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8/2/96

TITLE: ASSESSING THE 1996 ELECTIONS IN THE CZECH REPUBLIC

AUTHOR: MICHAEL KRAUS, Middlebury College

**THE NATIONAL COUNCIL
FOR SOVIET AND EAST EUROPEAN RESEARCH**

TITLE VIII PROGRAM

1755 Massachusetts Avenue, N.W.
Washington, D.C. 20036

PROJECT INFORMATION:¹

CONTRACTOR:	Middlebury College
PRINCIPAL INVESTIGATOR:	Michael Kraus & Allison K. Stanger
COUNCIL CONTRACT NUMBER:	810-30
DATE:	August 1, 1996

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¹ *The work leading to this report was supported in part by contract funds provided by the National Council for Soviet and East European Research, made available by the U. S. Department of State under Title VIII (the Soviet-Eastern European Research and Training Act of 1983, as amended). The analysis and interpretations contained in the report are those of the author(s).*

ASSESSING THE 1996 ELECTIONS IN THE CZECH REPUBLIC

MICHAEL KRAUS

Abstract

Contrary to widespread expectations both inside the country and out, the Czech governing coalition, headed by Václav Klaus, did not receive a clear mandate to form another government. Its 44 % of the vote, though two percent more than in 1992, was enough for only 99 out of 200 seats in the parliament. Therefore, it is unable to govern without some support from the opposition. The latter, comprised principally of the Social Democratic Party (CSSD) which obtained 26.4 % of the vote, holds 101 seats in the parliament. But the opposition is comprised of strange bedfellows, including the fringe, if not extremist parties, the Communists and the Republicans, who account for 40 of the 101 seats. So the opposition is unable to govern either, and it can do it even less well than the government coalition. In short, the elections have produced a political deadlock, fundamentally altering the balance of political power and changing the style of politics in the Czech Republic. Unlike in the past four years, whatever shape the governing coalitions will take in the future, they are likely to have to deal with a powerful opposition in the parliament.

Yet the outcome represents neither a defeat of the government coalition policies, nor a major shift to the left. Rather, it reflects the fact that the fundamental challenges of de-collectivizing the economy and establishing democratic rule have already been met, and that influential segments of Czech society view fine-tuning social policy as the next priority. The leaders of the governing coalition and Social Democrats have ruled out a grand coalition, but are attempting to define conditions under which the latter will support a minority government. Resolving these issues will require weeks, if not months, of negotiations, but even when these efforts are crowned with some measure of success, the question remains how long any minority government can last before it is brought down by either wrangling within its own ranks, or a vote of no confidence. While it seems doubtful that the minority Klaus-headed government will serve its full four year term, the earliest date that elections could be held is February 1997. The danger is, of course, that early elections would not remove the deadlock, but merely prolong it.

Assessing the 1996 Elections in the Czech Republic

Michael Kraus

This paper seeks to address three questions: First, what the 1996 elections were about; second, how they turned out and why; and third, what are the implications for the future.

The Context

These were the third parliamentary elections that the Czech voters participated in since the collapse of communism. The June 1990 elections were more like a referendum on the communist era, and they ended with a resounding victory for democracy and Civic Forum. The 1992 parliamentary elections were still held inside the federation, and the voters then voted for candidates aspiring to seats in three parliaments -- Czech, Slovak and federal. But one issue overshadowing all the others in 1992 was the relationship between the Czechs and the Slovaks. In their aftermath, the leaders of the winning parties in each republic, Václav Klaus and Vladimír Mečiar, agreed that there was no alternative to the break up of the country.

So the 1996 elections were the first parliamentary elections in an independent Czech Republic. The issue was no longer what kind of a political system the country wanted, nor what kind of a relationship with fellow Slovaks could be worked out. Answers to these questions had been already supplied. Instead, the key issue in the 1996 elections centered on the process of transformation itself, its successes and shortcomings. The governing coalition headed by prime minister Klaus could--and did--boast about solid economic results over the previous four years: about 85% of the economy is in private hands, the average monthly wage has doubled to \$310.00, inflation in 1996 is below 9%, the unemployment rate at 2.8% is the lowest in Europe, tax rates have been cut, the economy is growing at 5% a year, and the budget is in surplus.² On the basis of this record and opinion polls, practically all outside and inside observers had concluded that the elections on 31 May and 1 June were "likely to produce few significant changes."³ They, including premier Klaus, were proved wrong by the Czech electorate.

The Campaign & the Results

Though the election campaign was officially confined to the last two weeks in May, in reality, it had been going on all year. For months, the attentive public was inundated with innumerable

² See "The Czech Republic Going West," *The Economist*, May 25, 1996, p. 42 and John H. Fund, "Klausonomics Creates Oasis of Stability," *The Wall Street Journal Europe*, May 31-June 1, 1996, p. 8.

³ Steve Kettle, "Civic Democrats Likely to Remain in Power," *Transition*, 17 May 1996, p. 46; also see Jonathan Eyal, "Czechs Set the Standard for Post-Communist Reform," *The Wall Street Journal Europe*, May 31-June 1, 1996, p. 8, and the sources cited in note 1.

public opinion polls, predicting a virtually certain victory for the coalition. It is noteworthy that such polls consistently underestimated the strength of the ĚSSD.⁴ The incumbents, the government ministers and particularly premier Klaus, received more exposure on television than the opposition.⁵ But the latter, especially the ĚSSD, headed by Miloř Zeman, campaigned hard in small towns and villages, engaging in American style, face-to-face encounters with the voters. The Civic Democratic Party (ODS), the mainstay of the governing coalition, campaigned on its record: "We have proved that we can do it," read the ODS main campaign message. The party took the view that the economic transformation of the Czech Republic had been basically completed and that the society had returned more or less to "normal." One of the criticisms of the ODS campaign after the elections was the backward-looking nature of its message to voters, who wanted to know more about the future, rather than the past. The ODS coalition partners, the Christian Democrats and the Civic Democratic Alliance, attempted to appeal to voters by emphasizing equally their record in the government, as well as their unhappiness in being junior partners to ODS, who were periodically overpowered and outvoted in the cabinet by Klaus loyalists.⁶ Here we find one reason for the success of the ĚSSD, namely the rivalry and the conflict within the governing coalition that absorbed much of the attention of the media in the months before the elections. The junior government coalition parties spent more of their political energy in targeting their disagreements with the ODS, than in aiming their guns at the opposition.

The latter was principally composed of the center-left, though one important minor party, the DEU, attacked the governing coalition from the right, taking away nearly 3 percent of the voters, which made a critical difference in the outcome. On the center-left, the ĚSSD campaigned primarily on the issues that were dear, as it turned out, to large segments of the voters, namely social concerns, such as welfare, education, health care, environment, crime, and corruption. Their campaign motto was: "Humanity Against Selfishness," their party banners declaring gushingly: "We want a society of people who like one another." Basically, the common denominator of the Social Democratic campaign was the hardships of the transformation. Apart from criticizing the corruption scandals accompanying the rapid privatization, they also played up to the still widespread sense that the state has a responsibility for the basic welfare of its citizens. But the ĚSSD (as well as some

⁴ See, for example, the largest Czech daily, *Mladá Fronta Dnes*, May 24, 1996 reporting the last pre-election poll, published under the headline "The Victory of the Coalition is Highly Probable." It predicted 107 seats for the government coalition and 49 parliamentary seats for the Social Democrats, i.e., 12 less than the actual result.

⁵ These and other remarks below are based on personal observations and scores of interviews conducted by the author in Prague, August 1995-June 1996.

⁶ Though in a television interview (Czech Television, June 11, 1996) Václav Klaus claimed that such a cabinet vote took place only "perhaps three times in the past four years," this does not tell the whole story. Owing to a majority in the cabinet, the ODS could also control the agenda and prevent its coalition partners from getting the cabinet to consider certain issues to begin with.

other opposition parties, like DEU) also attracted considerable support from the ranks of those, who, while basically wishing for the Klaus coalition to continue to govern, were also fed up with arrogant government dominated by one party, which for the past four years ruled largely without an effective opposition in the parliament, and which, owing to the majority of government ministries in its hands, could get its way in the cabinet as well. This--call it the arrogance of power factor--was a common complaint among former ODS supporters, who defected to vote for the opposition in 1996.⁷

Though appealing to a different constituency, the largely unreconstructed Communists attacked some of the same areas as the ÈSSD, receiving 10.3% of the vote, delivered mostly by an older generation, still wedded to a nostalgia for the good old days. While the Republican Party headed by Miroslav Sládek classifies itself as being on the right, its voting record puts it closer to the Communists than the party's rhetoric would like to admit. Its constituency is younger, however, than that of the Communists, and it is the home of the socially alienated voters, responsive to the racist, xenophobic appeals of the party's leader, directed especially against the Roma population. Together with the Communists, the vote for the "dubious" democrats adds up to over 18%,⁸ which translates into 40 seats in the 200 member parliament.

The voter turn-out was high by western standards, nearly 77% of eligible voters. What may have adversely affected the results for ODS was the relatively low turn out-in Prague (only 60 percent), which gave ODS by far the highest share of the vote. Overall, ODS won in 53 and lost to Social Democracy in 36 districts; ODS was strong in the cities, and weaker in the countryside and towns; in Prague, ODS crushed the ÈSSD by a margin of 44% versus 19% of the vote; it won in Bohemia, but lost to ÈSSD in Moravia; and most tellingly, in Northern Moravia, the region where the two leaders competed head to head, Klaus's party lost to Zeman's by nearly 7%. If only women had voted, the governing coalition would have been a clear winner; and interestingly enough, 54% of those over "over sixty" and 52% of those "under twenty four" also voted for the ruling coalition.⁹

Interpreting the Results and the Voting Arithmetic

It is tempting to interpret the election results as a defeat for the government and its policies over the past four years. There are several reasons why such a conclusion is unwarranted. First of all, the governing coalition actually received 44% of the vote, that is, two percent more than it did in the 1992 elections. The governing coalition fell short of a government majority by just two

⁷ See note no. 4.

⁸ This represents a gain of 2% for the Republicans over 1992, and an about equal decline for the Communists over the same period.

⁹ These data are based on statistics published in "Volby," *Mladá Fronta Dnes*, 11 June 1996; *Týden*, 10 June 1996, no. 24; and *Respekt*, 10-16 June, 1996, no. 24.

parliamentary seats and no more than 45 thousand votes. Similarly, it is difficult to argue that the voters rejected the government of Václav Klaus, whose party maintained about the same level of support as in the last elections, i.e., nearly 30% of the popular vote. Given that ODS held main government responsibility in a period of rapid social and economic change, including the federation's orderly dissolution into two independent states, its level of support is considerable and virtually unmatched in postcommunist Europe.

So how can one explain the seeming paradox that the coalition won more votes in 1996 than in 1992 and yet lost the parliamentary majority? The main reason for this outcome is the electoral law and the accompanying calculus of power, which determines how parliamentary seats are allocated. This calculus of seat allocation depends on the number of parties that obtain the 5% minimum to have parliamentary representation and on the degree of parliamentary fragmentation. In the 1992 elections, some 19% of the votes for parties that failed to meet the minimum were redistributed among eight parties that passed the 5% threshold. As a result, the government coalition's 42% of the vote translated into 105 parliament deputies. This year, only 11% of the votes were redistributed in this fashion among six parties, including the second place finisher, the ĚSSD.¹⁰ So this year, 44% of the coalition vote translated into only 99 seats. To put it in other words, the governing coalition benefited less from the redistribution of votes and seats in 1996 than in 1992. But of course, the biggest difference between 1992 and 1996 is the strong showing of the Social Democratic Party, which has unified the previously fragmented democratic left-of-center forces and catapulted from 6.5% in 1992 to 26.4% four years later. The voters send a strong message to the Klaus government that the era of one-party dominated government is over. Clearly, the ODS, including its leader, proved overconfident in believing that the Czech Lands, traditionally a bastion of social democracy, had magically been transformed into a fertile land of Thatcherite philosophy at a time when Great Britain is about to send its own Thatcherites into the dustbin of history. Klaus received shock therapy in the first hours after the elections, when Zeman declared that his party could not support any government headed by Klaus. In the days before the elections, when the premier was asked what post-election role he foresaw for president Havel, who is constitutionally empowered to name the new prime minister, Klaus answered that a quick phone call to the Castle would take care of the matter. Since the election results produced an unexpected deadlock, the many hours Klaus would in fact spend at the Castle over the next few days were a barometer of his political miscalculation. Declaring the transformation finished, failing to articulate a vision of the future, the arrogance of the ODS style of government--all of these factors in combination apparently sent most of the undecided voters to the ĚSSD.

¹⁰ To make matters even more complicated, seats are allocated according to results in each of the country's eight electoral regions, and depend on the region's size. Unlike in 1992, when the ODS won all eight regions, in 1996 it lost three regions to ĚSSD. See Jiri Pehe, "Elections Result in Stalemate," *Transition*, forthcoming.

But the results also suggest that in the seventh year of the postcommunist transition, for every Czech transformation winner there is also a loser. Despite the strength of the government economic record, many are dissatisfied with the radical changes over the past 4-6 years. Suffice it to say that average inflation-adjusted wages have only now returned to the 1989 level.¹¹ Among the transformation losers are unskilled workers, employees in declining industries, such as mining and steel, and even state employees in the army and the police, all of whom were heavily represented in the vote for the opposition.

The Shape of the Future

The 1996 elections have fundamentally altered the balance of political power and changed the style of politics in the Czech Republic. To all appearances, the country now has a bipolar political system, in which two main parties will contend for the right to govern. Whatever shape the governing coalitions will take in the future, they are likely to have to deal with a powerful opposition in parliament. All things considered, such a constellation of political forces should serve the country well in the long run. Learning the art of political compromise is a prerequisite for finding solutions to difficult social challenges, such as how to organize a viable health care system. Much like elsewhere in Western Europe, there is a liberal party, which advocates a lesser role for the state and puts its faith in the invisible hand, and a social democratic party, which tends to rely on the state to redistribute the wealth. In the Czech context, what divides the two parties rhetorically tends to be actually mitigated in practice. Cushioning the transition with high tax rates and price controls on energy and rents, ODS has often been accused for being Thatcherite in words, and socially-democratic in deeds. While the Social Democratic Party, like ODS, includes some former Communists, it is neither a descendant of the old Communist elite, nor an advocate of the "third way." In the main, the Social Democrats have embraced the fundamental reforms of the governing coalition and there is a broad foreign policy consensus.¹² So in this sense, the rise of the ĚSSD does not represent a major shift to the left, but the return of a traditional political party, which has historically exercised major influence on the Czech political landscape. In broader terms, its arrival

¹¹ Based on "East Europeans Vote for Leftists--in Hopes of a Kinder Capitalism," *Wall Street Journal Europe*, June 7-8, 1996, p. 1.

¹² In two respects, the Social Democrats depart from the ruling ODS foreign policy platform. One, where ODS spokesmen, especially Klaus, frequently express reservations about the EU as a haven for socialist bureaucrats (even though the government has submitted the Czech Republic's application for full membership,) the ĚSSD advocates an unreserved policy of integration into the EU; and two, as far as NATO expansion is concerned, the ĚSSD was slow to warm up to the idea. Its campaign program supports Czech membership in NATO, but calls for a referendum on the issue.

fits the larger pattern in the postcommunist region, where "voters are seeking a middle ground between today's freedom without social safety and yesterday's social safety without freedom."¹³

In the short run, however, the viability and longevity of any Czech government has been put into question. The two largest parties, the ODS and the ÈSSD have ruled out a grand coalition for now, and as a result, on June 6 president Havel asked premier Klaus to form a new minority government out of the parties comprising the old. At the same time, prodded by Havel, Miloš Zeman relented and agreed to support the new government headed by his arch rival Klaus, in exchange for becoming the new head of the parliament. But politics as the art of the possible will be severely tested as negotiations proceed on three levels simultaneously: one, among the coalition partners over the redistribution of cabinet seats, where the demand of the junior parties for parity with the ODS in the number of cabinet posts is a stumbling bloc; two, between the coalition leaders and the Social Democrats over the structure of the parliament, its committees, including committee chairs, where in contrast to the past four years, the opposition will have proportional representation; and three, among all four parties over the contents of the government program and the conditions under which the ÈSSD will lend it support. The program, to pass the vote of the parliament, will have to take into account at least some of the priorities of the Social Democrats. Of the stipulations put forward by the ÈSSD, the coalition is likely to accept several, including the long-delayed creation of regional government, the separation of pension funds from the state budget, and the creation of the office of ombudsman--if only because these ÈSSD demands enjoy the support of the junior coalition parties. But finding common ground in other areas, such as the ÈSSD demands for a law requiring proof of the origins of income and property above 5 million crowns (\$200,000.00), or a halt to further privatization of energy, transportation and health care will prove more difficult. Clearly, the general vision of Zeman's ÈSSD, including his advocacy of social safety issues, will tend to put pressure on the state budget, which will be resisted by Klaus. Finally, given that Prague has postponed some painful remedies, such as industrial restructuring (typically accompanied by bankruptcies and increased unemployment), it is unclear how this minority government, beholden to Social Democrats, can muster the political will to effect decisions with adverse consequences for the opposition's constituency.¹⁴

Bringing all these negotiations to a close is likely to take weeks, if not months. There are several intangible factors, some favoring government stability, others pointing in the opposite direction. One is the inexperience of most of the new parliamentary deputies, especially where the

¹³ "East Europeans Vote for Leftists--in Hopes of a Kinder Capitalism," *Wall Street Journal Europe*, June 7-8, 1996, p. 1.

¹⁴ On this point, see Ben Slay, "The Czech Economy After the Elections: A Moment of Truth?" *Transition*, forthcoming. Slay notes that in contrast to Hungary and Poland, Czech Republic "has yet to witness the bankruptcy of a single large, state-owned industrial firm."

opposition is concerned. Of the two hundred newly elected parliamentarians, 127 deputies are brand new to the parliament and only 73 are returnees. In the last parliament, scores of deputies switched their party affiliation, so it is not inconceivable that several deputies will bolt from the opposition, strengthening the coalition forces. Second, owing to an uncertain outcome, no party (with the exception of Sládek's) is anxious to have early elections. Third, the equally abrasive styles of premier Klaus and (the next chairman of the parliament) Zeman are likely to clash in the future, contributing to conflict over policy. Fourth, the role of president Havel as a consensus-seeking power broker has been temporarily strengthened, and he is likely to step into the fray again, if needed.

But assuming that negotiations will remove the stumbling blocs, the real issue is how long any minority government can last before it is brought down by either wrangling inside its own ranks, or a vote of no confidence. There are three possible scenarios. One, the government will serve its full four year term, which is unlikely; two, it will muddle through for a couple of years, implementing a minimum consensus program; and three, it will fall apart when some of the first really divisive issues, such as the government budget, come up in the fall. Whatever the case, the earliest early elections could take place is February 1997, for this parliament cannot be dissolved until and unless the new Senate is chosen in November 1996. The danger is, of course, that early elections would not remove the deadlock, but merely prolong it. But that is also one of the incentives for all parties to do their best to find a *modus vivendi*.

(June 14, 1996)