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Veröffentlichungsversion / Published Version

Stellungnahme / comment

Empfohlene Zitierung / Suggested Citation:

Nič, M., & Dostál, V. (2017). *Andrej Babiš is not Central Europe's Game-Changer*. (DGAP-Standpunkt, 15). Berlin: Forschungsinstitut der Deutschen Gesellschaft für Auswärtige Politik e.V.. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-54624-8>

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Andrej Babiš is not Central Europe's Game-Changer

by Milan Nič and Vít Dostál

The Czech election result seems worrying at first: Yet another populist leader has been catapulted into power in Central Europe. But billionaire Andrej Babiš and his populist ANO party, which received almost 30 percent of the vote, is not necessarily going to push the Czech Republic into an illiberal and anti-EU direction.

The Czech Republic has closely integrated trade and economic relations and strong bilateral ties with neighboring Germany. So far, the country has been among the most pro-Western among the newer EU members. Parallels between Andrej Babiš and Hungary's Prime Minister Viktor Orbán or Polish leader Jarosław Kaczyński are overdone. Unlike Orbán and Kaczyński, 63-years-old Babiš is not an ideologue, but a pragmatic businessman. Babiš's political position is far less dominant than that of his Hungarian and Polish counterparts. Unlike them, he is not a nationalist. Furthermore, he will need to form a coalition government with one or two junior partners.

Babiš – weaker than his neighboring leaders

In his book "What I dream of when I happen to sleep," broadly distributed as part of his election campaign, Babiš presents far-reaching suggestions for changing the Czech political system: dissolving the upper chamber of Parliament, halving the number of MPs in the lower chamber, changing electoral law from proportional and regional to majoritarian/single district representation. However, none of these ideas made it into his party's program and they would be hard to enact in any case: Even with the support of all other anti-establishment parties, the ANO would still lack a constitutional majority. Unlike in Poland or Hungary, the Czech Senate can effectively block any constitutional change and thereby stabilize the constitutional system.

Besides the strong position of Babiš's ANO party – the acronym means "yes" in Czech –, the continued fragmentation of the Czech political spectrum is one of the most important outcomes of this election, with as many as nine political parties in the new parliament (up from seven in the 2013 elections and from five in 2010). The collapse of the political center and the surge of the protest vote have benefited new parties. Among the winners are the anti-corruption, transparency-centered Pirates Party as well as the far-right party of half-Japanese MP Tomio Okamura, which received around 10 percent of the vote each. Forming a lasting coalition government will be no easy task for Babiš.

Political contradictions, conflicts of interests

Babiš himself is a bundle of contradictions: A self-proclaimed anti-establishment leader and anti-corruption crusader, he profited from the 'old system' of mainstream parties, is the second-richest Czech businessman and a media mogul, and was until recently also the country's finance minister. He raised expectations in Czech society to "govern more effectively" or, as his slogan puts it, "run the country as a family firm", in order to fix "a corrupted system", as he called out frequently in his campaign. But beyond keeping fiscal discipline, ANO's economic program remains vague. Although a continuing economic boom

and solid public finances will allow him to spend more on the neglected road system and other, also digital infrastructure, and to distribute more social perks, he does not have any long-term political or economic strategy at this stage. He will need to rely on his media and marketing machine, apart from which he has no strong institutional, cultural, or social connection with his constituency or broader Czech society.

Another aspect to be aware of is that Babiš's business imperium in the chemical, agricultural, and media sectors spans several EU countries. Out of 250 companies in Babiš's Agrofert holding, ten are based in Slovakia, four in Hungary, three in Germany, and one in Poland. As such, he faces many conflicts of interest which will likely constrain him in his new political role.

Possible Scenarios

Being Prime Minister will test Babiš's political skills to build lasting alliances. His first challenge is to face off an ongoing criminal investigation for fraud, for which he has been formally charged. The majority of parties in the new parliament refuses to accept him as the new prime minister on these grounds. Babiš denies any wrongdoing and has dismissed the case as politically motivated. Current President Miloš Zeman will nominate Babiš as Prime Minister. Three possible scenarios could then unfold:

- *Restoration of the outgoing coalition with Social Democrats and Christian Democrats.*
This option is less likely as both parties have ruled out forming a government with either a prime minister or a minister charged with fraud. The option would be conceivable nonetheless if Babiš – “Kaczyński style” – were to let someone from his party or a technocrat become prime minister in his stead. He has so far rejected such a scenario. Both the Social Democrats and the Christian Democrats have emerged badly damaged from governing with Babiš. In the elections, he was able to attract many of their traditional voters, taking votes mainly from the formerly dominant Social Democrats. In reshuffling their respective leadership, both parties might turn out to be unpredictable partners.
- *Coalition with the liberal-conservative eurosceptic Civic Democratic Party (ODS).* Although both parties have similar programs, the ODS appears divided on whether it considers a coalition with the ANO a possibility. Indeed, the party leadership has so far ruled out this option: Like the other two big parties, it rejects Babiš on the grounds of his fraud charge.

- *Minority government with parliamentary support from Okamura's far-right party and the Communist Party.*
In this scenario, Babiš would rely on unpredictable partners. Such a step might cause intra-party rebellion and he could face international isolation. It is likely that he will want to avoid this scenario.

In face of the difficulties connected with each of these scenarios, coalition talks might last several months. Furthermore, the presidential election is set to take place in January 2018, and Miloš Zeman is running for re-election in spite of his poor health. He is expected to play a larger role in the coalition talks than is envisaged for his mostly representative position. This is partly due to the fact that Zeman is focusing on voters of the ANO and of Okamura's party and needs to avoid that they nominate their own candidates.

Czech foreign and EU policy to be continued

Czech foreign and EU policy under an ANO-led government is likely to show a lot of continuity from Bohuslav Sobotka's outgoing cabinet, of which Babiš's party was a junior member. Given the fragmentation of the political spectrum in the Czech Republic and the reduced stability of the incoming government, the upcoming presidential election and ANO's focus on domestic topics, Babiš's European policy is bound to be reactive, pragmatic, non-ideological, and very transactional.

The ANO will likely focus on domestic regulatory policies. The party's foreign and European policy program is underdeveloped, and Babiš has little interest in pursuing it proactively. While he values the single market and Schengen as key EU achievements to protect, his instinct is to maintain the status quo. With the exception of defence politics, he does not want to deepen the EU further; all major democratic parties support the EU's Permanent Structured Cooperation.

With regard to migration, ANO's new government can be expected to reject any refugee relocation mechanism and stress the need to protect Schengen borders – a continuation of current policies.

Babiš will most probably oppose the EU reforms proposed by French President Emmanuel Macron. To Babiš, Macron's Sorbonne speech served as a warning that a French drive for deeper integration might split the EU even further and could lead to more Brexits. Babiš rejects both a multi-speed EU and the adoption of a single currency, and Prague will not enter the eurozone by 2025. As the current government in Prague has also not pushed

eurozone membership, his position in this regard does not reflect a U-turn in the Czech Republic's EU policy.

Babiš's eclectic approach to the current debate on the EU's future discloses his extremely limited knowledge about how the union actually functions. His lack of familiarity is augmented by the ANO's shortage of senior figures experienced in foreign and EU affairs. Pavel Telička, MEP and Vice President of the European Parliament, ended cooperation with the party just weeks before the elections due to his ongoing ideological conflicts with the party leader. Other qualified MEPs, such as Dita Charanzová and Martina Dlabajová, who worked in the European Parliament's liberal-centrist ALDE group, might possibly be promoted. The same goes for Věra Jourová, EU Commissioner for Justice, who had served as ANO's deputy party leader before moving to Brussels. It is likely that one of the junior coalition partners will be offered to nominate the new Czech Foreign Minister and thereby determine the exact course of Czech EU and foreign policy. In all these scenarios NATO will certainly remain the cornerstone of Czech security policy, as Okamura's party and the Communist Party – both anti-NATO parties – will almost certainly not be part of the government.

On the regional level and within the Visegrad Group, the Czech Republic is likely to keep its tandem with Slovakia. Unlike Poland or Hungary, Babiš has no stake in further confrontation with Brussels. It is to be expected therefore that Babiš will navigate his own path and look for new allies such as Austria's Sebastian Kurz.

Czech-German relations

Czech-German relations were not an issue in the election: Most parties stressed the need for good relations and

productive cooperation with Germany in their manifestos. A possible area of tension in Czech-German relations might, however, be energy policy. Babiš is known not to support the climate change agenda and may oppose new limitations on the use of biofuels in transport due to his business interests. He is also critical about Germany's 'Energiewende', the transition to low-carbon energy supplies and state support schemes for renewable energies. Meanwhile, the Czech position is likely to stay flexible in another controversial project, the Nordstream 2 pipeline, which is planned to transport Russian gas directly to Germany, bypassing Ukraine. On this issue, Prague is likely to take regional considerations into account.

In summary, while the Czech election at first appear to confirm anti-EU tendencies in Central Europe, they do offer a more varied picture at closer look. While ruptures and changes are most likely on the domestic agenda, its foreign and EU policies promise more continuity than widely assumed.

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DGAPstandpunkt Nr. 15 / October 2017



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Deutsche Gesellschaft
für Auswärtige Politik
German Council on
Foreign Relations

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Publisher
German Council on Foreign Relations

ISSN 1864-3477

Editing Eva-Maria McCormack, Sabine Wolf
Layout Andreas Alvarez
Design Concept Carolyn Steinbeck · Gestaltung