchange a part of its national sovereignty for a shared supranational sovereignty" and even referred twice to "solidarity" (a word black-listed among many Czech liberals) as an element of the construction of Europe. At the same time the Memorandum reflected the reservations of Czech neo-liberals by referring to the perceived "difficulties and shortcomings" of the EC. It stressed Czech devotion to "liberalisation of economic activities" and only in passing mentioned that the Czech republic "accepts broader, non-economic aspects of European integration." The Czech Memorandum clearly represented a balancing act. The Ministry of Foreign Affairs, which drafted the Memorandum, was aware of the

³⁶ *Ibid.*, pp.51-54.

³⁷ Conversation of the author with Ambassador Kreuter, Head of the Czech Mission to the EU in May 1994.

³⁸ All quotations from: *Memorandum*. Ministry of Foreign Affairs of the Czech Republic.

fact, that the Premier's criticism of the EU was often not competent and mostly contraproductive. The Memorandum represents a bridge between the "eurosceptic" position of Vaclav Klaus and Euro-optimistic position of a state which wishes to become a member of the EU.³⁹ As if to compensate for the conciliatory tone of the Memorandum the Prime Minister stressed that membership of the EU "creates a general framework, which allows different approaches towards the modalities contained in the European integration process itself."⁴⁰ In Davos (4.2.1996) he argued that a postponement of EMU would be a tragedy only for those politicians who put too much into the project. His comment was a rejection of EMU itself and at the same time an assault to Helmut Kohl's vision of Europe.⁴¹ Later Vaclav Klaus warned Czech citizens that a substantial portion of tax revenues would be redirected to Brussels when EMU was implemented. He warned that membership of the EU involved a considerable loss of sovereignty and linked this issue to the question of German influence in Europe.⁴² At that stage of policy development Vaclav Klaus, however, did not gain full support for his criticism within the coalition any more and certainly not within the opposition CSSD. It is a paradox of the Czech political development that his criticisms of the EU met with full understanding within only the KSCM and the Republican party.

The achievements and shortcomings in implementation of the Europe Agreement clearly reflected the situation. Even where the Czech Republic was to gain, the policymakers and administrative structure were only partly co-operative. Some Czech representatives argued, that the Czech Republic would not need EU structural funds contributions. The slogan that the Czech Republic needs "trade instead of aid", reflected Czech behaviour throughout the first half of 1990. Arguing that the Czech Republic was ahead of many EU states in economic development, Vaclav Klaus suggested that EU money "would be

³⁹ Conversation of the author with a high-ranking official of the Ministry of Foreign Affairs, February 1996. The official mentioned, that the government perceived the text of the Memorandum as nearly "Euro-optimist".

⁴⁰ quoted from Josef Veselý: *The Fifteen EU Member States and the Associated Countries Have the Most Difficult of the Marathon Run Ahead*. In: *Czech Panorama*, (Prague 1996), p.37.

⁴¹ End of January and early February 1996 was the time of the deepest resentment between the Czech Republic and Germany since 1989. Klaus Kinkel on 12.1. 1996 tried to revive the already agreed text of the bilateral declaration on reconciliation. The negotiations broke down wit both sides considering usefulness of their further continuation. The negotiations were renewed eventually on 12.2.1996, not least because of the position of the USA and France.

⁴² Václav Klaus: *Podivná demagogická aktivita CSSD. Česko - nemecké vztahy: Vláda jedná rozhodne a zodpovedne, bez ohledu na stvaní extremistu z obou zemí* (Strange Demagogic Activity of the CSSD. Czech-German relations: The government Acts in a Decisive and Responsible Way, With No Regard to Hampering Activities of Extremist Forces on the Both Sides), *Lidové noviny*, 17.2.1996.

better spent in Portugal, Spain or even Italy".⁴³ This opinion, an expression of the neo-liberal rejection of the redistribution processes inherent to the EU, finds its supporters within the ODS to the present day. Some experts argue, there was even a lack of urgent interest and administrative effort in using the *PHARE* programme. In early 1997, the Representation of the European Commission criticised the Czech Republic (or more precisely, the co-ordinating body - the Ministry of Finance, Centre for Foreign Aid) that it failed to conclude contracts for 66% of the PHARE financial means reserved for the Czech Republic. Later the PHARE assistance for the regions devastated by the catastrophic floods in July 1997 was at least at an early stage processed slower than in Poland. Some elements of foreign aid (from Germany) available was redirected to Poland as the Czech administration was not able to make use of it fast enough.⁴⁴ According to Jan Kavan, since 1998 Minister of Foreign Affairs of CSSD government, up to 50% of the of the funding, offered to the Czech Republic in 1990-1996 was not used.⁴⁵

II. THE TURBULENT YEAR OF 1997

2.1 GENERAL REFLECTION

After the general *elections in June 1996*, the centre-right coalition created a minority government (it gained only 99 seats of 200 seats of the Chamber of Deputies). In 1997 it increased its number of seats to 100, while the opposition parties lost their majority and held 99 seats.⁴⁶ The first ever *Senate elections (November 1996)* established a majority of the coalition parties.⁴⁷ At the same time, they confirmed the position of the CSSD (30,8% of votes, 25 seats) as a second most important political party. In mid 1997, the monetary and economic crisis erupted. It was followed by political crisis leading finally to resignation of

⁴³ *The Financial Times*, 2.8.1995. As quoted in: Anneke Hudalla, *Der Beitritt der Tschechischen Republik...*, p.122.

⁴⁴ Nonetheless, the contribution of the EU is crucial. In November 1997 the European Investment Bank provided the Czech Republic with a long-term loan of 200 mill ECU as an assistance for the areas damaged by the floods in 1997 and for prevention of further catastrophes.

⁴⁵ quoted in Petr Pavlik's Country Report Czech Republic. In: *Enlargement/Agenda 2000-Watch. Pilot Issue*. Ed. by Institute for Europäische Politik at all. (Bonn, October 1998), pp.68-69,71.

⁴⁶ One independent deputy refused to vote along any of the party lines. For election history of Czech Republic 1990-1997 see: F.Turnovec, *New Electoral History of the Czech Republic*. Discussion paper 8/1998, April 1998, Center for Economic Research and Graduate Education, Charles University, Prague, here p.44.

⁴⁷ The ODS won with 35,8% of votes (29 seats), the KDU-ČSL gained 16,5% (13 seats), the ODA 8,64% (7 seats) the US 2,47% (2 seats).

the Klaus government in November 1997. The immediate cause was unclear financing of the ODS, which motivated two junior coalition partners (ODA and KDU-CSL) to leave the coalition. As the move was made during Vaclav Klaus' visit to Sarajevo, a new "Sarajevo assassination" became the catch-phrase - and a pretext for the ODS to present the "betrayal" as the true reason for the government crisis.

The dichotomy of Czech integration policy receded and practical integration policy was intensified in 1997. Falling behind became the issue both at home as well as in the EU.

One of the rather embarrassing experiences of Czech political development became further *ideological polarisation*. There are inevitably very different explanations of the crisis of Czech economic development in 1997. Looking back at the second half of the 90s, Vaclav Klaus sees the roots of economic decline in the year 1996. It was a "result of corrections of exterior economic disequilibrium that we had little control over". The second reason was the restrictive monetary policy of the Central Bank.⁴⁸

The expert community is divided on the question whether the concept of the reform, based on the so called "Washington consensus" and therefore much prized by the IMF and World Bank, was wrong from its initiation or whether it had been adequate but should have been adjusted by the mid 90s.⁴⁹ The Social Democrats see the unsuccessful privatisation as the biggest mistake. The changes in both company and business regulation were too slow, liberalisation too fast and too naive and only in this context the exaggeratedly restrictive currency and monetary policy played a negative role.⁵⁰ On the most general level the CSSD points out at disbalance between the development of domestic demand and the slow growth of the GDP. As a result the difference was filled up by growing external disparity - growing imports, slower growth of exports and therefore passive balance of foreign exchange. The tension between economic growth and external balance was caused by a wrong strategy of transformation as a whole. The liberalisation of foreign trade was asymmetrical and advantageous for more competitive foreign producers. The domestic

⁴⁸ Vaclav Klaus quoted in Economy nearing depression, *Hospodarske noviny*, 23.3.1999. More detailed presentation of the same arguments: V Klaus, *Zeme, kdes se jiz dva roky nevladne*, (The Country Where Nobody Governs For Two Years Already) (Praha, CEP, 1999)

⁴⁹ For illustration of the independent expert debate see M.Pick *Od zacatku na falešne ceste* (From the Start on a Wrong Path), and P.Zahradnik *Start reformy byl dobry* (The Start of the Reform Was Correct), both in *Hospodarske noviny* 1.4.1999, p.11.

⁵⁰ Presentation of deputy Prime Minister of the social democratic government Mladek, quoted in: CNB (Czech National Bank) not the only guilty party. *Hospodarske noviny*, 19.2.1999, p.19.

producers were, moreover, disadvantaged by deliberate government abstention from any noteworthy microeconomic policy, by failed privatisation and the inability of the government to create a solid legal and institutional framework for market economy. The low exchange rate of 1990 may have helped exports of less sophisticated production. State support for more sophisticated production and exports was, however, insufficient.⁵¹

The Klaus governments pursued an economic policy liberal as to its intentions but less so as to measures. The role of the state was indeed minimal, the state did not develop any sizeable industrial policy (even if Minister Dlouhy argued from 1996 there was an industrial policy in place), refused to formulate and implement a structural economic reform, as demanded by some academics, the business community and the political opposition. At the same time, it did not implement even the traditional liberal agenda as regards the institutional and legislative framework of economic development. The liberal government did not produce prudent legal norms nor did it establish controlling institutions, which would implement strict rules. The feud-tainted financial markets lost domestic and international confidence and could not provide the economy with sufficient credits needed for restructuring.⁵² The financial market, intransparent and barely regulated, represent a good example of the government's approach: it took the government five years to acknowledge the necessity of standard control mechanisms, normal in the most liberal economies, but deliberately ignored in the Czech liberal concept. Some of the liberal politicians reportedly even argued, that a capital market itself was not necessary: allegedly, the real objective was a concentration of the property, dispersed by the voucher privatisation.⁵³

The mass privatisation to a large extent failed to establish clear ownership relations. The vouchers were exchanged for shares concentrated in privatisation funds, linked with banks, the major shareholder of which was the State itself. The result was an absence of structural changes, a prevailing continuity of management, involved too often in "tunnelling" (defrauding the companies) and a concentration of economic power in the hands of a very small group of people.

⁵¹ For this and further in-depth analysis for the point of view of the CSSD see: *Zprava vlády o stavu české společnosti* (Governments Report on the State of Czech Society), *Hospodarske noviny* 5.3.1999.

⁵² C.Konecny, Czech Adjustments to the European Union - the Socio-Economic Setting, in B.Lippert, P.Becker Towards EU-Membership...., p. 68.

⁵³ reference made in critical reflection on the 'liberal' concept by L.Mlcoch Trh potrebuje politicky konsensus, (Market Needs Political Consensus), *Hospodarske noviny*, 26.3.1999, p.13.

The CSSD argued that the privatisation method had catastrophic implications for the national economy. That is arguably demonstrated by the fact, that the lead of the state owned enterprises in added value per capita of the labour force over Czech privatised companies even increased from 1996. The undisputed leadership is with the foreign owned companies. Nonetheless, at the same time foreign capital participation in the privatisation process was largely restricted under Klaus government.

Other views, however, oppose such a critical assessment as too radical and general. The Klaus governments, according to this views, did more or less what could have been expected from a post-communist government. The outcome of the policy should be measured by long term indicators of growth and compared with the neighbouring East Central European countries, looking not only at 90s, but at the 80s as well. From this vintage point the preliminary results of the Czech economic transformation may be contradictory but not totally unsuccessful. The later CSSD policy did no, after all, offer any *radical* alternative to the liberal attitude.⁵⁴

In any case, with the attempts to maintain the exchange rate at the level of 1990, the Czech Koruna experienced real appreciation which further undermined the competitiveness of Czech enterprises on both foreign and domestic markets. The trade balance deteriorated to an unsustainable degree, provoked a currency crisis in May 1997 and led the CNB to prefer a managed floating of the Koruna.⁵⁵ The two “packages” of austerity measures, adopted by the government of Vaclav Klaus in April and June 1997 concentrated on fiscal and monetary tools. As a result, on the one hand, the current account deficit was reduced. On the other, however, GDP growth virtually stopped.

Foreign experts indicated as early as 1995 that the major problem of the Czech economy constituted insufficient competitiveness by Czech suppliers, insufficient equity capitalisation of domestic firms and a complicated ownership structure of many privatised companies the profits of which might be channelled towards consumption rather than investment.⁵⁶ The poor financial infrastructure of Czech banks involved in the privatisation, and overburden by bad loans (thus

⁵⁴ So the Czech representative to the IMF, Jiri Jonas in his *Svetova ekonomika na prelomu tisíciletí* (World Economy at the Turn of the Century) (Praha: Management Press, 2000), pp. 9-54.

⁵⁵ J.Pöschl *Czech Republic: Medium- and Long-term Economic Prospects*. Vienna, March 1999 (manuscript), here p.14.

⁵⁶ See J.Pöschel in V.Handl. C.Konecny, J.Pöschl, Czech Republic, in W.Weidenfeld (ed.) *Central and Eastern Europe on the Way into the European Union*. (Gütersloh: Bertelsmann Foundation Publishers, 1995) p.55.

postponing bankruptcy and the restructuring of huge private firms - like Skoda Plzen or Chemapol - and state-owned companies), rather hampered than facilitated the long term investment in restructuring and technology modernisation.

2.2 FOREIGN POLICY ACTIVATION

Against the background of a mounting crisis, it was not obvious that the government's foreign and integration policy gained new momentum. Apparently, the critical situation confirmed the closeness of the transformation agenda and preparation for membership in the EU. Also, the individualist accent of Czech foreign policy proved to be inadequate: a more co-operative approach in bilateral as well as multilateral policy improved rather than burdened Czech position in international affairs.

In *Czech foreign policy* further important shifts took place during 1997. The accession to NATO became a matter of prime importance and drew attention to the Czech policy debate within the public, mass media and political elite. As in other areas, a closer look at the results of Czech policy confirmed what experts had long pointed out: the government, with exception of its diplomatic effort, had prepared for the NATO membership very slowly, the security and defence policy being underestimated or neglected.⁵⁷ The question of ability to access the other integrated institution - the EU - was obvious and started to bother the public and political elite.

After more than three years *Czech-Slovak* consultations at a high level were resumed with Vaclav Klaus' visit to Piestany (Slovakia) in October 1997. Both Prime Ministers decided to proceed with negotiations on a mutual exchange of shares in Komerční banka and Vseobecná úverová banka and on the question of Slovak gold being held by CNB, the Czech Central Bank. Also, it was agreed that the so-called commission for the division of property of the former Czechoslovakia, which had been inactive since the spring of 1993 should resume its activity and resolve the mutually recognised claims. Both sides wished to preserve the customs union.⁵⁸ Czech governments have always expressed their support of Slovak membership of both the EU and NATO. Given the controversial standing of the Slovak side on both issues the Czech

⁵⁷ See the continuous effort i.a. of the Institute of International Relations, Prague, to draw attention to the obvious absence of a coherent concept of Czech security and defence policy. In: *The Security Policy of the Czech Republic*. IIR Research Project, Prague 1994, followed by *The Security Policy of the Czech Republic*. IIR, Prague 1997. Both reports edited by Dr. Jaroslav Janda and Dr. Jan Eichler.

⁵⁸ Klaus a Meciar se shodli více, než sami předem ohlasovali. (Klaus and Meciar Agreed More than they Originally Expected). *Ceske Noviny (CTK)*, 10.10.1997.

government did not however see it possible to co-ordinate Czech and Slovak policies in this respect.

The trend of deepening *regional co-operation* received a new momentum in 1997. The invitation by NATO and the EU to start negotiations concerning accession with *three* of the Visegrad states opened a new chapter in Czech co-operation with its neighbouring countries.⁵⁹ Within “*Visegrad Four*” a smaller “*Visegrad Three*” came into being. Jaroslav Sedivy, the new Czech Minister of Foreign Affairs (appointed by Premier Klaus in November 1997, after Minister Zieleniec had resigned) addressed Poland and Hungary as the closest partners of the Czech Republic and let Hungarian Minister Lazslo Kovacs, “doyen” of the group, speak as a representative of all three states. The three agreed to co-ordinate during the process of integration into NATO and the EU. As the Euro-sceptical touch of Czech policy faded away in the last months of the Vaclav Klaus government and was fully rejected by the government of Josef Tosovsky, the overall framework of *Czech-German relations* improved. Minister Sedivy skilfully bridged the sceptical approach of his predecessor with regards to the OSCE, a forthcoming approach to regional co-operation was welcomed in Bonn. The Czech-German Fund for the Future, founded in January 1998 was designed to address the victims of Nazism and the Czech-German Forum was to provide a basis for broad social discourse about the past and future of Czech-German relations.

2.3 INTEGRATION POLICY FROM DICHOTOMY TO DISTRACTED ACTION

Institutions

The issue of the effectivity of the institutional set up of Czech integration policy has been debated ever since the end of 1994 when the Governmental Committee for European Integration was established. One of the possible options - the establishment of a European Ministry - became an object of considerations for some time. It was among other things an increasingly difficult balance of power within the governing coalition which, however, prevented the government from taking this step: every coalition party would have claimed the new ministerial post for itself. The idea of a Euro-ministry reappeared during negotiations about the creation of a care-taker government in December 1997. The limited mandate and time table of the government was, however, one of the reasons for a further postponement of further deliberations in this respect.

⁵⁹ Like in the case of Portugal and Spain, it was the gradual integration which provided for increasing motivation for regional co-operation.

Throughout the years, the activity of the government Committee has been perceived as being not particularly efficient in directing the efforts of the implementation process. It has not exercised any noteworthy strategic guidance of governmental integration policy.⁶⁰ Most of its work-load has rested upon the Working Committee for Implementation of the Europe Agreement which was renamed the Working Committee for European Integration, headed by the Deputy Minister for Foreign Affairs in charge of European Integration.⁶¹ The Ministry of Foreign Affairs enhanced its structures dealing with the integration issues: in mid 1997 the EC-Department was divided into two separate departments: the Department for Political Relations with EU (OPEU) and the Department for Co-ordination of Relations with EU dealing with the first and third pillar issues (OKEU). Both departments are elements of an Section for Integration of the Ministry, which includes also Security Policy Department and United Nations Department.

In early 1997 the need to elaborate on a negotiation position and the establishment of a negotiating team became urgent. The necessity to have a relatively large number of experts has been acknowledged since 1994. It was one of the clear messages, which Austrian politicians stressed vis-à-vis their Czech partners (on official State- as well as unofficial party-level) after negotiating the Austrian EU-accession. Only in February 1997 did the Vice Minister of FA Svoboda address the issue in practical terms. He expected the bulk of the *team* to consist of the Working Committee. The prominent problem turned out to be the level of language skills combined with expert knowledge in individual areas. It was common knowledge that the potential of the government after having done next to nothing in this area was extremely limited and could have hampered the result of the negotiations on EU accession.

It again reveals the fact, that reform of the *Civil Service* had not been a priority of the Czech government upon that point. The extremely small group of available public servants with limited knowledge of the EU matters could only partly fulfil the complex task: to play the role of a “transmitter” between the EU and the Czech Republic, be instrumental in implementation of the European Agreement, prepare the Czech Republic for admission into the EU, represent its interests vis-à-vis the EU, “educate” both the political elite and public opinion about the EU and explain the potential risks and opportunities of Czech membership.

⁶⁰ For an analysis of the Czech and Czech-European set up of institutions in the case of law approximation see: Desný, *The Harmonisation of the Legislation* p.52.

⁶¹ Smejkal *‘European Policy-Making ... pp.109-128.*

In the Chamber of Deputies, the growing weight of the opposition CSSD meant also its increasingly articulated criticism of the Premier's vision of the EU and of the slow pace of government integration policy as a whole. Also, the newly elected Senate offered new opportunities for public scrutiny of the government's European policy. The Senate Committee for Constitutional Law, headed by social-democrat Rychetsky proved to be most active in this respect.

Gradual Adjustment of Integration Policy

The partial loss of self-confidence by the Czech government after the elections of June 1996 helped to free the policy of integration from its ideological overtones. At the same time competition between the government and the opposition was growing and the gap within the coalition widening. Both processes took place against the background of a deteriorating economic situation. The government, lacking a clear concept, political focus and increasingly also leadership was not able to follow a policy of *concerted* action in dealing with integration issues. Its effort remained *distracted*.

Earlier Czech policy was most active within the *structured dialogue on CSFP* – not an ideal but, in any case, the best functioning part of structured relations as a whole. It readily supported the common positions of the EU and even stepped up its participation in the IFOR/SFOR operations under the leadership of NATO. The *Avis* of the European Commission of July 1997 found that the Czech government confirmed its readiness to participate fully and actively in the CFSP. The European Commission expected the Czech Republic to become an effective member of the CFSP and to fulfil its obligations in this field. Indeed, the Czech Republic was in fact, like most of the other associated countries, ready to go further than the CSFP framework offered. Moreover, Czech foreign policy took seriously the message that the EU would not open the doors to new members if they had unsolved disputes with their neighbours, or if they kept their doors closed to each other.

Czech policy gradually moved towards a co-operative approach even in those areas, where the redistributive elements were obviously in conflict with neo-liberal convictions. In February 1997 during the visit of EU-Commissioner Flynn, Minister for Labour and Social Affairs Vodicka (ODS) for the first time publicly recognised that the Social Charter of the EU was a constituent part of the *acquis communautaire*. The Czech Republic would accept, according to his view, the establishment of work councils in individual enterprises in accordance with the Maastricht treaty.⁶²

⁶² He repeated this position during the session of corresponding ministers of the EU and associated states, October 1997. See: Czech Republic se hlasi k principum socialniho dialogu

Indeed, the EU played a twofold role in this respect. On the one hand, where it praised the Czech transformation or simply observed diplomatic politeness, an additional layer of legitimisation was the result even if it was of secondary importance to the government. Even if the sessions of the Association Council as a rule raised some of the trade issues and approximation of laws, the overall impression reflected in the media was generally positive.

On the other hand, whenever Commission officials criticised Czech policymaking they added to the legitimacy of expert and political opposition to the self-confident and “no-alternative” course of the ODS - both within and outside of the coalition. In October 1996 Commissioner Wulf Mathies defended the social dimension of the integration process. In December 1996 Hans van den Broek presented to Czech parliamentarians a list of urgent tasks for the Czech Republic to fulfil prior to EU membership. Leon Brittan’s visit to Prague (March 1997) once again pointed to the urgent need to put through reforms of the state administration, implement structural changes in industry, step up the fight against corruption, stabilise the finance sector and speed up the process of approximation of laws. In order to assist the Czech Republic to decrease a constantly growing negative trade balance, the EC offered 4 mil ECU from the PHARE programme in support of Czech exports to the EU.

The growing crisis in the Czech economy made the Czech style of policymaking more open. Premier Klaus visited the EU in April 1997 in order to discuss a package of austerity measures with the European Commission. He obviously sought consent for his economic plans and, very probably, additional domestic legitimisation for the measures. He also wished to prevent possible tension with the EU in view of import deposits which the government planned to introduce in order to decrease the trade deficit with the EU. The European Commission, however, perceived the import deposits as being in conflict with the Europe Agreement, Art. 65. and it did not agree that the Czech Republic was facing a trade balance crisis. To the contrary Vaclav Klaus held the Europe Agreement for being at least partly responsible for the Czech economic crisis.⁶³

The Czech government Committee for Integration argued that with abolition of EU trade barriers the obstacles on the EU side concentrated increasingly in the sphere of mutual recognition of certificates, veterinary regulations and anti-dumping measures. The Committee however did not take any restrictive measures against EU exports.

(Czech Republic Declares its Support for the Social Dialogue). *Ceske Noviny (CTK)*, 7.10.1997

⁶³ A.Robinson, R.Anderson: Czech Premier attacks EU association agreements: Klaus says would-be EU members are being discriminated against. *Financial Times*, 18.6.1997.

The question of trade deposits clearly demonstrated the lack of Czech government's competence in dealing with a huge and growing trade deficit. After much resentment in its relations with the EU the government abolished the deposits requirement in August 1997 as they did not generate any positive economic effect.⁶⁴ The case showed a lack of experience and "know how" of the government in dealing with the conflicts of economic interests between the Czech Republic and the EU. Also, they proved a readiness on the Czech part to risk a conflict with the European Commission. The dispute over trade issues was to be followed by the Tosovsky government in 1998 as well.

Precisely the *real* disputes between the Czech government and the EU revealed the peculiar character of the Czech position in Brussels. Critics of Vaclav Klaus's political style were getting stronger even within the coalition. During the Session of the joint Parliamentary Association Committee of the EP and the Czech Parliament (June 1997) the Czech co-chairman, Daniel Kroupa (ODA), criticised Premier Klaus for his irresponsible remarks vis-a-vis EU institutions, as his criticism would aggravate Czech opportunities to access the EU. Later he argued that Vaclav Klaus should give up his chairmanship of the government Committee for Integration because of his "Euro-sceptic" positions and proposed establishment of a Ministry for European Integration.

Also, the Czech approach to structural policy of the EU and to financial aid was gradually changing. It was, however, only the Tosovsky government, which took a positive approach to the structural funds. The delimitation of the EU funds for associated countries was clearly welcomed. In fact PHARE helped among other things to finance the professional training of a number of Czech officials and co-funded the programmes on the approximation of laws. The funding of the cross-border regional co-operation between the Czech Republic and its immediate EU neighbours - Germany and Austria and other associated countries, though mainly Poland, became extremely important.⁶⁵

⁶⁴ So, the Director General of the Association of Czech Industry and Transport, Bretislav Ostadal, asked for fast and quiet abolishment of the deposit as they did not have any real effect. Banks did not collect the deposits anyway, they only encashed the interest rates from loans, which they provided for them. See: Bratinka: MPO se v Bruselu nechovalo diplomaticky a efektivne (Bratinka: Ministry of industry and Trade Did not Act in Diplomatic and Effective Way). *Ceske Noviny (CTK)*, 30.5.1997.

⁶⁵ Early 1998, there were eleven project of cross border co-operation between Poland and the Czech Republic. See: Program Evropske unie prispeje na spolocene cesko-polske projekty (Programme of the EU Will Co-Fund Joint Czech-Polish Projects), *Ceske Noviny (CTK)*, 26.3.1998

It was apparently the economic crisis and public disillusionment in mid 1997, combined with additional pressures "from outside" (the EU, the Council of Europe, NATO and individual partners) and with increasing opposition influence on policymaking through parliamentary bodies, which changed the general setting of Czech integration policy. The dichotomy of the Czech policy approach to integration was mostly overridden. At the same time, Premier Klaus maintained his critical opinion of the EU integration model. For example in September 1997 he praised CEFTA as an example of effective co-operation without excessive bureaucratisation, which involves the EU integration.⁶⁶ A more active integration policy had to count with growing domestic tension, a changing political landscape, and a need to concentrate on urgent tasks of economic stabilisation.

The government proceeded in legislative activity. It drafted for example a law on the residence of foreigners in the Czech Republic and an asylum law. Both drafts considerably tightened the conditions of residence and met one of the important conditions of EU admission. The condition of the Czech national administration, general situation in approximation of law, lack of structural changes in national economy and other problems turned out, however, to be the most important obstacles on the Czech road to the EU. The original impression that the Czech Republic was best prepared of associated states for EU integration, gradually receded.⁶⁷ Indeed, the government stepped up its effort in the sphere of legislation, administrative reform and preparation for accession negotiations to the EU. It is the brief and final period of the government of Vaclav Klaus (spring-autumn 1997), which the care-taker government of Josef Tosovsky (January-June 1998) could point to and stress the aspect of continuity with most of all. Due to the former delays, the Klaus's agenda of preparation for EU membership was extremely full.⁶⁸ The progress made was not so spectacular as in the sphere of foreign policy but it nevertheless took place.

The establishment of the Senate increased the influence of the opposition parties on the conduct of European policy. In May 1997, the Senate Committee for Constitutional Law criticised the legal approximation process and deemed it to be unsatisfactory. The Committee envisaged stronger control of the process.

⁶⁶ See: Klaus srovnal nebyrokraticke seskupeni CEFTA s Evropskou unii (Klaus Compared the Non-bureaucratic Grouping of CEFTA to the EU). *Ceske Noviny (CTK)*, 12.9.1997.

⁶⁷ During his visit in January 1997 Klaus Hänsch still thought the Czech Republic was most advanced in the preparation for EU membership. See in *Pravo* 20.1.1997.

⁶⁸ See suggestions for preparation of Czech accession to the EU in Miloslav Had, Jaroslav Jaks, Cestmir Konecny: *Ceska Republika a Evropska Unie. (The Czech Republic and the European Union)*. In: Vaclav Kotyk (ed) *Ceska zahranični politika. Uvahy o prioritach. (Czech Foreign Policy. Reflections on Priorities.)* (Praha: Ustav mezinarodnich vztahu, 1997), here mainly pp. 49-58.

It found, that some ministries presented even such norms as compatible, which in fact conflicted in some parts with the *acquis communautaire*. Later the year Minister of Justice Parkanova acknowledged that individual ministries did not efficiently co-operate in the legislative process, there prevailed a sceptical approach vis-a-vis law experts, who were frequently excluded from final drafting of individual laws.⁶⁹ In September 1997 the Ministry of Justice drafted adjustments to the Czech constitution which were considered necessary for the EU accession. Given the increasing levels of discrimination against the Czech Romany population and the pressures exerted by the EU and international community as a whole, the government pursued a more positive line of action. In October 1997 it issued a report on the situation and envisaged measures in the sphere of education and security.

Prague was confident enough to suggest the completion of the approximation of legislation on environmental matters by 1999. Indeed, the annual meeting of the environmental ministers of EU and associate countries (September 1997) regarded the Czech Republic and Estonia as the most advanced states in this single respect.

Also preparations to adjust the alien and migration laws were under way. At the same time the Czech Republic shared a deep interest with Poland in preventing any negative impact of new regulations on their relations with their eastern neighbours and partners.

In October 1997 The Chamber of Deputies passed a law on the creation of Higher Self-governing Local Units (regional administration) fulfilling at last the provisions of the Czech Constitution. It should improve the ability of the country to participate effectively in regional, cross-border co-operation and enable it to make use of the structural policy of the EU as soon as the membership in the EU will have been accomplished.

In mid 1997, at last, the government started to pay more attention to the financial sector in order to make the capital and financial markets more transparent, efficient and compatible with EU standards. Intensive efforts were made at the end of 1997/early 1998 to amend Czech banking legislation by separating investment banking and commercial banking activities and by enhancing the supervisory activities through the creation of a Securities Commission.

⁶⁹ Podle Parkanove vznikaji nektere navrhly zakonu bez ucasti pravniku (According to Parkanova Some Laws Are Being Drafted in Absence of Law Experts), *Slovo*, 19.11.1997

IV. THE CZECH POLICY SINCE 1998: BACK TO THE BASICS, FORWARD INTO THE EU-ACCESSION TALKS.

The Governor of the Czech National Bank, Josef Tosovsky, headed a caretaker government introduced on the last day of 1997. The government was supported by two former coalition parties ODA and KDU-CSL, and also by the Czech Social Democratic Party (CSSD). A small party called Union of Freedom (US) split from the ODS of Vaclav Klaus, and declared opposition to the government. The extraordinary election of the Chamber of Deputies in June 1998 resulted in victory for the CSSD (74 seats of 200 or 32,3% votes). Surprisingly the strong position of the ODS (63 seats, 27,7% of votes) and ideological differences between the CSSD and the small parties of the centre (KDU-CSL, ODA and US) prevented the establishment of a centre-left coalition. Eventually, the Social Democrats formed a *minority government* backed by a so-called "opposition agreement" signed with its biggest rival - the ODS, in which the latter agreed not to initiate or support a vote of no confidence against the government. Through the agreement, the ODS participated indirectly in some key elements of the government's policy. The most positive result of the election was that the nationalist and racist oriented Republican Party SPR-RSC was not elected to the parliament.

The subsequent governments of Tosovsky and Zeman focused on amending the transformation strategy of the Czech Republic and on the implementation of a pre-accession strategy as parallel and partly identical processes. Czech policy arrived at a more coherent concept of integration policy. The problem, however, lay in its implementation. The weak position of both governments, the contraction of the national economy in 1997-1999, the heritage of the *laissez-fair* attitude of the conservative governments, as well as the mixed character record of the *de-facto* great coalition between the governing CSSD and opposition ODS caused a uneven intensification of preparation for EU membership.

4.1 GENERAL REFLECTION

Changes to Political Landscape

Even if the political responsibility for economic and political turbulence might have seemed unequivocal, a number of experts from renowned domestic and international financial institutions hoped that a renewed conservative coalition lead by Vaclav Klaus could have won the elections.⁷⁰ Nor did the public seem to

⁷⁰ Czech Analysts See Center-Left Government. *Central Europe On-line*, ARCHIVE, 9.6.1998.

locate responsibility with the ODS or Vaclav Klaus. The behaviour of the public (though increasingly demanding social responsibility by the State) resembled what sociologist Jiri Vecernik labelled a "thinking left - voting right" attitude.⁷¹ Vaclav Klaus conducted his election campaign and subsequent opposition activities (he became the Speaker of the Parliament's Chamber of Deputies) from the position of a successful leading government party, the only problem of which, allegedly, was betrayal within its own ranks and on the side of its coalition partners. He proved once again to be skilful in projecting a positive public image of the party. Publishing a dramatic "call for mobilisation" on the last day of the election campaign, the ODS succeeded in instrumentalising a resident anxiety of the public about "left experiments".⁷² As a result, the difference between CSSD and ODS was just about 5%, and the parties of the former coalition could have theoretically formed a majority government, controlling 102 seats in Lower House.⁷³

The arrangement between the CSSD and the ODS has been criticised by many commentators, other political parties and the President. An apprehension that this arrangement was not a "clean solution" as it might hamper any substantial reform moves, was wide-spread. Moreover, both parties were suspected of using a sort of "great coalition" arrangement (with 134 seats put together in the lower House they had a constitutional majority) in areas of common interest - such as their intention to amend election law, introducing elements of the majority election model in it. The two parties sought to establish a two party system and marginalize the smaller political actors. The ODS, in a favourable situation for an opposition party (Vaclav Klaus was elected on the basis of the "opposition agreement" as the President of the Chamber of Deputies) was expected to regain lost ground.

The position of the ODA further weakened. The KDU-CSL, ODA, US and a small right wing *Demokraticka unie (DEU, Democratic Union)* formed an election "coalition of four" in 1998, hoping to act against their degradation by the CSSD-ODS "opposition agreement". The *Communist party* supported the Tosovsky government in principle and has gradually become more involved in Czech policymaking. The party originally conditioned its support of a CSSD minority government with a referendum on NATO membership. Later on, however, the Communists manifested political realism by voting in favour of the

⁷¹ See Preface of Jacques Rupnik to the *Zprava o vyvoji ceske spolecnosti. 1989-1998*. (Social Report on the Czech Republic in 1989-1998). Ed. Jiri Vecernik, Petr Mateju. (Praha: Academia, 1998) p.14.

⁷² The ODS mobilisation call flooded public places and had an appearance of a public mobilisation call, used for calling men to arms in case of an aggression against their homeland.

⁷³ KDU-CSL won 9.0 percent, the Freedom Union 8.6 percent. The KSCM gained 11.03%.

state budget (January 1999), and by withdrawing their earlier demands for a (cosmetic) reduction of the military budget.⁷⁴ Their support of the CSSD government was often essential for the implementation of the government's policy.

The outcome of the *local elections and by-elections to the Senate* in 1998 confirmed the tendency of a decreasing support for the CSSD in November 1998. In local elections the ODS won 24.3%, the CSSD 17.6%, the KSCM 13.6% and the KDU-CSL 10.6% of votes. The by-election to the Senate resulted in a bitter defeat for the ruling CSSD (which gained only 3 of 27 re-elected seats), whereas the parties to the right of centre won 9 (ODS) and 13 seats (the "coalition of four" centre-right parties).⁷⁵

The "opposition agreement" was extended by several specific conditions and principles of co-operation into an "agreement of tolerance" in January 1999. The CSSD and the ODS agreed among other things on support for the state budget, legislative and other measures aimed at speeding up the course of preparation for the EU membership.

They negotiated their concept of electoral reform and pushed it through the parliament. Some political scientists interpreted the attempt as electoral engineering, which would result in the most disproportional and unique election system in comparison with the existing standard democracies.⁷⁶ Moreover, the impression was growing strong that the ODS aimed at proposing establishing Vaclav Klaus as the new president with the support of the CSSD in 2002. President Havel refused to sign the respective law and the latter became subject to a Constitutional Court ruling in January 2001 which found the law in conflict with the constitutional stipulation about the proportional election system.

The public attitude showed growing disillusion. Both parties of the "opposition agreement" began to lose public support. In 1999, the public even favoured the former "socialist" regime, rather than the post-1989 democratic system.⁷⁷ A new public political initiative, IMPULS 99, declared the cultivation of democratic rule its priority.⁷⁸ In November 2000, both the regular Senate by-

⁷⁴ The reduction would have further burdened Czech delayed preparation for NATO membership.

⁷⁵ The CSSD and the ODS thus have 23 and 26 seats respectively and therefore the three-fifth majority. The communists could double their representation in the Senate (four seats in total).

⁷⁶ Michal Klima, *Volebni eforma v České republice v letech 1998-2000* (Election Reform in the Czech Republic 1998-2000), *Politologický časopis*: 3/2000, p.241.

⁷⁷ STEM: Cesi davaji prednost monunismu pred demokracii (STEM: Czechs Prefer Communism To Democracy), *Lidove noviny*, 5.10.1999, p.1

⁷⁸ Tomas Halik, *Nejde o "nepolitickou politiku", ale o demokracii* (The Aim is Democracy Rather than "Non-political Policy), *Hospodarske noviny*, 21-23.7.2000, p.8.

elections as well as the first ever elections to the local deputy assemblies of the new self-governing bodies testified the change of the constellation. The ODS and the CSSD failed to maintain their dominant positions in the Senate: the "coalition of four" came out as the clear winner from the elections.⁷⁹ Unlike the CSSD, the ODS was able to form or participate in local governments in most of the 14 regions. The CSSD suffered a humiliating defeat.⁸⁰

While the political situation remained a source of pessimism, the economic growth of the year 2000 improved the atmosphere in the society. The Czech public expressed positive expectations regarding individual well being for the first time since 1996. The "revolution" of the employees of the Czech public TV in December 2000/January 2001 turned out into the most powerful public protest.⁸¹ Some analysts argued that elements of a civic society, which Vaclav Havel has advocated against Vaclav Klaus throughout the decade, has finally started to gain ground.⁸²

A concerned view, however, emphasised the fast differentiation of Czech society. Unlike in 1998, when the CSSD and the ODS dominated the political spectrum (they recorded support of 36,5 and 34,3% of the public) their positions were weakened considerably by the end of 2000 (19% and 26,1% respectively). Instead, the support for the KSCM grew from 12,6% in 1998 to 21,4% in December 2000. The "coalition of four" received support of 33,5% in December 2000. Consequently, four instead of two political subjects shaped the political constellation by the end of 2000. The change reflected two major developments: the increasing differentiation along the left/centre-right axis caused by growing social tension, and the sharp polarisation of public opinion. According to some views, the Czech political scene approached a stalemate and dangerous fragmentation. Such a development could impact very negatively on the Czech accession to the EU.⁸³

⁷⁹ It gained 63% of votes and 17 of the 27 of the newly elected seats in the Senate. The ODS received 7 new seats (30% of votes) and the CSSD only 1 seat (3,7% of votes.).

⁸⁰ The clear winner of the election was the ODS with 185 seats, followed by the "coalition of four" with 171 seats in the local assemblies. The KSCM received 161 seats (but at the end represented the major loser as none of the other parties wanted to form a coalition with it; communists thus had to stay outside of the local governments) and the CSSD only 111 seats.

⁸¹ A majority of the staff of the public TV protested joined an occupation strike against a new leadership linked allegedly with the ODS and installed by a politically biased Czech Television Council. Under the pressure of the mass protests the Parliament had to dissolve the Czech Television Council, adopt a new law on public television and install an interim director of the CTV itself.

⁸² Jiri Pehe, Konci Havlova a Klausova era (Era of Havel and Klaus Coming to an End), *Hospodarske noviny*, 11.1.2001, p.6.

⁸³ Pavel Machonin, *Novy pomer socialnepoliticky sil* (New Balance of Social-Political

Economic Development

The Tosovsky government focused on consolidation of the situation and on acceleration of substantial reforms in all key spheres of the national economy. Structural reform and further privatisation were not easy to implement given the previous negative experience of the population and the resulting lack of confidence in legality and transparency of the processes. The gap between the winners (private service sector) and the losers (agriculture and heavy industry sectors) of the decade devoted to the transformation has been growing.⁸⁴ At the same time it was acknowledged that without further preparation of the national economy on all levels, membership of the EU might result in a dramatic increase in unemployment and social tension.⁸⁵ Indeed, the main priority for all applicant states has to be to the creation of adequate conditions for fast economic growth (largely through structural reforms) within a framework of macroeconomic stability.⁸⁶

The situation of the CSSD minority government was critical in 1998. It had to "cope with the state's first true recession and prepare for EU membership without a majority in parliament and with a suspicious bureaucracy and hostile media to contend with"⁸⁷. Premier Zeman described the government with a melodramatic emphasis as a "cabinet of suiciders". General continuity with the Tosovsky cabinet notwithstanding, some important differences soon became clear: the CSSD government concept presupposes an even more pronounced role for the state in microeconomic policy. There have been, however, internal differences within the CSSD itself. Deputy Prime Minister and Minister of Finance Mertlik on the liberal wing and the older generation have represented the younger generation by Minister of Industry and trade Gregr and Minister of Agriculture Fencel on a more traditional state interventionist wing. As a whole the CSSD government for the first time accepted a deficit in the state budget (up to 3%) as a support for economic growth. Back in 1998, low government spending was one of the important reasons for contracting domestic demand - a fact acknowledged by the European Commission.⁸⁸ The CNB in fact

Forces), *Hospodarske noviny*, 7.2.2001, p.16.

⁸⁴ Petr Pavlík, The Czech Republic, in: Helena Tang (ed), *Winners and Losers of EU Integration. Policy Issues for Central and Eastern Europe* (Washington, D.C.: World Bank, Bertelsmann Found., 2000) pp.121-143.

⁸⁵ Tosovsky: Nynější deregulace cen jsou zcela legitimní (Tosovsky: Present Deregulation of Prices Fully Legitimate), *Ceske Noviny (CTK)*, 26.3.1998.

⁸⁶ See opinion of the EU Ambassador to Prague Johannes Ter Haar in: For Czechs, EU Application No Longer a Breeze. *Central Europe On-line*, 24.3.1998.

⁸⁷ Anderson, R 'Left-wing government may need to seek new allies', *Financial Times Survey: Czech Republic*. 19.1.1999.

⁸⁸ Russian crisis impacts on candidates. *European Dialogue*, March-April, 1999/2, p.27.

acknowledged its role and supported the state budget, including the deficit proposal for 1999.⁸⁹ Nonetheless, Prime Minister Zeman at least partly agreed with Vaclav Klaus that the CNB shared responsibility for growth in the national economy. Not surprisingly, Zeman and Klaus found common grounds for a later CSSD/ODS attempt to amend of the law on the Czech National Bank in 2000, which envisaged an increase of political influence on the CNB.⁹⁰

The Tosovsky and Zeman governments have been aware of the damage caused to the Czech financial market by the *laissez-fair* system: a lack of transparency and links between key business players and the political sphere. The total sum of consolidation measures, started under the liberal government of Klaus, amounted to 200 bil Koruna by 1998 - with only limited effect⁹¹ and was estimated to rise to some 400 bil Koruna by 2001. International standards have been gradually introduced, such as a Securities Commission. Minister without portfolio Basta, being in charge of the anti-corruption campaign labelled "clean hands", envisaged draft law on financial police and on financial prosecution. However, it soon became clear that "a fundamental turn-around will take time, as adverse informal structures will have to be overcome".⁹² The campaign was, however, generally perceived as a failure. Only in 2000 did courts start to deal with some of the cases of fraud and "tunnelling".

Unlike the Klaus government's rather restrictive attitude towards the FDI, the Zeman government introduced measures designed to attract FDI and created special industrial investment zones.⁹³ The European Commission, however, did not allow Prague to establish special economic zones with tax exemptions or other economic incentives.⁹⁴ Nonetheless, foreign direct investment increased more than expected.⁹⁵

⁸⁹ Z.Balcerova, Po furianstvi musi prijít domluva. Nastala doba ucelneho mixu menove a fiskalni politiky? (After Boastfulness it is Time for Agreement. Has the Time of Effective Mix of Currency and Fiscal Policy Arrived?), *Hospodarske noviny*, 28.12.1998, p.6.

⁹⁰ President Havel, concerned with the growing influence of the two political parties on social life in the Czech Republic, predictably voted the law.

⁹¹ *Wirtschaftslage und Reformprozesse in Mittel- und Osteuropa*. Sammelband 1998. Ed.by H.Machowski, H.Wilkens (Berlin: DIW, 1998) p. 45.

⁹² J.Pöschel, *Czech Republic ...*

⁹³ The Zeman government adopted a plan of Minister Gregř, designed especially for the cities Kladno and Karvina. Investorí dostanou "hotove pozemky" (Investors to Get Ready-Made Sites), *Hospodarske noviny*, 7.1.1999.

⁹⁴ Specialni ekonomické zóny Evropska Unie nepovoli (EU Bans Special Economic Zones), *Hospodarske noviny* 26.1.1999, p.1 and 3.

⁹⁵ Poland gained 25, Hungary 17 and Czech Republic 8 bill US doll. in 1989-1998. V.Brabc Zahranicni investice zustavaji na nizke urovni, (FDI Remains Low), *Hospodarske noviny*, 1.4.1999, p.8.

The privatisation process of major Czech banks, planned but not implemented under Klaus, received an important push under Tosovsky and has proceeded fast under Zeman. The CSSD criticised its liberal rivals for establishing undeclared state capitalism. Its election promise was to consolidate, restructure and privatise the "state capitalist enterprises".⁹⁶ In 1998, the Tosovsky government sold its share in the IPB (Investment and Post Bank), to Nomura Securities - the deal prepared still under the Klaus government.⁹⁷ In March 1999, the CSSD government approved a plan to sell its stakes in two other major banks. The Ceska sporitelna was sold to Erste Bank Sparkasse and the CSOB was sold to Belgian KCB. The privatisation of Komerční Banka was expected in 2001.

Social Democrats, unlike the Tosovsky team, envisaged not only a concept of industrial policy: it focused on a revitalisation programme for major industrial companies before their further privatisation. In this and other issues, the CSSD was not united as to the role of the state. The plan represented by Minister Gregr preferred a more extensive, state-centred approach.⁹⁸ Within the party the project gained considerable support. Within the government, however, the more liberal plan of Deputy Prime Minister Mertlik gained the upper hand even if the decision of the government was to combine elements of both.⁹⁹ The Revitalisation Agency began operation in 2000.

In plans for privatisation of producers/distributors of gas and electricity, the concept of Minister Gregr received the upper hand in 2000. The government decided to sell package deals to large owners and their alliances, thus maintaining a centralised structure in both areas – apparently in order to create companies strong enough to compete on the EU market. Minister of Agricultural Fencel produced the plan of the revitalisation of the Czech agriculture on the way into the EU. The plan included extensive subsidies and argued in favour of a better protection for the Czech agrarian market. Initially it had even presupposed a revision of the European Agreement and the Czech agreement with the WTO.¹⁰⁰

⁹⁶ See *Volební program České strany sociálně demokratické* (Election Programme of the Czech Social Democratic Party), In: *Společně s Vami pro lepší budoucnost* (Together With You for a Better Future). (1998), p. 12.

⁹⁷ In 2000, however, the government decided to re-establish its control over the IPB given its critical situation. In a swift and controversial move its stake in the IPB to the CSOB for a symbolic price and offered took a guarantee for the older IPB unhealthy loans.

⁹⁸ On the programme of Minister Gregr see: Industry revitalisation program, *Hospodářské noviny*, 4.2.1999, p.19.

⁹⁹ Mertlik plan market driven, *Hospodářské noviny*, 16.3.1999, p.23.

¹⁰⁰ Zemědělská politika bude draha (Agricultural Policy Will Be Expensive), *Hospodářské noviny*, 8.4.1999, p.3.

All the measures proved that the rhetoric of the CSSD notwithstanding, its economic policy neither introduced expansive fiscal policy nor increased dramatically the role of the state. It is true that the state debt increased gradually and reached disturbing levels by 2001. The Czech Republic did not meet the Maastricht criteria regarding the state budget.¹⁰¹ However, the policy as a whole focused rather on the establishment of an institutional framework for the national economy and on the privatisation process. Even the purpose of the program for revitalisation was not to increase the role of the state but to improve the economic performance of the enterprises with a considerable share of state investment and prepare them for further privatisation. In any case, the CSSD did not introduce a dramatic alteration of the transformation strategy, as one might have expected given the CSSD election programme. The transformation concept was adjusted largely within the restrictive policy model advocated by the IMF.¹⁰²

Unlike the mid 90s, the Czech public witnessed a broader debate on economic strategy in the late 90s: on the one hand the strategy of the government combined the development of prudent economic institutions with an increase in government spending (the first ever national budget deficit), an active agricultural policy and support for a privately managed consolidation programme for limited number of key enterprises. On the other, the programme has been opposed from a liberal point of view: first the macroeconomic situation had to be adjusted, liberalisation, deregulation and privatisation completed. Only after that could some enterprises be consolidated and market institutions improved.¹⁰³ A group of experts took the middle ground in a call for the urgent improvement of the institutional framework of the Czech economy combined with fast liberalisation.¹⁰⁴

In the meantime the performance of the economy has been poor in 1998-1999. The GDP fell 2,7% in 1998 and nearly all other economic indicators contributed to a decline.¹⁰⁵ The unemployment rate reached an unprecedented 8,3% in February 1999.¹⁰⁶ On a positive note, the composition of exports and

¹⁰¹ *Monitor EU-Erweiterung. Mittel- und Osteuropa: 1/2000* (Deutsche Bank Research) p.45.

¹⁰² Jiri Jonas, *Svetova ekonomika na prelomu tisíciletí* (World Economy at the Turn of the Century) (Praha: Management Press, 2000), pp. 9-54, here in particular pp.50-54.

¹⁰³ V.Klaus, Na okraj diskuse s vicepremierem Ceske narodni banky O.Dedkem (On Debate With Czech National Bank Vice-Governor Dedek), *Hospodarske noviny*, 6.4.1999, p.9.

¹⁰⁴ See the so called Dreviceka vyzva (Drevic Call) Jak ozivit ceskou ekonomiku (How To Revive Czech Economy), *Hospodarske noviny*, 25.3.1999, p.5.

¹⁰⁵ Economy nearing depression, *Hospodarske noviny*, 23.3.1999.

¹⁰⁶ K.Janacek, V utkani s nezamestnanosti a rozvijenim trhu prace se ani u nas nelze spolehát jen na ekonomicky rust (Dealing With Unemployment and developing Labour Market Neither We Can Relay On Economic Growth), *Hospodarske noviny*, 1.4.1999

imports of the Czech Republic became similar to that of Austria, Germany or United Kingdom.¹⁰⁷ The dynamics of Czech exports was, however, too low an incentive to provide for economic growth. The government's institutional and financial support for exporters - absent or negligible in the early 90s - became comparable with that of western standards.¹⁰⁸ The decline in GDP in comparison with Poland or Hungary was explained by some experts as a difference in the cycle of their economic development.¹⁰⁹ Optimists expected an improvement in the second half of 1999 if supported by active and coherent government policy.¹¹⁰

The economic situation improved in 2000. Growth reached some 2,7%, and industrial production increased by 6%. Given the structural changes, which took place in 1997-2000, and thanks to a large increase in FDI, the basic characteristics of the Czech economy were more positive than in the mid 1990s.¹¹¹ Apprehensions have been voiced in connection with the growing deficit of foreign trade and with dependence on the economic cycles of major foreign partner countries - Germany primarily.¹¹² The inflation rate dropped from 10% in 1997 to 2,5% in 1999, and grew to 4% in 2000.¹¹³ In 1999 and 2000, the Czech Republic received the biggest share of FDI in the ECE region. The influx of the FDI reached the level envisaged for the times after of the Czech accession to the EU.¹¹⁴ An overall assessment showed that the Czech economy took second place (following Slovenia) as far as economic convergence with the EU was concerned.¹¹⁵

¹⁰⁷ F.Turnovec (ed.): *Czech Republic 1998. Facing Reality*. Center for economic Research and Graduate Education, Charles University. Economic Institute, Academy of Science of the Czech Republic. Prague, December 1998, p.56

¹⁰⁸ The support has been provided for by several state run organisations: the EGAP (state run export insurance), the CEB (Czech Export Bank) and the CzechTrade (export support agency).

¹⁰⁹ Mezinarodni srovnani neni priznive (International Comparison Unfavourable), *Hospodarske noviny*, 24.3.1999, p.3.

¹¹⁰ Mertlik: Worst almost over, better on way, *Hospodarske noviny*, 23.3.1999

¹¹¹ The cumulative avalue of FDI by the end of 1999 reached (in mill USD) 16 246 in the Czech Republic, 19 276 in Hungary and 28 000 in Poland. Rudolf Olšovský, Zahranicni investice letos smerují zejména do služeb (FDI Flow into Services this Year), *Hospodarske noviny* 14.9.2000, p.8.

¹¹² Eva Zmrazilova, Priznive zmeny neodstranily rizikove tendence (Positive Changes Introduced, Risk Tendences Conserved), *Hospodarske noviny*, 2.1.2001, p.13.

¹¹³ Vladimír Brabec, Letosni inflace bude mirne vyssi nez loni (Inflation to Grow Slightly in 2001), *Hospodarske noviny*, 11.1.2001.

¹¹⁴ Richard Podpiera, Jak dlouho bude pokračovat příliv peněz (How Long Will Continue the Influx of Money), *Hospodarske noviny*, 4.1.2001, p.13.

¹¹⁵ The Czech economy reached 65% at a "convergence-index". See *Monitor EU-Erweiterung...*, p.45.

It is predicted that the Czech economy will reach the average level of economic performance of the EU countries by 2020.¹¹⁶ Bankruptcy legislation, in operation since mid 2000, as well as the government programme of support for most promising and important firms, at last managed to cut down the large number of insolvent firms substantially.

The analysis of the winner/loser balance of the Czech integration into the EU proved that the sooner accession happens, the sooner Czech Republic could reap its benefits, becoming an overall winner of the accession.¹¹⁷ This logic played a considerable role in Czech accession strategy aimed at speeding up the negotiation process.

4.2 FOREIGN POLICY TESTS

The continuity in foreign policy under the Social Democratic government was tested in its approach to the Czech bid for membership of NATO. The CSSD effectively gave up its original demand to convene a referendum on Czech membership of the Alliance.¹¹⁸ The government concentrated successfully on co-operation with its Polish and Hungarian partners in diplomatic activities supporting their common goal. The progress in preparations for membership was more controversial. On the one hand the government successfully produced a national security strategy, drafted a concept of foreign and security policy and a military doctrine. On the other, except for some specially trained and equipped segments highly compatible with NATO standards, the army is still undergoing a slow and distracted process of transformation.

On a political level, Czech policy revealed its heterogeneity in the first test as a NATO member state. Taking a position on NATO air strikes in Kosovo in March 1999, the government stressed several times that “the decision to attack was made before we became a member” (Minister Kavan). The ODS took an even more reserved position.¹¹⁹ Czech policy was not prepared to exercise political leadership vis-à-vis the Czech public. The CSSD government elaborated a joint initiative with Greece, which found a controversial echo both in the Alliance as well on the Czech political scene as it called for an immediate

¹¹⁶ Jiri Vavron, *Cesko se ma dostat na uroven EU za dvacet let (Czechia To Achieve EU Levels in 20 Years)*, *Pravo*, 5.1.2001., p.15

¹¹⁷ Pavlik, *The Czech Republic...*, p.142.

¹¹⁸ The CSSD usually referred to the fact that its own draft laws on public vote never passed the Parliament.

¹¹⁹ Klaus protrhl jednotny postoj politiku zemi NATO k utoku (Klaus Broke Through the United Line of Politicians of NATO States On the Attack), *Pravo*, 25.3.1999, p.1-2. For the declaration of Vaclav Klaus see Václav Klaus ke krizi v Kosovu (Vaclav Klaus on Kosovo Crisis) 23.3.1999, <http://www.ods.cz/990323-vk.html>

end of the NATO bombardment. In the aftermath of the conflict and after Milosevic had been ousted from power, the government's "soft" defection from the strict Atlanticists position opened some new room for manoeuvre for the Czech diplomacy welcomed by NATO and the EU.

Other issues, mainly relations with Slovakia and Germany, also received special attention. Improvement of relations with Slovakia proved to depend on the departure of the national populist Vladimir Meciar and his government. While the Tosovsky government clearly preferred a constructive dialogue, Vladimir Meciar chose to ignore Prague. Once again, the peculiar relationship between Klaus and Meciar came to the fore: Meciar refused to deal with the government, which came after Klaus had to step down. Obviously, he was anxious to repay the same attitude of Vaclav Klaus, who ignored - to the dismay of Czech public - the liberal democratic coalition in Slovakia, which put down Meciar temporarily in 1994. The election victory of the Slovak anti-Meciar opposition in September opened a new chapter in mutual Czech-Slovak relations. It was clearly high time: the new Slovak government indicated that Meciar's secret service might have been engaged in subversive actions against the Czech Republic and other neighbouring states in order to hamper their admission into NATO.¹²⁰ The intensity of contacts became unprecedented, with outspoken Czech support for the Slovak bid for EU-accession talks and its admission to NATO. A traditional problem became obvious: Czech policy had to search for a balanced approach, which would prevent a revival of Slovak feeling of being patronised by the bigger partner - now even "bigger" as a member of the Atlantic Alliance. In practical terms, both sides were trying to arrive at a solution to some still controversial issues relating to the division of federal property of former Czechoslovakia - such as like the controversial issue of a division of assets and liabilities of the State Bank of Czechoslovakia and the transfer of 4,5 mil tons of Slovak gold. The division of the federal property was finalised at last in 1999 - including the transfer of Slovak gold to Bratislava. The Czech and Slovak privatisation agencies have established more intensive links, which should ease the exercising of property rights of their clients in the partner country.¹²¹

¹²⁰ So in relation to the Czech Republic a secret action 'Neutron', directed against Czech membership in NATO, and 'Dezo', focused on increase neo-fascist organisations against the Romany population. The authors calculated with negative Western reaction to anti-Romany population and therefore with blockage of NATO admission of Czech Republic. Meciarova tajna sluzba chcela ztazit vstup Prahy do NATO (Meciar's Secret Service Sought to Hamper Prague's Admission to NATO), *Mlada Fronta Dnes*, 16.2.1999, p.1 and 7.

¹²¹ Obcane CR an SR by meli mit jednodussi pristup ke svym akciim (Citizens of Czech Republic and Slovak Republic Should Get an Easier Access to their Shares) *Hospodarske noviny*, 26.3.1999. p.13. According to the article 300 000 of Slovaks invested their privatisation vouchers into shares in the Czech Republic before the disruption of



In relations with Germany both sides could exploit the positive effects of the bilateral declaration of January 1997. The implementation of that document included the institutionalisation of relations: a Czech-German Discussion Forum channelled the Czech/Sudeten German dispute into a broader social framework and bridged its exclusiveness. A Czech-German Fund for the Future started to pay the victims of the Nazi-regime social support. Some of the Funds activities were opened to the Sudeten-German anti-fascists as well. It became obvious that dealing with the past presupposed elements of broad social dialogue, compensation and political co-operation and a high level of institutionalisation.¹²² Yet another important step to mutual understanding was achieved during M. Zeman's visit to Bonn in March 1999 where Zeman declared the so called 'Benes decrees' "extinct", the German Chancellor Schröder confirmed that the demands of the Sudeten-Germans will not be an inherent element of German foreign policy.¹²³ Obviously, the German conservative parties were not ready to go so far. The CSU even established parallels between ethnic cleansing in Kosovo and expulsion/transfer of Sudeten Germans from the post-war Czechoslovakia.¹²⁴ At the same time, the improvement of relations was evident in Czech-Bavarian co-operation in crucial bilateral issues as well.

The Tosovsky and Zeman governments helped to invigorate regional co-operation in the format of the "Visegrad three". Since the Slovak elections in October 1998, the Visegrad co-operation has been essential for Slovakia's intensive preparation for EU- and NATO-accession.

4.3 STANDING OF THE POLITICAL PARTIES ON INTEGRATION ISSUES

The 1998 elections did not bring a substantially new emphasis as far as EU accession is concerned. Given the self-confident tone of the *ODS* election campaign, its programme did not move from its earlier positions. It supports accession to the EU as "a further important goal" (after joining NATO). The aim

Czechoslovakia.

¹²² See the report on a conference of German, Czech, Polish and British historians on the issue or reconciliation: *Coming to the terms with the past, opening up to the future*, Conference Report, Ed by V.Handl, Institute for German Studies, University of Birmingham, 1998/19, here mainly the contribution of Dr Lily Gardner Feldman, pp.2-3.

¹²³ Results of the talks between Chancellor Schröder and Czech Premier M Zeman in Bonn, 8.3.1999,

Bonn verzichtet auf Vertriebenen-Ansprüche. Schröder: Vermögensfragen erledigt - Tschechischer Regierungschef Zeman: Benesch-Dekrete erloschen, *Die Welt*, 9.3.1999

¹²⁴ Rede des CSU-Vorsitzenden, Ministerpräsident Dr. Edmund Stoiber (Auszug aus der Niederschrift des 12. Parteitags der CDU Deutschlands in Erfurt, 27. April 1999)

is a Europe of nations. The party's approach to the EU, however, was presented as "realistic and not naive". It rejects the rigid model of the welfare state. The Czech Republic should not dissolve in either a supranational structures or in a "Europe of regions".¹²⁵ A resolved supporter of the intergovernmental approach to integration, the ODS' criticism of the EU increased apparently with the growing role of the EU Commission during the pre-accession period and the personal engagement of Commissioner Verheugen. Vaclav Klaus's reserved attitude was manifested by his suggestion that the referendum about the EU-accession should be held in early 2001 – well before the accession talks were expected to be concluded.¹²⁶ The target date of Czech accession in 2003 was regarded as unrealistic. The party supported a multispeed EU and envisaged standing for a unification of the EU and NAFTA. The European Monetary Union was criticised as a unitarisation of Europe. A future communitarisation of Europe was rejected as it threatened to limit the liberal freedom of choice.¹²⁷ Analysts, close to the leadership of the ODS, rejected the EU as a threat to European democracy: democratic Europe and the EU were presented as two antagonistic directions of policy and civilisation.¹²⁸ Accession to an EU, which would involve common taxation and social security, was perceived as unacceptable.¹²⁹ The shadow foreign minister of ODS Zahradil even started to speculate about the "Turkish model" of relations with the EU based on a customs union.

Obviously, the party leadership's position on the EU shifted towards more criticism. The national interest and sovereignty took an even more prominent role on the party's ideological agenda.¹³⁰

This attitude contrasted with the approach of the President who elaborated on his concept of the EU institutional development in 1999 and 2000. He expressed his preference for a federal Europe, the establishment of a second chamber of the European Parliament and suggested the EU should adopt a European Constitution.¹³¹

¹²⁵ *Hlavu vzhuru! Volebni Program ODS* (1998) (Heads Up! Election Programme of the ODS).

¹²⁶ 2.6.2000

¹²⁷ Vaclav Klaus, Liberalismus: Krise oder Hoffnung?, *Europäische Rundschau*: 2/1999, p.79.

¹²⁸ Miloslav Bednar, Evropa a Evropska Unie jako otazka budoucnosti demokracie (Europe and EU as a Question of Prospects of Democracy), *Mezinarodni politika*: 1/2001, p.19.

¹²⁹ See report on Jan Zahradil's contribution during a seminar: Reformy EU mohou zpomalit nase prijeti (EU-reform May Slow Down Our Admission), *Hospodarske noviny*, 9.7.1999, p.2.

¹³⁰ Vaclav Klaus, Evropa stojí na křižovatce (Europe at the Crossroads), *Lidové noviny*, 7.7.1999

¹³¹ Havel's addresses to the European Parliament see in

The *CSSD* came up with a rather detailed, conceptual programme. It stressed its consent with the principles of the Maastricht Treaty and argued that the Czech Republic should participate in all EU policies. Special emphasis was laid on social policy. The programme envisages the negotiation of transition periods as the Czech Republic moves to join the EU. Clearly pointing at the ODS, Social Democrats rejected a negativist approach to the EU, nationalist positions and megalomania which may result in the isolation of the Czech Republic.¹³²

The *KDU-CSL* was more specific than in its earlier programmes. It stressed the will to participate within the EU on "projects, where the European Union evolves in different speeds." The stress here is put on Monetary Union, the Schengen Agreement, and the Protocol on Social Policy and CFSP.¹³³ Similarly, the *US* and the *ODA* adopted predictably Euro-optimist programmes and distanced themselves from the attitude of the *ODA*.¹³⁴

The *Communist Party* visibly adjusted its vision of the EU compared with 1992. It expressed its support for integration into the EU "on an equal basis", approved by a public vote. Nonetheless, especial emphasis, like in former documents, was put on "further development of state sovereignty" and "national existence": a "growing one sided dependence" has been warned against.¹³⁵

Integration policy became one of the major topics of conceptual and political activity of the individual parties. With 1998 being an election year, however, priorities shifted in other directions. Given the lasting dispute over apple import limitations and anti-dumping procedures no party could hope to gain mass electoral support by making EU membership a key point of its campaign. All of the major political parties confirmed to Klaus van der Pas, European Commission's chief negotiator, that they would be committed to preparation of the country for accession to the EU whatever the outcome of the elections. The European Commission expected continuity in post-election Czech

www.hrad.cz/president/Havel/Speeches

¹³² *Alternativa pro naši zemi* (volební program *CSSD*, 1998) Alternative for Our Country (Election programme of the *CSSD*, 1998).

¹³³ *Podrobný volební program 1998* (Detailed Election Programme 1998).

<http://www.kdu.cz/Volby/PSP/1998/V98VPP8.htm#Zahranieci>

¹³⁴ *Svoboda a řád - brána do 3. tisíciletí. Politický program Unie svobody* (Freedom and Order. Political Programme of the Freedom Union, *US*). Praha, 9. 2.1998 (http://www.unie.cz/dokumenty/program_en.html); *Dál na cestě ke svobodné společnosti. Smlouva pro budoucnost. Volební program Občanské demokratické aliance* (Forward Towards Free Society. Agreement for the Future. Election Programme of the Civic Democratic Alliance, *ODA*), 1998 (http://www.oda.cz/dokumenty/program_komplet.asp);

¹³⁵ *Volební program KSCM 1998* (Election Program of the *CPCM* 1998)

policy vis-à-vis the EU.¹³⁶ With the 1998 elections the Republican Party became irrelevant with regards to the debate on EU membership, as it did not manage either to enter the Chamber of Deputies or get a seat in the Senate.

The *elections of 2002* were increasingly looked at from the point of view of Czech accession to the EU. Not the "colour" of the future government but its attitude towards the EU was regarded as the crucial question with long-term implications.¹³⁷ Minister Kavan expressed confidence that the Czech Republic would not waste the historical chance to join the EU as the Czech political parties "achieved a high level of consensus" regarding the EU-accession.¹³⁸ There was, however, no clear consensus as far as the construction of EU and its long-term future was concerned. Indeed, the differentiation of the political scene has been continuing, having been initiated by the debate in the EU itself.

4.4 INTEGRATION POLICY - IN SEARCH OF CONCERTED ACTION

The pace of preparation for EU membership proved to be slow under the conservative governments. Both Tosovsky and Zeman declared the acceleration of pre-accession preparations as one of their priorities. Having a limited mandate, the Tosovsky government focused rather on preparations for negotiations for EU accession.¹³⁹ At the political level, the records of both governments were mostly positive: the dichotomy vis-à-vis the EU did not effect the government's policy any more. Jaroslav Sedivý, the minister of foreign affairs appointed under Klaus and kept by Tosovsky, declared that the Czech policy sought membership in a strong and effectively functioning EU.¹⁴⁰ The distance from important elements of the integration process has been preserved and further developed in the statements of the ODS and its Chairman Vaclav Klaus, the President of the Chamber of Deputies of the Czech

¹³⁶ Cinitele EU vyjadruji nadeji, ze volby nezpomali prijimani CR (EU Representatives Express their Hope, that Elections Will not Slow Down the Admission of the CR) *Ceske Noviny*, CTK, 18.3.1998.

¹³⁷ Michal Klima, Kdo nas povede doe unie? (Who Will Lead US Into the EU?), *Hospodarske noviny*, 10.1.2001,

¹³⁸ Zahranicni politika České republiky v roce 2000 (Foreign Policy of the Czech Republic in 2000) Vystoupení místopředsedy vlády a ministra zahraničních věcí České republiky Jana Kavana v Zahraničním výboru Poslanecké sněmovny Parlamentu České republiky dne (speech of Minister Kavan in front of the Foreign Relations Committee of the Chamber of Deputies) 3.2.2000

¹³⁹ Programove prohlášení vlády České republiky (Programme Declaration of the Czech government), *Ceske Noviny* (CTK) 27.1 1998

¹⁴⁰ Sedivy: CR chce vstoupit do silne unie (Sedivy: CZ Wants to Become Member of a Strong Union), *Ceske noviny* (CTK), 18.3.1998.

Parliament. The supporters of the ODS have, however, remained the most pro-European segment of the society and Vaclav Klaus, unlike some other representatives of the ODS, do not seek an alternative to EU-accession. The chief negotiator Telicka, the person constantly exposed to communication with the EU-partners, observed that the “damaged image” of the country has been improving gradually as a result of “current, essentially positive developments” in the Czech Republic.¹⁴¹ The government recognised that preparation for EU membership and the transformation process of the country have been closely linked. The target date for the Czech Republic to be prepared for membership has remained January the 1st, 2003.

The pace of negotiations and regular assessments of the candidate countries’ readiness to join the EU created an increasingly tight schedule for national policy making in all relevant areas. The sluggish pace of structural economic reforms and of the legislative process, as well as the slow reform of public administration before 1998 had a negative effect on the process of preparation for accession. The CSSD government argued the problems indicated faults of the transformation process as such. This view was opposed by the ODS and is not necessarily shared by all experts.

The need to prepare for EU membership became, next to economic issues, a major element of domestic policymaking. The need to step-up preparations for EU accession were occasionally a reason for considerations regarding the eventual transformation of the minority government into a coalition government with a convenient majority.¹⁴² The minority government was perceived as too weak and unable to put through the parliamentary legislation needed for admission to the EU.

The CSSD government continued in most cases the policy line of the previous Tosovsky government. The Tosovsky cabinet put legal approximation high on its agenda. The overarching priority was an elaboration of the *national pre-accession strategy* and negotiating position vis-a-vis the EU. The Working Committee for Integration started the preparations for negotiations in November 1997 perceiving the most urgent task to be the formulation of a clear Czech position on EU legislation in preparation for the first screening round of negotiations.

¹⁴¹ Pavel Telicka, *Ze zápisniku vyjednavace* (From the Negotiator’s Notebook), *Smer Evropska unie* (attachement to *Mezinarodni politika*): 2/2000, p.18.

¹⁴² J.Pehe, *Cestu do Unie asi ztizi politikareni* (The Road to Union May be Aggravated by Political Clashes), *Hospodarske noviny*, 7.1.1999, p.6.

The legislative plans of both Tosovsky and the CSSD governments (the latter promised to create a “legislative hurricane”) targeted amendment and further development of legislative and institutional frameworks, complying with the *acquis communautaire*. The implementation of the legislative plan, however, has been lagging behind schedule. More than the lack of support in parliament, the cause seemed to be low performance of the government’s agencies/ministries responsible for the elaboration of individual norms and probably still insufficient co-ordination, which prevented the legislative activity from being really effective.

The impact of admission to the EU has remained, however, largely not widely recognised. After a public *information campaign* about NATO membership was belatedly started in mid 1997, activities in this respect concerning the EU began in the autumn of 1997 (the Day of Europe in Plzen, November 1997). The Committee for European Integration of the Czech government therefore approved the basis of the Communication Strategy of the Czech Republic Prior to Entry into the European Union and started a massive information and education campaign in the media in early 1998, using funding from the PHARE programme.

Many problems on the road to Czech EU-membership have been politically sensitive. The Tosovsky government, under pressure of approaching June elections in 1998, decided to stand up for domestic apple producers while the EU ministers, taking this case as an important occasion to discipline the Czech government, responded in February by the suspension of preferential import tariffs on Czech pork, poultry and fruit juice. The measure, legitimate in view of the critical situation of the Czech agriculture sector, was poorly managed and discriminatory vis-a-vis the EU. The painful retreat of Prague was inevitable. Further “politicisation” of the dispute threatened to harm Czech integration policy and affect other areas as well. The Zeman government negotiated a more successful end to the pork question at the end of 1998.

The economic recession pushed *public consent* for membership below the level of 50% in mid 1997. The new change of government atmosphere of concentrated reform policy and positive rhetoric of the Tosovsky government raised it to 63%. By the end of 1998 the level decreased back to the usual 57%. The level of disapproval of accession to the EU (23,4% in November 1998) became unexpectedly high in November 1998, which might be attributed to the current image of the EU, damaged by the devastating effect of subsidised EU exports of pork to the Czech market.¹⁴³ Indeed, Czech policymakers criticised

¹⁴³ Results of public opinion research conducted by Sofres-Factum in November 1998. In: Odpurcu vstupu do EU pribyva (Opposition to EU-Accession Growing) *Hospodarske noviny*,

the EU for being protectionist in particular in the trade of agriculture production. The CSSD held the former governing coalition responsible for having negotiated an unfavourable trade provision of the Czech association treaty in 1993.¹⁴⁴ The Czech Republic, it was argued, should defend its interests against some of the EU member states.¹⁴⁵ Opinion research confirmed considerable reservations to Czech membership in the EU. According to this data (gathered on the basis of different research questions than in the above mentioned November '98 research) support for membership of the EU decreased from 72% in July 1998 to 64% in March 1999. During the same period opposition to membership grew from 28% to 36%.¹⁴⁶ Even more disturbing was the ongoing cleft between the political elite and the general public: while the policymakers increasingly stressed the need to adopt and implement the EU norms in all relevant areas, the public does not pay much attention to this process and focuses on day-to-day problems like the defence of democracy and the fight against the organised crime. The gap reflects a low level of EU-competence among Czech policymakers, who are not able to explain the relevance of EU norms to the public.¹⁴⁷ Later the public returned to a positively reserved attitude: in November 2000, during a theoretical public vote, 54,6% of those asked would have voted in favour of Czech accession to the EU, while 21,6% would have opposed it.¹⁴⁸

Nearly all of the Czech *business community* supports Czech membership of the EU. Dependent on exports and interested in a fair economic and legal environment, the business community expects EU membership to have, under certain conditions, mainly positive effects. 82% of small and medium firms favoured an EU-membership and 18% opposed it in 2000. They expected the EU-membership to enlarge the market for their goods and services (18%), further ease the movement, accessibility and inflow of FDI (14%), growth of

6.1.1999

¹⁴⁴ Evropská Unie se vůči ČR chová protekcionisticky. Rozhovor s ministrem zahraničních věcí České republiky Janem Kavanem. (EU is Protectionist Vis-a-Vis the CR. Interview with Minister of Foreign Affairs Jan Kavan). *Lidové noviny*, 28. 12. 1998

¹⁴⁵ Vůči unii se musíme chovat jako hrdý partner (We Have To Be Proud Partner In Relations With EU), Interview with the Vice-Premier Egon Lansky, *Právo* 12. 12. 1998

¹⁴⁶ See results of the periodical public research, conducted by the STEM. Měla by ČR vstoupit do EU? Nazory veřejnosti (Should the CR join the EU? Public Opinion.) *Hospodarske noviny*, 1.4.1999, p.2

¹⁴⁷ Josef Lenert, Strany v evropske pasti (Parties in European Trap), *Hospodarske noviny*, 18.4.2000

¹⁴⁸ In Poland the relevant figures were 61,6% and 20,4% and in Hungary 53,5% and 14%. See *EU Accession Opinion Survey*, Taylor and Sofres Factum, Final Report (November 2000), <http://www.factum.cz>

sales (8%) etc.¹⁴⁹ The most frequently mentioned apprehensions concerned increase of competition (79%) reduction of Czech firms on the market (68%), growing misbalance between large and small/medium size firms (64%), "brain drain" (64%) etc. The strongest apprehensions were expressed by the construction firms.¹⁵⁰ Worries prevail also in individual sectors of the economy concerning a low level of competitiveness - among others in the electronics industry, banking and insurance etc.

The *trade unions* support EU-membership very strongly. The social standards of the EU are attractive. The Unions called, however, for a social dialogue on accession, which should run parallel to preparation for accession and accession talks.

One of the examples of changing attitudes to the EU was the fact that the Zeman government focused on a more effective use of the funding received from the EU through *PHARE*. Unlike the government of Vaclav Klaus, it acknowledged the importance of *EU structural funds* and adjusted the regional structure in order to fit the criteria of the EU. Also, the government speeded up preparation for participation in the EU structural policy. Prague as well as Czech regions became aware of the advantages, which the structural funds offered. At the same time, having endorsed the 1,27% of the GDP as the maximum level of national contribution to the EU budget, Prague was well aware that the structural policy faced inevitable changes. It acknowledged that a simple extension of the policy to new members threatened to explode the EU budget.¹⁵¹

The planned creation of fourteen Higher Self-governing Local Units and regional administration did not fit the needs of the structural funds of the EU and has been criticised by Minister Kavan. A special law had to be passed to comply with the EU merging the fourteen units into eight statistical units (NUTS 2). The implementation of the reform of public administration Prague responded to the consistent criticism from the side of the EU. It was acknowledged that the public administration seriously deteriorated in 1990-1998: with abolishment of the medium level of self-government and administration in early 90s the system became too etatist and centralised, as well as poorly co-ordinated along horizontal lines. Moreover, professional competence as well as public and professional control was clearly deficient.¹⁵²

¹⁴⁹ Marie Pavlu, *Postoje a nazory ceskych firem na Evropskou unii (Czech Firms: Attitudes and Views Regarding EU)*, *Směr Evropska unie*: 6/2000, p.7.

¹⁵⁰ Pavlu, *Postoje a nazory ceskych firem...*, p.8.

¹⁵¹ Milan Fridrich, *Politika soudržnosti a strukturální fondy (Cohesion Policy and Structural Funds)*, *Směr Evropska unie*: 2/2000, p.18-19.

¹⁵² Yvonne Streckova, *'Bude se Evropske unii nase verejna sprava libit? (Is EU Going To*

Mostly relevant policymakers and experts have followed the *internal development of the EU*. Clearly, Czech policy remains absorbed mostly by the domestic problems and enlargement agenda. However, the resignation of the Klaus government in 1997 resulted in a change of some basic assumptions regarding the EU. The Zeman government reacted in a relaxed manner to the change of priorities in German foreign policy. The German “new realism”, stressing the reform agenda of the EU before enlargement was accepted without any noticeable anxiety as was the resignation of the European Commission in March 1999.¹⁵³ Czech policy left open the option of access to the EURO. The decision will depend on the success of the EURO itself. Czech banks will not currently be able to stand the competition in the banking sector of the EURO-zone.¹⁵⁴

In sharp contrast to the ODS, the government endorsed the concept of a federal Europe, as proposed by Minister Fischer. In detail, however, the final shape of the EU hardly became a subject of the national discourse. The long-term co-ordinates have remained rather nebulous. It showed understanding for introduction of the principle of ‘flexibility’ into the integration process – as long as it did not result in “second-class membership”.¹⁵⁵ Czech diplomacy regarded the European Conference mostly a relevant multilateral forum for discussion of crucial integration issues.

Prague welcomed the results of the Helsinki summit as it opened the way to accession talks with further countries – most crucially Slovakia. The Summit in Nice in 2000 and its institutional stipulations were assessed mostly favourably. The summit was perceived as an opening of the EU for enlargement. The tough bargaining tactics of the smaller EU-countries for the increase of their votes in the Council has been viewed with a great deal of sympathy.¹⁵⁶ Obviously, Prague perceives the link between the Czech interests and the interests of the smaller EU-countries as more natural than a less likely alliance with any of the large EU-member states. In the issue of the candidate status of Turkey, Czech diplomacy was close to the position of the USA and Germany. The perspective of European and Mediterranean stability and security played a

Like Our Public Administration?) *Smer Evropska Unie: 2/2000*, pp.6-7.

¹⁵³ So the clearly positive reaction to the agenda of German EU-presidency during the visit of Joschka Fischer in Prague on 7.1.1999, See Z.Petracek, M.Szymanowski, Joschka Fischer Reisen, *Respekt: 3/11.-17.1.1999*, p.3.

¹⁵⁴ EMU zrejme ohrozi ceske banky (EMU Expected to Threaten Czech Banks), *Hospodarske noviny*, 27.1.1999, p.1 and 3.

¹⁵⁵ New era in EU membership talks? Read between the lines, EU’s Solana, Kavan may be talking same language, *Hospodarske noviny*, 15.6.2000, p.23.

¹⁵⁶ Cesko bude mit v EU silnejsi hlas (Czechia’s Voice in EU Will Be Stronger), *Lidove noviny*, 12.12.2000

crucial role. Prague perceived the admission criteria as realistic and relevant also for Turkey.

Even if Germany has been regarded as the most important actor of the enlargement process, Prague sought to avoid the impression that it focused solely on Germany. It developed a wide range of contacts with all EU-member states. It concluded an action plan with Britain, initiated by the British side. Its major purpose was British assistance to the Czech Republic to access the EU by 2003. The Czech policy did not elaborate a comparable concept of action with any other EU-country.¹⁵⁷

Institutions

After the elections of June 1998 the Chamber of Deputies of the Czech Parliament established a Committee for European integration. The latter became a profiled parliamentary body with a growing expertise on integration matters.

At the top of the executive institutional set-up remained the inter-sectoral Government Committee for European Integration. The *reshuffle* in its leadership just demonstrated the rather slow start of implementation of the pro-active and pro-European integration policy. Between September 1998 and November 1999, the Committee was not been headed by the Premier but by the newly established Vice-Premier for Foreign and Security Policy (Egon Lansky). After it had become too obvious that the rather independent post of the Vice-Premier represented a disturbing element in the institutional structure, Premier Zeman took over the chairmanship of the Committee (December 1999). Minister Kavan replaced Egon Lansky as the Vice-Prime Minister for Foreign and Security Policy and coated both posts. The chief negotiator and Deputy Minister of Foreign Affairs Telicka was appointed the State Secretary and First Deputy Minister of Foreign Affairs. Thus, the institutional structure of Czech integration policy was streamlined and the role of the Ministry of Foreign Affairs enhanced.

The Committee comprises the relevant ministers, the Governor of the CNB, President of the Supreme Supervisory Office and the Deputy Foreign Minister, chief negotiator. The latter heads the Working Committee for European Integration. The number of working groups led by experts of individual ministries grew to 35 in 1998. Representatives of trade unions and employers associations participate in the work of some of the working groups as

¹⁵⁷ The plan covers such areas of co-operation as trade, employment policy, environment protection, reform of the social security system, agriculture, justice and public administration, human rights and security. See Vstup v roce 2003 je realny (Accession in 2003 Realistic) *Hospodarske noviny*, 27.7.2000, p. 2.

well. There is another expert team for European Integration in the framework of the tripartite negotiations between the government, trade unions and employers. The negotiating team consists of the State Secretary Telicka and twelve advisors, who provide him with expert support, detailed data and arguments in relevant questions.¹⁵⁸

The institutional structure of the process of approximation of law has been even more concentrated. The EC Law Compatibility Department was moved from the Ministry of Justice and has been subordinated to the Office for Legislation and Public Administration, which is headed by the Deputy Prime Minister for Legislation Pavel Rychetsky.

The representatives of employers and employees participated at the process of integration into the EU through a Working Team of the Council of Economic and Social Agreement, headed by State Secretary Telicka.

As mentioned above, the *lack of experienced experts* has represented the critical issue of the institutional arrangement of Czech integration policy. The situation has not changed considerably since the mid 90s, as State Secretary Telicka indicated when he confirmed that “the pool of top experts familiar with the issues in question and relevant EU legislation is not very large... This is because we have neglected the preparation of public administration employees. As a result, we currently face a number of problems”.¹⁵⁹ Additional institutions and agencies have been established in order to govern and facilitate the integration process. The National Fund at the Ministry of Finance has been created in order to reform the management of PHARE finance within the Czech Republic. The sheer extent of PHARE funding and strict administrative requirements made it necessary. It amounted to 540 mil ECU in 1990-1999.¹⁶⁰ Also, a National programming and monitoring committee was established (December 1998) followed by regional monitoring committees. By 2000, three regions started to implement pilot projects using the structural funds – the NUTS II region Northwest and two micro-regions. The Czech Republic started preparation for the programme SAPARD (pre-accession program for agricultural sector) integrating it into the national “Plan for Development of Agriculture and the Countryside for 2000-2006”. Institutional and procedural difficulties persisted in the near-border region programme management. The

¹⁵⁸ EU Membership Talks Launched. An interview with Pavel Telicka, Deputy Minister of Foreign Affairs and the chief negotiator for accession of the CR into the EU. *Euro Info*: Nov.-Decemb.1998, p.4.

¹⁵⁹ Telicka ..., *Ibid.*, p.3.

¹⁶⁰ Until now the PHARE funding was transferred to individual Ministries directly from Brussels. See: 1.3 Billion CZK of New PHARE Funds. *Euro Info*: Nov.-Decemb.1998, p.7.

incompatibility of the CBC/Phare and the Interreg/structural fund sources was openly criticised as it confused the procedures of the cross-border co-operation planning.¹⁶¹

All in all the core of the institutional set up for the Czech integration policy and negotiations of accession to the EU has been widely perceived as straight forward, well focused and staffed and therefore better structured than in some other accession states. The State Secretary Telicka was regarded as the man clearly “in charge” of both strategic issues as well as practical implementation. Nonetheless, the lack of qualified officials and experts as well as faults in the co-ordination between individual government bodies represented long-term problems of the government’s accession policy.

Trying to Catch Up with the EU Pre-accession Strategy

The problems of Czech integration into the EU are more or less acknowledged. The Czech and EU assessments largely correspond. Periodical “big revelations” concern mostly the scale of the problems, which have to be dealt with under the growing pressure of time. The extensive pre-accession strategy agenda of the Czech Republic and a shortage of time add more stress. At the same time even multiple pressures have managed to motivate increased and effective activity in only some sections of the state apparatus. Evidently, the end of the dichotomy in political relations with the EU and the readiness to pinpoint the problems are essential and represent an important improvement in Czech integration policy. They translated, however, only partly into political, legislative and administrative action. A critical mass of problems has been dealt with but the overall pace of preparation has been increasing only gradually.

The *National Programme for the Preparation of the Czech Republic for Membership in the European Union* (adopted in early 1998) focuses on the harmonisation of laws, their application and enforcement and on the reform of public administration at all levels. The major priority with respect to internal market is the reform of the financial sector, the approximation of law and harmonisation of technical regulations and the conclusion of the European Conformity Assessment Agreement. The Czech government focuses on the preparation of medium-term macroeconomic strategy, further development of regional policy, etc.¹⁶²

¹⁶¹ Ivo Ryslavy, *Implementace programu Phare a priprava na strukturalni fondy v podminkach Ceské republiky* (Phare Programme Implementation and Preparation for Structural Funds in Czech Conditions), *Smer evropska unie*: 2/2000, p.5.

¹⁶² For concise overview of the Programme look in Petr Pavlik’s Country Report Czech Republic. In: *Enlargement/Agenda 2000-Watch. Pilot Issue*. Ed. by Institute for Europäische

The Minister of Foreign Affairs Jaroslav Sedivy argued in 1998 that the Czech Republic would like to conclude negotiations on accession by 2000 and become a member of the EU early next century. The Czech side has made it clear that it would not seek exemptions from the EU, but acceptable transition periods and temporary arrangement in certain areas would be necessary, such as the sales of agricultural land, environment standards, transport, information systems, elements of legislative on agriculture and the free movement of capital. Prague insisted from the beginning on maintaining the positive effects of its customs union with Slovakia.¹⁶³

By definition Czech integration policy, and its public reflection, followed the timetable of the screening of Czech legislation and accession talks, which started in March and November 1998 respectively. On the other hand, a clear-cut timing of the accession itself was not demanded with the same urgency as in either Poland or Hungary. Czech policy accepted the position of the German presidency that the specific timing would be set in early 2000. This rather relaxed attitude even provoked speculation about the real interests of the government in seeking early admission to the EU.¹⁶⁴

In fact it was already the *November 1998 first regular report* of the European Commission on candidate countries, which caused alarm and set Prague in a state of shock. For the first time the Czech Republic was described as the least prepared (next to Slovenia) of the candidate countries. The low pace of implementation of the pre-accession agenda was directly criticised. The report focused on a lack of progress in adopting the *acquis communautaire* and its full implementation. Further well known problems were pinpointed, such as the state of administration and justice, wide-spread corruption, faults in the application of citizenship law, the delayed restructuring of Czech industry, the privatisation of strategic enterprises, slow progress in the adoption of EU norms in legislation in environment protection and the situation of the Romany population.¹⁶⁵

Politik at all. Bonn, October 1998, pp.68-69.

¹⁶³ Sedivy v Bruselu: Czech Republic chce do Unie hned po roce 2000 (Sedivy in Brussels. The Czech Republic Wants to Become Member Soon After 2000). *Slovo* 2.4.1998.

¹⁶⁴ Rudolf Kucera, Charles University, quoted in Praha se tvári , ze do unie nespecha (Prague Makes Impression there is no Hurry with the EU-Accession), *Mlada Fronta Dnes*, 15.12.1998, p.1 and 12.

¹⁶⁵ Komisari EU kritizovali CR za zpozdeni priprav na vstup (EU Commissioners Criticised the CR for Delays in Access Preparations), *Pravo*, 5.11.1998, p.1 and 2.

The reaction to the report as well as to the subsequent regular reports of 1999 and 2000 manifested the differentiation of the Czech political scene in the integration issues and revealed patterns of attitude of Czech political actors towards the EU.

The governing CSSD, the small centre-right opposition parties, and in some cases the KSCM as well, perceived the reports by and large as just and realistic. They may have not (and, indeed, did not) accept every detail of the assessment. At the same time, the Commission's major points of criticism were well taken.

The representatives of the ODS did not reject every detail of the report but rather disapproved of the concept of regular reports as a whole. This attitude manifested a more general denial of the right of the EU to assess the accession countries and, in particular, rejection of the role of the European Commission in the integration process. Vaclav Klaus described the report of 1998 typically as biased and as a tactical element of the EU's negotiation strategy.¹⁶⁶

The KSCM, which partly shared the critical opinion of the Commission, tended in principle to a rejection of the European Commission's role as well. It stood for national sovereignty and joined the ODS in criticism of the European Union as a bureaucratic structure, which, as the KSCM argued, represented primarily the interests of monopolies.

Prime Minister Zeman, some four months in office at the time of the first report, blamed the governments of Vaclav Klaus and promised a speedy improvement. Vaclav Klaus in turn blamed the situation on the Tosovsky and Zeman governments. In any case, the report initiated a critical debate and called for a realistic self-critical assessment of the real state of Czech society and its preparation for EU-accession.¹⁶⁷

The approximation of law and its application remain the key problems on the path to EU membership: the delays in the process have become critical. There seems to be two critical points in the approximation process. One major reason for the slow process is the low level of legislative work of individual ministries. The draft legal acts, which they produce, are of a low quality and the Office for Legislation and Public Administration, headed by the Deputy Prime

¹⁶⁶ Zprava Evropske komise: CSSD ano, ODS ne. (European Commission Report. CSSD - Yes, ODS - No), *Lidove noviny*, 1998, 7.11.1998, p.2.

¹⁶⁷ So Bedrich Moldan, former Minister of environment protection, at present member of the negotiating team for accession talks, in his article: Jak rozumet posudku Evropske unie (How Should We Read the European Commission Report?), *Mlada Fronta Dnes*, 11.11.1998.

Minister for Legislation (Pavel Rychetsky), often has to return them for further elaboration. The procedure proved to cause critical delays in legislative activity by the end of 1998. Even the problem of the translation of EU legal acts has caused considerable problems. A highly qualified translation centre was only established at the end of 1998 and faces constant financial problems.¹⁶⁸ Based originally on PHARE funding, the financial means of the centre have been reduced within the state budget for 1999. Rychetsky argued in March 1999 that the legislative plan of the government, which the European Commission welcomed in 1998, has been caught up with. The Chamber of Deputies became, according to him, overburdened by legislative acts. Only several weeks later he had to admit that the government was not able to keep its promise.¹⁶⁹ Moreover of forty legal norms which have been passed by the parliament for approval only a few were of direct relevance to Czech admission to the EU. Only 8 of 16 broad areas of legislation had been dealt with by the end of March 1999 - the promise, given to the European Commission after its negative assessment in November 1998 was fulfilled by just half. The main problems were in the area of telecommunications, consumer protection and state subsidies.

A second negative assessment was expected to have very negative implications, including delays in the accession process. After President Havel it was Minister Kavan, who pointed out the growing problem.¹⁷⁰ In view of the problems of the pre-accession process, the ratification of the European Social Charter, proposed by the government and vigorously opposed by the ODS (even if the Charter was ratified by Poland and Hungary sometime ago) was perceived by some commentators as the only visible step the Czech Republic was able to make vis-a-vis the EU states.¹⁷¹

One of the most discussed issues became the attitude to the Romany population, which remained predominantly negative in Czech society. The Tosovsky and Zeman governments increased efforts to fight racist crime.¹⁷² The Ambassador of the European Commission assessed positively the performance

¹⁶⁸ So Deputy Prime Minister Egon Lansky during a session of the Foreign Affairs Committee of the Chamber of Deputies in November 1998. Neumime prelozit legislativu Evropske Unie. (We Are Not Able to Translate the Acquis Communautaire), *Halo noviny* 6.11.1998, p.3.

¹⁶⁹ J.Lenert, Misto smrsti mirny vanek (A Breeze Instead of Hurricane), *Hospodarske noviny* 8.4.1999, p.6.

¹⁷⁰ Kavan: Vstup do EU je ohrozen (Kavan Sees Accession to the EU Under Threat), *Hospodarske noviny*, 22.2.1999, p.2.

¹⁷¹ M.Hrabe, Charta v zrcadle ceske politiky (Charter in the Mirror of Czech Policy), *Hospodarske noviny*, 6.4.1999, p.6.

¹⁷² Temporarily, the social democratic government considered banning skin-heads organisations.

of the Council of National Minorities.¹⁷³ A new Office for Ethnic Equality was also established in 1999. After the much-criticised wall, designed to part the "white" and Romany population in the town of Decin, had been dismantled in 1999, the situation became less pointed.

Had the first regular report been disturbing, the effect of the *second* one (13.10.1999) was nearly devastating. The report pointed to the ongoing problems in the Czech justice system, criticised the situation of the Romany population, the high level of corruption and economic crime, and the slowness of the structural reforms in Czech economy. Most important, the promised acceleration of the implementation of the Accession Partnership, in particular the law approximation, either did not take place or was not convincing enough.

The patterns of reaction to the report of 1999 were similar to those in 1998: self-critical reassessment prevailed on the side of the government and the "coalition of the four" centre-right opposition parties. The latter had even presented their own report in Brussels just before the regular report was published. The ODS essentially rejected the report. In general, however, the stimulating effect of the "cold shower" was more than sizeable. The government as well as the ODS and other parties of the centre right and the President understood well that the country could not afford a similarly negative report in 2000. The harsh tone of the report, discussed in the media in considerable detail, initiated adoption of a plan of immediate legislative action (November 1999) and the above mentioned adjustment of the opposition treaty between the CSSD and the ODS (14.2.2000) which included support for a fast-track adoption of EU-relevant legislation.

The next *regular report* (8.11.2000)¹⁷⁴ revealed a great deal of anxiety in Czech society regarding the chances to access the EU with the first group of "Luxembourg-countries". Both major politicians as well as the media expected a clearly positive evaluation. The expectation was based primarily on increased efforts of the government and, indeed, the parliament to speed-up the approximation processes. >From mid 2000 on, representatives of the European Commission emphasised the positive impact of the increased activity of the Czech Republic. Also, there were some indications that Poland was viewed with more criticism in Brussels. The comparison with Poland, the assessment of which fell out more positively in the report itself, caused considerable frustration in Prague. The conviction that Poland - a large country with an assertive

¹⁷³ CR jde sice správným směrem ale pomalu (CR Follows the Right Path But Slow), *Hospodarske noviny*, 2.4.1999, p.2.

¹⁷⁴ 2000 Regular Report from the Commission on the Czech Republic's Progress Towards Accession.

diplomacy - plays a special role in the enlargement process was widespread.

The problem seemed to be less in the substance of the critical assessment. The report pointed out that in a number of areas - like the free movement of goods, capital and services - the Czech Republic was largely prepared to join the EU. By September 2000, the Czech legislative activity increased dramatically and a concerted action of the ministries, the Parliament and the political parties enabled adoption of 200 laws or their amendments. The progress was generally perceived as remarkable.¹⁷⁵ Nonetheless, in some areas a moderate and in others strong criticism were voiced. The moderate criticism concerned the areas of agriculture, environment protection and transport. Here the Czech Republic progressed considerably but had to increase its effort. A strong criticism concerned problems with border controls, police co-operation, and slow reform of the judiciary, and the low effect of fight against corruption and economic criminality. The EC voiced its concern regarding the area of audiovision as well as the attempts to set new limits to the independence of the Czech National Bank. Analysts viewed the drafted amendment of the law on the Czech National Bank as an example of lack of a coherence in the approach to the institutional adjustment to the EU.¹⁷⁶

Once again, most of the points were well taken. In some areas Prague disagreed, however: for example, Czech officials opposed the Commission's opinion that the Czech Republic (along with Slovenia) belonged to a third group of the accession countries as far as economic criteria were concerned.¹⁷⁷ The general impression of the heated debate and hysteria was, however, that the partly irrational lack of self-confidence caused an overreaction on the Czech side.

Relations with Austria is another issue, which both reflected and influenced diverging Czech attitudes towards the EU. The CSSD government joined - as the only accession country - the unofficial sanctions of the 14 EU-member states against Vienna in early 2000. The reason was presumably solidarity with the left wing governments in the EU as well as a response to the attempts of the new Austrian government to condition the EU-accession of Prague by abolition of the Decrees of President Benes. The ODS opposition under Klaus strictly rejected the sanctions as an unacceptable intervention into the domestic affairs of a sovereign government. The KSCM was split between its rebuff of the demands of the nationalist (and pro-Sudeten German) Free Party

¹⁷⁵ *Monitor EU-Erweiterung* ..., p.44.

¹⁷⁶ *Monitor EU-Erweiterung* ..., p.45.

¹⁷⁷ Pavel Telicka, *Ze zapsniku vyjednavace* (From the Negotiator's Notebook), *Smer Evropska unie*: 4/2000, p.18.

in Austrian government on the one hand and its preference for national sovereignty on the other. Not surprisingly the communists took a position similar to that of the ODS.

If the CSSD government demonstrated remarkable closeness with Brussels in its attitude towards Austria, it sought the Commission's support in its controversy with Vienna concerning the Temelin power plant. The resolution of the dispute about the safety and environmental impact of the power plant came into an impasse. Prague failed to establish direct and effective contact with Vienna – partly thanks to the sanctions – while Vienna apparently started *serious* attempts to negotiate the issue with Prague only just before the unprecedented Czech investment was completed. Austria refused to close the Chapter "Energetic" during the EU-accession talks as long as the Temelin issue was not settled to its satisfaction and threatened to block Czech admission to the EU. Moreover, the popular Austrian blockade of the border crossings caused confusion on the border regions. While the Czech public shared the desire to make an independent assessment of Temelin's security standard¹⁷⁸, it rejected the obstructions on the border. After the 14 EU-countries and the Czech Republic lifted the sanctions (September 2000), Prague sought the Commission's mediation. Minister Kavan asked Commissioner Verheugen to assist Prague in resuming a direct Czech-Austrian dialogue. Thus, Verheugen played an important role in the crucial negotiations in December 2000. Not surprisingly, the ODS as well as the KSCM, proponents of a limited role of the Commission, viewed the involvement of the Commission with scepticism.

The *approximation of laws* and the implementation capacity of the Czech Republic remained the major concern of Czech policy. In many areas, the Parliament has to adjust the new (post-1990) or revised legislation to the EU requirements. In a number of areas, whole sectors of the legal system have to be reorganised in order to avoid internal contradictions and confusion and to minimise duplicity. A complex and innovative approach is necessary in many areas. So, while the Czech legal system offered a reasonable level of consumer protection in most areas by the early 90s, the import of individual EU-norms into the Czech legal order threatened to cause a confusion. Therefore, a "Concept of Consumer Legislation" had to be adopted (9.6.1999), which set a clear timetable of gradual introduction of the respective EU norms into the Czech legal system. The "Concept" represented a new instrument in the Czech legislative procedure and was met with serious criticism. Its opponents argued the "Concept" narrowed the search for respective legal instruments of consumer

¹⁷⁸ On 31.10.2000, 85,6% of those asked, supported the idea of security check. See *Data*: 10/2000, www.mzv.cz/_archiv/data_dokumenty/data102000.html

protection down to search for suitable definitions and formulations.¹⁷⁹

One of the most closely watched issues has been the third pillar – *justice and home affairs* issues. The internal security of the EU is at stake here. The illegal immigration problem has been deteriorating. Some 50% of illegal migrants from the former Yugoslavia to Germany cross the Czech German border.¹⁸⁰ The Czech government was, however, reluctant to introduce obligatory visa requirements with regards to its eastern neighbours, as it feared a decrease in mutual economic trade.¹⁸¹ The Visegrad group failed to co-ordinate its attitude on this issue and the Czech Republic re-introduced a visa regime vis-a-vis a number of East European and Balkan countries in 1999.

The pace of the *accession talks* did not entirely satisfy the Czech side. The screening of 31 chapters was finished by the autumn of 1999. It proceeded without great difficulties including the rather complicated chapters on the energy sector and the single market. More problematic were the areas where the Czechs would have to make extensive investment: environmental protection, transport and infrastructure, or those, which are essential for the EU: agricultural policy, the free movement of people, justice and home affairs, and protection of border.¹⁸² Prague handed in its position documents concerning 29 Chapters and by the end of 2000 all 29 Chapters became the object of negotiations. 13 of them were preliminarily closed – being the first ECE accession country to close the Chapter "movement of goods". The latter was perceived by foreign analysts as an essential advantage which should create a "political cushion" for the moment of the EU's envisaged decision about the first accession group.¹⁸³ Nonetheless, the pressure was growing on the Czech Republic to catch up with some other accession countries (Estonia preliminary closed 15, Hungary and Slovenia 14 Chapters). Czech diplomacy sought a balanced position between two approaches: it was argued that the Prague should not give up negotiating positions just in order to "close" more Chapters. Such behaviour would negatively impact on the Czech public and economy. At the same time, it was well understood that a number of "closed" Chapters could become an important criteria for the EU at the moment of decision about who of the candidate

¹⁷⁹ Petr Stepan, *Cesty k českým implementacím evropského spotřebitelského práva* (Way to Czech Implementation of European Consumer Protection Law), *Směr Evropska unie*: 5/2000, p.4.

¹⁸⁰ So Joschka Fischer during his January 1999 visit to Prague. The migration issue was very high on his agenda for the one day visit. See: Fischer apeloval na CR kvuli migraci (Fischer Appealed to the CR Regarding Migration), *Hospodarske noviny*, 7.1.1999, p.2.

¹⁸¹ Tschechien läßt aus Angst vor Moskau seine Ostgrenze offen, *Handelsblatt*, 27.1.1999, p.8

¹⁸² Interview of Pavel Telicka: V jednaních s EU musíme uspet (Success of Accession Talks Imperative), *Hospodarske noviny*, 7.1.1999, p.8.

¹⁸³ *Monitor EU-Erweiterung*..., p.44.

countries should be admitted into the EU.¹⁸⁴

The Accession partnerships and the Enlargement Strategy of the EU were found convincing and were welcomed. At the same time, Czech diplomacy called for a tighter schedule of the negotiations and for more differentiation among the accession countries according to their merits.¹⁸⁵

The Czech Republic indicated areas in which it requests *transition periods*:

- in the Chapter "Culture and Audiovision" a transition period for application of the directive "Television without frontiers";
- in the Chapter "Energy" a period for creation of oil and gas supplies as well as opening of the market for gas and electricity;
- in the Chapter "Environment" seven transition periods in different areas (recycling of wrapping and package, quality of water, participation in the network of protected territories NATURA 2000, integrated prevention and curbing of the pollution);
- in the Chapters "Free Movement of Capital" and "Free Movement of People" a transition period for acquisition of secondary residence and agricultural land and forests by foreigners;
- in the Chapter "Taxes" a period for preservation of reduced VAT as well as consumer taxes in some specific cases;
- in the Chapter "Financial and Budget Arrangements" a transition period for gradual flow of the levies to the EU budget;
- in the Chapter "Justice and Interior; Schengen" a transition period for technical safety of the Ruzyně airport;
- in the Chapter "Agriculture" a transition periods for several technical arrangements in veterinary area, wines sector, utilisation of land etc.

The requests for transition periods – like the seven ones in the area of environment protection - are usually based on financial reasons and on the shortage of time within which the Czech Republic would not be able to implement the norms of the EU.¹⁸⁶ In the single area of water management the investment need amounts to 100 bil Koruna.¹⁸⁷ Also the absorption capacity in

¹⁸⁴ Pavel Telicka, Aktualni stav jednani o pristoupeni CR k EU (Current State of the Talks of Czech Republic's Accession to EU), *Mezinarodni politika*: 1/2001,p.6.

¹⁸⁵ Telicka, Aktualni stav jednani ... , pp.6-7.

¹⁸⁶ Bedrich Moldan, Jiri Beran, Soucasny stav vyjednavani v kapitole: Zivotni prostredi (Current State of Negotiations in the Chapter Environment), *Směr Evropska unie*: 4/2000, pp.1-3.

¹⁸⁷ Interview of Minister of the Environment Kuzvart in: CR pozada o doklad pro splneni

the individual policy sectors is limited. So, Czech activity in adoption of the EU environment norms increased considerably and the EU-Department of the Ministry of Environment became a respected driving force of the process. Czech experts, however, lacked a clearly defined national environmental policy. They argued that the Czech Republic was barely able to reflect on the development of the EU-environmental policy on a theoretical level.¹⁸⁸

Prague supported the growing tendency to differentiate among the countries of the first negotiating group.¹⁸⁹ In preparation of its negotiating position, Czech policy sought to retain the customs union with Slovakia - in one form or other. Even if Slovakia declared it would not ask the European Commission for a special arrangement concerning the Czech-Slovak customs union, a parallel accession would be the easiest solution for both. Similarly the extension of Schengen agreement just to the Czech-Slovak border was widely perceived as an absurd and counter-productive prospect.

Parallel to more largely positive view of the EU, Czech policy expressed freely *critical observations regarding policy of Brussels*. Secretary of State Telicka moderately criticised the EU attitude of the accession-talks. The EU did not share the Czech interest to increase the pace of negotiations. Sometimes, Brussels failed to respond quickly enough to Prague's request for further information regarding its negotiating position.¹⁹⁰ Minister Kavan criticised on indication from Brussels that the admission of the ECE states could depend on the agreement between the EU and Poland regarding the agriculture policy. He stressed that each accession state has to be judged on its merits. The Czech Republic is going to insist on equal treatment with the other EU-member states – including the agriculture policy.¹⁹¹ In 2001 Prague, like Hungary and Poland earlier on, started a diplomatic offensive. Prime Minister Zeman announced during his official visit to Belgium that Czech diplomacy was ready to withdraw some of its earlier announced requests for transition periods in the sphere of taxation in telecommunications, propellants and construction works. Prague obviously tried to influence the decision making process of the EU regarding the

norem EU' (CR Will Seek Transition Periods For Implementation of EU Norms), *Lidove noviny*, 21.1.1999, p.6.

¹⁸⁸ Petr Jehlička, Důsledky rozšíření pro environmentální politiku EU (Enlargement: Implications for EU-Environmental Policy), *Evropská témata CEA*: 1/2000, pp.10-12.

¹⁸⁹ EU uvazuje o nove strategii. (EU Considers a New Strategy), *Hospodarske noviny*, 17.3.1999, p.2

¹⁹⁰ See: Udalosti a rozhodnuti EU. Duben 2000 (Events and EU Decisions. April 2000) in *Směr Evropska unie*: 3/2000, p. 9.

¹⁹¹ Naše diplomacie musí Bruselu připomínat závazky z Helsinky (Our Diplomacy Has to Remind Brussels of the Commitments from Helsinky), interview of Minister Jan Kavan, *Právo*, 7.4.2000

composition of the first group of the countries, which might be admitted into the EU in the first place.

With the progress of the negotiations the confidence of the Czech diplomacy has been growing. Prague exercised growing pressure on the EU in co-ordination with the other accession countries, primarily with the "Visegrad three". The expectation of a precisely set date of accession has been growing. As the French presidency in 2001 focused primarily on the preliminary institutional preparation of the EU for enlargement, Prague expected a progress of enlargement during the Swedish presidency in 2001. A new negotiation methodology was required for the advanced negotiating phase. Czech policy was confident; the negotiations could and should be concluded by the end of 2001.

Prague's capacity to follow the EU development remained circumscribed. Unlike Polish diplomacy, Prague only gradually started to elaborate its strategic vision of the EU. Vaclav Havel's federalist vision of the EU has been largely shared by the government and the "coalition of four" and rejected by the opposition ODS and KSCM. The government's expectation on the 2004 IGC focused on a clear delimitation of competencies of the three levels of EU policymaking, integration of the Human Right Charter into the EU treaties, general reorganisation of the treaties, further development of the ESDP and the Nice left-overs. Czech policy is deeply interested in maintenance of the American role in Europe.

SOME CONCLUSIONS

Preparing for membership of the integrated EU and NATO structures became the most important factor of external influence co-shaping the transformation process within the Czech Republic. The role of the EU was less pronounced during the early years of the Klaus government. The *laissez-faire* state, combined with the preference for the recommendations of liberal economic institutions like the IMF, World Bank and the OECD, fit better into the government's rather loose concept of transformation policy. The integration of the Czech Republic seemed not to be the single top priority of the government's policy-making. For some time, some Czech political leaders even behaved as if they had a sensible alternative to EU membership.

A dichotomy developed in Czech integration policy against this background, on the one hand a reserved approach of some neo-liberal politicians, and on the other a gradual implementation of the European Agreement and later application for EU membership. The evident discrepancy was possible because of a convenient majority which the government coalition

had in 1992-1996 (dominated by the assertive ODS and Vaclav Klaus) and because international affairs (except for relations with Germany) played a secondary role in Czech politics. Thus, integration policy was an arena where politicians could not gain or lose unless direct interests were effected - like those of producers or consumers. This is true partly even at present and the EU does not represent a priority in party politics. Unlike today, however, in the pre-1998 period (before the Tosovsky government came to office) members of the government used to express their views with a great deal of self-esteem, often unprepared and "off-record", thereby contradicting their own government and party programmes, their party colleagues and even their own earlier positions.

The loss, caused by this "provisional character" (Anneke Hudalla) of Czech policy was substantial: it resulted in a passive approach to most elements of EU policymaking, delays in implementation of the pre-accession strategy and in the "education" of the political elite as well as the public (a referendum on membership of the EU being nearly inevitable). Prague did not explore the potential of co-operative links with other EU states. In the case of Czech-German relations, the lack of commonality in approach to the EU influenced considerably their bilateral relations. It made it impossible to exploit the historically unprecedented parallelity of strategic interests in Czech and German European policy and explore its limits. Moreover it impeded a settlement of the issues arising from their tragic past.

We witnessed a peculiar phenomenon over the years of 1992-1997: Czech diplomacy, including the external activities of the Presidency, contributed to the pressures, which co-shaped the EU strategy of enlargement. The Czech conservative government, however, increasingly had to accept the EU's pre-accession strategy and gradually speed up its implementation. On both sides of the process of enlargement the actors were switching from an active role to a reactive adjustment in their strategies and policies. The influence of the EU continuously grew as the transformation proved to be of a long term nature and needed more concentrated effort than the Czech government was originally ready to admit to. It were only the governments of Josef Tosovsky and Milos Zeman which fully overcame the dichotomy in Czech integration policy and arrived at a conjunction of the transformation process and of the pre-accession strategy. Much more complicated however remains the implementation of the strategy. Even if the Czech policy has increasingly focused on the preparation for accession of the EU from the final period of the Vaclav Klaus government in 1997, the CSSD government was able only gradually able to speed up its efforts and produce more convincing results.

The agenda of the Czech policy is extremely overcrowded; the bureaucratic institutions are not efficient enough, the reservoir of patience and understanding on the side of the public nearly spent and the ability of the minority government to guarantee the administrative implementation of the already internalised EU-norms limited. It has taken a great effort to translate the positive attitude of the majority of Czech class politique towards the European integration into practical action. The EU-accession has been accepted as a prospect by most of the political parties – even if with little enthusiasm in the case of the leadership of the liberal ODS. Such a reserved approach to the EU-accession as well as the ongoing absence of a convincing consensus on EU-integration as a whole can impact negatively on the public opinion just at the moment of the envisaged public vote on Czech membership to the EU. The dichotomy in Czech integration policy was largely overcome. It has persisted, however, mainly in the circles of the ODS (and the KSCM) causing confusion of the embryonic national discourse on European integration with possible political implications.

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