

THE METAMORPHOSIS OF CZECH
SOCIETY

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mrs. KENNELLY. Mr. Speaker, the Center for Democracy last Wednesday honored the Prime Minister of the Czech Republic, Vaclav Klaus, by awarding him its prestigious International Democracy Medal for 1995.

The Center for Democracy is a nonpartisan, nonprofit organization dedicated to supporting the democratic process throughout the world. In previous years, the center has honored Presidents Raul Alfonsin, Corazon Aquino, Oscar Arias, Patricio Aylwin, Violeta Chamorro, Arpad Goncz, and Boris Yeltsin.

I was fortunate to be at the dinner award ceremony and hear Prime Minister Klaus' acceptance address. His comments on the democratization process are profound, and I am including the text at this point in the RECORD.

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It is a great honor for me to be awarded the International Democracy Medal from your distinguished society. And it is extremely intellectually stimulating to have the unique opportunity to speak here today and share with you some of my ideas about the fundamental systemic change which has been going on in the Czech Republic for the last five years.

As well known, the Czech Republic suffered for many decades under an oppressive, undemocratic and totally inefficient communist political, social and economic system. It was a system irresponsive to human wants and desires. It is over now. I have to admit that I do not feel enough motivated these days to discuss at length the intrinsic logic as well as peculiarities of the functioning of such a system although I am convinced that the standard "sovietologist's" paradigm of explaining it needs substantial rewriting and though communism is not an unrepeatable, singular event which can never happen. But we are already on the other side of the Rubicon.

The task of our time has been positive—to replace such a system with a free, democratic society, based on political pluralism and the rule of law, with a well-functioning, efficient market economy, based on private property, private initiative and limited government.

I will try to argue here tonight that the Czech Republic has already introduced basic elements of such a system and by having done so, the country has entered what we call the early posttransformation stage.

In all our effort during the last few years to dismantle communism and institute free society and market economy the central idea was that of democracy. Several years ago I coined the phrase "market economy without any adjectives" in an attempt to reject all forms of "third ways" of economic organization and it seems to me now that I can say as well "democracy without adjectives" because it contains the same message. We do not want to make the term fuzzy, therefore, we don't like people's democracy, socialist or social democracy, christian democracy, etc. Whether this is really understood or not is exactly what distinguishes successful from unsuccessful approaches to the transformation of the postcommunist countries.

Talking about the metamorphosis of Czech society (and those of other Central and East European countries), the most important thing now is to avoid falling into the dan-

gerous reform trap of half-measures and useless political and social concessions, and not to give up the fight against an already emerging "réforme fatigue". The transformation has nonzero "transformation" costs and our task is to minimize them. This cannot be achieved only by spontaneous evolution of social institutions. The profound systemic change can be successful only if it is based on a clear and transparent vision of the future, the ability of politicians to sell such a vision to the citizens of the country and a pragmatic, and rational (and definitely not simple) transformation strategy.

To structure the logic of the whole process, to differentiate between the intentional and the unintentional the organized and the spontaneous parts of it, it is helpful to distinguish between passive and active transformation measures.

The passive (nonconstructivistic and noninterventionist) side coincides with deregulation and liberalization. The political transformation was fully based on this, i.e. on creating preconditions for a free entry into the political market. We realized very soon that this was sufficient and that no direct measures were indispensable (it was almost not necessary to prohibit anything). This is not a trivial conclusion. The free political space was very soon filled with new political entities and by now, in my country at least, the standard political structure—characterized by ideologically well-defined political parties—has been developed. The political structure is more European than American, with more than two political parties, which results in a coalition government and standard pressures between the cabinet and parliament.

The economic transformation was, of course, based on liberalization as well. It has been proved that liberalization of markets, that is of prices, foreign trade and private entrepreneurship, is necessary for the fundamental change of the system, but we realized that this is not sufficient. As I said before, the passive transformation plus waiting for evolutionary emergence of efficient markets and strong economic agents would last too long and be too costly. It was, therefore, supplemented with positive, more or less active transformation measures.

As—I am sure—you expect, the most important shift at the microeconomic level was achieved by privatization. In our country we managed to effect the fastest and most extensive transfer of property rights, at least in this direction. As you know, it is much easier to nationalize than to privatize, it is more difficult to build than to destroy. The job required a very special mix of standard and nonstandard privatization methods, and the innovative Czech voucher privatization, which involved millions of our citizens, proved to be a catalyst of the economic transformation. Now, five years after the Velvet Revolution and four years after the beginning of privatization, the massive, "wholesale" privatization is practically over. We have to settle some residual cases, but these are already part of our posttransformation tasks and challenges.

Speaking of the posttransformation stage, we have to complete the process of liberalization, deregulate the few still regulated prices (though the list of regulated prices in the Czech Republic is not longer than in the Western countries) and institute full convertibility of the currency; complete the privatization process, which is anyway coming to its close.

This kind of institutional refinement is the posttransformation task of the government. In addition, we need to deepen the markets and to strengthen the health of participating economic agents. This is, however, already a part of the Hayekian evolutionary process, in which the role of government is marginal.

But it is connected with another important challenge which is no more an integral part of our original transformation task. That is the need to safeguard economic freedom and resist the temptations for the government (magnified by strong lobbyist pressures) to introduce the same forms of regulation, control, licensing, etc. as we can see in some Western countries these days.

I know you have your own experience in this respect in your country, you have your own prophets of a limited or expanding government, and I can assure you that we followed your domestic political debates with great interest before our Velvet Revolution and we do with enormous interest now.

Let me make a few comments about how I see it from Prague. The ideological conflict over communism is over and it makes us very happy. There are new conflicts and new dubious, but attractive and fashionable ideas which must be discussed and their pitfalls and unintended consequences must be exposed. I have in mind the protectionist arguments for the so-called fair trade (I always try to relate the dispute between free and fair trade to the difference between free and fair speech); competition constraining arguments based on the criticism of the alleged social and ecological dumping; collectivistic features of communitarianism and the ideology of civil society; environmental extremism and overkill, etc.

The protectionist blueprint is an illusion, based on fear. In the end, it will not protect jobs but destroy them. The accusations of "dumping" neglect the law of comparative advantage, different levels of productivity of labor and wages (and related working conditions), as well as the connection between wealth and externalities. Communitarianism, instead of advocating the importance of voluntary associations and naturally emerging intermediating structures, preaches nostalgic reminiscences about a past that never existed and criticizes modern society. Environmentalism with its distinctly Calvinistic flavour and an obvious biblical quality is based on widespread misinformation, myths, sensationalism and promotes a collectivist, redistributionist political agenda.

Our experience gives us special sensitivity to all that and we see the similarities of arguments used in our country in the past and now in the sophisticated debates in your country and elsewhere. It is our duty to remind of that. We all have to watch our own policies and institutions. There is always the danger of creeping etatism and stronger government powers. And it is our duty not to let it destroy our fragile free and democratic society.

MEMORIAL DAY 1995

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. STUMP. Mr. Speaker, sacrifice. It's a word we all know. All of us have made some sacrifices in our lives. We make sacrifices for our family, for our close friends, even for our neighbors and coworkers. Persons in the Armed Forces make many sacrifices, and over one million Americans have given their lives, the ultimate sacrifice, while serving in our Nation's armed forces. Throughout history, members of the Armed Forces have risked their lives not merely for their family or their coworkers, but for a cause represented by the

American flag, and the freedom to choose and the liberty to succeed which it embodies.

Some Americans are too young to remember; others have too quickly forgotten. How important, therefore, that we honor our veterans, that we learn from them, and that we teach others about history, about war, about sacrifice. We are still reminded about Korea, Vietnam, and more recent encounters. We should not, however, allow the memory, the lessons, and the sacrifices of our terrible world wars to fade. Proud veterans of those wars are among us today. Their presence bears witness to sacrifice.

Fifty years ago this month, our Nation was beginning to absorb the meaning of victory in Europe, to realize what the final tally was in terms of lives lost or shattered as the result of the awful conflict in Europe and North Africa. In April of 1945, President Roosevelt had died of a cerebral hemorrhage at Warm Springs, GA. The battle in the Pacific still raged as scientists neared completion of the first atomic bomb. The sacrifices would continue for 4 more months, and then the bloodiest of all wars would be over.

Veterans of World War I saw staggering losses in bitter trench warfare and history's first use of such horrible tactics as gas warfare. Fewer than 20,000 veterans of that brutal conflict are still alive today.

Cemeteries in two small towns in northwest Maryland contain the dead from the bloodiest day of the Civil War. The United States and the world learned of the awful toll of war when two of Mathew Brady's assistants photographed the dead of the 1-day battle at Antietam. The pictures brought home the shocking toll of war and its accompanying sacrifice when they were first displayed in 1862, and they are no less shocking today. Each Memorial Day, the 2,100 graves of the Union dead are decorated with small American flags, a scene which stirs the conscience, but which only hints at the sacrifices which took place on the day of the battle. The nearby cemetery containing 2,400 Confederate dead, no less valiant, is undecorated on most Memorial Days, because there are not sufficient funds to remember the sacrifice of these equally selfless men and boys.

Battlefields and cemeteries remind us of the terrible sacrifices and loss of life in war. But many of us or our family members remember all too directly the experience of war. The first half of this century saw two world wars. These were the "wars to end all wars". How wrong we were to think the experience of war was behind us! Consider Korea, Vietnam, Lebanon, Grenada, and Panama. The Persian Gulf, Somalia, and Haiti. We have asked much of our fighting men and women.

Although many members of our Armed Forces are buried on foreign soils, there are cemeteries throughout this country which contain the remains of the very best that America had to offer. Remembering is what Memorial Day is for, and what gives it meaning is how each one of us remembers the great sacrifices which have made possible the blessings we share as Americans today.

LOS ANGELES STUDENTS RECEIVING THE "TOOLS FOR SUCCESS"

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. TORRES. Mr. Speaker, I rise today to recognize the Miller Brewing Company and the Los Angeles Trade Technical College (LATTC) for establishing the "Tools for Success" Scholarship Program.

Since it began 4 years ago, the scholarship program has built a nationwide reputation and expanded into six more cities. Instead of awarding students with scholarship funds, "Tools for Success" provides graduates with the actual tools they will need to excel in their profession. Whether it is automotive repair or fashion design, students embarking on a career will have both the skills and the implements to compete in the marketplace.

The top two graduates from 16 selected trade professions at Los Angeles Trade Technical College are honored annually. Each of the 32 honorees will receive a complete set of tools to help them begin their career. Since Miller Brewing started the Tools for Success Program more than 100 graduates have benefited. Each honoree receives a set of tools donated by Snap-On Tools, valued between \$1,500 and \$2,000. Southern California Edison is also a partner in making this nationwide program a reality. Each of the scholarship sponsors deserves credit for developing a well-trained workforce that will stand ready to face the challenges of the 21st century.

Unfortunately, congressional duties will prevent me from attending the fourth annual awards ceremony. I say this partly because the College's renowned culinary arts students will prepare the awards luncheon.

The program is the brainchild of Victor Franco, Public Relations Manager, Miller Brewing Company at the Irwindale Brewery. Victor realized that vocational students have often been shortchanged at the scholarship table. Ninety percent of vocational graduates are required to have their own tools before they are hired. Often students cannot afford to make the large investment. By putting the tools in their hand, the students are well on their way to finding a job and honing their skills in the working world.

Mr. Speaker, I ask my colleagues to join me in honoring their year's Tools for Success scholarship awardees and to all of the individuals who have made this program thrive.

AN AMENDMENT ADDRESSING THE DEFINITION OF A SMALL BUSINESS IN SECTION 322

HON. SPENCER BACHUS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. BACHUS. Mr. Speaker, under Chairman Shuster's bill, H.R. 961—Clean Water Act Amendments of 1995, general and site-specific permits are required unless the entity can prove that its activities do not pose a significant risk to health and the environment, in which case, a permit would be required. However, an exemption is provided for small businesses that meet the definition of "small busi-

ness" as promulgated by the EPA. Under the provisions of the committee bill, a small business is exempt from general and site-specific permits unless the State finds that, without permits, stormwater discharges would have a significant adverse effect on water quality. In this case, a permit would be required regardless of whether the entity was a small business or not.

While the reformed permitting process is a tremendous positive step in the right direction, the bill leaves it to the discretion of the EPA to define "small business." We fear that EPA will attempt to circumvent the clear intent of the bill and define "small business" so narrowly that it has no practical application.

The amendment which I plan to offer, a copy of which follows, uses similar language from section 507 of the Clean Air Act as it relates to defining "small business" based on number of employees. Under the Small Business Stationary Source Technical and Environment Compliance Assistance Program, small business is defined as having 100 or fewer employees. Our amendment as written would still allow EPA to define "small business," but any definition would have to include language to define "small business" as having 100 or fewer employees.

Even if this amendment is adopted, a State would still maintain authority to require permits by certain small businesses if it found that the stormwater discharges from the business would have a significant adverse effect on water quality. The amendment is intended to reduce the cost and paper-work that literally thousands of small business would be burdened with if they were not initially excluded from the permitting process.

AMENDMENT TO H.R. 961, AS REPORTED OFFERED BY MR. BACHUS OF ALABAMA

Page 146, line 21, after the period insert the following:

At a minimum, the term "small business" shall include a corporation, partnership, unincorporated business, and sole proprietorship employing 100 or fewer full time employees.

AN AMENDMENT TO RESOLVE THE TACOMA DECISION

HON. BILL EMERSON

OF MISSOURI

HON. BILL K. BREWSTER

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 9, 1995

Mr. EMERSON. Mr. Speaker, the purpose of this amendment is to resolve the friction and conflict that the Clean Water Act, as interpreted by the Supreme Court in its 1994 Tacoma decision, is creating with the Federal Power Act. The Supreme Court has interpreted the Clean Water Act, in particular section 401 of the Act, so broadly as to effectively supersede the Federal Energy Regulatory Commission's licensing authority over hydropower projects under the Federal Power Act. This amendment would rectify that situation by exempting hydropower projects from regulation under the Clean Water Act.

The Federal Energy Regulatory Commission already conducts a comprehensive review of proposed new hydropower projects when first