

# Dk - DIALOG

This *Bulletin* is for the internal purposes of the *Democratic Club*.

## **Introductory word**

The Democratic Club (Dk) is a non-partisan civic political organization whose aim is to support democracy and democratism and to oppose all anti-democratic attempts. The democracy is a human invention how to enable all citizens to participate in the political organization of society. The democracy has a long history and it will be surely developing further. The features of democratism exist from the beginning of mankind, the democracy itself started in antiquity. The features of democratism differed then substantially from these features which exist in contemporary society. They differ also today among various populations and so the question arises how we can distinguish the democratic society from the non-democratic. Only one attribute must be present to characterize a society as democratic: government is possible to change in a democratic way, i.e. by voting. All other characteristics, the different features of democratism, i.e. the delimitation of voters, their age, gender etc., are present in different intensities.

The democracy arises at a certain level of societal development and it is heavily rooted in the cultural background of the given society, their traditions, ethical norms and even superstitions etc. The specificity of any existing democracy stems from these circumstances. The democracy is often characterized as a governance of people. The difference between people and voters should be small and justified (age, man sui juris, criminal). Any other differences, i. g. citizenship, residence, affiliation to social or ethnical group, lower considerably the level of pertinent feature of democratism.

It is not easy to govern democratically. Society is usually diversified into various groups with different interests. Citizens with similar interests create political parties, which are legitimately struggling for power. They are using democratic way to win, but democracy itself is not their first interest. The Democratic Club is not a competitor among political parties, but it follows and watches their behaviour.

The democratic states do not wage war among themselves; they are solving all disputes peacefully. The Democratic Club having members in more than 30 countries all over the world follows the democratic situation in all countries and enables the exchange of experience. It issues official statements (57 statements since its legal existence) and publishes information from members. In the English version of Dk-dialog we publish mostly translations from the Czech issue, but also original contributions. We would be glad if they are more frequent.

We believe in democracy and in its diffusion all over the world. In this case we are optimists, following ideas in the excellent book of Robert Dahl *On Democracy* (Yale University Press, New Haven, 1998; Czech translation, Portál, Praha 2001). We were inspired by him and we would like to continue in his steps. *Redaction*

## **I - Official Views of the *Democratic Club***

### **The Democratic Club Position No. 55**

#### **On personnel changes in the Institute for Study of Totalitarian Regimes (ÚSTR)**

The Democratic Club welcomed in their official position No. 22 of 2002 already, the proposal of Act on the Institute for Documentation of Totality. We expressed a conviction there that, "an impartial and well funded analytical processing only can enable the society as a whole to more deeply understand ways of functioning of oppressive components of the totalitarian Communist regime, thus creating presumptions for the effective settlement of an important area of the Communist past as well as minimizing the chance of a recidive of that."

We are sure that the Institute for Study of Totalitarian Regimes (USTR), the founding of which took place later (*2007, redaction comment*), did an immense volume of beneficial work in this spirit. We assume, that some mistakes could have been made within the Institute's activities over the years of existence. However, we do not accept that the mistakes give sufficient reason for recalling the director and other significant members of the Institute. The changed political structure of the CR Parliament's Senate and of the Institute's Board of Directors seems to us to be a much more likely reason, as well as the coalition-forming intentions of the victorious Party. But, interpretation of history in a democratic State should never depend upon election results. This conviction of ours is supported at the same time by the resignation of members of the Institute's scientific council, most of who are noted for their scientific and moral integrity.

Opening of discussion on the question whether Communist regime was or was not totalitarian over the entire term of its existence can be assumed especially counter-productive, since a unified and universally accepted definition of totality does not exist. Doubtlessly, the regime was an oppressive one, though hardness of oppression fluctuated, and it was a negation of democracy over the whole term of its existence, hence worthy of damnation.

Therefore, we call on the USTR Council to rescind their decision of recalling the Director and to render it possible to continue activities of the Institute in the spirit of the Act 218/2007 Preamble, free of political deformations. As a primary and highly urgent a task, as the climate of recent weeks shows it, the protection of security forces archives from possible intrusions can be assumed as well as their introduction into public domain in their full integrity, in order to enable everyone interested to employ the data there contained for their research, including scientists and historians the whole world over. The most efficient support of high-quality and independent research, hence of impartial and multi-layered knowledge, can be secured by rendering access to well described, classified and most complete **primary** data to all the scientists wishing to work on these. It is the most efficient way, at the same time, of satisfying, in part, the criticism of the Institute's former Council of research having been neglected on some aspects of our society's development over the periods of years 1938-1945 and 1948-1989. We also assume it our democratic right to re-present those outcomes we feel deformed, by all means.

*Prague, May 7, 2013*

## **The Democratic Club Position No. 56**

### **On the paying of respects to the Constitution of Czech Republic**

The Democratic Club is alarmed by the low level of respect paid to the Czech Constitution and CR constitutional usage by some unconstitutional officials. Actions against the spirit and letter of the Constitution were seen also during the period of office of the former CR President Mr. Klaus; after the election of current President Mr. Zeman, the tendencies toward disrespect strengthened significantly.

The President has paid insufficient respect to the Constitution mainly by refusing to appoint a Government based on a Parliament majority, which is contradictory to constitutional usage. He explains his action by an insufficient legitimacy of some of the Representatives. He appropriates in this way the right to assess legitimacy of the Representatives' mandate, without having been given this right, either directly or indirectly, by the Constitution;

claiming to be entitled to voluntarily postpone actions committed to him by the Constitution.

Prime Minister Rusnok admitted already publicly that, his Government could remain in office until ordinary elections even in case of credulity refusal on the part of House of Representatives, which means over a term of almost one year. A circumstance is being employed here that, the Constitution does not require a definite term for a new Prime Minister's appointment.

The President has, in this way, changed the current political system from the parliamentary one into a presidential one, and perhaps into a regime of personal power. Presidential system as such is compatible with democracy, but the transition to it should be accepted by a necessary majority of Representatives or by a public referendum, if needed. Its introduction by one person's decision is absolutely incompatible with democracy.

The President expressed his approach to the spirit and letter of the Constitution in a recent interview for German media. He stated, he is not entitled to change the Constitution, but he can change the usage. The Democratic Club standpoint refuses such an approach. Every legal act represents a unity of its spirit and letter and no individual is entitled to voluntarily change these.

The Democratic Club feels the current situation to be risky for Czech democracy's future. They ask President Zeman therefore to pay respect to the Constitution and constitutional traditions of Czech Republic. They also appeal to the Representatives and Senators to consider suing the President for constitutional offence if no redress has been offered. They appeal to them, at the same time, to consider whether a Constitution offering such a wide freedom of interpretation corresponds to the maturity and political culture of today's Czech Republic and whether it could not be efficient to replace it by a new text, introducing some limits to voluntary arrangements when explaining it.

*Prague, August 3, 2013*

## **The Democratic Club Position No. 57**

### **Appeal for united proceedings of the EU Countries**

These days, most of the Czech and foreign media announced the Czech delegation to the EU Summit, led by Prime Minister Sobotka, have reserved the right of exceptions from asserting the sanctions against Russia, as accepted by the Summit.

The Democratic Club consider the current Russia's actions on Ukraine, taking into question the lasting occupation of the territory of Georgia, to be just aggression, constituting a part of a broader plan, which represents a menace to democracy and sovereignty throughout Europe. Therefore they suppose, this aggressiveness has to be confronted by united proceedings of the EU, NATO and the remaining democratic countries. Considering that the current situation requires fast actions and unity of all the EU and NATO States, we do not consider the Prime Minister's approach acceptable. The Czech Republic is being represented in both of the Organisations' headships and we demand therefore of the Government to keep respecting the need of unity.

The Prime Minister's action may, as to our opinion, arouse the question of whether the longed-for retreat from the anti-Union policies of the former Czech Governments does not appear at a declaratory level only, and at the level of symbols. Only an actual relationship to the EU and NATO can give the Czech Republic the guarantee of permanence of the State and its democratic system.

*Prague, September 8, 2014*

## **II - Democratic Club in Questions and Answers [07]**

### **Is Anticommunism the Ideology of the Democratic Club?**

If we understand the ideology of anticommunism such that, it is simply the mirror contrast of the Communist ideas and that these ideas in fact outline, in an exhaustive way, what belongs (be it in the reciprocal concept) in the ideological equipment of a subject, we have to refuse it for the DC needs.

**The Democratic Club has its own positive idea** leading to a claim of supporting democratism in the organization of society. At the time of founding the Club already (1948), as the body of resistance against the Bolshevik regime, its primary and general aim was stated to be the support and protection of democracy; at that time, in the first written document it was given that, in the situation given (ie., within the regime of Bolshevism ruling) the support of democracy attains "the form of hidden struggle". The DC, hence, stood and stands against Bolshevism and other similar forms of Communism because these are movements more or less antidemocratic. After legalization the DC's approach has been expressed and it is also included in the valid DC Statutes (see §3, item 1, letter b) such that, „The DC fulfils its mission“ also through „struggle against everything antidemocratic within the society“. The same reason stands behind the DC's opposition against the antidemocratism at the opposite side of the political spectrum (the „Sládek Party“ and similar).

The elements of antidemocratism attain a varying intensity and shape in the various current Communist political subjects here (compare the various groups within the Communist Party of Bohemia and Moravia – KSČM, the Communist Youth Union, „Štěpánovci“ group, „Zifčákovci etc.).

Even when there is no question of homogeneous antidemocratism ideas, one can find various ideas of epoch-making mission of a class, dictatorship of a certain class, inequality of political parties, violence as a possible device for reaching political targets, sympathies towards the relic Communist regimes in other countries, the fiction of legality of the coup d'état in Czechoslovakia in February 1948, the nostalgic worshipping of the memory of typical Bolshevik representatives etc.

However, for the conclusion whether a given Communist organization is democratic, its own statement to this end is not enough. Nor it is enough that, its deputies are members of representative bodies, or the contents of their normative and programme documents are

aiming at the same. It also should be considered, what are the contents of their periodic and other printed matter, oral utterances of their representatives and also the massively accepted opinion of their so-called rank and file members.

Conclusion: **Anticommunism as such cannot be the defining component of the Democratic Club idea**; however, it can be its part in as much as the Communist subjects mentioned above are antidemocratic. *Josef Srbený, August 2008*

### III - Articles

#### The Yalta Conference: was Czechoslovakia sacrificed?

My generation in the Czechoslovak Republic experienced the trauma of the Munich betrayal, the Nazi occupation and at the end of WWII added another unpleasant item for its political socialization: “Yalta the Partitioning of the World” in the words of Pierre de Senarclens. 1 Allegedly, the “Big Three”, Churchill, Roosevelt and Stalin at the Yalta Conference, or even earlier at the Teheran Conference, prepared a new travesty for Czechoslovakia. There, they decided to leave the Czechoslovaks at the mercy of Stalin by placing the country within the Soviet sphere of influence. General Patton and his Third Army provided the evidence. There was an open space between Patton’s tanks in Pilsen and Prague some forty miles away. On May 5<sup>th</sup>, 1945, Prague was in uprising in an uneven battle with the *Wehrmacht* and the *SS*, pleading for American help. None was forthcoming. Patton, the bellicose General was eager to advance but was stopped, not allowed to enter Prague. General Bradley, fearing Patton might disobey the order on May 6<sup>th</sup>, excitedly telephoned Patton: “You hear me, George, God damn it, halt!” 2

The prominent Czech dissident and author, Milan Simecka, in 1989, summed up the Czechoslovak crucible: “Even if the political antagonists of the communists had been clever as foxes and courageous as lions...they had no chance. When Eisenhower gave the order to Patton to stop, and not to advance on Prague because long before then it was given to the Soviets to liberate, the deed was done.” 3 In Simecka’s words, Czechoslovakia was doomed from the start regardless of what the Czechs and Slovaks did or did not do. “Little depended on the political charades [of the governments of the Third Republic] between 1945-1948.” 4

It is curious how much interest there still is about a Conference that took place two-thirds of a century ago, in February, 1945. The most recent book on Yalta was published last year, authored by the Harvard history professor, Serhii Plokhy, *Yalta: The Price of Peace*. 5 Many topics were discussed at Yalta, but to my astonishment Plokhy had nothing to report about Czechoslovakia. My queries in this matter of omission, among friends and academics were hardly

satisfactory. And so, I decided to subject the very considerable literature on Yalta to a content analysis searching for any Czechoslovak related references.

My findings were completely negative. Nowhere in the thirty three books examined did I find a decision detrimental to Czechoslovakia. The topic of Czechoslovakia did not come up for discussion at Teheran or Yalta. 6

So, what was going on in Pilsen the last week of the War, during the first week of May, 1945?

In the shortest answer, it was the Supreme Commander Allied Expeditionary Force, Dwight D. Eisenhower, and no one else, who made the decision not to advance into the interior of Bohemia that stopped General Patton and his tanks from liberating Prague. The day of his decision was May 4<sup>th</sup>, 1945, the same day the Allied Front from Lubeck to Trieste stood stationary till the signing of the German unconditional capitulation shortly after 2:00 am May 7<sup>th</sup> at Reims. Only on May 8<sup>th</sup> did the German forces withdraw from Prague and soon after the Russian forces arrived. 7

A larger version of the story includes the communications between Eisenhower and the Russian General Antonov. The first relevant message from Antonov relating to Bohemia was received on April 25<sup>th</sup>. Antonov did not preclude the Americans from sweeping up the west bank of Moldau, in fact, he seemed to invite it. Eisenhower, on the 30<sup>th</sup> of April, informed the Russians that the Third Army would advance on the line Carlsbad-Pilsen-Budweis, but for five days there was no answer. And so Eisenhower cabled again and twice on the 4<sup>th</sup> of May, proposing to clear the west bank of Moldau and Elbe Rivers, thereby enveloping Prague. Antonov answered declining Eisenhower's offer to clear the west banks assuring Eisenhower that the Red Army had the necessary forces in the area and fearing "possible confusion of forces" if both sides advance. (This was of real concern to Eisenhower, expressed on more than one occasion.) Thereupon, Eisenhower assured Antonov that he would not move beyond the Carlsbad-Pilsen-Budweis line. – End of story. 8

Actually, there are many more events to be reported about the hectic last weeks of WWII, and there is more drama that followed with its mix of *Triumph and Tragedy*, to use the title of Churchill's volume on the Second World War. But looking at the Czechoslovak tragedy, the communist *coup d' etat* of February, 1948, neither Yalta nor Teheran, nor any other wartime conference can be implicated. At Yalta, Czechoslovakia was not sacrificed.

Simecka, myself and my generation, were wrong when we thought that the decision to liberate Bohemia by the Soviets was made long before Eisenhower gave the orders to Patton to stop and not to advance on Prague. Eisenhower's order was a last minute improvisation and his last military decision, and a controversial one. Paraphrasing Simecka, it is plausible to say that if the Czechoslovak democrats were clever as foxes and courageous as lions, they had a good chance of successfully challenging the communists.

There was a nation under similar circumstances, whose people and leaders were clever and courageous. At the time of the *coup d'etat* in Prague, which installed the communist totalitarianism, the Finns in Helsinki prepared their own “democratic coup”, ridding themselves of the communists in the government. Finland remained a democracy for the duration of the Cold War. 9

The tenor of the Czech political socialization as relates to Yalta that stems from the Third Republic needs revision. Robert Harvey provided the cue. In his book he asked: “When did the Cold War start?” He answered that question: “When the communists seized power in Czechoslovakia in violation of the Yalta agreement”. He was referring to the *Yalta Declaration on Liberated Europe*, which in the Wilsonian liberal spirit and the *Atlantic Charter* of 1941, promised the liberated people “the right to create democratic institutions of their own choice.” 10 Ivo K. Feierabend Professor Emeritus, San Diego State University

#### NOTES

1. Pierre de Senarclerns, *Yalta* (New Brunswick: Transaction Books, 1988), 85.
2. Carlo D'Este, *Eisenhower: A Soldier's Life* (New York: Henry Holt & Co., 2002), 699.
3. Milan Simecka in his review of Pavel Tigríd's book, *Kapesni pruvodce inteligentni zeny po vlastnim osudu*, in *Svedectvi*, xxii, 87, 1989, 793.
4. Ibid., 793. President Edvard Benes in his *Pameti* (Praha: Orbis, 1947), 376 stated: “. . .it is possible to assume that the Soviet Union already at the time [at the Teheran Conference] made it clear that it counted as part of its sphere of influence North East Germany, all of Poland, Czechoslovakia, Rumania and Hungary”. In my M.A. Thesis, University of California, Berkeley, 1950, *The Communist Infiltration of Czechoslovakia*, 17, I stated, “The allies seem to have relinquished Czechoslovakia to the Soviet sphere of influence.” Miloslav Rechcigl, Jr., *Czechmate: From Bohemian Paradise to American Haven, A Personal Memoir* (Bloomington, IN.: AuthorHouse, 2011), 84, maintained: “The Czech citizenry, who were obviously grateful to Soviets for their liberation, had no idea that the scenario was played out according to the prearranged plan, based on the decision made at Yalta Conference. The agreement stipulated that the American troops will not proceed beyond the Pilsen line to enable the Red Army to liberate Czechoslovakia.”
5. S.M. Plokhly, *Yalta: The Price of Peace* (New York: Penguin Books, 2011).
6. The titles of the books are available upon request.
7. Czechoslovakia, an allied not a defeated power, was to be liberated, not occupied. Consequently, the Russian and American forces left the country simultaneously by the end of November, 1945. This should have but did not inhibit the assumption of *cuius regio eius religio* of the slippery semantic distinction among the crippling terms of the sphere of influence, satellite state or the Soviet Block. Compare with the discussion of Frazer J. Harbutt, *Spheres of Influence: The Great Powers Partition in Europe, from Munich to Yalta* (Cambridge: Cambridge University Press, 2010), 183-220. As distinguished from perception, none of the terms fully applied to the reality of the Third Republic. Then, Czechoslovakia stood astride the two blocks, the bridge between the West and the East that President Benes intended and which bridge was destroyed by the Communist *coup d'etat* in 1948. For more detail and interpretation of this period, see especially Igor Lukes, *On the Edge of the Cold War* (Oxford: Oxford University Press, 2012). Vojtech Mastny, *Russia's Road to the Cold War* (New York: Colombia University Press, 1979).
8. Bryan J. Dickerson in his “The Liberation of Western Czechoslovakia 1945”, *Military History Online.com*, presents a comprehensive account of the military operations. All the commentators agree that Eisenhower's decisions were dictated by military, not political judgment. See, e.g., David Eisenhower who stated: “To the end Eisenhower's approach was military: defeating the German Army and gaining unconditional surrender.” *Eisenhower: At War 1943-1945* (New York: Random House, 1986), 789. Stephen E. Ambrose, *The Supreme Commander: The War Years of Dwight D. Eisenhower* (New York: Anchor Books, 2012), 53-54, notes the often repeated sentence uttered by General Marshall, the Chief of the American Joint Chief of Staff. . . “I would be loath to hazard American lives for purely political purposes”, to which Eisenhower assured

Marshall on April 29<sup>th</sup> : “I shall not attempt any move I deem militarily unwise merely to gain political prize. . . “. The British attitude differed. On April 17<sup>th</sup> , 1945, Eisenhower visited Churchill in London who requested that Eisenhower take Prague, and he so insisted on May 5<sup>th</sup> when Prague was in revolt. His last message dates from May 7<sup>th</sup>, “I hope your plan does not inhibit you to advance on Prague. . .” *Triumph and Tragedy* (Boston: Houghton Mifflin Co., 1953), 653-654.

9. Compare, Ivo K. Feierabend “Agrarni strany v osudu ceskoslovenske a finske demociacie” in Jiri Sousa, Daniel E. Miller, Mary Hrabik Samal, eds. *K uloze a vyznamu agrarniho hnuti v ceskych a ceskoslovenskych dejinach* (Praha: Nakladatelstvi Karolinum, 2001), 159-172.
10. Robert Harvey, *Global Disorder: America and the Threat of World Conflict* (New York: Carrol and Greff Publishers, 2003), 5.

## **Working women in Japan**

I have 20 years of experience working in a variety of employments, such as a regular staff, projects contract, and free-lance at Ministry of Economy, Trade and Industry, Cabinet Office, Ministry of Internal Affairs and Communications, Patent office, NEDO, NICT, research firms, Media(NHK,TBS) and universities. From my experience, I would like to introduce the fact of the working women in Japan and their business career formation.

### **Special employment system in Japan**

At first, I would like to introduce the special employment system in Japan and the history of the Japanese social security system to understand the relation for working women in Japan.

Finding a job at large company such as Toyota, Toshiba, or civil service, it is necessary to prepare from a year before graduation from high school or college. In Japan, we graduate from schools in March and most freshmen start to work from April 1<sup>st</sup>, due to Schedule of the Human Resources Department of Mega Japanese companies. The Human resources Department prepare the recruiting students from one year. At the end of March, briefing of companies for applicants prepares and the applicants write an entry sheet by Web and after document screening, students have several interviews, at least 3 times, and by October, companies decide on the candidate. So, students need at least 7 months to find a job while study.

### **Social security system**

After the Second World War, social security system has been developed in Japan. At that time, most families had two children with housewife, only husband worked full-time. From this background, Japanese social security has been established based on this family model. The national health insurance system formed in 1961 and all pension could join in national health insurance not depend on type of job.

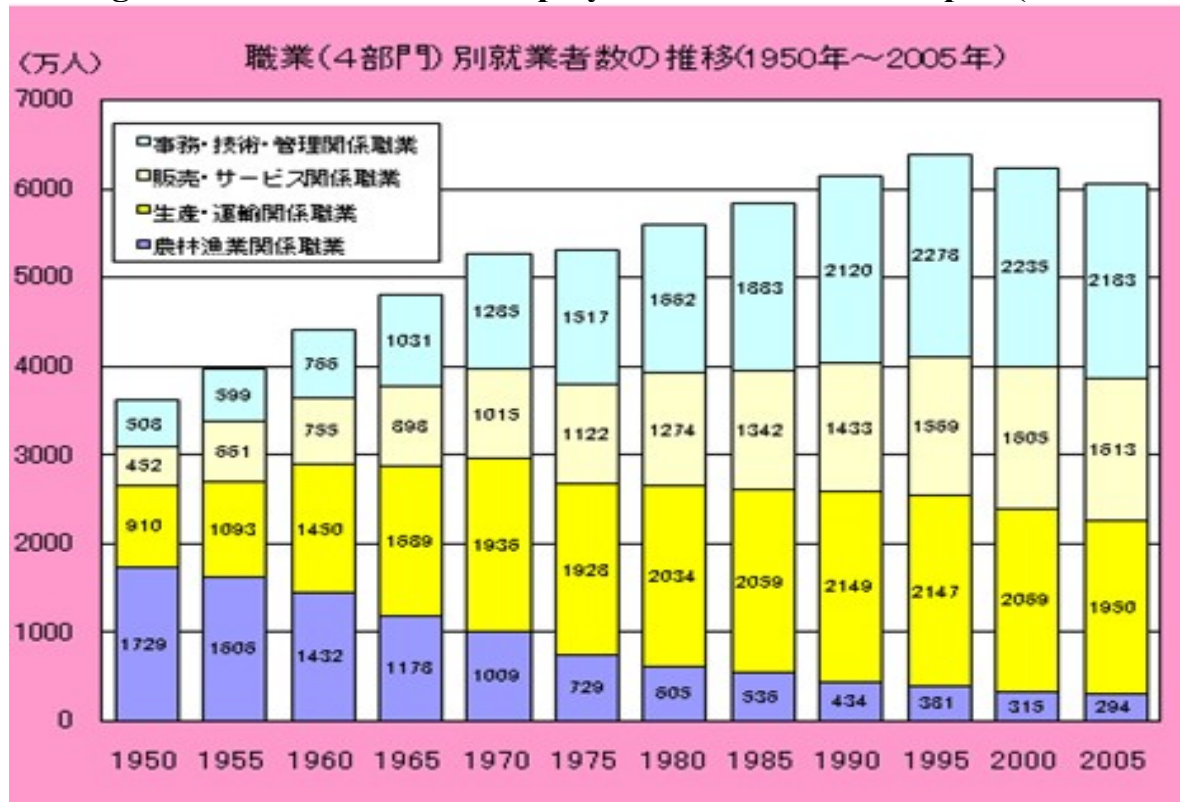
In 1950, 50% of people worked at agriculture, forestry and fisheries factors, but post-war, manufacturing and service industries increased. Work styles for women in the company were assistant and most of them left after marriage. They worked very short time, 3-5years, so due to lack of length of work within 25 years, they could not get pension. Women who could get full pension were limited only in professional jobs such as public workers, teachers, doctors, nurses, and pharmacists.

In addition, in 1947, the life expectancy for men was 50 years and for women 54 years. In 2009, the life expectancy for men was near 80 years and women 89 years. However, when it is to organize the social insurance system, nobody could predict that fact. So, the retirement age was fixed at 60 years and even when the life expectancy rose, the pension system did not change. Since 1985, due to the Equal Employment Opportunity Law, men and



women who have the same labor could get the same wage. But most of companies prefer men and the trend continues in 2014. Most companies had prepared men's work as a regular staff and women's work as an assistant employment. One of the reasons was that women were less highly educated than men and most people wished women after they married to specialize to family care and as housewives without job outside. Due to the background, women and men are not accustomed to get the same wages in the same job. There is not the best model for women to work up to 60 years even if the Equal Employment Opportunity Law exists. This is a fact.

### Change in the industrial and employment structures in Japan (1950-2005)



Segments from the top: 1) Office workers, engineers, management; 2) Sales and Services; 3) Production, Transportation; 4) Agriculture, Forestry, Fishing.

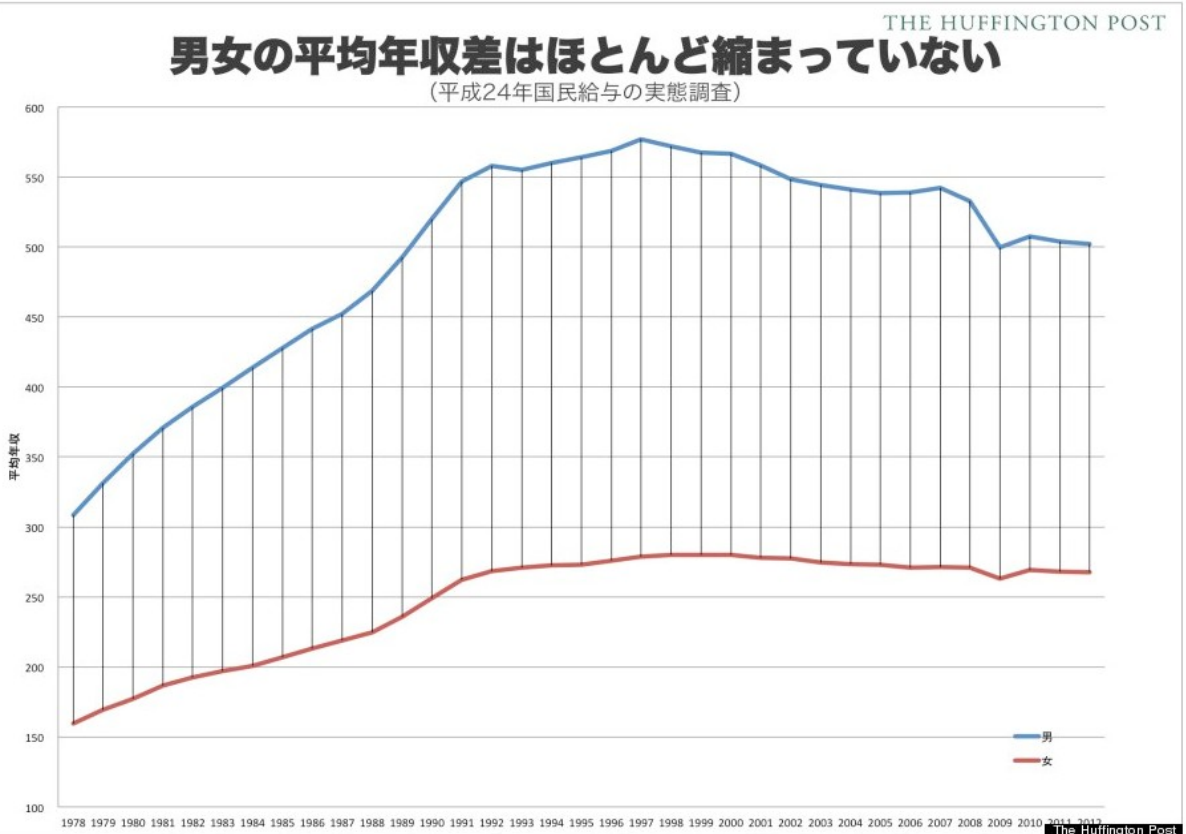
Since 1980, the number of women workers has also increased in the service sector, but the social insurance system was insufficient to single women, because the pension model in Japan is based on 25 years full-time work, and the woman's wage was lower than that of the men.

The graph shows the serious problem. The wage gap between men and women is due to position and employment style. According to the latest of all worker statistic data, the regular employment for all workers was 62.5% and non-regular employment was 37.5%. In the case of men, regular employment for workers was 78.1% and non-regular employment was 21.9%. In the case of women, regular employment for workers was 43.4% and non-regular employment was 56.6%. After 1990, most companies would like to save on wages for workers. In Japan, part-time or temporary worker within 29 hours a week could not join in the social insurance, so a lot of companies tried to find workers for such employment conditions.

From my experience, most companies want to employ unmarried men under the age of 32 years. For women, it is difficult to find a temporary job with good opportunities.

According to the Labor Law, any part-time employment longer than three years should be changed to regular employment, if it continues. However I know a lot of workers temporarily employed over 10 years. Hourly wage of part-time job at MacDonalld might be close to the minimum wage in any country, in the case of Tokyo it is 900 yen per hour. For office work at the University of Tokyo or Kanagawa Academy of Science and Technology,

### The wage gap between men and women (1978-2012)



Upper line – men, lower line - women

the wage per hour was between 900-1292 yen. I have the experience with the case of Toyota workers. My colleague graduated from a famous university and worked as a research assistant over 20 years. She remained at the same position. Any women's chief does not exist in Tokyo. Women over 35 years with children could not find a regular job with parental leave. It is difficult to return at the same position after the leave. So they have to work such as anyone with the minimum wage. Before research, I thought that the reason for poverty of many elder women was due to short period of work or non-professional job. However there were many who could not work as regular staff, so their pension benefits are not sufficient.

#### Conclusion

Women have higher life expectancy than men and in the case of Japan, due to the background, 80% single elderly women live in poverty at present. I wish the social insurance have to be controlled by the government, not to depend on a company. And the pension has to be paid in total of salary or worked years not to depend on the employment style or job position.

*Asako UMEZU, Yokohama National University (March 2014)*

## **Do Governments love Crises and what Impact upon Democracy does the Financial and Generally Economic Crisis have?**

### **Introduction**

Libertarian economist Hans-Hermann Hoppe proclaims provocatively that governments and State institutions love crises. By this he means crises of the type of the recent financial one or the current economic one, which is its direct consequence. They love to participate in the activist fight with crisis; they found committees for its investigation, they write new legal acts, establish new official bodies, if not ministries, straightaway. Bureaucracy swells, State administration's power becomes reinforced. When the crisis ends, the ministries, official bodies as well as legal acts remain – they are not abolished. The economic historian Robert Higgs describes this type of fact as the so-called „effect of valve“ – during the crisis the State apparatus gets thriving but after the end of crisis it never returns to the original level. Thus bureaucracy expands along each crisis. Perhaps it can be said, governments love crises, in fact.

I am going to consider, in the text following, whether the expansion of bureaucracy as the consequence of crises, brings along some weakening of democratic processes, too, meaning that a permanently growing share of responsibility for one's own life is not borne by an individual himself/herself, but by the politician and the official who has not been elected by anybody. In fact, I am going to start this discussion from the notions connected with the current financial and economic crisis and the governments' fighting it.

### **Is it market, responsible for the crisis?**

There has been a thesis comparatively widely disseminated saying that the crisis has been caused by insufficient regulation of financial markets, or even by the de-regulation of those during the nineties. This kind of explanation is doubtlessly favoured, citing Hoppe, by many officials – they now are in the position to freely state something in the sense of „You see, we opened the space for market, and how did it end?“ Accepting such an approach, we definitely reach a conclusion that crises can be hindered in future only by still tougher and wider regulation, meaning still more bureaucracy. I am going now to briefly show the development preceding the financial crisis and to indicate that it is quite wrong to accuse markets of it.

The United States Congress approved, as early as 1977, an Act called the Community Reinvestment Act. This Act obliged the banks to lend money to everybody, regardless of who the borrowers were. It should have removed the practice, informally called „redlining“, when the financial houses (naturally and comprehensibly, in fact) offered loans and other services to richer classes of population only – not to the poor ones or to those having bad repute as concerns their repayment of former loans. When the banks later, e.g., wished to fuse they had to document having quitted the „redlining“ practice and having started offering loans to less wealthy customers, too.

In the mid-nineties, during Bill Clinton's Presidency, the Congress approved an expansion of the related legislation, facilitating securitization of loans to the less wealthy customers, meaning to transfer such loans into securities. The Government aimed at raising the rate of house ownership. The rate grew in fact, as a consequence of the legislation mentioned – as an average, from 65 to 69 percent. Seen from the banks' viewpoint, the situation arrived at such a point that they were obliged – by the Act from 1977 – to lend money to the unwealthy clients, which meant to lend at a comparatively risky level, but they did not need to worry about the risk, since the loans – thanks to the legislation from the nineties – could be sold in the shape of securities, further into the system. The securitization in fact opened the doors to innovative processes in the financial domain.

One of these processes was the creation of securities covered by repayment of mortgage loans and secured by immovables. During the pre-crisis years, an analogy of these securities appeared, the so-called „secured debt obligations“, or structured bonds, a large number of loans (e.g., mortgage loans and repayment of these) by commercial banks. A principal innovation appeared in the way, that even these risky mortgage loans obtained riskless assessment by rating agencies (their opinion being fundamental for investors' decision making). In a great number of mortgage loans, against which secured debt obligations were emitted, both those offered to „safe“ borrowers, as well as to those „less safe“, actually were mixed together (the so-called „toxic assets“).

In a layman's language, investment and bank „alchemists“ – thanks to the legislation from the nineties – created packages of securities containing everything from quality assets down to the toxic ones. However, thanks to the mixture mentioned, of the varying-risk-level mortgage loans, the rating agency could assess the whole package as a riskless one. The toxicity, seemingly, vanished in the sea of quality mortgage loans and the risky loans changed, as by a wave of a magic wand, into riskless ones. Risk was scattered within the immense volume of securities and the whole system remained working well, therefore, over several years.

### **Role of Central Bank**

Prosperity of these securities was also powered by low interest rates, set by the Federal Reserve System in response to the stock exchange business muffling connected to flattening of the technology bubble in 2000 and to the 9-11-2001 events. The housing bubble following, roused by a hope for millions of comparatively poor Americans, to be able to reach some quality accommodation, themselves. Mortgage loan banks who had to abandon the [previously] used „redlining“ practice, responded naturally to the situation appearing. They succeeded in turning the 1977 Act, charging them with the duty of risky lending, to their own advantage. By no means did they lose interest in risky clients, just the opposite. Now they were in a position to pass the mortgage in question, and the security connected, further on into the financial system – thanks to securitization. No wonder, that the investors, now, were becoming quite wild for the securities with assessed low level of risk, all that within the season of low interest rates and good profit.

All that ran well until 2007. Until the time, when, like in the well-known sketch by two British comics presenting the mortgage crisis, someone asked „What are the magnificent riskless packages of securities covered by, in fact ?“

They were, consequentially, covered „only“ by immovable property, the value of which was unreasonably extended during the immovables bubble. As soon, as that question from the sketch started to get asked by more investors, psychology – supported by interest rates growing – entered the field. Still more people began to observe the market of securities, covering mortgages only, with suspicion; prices and ratings of these packages of securities started falling. And, hand in hand with these, so did the market of immovables – the real bubble burst.

The bubble burst, the roundelay was over. Let us recapitulate it. There is the Government at the start, who deform the natural ways of business of the markets by means of a pleasant Act. The markets get adapted to the new situation gradually, they change the practices established, and try to maximize profits within the new, artificial limitations ( from 1977 till the mid-nineties). In mid-nineties, during the adaptation activities and using lobbyist pressures, the limitations get changed and the way of securitization of risky mortgages is open.

The Administration gives way to the pressures since, at the first sight, new legislation shifts the twenty year old Act further in the desired direction. Everybody is happy over the period of favourable conditions – the poor get drunk on the vision of accommodation they so

far have not dared to dream of, the investors are looking forward to high profits, the bankers are scattering the risks (1997 till 2007).

In 2007 the idyll is over. The poor cannot afford to finalize repaying mortgages – the laws that should have supported them, have generated an environment during the thirty years, in interaction with deformed markets, an environment that supports them no more. The idea of Community Reinvestment Act is finished, as are the investors who yielded to the alluring risky mortgages. The markets found their response to the Government's interference, and the attempt to manage, in Hayek's language, the „cosmos“ as if it were the „taxis“, was wrecked. The experiment with market regulation evoked an unplanned response of spontaneous market mechanisms, which defended themselves and brought about the same, if not a worse effect (Peltzman), against which the regulation attempted to intervene.

### **Tendency to exaggerate**

The Community Reinvestment Act and its links to the mortgage crisis are presented here as an example of the strengthening tendency by (not only) the U.S. State administration, or also the Federal Reserve System to react in an exaggerated manner to the troubles they faced. The problem here is, exaggeration of the reaction is not felt at the moment. In case of the Community Reinvestment Act it appeared fully after thirty years only, in case of the low interest rates held by the Federal Reserve System after several years. After the lapse of those years we know that, the Community Reinvestment Act did not solve what it should have solved, as well as that the American central bankers should have preferred not to react to the muffling of the economy after 2001 as vehemently as they did.

Anyway, if a politician or the central bank governor stands at the beginning of such time period, he cannot see as far as there are all the consequences caused by his decision. If he has read Hayek, Peltzman and other similar thinkers, he may anticipate to have started an avalanche of unforeseeable reactions of human spontaneity but, as a rule, he is not strong enough to resist. The demand of the public and the media to see him and to know him acting and decision making is stronger now than at any time in the past. Policies and public matters administration can nowadays be observed continually, thanks to the information technologies practically on-line. For the media to be observed, they need to be more critical and aggressive towards politicians – they have to require much more. A politician who cannot quickly and convincingly respond to a problem medialized, can quickly vanish from the show. The media themselves present reality in an abbreviated shape – the further, the more contracted the news becomes – and public applause happens in case, the politician is acting in a stormy and shorthandy way, not having thought the matter over much, with proper accent at the right points, which means at a relatively slow level.

*„In the past, there was no such disease, it only arrives now. The President, the Fed, the Congress as well, are forced to be observed as the active and decisive ones – most of all during the pre-election periods, such as the current one. [The Media] ask the politician immediately: What are you going to do about this? What about that? And he has to answer something appropriate. But it is a result of the fact that people expect too much from the Government, in general,“* explains William Niskanen, the chairman of the American Cato Institute.

### **On the way to post-democracy?**

At the first look, the media getting engaged should further enforce the democratic processes; however, based on deeper and more long-term type analysis, we can reach a conviction that politicians react – in order to satisfy the demand – in a still more pleasant and exaggerated way, which brings about unintended and undesirable effects of the State policies at a growing rate. Mostly, the media stimulate public demand – they are, of course, at an appropriate level, an indispensable element of every really democratic establishment.

However a „watchdog“, at an excessive rate many times instead becomes a wolf, who has, after days of fasting, freed itself from its chain.

A deviation from the natural situation happens, since media then present the politician to the public as one who can solve the various troubles of theirs. People throw away their own responsibility, and more and more submit themselves to the idea that the State can lead them through the cliffs of life holding their hands. The bureaucracy do not oppose, in fact they love this social attitude, since they can seize more of the individual's responsibility and they gain additional influence this way. The excessive paternalism, meaning the excessive bureaucracy, linked with the media as hungry wolves rather than watchdogs, create a remarkable situation, where a still more significant share of the fictitious aggregated responsibility falls into the competence of the politician and official, not of the citizen. A small step only reaches from here to a space where those of the politicians – who submit themselves to the deceptive temptation of the Hayek-ian „taxi“ (a fictitious Eden on the Earth, which, of course, is designed and implanted from above, not developed spontaneously by free behaviour of the thousands of individuals from below, as it is in the case of the „cosmos“) – will commence building visions based on submission of the citizenry. In the end, this brings nothing else than weakening of democratic processes and replacing these by processes of post-democratic, or better and more specifically, euro-cratic character.

Weakening of the democratic processes appeared, for example, in the unwillingness of the American central bank representatives to publish, what guaranties were offered to them by commercial banks for the gigantic saving instruments that they had rendered from the taxpayers' money, or in the untransparent economic arrangements (the „euroval“, for example), designed and promoted by the European Union authorities.

*Lukáš Kovanda, October 2012*

### **Fiat Iustitia et vivat Mundus**

One of the three wonderfully intertwined strands of present extensive action of prosecutors and police officers at the highest political level is prosecuting of participants in a political trade, which ensured the adoption of tax laws by making the resisting deputies resign their mandates and to receive some economically interesting positions in the state and economic apparatus. Actors in this affair are threatened by an accusation of corruption offenses.

I believe that these activities which are now the subject of the investigation cannot make happy anyone who has a sense of honest and fair dealing. Lawmakers should not be favoured for a certain sort of voting or nonvoting. But political history is a history of tough negotiations which result in providing mutual advantages and concessions. Thus was also conceived the so-called Opposition Agreement and this is the foundation for every coalition anywhere in the world. In the near future, there will apparently be in office in the Czech Republic a minority government supported by some other political entity with which it will create the majority. It is probable that such an object will submit to the winning party its demands such as to obtain a certain number of seats of deputy ministers and other important positions. Is this a criminal behaviour?

It could be argued that our current case, due to providing benefits to individuals, presents an extreme case, not containing even "a minimum quantity of morality", which is needed to avoid prosecution. But I would like just to point out that if the criminalization of such conduct had been consistently applied always and everywhere, we could perhaps today in the USA still visit the Uncle Tom's Cabin. President Abraham Lincoln had pushed through the Fourth Amendment, prohibiting slavery, to the US Constitution, just because he promised to a few senators lucrative positions in the administration. In the current Czech Republic a

less lofty goal was in play, but the effort to avoid falling into a debt trap should be at least understood.

Cases of a political trade and its possible criminalization are only one category of situations covered by the well-known Latin proverb *Fiat iustitia et pereat mundus*. Let there be justice, though the world perish. How to dispose of this principle can be shown on the peace which was restored after the two World Wars in the 20th century.

The First World War ended with the well-known Peace of Versailles. Germany was punished by the loss of the colonies as well as of part of its territory in Europe, by high reparations, blockade and other restrictions. Although I do not feel even a minimum of almost mandatory Czech Germanophobia, I believe that due to the appalling loss of life and property and also due to the Germany's share of the blame for the outbreak and duration of the war and the conduct of the Imperial Army in the conquered territories, especially in Belgium, the punishment was proportionate to the injury caused to other nations. But what good was it when the subsequent hyperinflation, unemployment and general misery got a large part of the German people in the crowd surrounding Hitler and his Nazis? And when the world soon experienced a war much more devastating and more criminal? Was it not more correct when the democratic powers on the second such occasion, when there was even incomparably more and harsher criminal behaviour to be punished, only the guilty ones and not the population were punished? Thanks to that the world has no problems with Germany today. And even though Czechs (and Slovaks) had enforced for themselves a peace of the Versailles type, due to the Western approach, they have nothing to fear from Germany; the fear is spread only by those who failed to break out of the old childish feelings and failed to understand the ensuing changes, those who personally had fed on that peace and consequently have a bad conscience and feeling of insecurity, and finally, Slavophiles and other nationalists from the right and from the left looking up to some toxic Russian or other "big oak" to attach themselves to it.

So should we consider this Latin saying valid? Should be unconditional? May it be so, if we relate it not only to the perpetrators of heinous crimes and their victims, but also to all of those to whom the administration of justice would apply. In Versailles, nobody was thinking about the ordinary people of Europe, in Potsdam, yes. And in the same way, it is necessary to think about the consequences of non-realization of political trades, whether it's the one of Nečas or of Lincoln. But all the same, one of the ugliest features of this world is the very existence of this problem.

*Jan Friedlaender, May 2013*

## **Day of Peace**

Dear NGO Colleagues,

Today, 13 June 2015, we start the 100-day count-down to the International Day of Peace, which is celebrated on 21 September each year.

We want to share with you the message that the Secretary-General has issued for the day, in which he calls governments, civil society, and other stakeholders to support peace-related projects, as well as other relevant information on the International Day of Peace.

The message can be accessed through the [International Day of Peace website](#) and read in all 6 official languages.

Sincerely,

NGO Relations, Department of Public Information  
United Nations Headquarters in New York  
[outreach.un.org/ngorelations](http://outreach.un.org/ngorelations)



## Did you know that...

...you can register for the *19th Forum 2000 Conference Democracy and Education* online? It will take place between September 13 –16, 2015, in Prague and other Central European cities: <http://www.forum2000.cz/en/projects/forum-2000-conferences/-2015/>

There is a growing sense that democracy has entered a period of discontent and is facing new and serious challenges. Has democracy exhausted itself? Are authoritarian regimes gaining an upper hand? Or, could it be that liberal democracy runs counter to human nature and its preservation requires constant effort? Can education help us meet the challenge of maintaining and expanding democracy? The discussion will be held amongst a number of distinguished guests from around the world. Registration is open until *August 31st* or until capacity is reached.

...the *MODES OF DEMOCRACY* exhibition at the *DOX Centre for Contemporary Art* featured projects by Czech and foreign artists, from November 2014 to March 2015, that presented inspirational stories of democracy from around the world? From the press release: After long years of the spread of democracy, are we now experiencing its decline? What do successes of populist politicians, the return of authoritarian regimes, or massive monitoring of citizens and their vanishing privacy indicate? Based on the assumption that there isn't just one model of democracy, but rather that it has multiple modes, the *MODES OF DEMOCRACY* exhibition presented various modes of participation in political life through case studies from various parts of the world. There were inspirational stories of democracy taking place at various levels – city borough, city, autonomous region, country, and finally on a global scale. More information at [www.dox.cz](http://www.dox.cz)

*Jitka Nováková, July 2015*



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