



BULLETIN

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New Opening, Same Old Problems: The Sobotka Government in the Czech Republic

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After three months of ongoing coalition negotiations, President Miloš Zeman appointed a tripartite government headed by the leader of the Czech Social Democratic Party, Bohuslav Sobotka. The new cabinet has declared its intention to introduce fundamental changes in foreign and economic policy, but its ambitious programme may break down from internal instability and arguments with the president. For Poland, the return of a pro-European centre-left coalition to power is, on the one hand, an opportunity to gain a valuable ally in the EU forum. On the other hand, Warsaw should be prepared for cooling bilateral relations due to the possible re-emergence of the so called food wars.

On 29 January, President Miloš Zeman appointed a new government, which will be composed of the Czech Social Democratic Party, ČSSD (eight ministries), ANO 2011 (six) and the Christian and Democratic Union, KDU-ČSL (three). The head of the cabinet will be the Social Democracy leader Bohuslav Sobotka. Prior to establishing the government, negotiations between the coalition partners took place as well as a difficult, long-lasting dialogue with the president, who tried to change the ČSSD leadership and then questioned some of the candidates for ministers. The new government will be limited in its ability not only by the constant pressure of Zeman, but also by a fragile majority in the Chamber of Deputies (111 seats out of 200) and visible differences in the programmes of the coalition partners.

The End or Continuation of Destabilisation? The setting up of the ČSSD–ANO 2011–KDU-ČSL alliance formally ends the political crisis. It began after the fall of the centre-right Petr Nečas cabinet in July 2013, then was deepened by the presidential government, which worked without parliament's support. However, it may well be that the new coalition will be shaky, too, and even if it survives until the end of its tenure, its activity may be affected as was the Nečas government by internal conflicts and inconsistencies between the party programmes. Structurally, the Nečas and Sobotka governments are quite similar; they were formed with a large traditional party (ČSSD/ODS), a small pro-intelligentsia movement (KDU-ČSL/TOP 09) and one political-media-business project, whose unpredictability seems to be the threat to the coalition's stability (ANO 2011/VV). Also, the position of the prime minister is analogous: Sobotka, as Nečas once did, enjoys moderate support in society, and in his own party must neutralize a hostile fraction. The other similarity between the two cabinets has been the need to take into consideration the obstructionist tactics of the inimical president. Zeman not only has not hidden his scepticism of the new government but also considers it an obstacle to the implementation of his plans to unify the leftist camp under his patronage.¹ It is thus possible that in the future he will tend to try to disintegrate the coalition, for example, by stoking conflict between ČSSD and the head of ANO 2011, billionaire Andrej Babiš, who is deputy prime minister and finance minister.

Return to the West 2.0. The Czech Republic under the centre-left cabinet should become a more predictable member of the EU. ČSSD leaders advocate for the country's stronger commitment to EU integration and do not exclude the possibility of the country joining a banking union. On the adoption of the euro, they realistically declare that it is a necessity of the EU treaties but emphasize that the single currency will appear when the country is ready for it (possibly at the end of the decade). The new government may at the very beginning send a signal to the EU of a new opening, for example, by

¹ D. Kałan, "Towards a 'Presidential Republic'? The Landscape after the Czech Parliamentary Elections", *PISM Bulletin*, no 112 (1088), 28 October 2013.

signing the Charter of Fundamental Rights. Social Democracy traditionally keeps its distance from U.S. military involvement in the region and an openness to political and economic rapprochement with Russia, which may be important in the context of ČSSD support for the extension of the nuclear power plant at Temelín. Neither Poland nor the Visegrad Group (V4) will be given priority. However, it is difficult to expect that the coalition will disregard the V4's current momentum, so probably will continue the efforts of its predecessors in this area. The same applies to Germany, which will remain the Czech's main partner in the EU. According to recent announcements, Prague will also seek to loosen its close alliance with Israel and become more disposed to cooperation with the Middle East and Far East.

In the short run, European policy will rather not become the subject of disputes between members of the coalition. KDU-ČSL has been stressing the need for the country's greater involvement in EU affairs. The leaders of ANO 2011, in turn, used to criticize the adoption of the euro, but it seems that due to its overall moderate interest in foreign affairs (Babiš did not fight to control the MFA even though in the Czech Republic traditionally the smaller coalition partner heads diplomacy) and the lack of a clear ideological identity, the party—at least at the beginning—will also support ČSSD projects. ANO 2011's pragmatic turn is confirmed by the party's choice of leader of its European Parliament list—Pavel Telička, an experienced diplomat associated with EU institutions. Compared with the Nečas government, the problem of double-talk from the country's decision-making centres should disappear (a pro-European MFA and a eurosceptical prime minister's office). The vision of the Czech Republic's presence in the European structures held by the new MFA leadership (ČSSD Deputy Chairman Lubomír Zaorálek, who is minister, and the director of the ÚMV think tank Petr Drulák, who is deputy minister) is similar to that of Sobotka's circle, including the view of his chief adviser, Vladimír Špidla, a former PM and EU Commissioner.

Nevertheless and despite this convergence of views, the personal ambitions of the protagonists may become troublesome, not only in government but also outside of it. One should expect a difficult cohabitation with Zeman, who calls himself a "European federalist" but who, unlike his predecessor, Václav Klaus, does not attach much importance to activity in the international arena. The president, who is in conflict with ČSSD's key decision-makers on foreign affairs, Zaorálek and Špidla, may thus be interested in building his own position in opposition to the cabinet, which means possibly blocking ČSSD's pro-European initiatives and increasing the use of nationalistic rhetoric, the same as he did in the presidential campaign when he used sharp, anti-German language.

Loosening the Belt on the Economy. The differences between the previous and current coalitions are also visible in the economic programmes. ČSSD promises to move away from the restrictive policy of Miroslav Kalousek, the minister of finance in the Nečas government. Kalousek's strategy, focused on fiscal constraints, helped to reduce the budget deficit and maintain a low level of inflation, but may also contribute in time to increasing the public debt and reducing domestic demand as well as investments. What is more, the centre-right coalition did not find a solution for rising unemployment and, above all, a way to stimulate the country's economy, which since June 2011 has been mired in recession. The causes of this should be sought not only in internal factors but also in exports, which were weakened by the political and economic turmoil in the eurozone and which only in recent months—after the Czech central bank interventions on the currency market—began to visibly revive. It is estimated that if the growth in exports and industrial production will be maintained in the current year, they could translate into GDP growth of 2%.

The coalition members have declared an intent to withdraw from some of Kalousek's changes. For instance, they want to lower the VAT on selected goods and liquidate the solidarity tax. They announced their will to modify two of Kalousek's key reforms: on new healthcare financing, they want to abolish most fees for patients, and on the pension system, they want to merge the previously introduced "second pillar" into a third. ČSSD also calls for increasing social spending, including raising the minimum wage and pensions, and new pro-family relief, as well as public investments in infrastructure and construction, all at the expense of cutting spending on administration, a slight growth in the budget deficit and new corporate taxes. Although these last few ideas arouse resistance from Zeman and ANO 2011, the ČSSD's pro-social agenda will help strengthen the party's popularity, though it can also become a source of dispute with Babiš' party, which has a more market-oriented face. This latter scenario is more likely as the second most-important economic ministry (trade and industry) went to Jan Mládek, who is co-author of the ČSSD's economic programme.

Conclusions for Poland. From the point of view of the dialogue in the EU forum, the change of power in the Czech Republic is beneficial for Poland. The Sobotka cabinet will be the first in several years to hold a pro-European agenda that seems close to Warsaw's priorities. The first tests of cooperation with the new authorities should be negotiations on the adoption of a new climate-energy package, recently presented by the EC, and coordination on the Ukrainian crisis.

The centre-left coalition could weaken bilateral Polish–Czech relations, though, and particularly worrisome may be the strong position of Babiš, who is a media mogul and owner of Agrofert, the most important producer of food and chemicals in the Czech Republic and the main competitor in the sector to Polish companies. Despite his resignation from Agrofert's board of directors, it is expected that the ANO 2011 leader will want to capitalize on his influence in politics and media to maintain a state of tension between the neighbours in connection to the so called food wars. For example, in the coalition agreement, the sides aim to build up the "food sovereignty" of the country, which is the reason why the authorities in Warsaw must be prepared for protectionist steps to be taken by the new cabinet.