

1998: Prelude to a free fall

By Jiri Pehe

The little good news to come this year could not overshadow the deepening political and economic crisis infecting the country. On the plus side, all member countries of NATO ratified the Czech Republic's accession, set for March 1999, and we are one of the six countries with whom the European Union began membership talks in 1998. But the minus side of the ledger is long indeed. The Czech Republic's gross domestic product (GDP) this year is expected to drop by about 2 percent in comparison with 1997, and the political stalemate that began after the 1996 elections saw no improvement.

The causes of the country's economic problems are, above all, political. The governments of Václav Klaus (1992-97) and his Civic Democratic Party (ODS) didn't take advantage of most Czechs' initial willingness to "tighten their belts" and failed to finish the necessary reforms. The result was that 1998 saw the problems of past governments swing back like a boomerang.

The European Union listed most of the country's problems in a report issued in the fall. It says that although privatization is mostly completed, most companies are not restructured. Major banks have not been privatized and, as a result, the banking sector remains the weakest link in the Czech economy. The government has passed no laws to improve transparency. The judiciary is not working the way it should. The reform of the state administration system, including the subdivision of the country into regions, is still a few years away. The report also remarked that the Czech Republic has problems with racism.

The fundamental problem seems to be the political elite's inability to find a common language. Hope was in the wind at the beginning of the year when the Klaus government — brought down by the ODS financial scandals and a worsening economy — was replaced by that of Josef Tošovský. But rather than trying to learn from his government's collapse, Klaus went on the attack, blaming his fall on ungrateful coalition allies and "traitors" in his own party.

Tošovský, from the beginning, labored under heavy attack from the ODS, which continued throughout his tenure. His government, made up in part of ODS rebels and nonpartisans, was described by the ODS as a product of President Václav Havel's alleged predilection for "nonpolitical politics."

In fact, at the time, a fully "political" government could not have been formed. Klaus' two former coalition partners refused to work with him, while the opposition Social Democrats (ČSSD) were calling for early elections. Despite its limited mandate, the Tošovský government worked efficiently. It prepared a number of draft laws, liberalized energy prices and launched a major offensive to secure the ratification of the country's NATO membership by the U.S. Senate and the Czech Parliament.

The first six months also revealed flaws in the Czech Constitution, such as the difficulty in calling for early elections. In the end, the parliament approved a one-time-only constitutional amendment to allow for the June early elections. But it was clear that the Constitution, a hasty production put together at the split of Czechoslovakia in 1992, will need significant revision.

Despite clear indications, even before the early elections, that the economy was in decline and the stalled engine of reforms needed restarting, political parties continued their pursuit of mindless political conflicts, and left the real problems to bubble over on the back burner.

The elections brought some surprising results but failed to break the political deadlock created in 1996. Most importantly, the far-right Republicans failed to win any seats in the Parliament. The Social Democrats' electoral victory was an important psychological barrier for Czechs — it was the first time since 1989 that a leftist party won the elections.

After the elections, the ČSSD and ODS agreed to cooperate even though campaign mudslinging was fierce: The ODS warned

that the ČSSD represented "a socialist danger," while the Social Democrats claimed the ODS left "a scorched land" in its wake. But the opposition agreement made possible for the ČSSD a minority, one-party government. In return, ODS received important state posts. The two parties also agreed to work on changing the

Constitution and, in particular, the electoral law so that the influence of small parties would be further reduced.

The smaller parties have repeatedly attacked the opposition agreement. In late summer, four small right-of-center parties united in hopes of foiling the ruling coalition's constitutional majority, which it had in both houses of parliament. Although the opposition coalition did win more seats than the ODS and ČSSD combined in November's Senate elections (in which only a third of the seats were up for grabs), the ruling coalition kept their constitutional majority.

The main message of the Senate elections was clear: Voters were also unhappy with the opposition agreement. This put the ČSSD under pressure to again try at some point to create a majority government. That pressure is certain to grow in the next few months, as it is becoming increasingly clear that a weak minority government cannot face a real economic crisis and cannot deal effectively with various EU requirements. If the Czech Republic is to stay in the first group of EU-candidate countries, it will need to adopt several hundred laws in the next few years.

The municipal elections, which were held simultaneously with the Senate elections, showed that the legitimacy of political parties is rather weak: Independent candidates won more votes than any party.

At the end of 1998, most Czechs are disgruntled with political parties and politics in general. Opinion polls suggest that people want politicians to seek consensus, unite around national interests that span party lines and lead the country out of recession. But most parties remain deaf to the calls for consensus and instead continue to pursue their own interests. It is, therefore, likely that the deepening crisis of 1998 is just a prelude to a bigger crisis in 1999. Whether the provincial, immature political elite will be able to cope with such crisis and use it to adopt real systemic measures (as Polish and Hungarian leaders did a few years ago) remains uncertain.

— The writer is senior policy adviser to President Václav Havel

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