

The Czech Centre-Right Solutions to the Political Challenges of 2018

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Project partners



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TOPAZ was established in 2012 as an educational platform and think tank associated with the political party TOP 09. Its goal is to open up discussion with the public concerning conservative ideas. Its main activities are focused on social debates with independent experts, cooperation with TOP 09 expert committees, fundraising, presentation of alternative views on the work of public authorities and preparation of analytical and conceptual policy documents suggesting alternative answers.

Konrad-Adenauer-Stiftung (KAS) is a German political foundation closely associated with the Christian Democratic Union of Germany (CDU). Its main principles are freedom, justice and solidarity. The goal of KAS is to support Christian-Democratic values in politics and society, foster democracy and rule of law, support European integration and intensify transatlantic and development cooperation.

The Wilfried Martens Centre for European Studies was established in 2007 as the political foundation and official think tank of the European People's Party (EPP). The Martens Centre has four main goals: advancing centre-right thought, contributing to the formulation of EU and national policies, serving as a framework for national political foundations and academics and stimulating public debate about the EU. It promotes a pan-European mind-set based on centre-right, Christian-Democrat, conservative and like-minded political values.

Contributors



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Lukáš Kovanda, Ph.D., is a chief economist in CYRRUS and part-time lecturer at the University of Economics in Prague. From 2010 to 2013, he directed the think tank Prague Twenty, which focuses on economic and international affairs. One of the most quoted financial experts in the Czech media, he interviewed over a hundred most important financiers and economists in the world, including many Nobel Prize winners. These interviews were published in a book titled *Příběh dokonalé bouře* [*Story of a Perfect Storm*].

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Reda Ifrah studied Politics and European studies at Palacky University in Olomouc and European studies at Masaryk University in Brno. He worked at EUTIS (2005 – 2012) and was appointed Chairman of the Executive Board of TOPAZ in 2014. His specializations are administration and implementation of EU Funds, project management and foreign affairs.

Viktória Jančošková is a manager of the WMCES president's office. She has worked in Slovak politics. During the transformation and integration period of Slovakia (1998–2006), she led the Office of the prime minister of Slovakia, Mikuláš Dzurinda, later she worked at the Ministry of Foreign Affairs and at the Slovak Parliament. She has experience working in the non-governmental sector. She focuses on development in the Central Eastern Europe, especially on the Visegrad Group.

Preface

Matthias Barner, Head of Konrad Adenauer Stiftung Prague



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The concept of liberal democracy and the Western values of freedom are currently being threatened from many sides. Populists of very different shades are spreading doubt about the achievements of the European Union and Western civilization. Attempts by authoritarian regimes to undermine democratic societies have also increased significantly. The intense debate about the influence of fake news and Russian hacking attacks are just some of the many examples. Islamist terrorism represents another threat and has now become a bloody reality in Europe, too. Politicians and civil society in Europe must rise to this challenge. “Democracy must be experienced” was one of Konrad Adenauer’s core messages. For a democracy to function, it needs people who contribute, engage and take responsibility—especially in difficult times. This was the dictum of the first Chancellor of the Federal Republic of Germany. The Konrad-Adenauer-Stiftung has promoted and supported people like this who have been committed to democracy since its beginnings. Democracy has achieved many triumphs in recent decades, from Central and Eastern Europe, Spain, and Portugal to Latin America, Asia and Africa. However, regarding the global state of democracy, there is cause for concern. Therefore international and European cooperation is more important than ever before, especially in times of Brexit, economic and political protectionism, and increasing state instability in many regions of the world. Thus, I am very pleased that, together with our partners, the TOPAZ Think Tank and the Wilfried Martens Centre for European Studies, we can present *Czech Centre-Right Solutions to the Political Challenges 2018*. The articles, which address the key topics of this issue, illustrate value-bound solutions to the main challenges which the Czech Republic—both internally and externally—is facing.

We wish you all an inspiring read.

Abbreviations



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ALDE	Alliance of Liberals and Democrats for Europe
ANO 2011	Action of Dissatisfied Citizens 2011
AA	Audit Authority
CEDR	Central Register of Subsidies
CNB	Czech National Bank
ČPS	Czech Pirate Party
CR	Czech Republic
CSDP	Common Security and Defence Policy
ČSSD	Czech Social Democratic Party
DCFTA	Deep and Comprehensive Free Trade Agreement
DESI	Digital Economy and Society Index
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EED	Energy Efficiency Directive
EMU	Economic and Monetary Union
EP	European Parliament
EAP	Eastern Partnership
EU	European Union
FBI	Federal Bureau of Investigation
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
IMF	International Monetary Fund
IRI	International Republican Institute
IT	Information Technology
KDU-ČSL	Christian and Democratic Union – Czechoslovak People's Party
MF	Ministry of Finance
MMR	Ministry for Local Development
NAPEE	National Action Plan for Energy Efficiency
NATO	North Atlantic Alliance
NCA	National Coordination Authority
NPWN	Negotiated Procurement Without Notification

OBOR	One Belt and One Road Initiative
ODS	Civic Democratic Party
OECD	Organization for Economic Cooperation and Development
PCA	Payment and Certification Authority
PČR	Parliament of the Czech Republic
PM	Prime Minister
PR	Public Relations
RIA	Regulation Impact Assessment
ROP	Regional operation programme
SAO	Supreme Audit Office
SCHP ČR	Czech Association of Chemical Industry
SPD	Freedom and Direct Democracy
SPIR	Czech Association for Internet Advertising
UN	United Nations
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USSR	Union of Soviet Socialist Republics
ÚV	Office of the Government
V4	Visegrad cooperation

Introduction

Lucie Tungul and Reda Ifrah



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The Czech Republic is currently undergoing a stress test of its democratic institutions. The October 2017 parliamentary election, unfortunately, produced a result which indicates that the pressure on Czech democracy is very likely to continue over the upcoming years. The next big test will take place in the early weeks of 2018 when the country will elect its president in a historically second direct presidential election. Local elections will take place in the autumn.

We invited a number of distinguished experts to provide their perspective on a number of topics that we believe will be important or should be important in 2018. While some of these areas are receiving growing attention in the public and the media (Russia, Visegrad cooperation, changes in electoral campaigns) others have been unfortunately neglected, whether intentionally or not. Some of these, such as the introduction of e-government and reform of Structural Funds, could significantly improve the lives of the Czech public. Others are ongoing and long-standing issues that the previous centre-right governments tried to address, but the Left boycotted and/or reversed such as the pension reform. The present work also explores one source of fragility in the Czech democratic environment, this being governmental instability, a topic even more pressing at present when the party that won the 2017 election could not form a majority government, has problems finding support for a minority government, and the Czech president is willing to bend the Constitution to an extent that many would call unconstitutional and undemocratic. The centre-right democratic parties should provide a platform to address these problems and possibly find common points where they can cooperate against such manoeuvres by people who seem to oppose key Czech national interests; these being, amongst other things, the preservation of liberal democracy, security and membership in Western organizations including the EU and NATO.

One of the most alarming developments in recent years in the Czech Republic has been rhetoric undermining the Czech link with Western institutions, including the EU and NATO. Here the democratic Czech centre-right parties share an objective to continue in the post-communist orientation of the country's foreign policy, consolidating its position in Western institutions, becoming a stronger actor in the European Union, and rejecting growing pressure from Russia which is employing an information war and other means to undermine the country's stability. Similar trends in other Central European countries could weaken Western institutions, which poses a security threat to the region, Europe and Western democracy in general.

In light of the urgency of the matter, the first chapter of the 2018 volume discusses the EU's Eastern Partnership (EAP). Michael Romancov warns against Russia but welcomes the openness, with which it admits to its objectives to undermine the West, as an opportunity to prepare policies that would be based on the fact that the relationship with Russia is one of confrontation and competition. A reform of the EAP would be needed in order to better reflect this reality and help the countries involved in the Eastern Partnership project. The second chapter also addresses the Russian "problem", but through the lens of the specific case study of Ukraine. Viktória Jančošková analyzes the situation in Ukraine and recommends an insistence on sanctions against Russia, coordination of the EU-US positions, and

leading a strategic dialogue with Russia. She emphasizes the role of Ukraine in this process, specifically its ability to continue with the reform processes.

One way to secure Czech security goals is via EU membership. While we might disagree on certain EU policies and steps, the democratic forces in the country agree on its importance. We asked two scholars to provide their view on Czech involvement with the Visegrad group (V4) as a possible way to enhance its role in the EU. Olaf Wientzek argues for a greater emphasis on initiating a pro-European agenda by the Visegrad group while presenting them as common European goals, not an anti-EU or anti-(Franco-) German policy. Radko Hokovský is less convinced by the group's ability to initiate EU policies, but would also like the four Visegrad countries to become a more constructive force within the EU, namely by, for example, mitigating too progressive EU steps that meet with hesitance and even resistance in more conservative societies such as in Central Eastern Europe. The Czech Republic could play a major transformation force in this sense by assuming a leading role in the V4.

We then turn to issues that are often neglected in the public debate, but need to receive much more space. One of the issues, where the Czech record in the EU is particularly bad, is drawing money from the EU Structural Funds. Lukáš Wagenknecht identifies the major problems and proposes reform that would significantly improve the quality, value and impact of the funded projects, thus bringing more benefit to society.

In our previous publication, we addressed the problem of the environment and stated that the Czech public often believed that the situation in the country was good due to a comparison with the extremely problematic state of the environment prior to 1989. We again dedicate one chapter to the environment, this time to climate change. While it is an area which the EU places a great deal of emphasis on, it is also one where the country falls behind other EU member states on a majority of indicators. We need to look beyond the emission targets and step up in improving, among other things, energy efficiency.

One of the unfortunate decisions of Sobotka's government was to abolish the previous government's efforts to reform the pension system. The Czech population is aging, the tax system is already overburdening the economy and the government has failed to present a constructive alternative plan. Lukáš Kovanda analyses the situation in the Czech Republic, explaining why reform is necessary and acknowledging that it is not a problem with short-term consequences which is why it has been irresponsibly postponed. Although reforming the pension system is unpopular with the public, it is nevertheless inevitable. Kovanda recommends insisting on reform based on capital investment. We need to be persistent, and avoid the mistakes of the previous government, which introduced reform during an economic downturn.

Another issue that has been discussed for a long time but has failed in terms of implementation is e-government. Jaroslav Poláček demonstrates that Czechs are actually well acquainted with the Internet and make use of mobile applications, but their ability to communicate with the state online remains very limited. Poláček provides reasons for its speedy introduction but warns against possible mistakes. The

service should be available to a maximum number of people, take into account user friendliness and promote competition. Its introduction would have many positive effects on society and the economy and follows the EU Digital Market recommendations.

The last two chapters examine the Czech political system. First, Ladislav Cabada identifies the reasons why the Czech governments are unstable and explains why this poses a problem for the Czech democracy while presenting possible solutions that would stabilize the system. In the last chapter, Jakub Charvát analyses the 2017 parliamentary election campaign and highlights certain characteristics such as personalization, emotionalization and a permanent campaign. We are already witnessing that, in light of the presidential and local elections scheduled for 2018, many of the parties are continuing with their campaign, focusing on party leaders, much less than on program goals and visions and neglecting important economic and social issues. We hope to help provide some expert views on some of these issues and facilitate discussion.

Chapter 1: The EU and the Eastern Partnership

Michael Romancov



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Abstract: Russia with the occupation of Crimea, and by triggering a war in eastern Ukraine, initiated a confrontation with the European Union, which viewed itself as the natural and primary player in normative changes in post-Cold War Europe. The dialogue with the Eastern Partnership (EAP) countries must continue but as Russia had rejected the dialogue, it needs to be changed in a way that would allow the EU to conduct a dialogue with the partners and compete with Russia. The Eastern Partnership space could play a key role, not only in terms of communication with the six countries concerned, but also with partners in Asia because the space that was “only” Eastern Europe has also become western Eurasia.

Keywords: Eastern Partnership, the European Union, the Eurasian Union, Russia, Dialogue, Competition, Confrontation.

What the Eastern Partnership Should Have Been but Did Not Become

The Eastern partnership (EAP), a project initiated by the European Union (EU) as part of the European Neighbourhood Policy, represents one of the Union’s many activities based on noble values, following respectable and generous goals, and bringing results other than intended. It should be recalled that the original Polish and Swedish proposal, presented in Brussels in May 2008, officially commenced during the Czech presidency in Prague in May 2009. The initiative consequently began after Putin’s infamous speech in Munich¹, where the Russian president presented an adverse definition of the military-security situation in Europe after the end of the Cold War and after the Russian-Georgian war in August 2008.

Brussels declared a provision of universal aid to six post-Soviet countries the main goal of the Partnership in exchange for their acceptance of a legal commitment to work on reforms and ally their national legislation with European legislation. The states of the so-called eastern wing, Belarus, Moldova, and Ukraine, and the southern wing, Armenia, Azerbaijan, and Georgia, were also supposed to form a free trade area with the Union and work on strengthening cooperation in the area of foreign and security policy. As of its commencement, the Eastern Partnership therefore also had, apart from the normative legal and economic dimensions, where the European Commission focused its main attention, foreign policy and security policy dimensions.

The same principles of the Eastern Partnership applied to its umbrella, the European Neighbourhood Policy, adopted in reaction to the so-called Eastern enlargement in 2004. The efforts of the European Union to prevent the creation of new fault-lines and form a “ring of friends” around the new borders was logical and understandable. Russia, the largest and most powerful neighbour of the European Union refused to cooperate, however, on these activities from the beginning; at the given moment mostly because Moscow was unwilling to accept equal treatment with a group of smaller and less important states (Popescu 2014: 39). As a platform for mutual communication and development of bilateral

¹ Putin’s speech and the following discussion are available for instance at: <http://en.kremlin.ru/events/president/transcripts/24034>

relations, the Union instead created the concept of four Common Spaces EU-Russia. The fact that Russia refused to participate in the neighbourhood policy was crucial for the failure to invite Russia into the Eastern Partnership project.

The European Union has the right to make decisions on both the form and intensity of relations with all its partners in the system of international relations, and it is logical that it primarily follows its own interests. The normative-legal dimension and the efforts to strengthen and stabilize the socio-economic situation of its neighbours, which Brussels views as its priorities, encountered problems caused by corruption, insufficient law enforcement, a non-transparent entrepreneurial environment, and additional typical maladies stemming from an inadequately executed political transition and economic transformation. Although the regime of President Lukashenko in Belarus represented the most visible problem from the beginning, it would be naïve to deny that these problems have in various degrees been shared amongst all post-Soviet, or rather post-communist, countries. The assurances from European political representatives that the Eastern Partnership was not aimed against anyone could not, and the question is whether it ever could, blunt the growing Russian reservations.

The Eastern Partnership, despite the invested funds, time and energy, has not led to the intended goals. Although the declared political ambitions were not met, partial successes in the areas of visa-free travel, cultural exchanges, and economic cooperation, were successfully achieved; these being merely technical-administrative tasks. It cannot be disputed that these are important matters, or better say crucial, for their further development, but they should not be the (almost) only visible success stories.

The Czech Republic and the Eastern Partnership

The Czech contribution, at the time of the establishment of the Eastern Partnership, was supposed to, understandably, involve human rights and civil society, where a great deal of inconspicuous but important work had been done. Top representatives of Czech political life began to, however, gradually turn away from the so-called Havel approach to human rights' promotion. Prime Minister Necas' speech in the autumn of 2012, that support for human rights represented a complication for exports and access to foreign markets, found enthusiastic supporters among both the ministers of the caretaker government of Prime Minister Jiří Rusnok (10/2013 – 1/2014) and the government of Prime Minister Bohuslav Sobotka (2/2014 – autumn 2017). The most vocal critic of the Havel approach has been President Miloš Zeman. The Association for International Affairs quite accurately defined the Czech activities in the area of the Eastern Partnership, when it amongst other things stated that: "Although Eastern Europe and the Eastern partnership still rank among the priority areas of Czech foreign policy, the Czech Republic is slowly losing the image of a distinctive player with a clear attitude and resolution to actively engage in the region. The ongoing activities on an administrative level have become instead formal routines and do not correspond at all with the Czech capacities, due to decreasing interest and conflicting signals coming

from the top political offices. The greatest success in relations with EP countries was the breakthrough in the protracted negotiations on visa liberalization between Ukraine and Georgia in 2016. The Czech Republic did not come across, however, as a leader in this process, but rather a reserved supporter” (Tysyachna 2017).

New Potential for the Eastern Partnership?

Although all the interim results seem to favor the view that the Eastern Partnership is mostly an over-bureaucratized, poorly operated and therefore, useless EU project, it might obtain new, exceptionally strong potential thanks to Russia. The post-Soviet space, which the European Union, just like the rest of the world, perceived as a space for political dialogue and cooperation, had turned into an area of competition and confrontation. This cannot be viewed as a desirable situation, but as nevertheless logical due to the fairly incompatible value systems between the European Union and Russia, which has existed throughout the entire period of their mutual contact. Moscow has not been hiding the fact that, during the entire existence of the Eastern Partnership, “without Russia means against Russia”. They declared that the main goal of the EU and NATO was to prevent the return of the USSR and that the West wanted to separate Russia from the other post-Soviet countries, the Commonwealth of Independent States (Alexandrova-Arbatova 2016). The Kremlin could naturally understand the logic of the European integration process, but evaluated it not only as unsatisfactory but also as strongly provoking. If Moscow accepted it, it would have lost exclusivity, it would have lost “sovereignty”.

How Russia Behaves

When the Kremlin showed its cards by occupying Crimea, and beginning a war in eastern Ukraine, it was Brussels’ turn, or better said, it was the turn of the member states, to decide whether to accept the challenge and how to respond. As Moscow reacted with force, it admitted that the Union was not only a large market, but a player with the potential to influence its vicinity using its power attributes. Even before deploying its armed forces, Moscow sent signals that it would like to negotiate with Brussels in the time-proven way used against Napoleon and Hitler, that is, it wanted to divide up Europe. Fyodor Lukyanov stated it quite clearly in January 2014, that is, before the occupation of Crimea. In the article “Fighting Over the Gap“, published in the Russian state newspaper *Rossiyskaya Gazeta*, he stated that the EU and NATO would not be able to fully integrate the countries of the former Soviet bloc, that nationalism and populism would increase in these countries, and that while the EU had tools to discipline them, it lacked the energy to take up the challenge because it did not actually consider the new member states important. If Russia was as passive or weak as at the beginning of the century, it could not be ruled out that the EU would win over Kiev, Yerevan and others.

Moscow pulled off, however, a qualitative transformation, becoming a strong player once again and launching into a game over what had been lost. The game took place in the space of the so-called “Zwischeneuropa” (central Europe), where those states are located, which appeared “in the gap” between Russia and the old EU/NATO members, due to the collapse of the Cold War system. Lukyanov concluded his essay with the following words: “The main task is to bear reality in mind. The reality is that ‘Europe in the gap’, which was once at the center of world politics is today merely a strategic backward town in terms of global action. Important things currently occur in the Pacific and Indian oceans. It long ago ceased to be a ‘trophy’ that all the ‘grands’ were trying to win. It would be more useful, for all those engaged, if the rivalry between Russia and the European Union was replaced with an agreement on common steps assisting the development of these countries, which are fumbling their way to self-determination” (Lukjanov 2014). One should not focus on how unacceptable these statements are, and instead rejoice that Russia’s words have, clearly and comprehensibly defined, the playing field and showed what kind of game rules it has adopted.

The assertion that Russia wagered on communication and negotiation methods, which once proved useful, could sound excessive. The very same line of reasoning was applied, however, in for instance the article “Russia’s Foreign Policy: Historical Background” written by the Minister of Foreign Affairs, Sergey Lavrov². Russia rejected the European/Union/Western dialogue culture and decided to resort to force instead. The aforementioned Fyodor Lukyanov published, along with Alexei Miller, the report *Detachment instead of Confrontation: Post-European Russia in Search of Self-Sufficiency*, where, apart from other things, they claimed that it was high time for Russia to finally become emancipated from the West and stop viewing itself as the “eternal apprentice” or the “barbarian at the gates”; these being the two positions Europeans had forced upon them. They then praised the views of Ivan Krastev and Mark Leonard, who had stated in 2014 that Europeans misinterpreted the silence of Moscow, viewing its lack of power as agreement with the proposed and implemented changes (Miller and Lukyanov 2016: 5). Sergei Karaganov (2016) claimed the same in different words when he stated: Europe is structurally incapable of foresight, unable to work proactively, and can only work within the framework, which it has invented, yet which is not adequate to the outside world. For three centuries the European development model was the driving force behind Russia’s modernization, but now it is losing its attractiveness.”

Do We Want To Accept the Challenge?

Europeans need to realize that Russia consciously rejects their culture of dialogue and negotiations, and that with reference to past victories, wishes to change the future. Europeans also have to duly consider the fact that the space of the Eastern Partnership is not only on the mind of Moscow, currently in the form of the so-called Eurasian Union, but also much further away, and for Europe an important player, namely China. As Ian Bond (2017: 6) correctly noted: “Six states [of Eastern Partnership] are caught up in the area of competition between Russia and the West. Neither side considers them fully European

² Available at: http://www.mid.ru/en/web/guest/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/2124391

as it happened with the Baltic countries, but also non-European, like the states in Central Asia...” The question remains, where, from the point of a mental map, do these states lie? Bond quite correctly stated that what we learned to define as Eastern Europe has, thanks to the construction of the Eurasian Union, become for Russia western Eurasia. If we accept this perspective, we need to stop thinking about the area of our interest as a bordering region between us and Russia, but rather a gate to Asia, a place through which, the planned roads connecting China and Europe could lead.

Despite the current declarations of strong friendship between Moscow and Beijing, and about the unity of their interests, it would be unwise to expect it to last forever. If Russia has rejected the ideas of the European Union, it would not be any more likely to accept the ideas of Beijing. Putin clearly manifested, at the Belt and Road Initiative in Beijing in May, that even though Moscow welcomed the Chinese initiative, it wanted to play an important role. He also spoke about the need to consider the “bigger picture”, where only the link between infrastructure projects of the Eurasian Union, the OBOR initiative, and the North-East Passage could lead to a complete reconfiguration of transportation in the Eurasian space³.

Russia does not lack self-confidence in Europe and Asia, but neither the European, nor the Asian experience, have brought any convincing results. The fact that Putin, or probably the most persistent proponent of the Russian turn to Asia, Sergei Karaganov, talk about the possibility/need to synchronise Russian and Chinese activities on grounds of respect and mutual benefit does not mean it will necessarily happen. While the idea of Great Eurasia, without a hegemon, where China delivers investments and gains access to resources, and Russia delivers security and geopolitical stability, is pleasing music to Russian ears, it does not say why China or other major players should accept it (Karaganov 2016).

Conclusion

Whether we like it or not, the Eastern Partnership space has become a zone of competition and confrontation. Russia has used force to achieve its goals, and not only returned “war as continuation of politics by other means” to Europe, but also started to emphasize that the system of international relations during the Cold War rested on a strategic stability provided by the nuclear arsenal, and that even though the system disappeared, these weapons still exist (Karaganov 2016). Russia, at least in the area of Eastern Europe and at least for the time being, has successfully changed the rules of the game. Instead of cooperation, sharing values, and welfare, we find ourselves in a period of competition and confrontation.

A geopolitical rivalry does not, however, need to be a bad option for future developments. Apart from nuclear weapons, which can still be viewed as a political rather than a purely military tool, all the other

³ Putin’s speech is available at: <http://en.kremlin.ru/events/president/news/54491>

power attributes are on our side. It is up to us whether we can, or rather will be willing to, adapt to the changed circumstances. The first, completely essential, condition for success is consistent adherence and enforcement of European standards in all the member states of the Union. The fact that strong institutions are more important than strong leaders is confirmed by current developments in a number of democratic countries around the globe. It is, at the same time, the strongest and potentially most efficient weapon for the upcoming political competition with the post-Soviet regimes, including the Russian one.

The second condition involves a willingness to change our relationship with Russia, which has ceased to be a strategic partner and has instead become a strategic problem. Moscow rejected the current models of dialogue, and there is therefore a need for Brussels to approach the countries of the Eastern Partnership as an area, where it aspires to implement its visions and priorities. Russia does not need to be taken into account any longer, because it will move into open confrontation in the future. The third condition consists of a change in thinking about the space, which we learned to perceive as post-Soviet, or so to say Eastern Europe. We need to accept the Russian view that it is (western) Eurasia. We need to gratify Putin's demand for a "wider picture" and invite China and India into the dialogue about this space. The European Union does not have to be afraid of multilateral fora.

Recommendations:

- The current form of the EAP project reflects rules and ideas that are no longer valid. It is important to adapt it to the new circumstances.
- We have to carefully listen to Russia and take completely seriously everything it says, especially as an era of competition and confrontation is on the horizon.
- The EU has to formulate its policy towards its neighbours from the perspective of its interests and priorities, regardless of anyone else, including Russia.
- The precondition for success in the Eastern Partnership space is total enforcement and compliance with European standards in the member states. Strong institutions are more important than strong leaders.
- The Czech Republic can be a role model for the Eastern Partnership countries if, or better as long as, it manages to maintain a standard liberal democracy, improve law enforcement, and curb corruption. Only by carrying out these tasks, will we be able to help not only ourselves, but all other post-communist countries, including the post-Soviet ones.

Chapter 2: Ukraine's Road to the West: Triumphs, Failures, Challenges and Perspectives

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Abstract: Ukraine's desire to belong to European structures provoked a strong reaction from Russia, expressed by the annexation of Crimea in the spring of 2014. The EU's imposition of economic sanctions against Russia has been the only tool placing pressure on Russia to leave Ukraine. Although the last EU Council meeting on 22 June 2017 extended the effect of the sanctions once again, it will be increasingly difficult to maintain the sanctions regime. Several EU countries, some of them from the Visegrad group (V4), are convinced that the sanctions harm their economies and fail to deliver their purpose. Not even the Normandy Four has been able to reach a sustainable ceasefire in eastern Ukraine, which could lead to a relaxation of the sanctions. While Ukraine is in a state of military emergency, the operations within the country have slowly been changing. It is fully up to Ukraine whether it has the strength and will to proceed with the structural reforms. The EU and the USA play an equally important role in its integration with the West, especially if able to coordinate their steps towards Russia, with whom they have to lead a strategic dialogue, under the condition it maintains its current attitude to the annexation of Crimea.

Keywords: Ukraine, War in Eastern Ukraine, Reforms, Sanctions, the EU's Sustainable Attitude towards Russia, V4 and Ukraine.

Introduction

Much has changed in Ukraine almost four years after the anti-government demonstrations on Kiev's Maidan square. These were a reaction to the failure to sign the EU Association Agreement by the then President Viktor Yanukovich, and left over one hundred civilian victims. The Deep and Comprehensive Free Trade Area (DCFTA) entered into force on 1 January 2016, and the visa liberalization regime for Ukrainian citizens became effective as of 11 June 2017. The Association Agreement itself entered into force 1 September 2017. The EU and Ukraine gradually fostered political and economic relations and, based on these agreements, provide mutual access to each other's markets, helping Ukraine reduce its dependency on the Russian market. Furthermore, Ukraine and NATO agreed to begin negotiations about an action plan for its NATO membership.

The Ukrainian attempt to sign an Association Agreement with the EU in 2013 resulted in the Russian annexation of Crimea: Crimea came under the administration of the Russian Federation after the 2014 referendum, when 95% of the voters voted for independence from Ukraine. The West responded to the destabilization of Ukraine by imposing economic sanctions on Russia. Of interest is the fact that on May 2015, shortly after the annexation of Crimea, the current Ukrainian president Petro Poroshenko won in all Ukraine's regions. The Russians won Crimea, but lost Ukraine. This national awareness did not last long, as the annexation of Crimea was followed by the Russian invasion of Donbas, and eastern Ukraine has experienced civil war ever since. The Normandy Four, which should have brought about the fulfilment of the Minsk II Agreement, has not documented any significant progress, except for sporadic ceasefires. Germany and France continue to reject Kiev's request to deploy UN peace forces in Donbas, indicating that they want to resolve the crisis alone.

Despite the state of war, Ukraine has drawn closer to EU standards thanks to efforts of the pro-reform government, with top notch, mostly foreign, experts, strong support and also significant pressure from the civil society. The reform process has nevertheless taken a slow course and Ukrainians, tired out by the revolutions, are increasingly discontent. The last survey by the International Republican Institute (IRI 2017) revealed the atmosphere in the country, indicating that 72% of the population were unhappy with developments in the country. The frustration stems from the high prices of goods, low incomes, and ongoing high levels of corruption. Although further enlargement is not currently among the top priorities on the EU agenda, Ukraine should have clear prospects for EU membership if it meets the required criteria. Although it is in the distant future, the EU should be concerned about having a stable country in its community or vicinity, especially during these times of turbulent developments on its southern borders connected with migration pressures on EU countries and Russian propaganda crushing the member states.

The V4 countries could be more helpful in this process. Ukraine needs their experience with the reform and integration processes, but even more helpful would be clear statements by the countries' political leaders. Pointless reminiscences about the pre-'89 period, and attempts to flatter Putin could end badly, not only for Ukraine, but especially for those countries of the former Communist bloc. Their common historical experience with a similar regime could contribute to strategic and partnership dialogues with Russia, while maintaining an unchanged position on the annexation of Crimea. This attitude could help in preventing turning eastern Ukraine into another frozen conflict in Europe.

Eastern Ukraine – Another Frozen Conflict in Europe?

Although three years have passed since the outbreak of war in eastern Ukraine, we only hear about the realization of the Minsk II agreement sporadically. The last ceasefire negotiated in March 2017 has been violated on several occasions. The implementation of the Protocol has also stagnated because Russia and Ukraine are sitting tight and waiting to see who makes the first move. Russia is waiting for Ukraine to meet its share of the agreement, autonomy for Donbas. The Ukrainian government is waiting for the withdrawal of foreign armed forces from the Donbas territory to retake control over its eastern border and organize free elections in Donbas. Russia continues to deny the presence of its armed forces in the Ukrainian territory.

The socio-economic situation of the population in eastern Ukraine is disastrous. Due to the ponderous verification system, over 400 thousand people experience problems with accessing their pensions. The UN recommends abolishing the directive, which stipulated that the retirees, on the territory controlled by the separatists, be registered as internally displaced persons in order to collect their pensions. It is absurd, however, that the country should pay pensions to people who actually do not want to be its citizens and fight for independence. Russia itself does not have a solution for the difficult situation of common people in Donbas, as it limits its aid exclusively to military and political areas.

Regarding other points of the Minsk II Protocol, neither side has achieved complete withdrawal of weapons. The last UN report confirms this situation, stating that the combatants on all sides have failed to implement the agreements precisely by violating the ceasefire and by the pro-Russian separatists using heavy artillery. The Report of the UN Human Rights Monitoring Mission recorded 36 cases of conflict-related casualties over the last 3 months, this being a 48% increase from the previous monitoring period.

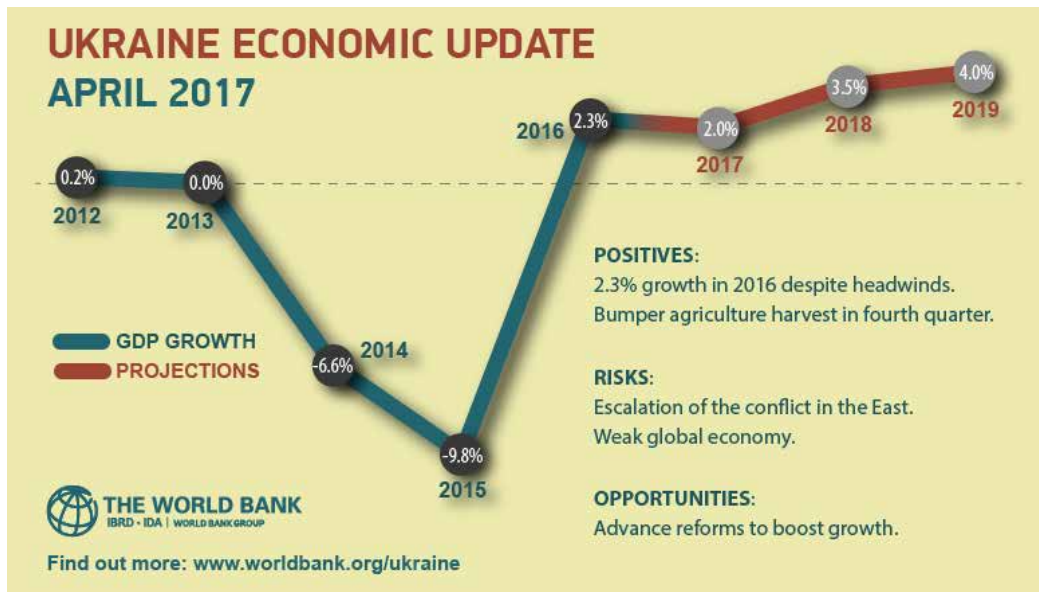
Humanitarian organizations have had problems reaching the worst affected areas. The last official data from the Office of the UN High Commissioner for Human Rights (OHCHR 2017) stated that, between April 2014 and May 2017, the conflict in eastern Ukraine produced 34,026 victims, of which 10,090 were dead, including 2,777 civilians, and 23,966 were injured. More than 1.6 million people have been forced to leave their homes and became displaced persons, while another 3 million people have remained within the territory controlled by the separatists. According to UNICEF (2013), up to 1 million children are in desperate need of humanitarian aid. The situation is particularly severe for children living in the 15 km radius on either side of the contact line, where the heaviest fighting takes place. According to the UN, half a million Ukrainians applied for asylum in neighbouring countries, mostly the Russian Federation and Belarus.

The fears that eastern Ukraine will become another frozen conflict are consequently legitimate. Developments in the EU are instrumental, as the EU is undergoing a period of crises, from the financial and economic to the migration crisis. Russia is also trying to divert attention from Ukraine by means of military engagement in Syria. The inconsistent US foreign policy will also have a certain impact on the future of Ukraine. To make it simple, one could argue that the tensions in the EU's southern neighbourhood, and the uncontrolled influx of migrants, are more acute problems than the war in Ukraine, which is not that discernible.

Despite these facts, the EU member states should continue with humanitarian aid to both sides of the conflict. The EU has contributed over 371 million euros to Ukraine, since the outbreak of the conflict, for humanitarian aid and restoration of the most damaged areas. This conflict requires a strategic position towards Russia on the part of the EU, the aggressor in this case, but also a neighbour, and the will to continue to play a key role in international conflicts. Thus, the more sustainable the EU policy towards Russia is, the earlier some results can be expected. In times of Russian propaganda, which has attempted to disturb EU unity and has done so quite successfully, Russia does not need to rush for a relaxation of its aggressive policy, even towards for instance the Baltic States. A firm position on the part of the EU would also do more to motivate Ukrainians to undergo the necessary reforms and changes in the country. Ukraine, although exhausted by the military conflict while focusing on the integration goals and meeting the criteria of international financial aid, should also focus on preparing an integration plan for eastern Ukraine.

A Slow but Confident Transformation of Ukraine Thanks to Reforms

One of the main Maidan demands was a change in the state management, bringing Ukraine closer to EU standards and putting an end to massive corruption. An assessment by the World Bank confirmed that the Ukrainian economy had caught its breath as it grew by 2.3% in 2016, with the recovery continuing with a slightly positive outlook for the upcoming years. To continue in this trend, structural reforms, transparent privatisation, and introduction of specific measures to curb corruption must continue.



Source: World Bank 2017.

VOX Ukraine claimed that the most outstanding reform triumphs, which positively affected the Ukrainian economy, have definitely been macroeconomic stabilization, reduction of government debt, and bank industry revitalisation. Modified tariffs of natural gas for consumers and producers raised to the market levels have also been important. This step was seen as a strong anti-corruption tool. To lower corruption, three anti-corruption institutions were established, political representatives have declared the origins of their assets, and the independence of the judicial system was strengthened. Further inevitable reforms are still waiting for implementation, such as reform of the pension system, health care, land reform, and decentralization. The delayed reform of the pension system is slowed down by the fact that the

current government of Volodymyr Groysman has a narrow majority in the parliament and the reform has opponents, not only among the politicians, but also among powerful interest groups. Although Ukraine is one of the European countries where pensions represent the greatest share of the GDP, the average Ukrainian pension is one of the lowest in Europe.

The reform process in Ukraine consequently requires a stable government determined to make the necessary reforms. It would be a fatal mistake if the Ukrainians believed that the reforms were adopted only because the EU requested them. The reforms must be first of all understood and accepted as an inevitable and never-ending process in order to live a satisfactory life in Ukraine, to give young people a positive outlook. The former Slovak Minister of Finance, Ivan Mikloš, who is currently the main advisor to the Ukrainian Prime Minister, has claimed that the economic growth would allow Kiev to gain Donbas and Crimea back under its control, as the inhabitants would see that life in Ukraine was much better than in Russia.

As mentioned above, the reform process is, and could be, threatened by several factors, mostly internal ones. The Ukrainian economy depends on foreign financial aid conditioned by the implementation of structural reforms. The IMF approved, for example, a program for economic assistance to Ukraine of 17.5 billion USD in total in 2016. The European Bank for Reconstruction and Development (EBRD) has provided Ukraine with a complete assistance package (EUR 11,890 million) to strengthen energy security, free up the agricultural and industry potentials and improve the infrastructure. The World Bank has provided Ukraine with over USD 4.4 million since May 2014. Thus, the escalation of hostilities in the East, dangerous populism in Ukrainian politics, the high level of corruption, but also the upcoming presidential elections could have a crucial impact on the deceleration of the reform process and consequently lead to a cutback or cessation of foreign financial aid.

Russian Sanctions

Restrictive measures or sanctions are a fundamental tool of the EU's Common Foreign and Security Policy (CFSP). One of the main goals of imposing sanctions is protection of the EU's values, interests and security. The EU first imposed sanctions on Russia in March 2014 and since then the EU Council has extended and expanded the sanctions against Russia several times, most recently on 22 June 2017. The sanctions were initially only imposed on individuals close to Vladimir Putin, those who supported and financed his policies. The objective of these sanctions was to weaken this strictly defined group and minimize the negative impact on civilians, who were not responsible for the political steps of their country. They primarily involved freezing the capital, assets, and accounts of powerful people in foreign banks, or a travel ban for EU countries and the USA.

The applied sanctions were later extended to the occupied part of Crimea. They also included restrictions on the diplomatic level. EU-Russia summits have not taken place since 2014. G8 summits have been

meeting since June 2014 as G7, that is, without Russia's presence. Russian sanctions, so far unanimously approved by the EU Council, bring up questions about their sustainability and effectiveness. Certain member states feel uneasy about the extension of the sanctions, and some even resent them. They oppose sanctions, using the economic argument that this political tool harms the EU economy and will not force Russia to leave Ukraine's territory. The Committee for Foreign Relations of the Belgian Parliament presented a resolution proposal in January 2016 that would end the Russian sanctions. Its main argument was their negative impact on Belgian farmers.

The V4 also is inconsistent in this matter. It is no secret, for example, that the Slovak Prime Minister, Róbert Fico, would happily abolish the sanctions. He expected that after the election of Donald Trump, the USA would end the sanctions against Russia, which would have put the EU under a great deal of pressure to act likewise. The Czech Republic does not have a clear stance on the sanctions either. While it pragmatically votes for the sanctions in Brussels, the President, Miloš Zeman, does not hide his opposition to this policy and his statements are often in line with Russian propaganda. It is as if both countries do not realize the great benefit the implementation of the Association Agreements would bring to their regions neighbouring with Ukraine. The V4 countries should provide expertise to help their implementation, since the faster Ukraine adopts European standards, the sooner the V4 economies will profit from mutual free trade. The EU should also in this respect remain united in maintaining the Russian sanctions since they are a clear and strict way to react to the violation of international law in the twenty-first century. The less the EU is fragmented on the inside, the smaller the manoeuvring space will remain for Putin. As the Rasmussen Global Study (2017) confirmed, the effectiveness of the sanctions is a measurable variable, because they keep Russia at the negotiating table and have contributed to the decline in Russian GDP growth from 1.28% in 2013 to -3.73% in 2015.

Changes in American Foreign Policy and its Impact on Ukraine

The election of Donald Trump as President of the USA brought grave fears for the future of Ukraine and the sustainability of the American sanctions against Russia. This was because Trump did not hide his admiration for V. Putin's governing style even during his presidential campaign. The connections between Russian business and its representatives and Trump's close associates and family members, and the Russian hacker attacks on the Democratic Party during the presidential campaign have been all the subject of FBI investigation.

The first relief came in late June 2016 during President Poroshenko's visit to the White House. This coincided several days later with the first official meeting between Trump and Putin during the G20 summit in Hamburg, where instead of the usual 30 minute courtesy chat, they spoke for over two hours. No official declaration followed, so we can only guess how much time they dedicated to the conflict in Ukraine. The appointment of Kurt Volker to the post of US Special Representative for the Ukrainian

Negotiations was better news for Ukraine. Wolker was former American ambassador to NATO, served under both Republican and Democrat administrations, and for some time presided over the Institute of Senator John McCain, a strong critic of Putin's policy. His appointment indicated that the USA had actively entered the resolution period of the Eastern Ukrainian conflict. The most recent initiative by the Democrats and Republicans in the US Congress, a legislative proposal to extend and tighten the Russian sanctions, should also be a clear sign to the Russian President that the USA still had strong democratic institutions. President Trump will, in all likelihood, sign the law. If he vetoes it, he would only confirm the suspicion of a connection between his office and the Kremlin.

The congressional initiative met with a strong reaction in the EU, who feared that the sanctions would affect European energy companies and who were involved in the construction of the Nord Stream 2 Pipeline. The Financial Times reported that the President of the European Commission, J.C. Juncker, called for countermeasures if the sanctions harmed the Western energy groups. According to the Commissioner for Energy, the Nord Stream 2 project, which would bring Russian gas directly to Germany, was contrary to the project of the Energy Union because it would increase EU energy dependency on Russia. The congressional proposal is, however, actually a power game between Congress and the President, rather than deliberate economic damage to the European economy.

Recommendations:

- V4 should initiate negotiations in the V4 plus Ukraine and the Netherlands format reducing the current reserved attitudes of the Dutch to Ukraine;
- V4 should use the Visegrad Fund to become more active in Ukraine, especially in cooperation with Ukrainian non-profits which are important players in the democratization of its society;
- V4 should aid the implementation of the Association Agreement with Ukraine their expert know-how.

Chapter 3: Visegrad Cooperation: an Engine or Brake for the European Integration Project

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Abstract: The engine of European integration has often been fuelled by formal or informal groups of members which were ready to cooperate more closely. The Visegrad Group differs from other groups in several ways. The outside perspective of the Visegrad Group is sometimes characterized almost exclusively by its stance on migration policy, implying that the V4 are primarily a “negative“ coalition. While this is a simplification, it is still necessary that the Visegrad Group perceives itself not primarily as a brake but—at least on certain questions—also a motor of European integration. The EU needs all of its member states, their experiences and their creativity in order to succeed. The V4 also needs to be inclusive: If its sole purpose is to be an alliance against Germany’s, or the Franco-German, influence in the EU, its impact will be limited and its potential wasted.

Keywords: Visegrad, Regional integration, Future of the EU, German-Czech relations

Introduction

The engine of European integration has often been fuelled by groups of members which have been ready and willing to cooperate closely. The Franco-German couple is in all probability the most celebrated example of such cooperation and has in many aspects been the backbone of European integration. Without this engine, based on de Gaulle and Adenauer’s courageous step to begin the process of reconciliation and cooperation soon after the end of the Second World War, the European Union would probably not exist today. There are however other, somewhat less known, examples. One such is the Benelux cooperation between the Netherlands, Belgium and Luxembourg. Key achievements of European integration, such as the Customs Union or even the internal market, have been largely inspired by, if not copied from, the cooperation which already existed on a Benelux level. This demonstrates that positive and successful regional cooperation or bilateral cooperation are of utmost importance for the success of the EU.

It may, however, also function as a brake or serious obstacle to the European integration process if it becomes a cartel, acting against the EU’s interests and thus causing serious damage to the European integration project as a whole. The Franco-German disregard of the Stability and Growth Pact in 2003 is one negative example. Such forms of regional cooperation can seriously damage the credibility of the entire European Union if they openly defy EU law and thus the EU as a community of law (Rechtsgemeinschaft), be it the refusal to comply with the rules of the Stability and Growth Pact or whether it concerns questioning the authority of the European Court of Justice.

As concerns Visegrad cooperation, from an outside perspective, three considerations seem to be important to understand and assess its potential.

1. A Different Starting Point

The Visegrad Group has begun from a different starting point than Franco-German cooperation or the Benelux cooperation, which either preceded the European integration project (such as the Benelux cooperation), or emerged in parallel and in symbiotic relationship to this process (such as the Franco-German cooperation). In many ways, both alliances helped substantially shape European integration. The V4, on the other hand, entered a certainly not flawless but well-developed, highly institutionalised and functioning structure and was initially a group of novices to the EU, its structures and processes.

Secondly, while the Franco-German couple or the Benelux-countries were part of all the inner circles of European integration, this is not (yet) the case of the V4: three out of its four members are not part of the Eurozone. If the reflection paper of the European Commission on the future of the EMU is an indication, there will be further steps towards deeper integration of the Eurozone in the future. Membership in the Eurozone will therefore be of increasing importance even if we will in all probability not see separate institutions for the Eurozone anytime soon. If the Visegrad countries want to maintain a major voice in the EU's institutional structure, membership in this inner circle will be important. If, for good or bad reasons, this is not an option, Visegrad countries should at least demonstrate openness to other forms of cooperation. One example would be the so-called Permanent Structures Cooperation, a mechanism included in the EU treaties which foresees a substantial increase in defence cooperation on the EU level.

2. The Potential Role of the Visegrad Group: Promoting a Positive Agenda

The outside perspective on the Visegrad Group is coined almost exclusively by its stance on migration policy implying that the V4 are primarily a negative coalition. This perception tends to ignore a number of issues: The Visegrad countries have already proven their valuable input for the EU on several occasions, inter alia during their respective Council presidencies. Equally, they all have fully subscribed to the Rome Declaration of the EU heads of states in March and also to the ambitious agenda published by European Council President Donald Tusk at the latest European summit in October. In summary, they have sufficiently demonstrated their pro-European credentials.

The Visegrad cooperation should nonetheless try to avoid being earmarked as a solely defensive project. A too defensive stance might even risk the marginalisation of the group and thus a reduction of its importance on the EU level. The EU does not need at present further brakes or obstacles but constructive proposals and a forward-looking approach on what the EU can do to increase security and stability for its citizens.

Two areas come to mind. First, the enhancement of the CSDP (Common Security and Defence Policy). As committed and reliable NATO member states, the V4 have a particularly important credibility in this area, and cannot be suspected of somehow promoting a rivalry to NATO. Moreover, it is a policy field in which a large part of EU citizens sees the necessity for stronger EU action. Second, the V4 could

be an important engine to promote and support the transformation processes in the Eastern European Neighbourhood. This would include support of the economic transformation due to their own reform experience after the fall of communism. It might also include, however, more security-related cooperation with these countries in order to increase the resilience against Russian aggression or interference. This would include support on cyber security, security-sector reform (for example, in the framework of a CSDP mission), training exercises and more specifically support in the fight against disinformation. These are just two exemplary areas where Visegrad cooperation can be part of a positive agenda and where Visegrad impulses and expertise would be most welcome.

Finally, the accession of more Visegrad countries to the Eurozone, once they fulfil all the criteria, could have another positive effect and help balance the discussion on reform inside the Eurozone. The increasing economic weight, the experience and the expertise of all Visegrad countries would be most welcome in the Eurozone.

3. Coordination Versus a Wagon-box: Reaching Out to Other Key Players in the EU.

Contrary to an impression which some may have acquired during the migration crisis, the V4 are not a homogeneous block, with interests among the V4 substantially diverging, whether it be energy, the position towards Russia, etc. As the Franco-German couple has demonstrated however, differences do not preclude being a positive force in the EU context. The positions of France and Germany in the areas of Eurozone reform but also security cooperation are far from identical. Nevertheless, compromises across these differences are key to building a consensus on a wider EU level. The fact that the different positions of France and Germany often reflect the variety of the positions of other EU member states actually increases the credibility and acceptance for Franco-German initiatives and explain why many of these joint approaches have become EU stances. Initiatives which do not mirror the wide spectrum of views of other member states, but represent the exclusive interest of a relatively small group, have lower chances for success, especially if they concern high-profile topics.

For success on the EU level, inclusion is the key. It is therefore important that the Visegrad cooperation does not perceive itself as a wagon-box, but that it invests in coordination with the Franco-German couple in general and Germany in particular. If the Visegrad countries position themselves as a counter-project to Franco-German cooperation, this will risk paralysing the EU and eventually marginalising the V4. Other concepts such as the Three-Seas-Initiative will for the same reason have a very limited impact if they perceive themselves as defensive, anti- Franco-German initiatives.

The Franco-German couple cannot (and should not be) the initiator of every initiative on the EU level, other engines are welcome and needed. In order to bring priorities forward, coordination with the heavyweight of the European Council, Germany and the Franco-German couple, is important and crucial for success.

This is not only due to the mere demographic, economic or political weight of the latter, but also in order to ensure the coherence of the overall EU approach. One example would be how initiatives to strengthen the Eastern European Neighbourhood will struggle to be successful if they contradict the line held by those two countries which sit in the Minsk format, and where they represent a position agreed upon by all EU member states. Close coordination is therefore of utmost importance, especially concerning the external policies of the EU.

The current president of the European Council and former Polish Prime Minister, Donald Tusk, has rightly underlined the importance of unity at the EU level. He himself during his tenure as Polish Prime Minister demonstrated what such a constructive approach might look like. While the meetings with the other Visegrad countries ahead of the European Council meetings were important, so was his regular contact and coordination with the German Chancellor Angela Merkel ahead of these summits.

Conclusion

An EU of close to 30 member states cannot be driven by one motor alone. Other groups and other member states need to play a constructive role in that endeavour in order to create an EU which protects its citizens and is a space of prosperity and security. The EU needs all of its member states, their experience and their creativity. It is important, however, to adopt an inclusive approach, coordinate with other key players and not perceive the European integration process as a zero-sum game. The EU needs more than one engine, but it does not need additional brakes.

Recommendations:

- Czech centre-right parties should push for the Visegrad Group not to see itself as a brake for European integration but instead develop ideas for a positive agenda in specific integration projects, such as the defense or the support of transformation in the EU's Eastern Neighbourhood. This would be a welcome contrast to the lack of vision among other (particularly populist) political forces.
- The V4 needs to be inclusive: If its purpose is to be an alliance against Germany's or the Franco-German influence in the EU, its impact will be limited and its potential wasted. Centre-right parties should promote the understanding that European integration is not a zero-sum game.
- With the deeper integration of the Eurozone becoming a more likely prospect, more of the V4 would need to join the Eurozone (as soon as criteria are fulfilled) in order to retain their influence as a group in the EU. Centre-right parties should therefore contribute to an honest discussion about Eurozone accession, keeping in mind the importance of fulfilling the criteria but also the implications of further non-membership for the future influence of the V4 and the Czech Republic in the EU.

Chapter 4: The Role of the Visegrad Group in the EU: The View from the Inside

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Abstract: This chapter argues that the Visegrad Group cannot be expected to form a united voting bloc in the European Union, since the four countries' domestic economic systems differ and thus they arrive with different or even competing interests. However, on issues related to identity, political culture, and general design of European integration, the V4 is likely to project their common positions based on shared perceptions. The reaction to the European migration crisis exemplifies this tendency of Central European societies which tend to be more conservative and less open to liberal and progressivist ideas. The challenge for the Visegrad governments is how to translate their positions into a constructive tone and at the same time prevent further alienation from the Western European partners.

Keywords: Visegrad Group – migration crisis – European integration – liberal democracy

Visegrad cooperation was launched in the early 1990s as an attempt on the part of the new democracies to help one other complete their transformation in connection with joining western political structures, namely NATO and the European Union. Although Czechia, Slovakia, Poland, and Hungary are neighbours, and have shared similar formative historical experiences in the twentieth century, their interests, based on economic factors, are quite different. It would therefore be illusory to expect the group to form a united voting bloc in the European Union. The four often disagree when it comes to questions of the internal market, agriculture, energy or transportation. They possess diverse economic systems and are sometimes even competitors with one other. The Visegrad Group, over the course of its existence, has consequently not played a visible or influential role within the European Union.

This has changed with the migration crisis of 2015. Not only did the group of four oppose the so-called relocation mechanism for asylum seekers (“the quota system”), but from the very beginning the Visegrad governments differed from their western partners in terms of their views regarding the causes of and solutions to the massive immigration. While western European leaders and Chancellor Merkel emphasized a warm reception for the migrants who arrived in Europe, the Visegrad Group argued that the first priority should be bringing a stop to the wave of illegal migration. The V4 approach to the crisis was described by the western European politicians and media as contradicting the European sense of solidarity, as inhumane and xenophobic. Two years later, however, not only has the quota system ended up as a failure (less than one fifth of the intended relocations were carried out), but all the EU leaders have adopted the rhetoric of “stemming” the migration wave and preventing the illegal immigration already in the third countries.

Although Visegrad still bears negative connotations in many Western capitals, V4 is currently recognised as an important grouping within EU politics. Western leaders accept invitations to participate at V4 summits and Jean-Claude Juncker, the President of the European Commission known for his critical attitude towards the Visegrad Group, has hosted a dinner for the V4 prime ministers before an EU summit. The negative or even “toxic” image, as some would say, of Visegrad has been certainly at least

in part caused by poor political communication and unfortunate rhetoric from the V4 leaders. Strong statements of criticism and refusal, unaccompanied by constructive proposals, have not helped Western politicians to understand and appreciate the Visegrad positions. Apart from the restrictive approach to migration, the V4 has become known for the controversial constitutional moves by the governments in Budapest and Warsaw. These illiberal tendencies have only reinforced the image of Visegrad as a regressive group of post-communist societies unable to fully integrate with post-modern multicultural open-minded Europe.

A number of academics and commentators in the Czech Republic have therefore suggested leaving the Visegrad Group if the country wants to be part of the liberal West. While the group can be abandoned, the Czech Republic cannot alter its geopolitical location in Central Europe and cannot change its neighbours. Moreover, the results of the latest parliamentary elections have demonstrated that societal attitudes in the Czech Republic are not all that different from those of other Central Europeans. Whether we like it or not, the majority of the voters have chosen parties and movements that are not interested in joining the core of European integration or the Eurozone and instead want to maintain a restrictive immigration policy as well as a tough approach to Islamic extremism.

Does this mean that the countries of the Visegrad Group (and perhaps also Austria and others in the region) are fated to have illiberal democracies with authoritarian and anti-European tendencies? While there is clearly a threat for democratic political institutions, by no means are we witnessing a predetermined and irreversible processes. The developments in Central Europe only manifest an early backlash against what is perceived as too progressive, globalized and insecure western societies. Scepticism towards supranational integration, a more restrictive immigration policy and a less tolerant approach to Islamic extremism cannot be merely disregarded as products of primitive populism, as they are completely legitimate policy choices.

In this context, what can be expected of the Visegrad Group in the future? Above all, it is unlikely to play the role of an engine for further European integration. The current Central European leaders do not manifest signs of the imagination and ambition required to propose a comprehensive vision for the future of the European Union. Moreover, the general understanding of the EU is that it is a given geopolitical reality on the continent predominantly driven by Germany and France as its major powers. Membership in the EU is therefore accepted, rather pragmatically as opposed to with great enthusiasm, as the only option adequately ensuring both economic and security interests. Deeper European integration, however, implementing progressive policies into rather conservative societies is viewed as a suspicious, dangerous, and thus undesirable development which should be prevented or at least mitigated. This does not mean that in practice the V4 countries oppose every integration initiative, since they know that such behaviour would not be sustainable within the club they want to remain in.

Looked at from this perspective, like it or not, the Visegrad Group serves as a brake on European integration. This brake can take, however, different roles. On the one hand, the brake can be destructive

and divisive. The brake can, on the other hand, also provide a healthy and constructive corrective. There is no doubt that thus far, the V4 seems to be braking in a rather unconstructive way. At the moment, Visegrad suffers from a lack of positive communication with its Western partners. Current governments, especially in Warsaw and Budapest, seem to be primarily interested in messages for their domestic audiences regardless of the impact their rhetoric has on their relations with its western partners.

Finally, what is the role of the Visegrad Group for the Czech Republic? According to the Czech Security Strategy, the country has two vital interests: ensuring national independence, sovereignty, and territorial integrity, as well as a liberal democratic political system. Both interests would be endangered if the surrounding Central European region became divided and alienated, and if the neighbouring countries turned into illiberal authoritarian regimes. Therefore, the utmost priority of Czech foreign and European policy should be maintaining the V4 as an integral part of the European Union as well as NATO. This will require opposing any illiberal and authoritarian tendencies, and at the same time, moderate European integration and mitigating overly progressivist initiatives which might provoke anti-European antagonism in fairly conservative Central European societies. To this end, Prague should aspire for leadership in the Visegrad Group and thus ensure its vital national interests.

Recommendations:

- The Czech Republic should aspire towards leadership in the Visegrad Group to ensure its vital national interests.
- All liberal democratic forces in the Visegrad Group should intensify their cooperation and activity directed against the rise of authoritarian and anti-European populism.
- The Visegrad Group should adopt a more constructive approach in European politics in order to effectively influence European integration and mitigate too progressivist policies that threaten to further alienate the rather conservative societies in Central Europe.

Chapter 5: Czech Policies Implementing the EU Structural Funds: Setbacks and Suggested Reforms

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Abstract: The Czech Republic should have sufficient experience with drawing from European funds—experience from Phare, financial frameworks 2007-2013 and 2014-2020. Unfortunately, in all these cases the drawing of EU funds has not been without delays or the need to reallocate resources. Causes include the inability to spend the earmarked funds due to delayed spending of the funds, corruption, and lobbying by interest groups. Another cause rests in implementation of structural changes, which slow down or halt the entire process. This chapter analyses the gravest problems the Czech Republic faces and proposes suitable steps leading to the successful spending of the remaining funds earmarked for the current programming period; and most of all, to a successful commencement of the next programming period starting in 2020.

Keywords: Structural Funds, Subsidy, Programming Period, Large Enterprises, Reallocation, Interest Groups, Corruption

Introduction

The Czech Republic has, unlike other EU member states, shown a high level of unpreparedness for large infrastructure projects, such as motorways and water management projects. If believed that the operation programme cannot spend the remaining funds, another typical malady emerges; a calculated reallocation/transfer of funds with often questionable logic of suggested reallocations.

Another big problem in the Czech Republic is the inability of the implementation structure to eliminate corrupt behaviour linked with the system of granting the funds. The Regional Operation Programme Northwest or some cases in the region of Central Bohemia (so-called ROP) could serve as examples of this behaviour. The assessments/audits estimated that up to 70% of all funds in the Northwest operation programme were influenced by interest groups.

The information centre, Central Register of Subsidies (CEDR), stated that the Czech Republic distributed 1,677,905 subsidies worth 4.2 trillion CZK among 236,454 beneficiaries between 1998-2016. Subsidies were awarded as part of 3,621 block grants. This overall data included only part of the subsidies awarded by public authorities⁴. The actual volumes of financial funds for subsidies were undeniably higher because the Czech Republic centrally records only subsidies awarded by public institutions (it does not include the sum of subsidies awarded, for instance, through regional operation programmes, etc.)

Other than the records of the Ministry of Finance, data from the subsidy overview published on the Structural Funds website (<http://www.strukturálnífondy.cz>) are also interesting. During the programming period 2007 – 2013 funds worth 721.3 billion CZK (26.7 billion EUR, sum without national co-financing) were approved for redistribution from the Structural Funds. The Czech Republic spent 96.4% of the money available. Thus, it received 697 billion CZK (25.8 billion EUR) and did not spend approximately

⁴ According to Act No. 218/2000 Coll. on Budgetary Rules and on amendments of some related acts (budgetary rules)

one billion euros, that is, 26.34 billion CZK. The subsidies were, according to the Ministry of Local Development (Strukturalni fondy 2012) awarded through 75,185 projects; 22,116 of which to businesses.

Apart from the financial flows redistributed through fund allocations, the system of investment incentives is another significant tool the country possesses. The Ministry of Trade has redistributed, or rather decided to award, a total capped public support worth 293.5 billion CZK (Czechinvest 2017) granted as part of 1,095 partial investment incentives since 1998. This included support for 100 small or medium size enterprises and 995 large enterprises.

Quality of Spending (2007-2013, 2014-2020 – until 2017, estimate until 2020)

The 2014 – 2020 programming period experiences problems similar to the previous period. One of the key problems in both programming periods was the delay in the initiation and the endorsement of individual operation programmes. It should be said, though, that the Czech Republic was not the only country that had problems with the endorsement of operation programmes. On top of that, the European Commission was also late in preparing the 2014 – 2020 programming period.

The assessment of spending quality is a weakness in all subsidy systems in the Czech Republic. The previous programming period showed that the problem of qualitative assessment rested mostly in flawed methodology and the monitoring indicators, which often disregarded public needs or the quality of the project's actual contribution. Thus, the only project indicator was often, for instance, the length (number of kilometres) of the infrastructural construction that did not consider the project's contribution with respect to the people who would use the subject matter of the project. Even though the qualitative parameters could appear in the project application (feasibility study, cost benefit analysis, market analysis, etc.), the final assessment of the project impact was not requested and executed. As a result, the Czech Republic systematically lacks a good track record of qualitative effects regarding the executed investment and operational projects, despite spending substantial financial resources on them.

The assessment of project quality should undergo parametric changes in the current programming period. From the vantage of the projects' impact, the most important negative phenomenon is priority setting, which does not reflect the real needs of the public. In this case, even with high quality methodology for assessing the project impact and output, the feedback could show that projects co-financed by hundreds of millions of crowns do not have a positive impact.

Does the Czech Republic Need Large Infrastructure Projects? How to Do It?

One of the key problems with spending money from Structural Funds is the lack of high quality projects. Preparing the execution of an investment construction project in the Czech Republic requires a relatively long period of time. The World Bank rating that ranks countries based on the length of a building permit

process put the Czech Republic in the 130th place out of the 190 countries assessed in total. It ranked on the level of Papua-New Guinea and Puerto Rico. The Czech Business Chamber noted that the latest update of the Construction Act has not brought a significant improvement either.

Another problematic process during the execution of infrastructure projects brings the Public Procurement Act. The Act implements the European Directive 2014/24/EU on Public Procurement. In case of public procurement, the requirement to accelerate the process of concluding a contract with the most suitable supplier is simultaneously complemented with a commitment to transparency throughout the entire process, which can in many cases lead to a conflicting situation.

The Implementation Structure Set-up or How to Limit the Influence of Interest Groups and Corruption?

The implementation structure of the previous programming period assigned one managing institution to every operational programme. This institution managed and was responsible for all subsidies awarded to the beneficiaries. It was therefore responsible for both the approval process and the spending process, including the execution of spending control (Strukturalni fondy 2006). This model gave the managing institutions, so-called ROP, considerable autonomy, despite the existence of the Audit Authority (AA) or the Payment and Certification Authority (PCA).

Several changes were adopted at the end of the previous and the beginning of the current programming periods. The role of the controlling body (AA) was strengthened. In an attempt to ensure the AA's independence on a Minister or the Government, its organization structure was detached from the Ministry of Finance. More research comparing the individual programming periods and the impact of the controlling mechanisms is needed to evaluate whether the detachment of the AA actually improved the decision-making process.

Another important change compared with the previous programming period was the consolidation of the National Coordination Authority (NCA), represented by the Ministry for Local Development. The original idea aimed to ensure a unified decision-making across the managing authorities—or better, its predictability for the applicants, simplification of the administration process and project execution, and, last but not least, a unified environment for the applicants. This unification process started with the somewhat unfortunate commission for a Monitoring system (MS2014+) (Nejvyšší kontrolní úřad 2017). The case is still under investigation by the anti-corruption police. The only thing certain is that the European Commission probably will not certify/cover the costs of MS2014+. The operation of the system itself and whether it simplifies the application process for the applicants or the administrators are also questionable: see the report of the Supreme Audit Office (SAO).

Furthermore, the NCA often failed to meet the role a controlling body due to absent expert capacity in relation to the individual operation programmes. The administration of the soft and hard projects is quite distinct and its individual phases require different types of expertise. For instance, an expert on educational projects is not qualified enough to oversee the execution of technologically demanding infrastructure projects such as motorways or water management sewage systems.

The new administrative set-up did not offer any new tools to eliminate the power of interest groups or limit corruption. If any measures were adopted, they usually represented cosmetic changes. In some cases, the interest groups have had much greater elbowroom to influence the subsidy configuration than in the previous period. One such example is the modification of the rules in the operation programme OP-PIK. The employees of the Ministry of Industry and Trade increased the percentage share of subsidies available to large enterprises following a request from the Association of Chemical Industry represented by Petr Cingr (president of ACI and vice-chairman of the executive board in Agrofert) and after alleged political pressure in the Chamber of Deputies (neovlivni.cz 2016 and Slonkova 2016).

Some hope rests in the Civil Service Act, which gives regular employees tenure and personal responsibility for individual decisions. This should lead to decisions based on expert evaluation of the civil servants and with their acknowledgement of a possible future recourse. It makes it possible to potentially reject an execution of a controversial decision enforced by the management. The latest development and the statements of the Undersecretary of the Interior for Civil Service, Josef Postranecký, however, show that another amendment is under consideration which would remove the tenure for expert undersecretaries (ČT24 2017). This change could lead to a calculated replacement of vice-secretary if he/she falls out of favour with the new leadership. This could represent a step back in the “depolitization” of state administration.

Do EU Funds Serve Large Enterprises or the Middle Class in the Czech Republic?

One of the flaws in the Czech system of subsidies is the long-term support for large enterprises. Given that subsidizing the entrepreneurial sector generally distorts the market environment, both the Structural Funds and the national subsidies could cause a long-term deformation of the business environment. The analysis of the end beneficiaries, who control the largest business holdings, has shown that these subjects have been drawing funds for a long time. This form of support for large enterprises mostly improves cash flow and the profit of these corporations, which consequently frees their hands to expand their business activities. The Czech Republic has adopted an approach, which in the long run supports corporations and hinders the chances of small and medium size enterprises to succeed in a competitive market environment. Similar problem exists with investment incentives to large enterprises.

Conclusion

The state subsidy policy lacks a conceptual approach in the Czech Republic and its setting and scope (the enormous volume of financial transfers from EU Structural Funds) both help corporatism. Business projects co-financed from the EU Structural Funds are especially dominated by a “spending first” approach over evaluating the genuine effect of the granted subsidy and its outcomes. It would be useful to concentrate the state’s efforts towards rectifying the business environment in the future, especially by reducing the administrative burden for businesses. As regards the state’s subsidy policy, it would be useful to focus mostly on small and medium size enterprises in order to preserve the middle class. The state should adopt measures and take lessons from the 2007-2013 programming period to set the implementation structure in a more effective way and to reduce the corruption potential. The most important recommendation is to prepare large infrastructure projects that the state could execute after 2020, that is, in the programming period following the current one, 2014-2020.

Recommendations:

- Find inspiration in other member states and set up a simple implementation structure that would ensure that the funds are drawn from the start of the programming period.
- The Czech Republic should dedicate adequate capacity and attention to learn from the 2007-2013 and 2014-2020 periods.
- Obviate the experiments from 2014: strengthening the role of the NCA, procurement for the Monitoring system MS2014+, etc.
- Cap subsidy payments for large enterprises.
- Make a systemic change in the strategic state management of subsidy payments focusing on project management in a medium-term perspective.
- Set quantifiable criteria assessing the project’s contributions when setting the individual subsidy headings. At the same time, it is necessary to consequently evaluate them and to modify the state subsidy concepts in a continuous and flexible way.

Chapter 6: Climate Change in Czech Environmental Policy

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Abstract: The fight with climate change caused by human activity is the main priority in the document titled *The State Environmental Policy of the Czech Republic, 2012-2020*. While climate protection requires a global approach, it requires specific local and regional activities in individual countries. This chapter explains the reasons why climate change needs attention in the Czech Republic, the commitments the country follows and their implementation status, and in the conclusion compares the programmes of the Czech centre-right parliamentary parties and the movement ANO 2011, which held the post of Minister of Environment from 2013-2017.

Keywords: Climate Change, Greenhouse Gases, Adaptation, Mitigation, EU.

Introduction

The current state of environmental protection in the Czech Republic was affected by three factors in the past—the legacy of the socialist regime followed by democratisation and a transformation into a market economy, the accession negotiations with the European Union, and EU accession in 2004. The latter has had the greatest impact on the current state of environmental protection due to the harmonization with EU legislation. Its content is currently defined by the State Environmental Policy 2012-2020, which defined six priorities: climate protection, ambient air quality, protection and sustainable use of resources, biodiversity, nature and landscape, and safe environment. Despite the undeniably positive developments of the last 25 years, the situation is not satisfactory. Czech environmental policy suffers from five types of problems that are interconnected: excessive regulation, conflict of interest, prevailing extensive approach, imbalance, and a lack of financial resources (Bízek n.d.). This chapter explores the reasons why climate change needs attention in the Czech environment, which commitments the country follows and their implementation status, and in conclusion compares the programmes of Czech centre-right parliamentary parties and the movement ANO 2011, which held the post of Minister of Environment between 2013-2017, and, thus, had the greatest impact on its contours in the recent years.

Climate change

Climate change and especially global warming are among the key focus areas of the Czech and European environmental policies. While the history of the Earth has always seen periods of warmer and colder climate, scientists are concerned by the rapid rise in the concentration of carbon dioxide and atmospheric methane in ambient air in the last few decades. Ambient air also contains new greenhouse gases and their concentrations quickly increase. These phenomena are a consequence of industrialization, intensive use of fossil fuels, agriculture, and management of natural resources, that is, human activity. Even though scientists are not able to determine the actual impact of human activity on climate change compared with natural causes, due to the complexity of the entire system, experts

estimated that 90% in 2007 and 95% in 2017 of the impact could be credited to humans (změnaklimatu.cz n.d.). The inability to provide an exact calculation does not discredit the significance of the human factor and does not decrease the need to limit its impact.

Human activity and the natural activity of the Earth lead to global warming, which affects the human environment and everyday life. Global warming is demonstrated by the last three decades being the warmest since the beginning of regular temperature measurements in 1850, the atmosphere is warmer, the temperature of landmass and oceans is rising, land ice and Arctic ice are shrinking, and ocean water levels are rising (Ibid). The economic impact is undeniable and the natural disasters of this year only show how significantly global warming can affect our lives. While activities leading to limiting the impact of human activity on greenhouse gases and investments into new technologies are economically demanding, the future management of natural disasters caused by climate change would be much more expensive.

Extreme weather, which only this year cost many lives and damaged the economies of the affected countries, increases public interest in this issue. The estimated cost for the US economy from hurricane Harvey in September 2017 reached from 65 to 195 billion dollars. If the top estimate is confirmed, it would become the most expensive natural disaster in the history of the USA, and together with hurricane Irma could lower its GDP by 0.6-0.8% in a given quarter. Nine out of the ten most expensive hurricanes hit the US Atlantic coast in the last 16 years. European cities that are under the greatest threat of flooding by 2050 include Naples, in north African Alexandria (World Bank 2013). Even though the Czech Republic does not face a direct threat of flooding caused by the rise of ocean levels, it will suffer of indirect consequences such as food shortages, the migration of people, political destabilization, etc., thus a high level of global cooperation and responsibility towards the global struggle with human activity destroying the climate is necessary, as well as active preparation for protection against natural disasters, which would minimize the consequences of these disasters on the population and the economy. This factor's importance increases with the acknowledgement that the countries under greatest threat of climate change caused disasters are often socially and economically weak, with insufficient infrastructure, insufficient financial means, with poor state administration, etc. (ČHMÚ n. d.). In other words, fragile states, which increases the security risk they pose to the world.

One recent global response to climate change was the Paris Agreement, which replaced the Kyoto Protocol and was signed by 195 participants of the UN Framework Convention on Climate Change and ratified by 168 countries (October 2017). The Paris Agreement entered into force in 2016 and even though many doubted its ability to meet its goals without for example a significant change in sharing technologies with developing countries, it is an important document because developing countries have committed themselves to lower emissions representing a major difference from the Kyoto Protocol, which only applied this commitment to advanced economies. In this sense, the Agreement commits the signatories to reach so-called carbon neutrality, that is, complete elimination of fossil fuels, which means a reconstruction of the entire economy (Moldan in TOP 09 2016).

Climate Change in the Czech Republic

The evaluation of climate change in the Czech Republic monitors long-term average temperatures, extreme temperatures, changes in precipitation amounts, and their distribution in time and space (klimatická změna 2016). The greatest Czech “contribution” to climate change was affected by the socialist economy. Preferring heavy industry, big demands on energy consumption and the use of fossil fuels, heavy pollution of ambient air by industry, collectivization of agriculture including consolidation of land into huge fields and regulation of waterways, are some of the many important factors. The country is still struggling with the consequences of these policies, which include air pollution and soil erosion, while soil protection “is a basic condition if the *Strategy on Adaptation to Climate Change in the Czech Republic* should succeed” (Valenta 2016).

The necessity to prepare for climate change led to the adoption of the *Czech Adaptation Strategy* (klimatická změna n.d.), followed by the *Climate Change Adaptation Strategy for the Capital City of Prague*. The Strategy should “alleviate the impact of climate change by adapting to this change in the greatest possible extent, preserve good living conditions, and keep and possibly improve economic potential for future generations” (Ministerstvo životního prostředí n.d.). It was prepared based on the European Commission’s *White Book on Adapting to Climate Change: Towards a European Framework for Action* (2009) and focuses on sectors where the greatest impact of climate change can be expected, such energy, agriculture, tourism, health care, and environmental protection. The academic approach to climate change is represented by the *National Climate Programme*.

Three approaches deal with climate change, including the fight with human activity causing climate change (mitigation), but also the prevention and preparation for climate change (adaptation), because mitigation requires an extensive and long-term approach based on global cooperation. The negative impact of climate change in the Czech Republic (it has also positive effects such as lower energy costs for heating and a longer summer tourist season) would especially bring more frequent and devastating floods. The big floods in 1997 and 2002 brought extreme economic costs (3% GDP in given year) and many victims.

A global approach is necessary also in the case of adaptation. Solely local solutions are not only ineffective but also more expensive than inaction (Svoboda 2016). On the other hand, inaction and trouble-shooting would be more costly than global solutions (Koželouh in TOP 09 2016). Czech scientists working in the CzechAdapt Project at the Global Change Research Institute believe, based on their models and calculations, that the Czech Republic will start to experience the dramatic impact of climate change in the second half of the 21st century; it will mostly lead to rising temperatures and drought, thus, affecting agriculture the most (ČT24 2016), but also cities will suffer from the so-called heat island effect and a higher risk of floods. This will also bring a greater incidence of some diseases such as Lyme disease carried by ticks (CENIA n.d.).

As part of the struggle against climate change, the emissions of greenhouse gases should decrease by 40% by 2030 compared with 1990; energy efficiency should increase together with energy from renewable resources. The Czech Republic achieved a cut by 37% compared with 1990. This factor, together with a remarkable improvement in the quality of the environment compared with socialist times, led to a feeling that the condition of the Czech environment was good and so the government did not make it a priority during the 2013-2017 electoral term, while data show that the Czech Republic is far behind the EU average in some indicators. The Czech Republic produced 14.2 tons of greenhouse gases per person a year, which makes it one of the worst polluters in the EU (35% above the EU average), most of which is produced by the energy sector (40%), industry (32%), and transport (12%) (Sutlovičová n.d.). The emission load of the Czech economy was 69.3% higher than the EU average in 2012 (CENIA 2014).

Sectoral interconnectedness

A clear connection with other sectoral policies—especially energy, industry, agriculture, and transport—is necessary to ensure a correct set-up of the climate protection policy. The Czech energy sector is the greatest pollutant of ambient air. Hydropower plants contribute to energy production by only 4.61% and wind and solar power plants by 3.12%, while thermal power plants using brown coal by 40.15% (black coal by 5.97% , total 46.12%) and nuclear power plants by 35.87%. Non-renewable resources produce 82% of Czech energy (elektrina.cz 2014). The positive news has been the falling contribution of the thermal power plants, which are the greatest burden for the environment; their share was 77% in 1999.

Climate protection is closely connected with energy. The Commission adopted the Directive of the European Parliament and of the Council 2012/27/EU on energy efficiency (EED), which should increase energy efficiency in the EU by 20 %, which should contribute to a global reduction of greenhouse gases emissions, which have a negative effect on the climate. It obliges the Czech Republic to prepare national action plans every three years estimating energy saving in multiple sectors such as industry, agriculture and residential construction. Article 7 of the Directive determines the compulsory increase of energy saving at 1.5% volume of energy sales to final consumer per year. This obligation applies to distributors and retail energy suppliers. The second option is the alternative scheme wherein the state takes responsibility for the mandatory obligations by implementing policy measures. The Czech Republic selected the second option. The current fourth updated *National Action Plan of Energy Efficiency* (NAPEE) from March 2016 set an orientation savings plan at 50,67 PJ. Even though energy performance has improved in the Czech Republic, it is still lagging behind the EU average. It improved by 17.7% between 2000 and 2017, household performance improved by 23% but transportation only by 7.8%. Primary energy performance is in the Czech Republic 42.4% worse than the EU average (2012) (Odyssee-Mure 2015).

The Czech dependency on energy imports is relatively low compared with the EU (less than 50%) due to excessive use of fossil fuels. Even though the share of renewable resources has been rising and received substantial subsidies, it is not sufficient to significantly affect the position of fossil fuels. The below-average energy performance, compared with other EU countries and globally, harms the Czech economy because it damages its competitiveness. Other important sectors with negative impact on energy performance are industry, agriculture and transport. Industry policy should make better use of green technologies and apply environmental management. These include support the of eco-labels and eco-industries. Agriculture has seen a growing share of eco-agriculture, which constituted around 2-3% at the turn of the century and rose to 10% of the total arable land in 2010 (businessinfo.cz 2011), which significantly exceeded the 5% limit set by the Czech Action Plan for 2004-2010. Eco-farmers cultivated 40% of permanent grassland and 10% of permanent cultures such as orchards, vineyards and hops crops in 2015 (bioinfo.cz 2016). Agriculture could serve as an example of good cooperation between scientists and farmers, for instance the web portal project www.intersucho.cz that has met with much success in agriculture and forestry. Supported by the Czech Academy of Science, it led to the creation of a more general information portal klimatickazmena.cz (Svoboda 2016). Transportation needs to change the ratio of personal and public transportation in favour of the latter, support railway transportation, electro-automobiles, and cycle tracks.

Political Discourse

The Czech public debate struggles with claims that global warming was not real, which was articulated most profoundly by the former Czech president Václav Klaus and was supported by some other political representatives and parties. The current Action Plan was prepared under a Minister of the Environment from the Civic Democratic Party (ODS), whose political programme at the time stated that ecology should not hinder economic growth, disputed global warming as a theory and not a scientific fact: “Our focus is not on the debate about the so called ‘global warming’. We cannot refer to alleged climate changes when adopting economic measures that would make it more expensive and weaker, which would become reflected mostly in the consumers’ wallets” (ODS 2011). The 2017 election programme did not specifically mention climate protection but supported competitive renewable resources, the protection of waterways, support for new technologies improving energy performance, support for electro-automobiles, and public transportation (ODS 2017).

On the other hand, TOP 09 has repeatedly addressed the issue of environment and climate change. Its Ten Commandments/Value Statement stated: “We feel political and personal responsibility for the management of our country; we do not want that our future generations should disdain us for neglecting it. We will observe the principles of sustainable development, including environmental protection” (TOP 09 n.d.a). The programme themes and principles stated that the party pledged to “observe principles of sustainable development, improve the environment and be active in efforts impeding dangerous climate change, emphasize energy saving in all areas of human activity, and increase the share of energy from

renewable resources“(TOP 09 n.d.b). The 2017 election programme dedicated a sub-chapter to climate change under the heading Environment. It focused on the reduction of greenhouse gas emissions through the use of new technologies. The long-term programme, Vision 2030, also mentioned climate change, linking it especially with landscape protection by reducing fragmentation and ensuring biological diversity, which required cooperation of farmers and caution in urban planning; support for the ethical treatment of animals in the school curriculum; the protection of underground waters; improving the condition of the forests; and support of family farms (TOP 09 n.d.c).

The Christian Democratic Union-Czechoslovak People’s Party (KDU-ČSL) did not address climate change or global warming in the 2013 election programme. From the perspective of climate change, we could only highlight its commitment to consistently implement the European standards of environmental protection. It supported not only nuclear energy but also thermal power plants despite its support for the reduction of emissions by renewable resources and improving energy efficiency (KDU-ČSL 2013). KDU-ČSL supported the European Energy Market in the 2014 EP elections. The 2017 election programme left the issue of environmental protection to the very end of the document and put it in the context of sustainable development, economic ecology, and active protection of the environment in line with the EU norms. Other chapters indirectly addressed the fight against global warming by promoting electro-automobiles in transportation, smart energy networks and development and use of new technologies in the energy sector, and support for railways and cycling (KDU ČSL 2017).

The Ministry of Environment was controlled by ANO 2011 in the 2013-2017 electoral term. The movement linked climate protection in the 2014 EP election with the Czech EU membership. On the one hand, it promoted the EU assuming a global role in pushing its partners to adopt strategies to fight against climate change, but on the other warned against excessively ambitious goals which would limit economic growth in the EU member states if the commitments would not be binding globally (ANO 2014). The 2017 election programme did not specifically mention climate change or global warming, even though it had a chapter on environmental protection which dedicated most attention to water protection (ANO 2017).

Recommendations

- Increase public awareness regarding climate change and promote this topic in public discussion
- Support science and research leading to the development of new technologies lowering greenhouse gases; support science and its tangible applications in industry, energy, transport, agriculture, and other related sectors
- Strengthen the possibility for cooperation in setting the environmental agenda and promoting legislation favouring prevention, mitigation, and adaptation to climate change among all democratic centre-right parties.

Chapter 7: The Reform of Czech Retirement Pensions and the Helplessness of Sobotka's Government

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Abstract: This chapter examines the conduct of Sobotka's government regarding pension reform in the Czech Republic. Within the context of a brief evaluation analysing the pension reforms in Latin America and Central and Eastern Europe prepared by the Office of the Czech Government and published by the end Sobotka's government, the author criticizes the helpless approach of the outgoing government. Its single fundamental proposal on how to fight the expected, perceptibly negative consequences of population ageing after 2030 was to raise taxes. Yet, the chapter argues in favour of a pension system reform, whose vigour would significantly pass the limits set due to cautiously seeking consensus—therefore unsuccessfully—by the government of PM Petr Nečas. Sobotka's government abolished the result of its efforts to reform the pension system without any adequate replacement.

Keywords: Pension Reform, Second Pillar, Public Finances, Population Ageing, Czech Debt

In 2017, the Office of the Czech Government published an analysis titled *Pension Reforms from Chile to Central Eastern Europe*. Its authors critically analysed more than three decades of the lasting trend of reforming pension systems, starting from the 1980s to approximately mid-2010s. The key goal was to prove that the pension system reforms implemented in Latin America and Eastern Central Europe were not successful. "Instead of balancing the public finance deficit, they intensified it," the authors argued (ÚV 2017: 11). One reason provided was the failure to sufficiently consider the transition costs, that is, costs connected with the transition to private pension systems. The analysis introduced the reader to the international context of trying to reform the pension systems, and using this method openly defended the key step of Bohuslav Sobotka's government in this area, that is, the abolition of the "second pillar". It presented several reasons why its abolition was the right thing to do.

Unfortunately, when proposing what should be done with pensions once the second pillar was abolished, the analysis was far more parsimonious. Despite its length, extending 150 pages, it dedicated only a few sentences to constructive proposals. Facing the fact that Sobotka's government could not implement a pension reform, the authors of the analysis stated that "the solution of current and future questions regarding the pension system are not necessarily linked with some suppositional 'big' reform and can be addressed through a number of important parametric system modifications, including increasing the share of GDP spent on retirement and other pensions and strengthening the so-called third pillar" (Ibid: 123). The very conclusion of the publication explained it somewhat better when the authors admitted that the "financing of the pension system should be secured by additional tax income" (Ibid: 125). At the same time, it said that "support for pensioners can be achieved through other mechanisms 'outside' the pension system itself, for instance by reducing or removing the costs of traveling by railway or bus, reducing medication surcharge or securing cultural event discounts" (Ibid).

It is this, we could even say helplessly sounding, conclusion that degraded the otherwise comprehensive and well-founded analysis. After tearing apart (with abundant argumentation) the reform

efforts of Petr Nečas's government that rested mostly in introducing the second pillar, the Office of Sobotka's government proposed what we could even call a simplistic "solution"; the pension reform was not necessary, it was enough to increase taxes. Even proposing reduced prices for transport, medication or cultural events would in the end be paid for by the tax payer, which would have to patch up the essentially augmented budget deficit.

On top of that, even though the analysis was definitely comprehensive and well-founded, it was biased. It would hardly meet the criteria of a standard academic work, which would include a comparison of individual perspectives, even contradictory ones. As an example of this, consider the approach to the central topic of the analysis, the 1980s pension reform in Chile. The analysis labelled the effectiveness of the Chilean pension system as "half-done at most" (Ibid: 26). Further on, the authors used the example of Chile as a key example not suitable for imitation, on which they demonstrated that Sobotka's government was right to abolish the second pillar. The Chilean pension system has recently become a frequent target of general criticism. Yet, the International Monetary Fund (IMF) stated in its 2017 study that this system was "built on solid grounds" (IMF 2017: 160.), while improvement modifications that the IMF study evaluated or mentioned had a parametric and not paradigmatic character. Despite following only the IMF's approach, the general evaluation of the Chilean pension system's condition by Sobotka's Office of Government cannot be considered balanced.

Yet, population ageing in the Czech Republic will represent a crucial risk for sustaining the domestic public finances in the upcoming decades. Threatening the sustainability of Czech public finances, it is linked with the future adverse development on both the revenue and expense sides. Public finances will be loaded down on the expense side by the growing volume of retirement pensions paid out and the rising expenses in public health care. The revenue side will be negatively affected by the growing share of people in the retirement age, which would lead to a reduced share of the labour force and thus reduced tax income (ČNB 2017).

The ratio of the current Czech public debt to its GDP within the context of the EU is considerably below average. This relative indicator will further decrease in the next 15 years. However, we can expect it to start rising again the 2030s primarily due to increasing expenses from retirement pensions and health care, and the deceleration of economic growth. Presuming the current situation remains unchanged, that is, without a pension reform, the ratio of government debt to GDP will most probably reach 93% by 2060. The public deficit would in this case continuously exceed 3% of the GDP (one of the Maastricht criteria for adopting the euro) by 2044 and by 2060 would exceed 6% of GDP. Such an outlook for the development of Czech public finances cannot be considered sustainable. Exacerbating the state of public finances will lead to the growing yields of Czech government bonds, thus, a further burden for domestic public finances because of the higher costs of servicing the debt. The rising yields of Czech government bonds represent a potential systemic risk for the Czech financial sector, an important lender to the Czech government (Ibid).

Pension reform, notwithstanding the fact that its implementation is not an urgent need, represents in the long-run a critical requirement to preserve a sustainable trajectory of Czech public finances. Sobotka's government, obviously aware of the fact that the reform was not urgent, virtually stopped pension reform developments instigated by the government of Petr Nečas. *The Pension Reforms from Chile to Central Eastern Europe* analysis is a thorough elaboration, yet awkward reminder, of the fact that in the area of pensions the Czech Republic wasted another four-year term; especially by abolishing the abovementioned second pillar (result of the "big pension reform" by Nečas's government) without providing an adequate constructive replacement, and by capping the incremental raising of retirement age (result of "small pension reform" by Nečas's government) to the age of 65.

The "big pension" reform by Nečas's government, that is, creating the second pillar, was a step in the right direction, but unfortunately it was too cautious and implemented at an unfavourable moment when the national economy was struggling with the consequences of the global financial crisis. It held the potential to reduce the pensioners' dependency on government expenditures in the long-run and to reduce the massive reallocation of wealth from the wealthier to the poorer and from the younger to the older, plus it could have revived the labour market and possibly also improved the functioning of the capital market (Schneider and Šatava 2012). The pension system participants had the option to take out some of the payments from the state system in the above-mentioned second pillar, that is, deposit them into private accounts using pension funds. The reform was restrained because the government allowed people to take out only 3% of their salaries, that is, only 1/10 of the state pension payments. On top of that, the insured must have added to these 3% another 2% from his/her own resources. In the end, this covered 5% of the salary volumes, which should have been invested in by the pension funds.

For the very reason that the reform was proposed so carefully, the future pensioners still could not expect any significant improvement in their income situation. The effect of the transition into the second pillar would have been most pronounced for the high income population, above all men up to 30 years old. Even this specific section of the population would get a yield of less than 50% of their annual income by this transition. This means an increase in the paid pension by 3-5% of the income. For all other socio-economic groups, the second pillar would have been less advantageous, the transition into the second pillar would not pay off for 50% of men and 70% of women (Ibid).

Thus, it is clear that the excessive sensitivity, or, insufficient vigour in introducing the second pillar was one of the crucial reasons why it failed. This is not an argument against this philosophy that stood behind its inception. Its key feature was the effort of the "big pension reform" authors to at least partially transfer the responsibility for financial security in old age from the state back to the individuals—from an anonymous total sum of tax payers to a transparent specific individual.

Furthermore, the greater role the capital market was expected to play after the reform in securing old age financial security was also desirable. It is the capital market that potentially generates an appreciable amount of funds for the pensions of the demographically ageing Czech population, and funds for a

demographically younger generation. If the Czech state allowed and supported the appreciation of funds deposited by individuals as part of their pension savings as part of a potentially more robust pension reform, for example, in some Asian capital markets such as in Israel, Indonesia, India or the Philippines, the economic activity of these demographically young, dynamic societies would generate a substantial share of income for the Czech pension system. It is clear that such an appreciation of funds is accompanied by a greater risk, but that can be minimized with the appropriate diversification.

If the aforementioned analysis from the Office of the Government labelled the abolition of the second pillar a step in the right direction, it should be said that the second pillar in its final form was the result of a long and fastidious search for a consensus, which caused its insufficient vigour and thus the low level of persuasiveness for the public. If the opponents and “liquidators” of the second pillar do not enforce some reasonable alternative form of pension reform, which has not happened yet, then the key moral of the second pillar fiasco will be that the potential future reform built on a similar “philosophy”, that is, correct belief that more responsibility for old age financial security should be taken over by the individuals, should be more vigorous and thus also more convincing, thus more attractive for a critical mass of the Czech population.

Recommendations:

- Oppose the idea that the ageing population should be handled by tax increases. Taxes already hamper the economy.
- Continue to insist on a pension reform supporting capital savings. Force people to take more responsibility for their financial security in old age.
- Be more vigorous, decisive, convincing and convinced when implementing the next pension reform. It should not be introduced during an economic crisis or recession.

Chapter 8: Obstacles on the Path to Digitalization

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Abstract: This chapter discusses digitalization with a special emphasis on e-government in the Czech Republic. It investigates the causes of the current situation and defines basic criteria for further development. It handles the development of this field not only from the perspective of e-government per se, but also looking for the links this area has to the legislative branch, forms of executive management, and education. All these factors contribute to the analysis of the role of information and communication technologies in the Czech Republic.

Keywords: EU, E-government, Digitalization, ICT, Technology, Subsidies

Introduction

The role of digitalization in the management of a modern state has significantly increased in the European Union in the last decade⁵. However, the development of e-government has slowed down in the Czech Republic in the last eight years and it has been lagging behind in international ranking due to the low supply and limited use of digital services⁶. Neither has the economic growth of the last three years brought a positive change. Basic investment into services for the public has fallen behind as much as legislative proposals regulating e-government. The thus-far unsuccessful drawing of European subsidies for high speed internet, which paradoxically nobody wants, illustrates the unclear direction of digitalization⁷.

This chapter describes the current state of affairs and its underlying causes in the Czech Republic. It discusses how to eliminate some of these causes if possible and in that case how to restart the development of e-government, not only in terms of service architecture. It presents basic principles without which we cannot expect any significant change. It does not ignore the impact of digitalization on the economy and its overlap into education, where they mutually interact. Finally, it mentions the global impact of digitalization on society.

Essential Principles of Digitalization

The principal problem of digitalization in the Czech Republic is the common practice of forcing it upon processes that are essentially analogue, because they emerged (and are still often proposed) disrespectful of the fact that they should be used in the electronic world. In other words, an improvement cannot happen without a re-evaluation and understanding of the processes which digitalization deals with.

⁵ Evidence comes from the establishment of a whole range of analytical tools that help measure and compare the EU member states in the area of digitalization where public digital services clearly belong. The most often cited one is DESI (Digital Economy and Society Index).

⁶ For more see Kubátová 2016

⁷ For more see: Polívka 2017, Rejzek 2017, novinky.cz 2017.

The actual introduction of e-government will require an agreement that the primary interest of the state's architecture is the citizen. The primary pillar is to accept that the services of the state would operate better if they had unified interface and logic. Finding a way to achieve comprehensiveness does not mean introducing one comprehensive system prepared by one supplier. Competition among the suppliers of IT services is essential and cannot be eliminated under the pretence of any temporary advantage, such as unified access to the user.

The UK could serve as an example here. The state services are presented in a minimalistic form and on one website⁸, supervising its look and constant improvements. Nothing changes faster than digital systems⁹. Half a century ago, Paul Valéry wrote: “Everything simple is false. Everything which is complex is unusable.” A simple principle carries complications which can be overcome only by creating a common goal, rather than partial interests. In order to have a clear common goal, discussion is necessary and it should be clear that the basis for cooperation is dialogue—among contractors, scientists, and representatives of the IT industry, supplemented with cooperation among lawyers, IT experts and officials, who often know the actual operation of the systems better than those who developed them. Unfortunately, this dialogue has recently been fading and the operation of the entire system shows that.

The correct introduction of e-government is an absolute must, because we already run such a complicated system of public administration now that we cannot even say whether it is inefficient and expensive or not, because we do not know either way. If the public interest rests on a comprehensive front-office, that is, the part that comes in direct contact with the people, the state interest rests in the back-office, which will provide analytical data for its more effective and safer operation. The introduction of e-government could play a key role; not because it would allow easier monitoring of the public and generate a lot of data but for high-quality and safe services, and cheaper management of the state.

Another necessary principle relates to the fact that digitalization should not divide the public in their access to services. Despite the abovementioned state interest, we must respect that every process should have an alternative for those who cannot use technology. “Digital first” is a principle that says that all new processes are introduced so as to enable the use of digital technologies and follows the logic of digital services. Based on this basic set-up, procedures for those who cannot use the digital mode emerge. New digital services should be introduced following process analysis—its usage, costs, and thus also benefits for the public, and with clear criteria about what effect digitalization would bring. The analysis, or so to say the regulatory impact analysis (RIA), has been part of our legislative process since 2007 and we might consider how this public methodology complements the digital segment.

If anything should become the future principles of the new e-government era, these are openness and competition. The only recent progress took place in the area of open data. This has undoubtedly become more abundant. Public data obtained thanks to public investment, moreover often created by us, should

⁸ For more see online at <https://www.gov.uk/>

⁹ For more on the system of management in the UK, see interview with Caroline Jarrett (Beránková 2016).

be available free for commercial use as well. Only data which has some weight for the public will be processed based on demand. Obviously, opinions have emerged that it should go one step further and introduce a rule that systems built with public funds are open. This, however, could lead to a significant change in the pricing policy of suppliers.

Competition is understood to be a principle which helps lower costs and improve quality everywhere. It is often missing in the Czech Republic. The Ministry for Local Development stated that the volume of contracts announced as part of negotiated procurement without notification (NPWN) has risen in the last four years and spent tens of billions of crowns in public funds¹⁰. The cause may lie in the growing effort to “fight corruption”, which (often at any cost) looks for systems objectifying individual parameters, which leads to a growing number of regulations. The situation will not change without good cooperation (read: well-founded checks) from the client. The state, as the client, also needs experts on its side who would guarantee continuity and a proper relationship between the supplier and the client. The low competence of the state and the lacking respect for public procurement among suppliers deepens the distrust of digital services and, thus, also the management of the state as such.

Identification—from ID Card to Mobile Phone

The last four years have been associated with a discussion about digital identification. We need digital identification but linking it just to the ID card is an outdated approach. It is as if today we would insist on having only a credit card to access our bank account without access to online banking or a mobile application. The goal of one card can be easily met if our data are saved in a digital space. In the end, I do not need the card if I decide to use a mobile phone application. The analogy with banking services is oversimplified but illustrative in principle—it is a form of viewing the citizen’s information account. It is already necessary to seek ways to enable mobile communication with the state. More and more people use mobile phones as the most common method to surf the internet. The penetration of smart phones is also rising; 58% of Czechs used them in 2017¹¹.

Identification is a good illustration of the clash between security and comfort. We come across a number of diversely secured methods of identification in the business world. We often leave our very personal information open at the mercy of services which actually only entertain us. And we often (and very often unknowingly) share information that is used mostly for advertising. Identification can show us tens of real life options which explore the line between user friendliness and sufficient security. Rigid setting can discourage people from using it. An example of a satisfactory compromise is, for instance, the “databox“, which could have already been used much more extensively. Besides, a databox’s security has never been questioned during the entire time of their existence in regards to anyone attacking the service or

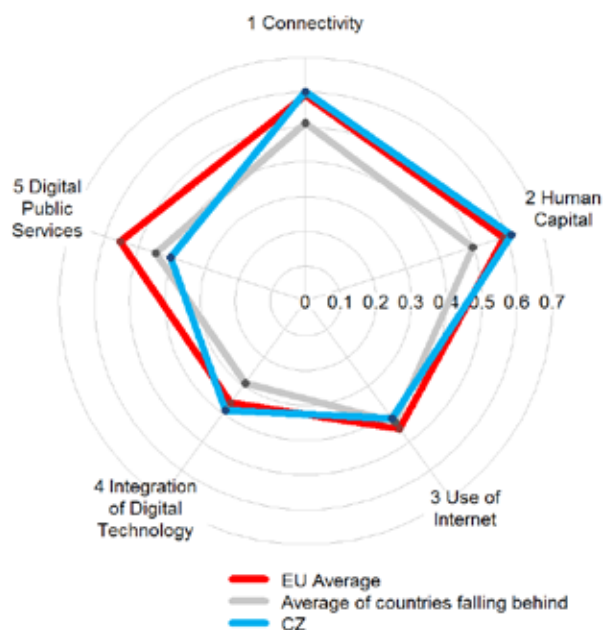
¹⁰ Ministry of Local Development data stated 39 billion CZK in the last three years (TOP 09 2017).

¹¹ The results of the study mention an increase by 241% between 2012 and 2017 (Koutský 2017).

passing one data message off as another one, which is undoubtedly proof of their rather decent security. Instead, the system and its administrator did not react to demands to make it more responsive to its users. Its capacity enabled an option to provide a digital identity for everyone but was not applied. The reliability of databoxes could help introduce online elections without compromising the electoral procedure; such a proposal would most likely lead to a big debate about their form and comprehensibility for the public.

Digital Economy

The issue of competitiveness is linked to the condition of the digital economy, which is actually doing quite well in the Czech Republic. A SPIR (2016) study published in 2016 showed that the total contribution of the digital economy to the Czech GDP was 4.13% in 2015¹², that is, 188 billion CZK. Among the selected EU countries, the Czech Republic recorded the highest share of investment in ICT facilities and software, at 3.6% of GDP.¹³



The digital economy is growing. We are investing. Analyses show that we use online services but mostly those without any connection to the state, such as internet banking and online shopping. Unlike other countries, state digital services are absent (or outdated), which obviously has a negative effect on the economy as a whole. The graph published by the European Commission (n.d.) as part of the Digital Single Market Strategy best illustrates the situation. The Czech Republic recorded below average values in the area of digital services. This sole below-average parameter clearly pushes the total Czech score down.

¹⁴ It is as if two worlds existed in the Czech Republic—the commercial one which actually does not need the state much, and the public one, which does not do much because no one demands it. Insufficient coordination and non-existing vision are often identified as the

¹² The authors of the study claim an increase by 15% from 164 billion in 2011 to 188 billion in 2015.

¹³ Average investment in ICT facilities and software in selected countries was 2.2% in 2013 and 2.3% in 2014.

¹⁴ Czech Republic's performance in DESI 2016. Our position fell from 17th to 18th post in 2017

causes which have been simultaneously falsified by reference to hundreds of strategies and documents adopted or prepared by various public authorities. The problem rests in none of them. The cause of this situation is that no-one in public administration is interested in the introduction of e-government. Apart from declarations, the only support for open data has increased in the past four years. The long-term agenda focus of the ministers of the interior emphasizes security over the administration of domestic affairs, where e-government belongs.

Parliamentary committees and deputy initiatives cannot replace the executive branch. The weak politicisation¹⁵ of IT topics has been evaporating because the media can describe any public procurement in the IT area as an illustration of corrupt behaviour (for instance with the support of unsuccessful competition). This brings about another problem, which experts rarely mention. Politicians and officials have little will to promote IT projects because it could bring attention to many cases of controversial supplier tenders, which have often ended up in the courts. Cases wherein the IT system itself had become a burden rather than expression of effective digital administration of the state, did not help the case either; for example, the vehicle registry system. The above-mentioned low know-how of state officials, the non-existent dialogue, and objectification of decisions made at any cost lead to a state that is hardly able to prepare transparent public procurement.

Education – Our Future

The SPIR study showed that our information literacy is above the European average but it only relates to basic skills¹⁶. We lack ICT experts and the poor legal setting does not allow for the easy employment of foreign workers. Other obstacles include high payroll taxes, which are the eighth highest among OECD countries (Gola 2017). Information literacy concerns a growing number of doctors, lawyers, police officers—people who were able to live without IT only ten years ago. New positions and specializations appear, and only people who know how to use modern technology can take them, which increases the possibility of a dangerous division of society into IT literate and illiterate people¹⁷. If we prepare for continuous development, we will not be exposed to radical twists. People with information skills are not very dependent on their place of work. Information technologies can help even the quality of urban and rural lives. They can also be a solution for handicapped people and an opportunity for excluded areas.

Therefore, computer literacy programmes are necessary on all education levels, especially in primary

¹⁵ During the first discussion of the digital agenda, specifically the Electronic Signature Act, an accord emerged across the political spectrum (živě.cz 2000).

¹⁶ In 2015, the Czech Republic took second place in the EU rating regarding the share of individuals with basic digital skills. In the Czech Republic, one third of the population (33%) possessed these skills, EU average was 27% (SPIR 2016). Compare with *Zpráva o digitálním pokroku v Evropě v roce 2017 – Profil země – Česká republika*, s. 5 which stated that the basic skills level deteriorated from 57 to 54 %, which was below EU average (56 %). (European Commission 2017).

¹⁷ See “digital divide“

education, where we must not forget to increase risk and user responsibility awareness, at least regarding the aforementioned personal data. Education programmes should reflect real market needs and not fall in the trap of excessive technological optimism. Keyboard literacy serves as an example— it is a neglected, unattractive skill, which, however, significantly increases productivity and will continue to do so for a long time in the Czech environment, therefore, the value of the person who masters it. Traineeships are also a crucial factor in providing the stronger link with the real world which has been so often called for.

Analyses agree that the amount of data we create and share has been massively increasing, which is also valid for businesses.¹⁸ This perspective shows the problem of an, on average, low connection of businesses to high speed internet. On the other hand, internet coverage has improved thanks to mobile providers, which could become an alternative for many people if they charge a fair price. This leads to the question as to whether the state should declare internet a service¹⁹ which everyone is legally entitled to, in order to support information literacy²⁰. This policy's goal would ensure that households and businesses have access to an internet connection speed which allows them to participate on online business, use the e-government services of the state and local municipalities, or use a home office. It is important to emphasize that service is not connection. Connection, and de facto speed, is a non-existent problem due to rapidly growing technology. It will be absent in less than 5% of households in four years' time²¹. Based on coverage analysis, the state would refund the provider the costs where the public used only the basic service. The concept of universal service already exists in the UK and in Spain.

Internet economy is conditioned by something different than technology. High payroll taxes, high economic burden— these are the problems that affect this sector and the situation has unfortunately progressively worsened in recent years. As regards e-government, a better arranged supply of services on a public administration portal would help and in the end lead to the dream world of complete electronic submission.

Conclusion

Technology has changed the economy at the end of the second decade of this millennium by transferring it to the digital environment. The impact of its influence is already visible; it brings enormous change and the consequences are only yet anticipated. Some studies even mention its liquidating effect on

¹⁸ The amount of data generated by businesses and individuals has been increasing every year documented by the enormous increase in internet data flow. The annual amount of data transferred increased tenfold from 2007 to 2015. The expert estimate of CISCO expected the numbers to triple between 2015 and 2020.

¹⁹ Concept of universal service.

²⁰ High-speed internet connection is as universally necessary in the 21st century as basic voice service in the 20th century (Sedláčková 2016).

²¹ The accessibility of LTE connection type is described for instance in the Mobility report published by Ericsson. The study predicted in 2015 that the LTE coverage would reach 95% in 2021. For more see Voženílek 2015.

the middle class²², which has so far guaranteed our prosperity. Digitalization enables greater control of individual freedom than totalitarian regimes. New digital borders between countries emerged.

The aforementioned topics show that we will face a growing number of digitalisation related issues in the future. It will be inevitable that we must resolve the problems that we already face. A debate of many forms await, s us putting the users' comfort on one side and the security of digital privacy on the other. It will not be easy, especially when the state wishes to build extensive personal data databases disguises as "rational reasons".²³ The state's reaction to the dramatically growing new forms of economy struggles to regain full control, which induces tension in the society and creates an indecipherable legislative environment. Consequently, calls for easy solutions emerge, only a step away from strong-arm rule.

Recommendations:

- Finalize digital identification and prepare a mobile form of unified interface and logic of services with the broadest possible public application.
- Propose solutions that would prefer the principle of service for the public over service to officials.
- These new services should be provided to the public in an effective way.
- Insist on the application of the principle of competition to state information and communication technologies.
- Support open data, it should be freely available for commercial use as well.
- Free payroll taxation, which would help to keep and recruit more IT experts.

²² For instance Lanier 2016.

²³ The debate over installation of automatic radars on toll gates, which for instance identify the driver's whereabouts, serves as one example.

Chapter 9: Governmental Instability in the Czech Republic after 2000: Causes and Consequences

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Abstract: One of the key characteristics of Czech politics after its democratic transformation has been unstable governments. The Czech Republic has had twelve governments led by ten different prime ministers over the years 1996-2017. Only two of the governments lasted the entire electoral period: one distinctive “single-party” government and, despite all its internal conflicts, Sobotka’s coalition government. Most of the other governments only lasted 1-2 years, a government defined as (semi)technocratic was formed three times. The government, which is the only policy initiator in a parliamentary regime, is therefore usually too weak in the Czech Republic. This has negatively impacted the entire Czech political system and undermined public confidence in the democratic political order. The goal of this analysis is to define the main causes of governmental instability, speculate about its consequences for the legitimacy and public image of politics, and contemplate the possibilities of stabilizing or else strengthening the Czech governments.

Keywords: The Czech Republic, Government, Parliamentary Regime, Rationalized Parliamentarism, Political Parties.

Introduction

Governmental instability can have many causes. These can be related to political culture, institutional setting of the system, electoral mechanisms, other factors and most of all the socio-economic satisfaction of the population. A post-communist country, which experienced the fundamental transformation of most social sub-systems as well as a paradigmatic conflict between “nostalgists” and “progressives”. If we consider the developments in the Czech Republic over the last two decades, it is apparent that most of the above-mentioned factors have affected the instability of the individual governments.

Czech political culture is traditionally based on efforts to maximize immediate benefit, as can be observed in the history of the First Republic and the frequent government reconstructions caused by a weakening of one of the member political parties. The instability of political parties, the ideological tepidness of their narrow membership base, and frequent defects by both their members and large groups of voters are important aspects of post-1989 political culture. The constitution and its interpretation contribute to governmental instability, together with the proportional electoral system, in particular the 2001 formula, which the Chamber of Deputies adopted in reaction to the Constitutional Court’s partial intervention with the Electoral Act amendment proposal prepared by the parties of the so-called Opposition Agreement. Another important factor is the addiction of a large segment of society to the guarantee of a “complete welfare state”, unsustainable both because of demographic trends and the strong economic crisis that followed after 2009.

Major Factors of Governmental Instability

There is in all probability no point in discussing issues of political culture in such a short paper. One can generally state that paternalism remains a significant feature of Czech society, in relation not only to the left, but also to political parties and voters generally. Both the liberal and conservative camps tend to turn to the state as if it were almost an salvation mechanism. One should bear in mind that the A. Babiš movement, ANO 2011, is a member of the liberal ALDE on the European level, and that the Občanská demokratická strana (ODS) has continually advocated the nation state, as a key institutional tool, despite the fact that it presents an almost ultra-liberal profile in other areas. Moreover, the existence of a stable Communist Party hinders the possibility of forming ideologically related coalitions over the long-run. When they are formed, they feature a marginal majority in the Chamber of Deputies. The parties are also unstable, with their factions often splitting up. Consequently, governments often do not come about as an association of ideologically allied parties, but as an amalgamation of subjects, which together received a sufficient number of mandates. Everything has become increasingly complicated in the last two electoral periods due to the rise in populist and marketing parties, which have been invited to join the governments to meet this logic of a simple count.

This tends to discourage the application of the most common practice in parliamentary democracies, this being the formation of minority (but ideologically allied) governments. Such a government might arise (e.g., the second Klaus government or the second Topolánek government after the split in the Green faction), yet, their manoeuvring capacities are low due to the negativist opposition. Solutions involve unfortunate defects from parliamentary party factions, or even “acquisition” of deputies, including situations when a deputy blackmails the entire coalition and its survival depends on him/her. Furthermore, the Czech political scene lacks so-called dominant parties with an electoral potential of around 40%, which could govern alone, albeit as a minority government. As Novák has stated, “a minority government is extremely vulnerable when there is no dominant party” (2001: 60).

Novák (2001: 60) has also argued that it was previously possible to arrive at the position of two dominant parties by changing the electoral law, but “ČSSD missed out on the opportunity in 1996 to make a deal with ODS, the other large party, to significantly modify the electoral law towards a majority effect, and support the formation of single party governments or ideologically coherent coalitions with a small number of parties, and exclusively with the presence of one of the two formed dominant parties in the system.” The decline in the electoral core of both the ODS and ČSSD after the 2006 election, when support for both parties culminated, brought about, however, a situation where we fail to see parties with a dominating tendency, or a party that could clearly be seen as a large party. The 2017 election might change this aspect, but it is more likely to bring us back to 1992, when over 10 parties entered Parliament and the only party with a major gain was ODS. Furthermore, if the election really results in a dominant party, it will likely provoke additional problems since the only formation with the potential to become a dominant party is ANO 2011, “a typical representative of a new class of oligarchs emerging from the Communist nomenclature elite” (Drulák 2012: 260).

The third important factor in government instability is the constitutional-institutional definitions of the main institutions' roles. This is, in the case of the government, primarily its relationship to the Chamber of Deputies and the Head of State. The presidents have tended to follow the lead of the first Czechoslovak president, who often interfered with the governmental configurations. An objective analysis clearly demonstrates that V. Klaus was the most modest in this respect, while President M. Zeman behaves as if he wanted to assemble the government together all by himself (this having happened with the Rusnok government). The Constitution and political tradition have shown that the government, which should be the only policy initiator and executor in a parliamentary system, is trapped between the President and the Chamber of Deputies, which significantly hinders its capacity to act.

As concerns the Chamber of Deputies, the recent electoral periods (and not only them) have clearly indicated that it does not view the issue of governance stability as being all that important. The most prominent example was clearly the vote of no confidence for the Topolánek government in the middle of the country's EU presidency in 2009, after which the anti-governmental majority failed to present any feasible solution. Simultaneously, the Chamber of Deputies tends to resolve the situation with caretaker governments that seem easier to control and, in the public eye, remove some of the politicians' responsibility; this assessment has been agreed upon by the presidents (V. Havel, M. Zeman). Both the President(s) and the Chamber tend to court the favour of voters and their trust in so-called expert governments (as expected of the A. Babiš government).

This trust, however, persists because politicians often leave the solutions to other institutions (such as the frequent efforts to change regular legislation at the Constitutional Court), or they do not act at all. As stated by Hloušek and Kopeček (2012: 22), "unfortunately, Czech politicians give up some of their competences when trying to depoliticise certain unpopular decisions and transform them into administrative-technical decisions." The authors at the same time claimed that "the myth of a professional bureaucrat, who has expert know-how and stands above particular political and especially party interests, is alluring ... This structure needs, however, strong political supervision." The authors specifically emphasized another problem, the unclear representation of interests concerning social groups. "Czech parties communicate with representatives of diverse interests, but in fact manifest a distinct political culture deficit, which often mistakes legitimate group interests for individual, private, or business interests" (Hloušek and Kopeček 2012: 90).

Political culture cannot be, however, transformed by a giant "leap" (perhaps partially by a big "shock") and it is therefore difficult to suggest any rapid solution to the question of governmental instability in this respect. For this very reason, we will now focus more on the issue of possible institutional modifications, which could stabilize the governments and simultaneously make it more effective. Due to the absence of consensus and trust among political parties and other actors, an effective solution would only seem to rest in a reconfiguration of the political system on constitutional and institutional levels.

Potential Methods of Government Stabilization

Several noteworthy studies have emerged in the last five years on the topic of increasing governance effectiveness, or the capacity to act, of Czech governments. I view Michal Kubát's study "Contemporary Czech Politics: What To Do about an Ineffective System?" published in 2013 as pivotal in this respect. Kubát argues that the weakness of Czech parliamentarism, defined by low governance effectiveness, could be overcome in two basic ways: changing the political regime towards a semi-presidential system, or making the current parliamentary system more effective. I agree with the author that semi-presidentialism is not a suitable form of government for democratising countries and is also unsuitable in the context of Czech political culture, which, as mentioned earlier, manifests an extremely low level of consensus.

If the President were to be actually placed in the role of a policy co-initiator, we could expect frequent, or even permanent clashes, between him/her and the Government led by the Prime Minister, or the President would choose a conformist Prime Minister and he/she would become the true and only policy initiator. The President could easily become an autocrat and experience from most post-communist semi-presidential systems clearly indicates that the next step would be the debilitation of democracy or a regime only formally democratic. I consequently, along with Kubát and many other scholars, perceive the introduction of direct presidential elections in the Czech Republic as a mistake, which has further extended the problems of parliamentarism, including the condition of the government.

Kubát (2013) proposes four basic measures to strengthen the government and especially the PM's capacity to act:

- 1) Introduce a constructive vote of no confidence, that is, regulation wherein the PM and the government can be voted out of office only by the election of a new PM. This would prevent interregnum situations, the establishment of "caretaker" governments or even the occurrence of parallel PMs;
- 2) Change the rules for the formation of governments by establishing clear and relatively short time limits to appoint/nominate a PM and the government. The Constitution should, therefore, state the time period in which the President has to nominate a new PM after the collapse of the previous government. Kubát also suggests that in case of a second or third attempt to form a government, the nominee should be presented, not only by the President, but also by other actors (the Chairperson of the Chamber of Deputies, or political party factions), which would ensure that the President's arbitrary acts and deliberate protraction of the process would not obstruct the formation of a government with a majority in Parliament;
- 3) Enhance the position of the PM. Kubát argues that the PM, and not the President, should have a strong position in the parliamentary system and exercise it in relation to the public and the other members of the government (President Zeman's political games regarding PM Sobotka's efforts to remove his Minister of Finance, Babiš, from the government in the spring of 2017 clearly indicate what Kubát had in mind four years earlier);

4) Modify the Chamber of Deputies' Rules of Procedure and cut back on the intra-institutional and legislative lack of discipline in the Czech Parliament. Kubát mostly criticises the situation when every deputy can individually propose legislation and/or introduce into the legislative process a legally weak amendment proposal. This "individualization" of legislative initiatives can be contrasted with the other legislative initiators defined in the Constitution (a group of deputies, the Senate, the government and regional governments), which are all collective bodies.

Apart from the proposed measures, Kubát works with the possibility of modifying the voting rules in order to lower the fragmentation of the Chamber of Deputies. He proposes a modification of the voting system into a two-round majority system, which would allow only a smaller number of candidates, ideally only two, to enter the second round. He describes the totality of the proposed measures as a reinforcement of majoritarian features towards a majority democracy and rationalised parliamentarianism.

Vít Hloušek and Lubomír Kopeček have presented similar ideas in their book on caretaker governments in the post-1989 Czech Republic. We have already mentioned the criticism of those political actors who have dumped their competences. Hloušek and Kopeček have noticed additional governmental weaknesses. Regarding caretaker governments, they argue that "we could interpret the formation of the Tošovský government as a governance crisis connected with the crisis of certain relevant political parties ... We have to, however, evaluate the establishment and work of Fischer's cabinet much more rigorously. The caretaker government was, in this case, only another lap on the weak governance track, which started with the 2006 parliamentary elections". They add that the circumstances of the formation of the Fischer government and its work were actually an expression of "the entire political elite's crisis or failure, including the Parliament, the Government, and also the Constitutional Court" (Hloušek and Kopeček 2012: 88-89).

The authors suggest similar solutions as Kubát, that is, a modification of the voting system and the relationship between the government and Parliament. They also suggest considering a reduction to the size of the large electoral districts and moderating the additive effect of electoral thresholds for electoral coalitions, e.g., to the 1990s levels (replace the model of 10% for a coalition of two, 15% for three, and 20% for four and more parties with 7 – 9 – 11%); such a mechanism would motivate strategic cooperation of "especially middle-size parties, which do not have the potential to become focal points of the Czech party system, yet find among these focal points their logical allies" (Hloušek – Kopeček 2012: 100). Hloušek and Kopeček would modify the relationship between the government and Parliament by introducing the constructive vote of no confidence, which already exists in most other Central European countries.

Additional scholars have also pondered the conditions of the electoral system. Novák (2004: 338) argued that "a distinct modification of the electoral law for the Chamber of Deputies ... is a necessary but not sufficient condition for future smooth operation of the Czech party system". This change would need to be complemented with the completion of stable interaction patterns between the individual actors and the elimination of elitist anti-party prejudices. Charvát (2013) at the same time has rightly pointed out

that even though the number of relevant political parties between the years 1996-2013 matured to the relatively low number of five, the proposals for an electoral law reform were focused on the very issue of decreasing the number of relevant parties, rather than decreasing the polarization of the party system. Prospective electoral reform needs to be complex in order to strengthen the government's capacity to act, but also to positively impact the perception of elections and the candidate parties among the voters.

Conclusion

Our analysis indicates that the Czech governments' stability and ability to act could increase with a set of technical measures. As a political scientist, I believe that rationalisation of parliamentarism as proposed by Kubát, Hloušek or Kopeček could in its totality lead to the stabilization of governments and partially also reinforce their positive image. A key factor is, however, the transformation of political culture, in particular overcoming the resistance to politics as such among a large share of the Czech public. I consider the reinforcement of political parties and their membership bases, and the completion of stable patterns between parties and social groups, as key tools for the emergence of representative parliaments and stable governments. As Linek (2013) has highlighted, about one third of the electorate changed naturally in the Czech Republic since 1990 and new voters are socialised quite differently from the oldest age groups. The parties have not been able to address the youngest generations and demonstrate the importance of democratic politics and participation. We are still witness to the post-communist phenomenon of the so-called "right to not vote" based on a resistance to the Communist regime's coerced enforcement of voter turnout. I nevertheless believe that voter turnout of around 60% in first-order elections (the Chamber of Deputies, the President) is by no means all that dramatically low. The turnout in second-rank elections (the Senate, the European Parliament) is much more troubling. In these cases, the political parties need to work harder once again, as they usually underestimate these elections and fail to invite even their modest membership base to participate.

Recommendations:

- Initiate and support steps leading to rationalisation of parliamentarism, including possible constitutional changes;
- Strive to overcome differences and create programme and election coalitions;
- Support the presidential candidate, who respects parliamentarism and liberal conservative values;
- Actively engage in debate about the future direction of the EU; find a compromise between intensely pro-federation and anti-union attitudes, which would reflect the Czech Republic's EU membership as a strategic interest.

Chapter 10: The Course and Major Issues of the 2017 Czech Parliamentary Election Campaign

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Abstract: This chapter analyses the 2017 Czech parliamentary election campaign. The qualitative analysis focuses mostly on the most visible phenomena of contemporary campaigns, such as professionalization, permanent campaigns, personalization, emotionalization, or negativism, providing both a short theoretical perspective and specific examples from the recent parliamentary elections in the Czech Republic. It also mentions the specifics of the 2017 parliamentary election, which were the first regulated by financial limits and conducted under the microscope of the newly established surveillance authority.

Keywords: Campaigning, Czech Republic, Chamber of Deputies, Permanent Campaigns, Emotionalization, Personalization.

Introduction

We can hardly imagine an electoral contest without the party campaigning anymore. As the number of undecided voters, who make up their minds shortly before the actual act of voting, increases, the conduct of political campaigns increases in importance and intensity. Campaigns have thus become an indispensable part of the political process and are closely connected with its legitimacy because they help with making decisions about the selection of the future legislators, policy formation, and division of power. At the same time, they provide significant space for discussion and a socially reputable expression of divergent attitudes on domestic issues, and the future direction of domestic and foreign agendas and activities in the international arena. Campaigns also symbolically legitimise democratic governance and political elites (Swanson and Mancini 1996a: 1, comp. Louw 2005: 14).

The current political campaigns can be called “media-intensive” (Swanson and Mancini 1996b: 249-252). As the voters’ bond with specific parties grew weaker, the chance to address voters by media focused campaigns based on marketing approaches has grown proportionally. Political campaigns became professionalised both in terms of involving PR experts and marketing in the campaign preparation, and in terms of content and with respect to the tools utilised for conducting the campaigns. One consequence is that the political parties have become much more oriented on voters and their demands rather than on the (previously traditional) defence of their own programme goals (for more on development of political campaigns see for instance Maarek 1995, Norris 2000; in Czech for instance Bradová 2005, Cabada, Charvát and Stulík 2015: 248-254).

The current general phenomena of political campaigning include permanent campaigns, which are substantially personalised, and use negativity and the techniques of political PR and spin doctoring (for more details see for instance Cabada, Charvát, Stulík 2015: 255-264). Social media has become an important new space where political campaigns take place. An important part of the current political campaigns is also emotionalization. Campaigns which can evoke emotions have at the same time a potential to attract attention and possibly also voters, if the voters’ emotions and party campaigns intersect.

The key factor for a successful political campaign has, thus, become image. The importance of political agenda and generally the emphasis on the substance of politics itself have become significantly weaker to the benefit of the political affairs' media image, in other words, the “packaging” of politics (Franklin 1994). Politics has become trivialised because form (image) has forced out and gradually replaced content and essence (Franklin 1994: 9, cf. Scammell 1995), in other words, it has become the essence. The process of image management, which has been managed mostly by professional communication strategists and consultants, thus, anticipates work with both the external image of the candidates to correspond with the goals of the political organization and political marketing, that is, to work with external presentation of the subject (including the logo, symbols, language used, etc.).

Unleash the Beast, Or Party Campaigning before the 2017 Parliamentary Election

The development described above is not only the general description of the development in political communication but also reflects recent development, albeit very streamlined, and the current shape of political campaigning in the Czech Republic. Campaigns before the 2017 parliamentary election illustrated this, notwithstanding the fact that the aforementioned phenomena were not evenly represented in the candidate party campaigns. Also, the use of social media was mainly limited to Facebook (and in some cases YouTube was important), while other types of social media (including Twitter) remained for the conduct of political campaigns weak or barely effective from the perspective of political communication.

Money, Parties, and the State, Or New Legal Regulations for Conducting Parliamentary Campaigns

Before turning to the analysis of party campaigning before the 2017 parliamentary election, we should mention that these campaigns were novel for all candidate parties in one important aspect, because at the very beginning of 2017 two legislative amendments entered into force, which initiated the stricter financing of political parties and election campaigns. The most significant changes include capping the total campaign expenses, in case of parliamentary elections, at 90 million CZK. These expenses should also be made public through transparent bank accounts. All political advertising should state its contractor and processor, and political parties can accept financial gifts from a person or legal entity of 3 million CZK maximum. Compliance with the legal regulation on party finances and their campaigns is overseen by a new Office of Oversight of the Economic Management of Political Parties and Political Movements (located in Brno), which is also authorised to impose fines on both the candidate parties and their sponsors, or also e.g. the contractors and suppliers of political advertising.

Babiš vs. anti-Babiš, Or Personalization of Campaigns

Even the previous political campaigns, the most recent one showed efforts (media-wise and behavioural) to personalize political campaigns²⁴. In the current media environment saturated with texts and images, personalization represents an effective way to catch the attention of the audience and to densify the information the voters need for their decision about politics (Van Zoonen 2005: 59) because the most powerful news is news complemented with perceptions, and the simplest message is the human face (Castells 2007: 242). Election leaders play a central role in party campaigns. The candidate's personality is often a more important factor than the political goals (image replaces programme) and the election leader has also become a factor for assessing political parties.

The high level of campaign personalization was, for obvious reasons, observed with ANO 2011 (Andrej Babiš) and the Freedom and Direct Democracy party (SPD, Tomio Okamura). Personalization was less pronounced in other successful parties even though some of them experienced some problems (e.g. the somewhat inappropriate posts by the leader of KDU-ČSL, Pavel Bělobrádek, on social media, or the contradictory perception of the leader of TOP 09, Miroslav Kalousek, by the general public, etc.). Some voters could find the situation when one candidate outshined the election leader embarrassing, especially if some of his opinions could be considered controversial, as it happened with Václav Klaus ml. (ODS). The Social Democrats (ČSSD) incurred the most distinct problem in this sense on themselves when they changed the election leader²⁵ (and with him the marketing strategy) four months before the election, which could be considered a relatively radical step, and not easily comprehensible for a common voter.

Personalization has also become an indispensable part of negative political advertising. The persona of ANO leader, Babiš, who faced criminal fraud charges, has become significant in this context. Many parties' campaigns took more or less tough positions against him (e.g. TOP 09, ODS and the Czech Pirate Party, which, while using the motto "Unleash the Beast!", took a critical stance towards other established parties as well). The negativity targeting Babiš in both the party campaigns and the broadcasting of many Czech media strongly resonated in society, and de facto introduced a Babiš vs. anti-Babiš cleavage which in the end became one of the important emotions affecting the decision of some voters. Babiš, on the other hand, warded off the attacks on his character by referring to Miroslav Kalousek as the source of negativity towards him.

²⁴ Personalization of politics has three levels: institutional, media, and behavioural. Institutional level assumes the introduction of rules and institutions strengthening individual candidates whether within the political system (single mandate districts or strengthening candidates in the election legislation) or within the parties (primaries). Media personalization describes changes in the modes of media presentation of politics and especially the growing media interest in individual politicians and their personality traits. Behavioural personalization captures changes in the behaviour of political actors; both politicians and candidates, who are more interested in their own image than political activity in the name of a party or ideology on the one hand, and voters on the other, who undergo a change in the perception of politics, which ceases to be about competition among political subjects and with increasing frequency becomes a clash among candidates as individuals (for more see Rahat and Sheaffer 2007).

²⁵ ČSSD first chose Bohuslav Sobotka for election leader, who however in mid-June gave up the post of party chairman and left the post of election leader to Lubomír Zaorálek.

I Won't Stop Fighting Corruption Even Though the Guys Are Trying Hard, Or the So-Called Victim Syndrome

As much as Babiš and his political and former business practices had become targets of criticism by his opponents, the well-worked out marketing strategy managed to eliminate the impact of negative political advertising. Despite the participation of ANO and Babiš in PM Sobotka's government (composed of ČSSD, ANO and KDU-ČSL), the party and its leader led an anti-establishment rhetoric the entire time, which became an indispensable part of their permanent campaign, and on top of that they managed to create an image of ANO as a party in opposition to the government, which partially stole the show from actual opposition parties. Following its current needs, this rhetoric had rising and falling prominence in the party's political communication during all four years of the electoral term.

However, if any doubts or scandals surfaced (or threatened to do so) regarding the ANO leader, Babiš did not hesitate to call to mind that he was a warrior against corrupt political elites, gradually joined by various media organizations, etc., which tried to discredit him because of his war against them and wanted to "eliminate him from political life". Babiš' scandals were thus presented as pseudo-events and Babiš as a victim of his campaign against corruption (in which he will persevere despite repeated attacks on his person). Because part of the public adopted this interpretation, Babiš managed to reach the effect of the so-called victim syndrome, i.e. a situation when negativity targeting Babiš led at least in part to the public to form some compassion for the leader of ANO, that is, the voters perceived him as a victim of a disproportionately conducted or even unfair political campaign.

We Aren't Politicians, We Knuckle Down, Or the ANO Permanent Campaign

Considering the final results of the parliamentary election, it also seemed important how the governmental parties managed to communicate the government's "achievements". That is especially important under the circumstances of weak voter identification with political parties and their high volatility, when it is not sufficient for parties to mobilize party sympathizers in the short pre-election period, but they have to communicate with their voters persistently in order to remain in their consciousness as trustworthy, competent, and suitable to manage the state. Political actors and their advisors thus behave as if the election were every day (Hecl 2000: 17), while manipulating the sources of public consent to be able to govern. Permanent campaigns thus envisage consecutive feedback from the voters. Regular public opinion polls, focus groups, etc., have become a routine procedure for monitoring the actual distribution of political support and, at the same time, allow parties to react to actual changes in the public's political attitudes (see e.g. Lilleker 2006: 143-147, Bradová and Šaradín 2007, Cabada, Charvát and Stulík 2015: 258-259).

When using permanent campaigns, we witness a significant disproportion between the parties in Sobotka's coalition government. While ANO not only maintained its marketing team after the 2013

parliamentary election but also continued to strengthen it as time passed, to make permanent campaign an integral part of their participation in the government, the ČSSD, the party that formed the government coalition and controlled the post of the Prime Minister, significantly underestimated communication with the public. ANO then managed to evoke a feeling that ANO, and especially its chairman Andrej Babiš, were the main forces of change that the public evaluated mostly as positive. Let's remember that during Sobotka's government the Czech Republic met significant economic achievements (e.g., significant GDP increase, surplus budget, decrease in state debt, or lowest unemployment rate in the EU). On the other hand, in case of less popular or problematic laws, ANO reminded the public that they were part of a coalition government and the coalition partners were responsible for the unpopular measures, especially the ČSSD.

This strategy was essential for ANO because it allowed the party to take sole credit for the achievements in topics traditionally allied with social democracy (higher minimal wage, pensions, etc.), which allowed it to then (successfully) address traditionally leftist voters. Apart from critical, anti-establishment appeal (see above), ANO also managed to offer their potential voters a simple optimistic promise of a better future (in the spirit of the motto from the 2013 election "ANO, bude líp" [YES, we'll make it better]). Even though the specific shape of the promise was in many aspects relatively vague (at times it rather resembled Babiš' dreams²⁶), this optimism stimulated some voters, and this emotion in the end somewhat positively affected the final election result of the party.

Social democrats failed to effectively react to the permanent campaign of ANO during the entire four-year term and, in the eyes of the public, gradually yielded the merit for shared governmental achievements to Babiš' party. The ČSSD instead struggled with long-term internal problems, sometimes puzzling efforts to aim at potential voters, and their own failure to stand up against Babiš. When the ČSSD finally stood up against Babiš, it took a very unfortunate form. First, it finally got to action too late and the public perceived it as neither convincing nor trustworthy. On top of that, Babiš managed to "package" his departure from the government into the rhetoric of his campaign and it did not harm him much in the eyes of his potential voters. On the contrary, he gained the advantage to tour the country as an election leader less than five months before the election²⁷ and as part of the contact campaign met with voters, which made him look "human" in their eyes, and close to the common folk.

Even though the permanent campaign strategy is typical for government parties, TOP 09 also attempted some form of a permanent campaign as part of its opposition rhetoric. It tried to emphasize the threats to the function of parliamentary democracy and the state of law by first sharply criticising some specific steps made by President Miloš Zeman and then by bringing attention to the doubts and problems surrounding Babiš. TOP 09 was far less successful in its efforts, however. The long lasting critical appeal gradually blunted the edges and did not mobilize as much as TOP 09 had hoped. Looking back, it even seemed

²⁶ Babiš published a book titled *What I Dream Of When I Happen To Sleep*, the party's long term goals. Trans. note.

²⁷ President Miloš Zeman removed Babiš from the post of Czech Minister of Finance on 24th May 2017.

that these issues were too distant and complicated for the voters, especially in contrast with the simple solutions offered by some other parties. Last but not least, it also matters who is presenting the appeal in question. In the case of TOP 09, it proved problematic that the normative appeal was presented by Miroslav Kalousek, who some part of the public watched with distrust and scepticism. What could sound like an acute threat and an important mobilizing appeal from the mouth of Karel Schwarzenberg²⁸, did not seem that credible from Kalousek.

What Do You Think? Let Me Know in Comments, Or Social Media in the Campaign.

Social media can be seen as an important tool in media communication and voter mobilization, and its significance for political campaigns has been increasing rapidly in recent years. It is important for communication in social media that the party and its representatives communicate in the same way that the users do. Social media, for instance, is a place for neither more complicated political analysis and factual or even expert discussion about the programme, nor for empty and meaningless slogans and clichés. Social media users are not very interested in images documenting the progress of constant campaign or local rallies. On the contrary, a party or candidate can score points here if they can sum up the appeal in a short catchword, “package” it well, and add emotionality. An appropriate means of communication can make social media a space that allows the candidates to show their “human faces” and thanks to that they approach potential voters. Excessive negativity can be harmful, especially towards the opponents.

The above mentioned was especially well understood by the representatives of ANO and SPD, who captivated some voters with their activity in social media (especially Facebook) and laid the grounds for a solid electoral result. Social media also has the tendency to foster so-called filter bubbles, where individuals might confirm their views and attitudes in filter bubble groups and these closed groups might lead to an illusion that a significant portion of the society supports the same attitudes. This phenomenon greatly contributed to the significant success of Tomio Okamura’s SPD in the 2017 parliamentary election.

Social media can also represent a risk. A belated reaction taken out of context might lead to complications for the author as much as an ill-conceived attempt for relaxed communication with the social media users by a politician who is attempting to look serious and respectable. An attempt to joke in the form of a poorly phrased post can show the candidate, the author of the post, in a bad light. Every slip of the tongue very quickly gains wide publicity and it is retroactively hard to explain how it was meant originally. The explanation receives less attention than the original “slip”.

²⁸ Former Senator, Czech Minister of Foreign Affairs, chairman of TOP 09, and presidential candidate in the 2013 presidential election, he is the honorary chairman of TOP 09 and a deputy in the Chamber of Deputies. Trans. note.

What the Voters Dream Of, Or Conclusion

Emotion was the key to the campaigns prior to the 2017 parliamentary elections. The total electoral result was greatly affected by the image of the leaders, where the voters preferred mostly charismatic personalities while less distinct or dull and agreeable leaders stayed in their shadow. An important break in the 2017 parliamentary election which divided the society and some candidate parties was the person of Andrej Babiš. The negative campaign of other candidate parties and some media against Babiš however in the end harmed neither ANO 2011 nor its leader; rather it augmented their support among some voters. The role of social media in the campaigns should not be underestimated either. The political parties which managed to adopt the techniques of political communication on social media have turned this ability into an advantage in the political struggle and managed to profit from this advantage, which was reflected in their election gains.

The issue of new legal regulation regarding campaign finances requires an independent chapter. Many commentators argued that the new legal layout was adopted due to the limited financial resources of established parties which were financially very dependent on the state budget, and that it primarily targeted rich businessmen, who wanted to enter politics and disposed of their own financial resources to pay for the campaign. Paradoxically, it seemed that in the 2017 parliamentary election the established parties were struggling in their effort to efficiently use the financial resources earmarked for the campaign by the law, while ANO's marketing team did not find the election campaign limits an obstacle on Babiš's road to electoral victory.

Recommendations:

- Effective political communication should be based on an elaborated long-term strategy and should be personalized by a strong, charismatic and emotive leader.
- Election campaigns must be prepared to target individual voter segments but consider the specifics of the party programme.
- Political campaigns should not resign on the optimistic impression of the election appeal and on visions and principles that should be “packaged” in right way and closest possible to the voters.
- Social media could be a powerful tool of political communication and voter mobilization if administered the way the users do.

Concluding Remarks

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This volume is our second attempt to open up a discussion about topics that are either pressing issues in our contemporary society or are unjustly neglected in the mainstream political debates. We wish to provide expert know-how but not impose opinions on our readers or try to guide them. Our societies are very complex and their problems and issues do not have simple easy answers. Every proposed solution has strengths and weaknesses and the debate should address both in order to help us make informed decisions when choosing between alternative scenarios. Some of our chapters reflect the lack of constructive thinking in the Visegrad group including the Czech Republic. This negativity is one of the several major weaknesses of democracies in Central Eastern European countries.

Democracy may not be a perfect system but it is the best one we have available at present. Central European countries are celebrating 28 years of freedom this autumn but many of them are experiencing developments that threaten to undermine their democratic regimes. Many forces both domestic and foreign are trying to divert the attention of the public away from the authentic problems and use the situation to either undermine the country's domestic stability and relations with its Western allies or to promote their personal agendas. While some people underestimate the scope of the threats the country is facing now, we believe in the need to strengthen the democratic institutions. The Czech centre-right parties and their supporters share the view that the Czech Republic's key national interests include the preservation of democracy as a liberal parliamentary regime, economic stability, and as part of that the country's active membership in the European Union and NATO. Having said this, they are at times consumed by inner-party rivalry and petty skirmishes. They should consolidate their forces, search for common points rather than emphasizing the differences, and together stand up to protect the Czech democracy and its pro-Western orientation. The topics in our publication include areas, where such cooperation in the Parliament but also in the broader social discourse would be possible and welcomed. The parties will indeed adopt different stances as they are not a uniform bloc but they can agree on the general direction that would stand high above the lowest common denominator.

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