



Zbyněk Frolík

CZECHIA

Zbyněk Frolík graduated from the Czech technical university in cybernetics. Between 1978 and 1988, he worked in the Academy of Sciences. In 1988 he became chief of the technical department in one of the biggest Czech hospitals, where he first became interested in the engineering of hospital beds. In 1990 – immediately after the fall of communist regime – he founded the LINET company and started the production of hospital beds and accessories. Today, his company belongs among the top 4 global manufacturers in the industry, with business operations in more than 100 countries worldwide and with a world-wide reputation as a technological leader. Zbyněk Frolík and LINET have received numerous awards, including Entrepreneur of the year, Ruban d'Honneur, Innovation of the year, and the Extraordinary Design award. In 2011, Zbyněk Frolík also received the National Medal of Merit. He is a member of the Council for Competitiveness and Economic Development.



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I have absolutely no doubt that the benefits of European Union Membership are essential to the Czech Republic. The four basic freedoms that the EU has been built on were, are, and will continue to be fundamental to us: these are the freedom of movement, goods, services, and capital.

Despite these massive benefits, the relationship of the Czechs with the Union has been somewhat ambivalent. I'd like to attempt to explain some of the reasons certain things have gone slightly wrong in the course of convergence. And I shall do so from the position of an entrepreneur. I consider that here, perhaps, I should know what I'm talking about.

When we achieved freedom some 30 years ago, in a large part we viewed it as economic freedom. That was the real driver of change, enthusiasm, and work. I also started a business practically right after the revolution. At the same time, however, we have to keep in mind that Czechoslovakia was a highly socialized economy. Over 98% of the economy was under state ownership, which was reflected in all legislation.

We looked across the borders to see how we should go about this undertaking; what businesses in Germany and Austria looked like, how the laws there worked, and how best to adapt them for



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our legal system. Nonetheless, however, everything was about the logic of openness. We were waiting for laws that would allow us to establish and run companies, make money, travel abroad for holiday – put simply: to get out from under the shroud of communism.

After entering the European Union, this mood continued. The EU was truly a fantastic space for us that encouraged business across borders and did away with customs tariffs and other non-tariff barriers. And that's exceptionally important to an open economy. We enjoyed this free space, and I don't honestly think we even needed generous subsidies in order to be enthusiastic about the EU. Moreover, we didn't know how to set up a system that could entirely prevent the misuse of such subsidies, and corruption.

It was with our entry into the EU that the best period in the history of the Czech Republic would begin. We did well economically, as well as in other respects. People had the feeling that we were converging, that we really were catching up with the economic maturity of the older EU Member States. We also had our representatives in the European Parliament and the European Commission, so we were justified in thinking that we had finally become fully-fledge Europeans.

Everything worked fine until the crisis came, even though it had nothing to do with Europe or even the European Union. On the contrary, it was 'imported' to us by the distorted mortgage market of the United States of America.

When a crisis hits, even if only for a relatively brief period, the media dramatizes it, and the general consumer has the feeling that society is on the verge of Third World War. The mood among the public sours considerably, and lesser schools of thought, which in times of prosperity are held at bay, come to the forefront. A universal culprit for everything is sought. In the end, it's even easier for the politicians of both the government and the opposition.

For many of them, it was simply easier under such circumstances to proclaim that the culprit was the European Union: Look at Greece. It's the euro that's caused all of their problems. Or maybe not, but look at how incompetent the EU is. It should have expelled them long ago. And other countries are going to have problems, too, like Italy and Spain. In simple terms, the idea of a unified Europe can't work, and the euro is a threat that definitely won't benefit us. The EU doesn't work; it's going to bring us more problems; there will be other crises and so on.



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Yet the EU failed to take notice of that and continued sending us more laws to adopt. And, again, they encountered the plain fact that the Czech Republic wants to converge. Encoded in the minds of its citizens was the conviction that convergence would come due to the aforementioned four freedoms that the EU is founded on. But all of a sudden, they were facing an endless series of regulations coming to us from the European Commission. The media was full of it, and even the then president, who styled himself as the main opponent to the European Union, spoke of it.

I understand why we have regulations. What I don't understand, however, is why the EU doesn't insist on their explanation. Surprisingly, there is practically no one on the Czech political scene who knows how to do that on the EU's behalf. Although I myself want to look for the reasons behind regulations, and frequently there are justified propositions, I can't help but feel that we often harmonize with some obvious absurdities. It is a feeling currently shared by the majority of Czech society.

The Czech Republic gradually became a country, together with its three cohorts from the so-called Visegrád Group, that tends to say what shouldn't be done. It blocks, warns, and dissents. And I think the politicians from the older EU Member States have been surprised by this.

Although I don't like it – I'd rather see a Czech Republic that knows how to address problems on the European level, is able to move the EU forward, and firmly projects its view upon it – I'll try to explain this 'stuckedness' of ours.

People west of our border are 40 years ahead of us and are bigger consumers. Here, over the last 30 years, we've been focusing our time and energy on building. A French consumer will buy an energy-saving light bulb and find it to be very affordable, but it's more complicated for Czechs. Logically, many French may consider a new type of light bulb a good thing, so it isn't necessary to do much persuading. In the Czech Republic, however, things are the other way around – you have to thoroughly explain why suddenly the average consumer can't purchase what he or she has been accustomed to purchasing all along.

At face value, the light bulb is a pretty minor thing. Nonetheless, when there are more of these relatively minor things, we begin to view them together as a larger problem. The French president recently experienced a seminar phenomenon, somewhat closer to home. Unlike the French, however, Czechs don't do yellow vests (we're not a country that's particularly fond of fashion), and we certainly don't go out and demonstrate – though we do, all the more, start talking and criticizing the matter.



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In addition, Czechs tend to view convergence funds merely as solidary gifts. From their point of view, everything is redeemed by virtue of the fact that lots of companies exploit significantly cheaper labour here in the Czech Republic in order to be more competitive in other markets. Thanks to this, we have negligible unemployment, but we manufacture with low added value.

The bottom line is that the idea of a unified Europe is captivating. The four economic freedoms form a foundation that is right and viable. It's up to us to communicate these freedoms. At the same time, we must push our politicians to carry their own weight. Incidentally in this context, the greatest service to us is being done by Brexit, however paradoxical that may be. The inability of Great Britain to agree on conditions with which the political scene can identify is incredible, and I believe it's reason enough for sensible people to truly never undertake similar adventures.

It really is a pity and a great mistake that Brussels doesn't know how to manage the political marketing of the advantages that come from a united Europe. This is all the more evident at a time when some voters are succumbing to the phenomenon known as fake news, and we're finding out that hybrid wars are real and, in the future, will serve as one of the main weapons in the battle of the great powers.

We need an operational European Union. As I've already said – we face complicated and entirely new challenges. We're dealing with migration, a near battle of civilizations. We still don't know how to handle the phenomenon of an ageing population, even though longer lifespans testify to the quality of our society. We're also having to come to terms with protectionism and closed markets as a result of the absolute preference for domestic products.

Stopping at that last point, the European Union is truly irreplaceable in this regard. The Czech Republic will never negotiate the kinds of conditions that a subject representing a single European market can guarantee.

The EU is stronger within the World Trade Organization, and that means we have a greater freedom in foreign trade. That is a fundamental advantage – in the context of some products, our foreign trade is harmonized. In the last ten years, moreover, foreign trade has become significantly complicated. Multiple countries have introduced their own regulations, such as Brazil, China, Russia, and others, and often they are non-tariff measures.

And let us, too, debunk a number of the myths surrounding the European Union.



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And let us discuss in which direction a unified Europe needs to head. What is our goal? Where is it we want to go? Should the EU be a federation, or should the member states have greater autonomy with the four economic freedoms providing the primary unifying element? Should the wave of regulations continue, or is that sort of forced alignment not the right path to take in such a diverse environment?

If it's to be a federal state, then the regulations might make sense. When we have loosely associated states that compete with one another, such regulations are a problem for them, of course. They are often misused by domestic authorities, because the rules, frequently liberal, are made even more strict, and then they blame it on the EU. That's why many people fail to realize where the truth lies. And here we are with marketing again.

In most respects, the Czech Republic is level with the average in the EU, and that's a fantastic success. It's thanks also to the European Social Fund. A number of research institutions have been built. We've always been good in healthcare, and thanks to convergence we're at the very top in treating cardiovascular diseases, birthrate, and assisted reproduction. And we know how to do it very affordably.

It can be done! We are catching up economically with the leaders of Europe. And the European Union, of course, has helped us. We're no longer Europe's assembly shop. And neither are we a place where rich companies look for cheap labour. I believe we're going to be an even stronger part of the EU, which we can enrich with our thought-provoking opinions.