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I think that I won't speak much about economics today, because I don't know that much about economics. But on the other hand the economists don't know much about it either or otherwise we wouldn't be where we are today.

But I will talk about what's happened in the last several months. I would argue that what we saw this year was the end of the post cold war era. We saw it with the shattering of what has been called the post 1991 settlement, a more or less quiet tacit agreements we had about the way things were run in Europe, a kind of a "cujus regio, ejus religio" of the Westphalian period. All of those countries that came out of the cold war, that wanted to be in the European Union and NATO and that worked hard, could become members. And those that didn't, could do what they wanted and if they were authoritarian or weren't very democratic, that was mostly their problem. We weren't going to really get too upset about it, we weren't going to make too many efforts to change that. But whatever the case may be we are not going to have war, we won't let one country invade another. We did see and witness wars in the 1990's in former Yugoslavia, both Bosnia and Herzegovina and Croatia. But that was largely an internal civil war, even though what emerged from that were independent countries. Nonetheless, the idea that you would go and invade some other country was just not within our purview of possibilities. All that was changed with what happened in Georgia. That, I think, gives reason to serious concern as after that we are in a completely new situation.

We have based the approach of the European Union, since its inception, on the ideas of the Kantian perpetual peace. Emanuel Kant said that if you have rule of law, separation of powers, democracy and the confederation, all issues could be resolved through discussions, negotiations and process. And you always have consensus or, in modern terms, qualified majority voting. That's basically been the source of success for the EU. The problem with Kantian model is that it doesn't really work if you don't play by the rules and, indeed, in fact we see that outside the EU there are those who don't honour the rules. And here the model is no longer Emanuel Kant but rather the Melian dialogue by Thucydides. If you recall, the Athenians came to a small island of Melos and said, "Submit to us!" The Melians came up with all kinds of legal and moral arguments why they shouldn't. And then the Athenians tell the Melians that the strong do what they can and the weak do what they must.

That's a sort of foreign policy we saw this year and we see that many countries in Europe believe that unless we do reinforce the EU and NATO, we will be back to a Thucydian or Melian model of the world. So what do we do today if we don't play by the rules? What do we do if we see an antagonistic Russia who claims broadly and proudly that it is back and that it doesn't need to play by the rules? Well, I think the options here are various but when we want to achieve peace and harmony, the EU has to stand up as a union. That is not always easy to achieve, not least for the reason that there are too many economic considerations for some people. And I think that is one of the challenges that we face in the EU and in the liberal democratic West - how strong is our moral backbone when huge sums of money are floating around in a context of authoritarian capitalism and petro-states that have huge resources and don't need to follow the rules of democratic transparency. That is a moral threat, I think, to many leaders in Europe. One of the difficulties we have been facing for a while is that the Western principles of transparency, rule of law and liberal democracy can be subverted in exchange of huge amounts of money or deals or special contracts. All of these things, I think, pull out and stretch the moral fibre of the EU. And I think that's something we have to deal with.

To be less philosophical - where are we heading in Europe now, when I say that the post 1991 settlement was shattered? What are the lessons we have to learn? I recall Manfred Wörner's original expression which was then taken over by Richard Lugar about twelve years ago about NATO: "out of area, out of business", meaning that since all of the problems that NATO faced have been solved in Europe, then everything was wonderful and if NATO was to survive it had to go outside its traditional area to find new monsters to battle. In fact today we are back at "back to area or out of business" because I think once again Europe has to think about its own security in terms that we thought had ended with the end of the Cold War. We don't only talk about new, asymmetric threats, we are back in the area dealing with old symmetric threats.



To bring it back to France, I think ultimately we need to defend our unity, based on our values of liberal democracy and rule of law, as each of us is small, even Germany and France are small compared to China. If we want a world based on law then we have to stick together. I think this is why Edouard Balladur's recent proposal of about a year ago for the "Union Occidentale" or the "Western Union" makes a lot of sense. I think that that's the direction we should be pursuing.

Thank you.