

Pres. Petr Pavel drops a euro bomb



As Czech president, Miloš Zeman wrote on May 28, 2015, that the time had come for a fundamental discussion by the country's leading representatives about [setting a date for adopting the euro](#). It was the ideal time, he said, because the situation in the eurozone had stabilized and other countries had adopted the common currency (Lithuania, Latvia). The crown might be considered a symbol of value retention and of stability, he said at the time, but its continual appreciation had been halted by the intervention by the Czech National Bank in 2013.

Zeman met a few days later with PM Bohuslav Sobotka, Finance Min. Andrej Babiš, CNB Gov. Miroslav Singer and future CNB Gov. Jiří Rusnok to talk about the euro. Nothing at all came of this meeting in terms of speeding up euro adoption, but that doesn't mean Zeman was just blowing hot air. Far from it. He had a clear political objective, and it was achieved, without anyone really realizing at the time what was happening.

In announcing three months earlier that he [expected to appoint Rusnok as CNB governor](#) in mid-2016, Zeman said that the new CNB board members would need to correct the central bank's decision that depreciated savings by 6-10%. He added that no one who opposed quick adoption of the euro could be appointed to the CNB board. As it became clear

later, he was merely using this as an excuse to appoint Rusnok's people (Vojtěch Benda, Tomáš Nidetzký) to the board. To this day, Rusnok is neutral on the euro, but that wasn't important to Zeman. Nor was it important to him that Rusnok had supported the devaluation, although he wasn't part of the original CNB decision. (The devaluation came in Nov. 2013, and Rusnok joined the CNB in March 2014.)

From this it should be clear that it was nothing new when Pres. Petr Pavel called in his [New Year's address on Mon.](#) for concrete steps toward adopting the euro. Zeman had already made a big issue of this nine years earlier. What was somewhat new was that Pavel went against the ruling coalition in doing so. He praised the government in his speech for its cohesion, but then he dropped a euro bomb on it that caused a split within the coalition. Overall, though, the debate went nowhere. Fiala dismissed the issue on Wed., and Pavel has so far left it at that.

Zeman apparently raised the euro issue as a way to reward Rusnok for serving as his PM in 2013-2014. Pavel's objectives are less clear. Maybe he just wanted to help his corporate sponsors. Maybe he wanted to avoid talking about Ukraine and Gaza and decided to open another touchy issue as a decoy. Or maybe he truly wants to speed up EU integration, just as he tried to do so by calling in Oct.

of last year at the College of Europe in Bruges, Belgium, for a debate on whether EU member states should give up their veto right in key areas. But that didn't go anywhere either. Pavel denied that he was calling for small countries to give up their veto right and said that he merely wanted a discussion on the issue.

Pavel devoted a paragraph in his [speech on Mon.](#) to criticism of Zeman, without using his name. "I arrived at the Castle last March, thanks to your trust in me, and took over an office that was non-communicative and closed to the people. It had lost interest in the needs of the citizenry, in visions and in plans. I've been working since then to change that."

He has certainly changed the image of the Castle, in part through his appointments to the Constitutional Court. Twice he has now opened the door to playing a bigger role in terms of EU affairs, but so far without any concrete results.

His adviser Petr Kolář told [Czech Radio on Dec. 21](#) that there is a real chance Donald Trump will be elected U.S. president and that Pavel should take a leadership role in mobilizing European allies. Europe needs to start taking much better care of itself and its neighbors, Kolář said.

It's an ambitious goal. We'll see soon enough whether Pavel's euro bomb was a step in this direction and was the point of departure for a new presidential vision.