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Czech Republic: Babiš's domination

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The elections to the Chamber of Deputies of the Czech Republic on 20–21 October ended with an unambiguous victory for the ANO 2011 political movement. The party of the former Deputy Prime Minister Andrej Babiš, which won close to 30% of the votes, came in far ahead of the second-placed conservative Civic Democratic Party (ODS, 11%) and seven other groups. The distribution of seats allows the existing coalition with the social democratic ČSSD and the Christian Democrat KDU-ČSL parties to be recreated, something which none of these groups has ruled out. ANO's current coalition partners, even though they suffered a clear defeat, have nevertheless made this conditional on Babiš and his closest collaborator, the vice-president of ANO Jaroslav Faltýnek, remaining outside the next government. In their previous term of office these two politicians were stripped of their parliamentary immunity in connection with suspected fraud using grants from EU funds. In addition to the current coalition partners, two anti-system groups are interested in cooperating with ANO in government, the anti-immigrant and anti-Islam SPD and the Communist KSČM, although both of them have set the same condition; besides, Babiš himself has ruled out any chance of cooperating with them. The parties of the political right (ODS and TOP 09), the Mayors and Independents political movement which is ideologically close to them, and the Czech Pirate Party, which demands more transparency in politics, have all rejected cooperation with ANO. Nevertheless, Babiš is trying to negotiate with them.

The winner of the election is therefore faced with a dilemma: he can give in to his much weaker partners and undertake negotiations to restore the coalition with the Social Democrat and Christian Democrat parties, and place a politician loyal to him at the head of the next government. He could also opt for a minority government, relying on his strong electoral mandate. In this case, a cabinet headed by Babiš could pass new laws thanks to parliamentary cooperation with anti-system SPD and KSČM, or with members of other parties. However, an alliance with parties which have proposed leaving the EU and NATO would have large political costs for Babiš. This issue is important to him, especially as he has often been presented in the media as a 'threat to democracy', due to the fact that the political power in his hands is linked to his vast assets, his business and media influences (the companies he owns are currently in a trust fund which his wife co-manages). Negotiations on the post-election deal will likely last several weeks, and a key participant in them will be President Miloš Zeman, who is favourably disposed towards Babiš. Regardless of how these talks pan out, Andrej Babiš will be the most influential person in the country.

The reasons for Babiš's success

The ANO political movement is deliberately non-ideological, and the main feature its members have in common is their loyalty towards Andrej Babiš, who is the *de facto* owner of ANO. ANO's electoral campaign was focused on the personality of its leader, Andrej Babiš, who has created great controversy in Czech society. He is rejected by a large part of the urban elites as an oligarch who is dangerous for democracy; yet close to a third of Czechs see him as the best candidate for prime minister. ANO's leader owes his business successes (mostly in the chemical and agri-food industries) largely to his close cooperation with left-wing governments at the turn of the 21st century, as well as the mechanisms of state support for his businesses. Despite holding the positions of deputy prime minister and minister of finance in the outgoing government for nearly four years, he has managed to convince a broad group of voters that he is the leader of the protest against the 'corrupt and incompetent elites', as well as being someone who through his skill, diligence and honesty offers the prospect of a dynamic and equitable development for the country.

During the election campaign, ANO's senior coalition partner, the Social Democrats along with the right-wing opposition and the liberal media, ran an intense campaign aimed at discrediting Babiš, based on a series of reasonable doubts concerning his past. These included suspicion of illegal tax optimisation (the matter was examined by the tax administration, which was subordinate to Babiš); suspected fraud with the use of EU grants (in addition to the police, the case is also being examined by the EU's anti-fraud unit OLAF); transcriptions of phone taps showing that Babiš used the media he owned to make attacks on his political opponents; and documents from the Communist security services indicating that Babiš was a secret collaborator in the 1980s (Babiš is pursuing this case in a court in Slovakia). The ANO leader has consistently – and as shown by the election results, effectively – fought off these accusations, portraying himself as a victim of "the deceitful attacks of a corrupt system" which, in his opinion, is fighting ANO for fear of losing its influence.

The economy, security and the EU

During its four years in the government, and particularly towards the end of the election campaign, ANO consistently told the voters that the Czech Republic's very good macroeconomic results (including a budget surplus in 2016) were due to the hard work of finance minister Babiš, whose efforts were complicated by the incompetence of his party's coalition partners. The ANO leader undoubtedly enjoyed success in improving the country's system of tax collection, including by launching the electronic recording of turnover (an internet system into which data from fiscal cash registers flows). These activities brought him criticism from some small entrepreneurs, who won strong support from the right-wing parties. Despite this, a large part of the traditional right-wing electorate who supported ANO four years ago once again voted for Babiš's party. Many right-wing voters accepted the arguments that the finance ministry's actions have eliminated unfair economic practices and demonstrated the efficacy of Babiš's policies. At the same time, by taking over some of the left's campaign slogans (raising pensions, reducing VAT), and thanks to intensive personal campaigning by Babiš in small and medium-sized towns, in these elections ANO won over many former supporters of the social democratic ČSSD party, which recorded its worst performance since 1992.

Adjusting to the views of the majority of society, ANO's manifesto emphasised the need to close the EU's external borders, the need to defend the country against illegal migration, and its opposition to the Czech Republic joining the euro zone. At the end of the election campaign, Babiš also began to emphasise that he does not agree to a further transfer of powers in the EU from its member states to the EU institutions. This also corresponds with the opinions of the Czech people. According to a Eurobarometer poll this spring, only 30% of Czechs declare confidence in the EU (less than the British), and within the EU only the Greeks are more sceptical. Such sentiments formed the basis of the political capital (11% of the vote) won principally by the Freedom and Direct Democracy (SPD) movement led by Tomio Okamura, who went into the elections under the slogan of 'No to Islam, No to terrorists'. Okamura's group made a clear improvement on its score four years before (then under the name of Dawn of Direct Democracy), partly by taking some voters from the Communist KSČM party, which shares the same pro-Russian, anti-EU and anti-NATO programme.

President Zeman's strategy

According to the Czech constitution, the president alone decides on the nomination to the post of prime minister. We should expect Miloš Zeman to try and exploit any opportunity to influence the political situation, even if that means stretching the limits of the constitution. In the past, Zeman has proved that he is prepared to appoint a government even if it does not have a parliamentary majority. The cabinet of Jiří Rusnok lost a vote of confidence in August 2013 and handed its resignation to the President; however, Zeman asked this government to continue its work for the next five months. Zeman has no problem with making Babiš prime minister, even though criminal proceedings have been initiated against him in connection with suspected fraud (winning a parliamentary seat guarantees Babiš immunity, although the police may reapply for permission to repeal it). President Zeman declared he will ask Babiš to form a new government on 31 October. However, he has set the date for the first session of the Chamber of Deputies for 20 November, the latest possible date. Zeman has thus postponed his appointment of the prime minister to a time when the nominations for the presidential candidates in the election scheduled for January 2018 will be closed. This move means that President Zeman can keep Babiš guessing, and ensures that ANO will not run a competitor against him who could have hindered his efforts to win re-election.

Prospects

The clear decline in support for ANO's current coalition partners is a sign for them that their cooperation in government with Babiš's group is linked with a risk that their own electorates will move over to ANO. This non-ideological party has targeted its message to all social groups, and indeed won over all of them in these elections (regardless of education, place of residence, gender or work). The smaller parties could well be motivated to work with ANO by what Babiš will probably portray as 'the only possible way out' of an impasse: the threat of cooperation with the anti-establishment SPD and Communist parties.

His party's strong electoral mandate, a fragmented opposition and the favour (at least until January) of President Miloš Zeman offer Andrej Babiš comfortable conditions to exercise power. ANO has only six mandates (out of 81) in Senate, but a veto in the higher chamber of the parliament can be outvoted by a statutory majority of deputies in the Chamber of Deputies. ANO has no hope of gaining a majority in Senate any time soon (one third of the senators are elected every two years; the next election is scheduled for 2018). However, Babiš could win a majority in the Senate with a decision to recreate the coalition with the social democratic ČSSD party and the Christian Democrats of the KDU-ČSL. If Babiš opts for a minority government, however, the Senate will become a bastion of the opposition. Although in truth it will be unable to block any changes in the law, it will nevertheless have a significant impact on debates about ANO's government.

Regardless of whether Andrej Babiš assumes the post of prime minister himself or decides to entrust that position to someone loyal to him, there is no doubt that he will become the most powerful person in the Czech Republic after the elections. Both in the case of a minority government and in the case of the formation of a coalition, ANO will probably assume the key ministerial positions and take control of the special services. Babiš's extensive political influence, in conjunction with his business and media influence, will involve him in permanent conflicts of interest; this leads to the suspicion that his political activities will serve the interests of his companies, which he has formally handed over to a trust fund. These doubts will mainly concern the agendas of the ministries of agriculture and the environment, as they will govern the legal and commercial environment in which the Agrofert holding he created will operate. ANO plans to merge these two ministries into one.

As prime minister, Babiš will most likely continue to operate in campaigning mode. From his statements, it seems he intends to travel around the country, to troubleshoot problems in individual districts, and to mobilise local governments and authorities to take action. ANO's vision of governing the state is based on a business model, in which the prime minister, like the owner of a company, assigns tasks and holds individual ministers (like managers) accountable. Babiš, who has full control over his party, has repeatedly complained about the unproductivity of the work of the parliament and government. The first steps of his new cabinet will therefore include reducing the number of ministries, as well as changing the law on the agenda of the Chamber of Deputies in such a way as to limit parliamentary obstructions and speed up the adoption of laws. ANO has also announced that it will remove red tape in public administration by opening it up to outside experts, probably from business. The government's actions will probably meet with loud protests from the opposition, which will rally under the slogan of defending democracy against oligarchy.

ANNEX

Name of party	Affiliation in European politics	Percentage of votes	Number of seats (total 200)
ANO 2011	Alliance of Liberals and Democrats for Europe	29.64	78

ODS	European Conservatives and Reformists	11.32	25
Czech Pirate Party	European Pirate Party	10.79	22
SPD	Movement for a Europe of Nations and Freedom	10.64	22
KSČM	Party of the European Left	7.76	15
ČSSD	Progressive Alliance of Socialists and Democrats	7.27	15
KDU-ČSL	European People's Party	5.8	10
TOP 09	European People's Party	5.31	7
Mayors and Independents	European People's Party	5.18	6