



The Change of Government in the Czech Republic and the Implications on Its Foreign Policy

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The Action of Dissatisfied Citizens (ANO), under the leadership of Andrei Babiš, won the election to the Czech Chamber of Deputies. The party's relative lack of ideology and its position regarding the mood of Czech society and the situation in the EU makes it a flexible partner in a coalition government. However, allegations that Babiš defrauded the EU of subsidies have discouraged other parties from cooperating with him. Profound changes on the Czech political scene will not have a major effect on Prague's foreign policy, but will have implications for European and regional policy.

Reshuffle of the Political Scene. A record number of nine parties entered the lower house of the Czech parliament (Poslanecká sněmovna) after an election with 61% turnout (similar to previous elections). The decisive winner, with a 29.64%, was ANO (part of the current government), which gives the party 78 seats out of 200 and represents an increase of 31 seats on the last election. The conservative Civic Democratic Party (ODS), which in the past has repeatedly co-created the government, received 11.32% of the vote and 25 seats (nine more than previously). The Czech Pirate Party gained 10.79% of the vote, and the anti-Islam Freedom and Direct Democracy (SPD) won 10.64%. They will both have 22 representatives in Chamber of Deputies.

The biggest loser of the election is the centre left Czech Social Democratic Party (ČSSD), which is the strongest in the current parliament and in Bohuslav Sobotka's government. It won only 7.27% of the vote, losing 35 of its previous 50 seats. A slightly better result, but with the same number of votes, was won by the far-left Communist Party of Bohemia and Moravia (KSČM), with 7.76% of the vote (a loss of 18 seats). Thus, the parties on the left recorded their weakest results since political transformation. Moreover, the Christian and Democratic Union (Czechoslovak People's Party, KDU-ČSL) only just passed the 5% threshold, with 5.8% of the vote and 10 seats (a loss of four). The result was similar for the liberal conservative TOP-09, with 5.31% of the vote (seven seats, a loss of 19) and the parliamentary grouping of local government representatives Mayors and Independent (STATUS), with 5.18% of the vote and six seats.

Sources of ANO's Success. Babiš succeeded in connecting ANO influence on the Czech Republic's economy with its macroeconomic successes of the Czech Republic, in terms of both the first budget surplus since 1995 and the lowest unemployment rate in the EU (3.8%). Babiš, and Ivan Pilný, also a member of his party, were formerly responsible for state finances in Sobotka's government. Babiš's status as the second richest Czech citizen and his image as an effective entrepreneur further engendered public trust in his economic reliability. The liberal party's programme on economic issues was blurred after Babiš suggested, among other things, raising public sector salaries but ruling out an increase in income tax. In addition, the ANO's anti-immigrant campaign, caught the mood of Czech society.

Awaiting the New Government. It is unlikely that the next Czech cabinet will exclude the ANO because the other parties' programmes and ideologies are too diverse. Nevertheless, the ANO's capacity within a

coalition would be limited because of Babiš's allegations, among others, over the fraud of a European Union subsidy worth around €2 million-euro European Union. In September, parliament lifted his immunity in connection to the ongoing investigation. For this reason, Petr Fiala, the leader of ODS (the second strongest party after elections) has ruled out creating a government with Babiš.

However, a coalition of ANO and ODS would be the most stable option, because it would consist of only two parties with a combined majority of 103 deputies. This, together with the relatively minor differences between the parties' programmes, may lead the ODS to change its mind in later stages of the coalition negotiations. The second most-likely scenario is that the coalition of ANO and ČSSD will remain, despite past intra-governmental conflicts, such as the tensions in May that resulted in Sobotka forcing Babiš to leave the government.¹ A repeat of such coalition would make it necessary for ANO to bring in another partner, such as the KDU-ČSL or even the Pirates, whose electoral programme is vague. If attempts to form a coalition fail, Babiš would have the option of forming a minority government, with flexible selection of partners for parliamentary voting.

President Miloš Zeman has announced that he will entrust Babiš with the mission of forming a new government, and set a tentative deadline of 20 November for the inaugural meeting of the Chamber of Deputies. After the election, Babiš announced that the ANO would put up its own candidate for the January presidential election, which increases Zeman's chances of re-election.

Implications for European and Regional Policy. The ANO is very flexible in terms of the EU and the Czech Republic's European policy. On the one hand, Babiš did not shy away from criticising the EU institutions in his election campaign, accusing it of excessive bureaucracy and holding an incorrect migration policy. The ANO explicitly opposes the adoption of the single currency (although it took the opposite position in the 2013 election), which is a pragmatic stance arising from the low level of public support (29%) for the Czech Republic to enter the eurozone.

On the other hand, after announcing the results of the election, Babiš re-stated his party's pro-European position. The ANO has a well-established position in the European Parliament, where it is part of the Alliance of Liberals and Democrats for Europe (ALDE), the faction most in favour of deepening European integration. ANO MEPs supported the establishment of a Permanent Structured Cooperation mechanism (PESCO), and the initiation of a procedure for monitoring the rule of law against Hungary.

Babiš excludes the increased role of the Visegrad Group in Czech foreign policy, as well as the creation of a "permanent, united cooperation platform" from within the V4. Political cooperation in the region will be additionally burdened by his earlier criticism of the heads of the ruling parties in Poland and Hungary. At the same time, the announcement of closer relationship with the new Austrian government, coupled with the traditionally close Czech-Slovak relations, may signal strengthening cooperation within the Slavkov Triangle.

Conclusions. The fragmentation of the Czech parliament and the ANO's electoral victory make Czech foreign policy less predictable. Bearing in mind Babiš's transactional approach to partners, it is expected that the ANO-dominated government will pursue a pragmatic foreign policy aimed at changing alliances.

The electoral campaign showed that, despite the ANO's membership of ALDE in the European Parliament, Babiš is not an enthusiast of European integration. It is therefore expected that the new Czech government's European policy will be highly reactive to changes taking place in the EU. The exception is the approach to asylum and migration policy, where, regardless of external factors, the ANO leadership is likely to maintain a negative stance to "compulsory quotas." At the same time, a collision with the EU institutions is rather unlikely.

The new Czech government will support the further development of sectoral cooperation in the Visegrad Group and its role in agreeing migration policy. However, the Czech Republic may lack the will to coordinate European policies comprehensively within the group. In Babiš's perspective, the V4 should not play a greater role in Czech policy than before, especially given the prospect of closer cooperation within the framework of the Slavkov Triangle.

¹ Ł. Ogrodnik, "The Implications of the Political Crisis in the Czech Republic," *PISM Bulletin*, no. 50 (990), 24 May 2017.