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ESTONIA IN AN EVOLVING EUROPE

A CONVERSATION WITH
PRESIDENT KERSTI KALJULAID

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Discussion:

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P R O C E E D I N G S

GENERAL ALLEN: Madam President, good morning. Ladies and gentlemen, good morning and welcome to Brookings. My name is John Allen, and I'm the President of the institution and I have the honor today of introducing the Alan and Jane Batkin International Leaders Forum event. We have these periodically and I know that many of you have attended this before and our guest of honor today for this event is the President of Estonia, Kersti Kaljulaid.

Allow me, once again, to thank publicly, Alan and Jane for their tremendous support of this leadership series. Though they are not here with us this morning, none of this would be possible without their generous support. And the event is also, in part, supported by the Brookings Robert Rosch Foundation Trans-Atlantic Initiative; a multi-year project of applied research and programming that seeks to reinvigorate the trans-Atlantic and, where possible, strengthen the trans-Atlantic collaboration that we see on global issues.

Events like this would not be possible without the partnership of Brookings which it has forged with the Bosch Foundation and we are very grateful for their support to our work here at the institution.

And finally, this morning, ladies and gentlemen, we are joined by multiple distinguished members of Washington's diplomatic community. Excellencies, you are most welcome here this morning at Brookings and we are honored by your presence.

Moving on, President Kersti Kaljulaid was elected president of the Republic of Estonia in 2016. Prior to that she served as a member of the European Court of Auditors for 12 years; she was the CFO, chief financial officer, and chief executive officer of Iru Power Plant and the state-owned energy company, Eesti Energia, as well as Prime Minister's Mart Lars' economic advisor.

President Kaljulaid has served additionally as a member of the Supervisory Board of the Estonian Genome Center and was also a member of the Advisory Board and a

Council Chair of the University of Tartu. She is a graduate of the University of Tartu herself, in 1992 in the field of Genetics in the faculty of Natural Sciences, and completed her master's also at the University of Tartu in the faculty of Economics and Business Administration in 2001. What a remarkable and truly accomplished career; something that we are all inspired by, Madam President.

Throughout her tenure as the president of Estonia, she has presented many forward-thinking solutions to some of the most daunting challenges that we face today in Europe and around the world, highlighting all that Estonia has to offer to the international community; particularly in the digital space and in the cyber domain.

Today we are honored to have her with us for a discussion on some of these major challenges, and look forward to hearing from her on the ways that Estonia is playing an integral role in tackling all of these.

Some brief housekeeping points, if I may, in a few short moments I will invite the President to the stage for her remarks and once we have concluded, I will join her on the stage for a one-on-one conversation. Now, we are very much on the record this morning. We are also being live-streamed and those coming in by live stream, you are most welcome in joining us today. And I would also ask at the conclusion of this event that our guests please remain in their seats so that the President can depart with her delegation on time.

So, with that, it is with great pleasure to welcome to the stage the President of the Republic of Estonia, Kersti Kaljulaid.

PRESIDENT KALJULAID: Ladies and gentlemen, Excellencies, General Allen, my dear American friends, thank you all for being here and thank you, General Allen, for your welcome. I'm grateful, thanks to Brookings Institution first thing, on the work that you do on advancing global understand, all the world, and recognizing the important of international engagement is of utmost importance. So, I really, sincerely thank you. Also, for everything you are doing to deepen the trans-Atlantic thinking.

For 12 years since I was the advisor at University and prime minister on economic affairs, I have been on occasion here in Washington for IMF Annual Meetings and are other reasons. And, you know, I never pass the opportunity to visit The Mall, the Jefferson Memorial, where I again and again re-read the excerpts from the American Declaration of Independence that are displayed on its walls. With (inaudible) somehow, very painful descriptions on how we as societies are combined with the hope that we can make ourselves much better, if we put aside the fear, of course.

And now, as a late edition, there's the powerful Declaration of Human Rights, the Martin Luther King Memorial. I remember, it was a warm March day 19 years ago, when I walked on The Mall and again read the thoughts displayed on the walls of these monuments, and then I told myself, this is the place you have to always remember should life bring you among the decision makers in politics.

You know, I grew up in occupied Estonia and I instinctively knew that the freedoms, which we gained the day the Silver Throne broke down, would bring the greatest and fastest change in the quality of my life and the lives of my compatriots.

These were bigger changes, in one instant, than all of the economic growth to follow, which of course, could only happen when people were free because there cannot be an oppressed society and economic growth. I think this is where some countries go wrong nowadays, they think they can be combined, but they cannot.

But, you know, at that time, I had not read into it, into democracy, into philosophy about democracy, more than you could find in the books of some sort of dissidence or church or for that matter, Estonian expat journals to which I had access in the late days of the Soviet Union. So The Mall was really my crash course on democracy and it is my reference point to this day.

Each year, on the 24th of February, we Estonians, we gather at the dawn in the cold, sometimes bitterly cold, outside and read out loud our Independence Declaration during the flag hoisting ceremony on our national holiday. The values and principles upon

which our Declaration of Independence is based, they are the exact same values and the exact same principles upon which the American Declaration of Independence stands: democracy, freedom, and the rule of law. They are enshrined in our Declaration as they are in yours.

We, too, believe that all men are created equal and that they are endowed with certain inalienable rights, and our Declaration offers, much like Jefferson's too, felt hostility against any form of tyranny over the mind of man, over the mind of man.

Yes, there are a million little differences between our nations, between Europe and the United States, and between the nations of the free world in general, that is normal. In some issues we might have big differences of opinion; that is normal too. And yet, even with all these differences, what makes all of us historically unique and at the same time identical to each other, are the values and principles upon which our very societies were built; the same values and principles that Thomas Jefferson wrote about and the same values and principles about which the Office of our Manifesto to the Peoples of Estonia wrote; values and principles that have varied roads.

In relation to the recent enlightenment era, European philosophical thought, ladies and gentlemen, the similarities between our nations to not bend there. Just like the Americans, we, too, had to fight for our freedom as the very next day after the first public reading of our Declaration of Independence, foreign armies invaded and we had to start defending ourselves; defend the idea of a free democratic Estonia, like many others by that time had also started to do.

Remember, it was the end of the First World War, the Armistice had been signed in Paris but for us independence was just then starting. And just like during the American Revolutionary War, we, too, received help from our international friends. Our British friends came to Estonia to let the (inaudible) and they overstepped the rules of engagement. They helped us more than they had guidance from back home. It was possible at this time because admirals were much more independent I guess

They took the canons even off of their ships to give them to us to put them on our trains to fight the Russians. They fired the Russian outposts on the sea side; yes, they did it from the sea because land action was forbidden. Okay, we were very grateful for them for breaking the rules.

Well, this help came from people who spoke different languages and had very different customs and temperaments, but yet they did believe in these same enlightened principles upon which we were trying to build our own freedom. Two years later, by 1920 we had won and darkness retreated. Democratic Estonia was finally free to stand on its own among the family of free nations and those, for us, were idealistic times.

Four years after the publishing of Woodrow Wilson's 14 Points, Estonia and the United States established diplomatic relations. We joined the League of Nations and like others back then that had hoped and seriously believed that war in Europe and elsewhere were a thing of the past, in the way that history has come to its end, and peace was supposed to last forever. But we know it did not. I think we need to keep this very much in mind at these historic times as well.

There were many reasons during that period before the Second World War, we had allowed democracy to retreat and we failed to stand by each other when it was retreating. By the time the tyrants attacked, the Free World had become small, divided, and was no longer viewed as a group of nations based on the same fundamental values, joined by these values; but just a group of nations, each alone or maybe together, but not on the value base, but for some more practical reasons.

We didn't have such international organizations and collective agreements like the United Nations or NATO that could have guaranteed the general architecture of security and international relations as we have today.

Estonia in 1939 found itself to be alone without allies because these structures and organizations did not provide a framework for continuous allied support. But, of course, you cannot blame outsiders for our losses. We never do, we also failed the

second test and this concerned our own willingness to stand up for what is right and do so at the right time before it's too late.

These principles and values upon which our societies stand are noble but without the willingness to take a stand for them, even the most virtuous of ideas, they are just ideas. It becomes reality and stays alive only when accompanied by a readiness to act.

We didn't act. We didn't fight. We thought maybe we could save some lives by not fighting back when Russian Army bases came. We didn't have a democratic parliament who could have debated at that point; it was presidents and the euro-circles decision not to fight back, and this led to the situation when we had regained our independence that first in the decision of the Estonian Army Chief, General Einseln to us, Colonel Einseln to you, he wrote, whatever happens we will act, we will react.

And this is developed in Estonia, legal space this way, but quite unusually, we have a point which says that if the parliament fails to make the decision, if the President fails to make the decision, if the Minister of Defense, who also has at extreme cases the right to make the decision, every colonel, general, who is finding themselves under direct military attack can make the decision to fight back. It's a huge responsibility to put on a nation but this is where it has its stem, its roots. In this trauma, we did not fight back.

These lessons, standing together with the rest of the democracy world and being prepared to act in defense of democracy, they continue to be relevant today and they are enshrined in our legal texts.

Ladies and gentlemen, Estonia's story of rapid development since regaining our independence is, and we recognize it ourselves, nothing short of a miracle. In 1991 Silver troops were still stationed in our country and they did not want to leave despite even some brave American Senators like John McCain going straight up to Paldiski to talk to a general and telling him that you have to be out from here.

The economy was in ruins, there were no democratic institutions, and we were not part of any international ones, and we were back to square one like in 1918, behind

the door, scratching the door to get in, and before the Second World War, we never finally managed to get in and be behind the tables; we were still on the menu and we didn't want to be on the menu.

In 30 years we have become one of the most internationally engaged nations in the whole Europe. We joined NATO, and we joined the European Union, we joined (inaudible), we joined OECD and we became members of the Eurozone and members of the Schengen area. We joined absolutely every single institution that we could and considered beneficial to make sure we are fully, fully integrated; every single organization that brings the Western World together. Make no mistake, we would have been among the founding members of all of these clubs, if only we could, and we are extremely lucky we used a window of opportunity and squeezed in.

Today, it is very hard to find an international ranking where Estonia would not rank among the developed nations of the world. Our economy has risen from ashes. In 25 years, our national wealth has increased six times. That is twice the speed of the world average, but there's more to come; once paraphrased by Ronald Reagan in this very town, you haven't seen nothing yet.

Innovation. This is the key to Estonia's success and it is digital innovation for which we are perhaps best known for in the world today. We have indeed become the world's first nation where basically all our services are online. You cannot get married online but this is by choice, you have to show up to your own marriage (laughter) more or less, everything else is online.

Estonians can use our digital ID to sign and time stamp documents, including private contracts, apply for different public services, pay fines and taxes online, query the registries and simply send encrypted email and we vote online since 2003. In many respects, our digital miracle had a lot to do also -- by the way, and this is the big surprise to you, with the European Union. No, of course the EU didn't help us develop it, as the other states in Europe are not as developed as we are. To this day they are trying to do

what we did but, well, they have not yet managed, but the important point to note here, maybe, is the EU widely did not help us develop it but also it did not, despite the very common thinking of those skeptical of the EU, it did not force us into any regulated straight jacket, stifling ongoing innovation and free trade.

I mean inflexible labor markets of France and flexible digital states like Estonia, we all exist in the same European Treaty framework, so it is not stifling. For us, it has been enabling. You know, it is actually much easier to dream of our digital state or for that matter, the Estonian Genome Foundation that you mentioned; to develop a genome data base preventive medical models. At the time, when someone else is taking care of your basic investment needs, supports renovations of schools, hospitals, roads and this is what membership in the EU has also been for us. Yes we could; we had some resources to develop digital Estonia, but only because these most pressing needs were covered up to 2 to 3 percent of our GDP by EU.

Support for EU membership by the way, is one of the highest in Europe in Estonia, it is at 74%. Why we joined the European Union as one of the most skeptical of the enlargement class of 2004, Malta was the more skeptical, the second one was Estonia. But, no people realized that EU membership has increased and not decreased our sovereignty, and it continues to enhance our voice in Europe and in the world for that matter because in Brussels we have one voice out of 28, but we are 1 million of the EU's 4 hundred million strong population. Enhanced sovereignty; that is what I would call the European Union for us.

And of course, this would be the perfect ending of a fairy tale. A small democracy, rose from the ashes, and became the beacon of digital innovation and preventive medicine. But I cannot, because history is not over and it is about to test us, all of us, I'm quite sure, again. It is already testing us but in these nowadays, it is a more creepy feeling than in 1939-1940.

I know Americans here like to sometimes refer to democracy as experiment,

but this democratic experiment of ours is not the only experiment that human history knows. There have been and always will be, and right now there are others that are fundamentally different experiments going on. Tyrannical foreign (inaudible) aggression, they are again on the march. War has been back in Europe for the last 11 years, even if we sometimes prefer to call it differently, but it is war.

In Georgia, the evil line of occupation gradually calcifies with Russia developing border infrastructure. We are doing nothing, not even writing about it, not even talking about it. Innocent people are dying through artillery shellings in Eastern Ukraine, and worse also, full chemical grade poison attacks on the streets of a small English town; yet we don't call this what it really is. There is one press release of the (inaudible) that is very strongly worded but this was a chemical weapons attack in the middle of NATO territory.

Thereafter, we calmed down; we are getting used to, gradually getting used to. On a daily basis we hear news of democracies being manipulated across the globe. The old tricks of the KGB, they are back, and they are back with vengeance and with clear determination to divide the Western World, break up our alliances, confuse us into paralysis, and behind these hybrid threats, of course, is always, and we must never forget it, hybrid doesn't exist on its own, behind that is always conventional and nuclear power that backs it up.

While geopolitical changes, the emergence of new great powers and the (inaudible) old are testing the stability of the international order; fast developments in technology are changing the way our economies function. The way we get our news and even the way we communicate with each other engrosses great intentions that put our domestic institution under stress. And, as our institutions cope with these factors, support to extremists is gradually growing because we are busy coping with these factors, be they commercial, be they hybrid threats; we are busy understanding the new world, but somebody else is using this new world, and we have seen all of this before, and none of this is old. So, what is to be done that we could still have this happily ever after?

First, of course, we must recognize the challenges that confront us. We need to realize that these are not challenges for Estonia, for Europe, or for the United States; they are the challenges for the Free World, for the values, principles. The Jefferson Memorial symbolizes all this, so all of this is an attack on the Jefferson Memorial among other things.

In order to properly address these challenges, we must talk about them really honestly. If there is aggression, we should call it aggression. If there is war in the Ukraine that is war, we should call it war. If there is occupation, this is occupation, and it is in the interest of those who oppose us that we fail to recognize these old categories just because they play out in real life differently, less clear, a more hybrid creeping or they play out tech-reaching land.

This is the objective of the adversary, to make sure that we will say, this is nothing, this is not comparable to the real thing, this is just some perturbations. It's not; it's the real thing of the 21st century. We must learn from our past so that we will not repeat the mistakes of the 20th century. We must stay united in defense of the values that we hold dear and we must be ready to act, to stand up for what is right and demonstrate resolve.

I don't think it's an idealist argument, it is for a realist. No one democracy is strong enough to face down the challenges of the 21st century alone. They weren't in the last century, we haven't got stronger, and how could it be more stronger individually, if the world is more interlinked? Mathematically, it would be impossible. A freedom in retreat somewhere would make freedom less secure everywhere and this, of course, links back to our trans-Atlantic corporation and everything we have known as the values based on which we were incorporated.

Retreat somewhere, is one everywhere, and if the world is reshaped by those whose power is not kept in check by democratic institutions, there is no safety for freedom, not even here. And that is what keeps motivating trans-Atlantic unity across Euro-Atlantic area. We need to defend, we need to support and help each other. It is about the

defense of our way of life.

Ladies and gentlemen, the cornerstone of trans-Atlantic security is NATO, and our commitment to NATO, and its collective defense clause remains ironclad in Estonia. Yes, they are words often heard but they must be repeated often. Someone once compared this statement to the way we tell our significant others that we love them, if you say it every day, and if you for some reason one day stop, then you are certain to create misunderstandings (laughter) and okay, this comparison is, in this sense, not fully accurate. We do not repeat our ironclad commitment to Article 5 in order to convince our allies, we repeat it to convince others so that they will not miscalculate.

Words matter, they do matter, but so do deeds. Our military posture forces readiness, their capabilities and activities; they are all at least as important as the words that we use or write. After several decades of concentrating elsewhere, Russian aggression in Ukraine forced NATO to refocus on its core task of collective defense. After Crimea, allies responded promptly. As Russia was moving into Eastern Ukraine, the United States first deployed the aircraft to Estonia in order to compliment the already functioning Baltic Air Police Mission from Lithuania at that time, and the infantry companies into each of the Baltic States. After NATO summit in Warsaw, battalion size battle groups were created and fielded to the Baltic States and Poland integrated into our own defense forces.

These decisions were not meant to alter the military balance on NATO's borders, and of course, they did not. The purpose of NATO's enhanced forward presence is to convey a message: we are all in. That there is no way one could conduct military aggression against just one ally because there are 19 of us in the EFB. This makes our collective defense more credible and it makes our alliance much more cohesive.

I want to thank all allies who contribute to enhance forward presence. In Estonia's case, it is mainly the United Kingdom but also Denmark, France, Belgium, even Iceland with one PR officer. We appreciate American contributions to enhance forward presence in Poland and I have to say that we would also love to see more U.S. direct

involvement in the Baltics as well.

U.S. boots on the ground, they have always been and will remain welcome because the credibility of Europe's defense rests on the involvement of the United States and hence for maximum credibility. Forward presence in the Baltics could really use more American involvement as well.

Of course, we will need to continue working together on the appropriate air and naval posture because the current solution is primarily land based. The allies already in the Baltics are well integrated into our own infantry brigades. They are ready to fight tonight. But but what if they had to, and there is no follow-on plan? I'm not sure that today we have a credible follow-on plan. NATO is working on it, but it's not ready.

Should NATO's unity one day be tested, then we must act quickly and decisively. That trick is increased readiness, better command and control, planning exercising new infrastructure, and frankly more money. All of these issues, they have been at the center of NATO's recent discussions and all of them require not just American involvement but American leadership.

We are making progress on all of these issues, including on burden sharing. Estonia has long spent the 2 percent of our GDP on defense because this is what is the meaning of Article 3 of the Treaty of NATO. Article 3 comes before Article 5; you are responsible for this part of NATO's territory, which is your state. We are glad to note that for the past several years and in large parts thanks to President Trump's strong messages, overall European defense expenditures have been increasing as well.

The rise will reach 100 billion by 2020. This is not peanuts, this is real effect, real result. We must get better at incorporating modern technology in our defense. China which contradicts us has (inaudible) annual technology developments; it is very well doing it. Yes, I'm Estonian and should be more concerned about Russia, but I am not only concerned about Russia. We must adapt to the situation that tech-driving the Free World is not anymore a state driven process as it used to be. We learn to incorporate the advances

made in the private sector for civil use into military grade technology.

I think this is a reversal and this is new to us. Previously, most technological advances were developed by state factors and then they migrated from military to civil use. We find ourselves in the reverse situation. Autonome assistance, quantum computing, Nano or singular artificial intelligence, these are some of the soon to be facts of life and no single country alone can manage this challenge and rising R & D costs, as some tech companies, they are actually bigger and richer than many a nation state.

In interest of our strengthening our defense industries, helping European nations spend more and better, we have initiated PESCO; it was formalized during the Estonian EU counsel presidency. And in this framework, EU (inaudible) is investing over 6 billion into military mobility measures across Europe.

I really hope that this common effort will gradually lead us into redistributing defense resources across continents so that small economies at the front-line gain in resources for fulfilling their defense needs. These are practical steps, they are not empty words and catchy headlines like strategically (inaudible) and European Army. Indeed, these practical steps, they can well replace these very empty words. Similar to the economic and social cohesion in the European Union where member states establish a need for common action then agree on the resources, and then leave it to any individual member state to carry out the necessary actions independently. This is what Europe is best at doing and this is where EU can complement NATO, not compete with it.

We have been the ones putting the balls to what is more core financing and financial redistribution into the PESCO basket. And to calm some nerves on this side of the Atlantic, may I remind you, that for example, EU Europe support, this does not force any country to buy French or German tractors. We are completely free to decide what technology we use. EU has created for many purposes a secure framework of protection of the free market in public procurements while supporting the continents development through the budgets financed more by net paying nations.

For various reasons, and they are all good, EU has the rule book in place which does not allow the (inaudible) countries to influence the decisions in receipt advance. EU redistribution does not have strings attached. So calling for more defense in the European Union must complement NATO and U.S. action in Europe, and Europe is best at redistribution.

It does not mean shutting American defense industry away from Europe. On the contrary, what I believe that, well, nowadays the reality is that the defense market often tends to be an oligopolistic one. We need as much openness and honest competition as possible. European defense fund can be used to deepen the markets if we demand not more unity but more interoperability in weapons systems.

Ladies and gentlemen, the role of the United States will remain critical for European defense but this is not a one way street, as I am equally convinced that Europe, whole and free and in alignment with America will remain critical for the security of the United States. Europe has been getting a lot of bad press lately but let us for once also mention this known, but often neglected fact, that on 9/11 all of Europe stood with the United States, and deployed thousands of soldiers to fight alongside their American brothers in arms. Just like Europeans have done before and after. Estonia also has done.

Per capita figures both in our participation and also losses of the lives of our soldiers were among the highest in both Iraq and Afghanistan. These European contributions to trans-Atlantic security, they have been bigger and more significant than just symbolic. They have been real, still very real for us in Estonia. Every time I visit Paldiski Military Base it still exists, it's just now it's ours fully; nuclear free as well, of course. There is a monument we built in Afghanistan for the lives they lost there. When we left the company size unit in Afghanistan there was still a platoon there. We brought it with us; whenever I go there I go with flowers and read each and every name.

Dear friends allow me in conclusion briefly mention two other areas where I think we must stand together. Aggression must be called aggression but that is just the first

step, calling out loud, hey that is aggression; something needs to be done about it. A message must be sent loud and clear that an unacceptable behavior is unacceptable. That is why we both, the EU and the U.S., should maintain our sanctions on Russia for as long as it continues its unacceptable behavior.

Trans-Atlantic unity on sanctions continues to be extremely important and we must be ready to flexibly amend the sanctions regime if conditions on the crown change, for worse or for the better. Our actions should be proportionate and we should not overact toward less sanctions if we see the slightest other movements. We shouldn't.

Secondly, we must help the victims of aggression even while we recognize the difficulties of the democratic developments. Ukraine, Georgia and all the other Eastern partnership nations, they need, they need our support, solidarity and assistance. But, if necessary, they also need to be reminded that it's not only the Western institutions that want them to concur with democratic values and principles, build rule of law states, allow free media, fight corruption, it's something they themselves need the most for their nations to live free and to prosper. It's tough love but we have to keep them at the forefront of our thinking and also talking.

The challenges that confront us might grow bigger before they start to help again, we know the history, they grow and they ebb. The question is whether this will be a cataclysmic end before they start to ebb or not. They will test our resolve and they will test our capabilities. And I am sure there will be very difficult days and frustrations, but for as long as we remember to stand together, and always defend our way of life, which is based on our values, we will prevail.

There is nothing more important than our values. Inside the country, inside our thinking, in the texts we write, in the speeches we make, in the acts we take as politicians, individually or multi-laterally, always values. Thank you and I would really like to have a discussion with you.

GENERAL ALLEN: Very well done; marvelous, thank you so much, please.

PRESIDENT KALJULAID: Thanks General.

GENERAL ALLEN: That one is yours.

PRESIDENT KALJULAID: Thanks.

GENERAL ALLEN: Mm hmm. Well Madam President, thank you for those remarkable remarks. They were enormously informative but I think the passion with which you deliver them made them truly inspirational for all of us, and I want to thank you for that.

They are wide-ranging; you touched on many of the subjects that I wanted to ask questions about this morning, but we talked briefly before we met this morning, before we came in here, that there will be by virtue of webcasting and the many different ambassadors who are here this morning and our international guests and Americans, there will be many audiences interested in what you have to say. But you are here in Washington.

The preponderance of this audience is probably American and there has been some ambiguity abroad in our conversations within America about Europe. Some ambivalence potentially felt by our European partners on whether America is staunchly committed to the Trans-Atlantic Alliance. You've touched on many of those issues and it is about values in the end.

But I will ask a question that is a bit provocative and that is for Americans, for this audience that needs to learn from you, that needs to learn from the example that Estonia has set for the Community of Nations in so many ways, why should Europe matter to America?

PRESIDENT KALJULAID: As I said, freedoms retreat somewhere, they are gone everywhere. These are the risks which actually face and I think, if you look at the acts of our opponents, then, I mean, as I said, all hybrid risks are somehow linked to real conventional analogue risks.

GENERAL ALLEN: Mm hmm.

PRESIDENT KALJULAID: The old traditional risks, and you may wonder why there is no much action on this field here. And you may look, where is then this

conventional battlefield which we are, I mean, seeing big influence by hybrid action here, and that's in Europe. So, just look what our opponents are doing and that proves to you that Europe should indeed matter to America. Even in that is the proof. Nobody can stand it alone. If you can break our value base and make our cooperation only based on the basic interests of individual countries then we will end up exactly where we did in 1939-1940.

I mean, yes, for small countries, this is the question of existence. For big ones it is the question of security, freedoms and prosperity rather. But we can now see also in Europe where we have one big country leaving. I mean there is no time to really think about the values, we are thinking about -- I mean, how many times a BMW car parts cross the channel.

GENERAL ALLEN: Mmm, sure.

PRESIDENT KALJULAID: And it is a disturbance which had it's also hybrid elements in it. I'm not saying that somebody else is to blame. Countries cannot neglect the needs of the population who see that intergenerational poverty is and that meritocracy has turned into newer aristocracies, etc. But these problems, which we could otherwise calmly solve, they could be used also to break us and that means we will be so busy breaking up that we will not be able to protect the world anymore.

GENERAL ALLEN: Mmm. You mentioned a number of the memorials that you visit here in Washington, and there is one that you alluded to but I would like to just put a bit of emphasis on it, it's Lafayette Park. For those of you who have never spent any time there, Lafayette Park memorializes those occasions in American history where we were in a desperate moment and people came from overseas to preserve what we were fighting to achieve. And some would say that we are now in another moment where many of the dimensions of our democracy and our commitment to values, etc., may in fact be under pressure. And it is really at moments like these, when friends from overseas can stand before us and hold the mirror up and help us to see where perhaps our values should lie; and that is, of course, what you have done this morning.

You have integrated Estonia into two of the greatest values-based organizations that Europe has ever seen: the EU and NATO. You stand for democracy. You spoke eloquently about your commitment to it and how you have nurtured democracy from the ashes, as you called it, but now democracy in Europe seems to be under great stress, either from the complication of Brexit, or from straying from principles. How do you see that evolving now, both in terms of what the effect of Brexit will be and the straying of traditional democracies in Europe from those principles we have come to know.

PRESIDENT KALJULAID: Yes, I think we are indeed under stress and the only way, we hope -- what I see -- I mean, actually we took some time calling out some politicians' names. I mean calling them populists, etc.; just because they managed to do something that we used to do. They owned up that they have huge problems where as the main stream, because it did not have solutions, did not own up that we have these problems, and I mean, therefore they went one step better.

There is no other way than acknowledging that. I mean, people's problems are real.

GENERAL ALLEN: Mm hmm.

PRESIDENT KALJULAID: They are worried because in the countries which are liberal democracies, we have failed to do something which I feel is an obligation of us as politicians, create a society where truly, each and every one has a chance. We know that these countries where the democracy started to retreat, and there were huge debates about liberal values being valuable, and also Brexit. I mean, UK, among the countries where the school system is the most in egalitarian, in the European Union, the backlash against Brussels stems from the fact that member states' own government were responsible for all kinds of widespread distribution of policies starting from healthcare, schools, social systems; they failed to use these benefits in order to make sure there is no such problems like hopelessness in our societies, that clearly is and that clearly was.

And that has always been. I mean, let's make no mistake, in the 1950s in

the UK, life in (inaudible) after the early industrialization, this was horrible for most people globally, but the difference was that even if they had universal voting rights, they did not have resources and time to inform themselves about what is going on in the world; to read newspapers even, so when they went to vote they were scattered.

In nowadays world, based on quality information or well other information, their vote can be biased and we are here to learn to deal with this issue. And, indeed, of course, as always, if you don't recognize, somebody else recognizes and goes one better. But I would like to bring here another nuance, which is indeed this populace backlash, this problem with can hardly speak to our societies without having huge demonstrations like Gile Xong, because reform is needed in France but, I mean, that is a real problem that some people earn really little money and they cannot make their ends meet and they were called middle class. And they were told middle class is important but middle class is not important anymore.

We must also see the other trends in technology and all others, and not miss those as we have missed this, and I would like to bring in NATO here.

GENERAL ALLEN: Good.

PRESIDENT KALJULAID: 10 years more and we will have actually missed that in 3 years' time, China will be from modest compared to ours because they used technology and we, we are not used to running after private sector, which is now driver of technology, and bringing this into our weaponry. And I think, and I have spoken about this in Munich Security Conference and elsewhere, we should use some of this gains which comes from spending more on defense on making sure that NATO becomes more understanding about the technological shifts and start incorporating them otherwise we risk exactly the same kind of miss that we did in city societies which have now because of that place of hybrid warfare. And we cannot afford to miss it, really.

GENERAL ALLEN: I think you are exactly correct and I know that there has been a move within NATO to embrace emerging technologies, artificial intelligence in

particular; not just in the context of command and control, but what influence it will have on weaponry.

PRESIDENT KALJULAID: This is true but I think that, too, one way gets one village to the past and one village to the future.

GENERAL ALLEN: Mm hmm.

PRESIDENT KALJULAID: You know where political class of thinking. One is -- now, this is to the past -- we are not at all exercised in nuclear control thinking because people like Sam Non and Mary Robinson, I mean, they are well versed in nuclear control, and step by step controlling, coming to agreements, etc. My generation of politicians and the previous one, we have been shielded from this process and I've called upon Mary in Europe and others here to organize a crash course somewhere for the current leaders so that we could learn what they did and combine it with this then this forward looking, the nuclear --

GENERAL ALLEN: That's right.

PRESIDENT KALJULAID: The new technology combining -- And to make people really scared, I normally at that point bring a little AI WAM from my pocket.

I have it always with me and I talk about him a lot and I can tell you he is not a CC, it is perfectly possible that it will exist already now, but definitely in 10 years' time and this is a little WAM which is military use. It is defined to enter a nuclear system and do something to it so that it will not be useful anymore. But it is quite intelligent and we have designed it to use the information in the nuclear system thinking. Our thinking has been based on what we know and think there is in this nuclear system; its database, its computer thinking, but we may miss, there might be something else.

And my WAM accidentally sees something else, and this something else is a very common thing in the systems; somebody has committed a most common-sighted error and read daily news and then again went with the same computer into the system. Now the system knows something interesting. It knows that United Nations is getting ready

to vote against, for banning AI in military use.

GENERAL ALLEN: Mm hmm.

PRESIDENT KALJULAID: And you now have this little WAM which was meant to destroy the system, in the system. It knows because it is relatably intelligent artificially, that it is military use, and it knows where people are going to ban it. What will it do?

It is an extreme case, but I think this is the way we should be thinking on new technologies, compounding all of the other risks which we had and thinking how they will remain. I mean in many cases, technological progress has removed the old risks.

GENERAL ALLEN: That's right.

PRESIDENT KALJULAID: Not now.

GENERAL ALLEN: And, of course, this new theory of hyper war.

PRESIDENT KALJULAID: Yes.

GENERAL ALLEN: Is the companion theory to hybrid war and the one is, that the speeds that we have talked about, often below the visible horizon --

PRESIDENT KALJULAID: Yes.

GENERAL ALLEN: Deliberate, incremental --

PRESIDENT KALJULAID: Absolutely.

GENERAL ALLEN: Effective over time, hyper war, artificially intelligent is at speeds we can't even imagine.

PRESIDENT KALJULAID: You don't even have to think artificial intelligent, it's enough if you think post-quantum.

GENERAL ALLEN: That's right, that's right.

PRESIDENT KALJULAID: All of our passwords will be cracked as quickly as we are able to enter them into the system. We are thinking on post-quantum digital ID in Estonia right now, in the private sector, of course, not government. I mean, we will, we are, we will probably use them but they dream them up. And, I mean, it's imminent.

GENERAL ALLEN: This is exactly the role that Estonia plays in the Community of Nations and now that we are all thoroughly terrified (laughter), what I'd like to do is, we have just a few moments left with Madam President to take a few minutes for questions.

I will ask you to stand, identify yourself, if you could, please, be very brief with your question. I will be looking for a question mark early in the conversation to give her a chance to field a number of the questions.

Yes sir, please. And we have microphones that will be coming up since we are webcast; we need to come out on microphones.

PRESIDENT KALJULAID: Thank you.

GENERAL ALLEN: Please Sir, go ahead.

MR. KIRCHICK: Jaime Kirchick from Brookings. Estonia is one of the most forward thinking, pro-EU, pro-NATO western looking countries in Europe, which is why it came as something of a surprise to many of us who follow Estonia, that you have a far-right anti-EU party that won third place in your parliamentary elections. And I know as the president you have to maintain neutrality on these issues but I'm curious if you could speak to why that is, thank you.

PRESIDENT KALJULAID: Because there is fear, and this fear can be exploited. The fear of our future can be exploited everywhere, and now when we recognize that, then we need to realize what we have done. And I've been putting it through the heads of our politicians for two and a half years, initially faced with ridicule, but not anymore.

Estonia being extremely developed in economic affairs, digital affairs, I mean, even genetic affairs, everywhere, I mean you ask it, we have done it. The world is in awe. This country which is socially retarded still leaves the little we spend, attention and resources, on, actually when it gets cossetted to the society --

GENERAL ALLEN: Right.

PRESIDENT KALJULAID: To protect these values, to make sure that our

elderly people, I mean, have peace and quiet when they are ill, that our handicap people are treated well, we put the obligation on local government very much like you rely on your churches and communities here. The local governments have been given free hand to do whatever is necessary, but therefore that means there is not a list they must do, and they have interpreted it for a long time, then therefore they need to do nothing.

We still have our egalitarian school system. There is no such problem in Estonia, it is our national treasure and I am protecting and I think other people understand, but the key is that we have also betrayed a part of our people; those who are most in need for social protection.

GENERAL ALLEN: Mmm.

PRESIDENT KALJULAID: And since we are in Europe, I mean, they see around us, other countries doing it and of course, in our brain we are a poor country, poor countries don't do Finland or Sweden on social protection but our -- I mean, 10 percent of our workforce works in Finland. They see what is available there and they want to have this kind of security. It is an alien thinking here but, I mean, it's extremely common thinking.

Estonia is an extremely free market economy but this does not mean that you cannot combine because you have your tax money. You can combine it with making sure that you have less universal support schemes and more -- I mean, support for those who really need. We are world class as universal support. I mean, Estonia has highest possible maternity leave. I mean, you can imagine, 18 months of your own salary paid fully, at capital for (inaudible) salaries.

GENERAL ALLEN: That's marvelous.

PRESIDENT KALJULAID: School is free, university is free, school needs are free, (inaudible) University, they already start to pay, I mean first time in your life you start paying and this is meant that the resources in the budget have been universally spent which means that, I am entitled for child support, 65 euros per month, I am not taking it out and my middle son is demanding that I do because most of his classmates, who also have

quite well-off parents, they give this money directly to the kid, and his monthly allowance is only 35 (laughter), so he is protesting, but I am protesting against universal support schemes.

And that is the honest analyzing and reasoning which is very similar to other countries and when you know we're all there -- when one thing is, of course, take care of the social problems, but the second question now is, do we now bring these people into the government or you don't bring them into the government. There are different examples.

In Finland they came to government quite early and the movement petered out. It hasn't been the case elsewhere. What will be the Estonian test case depends on the negotiations people are having right now, but I am sure there are arguments also in their minds and thoughts.

GENERAL ALLEN: Madam President, let's do two questions if we could.

PRESIDENT KALJULAID: Yes.

GENERAL ALLEN: Let's see, please on the front row and we will look for some hands in the back, and right straight down -- that gentleman, yes right there, please. And again, please keep your questions short, we've only got about eight minutes left.

PRESIDENT KALJULAID: I will try to keep --

MR. BAKRADZE: I am David Bakradze, the Ambassador of Georgia.

Thank you very much for keeping Georgia on your mind and thank you very much for keeping Georgia-Ukraine on the agenda of your NATO. As much as we all realize that one of the most successful policies of NATO has been enlargement which has brought security, prosperity to the member states it has enlarged, we still face some skepticism, and some reduced appetite for enlargement. Where do you see this, let's say fear or threats coming, is it internal, is it external, or how much is it interdependent on external and internal threats, thank you.

GENERAL ALLEN: And the question in the back please.

MR. KRAMER: Hello thank you Madam President for coming here. My

name is Samuel Kramer. I am from Georgetown University and I wanted to ask you about your recent decision to spend part of the year in Narva, which is Russian majority. That was a remarkable move, I think the first for an esteeming person and I'm wondering what more you feel the country could do to reach out to its inhabitants and fellow citizens who happen to speak Russian. Thank you.

GENERAL ALLEN: Two very different questions, but please.

PRESIDENT KALJULAID: Ukraine-Georgia first. There are various, various drivers behind the current situation, and of course, Russian action has been one of the big ones, but I don't see the situation that much worse than in 1991. I remember, then as well, I mean everybody we asked, could ever be in EU or could ever be in NATO, and most of the answers, by the way were, no.

And then we set ourselves the objective of changing this no and we didn't do it by the means of saying, I mean if you give us perspective we will change and democratize and build rule of law, etc. We said we will be so good but the question will be why not, and that is what is my advice.

I mean, history is never fair. On the other hand, we never know when the window of opportunity arises, but then you have to be really like we try to be, I mean ready to open these first most important chapters in the EU negotiations, which, by the way, all deal with values.

GENERAL ALLEN: That's right.

PRESIDENT KALJULAID: Rule of law states you have to be able to open at 9 o'clock at the morning and close at 9:50 because there is no discussion about it, and that's the way I think Georgia and Ukraine need to prepare to be ready when the window of opportunity opens. It will again be only for a short time and we don't know when it comes, but think of Greece and North Macedonia. I mean, it was a long problem to transferred years. I mean, I guess I was in university when they started to solve it from the outside. Finally in the inside they were right place in the place, and who would have thought 10 years

ago that in Europe, Alexis Tsipras would be the least populace politician of them all (laughter). You never know, I mean life is such.

Then the other question, Narva, and Estonian minorities, yes I mean, it gets written in economies if you go to Narva, but my outreach to those who suffer domestic violence for example, or those who are handicap, or those who are in any way in the pockets in the society, which are not part of this big party or very successful Estonia; I do it in general, I don't do it only about our Russian speaking minorities. But by doing this, I've been able to bring it out and demonstrate, also to Estonian mainstream political thinking, that we are not anymore 30 years ago, when yes, Estonia became independent and declared we will build a rule of law state and everybody will have human rights, etc., I mean this didn't mean anything to these people because they don't (inaudible) Soviet Union, the tyranny.

GENERAL ALLEN: Right.

PRESIDENT KALJULAID: They haven't -- they didn't know what it would mean. They thought that would be, okay, now there will be Estonian tyranny, end of story. Of course, you don't want to, I mean, at that language, whatever, it's not this way.

We have proven ourselves as a democracy. Our Russian speaking people also enjoy the freedom of all European freedoms and also the democratic freedoms. In Estonia, you don't lose a job even if you think Crimea should belong to Russia and belongs to Russia. I mean they didn't notice these differences and they want to be part of our value space as well.

We have students flocking from St. Petersburg to Estonia to normal college of Tartu University established especially for that to learn how it is to live in democracy. And I have demonstrated that our younger generation of Russian speaking people are exactly like us.

And this states an important, or hybrid, or whichever way you want to sit, on the way from Russians who always have been saying that, I mean, Estonia Russians don't like Estonia, Latvian Russians don't like Latvia, etc. Sorry, they do. And I was able to

basically go to Narva and demonstrate this for one month long to everybody who cared to see.

GENERAL ALLEN: Thank you, one final question.

PRESIDENT KALJULAID: Maybe to take one more, yeah.

GENERAL ALLEN: We are going to stop sharply at a quarter after -- yes Ma'am, please.

MS. SCHWARTZ: My name is Laurel Schwartz. I live in Washington D.C. I have a tremendous amount of respect for how digital your country has gotten. How have you been able to bridge a digital divide as your population is getting older?

GENERAL ALLEN: Great question.

PRESIDENT KALJULAID: Hard, tough work between private and public sectors, and Estonia, as you know, opened our digital ID platform for private sector to create services as well, and we did it because we wanted people to get used to using them. And, I mean, you declare taxes one a year but you go to the bank, I don't know, once a week. And, so we built it all on the same infrastructure, and then we relied on private sector to provide incentives to people to get online. And I mean, if you're pension, like it was at these times in Estonia it's only a couple of tens of euros, then if you save a penny by getting online you cannot imagine how quickly our grandmothers were online (laughter). My mother is very Facebook compatible (laughter).

And we found similar carrots for all social groups and we spent a lot of government resources, private resources and also voluntary resources in something we call Tiger's Leap. It sounds really a big thing like let thousand flowers blossom, but that is not what it was. I mean, we gave schools computers, we connected them to internet. At that time, of course, at home you didn't have computers and we convinced people that instead of taking the bus to go to the town center or some town in Estonia to apply for social services, you save your own life. I mean we all have 100 years to live and saving 4 or 5 working days per year is a huge incentive for people, and this is how we did it actually.

Yes, we started from the point that when the government decided it is not going to allow anybody to pay cash for salaries. I mean, people went to the ATM que, they simply recognized that instead of the cashier there is now the ATM, okay, there is an output giving me my salary, but they went the same day and took it all out initially, yet I mean, they learn, gradually.

This is the point where we started from and in 10 years we could see we had broken through and now when we had a problem with ID card security created by external provider because technology that is alien, it was obvious that our people deeply regretted the 30 minutes or an hour they had to spend in order to kind of go somewhere and get the renewal because not everybody could patch online, they had to go somewhere. We realized with turning digital, with digital alternative, there is no going back, because I mean we will have a riot if we say do it on paper.

But it took 10 years. There is no hiding from the fact, it took 10 years. It didn't happen overnight.

GENERAL ALLEN: What an important point though, because we are facing that here and we are going to face it increasingly across Europe.

Madam President, let me make two comments. One is I had the honor in a previous life of serving with your forces both in Iraq and Saddam Bori.

PRESIDENT KALJULAID: Thank you.

GENERAL ALLEN: And also in Nenalszad and Mahzar in Afghanistan, and speaking to the Estonian people, speaking to Madam President, you can be very, very proud of the selflessness, willingness to sacrifice the soldierly virtue of your forces who played an important role in these NATO missions and this coalition mission in Iraq, and I want to thank you for that.

I've used the term a couple of times this morning but I'll use it again, because it is appropriate, your remarks were truly inspirational, but you are an inspiration. We are all inspired by your leadership, by your commitment to values which we all seek to

embrace and by your leadership of a country that we should all seek to emulate. Thank you for being with us this morning at Brookings.

PRESIDENT KALJULAID: Thank you and if I may, I would like to end with a story which has been haunting me this year. We are celebrating 100 years of different battles of our independence. I've been standing at different monuments with our offices. Now the younger ones and even the chief of Estonia defense forces, they are their own; they have absolutely no Soviet background anymore.

GENERAL ALLEN: Mmm.

PRESIDENT KALJULAID: And when I listen to these guys to talk about war and, I mean, sacrificing for your country --

GENERAL ALLEN: Right.

PRESIDENT KALJULAID: I mean, it doesn't matter who is facing me, it's important who are behind me and beside me. I mean, it's an amazing feeling.

GENERAL ALLEN: Thank you.

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