

A left-wing government under construction in the Czech Republic

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On 12 December the Czech Social Democratic Party (CSSD), ANO 2011, and the Christian and Democratic Union-Czechoslovak People's Party (KDU-CSL) approved a coalition agreement which will serve as the foundation for the establishment of a joint government with the Social Democratic leader Bohuslav Sobotka as prime minister. Negotiations on the appointment of ministers are still underway but it is known that Andrej Babis (the leader of ANO 2011 and owner of Agrofert) or one of his close aides will take charge of the Ministry of Finance. The establishment of the government, which will most likely be completed at the beginning of next year, will sanction the new share of power on the Czech political scene. The leading roles will be played by three actors: Bohuslav Sobotka who is still faced with the threat of mutiny within CSSD; Andrej Babis who is the leader of the loosely formed ANO 2011 political movement and President Milos Zeman who does not have strong allies in parliament. It may be assumed that Milos Zeman will seek co-operation with Andrej Babis as he wishes to gain influence on the workings of the future government.

The future government's plans

The main goal of the new government will be to boost economic growth and to curb the growth in unemployment. Both public investments (the construction of roads and railway infrastructure and the increase in the energy efficiency of the economy) and the support for exports and private investments are meant to contribute to this. The future coalition partners have also announced their strong support for the agricultural and food sector where Andrej Babis's Agrofert plays the dominant role. The objective will be to enhance the competitiveness of Czech products and to ensure food self-sufficiency to as great a degree as possible. The parties have firmly stated that until at least 2015 they will not raise taxes and that they aim to secure additional funds by making savings in the administration, ensuring more effective tax collection and the use of EU funding. At the same time it is the government's ambition to keep the public finance deficit below a level of 3% of GDP. The parties have decided that from 2015 sectoral taxes may be introduced (for example on financial institutions or energy companies). It has also been announced that the second pillar of the social security system will be scrapped (it will be combined with the third pillar) as well as a system of additional fees in the health care system (only fees for emergency services will be left). As for foreign policy, the future government has announced a "strengthening of strategic dialogue with Germany". The Visegrad Group and the Eastern Partnership have also been mentioned as priority areas. It should be expected that the new

centre-left government will be more favourable to closer integration within the EU than the centre-right government of Petr Necas had been. Apart from several decisions such as opting out of the exclusion protocol on the application of the Charter of Fundamental Rights of the European Union in the Czech Republic, changes will however be more noticeable in rhetoric than in practice. In security policy the main shift will be the introduction of the multiannual budget framework for the Ministry of Defence, which will help stabilise defence spending.

There are many issues which may pose a serious threat to the coherence of this coalition of three partners. The restitution of church property, which has been launched by the centre-right government of Petr Necas, remains an important issue of contention. Under the restitution, property worth almost 3 billion euros plus more than 2 billion euros in compensation for unreturned property will be returned to churches and religious groups over the next 30 years. In return for this the state will gradually stop paying salaries to the church ministers. CSSD and ANO 2011 are demanding the deal between the state and religious groups to be renegotiated, whereas the KDU-CSL wants to uphold the state's commitments. The parties have not taken a clear position on the project of the construction of new nuclear reactors in the Temelin plant or the possible scrapping of territorial limitations on the extraction of lignite. The future coalition partners have, however, agreed to block the exploration and extraction of shale gas.

The power share

The development of the coalition negotiations indicate that it is CSSD, (returning to power after eight years) and ANO 2011 (which has a similar number of seats in parliament) that will play the main roles in the government. The third coalition partner, KDU-CSL, which has been marginalised during the talks, stands a chance of securing two or three ministerial positions of less significance. The most important ministries for the leaders of ANO 2011 are those connected to the economy: the Ministry of Finance but also the Ministry of Regional Development and the Ministry of Industry and Trade. This is controversial when the wide influences that the owner of Agrofert could gain are taken into account. By assuming the position of the minister of finance, Andrej Babis would not only have impact on tax and human resources policies in the management of companies where the state is a shareholder—he would also take control of the Financial and Analytical Unit at the Ministry of Finance which, taking into consideration its competences, is in fact the body responsible for tax investigation.

Relations between President Milos Zeman and Andrej Babis will be important for the functioning of the future Czech government. Both politicians are avoiding open conflict but their relations have previously been lukewarm. The president has lost the battle for the control of CSSD and so he may find co-operation with Babis interesting, particularly if ANO 2011 takes the economic ministries and the Ministry of Foreign Affairs. The presidential entourage is closely linked to heavy industry; this is proven by the composition of the present government of Jiri Rusnok, formed in the main part by the president. The prospect of establishing friendly relations with the ANO 2011 and Zeman may encourage Andrej Babis to make more effort to secure the post of foreign minister for his party (the ANO 2011 candidate is actor and former ambassador Martin Stropnický). The Ministry of Foreign

Affairs is important to Zeman in the context of appointing diplomacy officials since this would enable him to reward his loyal colleagues.

An informal alliance between Babis and Zeman would weaken the role of Prime Minister Sobotka in the new government. This situation could strengthen the opposition within CSSD which is closely linked to the president and indisposed towards Sobotka and thus it could affect the stability of the government. Another attempt to overthrow Sobotka (one failed coup within the party was staged already on the day following the parliamentary election in October) could again seriously destabilise the Czech political scene.