



The Implications of the Political Crisis in the Czech Republic

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President Miloš Zeman's dismissal of the Czech Republic's deputy prime minister and finance minister, Andrei Babiš, and the appointment of Ivan Pilný to the office ends a political crisis that has lasted since the beginning of May. However, it has revealed an intense dispute between, on one side, Zeman and Babiš, chairman of the party Action of Dissatisfied Citizens (ANO), and Prime Minister Bohuslav Sobotka, the head of the Czech Social Democratic Party (ČSSD), on the other. The circumstances of Babiš's dismissal have politically strengthened Sobotka five months before parliamentary elections.

Pre-Election Kick-Start. On 2 May, Prime Minister Bohuslav Sobotka unexpectedly announced his resignation, which used to mean in the Czech Republic the automatic dismissal of the entire government. In this case, President Zeman was ready to accept only the prime minister's resignation. This caused Sobotka to dismiss Babiš, who had become entangled in some financial irregularities, leading to an image problem for the government and leading to the announcement of the resignation of the entire Cabinet. The scandal involving Babiš—the country's second richest citizen with a fortune estimated at \$3.4 billion dollars—concerns his explanations to doubts about his tax settlements and rejection of charges he used European funds for private purposes (the EU's anti-fraud office, OLAF, is investigating). Moreover, just after Sobotka announced his decision to dismiss Babiš, recordings were leaked that portray him as trying to influence the editor of the daily newspaper *Mladá fronta Dnes* (which belongs to the Mafra media group, which Babiš used to own) to publish materials that would compromise ČSSD during the election campaign.

A resolution to the political crisis appeared only after Sobotka accepted the candidacy of Ivan Pilný, an ANO parliament member and former director of Microsoft's Czech division, as finance minister to replace Babiš. However, Zeman delayed his decision to dismiss the deputy prime minister until 24 May even though the Czech constitution obliges the head of state to accept the resignation of a member of the government at the request of the prime minister. Although the constitution does not specify when the head of state must comply, it was customary to do so without delay.

The confusion around Babiš's appeal constitutes the zenith of the intra-coalition friction between ČSSD and ANO. The political moves by Zeman, Sobotka and Babiš mean a double election campaign has begun. In addition to the parliamentary elections scheduled for 20-21 October, presidential elections are scheduled for January 2018, and Zeman will be running for re-election.

Internal Consequences. The president's actions during the crisis indicate he is seeking to create the best possible situation for himself before the presidential election. The first bit of evidence for that is in the delay in the deputy PM's dismissal, which confirmed the informal alliance between Babiš and Zeman in opposition to Sobotka. It is clear that Zeman considers maintaining good relations with Babiš helpful to his campaign since the ANO chairman is sceptical of his own party's presidential nominee. In addition, the alliance with Babiš would prove helpful in case of an ANO victory in the parliamentary elections, as well as ensure good relations with the head of the next government in that case. The second piece is that Zeman seems to have tried to influence the composition of the government by attempting to divide ČSSD. This was

demonstrated by the president's suggestion at the beginning of the crisis that Foreign Minister Lubomir Zaorálek could replace Sobotka. Zaorálek though wouldn't take the bait and quickly distanced himself from Zeman's suggestion. Third, the president tried to portray himself as an honest broker, such as his invitation to coalition representatives to talks on 10 May in Liberec, which had no effect thus far. The actions that appear to be against Sobotka have exposed the head of state's bias even though he does not belong to any political party.

Still ANO chairman, Babiš will be preparing for a new political deal after the autumn parliamentary elections, with the aim of taking over the Cabinet. This could explain his withdrawal from the government functions, which, on the one hand, proves his determination to end the conflict, and, on the other, seems calculated to defend the ANO's advantage over ČSSD. In an April survey by Phoenix Research, Babiš's party polled at 23.5% while ČSSD had 14.2%. Recent events, however, may have slightly reduced this difference and reversed the decline in public support for ČSSD. According to the same firm's survey conducted in the first half of May, ANO is at 22.9% and Sobotka's ČSSD is at 15.2%.

The government crisis and the accusations against the deputy PM not only have made ANO more strongly oppose ČSSD but also have heightened criticism of Babiš by other parties. This will reduce the ANO's coalition chances after the parliamentary elections. Babiš's credibility, based on an anti-establishment image and as a politician who condemns corruption and emphasizes the importance of media freedom, was undermined by the scandal (in April, 43% of Czechs reported they trusted him; he is the second most-trusted person after the president, who is at 53%). As the former deputy PM and finance minister, he is partly responsible for the Czech Republic's economic success. Babiš himself made efforts to claw back his image, deciding not to resign, which could be interpreted as guilt, but merely accepted the prime minister's decision.

In turn, Sobotka tried to show he is upholding key values, such as the rule of law and transparency, which prevented him from outright removing Babiš from the government. He also showed he had instruments to put pressure on both deputy PM and the president. The House of Deputies and the Senate have called on President Zeman to meet his constitutional obligations and cooperate with the government, which includes accepting the resignations and nominations of Cabinet members without undue delay. Senators also began collecting signatures to challenge the president before the Constitutional Court.

While the dispute between the prime minister and president was ongoing, Sobotka signalled that ČSSD should select its own candidate for the presidential election, so rejecting his prior support for Zeman. In addition, the prime minister was able to gain some of the public's trust. During demonstrations on 10 and 17 May, tens of thousands of people gathered across the country to protest against both Zeman and Babiš.

Impact on Czech Foreign Policy. The political crisis has had a minor impact on the country's foreign policy. Although the prime minister was able to travel to Luxembourg on 10-11 May, three government ministers, including the foreign minister, cancelled a trip to China with Zeman. The president's visit was criticized by his political opponents, who said the internal problems merited more priority than the trip abroad. The trip and postponement of Babiš's resignation prolonged the political crisis. The Czech Republic's domestic crisis has had some other international repercussions. The effect of the recordings scandal involving Babiš is set for debate in the European Parliament at the beginning of June as part of a review of media roles in the Czech Republic.

Perspectives. The political crisis in the Czech Republic and how it was solved should be seen as the beginning of the election campaigns for parliament and president. Babiš will likely suffer some loss of image and ANO may lose some support in polls. Despite the sudden change of mind about the government's resignation, which could have created an impression of chaos as a result of the prime minister's actions at the onset of the crisis, Sobotka succeeded in bringing about his desired changes in government and reversing the negative trend in public support for ČSSD.

President Zeman, playing a risky political game several months before the presidential election, faces a triple-headed problem: political, legal and image-wise. Postponing Babiš's dismissal not only brought out critics who charged him with not respecting the constitution but also exposed him to legal repercussions. Also, ČSSD putting up its own candidate in the presidential election, which had been unlikely, may pose a significant challenge for Zeman in his fight for re-election.