

# ‘Neo-liberals’ and the Politics of Economic Transformation in the Post-Communist Czech Republic

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## Introduction

Václav Klaus is the most ‘successful’ neo-liberal politician in Central and Eastern Europe (CEE), and his Civic Democratic Party (ODS) is the most stable neo-liberal party in CEE, assuming that the aim of politics is just to achieve and to retain power.

In December 1989, Klaus, then a generally unknown economist, was appointed the finance minister of the Czechoslovak government and rapidly became famous as a leading economist of the Civic Forum, a driving force of the ‘Velvet Revolution’ in the Czech Republic. After the Civic Forum won a victory in the first post-Communist free elections of June 1990, Klaus retained the position of finance minister and implemented his neo-liberal economic transformation policies including voucher (or coupon) privatisation. In the spring of 1991, he established his own party, the Civic Democratic Party. This new party won the 1992 elections and Klaus took office as prime minister of the Czech Republic, not of the federation, in conjunction with the two other centre-right parties and led his republic to independence on January 1, 1993 with the agreement of Vladimír Mečiar, his Slovak counterpart. Klaus retained the premiership until the end of 1997, when his government was forced out by the rebellion of the anti-Klaus group in the Civic Democratic Party and the defection of the coalition partners. Even after that, however, he was successful in maintaining his leadership of the party and served as speaker of the chamber of the deputies of the parliament,<sup>1</sup> and, finally he rose to become

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1 The Czech Republic has a bicameral system consisting of a chamber of deputies and senate. However, hereafter, as a rule, ‘parliament’ means the

the second president of the Czech Republic in February 2003. The Civic Democratic Party has been the largest or second largest party in the parliament since the 1992 elections, although the economic or social results of the neo-liberal policies were bitterly criticized by Czech economists and sociologists (for example, Mlčoch et al., 2000). Why were and are the neo-liberals so successful in Czech politics?

The aim of this paper is to analyze ‘neo-liberals’ in the context of the party politics of the Czech Republic. I could not find a generally accepted definition of ‘neo-liberalism’, but here it means economic and political thought (or belief) attaching great importance to the rule of the market and to minimizing government intervention in the market, and consequently regarding any fiscal deficit as an absolute evil and aiming to privatize state property as quickly as possible.

## 1. The ODS in the Czech Party System<sup>2</sup>

In the 1990 elections, only four Czech parties gained seats in the Federal Assembly and the Czech National Council (parliament of the Czech Republic) because the Civic Forum won a landslide victory. After the election, the number of Czech parties in the parliaments doubled as a result of party splits. In the 1992 elections, nine parties won seats in the Czech National Council. But the multi-party trend began to decrease after the 1996 elections and the political party system of the Czech Republic became established or almost ‘frozen’ during the period between 1996 and 1998. Only six parties were able to cross the five per cent threshold in the 1996 elections, and five parties gained parliamentary seats in the 1998 elections. No party split occurred after the election, except that a few deputies became independent during their term of 1998-2002. In the 2002 elections, all seats were distributed among the same five parties. One of the latest opinion polls shows that no other

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chamber of deputies in this paper.

2 On the party system of East-Central European countries including the Czech Republic, see Ágh (1998), Kitschelt et al. (1999), and Kostelecký (2002).

parties can come close to the five per cent threshold in the near future.<sup>3</sup>

The Czech party system is now composed of the following four main parties along a socio-economic axis from left to right: the Communists (the Communist Party of Bohemia and Moravia: KSČM), the Social Democrats (the Czech Social Democratic Party: ČSSD), the Christian Democrats (the Christian Democratic Union-Czechoslovak People’s Party: KDU-ČSL), and the neo-liberal Civic Democratic Party. In the chamber of deputies, there is one more small economic liberal party, the Union of Freedom-Democratic Union (US-DEU). The anti-Klaus leaders of the Civic Democratic Party formed the Union of Freedom in 1998 and later this party merged with the Democratic Union, a small right-wing party. However, this party cannot be considered as a significant element of the party system because it barely retained its ten seats by making a coalition list with Christian Democrats in the 2002 elections. Probably it cannot survive the next election by itself. Anyway, this unidimensional configuration of political parties characterizes the Czech party system compared with the other CEE countries.

Three of the four main parties, i.e. the Communists, the Social Democrats and the Christian Democrats, are historical parties, because they can find their predecessors in the Czech politics of the interwar period or before. These parties are distinctive among other CEE counterparts in the following respects. On the one hand, today’s KSČM, the successor party of the former ruling party (the Communist party of Czechoslovakia: KSČ) still remains communist, as its name shows, and is still one of the parliamentary parties, while most of the former communist parties in other CEE countries turned themselves into social democratic parties. Today the Communist Party is still the largest, claiming more than 100,000 members.

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3 According to the research of the Public Opinion Research Centre of the Institute of Sociology of the Czech Academy of Sciences on party preference of May 2003, ODS: 32.5%, ČSSD: 15.5%, KSČM: 15%, KDU-ČSL: 7.5%, US-DEU: 3% (UVVM [http://www.cvvm.cz/upl/zpravy/100229s\\_pv30606.doc](http://www.cvvm.cz/upl/zpravy/100229s_pv30606.doc))

The origins of the Czech Christian Democrats go back to several Catholic movements of the 19th century, especially of Moravia, and now this party is a typical West-oriented party. This party, however, survived the communist era as one of satellite parties in the framework of the 'National Front'. This fact worked to its disadvantage in the post-Communist era, but it kept its memberships, organisations and properties from the Communist era and has remained a parliamentary party in the post-Communist era. This party now has more than 50,000 members.

On the other hand, the Czech Social Democratic Party is not an ex-Communist party in its origin. Its predecessor, the Czechoslovak Social Democratic Workers' Party, was established in 1878. The Social Democratic Party was one of the main political parties during the interwar period, but merged into the Communist Party in 1948. Today's ČSSD was reestablished in November 1989. Because of this organisational discontinuity of almost 40 years, this party is substantially a new party emerging after the collapse of the Communist regime. However, the Czech Social Democratic Party has a certain continuity with the Communist Party of the 1960s, because many older leaders of the Social Democrats of the 1990s were former communist reformers of the 'Prague Spring' of 1968, although they were purged from the party after the Soviet occupation. Now it has 17,000 members.

Among the four main parties of the Czech party system, only the Civic Democratic Party is a newly emerging party of the post-Communist era both in name and reality, even though this party proclaims itself 'conservative'. A huge number of new political parties appeared just after the collapse of the Communist regime, but only the Civic Democratic Party and its offshoot, the Union of Freedom, survived a fierce struggle for existence in the parliament of the 1990s. This party now has about 19,000 members.

Let us very roughly sketch the shaping of the party system in the Czech Republic after 1989, taking into account only the above-mentioned four main parties. Among these four parties, two parties, the Communist Party and the Christian Democrats, gained parliamentary seats in the first post-Communist elections in 1990 on the basis of their historical heritage, even though they were not

so successful as the Civic Forum. In the 1992 elections, the Civic Democratic Party, which was formed after the break up of the Civic Forum in the spring of 1991, was able to find a space to the right of the Christian Democrats along the left-right axis. To be sure, their neo-liberal rhetoric enabled them to distinguish themselves from the Christian Democrats. In the period 1992-1996, there were some small centre or centre-left parties in the political space between the Communist Party and the Christian Democrats. Of these small parties, only the Social Democrats were left in that space after the 1996 elections, because they were able to show themselves as the only alternative to Klaus's coalition government of the ODS, KDU-ČSL and ODA (Table 1).<sup>4</sup>

**Table 1. Parliamentary Election Results (number of seats) in the Czech Republic**

	1990*	1992*	1996**	1998**	2002**
<b>OF</b>	<u>127</u>	-	-	-	-
<b>ODS</b>	-	<u>76</u> ***	<u>68</u>	63	58
<b>US</b>	-	-	-	19	-
<b>ODA</b>	-	<u>14</u>	<u>13</u>	-	-
<b>Coalition (KDU-ČSL + US)</b>	-	-	-	-	<u>31</u>
<b>KDU-ČSL</b>	19	<u>15</u>	<u>18</u>	20	-
<b>HSD-SMS</b>	22	14	-	-	-
<b>SPR-RSČ</b>	-	14	18	-	-
<b>LSU</b>	-	16	-	-	-
<b>ČSSD</b>	-	16	61	<u>74</u>	<u>70</u>
<b>KSČM</b>	32	35	22	24	41

Figures underlined are governmental parties

\* Czech National Council

\*\* Chamber of Deputies

\*\*\* Coalition list of the ODS and Christian Democratic Party (KDS)

OF: Civic Forum

ODS: Civic Democratic Party

4 The Civic Democratic Alliance (ODA) is a small, economic liberal party which had seats in the Chamber of Deputies until 1998. This party has lost its influence after the 1998 elections, although it still has two seats in the Senate.

US: Union of Freedom

ODA: Civic Democratic Alliance

KDU-ČSL: Christian Democratic Union-Czechoslovak People's Party

HSD-SMS: Movement for Self-Governing Democracy-Society for Moravia and Silesia

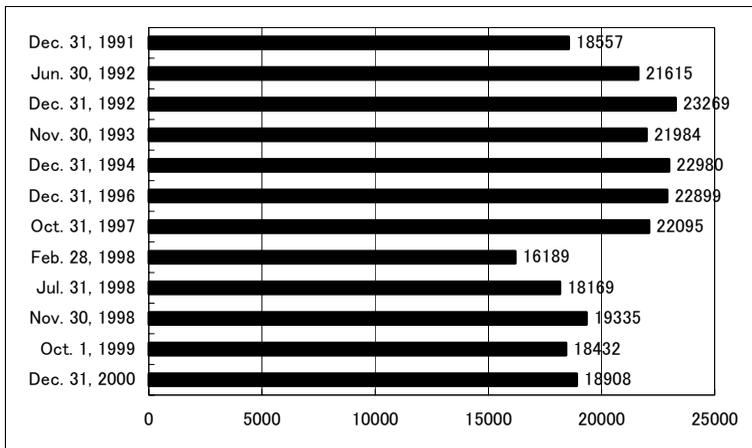
SPR-RSČ: Association for the Republic-Republican Party of Czechoslovakia

LSU: Liberal Social Union

ČSSD: Czech Social Democratic Party (Czechoslovak Social Democracy in 1989-1992)

KSČM: Communist Party of Bohemia and Moravia (Communist Party of Czechoslovakia: KSČ in 1990)

**Table 2. Number of ODS Members**



Benešová, 2001: 102

The seat-winning percentage of the Civic Democratic Party gradually declined from 38 to 29 per cent in the 1990s. Its decline was not so abrupt as generally expected after the split of 1997-1998. In the economic crisis, Klaus's leadership was bitterly criticized. Not only the ministers of the coalition partners (KDU-ČSL and ODA), but also many ODS ministers demanded the dismissal of Prime Minister Klaus at that time. Consequently, he resigned at the end of November 1997. The Extraordinary Congress of the party was held in December 1997. Surprisingly, in the election for party head, Klaus overwhelmingly defeated Jan Ruml, minister of inner affairs, by a vote of 227 to 73. Although almost half the ODS

deputies left to join the Union of Freedom or became independent after the Congress, only twenty per cent of members left the party in this process (Benešová, 2001: 49-54). It is clear that Klaus firmly grasped local party organizations and his opponents could not match him in the struggle for party power.

## 2. ‘Neo-liberals’ in the Civic Forum

The Civic Forum was an umbrella organisation composed of various individuals and groups including not only neo-liberals, but also centrists and leftists, when it was established in November 1989. This diversity reflected its declarations and the election programme. For example, a declaration which was published on November 26, 1989 and titled ‘What We Want: Programmatic Principles of the Civic Forum’, declared:

We want to create an advanced market not deformed by bureaucratic principles. Its successful functioning depends on the smashing of monopolistic positions of large enterprises and creating real competition, which can emerge only on the basis of the parallel and equal existence of various types of ownership and the gradual opening of our economy to the world (Honajzer, 1996: 57).

The author of the 1990 election programme of the Civic Forum, which was published in March 1990, was Miloš Zeman, a future social democrat premier. This programme stated:

Economic policy must accelerate the creation of conditions for the market economy. Anonymous state ownership will be replaced with ownership by cities and villages, joint stock and other companies, cooperatives and private enterprises in order to consolidate domestic capital as a counterbalance to foreign capital. The preferential sale of a part of shares to the employees of the enterprises for possible long-term payment will be supported (OF, 1990).

These documents sound eclectic. It seems that these documents were produced as a compromise between the left and right wings in the Civic Forum. At that time, however, neo-liberals were gaining advantage in the government. Here let us very briefly trace

the emergence of the neo-liberals in the post-Communist Czech Republic, drawing on existing studies (for example, Schwarz 1999), memoirs (Komárek, 1992; Jičínský, 1993; Ježek, 1997), and published interviews (Husák, 1997; Hájek, 2001).

It is well known that several economists who would become neo-liberal initiators of post-Communist economic reforms were at the Institute for Forecasting of the Academy of Sciences of Czechoslovakia in the last years of the Communist era. This institute was established in 1984 under the directorship of Valtr Komárek<sup>5</sup> to make long-term forecasts for science and technology, society and economy. Klaus moved from the Czechoslovak State Bank into this institute in 1987. Then, future cointiators of the neo-liberal economic reforms, Karel Dyba,<sup>6</sup> Tomáš Ježek<sup>7</sup> and Vladimír Dlouhý<sup>8</sup> were at the institute. When the Communist re-

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- 5 Valtr Komárek was born in 1930, studied at the Economic Institute of Moscow and the University of Economics, Prague (or Prague School of Economics/ Vysoká škola ekonomická v Praze), and worked as an advisor of the Cuban Ministry of Industry in 1964-67, the general secretary of the Economic Council of the Czechoslovak government and a committee member of the presidium of the Central Committee of the Communist Party in 1968-70, an advisor of the Federal Price Office in 1970-78, a researcher of the Economic Institute in 1978-84, director of the Institute for Forecasting in 1984-89, deputy prime minister in 1989-90, and deputy of the Federal Assembly in 1990-1992. In the 1992 elections, he was the elected leader of the Socialist Democratic Party.
- 6 Karel Dyba was born in 1940, graduated from the University of Economics, Prague in 1962, worked at the University of Economics in 1964-1971, at the Economic Institute in 1972-84, at the Institute for Forecasting in 1984-1989, was Minister of Economic Policy and Development of the Czech government in 1990-92, and Minister of Economics in 1992-96.
- 7 Tomáš Ježek was born in 1941, graduated from the University of Economics, Prague, worked at the Economic Institute in 1964-84, and at the Institute for Forecasting in 1985-89. He was an adviser of the federal Finance Minister and Minister for National Property Administration and Privatisation in 1990-92, and deputy of Czech National Council in 1990-96. He was a member of ODA, but joined ODS in 1995.
- 8 Vladimír Dlouhý was born in 1953, graduated from the University of Economics, Prague in 1977, and worked at the University of Economics as an assistant lecturer. From 1984 he worked at the Institute for Forecasting, was chairman of the State Planning Commission in 1989-1990, federal Minister of Economics in 1990-1992, and Minister of Industry and Trade of

game began to collapse in November 1989, members of the Institute for Forecasting appeared in the meetings of the newborn Civic Forum. At the beginning of December, when the ‘Government of National Understanding’ was formed, Komárek, Klaus and Dlouhý were appointed deputy prime minister, finance minister and chairman of the State Planning Commission of the federal government, respectively.

In the government, disagreement on how economic reforms should be implemented arose between two groups. Komárek had elaborated his gradual reform concept, while Klaus and Dlouhý began to advocate a rapid reform policy or ‘shock therapy’, in accordance with the view of Jeffrey Sachs or the ‘Washington consensus’. This dispute ended in the victory of Klaus and Dlouhý in May 1990, just before the 1990 elections.

Jan Švejnar, a Czech American economist, introduced his voucher privatisation framework to Czech decision-makers in February 1990 and Tomáš Ježek and Dušan Tříška,<sup>9</sup> advisers of the federal finance minister, elaborated a privatisation plan including voucher privatisation. At first, Klaus was negative about voucher privatisation, but he accepted it later. These neo-liberal economists regarded voucher privatisation as the most rapid method of privatisation as well as the best way to prevent ‘nomenclature privatisation’ and rapid inflow of foreign capital, although, in reality, it produced results contrary to their expectation. Anyway, aside from neo-liberal rhetoric itself, the anti-communist and nationalistic rhetoric of voucher privatisation was useful to get wide support from the newly emerging elite. Many of this elite, especially former dissidents around President Václav Havel, were skeptical about neo-liberal policy; however, they could not find capable alternative economists. Komárek and other advocates of

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the Czech Republic in 1992-1997. He was a deputy of the Federal Assembly in 1990-1992 and a member of ODA from 1991.

9 Dušan Tříška was born in 1946, graduated from the Czech Technical University in Prague in 1968 and from the Faculty of Law of Charles University in 1973, and worked at the Economic Institute in 1979-90. He was an advisor and deputy minister of the Federal Finance Ministry in 1990-92.

gradual reform, most of whom had been reformers in 1968, seemed out-of-date in the 1990s. A lack of capable leadership of the anti-Klaus group was another reason for the neo-liberal victory in the government (Schwarz, 1999: 102-176).

Because the June 1990 election was regarded as a kind of referendum on the emerging new regime based on democracy and the market system generally, specific questions about how privatisation might be carried out were not a main issue in the elections. The Civic Forum engaged in the elections with the above-mentioned eclectic election programme. Komárek had disclosed his intention to leave politics after his defeat in the dispute on reform measures, but he was persuaded to remain in the election campaign of the Civic Forum as a candidate for the Federal Assembly to show its unity. The Civic Forum won a landslide victory in the elections. Consequently, not only the top leaders of the Civic Forum, but also young local activists, who ranked low in the candidate lists, gained seats in the Federal Assembly and the Czech National Council. Among these young deputies, there were a considerable number of Klaus's supporters (Honajzer, 1996: 23-25).

Although the problem of economic reform measures was not an explicit issue in the elections, the neo-liberals were winners of the election. After the election, the anti-Klaus group tried to transfer Klaus to the post of governor of the Czechoslovak State Bank. However, he remained in the office of federal finance minister. In September 1990, the Federal Assembly accepted the 'Scenario of Economic Reform' proposed by the federal government. This Scenario included the concept of voucher privatisation as a part of the large-scale privatisation programme. According to the Scenario, the Federal Government introduced a series of privatisation bills. The Federal Assembly passed the bill for small-scale privatisation in October 1990, and the bill for large-scale privatisation in February 1991. Many bills relating to privatisation were carried in the Assembly one after another without particular turmoil, although the bills on agricultural transformation faced rough going in parliament and the govern-

ment had to accept many amendments proposed by deputy groups (Hayashi, 2001).

In parallel with the legislation process of the privatisation laws, a confrontation among factions developed in the Civic Forum. Klaus and his supporters demanded that the Civic Forum be reorganized as a political party of economic liberalism. In October 1990, 66 deputies of federal and Czech parliaments formed the ‘Inter-Parliamentary Club of the Democratic Right’ as a faction in the Civic Forum. In opposition to Klaus’s group, former dissidents established the Liberal Club. They disliked ‘party politics’, still supported Havel’s ‘non-political politics’ and claimed to keep the Civic Forum as a network of various individuals and groups. In the Congress of the Civic Forum of October 1990, Klaus was elected chairman of the Civic Forum by an absolute majority vote. This result of the Congress suggested that Klaus was much more successful in his efforts to control local organisations of the Civic Forum than the dissident group. Consequently, the Civic Forum broke up into several parties in the spring of 1991. Klaus and his supporters formed the Civic Democratic Party, while a dissident group formed the Civic Movement headed by Jiří Dienstbier, foreign minister. Several left-oriented deputies, including Valtr Komárek and Miloš Zeman, had formed an opposition group in the Civic Forum and moved into the Social Democratic Party.

The term of deputies elected in 1990 was fixed at two years, because their main task was to establish a new constitution. This two-year term had expired in June 1992 before Czechs and Slovaks reached an agreement on the new federal constitution. This timing of the elections was quite fatal for existence of the Czechoslovak federal state and it would cease to exist on the last day of 1992 as the result of the election. This timing was, however, fortunate for the Civic Democratic Party, which could claim credit for its contribution in privatisation legislation. In October 1991, people received their vouchers, on each of which they found the signature of Finance Minister Václav Klaus. In May 1992, just before the elections, the first wave of voucher privatisation began. Voucher privatisation was the most effective election campaign issue for the

newly emerging Civic Democratic Party (Schwarz, 1999: 302-306).

In the 1992 elections, the Civic Democratic Party gained about 30 per cent of the vote and secured its position as leading party in the Czech Republic.<sup>10</sup> Almost half of the voters who had supported the Civic Forum in 1990 cast their votes for the Civic Democratic Party in the 1992 elections (Krejčí, 1994: 220). By contrast, the Civic Movement failed to get one seat. Consequently, former dissidents who had led the ‘Velvet Revolution’ drastically lost their influence in politics.

### 3. The Programme and Leaders of the ODS

According to its election programme of 1992, the Civic Democratic Party is a ‘civic party (*občanská strana*)’ based on citizen’s initiative, a ‘democratic party’ striving for the rebirth of parliamentary democracy and a ‘conservative party’ striving for the salvage and rebirth of the basic values of European Christian civilisation and the Czechoslovak democratic tradition. In the section on ‘Economic Reform’, the programme says, ‘The foundation of economic prosperity is not the state, but the individual as a bearer of economic activity and initiative’, and ‘we regard the speed of privatisation as a fundamental thing and we oppose any kind of unjustified bureaucratic delay’. After emphasizing the significance of voucher privatisation, support for entrepreneurship and price liberalisation, the programme says, ‘We advocate sound state finance, i.e. a balanced state budget, because it is the best guarantee of a disinflationary environment and macroeconomic stability’ (ODS, 1992: 3, 19-27).

These basic principles of the party have remained unchanged ever since, although each election programme has been different from others in its form and priority (ODS, 1996; ODS, 1998; ODS, 2002). For example, neo-liberal rhetoric was more emphasised in the 1998 election programme than in others, in order to distinguish

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10 In the 1992 election, the Civic Democratic Party made a coalition list with the Christian Democratic Party, which merged into the Civic Democratic Party later.

its policy from those of the other right-centre parties, the US and KDU-ČSL, which had compelled Prime Minister Klaus to resign in 1997. This programme proposed legislation against budget deficits and ODS introduced bills to prohibit or restrict budget deficits in parliament (ODS, 1998: 11). The ODS has consistently supported the accession of the Czech Republic to the European Union, but its Eurosceptic posture came to the fore in the 1998 election programme, being concious that the ČSSD, KDU-ČSL and US are more positive about accession to the EU.

Václav Klaus was born in 1941 in Prague. He graduated from the University of Economics, Prague (*Vysoká škola ekonomická v Praze*), in 1964. From 1965 to 1970 he worked at the Economic Institute of the Czechoslovak Academy of Sciences, which was under the directorship of Ota Šik, one of the famous initiators of the ‘Prague Spring’. During this period, he got opportunities to study in Venice (1966) and in the USA (1969). In 1971 he had to leave the Economic Institute, but he was able to find work in the State Bank of Czechoslovakia. As noted above, he moved to the Institute for Forecasting in 1987. According to Klaus himself, his basic world-view was formed in 1960s (Hájek, 2001: 27); Komárek wrote, however, that Klaus was not so ‘right-oriented’ at Komárek’s institute as he is today (Komárek, 1992: 43-44). Anyway, in the ‘normalisation’ period, he was not a dissident. He lived inside of the Communist regime, but on its periphery (‘grey zone’).

The economic ministers of ODS who were appointed after the 1992 elections were people closely resembling Klaus in their careers. Ivan Kočárník (deputy prime minister and finance minister of the Czech Republic), Karel Dyba (minister of economics of the Czech Republic), and Jan Klak (finance minister of the federal government in 1992 and deputy finance minister of the Czech Republic from 1993) were born in the first half of the 1940s, studied in the University of Economics, Prague in the 1960s, and worked at an institute or a ministry as economists in the Communist era. After the collapse of Communist regime, they were appointed to high offices in economic ministries such as those of minister, deputy minister or director of a ministry and formed a

core of economic decision-making in Klaus's government after the 1992 elections.

In general, many ODS ministers in Klaus's government had studied technology, economics or medical science in renowned higher educational institutions, especially in Prague, and lived as technocrats in the Communist era, working in enterprises, research institutes, and so on. Schwarz names one demographic group – middle-aged (35 to 50 years old at the beginning of the 1990s) and technically educated Czech men – the 'disappointed generation'. Most ODS ministers were people of this group.

Since then, ten years have passed and the features of the ODS leaders are changing. In the party Congress held in December 2002, Mirek Topolánek was elected as new chairman of the party and Václav Klaus became honorary chairman. As the largest opposition party in the parliament, the Civic Democratic Party forms its shadow cabinet composed of 14 shadow ministers. Five of them got into federal or national politics in the period between 1990-1992; only one of them has experience as a minister and two of them were deputy ministers. Most experienced ministers of Klaus's government left the ODS or politics after the political disturbance of 1997-1998.

Topolánek, the new chairman of the party, was born in 1956, and is fifteen years younger than Klaus. He graduated from the Technical University of Brno in 1980 and then worked in the engineering and energy industries. He was a member of a ward council of Ostrava in 1990-94. He joined the ODS in 1994 and was elected to the Senate which was established in 1996. It is worth noting that nine of the shadow ministers of the ODS, including Topolánek, have experience of local politics as heads of local-government and/or members of local councils and one of them was also a head of a district office. Many of them graduated from universities located in cities other than Prague.

The Civic Democratic Party opened a career path from local to national politics. So far, this relationship between local and national politics distinguishes the ODS from the other parties.

There have been a number of studies of the relations between political parties and voters in the Czech Republic. One of these

studies has shown that the typical ODS voter is a man or woman aged 18-44 living in a large town, with at least a completed secondary education, and is a self-employed, professional or a routine non-manual worker, without religious affiliation or with Christian but not Roman Catholic affiliation (Řeháková 2000, 18-19).

#### 4. The ODS in local politics

As noted above, Klaus held his leadership in the Civic Forum with the support of local leaders and he established his party on the basis of their support. In 1997, he was faced with the rebellion of anti-Klaus leaders of the ODS including most ministers of his government, but he was successful in maintaining leadership of the party, holding almost the whole party organisation and expelling rebels from his party. These facts suggest that the ODS had formed stable local organisations under the direct control of Klaus.

At the end of 1998, just after the local elections, 26 of the 50 largest cities were led by mayors from the Civic Democratic Party, while eight of the other mayors were Social Democrats, six were Christian Democrats, one was a member of the ODA, and the other nine were independent. In the Czech Republic, mayors are elected by the city council from among its members. This means that the Civic Democratic Party is dominant enough to lead coalition-making in local politics as well as national politics, especially in relatively large cities.<sup>11</sup>

Before the local government reform of 2001, 76 districts had played important roles as state organs of local administration, located between the central government and the municipalities (cities and villages). In three districts, the city offices of Brno, Ostrava and Plzen functioned as district offices. In the other 73 districts, the heads of district offices were appointed by the Ministry of Internal Affairs. Although complete career data on these district heads are not available, career data on 34 heads are accessible in a who's who published in 1998 (Kdo je Kdo, 1998).

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11 Telephone research conducted by Lenka Bušítková, Institute of Sociology, Academy of Sciences of the Czech Republic on December 8, 1998 at the request of the author.

These include information on the party affiliation of 23 heads. Of them, 14 were members (including former members and supporters) of the Civic Democratic Party, six were members of the ODA, and three were Cristian Democrats. These data are not enough for generalisation, but it is clear that these posts were distributed among the ruling parties of the time and the majority of these posts went to the Civic Democratic Party.

Through a series of laws in 1997-2000, the Czech Republic was divided into fourteen self-governing regions. Each region has its legislative body (regional board), which has the authority to decide matters of self-government. The members of regional boards are elected on the basis of proportional representation. From its members, the board elects the governor (*hejtman*). This reform stemmed mainly from external pressure of the European Union, but partly from the intention of parties other than the ODS to challenge its dominance in local politics.

The political struggle over local reform took place between the centralistic ODS and other parties that supported the decentralisation of the state. The ODS had created its own network connecting provinces with the capital by dominating politics in relatively large cities and district offices. The ODS opposed reform in order to retain its dominance of local politics. At the same time, this struggle was relevant to EU accession. Whilst the centralistic ODS is on the one hand Eurosceptical, political parties that displayed initiative in the local reforms are enthusiastic promoters of the Czech Republic's accession to the EU. The EU Commission repeatedly criticized the Czech Republic for the delays in local reforms and encouraged the swift passing of legislation in this field.

Although the ODS lost the struggle for local reform in the parliament, it was successful in the regional elections of 2001. The ODS was able to form a coalition government in all the newly established regions and eight of the thirteen newly elected governors were ODS members. Thus, here too, the ODS demonstrated its power which it had consolidated before the local reforms.

## Conclusions

The Czech political party system has been consolidated since the period between the 1996 and 1998 elections. It seems that drastic change in the system will not occur in near future. However, Czech politics are not stable because its party system is polarized. The Communist Party is deeply rooted at the far left end of the socio-economic axis. This party still has no prospect of forming a coalition government with other parties. On the other hand, the relatively large neo-liberal party, the Civic Democratic Party, is located at the opposite end of the axis. So far, the distance between the Civic Democratic Party and the Social Democrats is too great for them to make a coalition government. Consequently, making a stable coalition government has been very difficult since the 1996 elections. The second Klaus government did not have a majority in the parliament when it was formed in June 1996. In 1998-2002, the Social Democratic Party which had only 74 of 200 seats in the parliament formed a one-party minority cabinet thanks to an ‘opposition (or toleration) agreement’ with the Civic Democratic Party which was officially in ‘opposition’. Today’s government is based on the coalition of three parties, the ČSSD, KDU-ČSL and US, but these parties have only 101 seats in parliament.

It seems that the presence of the Christian Democrats in parliament since the first post-Communist elections decided this polarisation. This party is very stable and can always gain 15-20 per cent of parliamentary seats based on Catholic and rural, especially South Moravian supporters. However, it cannot gain more because Czech society is very secular. The Civic Democratic Party was able to open up a space in Czech politics with neo-liberal rhetoric, but it cannot become a ‘catch-all party’ because it is not easy to extend its reach leftward into the Christian Democratic space. The same may be said of the Social Democrats located between the Christian Democrats and the Communists.

The Civic Democratic Party’s success in post-Communist party politics can be attributed to many factors. Its neo-liberal ideology is only one of them. Klaus and his supporters pursued the strategy of establishing an organisational party in the early

post-Communist era when the word ‘party’ was still unpopular. Klaus was successful in organising a considerable proportion of the people who had been mobilized for the ‘Velvet Revolution’ by the Civic Forum, not only in Prague but also in provincial cities. Neo-liberal rhetoric, including anti-communist and nationalistic language, was effective in attracting the ‘disappointed generation’ to his party. When Klaus faced the political crisis of his party at the end of 1997, he had stable local organisations under his direct control. Therefore, he was able to survive the crisis. It seems that there existed a kind of patron-client relationship between Klaus and local party elites, but details of it remain unclear.

The Civic Democratic Party is entering the post-Klaus era. The young party elites that entered local politics in Klaus’s era are now attaining party leadership on the national level. It is still unclear where this new leadership will take the party. However, we may say that neo-liberalism is still useful for the new party elites to distinguish their party from others, especially from the Christian Democrats, but at the same time it reinforces the polarised party system and maintains the status quo in the politics of the Czech Republic.

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