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The government crisis in the Czech Republic

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The Czech media have revealed information over the past fortnight confirming that the smallest party in the centre-right government coalition, Public Affairs (VV), is a political project of the private security agency ABL, intended at helping it gain public procurement orders. ABL, which has close links to VV, has been spying on politicians and gathering information on them. These media reports have provoked a crisis inside the government coalition. Prime Minister Petr Necas on 11 April handed the resignations of three ministers from VV to President Vaclav Klaus and announced that people linked to ABL would be removed from power. VV, weakened by internal conflicts, demanded the dismissals of three ministers from Necas' Civic Democratic Party (ODS) and TOP 09, which also belongs to the government coalition. The defence minister (from ODS) has already handed in his resignation. However, the most heated dispute concerns the future head of the interior ministry, which has so far been controlled by the Public Affairs party. Although the three coalition parties declared their will for further co-operation, following an urgent meeting on 11 April, the seriousness of mutual accusations and the distrust between the party leaders increase the likelihood of a change in the coalition. The situation has been complicated additionally by President Klaus's stance. He is unwilling to accept the ministers' resignations, making this move dependent on a plan for further co-operation within this coalition being presented to him. The political crisis has put the implementation of the ambitious governmental reform plan at stake (the plan envisages e.g. introduction of a second pension pillar or continuation of the healthcare system reform), which was supposed to help consolidate public finances.

Public Affairs, a political firm

The Public Affairs party, which was established in 2001, initially operated as a civic initiative of Prague residents. Three years later, it accepted people from ABL into its ranks. This is currently one of the largest security firms in the Czech Republic and its business is to a large extent based on contracts with Prague's public and local government institutions. VV, whose successes had been limited to local government in Prague, started gaining popularity nationwide in 2009, when the popular investigative journalist Radek John took the leadership of this party. VV won nearly 11% of the vote in parliamentary elections a year later. Its election campaign was based on promises to combat corruption and to struggle against 'political dinosaurs'. This result enabled VV to enter the government coalition with the Civic Democratic Party (ODS) and TOP 09. Soon after this electoral success, Vit Barta, then the head of ABL and the unofficial leader of VV, sold his stake in this firm to his brother

and was nominated minister of transport in the new government. A lack of experienced politicians, an unclear ideological stance and a populist programme did not prevent VV in taking control of four ministries. In addition to the ministry of transport, this party took charge of the ministries of education and regional development and – what it saw as a priority – the interior ministry. ODS and TOP 09 did not want law enforcement agencies to be controlled by people linked to ABL. However, VV made this a condition of its participation in the government coalition.

The course of the crisis

Deep divides have become visible inside VV, and criticism of the methods used by its informal leader, Vit Barta, to rule this grouping has intensified over the past few weeks. Some MPs who are opposing him have reported to the media that they had been bribed by Barta to remain silent about the unclear way of financing the party. Documents regarding spying on politicians and revealing ABL's strategy in 2008, according to which the firm's engagement in political activity was one of the ways for its development by ensuring better access to public procurement projects, have also been leaked to the media. As a consequence of growing unrest inside the party, three MPs have left the parliamentary club of VV but continue to declare their support for the government.
Vit Barta denied all the allegations but he resigned from the post of transport minister on 8 April due to strong pressure from the media. Petr Necas accepted his resignation on the same day and simultaneously announced the dismissals of two more ministers representing VV and promised the removal of all people linked to ABL from the government.
Radek John, who is the president of VV and the interior minister, claimed the prime minister's move had breached the coalition agreement. He insisted he would agree to the dismissals of the three ministers representing his party only on the condition that three ministers from the other parties, namely the finance minister, Miroslav Kalousek (TOP 09), the minister of agriculture, Ivan Fuksa (ODS) and the defence minister Alexandr Vondra, would also be replaced. Vondra has been under fire since the beginning of this year for signing a contract for the media service of the Czech presidency of the EU Council on unfavourable terms for the state. The contract, worth 20 million euros, was signed without holding a public procurement procedure, for which, as both the government coalition and opposition believe, Vondra is responsible since he was the deputy prime minister for European affairs at that time. Although Mr Vondra denied the allegations, he handed in his resignation on 11 April, explaining that he did not want to block the necessary changes in the government. Miroslav Kalousek and Ivan Fuksa have ruled out resigning from their posts.

The disputes over the government reshuffle

None of the aforementioned dismissals have been confirmed as yet by President Vaclav Klaus, who has claimed that the constitution does not provide for a time frame within which the head of state should accept ministerial resignations. The president has declared that he would like first to be presented with the government's plan for overcoming the crisis, to

stabilise the situation and to prevent political deadlock. However, the prime minister emphasises that the president should accept the resignations, and the constitution does not allow the president to set any conditions in such situations. The coalition leaders agreed during a meeting on 11 April that they were interested in further co-operation, and its conditions would be provided in an annexe to the coalition agreement. A further reshuffle inside the government is a serious point of dispute. Public Affairs has ruled out relinquishing the interior ministry, while the leaders of TOP 09 and ODS are firmly insisting on that. Furthermore, TOP 09 has unambiguously refused to dismiss any of its ministers, emphasising that it is the only party not to have been involved in any scandal. In turn, VV is demanding the dismissal of the unpopular minister of finance and deputy president of TOP 09, Miroslav Kalousek, whose cost cutting programme gave rise to public protests last year.

Possible scenarios

The tough negotiations inside the coalition are quite likely held under pressure from the right-wing parties ODS and TOP 09, which aim on the break-up of their third coalition partner. Support for the government has been declared by three MPs who have left the parliamentary club of VV. In this situation, if ODS and TOP 09 were supported by four more MPs, these parties could maintain a majority in parliament and continue reforms without the need to co-operate with the discredited VV party. However, this scenario is rather unlikely. It is more likely that the present coalition will still exist after a major reshuffle in the government. However, continuing co-operation with VV may seriously reduce the level of voters' trust in ODS and TOP 09, especially because combating corruption is declared to be one of the top priorities on the agenda of the cabinet led by Petr Necas. When these two parties were entering into the coalition with Public Affairs last June, they were aware of the fact that their coalition partner was representing the interests of the security firm. However, the alliance with VV was necessary to obtain the majority needed to be able to carry out the ambitious reform programme to stabilise public finances. Still, the scale of the scandals in which VV is involved has undermined the credibility of the government as a whole and may adversely affect the popularity of the political right in the Czech Republic.

According to polls, the electorate of Public Affairs is close to that of the opposition Czech Social Democratic Party (CSSD), which is likely to benefit most from this crisis. Given the present situation, early parliamentary elections cannot be ruled out, which CSSD has been appealing for. However, neither the Social Democrats nor any other party would like this scenario to come about. The Social Democrats are leading the polls but they also have debts reaching almost 15 million euros and so would have problems conducting the election campaign. Thus they may be interested in further strengthening its position by criticising the increasingly performance of the scandal-shaken centre-right government.