

Czech Republic: Social Democrats enter into coalition with right-wing billionaire's party

Markus Salzmann
31 December 2013

The next government of the Czech Republic will be made up of three parties in coalition: the Social Democrats (CSSD), the billionaire Andrej Babis' party "Action for Dissatisfied Citizens" (ANO), and the right-wing conservative Christian Democrats (KDU-CSL).

Coalition negotiations are in an advanced state. Bohuslav Sobotka, the future premier and chairman of the CSSD, announced that the coalition contract would be signed on January 6.

The new government will prove incapable of solving the long-standing political crisis in Prague. Industry associations and business lobbies expect the new coalition to implement a long-planned assault upon wages and social conditions, which has hitherto been delayed by political factionalism and continuous regime changes.

The former ruling parties suffered heavily in the October elections for their policies of cutting living standards. Ex-Premier Petr Necas' conservative Democratic Citizens Party (ODS) won only 8 percent of votes compared to the 20 percent it had received three years ago. Support for its coalition partner—TP 09, led by former Foreign Minister Karel Schwarzenberg—fell from 17 to 12 percent.

There have been no less than four different prime ministers during the past two years. The most recent regime change occurred after Necas' government was toppled by a spying and corruption scandal. His successor Jiri Rusnok, who is closely allied to President Milos Zeman, sought to set up a technocratic government of so-called "experts," but was booted out by a no-confidence vote shortly after taking office.

Zeman had tried to build a broader consensus to implement the austerity measures formulated by the Necas government. This resulted in the President associating himself with the widely discredited policies

of the conservative ODS and the CSSD, thereby fueling his unpopularity. The Social Democrats are now seeking to implement these same policies by building an alliance between industrial leaders and the union bureaucracy.

During this most recent election campaign, the Social Democrats were still demanding as coalition terms that the CSSD agree to raise business taxes and reduce taxes for those on middle to low incomes. Now, the proposal is totally off the negotiation table.

"I would like to thank our future coalition partners for the agreement we have reached, to maintain current tax levels for the next four years", said Jaroslav Faltynek, fraction leader of ANO. He added that his party would insist upon cutting public spending before even considering any future tax increases.

If ANO founder Andrej Babis gets his way—he is set to be the next Vice President and Finance Minister—the Czech economy will be ruled over by a leading representative of the financial-industrial elite. He is the second wealthiest man in the country. Until the end of the 1980s, he was a member of the Communist Party. He is rumoured to have worked for the infamous Stalinist secret police—a rumour he vehemently denies.

In 1993 Babis set up a holding company, Agrofert, with credit from Citibank, a major American bank. *Forbes* magazine estimates his personal fortune to be worth around two billion dollars. His purchase in June of media company Mafra, along with the largest Czech newspaper, has earned him the nickname the "Czech Berlusconi".

His past activities in the Communist Party have been the cause of conflict with the Christian Democrats, the KDU-CSL, which represent far-right elements of the Christian right. For this reason, Babis initially sought out the right wing party Usvit (Dawn) as coalition

partner, instead of the Christian Democrats.

Usvit is the creation of Czech-Japanese entrepreneur and Senator Tomio Okamura. During the election campaign, he deliberately whipped up animosity towards the Roma ethnic minority. Usvit has only nine members. It is no longer recruiting members, cultivating a circle of sympathisers instead.

Business analysts and representatives have unanimously welcomed Babis' nomination. "Andrej Babis is an experienced business manager, and he will undoubtedly be in a position to lead as Economic Minister and co-ordinate the work of other ministers in the business sector," enthused Karel Havlicek of the Employers' Association for small and medium-sized businesses (AMSP).

PATRIA Finance analyst David Marek declared that he trusts Babis to "maintain budgetary discipline and meet fiscal targets." President of the Industrial Association Jaroslav Hanak has openly stated that Babis would fulfil economic expectations, and that his nomination was a good solution. He was equally enthusiastic over the nomination of Jan Mladek (CSSD) as Industry and Trade Minister, a politician notorious for championing radical free-market principles.

The trade unions are offering their services to support the tri-partite coalition. The representative of the ?MKOS trade union umbrella organisation declared that the agreement roughly accorded with the politics of the trade unions. ?MKOS Vice-President Vaclav Pícl said something similar at a press conference in Prague on December 23.

Josef Stredula, Chairman of the KOVO metalworkers' union, went even further, declaring that this was "the best coalition agreement in the last 23 years".

The unions praised the government's inclusion of a paltry increase in the minimum wage, but made no mention of the intended payback for this: the widespread elimination of state-regulated wage scales, that will lead to an overall cut in wage levels.

At the same time, the unions are fanatically demanding balanced budgets. Pícl and others are intensifying their demand that all policy proposals made by the government be thoroughly audited, because it is not certain whether they can all be financed.

"Our primary goal is to achieve economic growth",

said Pícl. ?MKOS expressed enthusiastic approval for the planned public sector cost-cutting, saying it was necessary to drive down the budget deficit to below three per cent.

The manner in which the new government in alliance with unions will proceed against workers is already clear. The Czech Coal Group New World Resources (NWR) said last week that its coal subsidiary OKD will enter into talks with the new government to discuss the future of Paskov coal mine.

In September, OKD management announced that the mine was unprofitable and would be closed at the end of next year. Paskov is the last coal mine in the Ostrava region in Moravia which is still in operation. Its closure would be catastrophic for the region.

Currently, the pit employs 3,500 miners and other staff, but many more jobs in the region depend on coal mining. The unions have already agreed with management to close the mine either immediately, or after only two years to prepare final decommissioning. Management and the unions are currently requesting funds from the new government to expedite the closure.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact