

Austerity government appointed in the Czech Republic

Markus Salzmann**17 July 2013**

A transitional cabinet was sworn into office in the Czech Republic last Wednesday, four weeks after a corruption scandal led to the resignation of Prime Minister Petr Necas and his right-wing government.

The swearing in of the cabinet by Czech President Milos Zeman means that the new elections have been avoided and instead a handpicked cabinet of experts will govern, headed by one of Zeman's closest confidants, Jiri Rusnok (SPOZ). Together with conservative forces, Zeman also sought to draw in members of the Social Democratic Party (CSSD) in order to resolve the ongoing political crisis in the country and continue brutal attacks on the working population.

The most important task of the government of "experts" will be to draw up the budget for 2014 and pass the draft by the end of September.

The outgoing government factions of the Civic Democratic Party (ODS), the neo-liberal TOP09 and the Alliance of Liberal Democrats (LIDEM) protested against the appointment of Rusnok. They had planned to form their own government with a parliamentary majority following Necas' resignation. Significant sections of the conservative ODS, however, maintain close political links with Rusnok and are expected to support him in parliament.

Members of the former opposition parties, the CSSD and the Communist Party (KSCM), have also indicated their support for Rusnok, thereby securing him a likely majority in parliament for new cabinet. According to the constitution, the parliamentary vote for the new government must take place in the next 30 days. It has been scheduled for August 8.

The formation of the new government takes place in the midst of the deepest economic crisis in the country since the restoration of capitalism over two decades

ago. The Czech economy contracted in the second quarter of this year for the seventh quarter in a row. The Czech Banking Association predicts an economic decline of 0.8 percent for 2013. Official youth unemployment is now at nearly 20 percent. In its last report the International Labour Organization (ILO) warned of possible social unrest in the Czech Republic.

In this situation the new government is resolved to continue the course of attacks on social gains carried out by its conservative predecessor. The 14-member cabinet is composed of the most right wing and aggressive figures in Czech politics, drawn from all major political camps.

Alongside Rusnok, Finance Minister Jan Fischer will also play a central role. Fischer headed the government in 2009-2010 and led a so-called experts cabinet that set out to enforce massive cuts. As a consequence, he had no chance of victory in the presidential elections held this spring and was eliminated in the first round of voting. Fischer enjoys considerable support from the country's business elite.

Also coming from the former Fischer cabinet are Foreign Minister Jan Kohout and Martin Pecina, who will head the Interior Ministry. Pecina is the CEO of a major engineering group in Ostrava. In a television interview, he stated that he had "actually no idea" about politics but was prepared to carry out his ministerial post for no longer than three months before returning to his much better paid job in the private sector.

Several politically unaffiliated representatives of big business were also appointed to the cabinet. Jiri Cienciala, who headed the international steel company Moravia Steel for 14 years, takes over the Ministry of Industry and Trade. He has announced he wants to

fundamentally improve the competitiveness of Czech companies, a euphemism for wage cutting and undermining working conditions.

In addition to these representatives of the traditional rightwing of Czech politics, members of the CSSD, who were part of the Stalinist bureaucracy before the restoration of capitalism, are also represented in the new government. These figures differ from the right wing merely on the basis of the cliques to which they are attached. When in power, the CSSD also implemented social cuts targeting the working class.

Most of the CSSD ministers canceled their party membership before entering Rusnok's cabinet. Justice Minister Marie Benesova declared she would maintain her membership, however, confirming that the CSSD supports the basic policy of the government despite its official claims to reject the cabinet.

Rusnok himself was active in 1984 in the State Planning Commission of the former Czechoslovakia before switching to the Ministry for Strategic Planning. After the collapse of the country's Stalinist system, Rusnok worked for the Czech Confederation of Trade Unions until 1998. In 2001, then Prime Minister Milos Zeman appointed him as finance minister in his government. He then took over as state secretary in the Ministry of Social Affairs, where he developed the government's pension cut plans.

In March 2003 he fell out with the CSSD leadership. Rusnok had supported the conservative candidate Vaclav Klaus in his candidacy for the office of president against the party line and publicly advocated for the formation of a grand coalition with the ODS. He then resigned his seat and led the Czech-Slovak operations of the Dutch financial services company ING. From 2005 to 2012 he headed the Czech Association of Pension Funds.

In order to maintain the party's old boys' network, Rusnok remained a member of the Social Democrats. In 2006 he was threatened with expulsion from the party after he accepted a consultancy post in the team of the conservative finance minister Vlastimil Tlusty.

In 2010 he resigned from the party and joined the party recently founded by Zeman, Civil Rights (SPOZ). He justified his resignation by declaring that the CSSD was not sufficiently supportive of social cuts. He bluntly called for what remains of the welfare state to be wiped out and lamented the "fairy tale of a

comprehensive welfare state". After implementing years of brutal cuts in wages and benefits to meet the criteria for EU membership, he said in an interview that all citizens were responsible for their own economic wellbeing.



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