



Economic and Constitutional Change

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The clear electoral victory of the Civic Forum and the Public against Violence has created conditions for a stable and homogeneous government in Czechoslovakia. However, although the government will have support in the Federal Assembly, in which the alliance gained an absolute majority of seats, the profound changes it must introduce are not likely to be accepted equally well by all segments of society and may lead to polarization within the ruling alliance. Among the most sensitive issues the new government and the parliament will have to tackle are the rapid introduction of a market economy and a new formulation of principles governing relations between the Czechs and the Slovaks.

The victory achieved by the Civic Forum and the Public against Violence in Czechoslovakia's parliamentary elections on June 8 and 9 has assured a degree of continuity between the policies of the pre- and postelection governments. Not only is the new government dominated by many of the personalities who played a leading role in the previous government but, like the departing government, it enjoys extensive backing in the Federal Assembly.

However, despite the fact that the election results created favorable conditions for a stable and reasonably homogeneous government, the government's mission will be extremely difficult. Some of the steps it must take, most notably the introduction of economic reforms and the devising of a new

constitutional framework for relations between the Czechs and the Slovaks, are likely to lead to social tension and to friction in parliament. Moreover, the practical implications of the reforms envisaged by the government are likely to cause disagreements within the two leading movements themselves (the Civic Forum and the Public against Violence), as they are quite heterogeneous, serving as umbrella movements for a variety of different groups.

The New Legislature

Seven parties are represented in the newly formed Federal Assembly, which held its first session on June 27 and re-elected the incumbent Federal Assembly Chairman Alexander Dubcek into the

post he had held since December 1989. Dubcek ran on the Public against Violence's ticket in the elections. The seven parties are the Civic Forum—Public against Violence (168 seats), the Communist Party of Czechoslovakia (47 seats), the Christian and Democratic Union—the Christian-Democratic Movement in Slovakia (40 seats), the Association for Moravia and Silesia (16 seats), the Slovak National Party (15 seats), the Coexistence—Hungarian Christian Democratic Movement (12 seats), and the Liberal-Democratic Party (two seats). The last of the seven parties ran on the Civic Forum's ticket under the name Democratic Initiative, but it broke away from the Civic Forum 10 days after the elections.

Although the Civic Forum and the Public against Violence have an overall absolute majority in parliament, they will need cooperation from other political forces represented in the parliament. The reason for this is that the Federal Assembly is composed of three bodies—the House of the People, and the Czech and the Slovak chambers of the House of Nations—and any major bill must be approved separately by each of them. The Public against Violence did not gain a majority of seats in the Slovak chamber of the House of Nations. Moreover, all constitutional changes, as well as the passage of a new constitution (parliament's main task in the next two years) will require the approval of at least three-fifths of all deputies in each of the Federal Assembly's three chambers.

A similar situation will exist in the Czech National Council and the Slovak National Council, the national parliaments of the Czech Republic and the Slovak Republic. While the Civic Forum has an absolute majority in the Czech National Council, the Public against Violence will have to rely on the support of other parties, most notably the Christian-Democratic Movement, because it was not able to gain an absolute majority of seats in the Slovak National Council. Moreover, both national parliaments are to approve new constitutions for the Czech Republic and the Slovak Republic (neither republic has had its own constitution), and a three-fifths majority is likely to be required for the constitutions' passage. On June 26 Dagmar Buresova of the Civic Forum was elected Chair-man of the Czech National Council and Frantisek Miklosko of the Public against Violence was elected Chairman of the Slovak National Council.

The New Government

The state and government continue to be headed by Vaclav Havel as President and Marian Calfa as Prime Minister. Havel was re-elected for a second term on July 5; Calfa was officially named the new Prime Minister on June 27, when the new government was sworn in. Unlike the previous government, the new government has only 16 members, as some of the responsibilities of the federal government (for example, agriculture and metallurgy) were transferred to the republican governments. Altogether, seven ministries and commissions were abolished and six new ones will be created. Five ministers come from the Civic Forum, three represent the Public against Violence, two come from the Slovak Christian-Democratic Movement, and six are without political affiliation. However, some of the "nonaffiliated" ministers have close links with the Civic Forum and the Public against Violence. Ten ministers are Czechs, six are Slovaks. One minister is a woman. There are only four Deputy Prime Ministers in the new government.

The best known of the ministers in the previous government who had been supported by the Civic Forum and the Public against Violence are members of the new government. They include not only Prime Minister Calfa but also Foreign Minister Jiri Dienstbier; Minister of Labor Petr Miller; and the economic team composed of Vaclav Vales, Vaclav Klaus, and Vladimir Dlouhy. The presence in the new government of these three advocates of rapid economic reform, as well as the absence of Valtr Komarek, who in the previous government advocated a slower pace of reform, are seen as signs that the new government will accelerate the introduction of a market economy. Vales heads the economic team, while Klaus continues to serve as Minister of Finance. Dlouhy was appointed a Minister without Portfolio but will be named the head of a new ministry for the economy. The economic team also includes Pavel Hoffman, an economic expert without political affiliation, who will head a new ministry for strategic planning. The number of cabinet members will eventually rise to 16 when a new ministry for economic competition, which is to guard against monopolies, is created. A member of the Slovak Christian Democratic Movement will lead this ministry.

Jiri Dienstbier in the post of Minister of Foreign Affairs is likely to ensure continuity between Czechoslovakia's foreign policy before and after

the elections. Miroslav Vacek, the Minister of Defense in the previous government and a former communist, has kept his job in the new government. Calfa said that Havel had insisted on this choice. The sensitive job of Minister of Internal Affairs is held by Jan Langos of the Public against Violence.

Slavomir Stracar of the Public against Violence is the Minister of Foreign Trade, a position previously held by a communist, Andrej Barcak. Jiri Nezval, who has no political affiliation, became the new Minister of Transportation and Teodor Petrik, the choice of the Slovak Christian Democratic Movement, was appointed Minister of Telecommunications. Pavel Rychetsky (until this appointment the Czech Republic's Prosecutor General), a new Deputy Prime Minister, is responsible for legislation. Another new Deputy Prime Minister, Jozef Miklosko, is in charge of religious affairs, culture, education, and nationalities. Rychetsky comes from the Civic Forum while Miklosko is a representative in the new federal government of the Christian Democratic Movement in Slovakia. Finally, two members of the previous government, Kvetoslava Korinkova and Josef Vavrousek, are Ministers without Portfolio. Vavrousek will head a new commission on the environment. The government presented its program to the Federal Assembly on July 3, outlining the most important tasks in the economy, ecology, defense, and foreign policy.

The two national governments in the Czech and Slovak Republics are also dominated by people backed by the Civic Forum and the Public against Violence, although both are based on broad coalitions of democratic parties elected to the National Councils. In Slovakia, Vladimir Meciar of the Public against Violence (the Slovak Minister of Internal Affairs in the previous government) is the new Slovak Prime Minister. In the Czech Republic, Petr Pithart, who led the transitional Czech government, heads the new government.

Havel as President is likely to continue to exercise a strong influence on the work of both the government and the parliament. In fact, he will probably continue to dominate the executive branch. Calfa and other members of the government have not seemed to mind the strong influence of the President, recognizing that Havel, with his political skills and popularity, has been and, for some time to come, will be an important integrating factor in Czechoslovak politics.

Economic Reforms

The group of radical economic reformers reappointed to the government has a clear vision of various steps that, in their opinion, must be taken in order to put Czechoslovakia on the road toward a market economy. They acknowledge, however, that the timing of various changes will be crucial in order to avoid high inflation or unnecessary bankruptcies of enterprises. But even if the extensive closures of enterprises are avoided, the social costs of reform, such as unemployment, are likely to be high; Czechoslovakia's industrial base is heavily slanted toward heavy industry, and many industrial companies have few prospects in a market economy. The question of how many unemployed workers can be retrained and eventually absorbed by the private sector remains subject to speculation, as it depends on the vitality of new companies.

In 1990 the government will raise the prices of many products to bring them closer to production costs and to free the state gradually from injecting huge subsidies into some sectors of the economy. Simultaneously, the government will attempt to break up huge state enterprises into a number of smaller companies, retaining control over some of them but offering others for sale or transforming them into joint-stock companies. By the beginning of 1991 the government hopes to create a degree of market competition, introduce the internal convertibility of the koruna, and put in place a nascent capital market. Should these plans succeed, central control over prices would be completely abolished. Critics of this concept have pointed out that true market competition will not develop as quickly as the government envisages; moreover, should price controls be abolished prematurely, inflation may reel out of control. If, on the other hand, prices are kept artificially low while many state subsidies are cut, a lot of the new and old enterprises may not be able to survive.

Many Czechoslovak enterprises that need to modernize their obsolete technology will suffer from the lack of capital. They will have to find ways of obtaining hard currency, because much of the technology they need must be purchased in the West. The existing law on joint ventures, which could help some of the companies to overcome these problems by forming partnerships with Western firms, has been criticized for being unclear and for creating obstacles for Western firms considering investing in Czechoslovakia. Changes in this

law will be on the agenda of the new parliament, but they are not likely to be made before the fall.

Shortages of hard currency will become even more acute at the beginning of 1991, when East European countries, including the USSR, plan to start paying in hard currency in their mutual trade. Czechoslovakia, more than other East European countries, is likely to feel the first brunt of this hard-currency trading this year, now that after its second biggest trading partner, East Germany, has joined West Germany in economic and monetary union. Czechoslovak officials have said that after trading in hard currency is introduced in 1991, the Czechoslovak economy, which is heavily dependent on the importation of raw materials from abroad, will have to pay between 80 billion and 200 billion koruna more for these raw materials than now. The price of crude oil is likely to rise threefold.

In introducing economic reforms, the government will have to find a way of combining them with effective ecological measures. To strike a proper balance between the drive for quick improvements in the economy and ecological measures will be extremely difficult, despite the fact that the government and all major parties seem to agree on the importance of radical steps to clean up the environment. In the government's programmatic statement, Calfa said that as early as this year the government would close down some of the power plants and mines in Northern Bohemia, which are among the worst polluters in Czechoslovakia.

A New Constitution

The new parliament is scheduled to approve some 240 new laws during the next two years, but its most difficult task will be to prepare a new Czechoslovak Constitution. While all major political forces in Czechoslovakia agree that the constitution should guarantee basic civil and human rights, serve as a firm foundation for "the state based on law," and clearly define the system of checks and balances between the executive, the legislative, and the judiciary, there are disagreements over the future shape of the federative arrangement.

Reaching a constitutional compromise on the degree of economic and political independence granted to the Czech and Slovak Republics within one federal state is likely to be difficult. In Slovakia, in particular, the pressure for a large degree of independence from the federal government is strong within all the political forces that represent Slovakia

in the Federal Assembly. A constitution that does not satisfy the majority of Slovak deputies is not likely to be approved by the necessary three-fifths of deputies in the Slovak chamber of the House of Nations.

In the Czech Republic, the strong showing in the elections by the Association for Moravia and Silesia is likely to lead to a new institutional arrangement guaranteeing a degree of autonomy for these two lands. In its programmatic statement, the Czech government pledged to work out such an arrangement. A new regional self-government is envisaged for the whole of Czechoslovakia, and the future existence of the 12 administrative regions into which the country is now divided is under discussion. Both the federal constitution and the constitutions of the Czech and Slovak Republics will also have to address the issue of more extensive rights for ethnic minorities.

Work on the three new constitutions will have to be closely coordinated to assure that they do not contradict one another; given the rising national and regional ambitions, this may prove to be a daunting task. In this context, the Federal Assembly is almost certain to create the Constitutional Court, which has existed in theory since 1968 but has never been established. Havel has proposed the setting up of the court and said it would be located in the capital of Moravia, Brno.

Other Laws

The parliament also plans to pass new economic laws, since many of those passed by the interim parliament in the spring of 1990 were only provisional. It will also have to address the issue of party assets, which has been solved only temporarily by a decree of the Federal Assembly Presidium imposing a freeze on their movement. The parliament is also likely to pass new penal and civil codes, overhaul administrative laws, and establish a system of administrative courts.

The parliament's most immediate task is to prepare laws regulating local government elections, which are scheduled for November. A dispute related to the elections has already arisen between the federal government and the government of the Czech Republic. The federal government argues that the national committees that have served as agencies of local administration since World War II should be kept intact for the time being, but the government of the Czech Republic is demanding the abolition of the national committees and the

creation of a new system of self-administrative agencies of local government before the elections.

Foreign and Military Policies

The main goal of the government will remain the gradual integration of Czechoslovakia into Europe, as this was one of the basic tenets of the Civic Forum's election program. Czechoslovakia will continue to take steps to bring it closer to full membership in the European Community, the Council of Europe, and the International Monetary Fund. At the same time, with Vaclav Havel and Jiri Dienstbier in charge of foreign policy, the government is likely to pursue some of the initiatives that it presented to the international community in the first six months of 1990. Czechoslovakia is likely to lobby especially strongly for the idea of an all-European security system based on the Helsinki process. The Czechoslovak government has proposed the creation of a permanent organization by the 35 signatories to the Helsinki Accords and has offered Prague as the site of the new organization's secretariat.

Czechoslovakia supports the idea of transforming the Warsaw Pact into a political alliance. Jiri Dienstbier has argued against the complete dissolution of the alliance soon, saying that its disintegration might isolate the Soviet Union from Europe. However, presenting the government's program, Calfa indicated that Czechoslovakia might withdraw from the Warsaw Pact unless the alliance were significantly changed. It remains to be seen whether the Czechoslovak public and, subsequently, the

parliament will not demand Czechoslovakia's departure from the Warsaw Pact more resolutely than they are doing now when the last Soviet troops withdraw from the country in May 1990.

Czechoslovakia has announced the reformulation of its military doctrine from an offensive to a strictly defensive one, and the parliament and the government will have to tackle a number of issues connected with this process. By 1993 Czechoslovakia plans to reduce the size of its army by 60,000 men and wants gradually to create a professional army.

What Lies Ahead

Clearly, Czechoslovakia will remain a country in great flux for the foreseeable future. The success of political changes will be greatly influenced by the results of the economic reforms. Although the public anticipates hardships on the road to a market economy, some recent public opinion polls suggest that many people still do not grasp the extent and ramifications of the envisaged changes. Should the economic reforms produce a dramatic deterioration in living standards, the relatively stable constellation of political forces in the parliament and the government that was produced by the elections could break up. The role of politicians such as Havel would then prove crucial in forging a consensus and in maintaining political stability. Tolerance, compromise, and consensus will also be necessary in building a viable federative arrangement. Without such an arrangement, the country might eventually fall victim to centrifugal, nationalistic pressure.

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