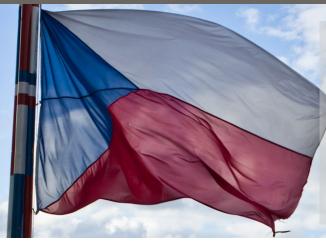


CZECH PARLIAMENTARY ELECTIONS POLITICAL CRISIS GOES ON AFTER INCONCLUSIVE ELECTIONS

OCTOBER 2013



Early elections in the Czech Republic have failed to resolve the country's ongoing political crisis.

The polls, held more than four months after the fall of the centre-right government, saw the opposition Social Democrats remain the biggest single party in parliament, but with a much lower-than-expected share of the vote.

ANO 2011, a party led by the country's second-richest person, finished in second place in its first ever general election, while the conservative Civic Democratic Party (ODS), which had led the previous coalition, finished fifth, losing more than two-thirds of its seats in parliament.

Coalition talks will now begin, although the task has been complicated by a split in the Social Democrats following their disappointing showing. The political crisis seems set to continue, with possibly a fragile coalition or a new caretaker administration taking office.

BACKGROUND

Early elections were held in following the fall of the previous centre-right administration in June.

The government crisis began in earnest in April 2012 when corruption allegations against the leaders of Public Affairs (VV), a coalition partner, led to the party being excluded from its pact with the conservative Civic Democratic Party (ODS) and another centre-right party, TOP 09.

A breakaway VV faction formed the Liberal Democrats (LIDEM) and joined the government. With the support of independent MPs, the new coalition obtained the confidence of MPs.

However, by June 2013 the prime minister, Petr Nečas, was forced to resign after a spying and corruption scandal that involved the arrest of the PM's chief of staff (with whom he was having an affair, and who he subsequently married).

The ODS put forward Miroslava Němcová as a new candidate to be prime minister but the maverick President, former Social Czech Democrat Miloš Zeman, refused. He appointed a 'government of experts' dubbed by his critics a 'government of Zeman's friends' - under another former Social Democrat, Jiří Rusnok.

When the new government failed to obtain the confidence of parliament, MPs voted to dissolve the assembly and early elections were called.

The campaign focused primarily on domestic political topics - the tax burden, unemployment and reducing the national debt. Foreign affairs was not a major element except for the Eurosceptic ODS and a movement called 'Keep Your Chin Up', which was backed by the previous President and ODS founder Václav Klaus.

RESULTS

The leading force in the previous government, the ODS, won just 7.7% of the vote and saw its number of MPs fall by more than two-thirds. Its former partner, TOP 09, won 12.0%.

The winners on the right were the Christian and Democratic Union -Czechoslovak People's Party (KDU-ČSL), which finished seventh but reentered parliament, and Dawn of Direct Democracy (UPD), a populist party formed in May 2013 led (and principally represented) by Tomio Okamura, an entrepreneur with a Czech mother and a Japanese father. Each party won 14 seats.

On the left, the Czech Social Democratic Party (ČSSD) won 20.5% of the vote but saw its representation fall. It was the party's worst score since 1992 and an unexpected blow given that support for the ČSSD had been around ten percentage points higher in opinion polls held just a month before the election. The Communist Party (KSČM) won 14.9% and gained seats.

However, the big winner was ANO 2011 - a party formed two years ago by Andrej Babiš, a Slovakian-born billionaire agrochemical entrepreneur and media tycoon. His protest movement won 18.7% of the vote.

ANALYSIS & NEXT STEPS

elections highlighted the considerable fall of (and failure of)

59% of Czechs turned out to vote in the elections

traditional and established political parties and increasing frustration on the part of voters.

Negotiations to form a government are complicated. The day after the election, there was a split in the ČSSD between supporters of the party leader, Bohuslav Sobotka, and those of the deputy leader, Michal Hasek, whose faction is influenced and controlled by President Zeman.

ELECTION RESULTS

PARTY	SEATS	SHARE	PARTY	SEATS	SHARE
ČSSD	50 (-6)	20.5%	ODS	16 (-37)	7.7%
ANO 2011	47 (+47)	18.7%	UPD	14 (+14)	6.9%
KSČM	33 (+7)	14.9%	KDU-ČSL	14 (+14)	6.8%
TOP 09	26 (-15)	12.0%			

Mr Sobotka called Mr Hasek's intervention a "betrayal" and pledged to forge ahead with coalition talks with ANO 2011 and the KDU-CSL.

However, Mr Babiš seems far from keen to take on a governing role and will probably offer support to a minority ČSSD / KDU-ČSL coalition. In one of his interviews he said there was a possibility of new elections.

Meanwhile, the President will try to slow negotiations so as to keep his interim government in place for as long as possible. Mr Zeman has called first session of the new parliament for the end of November and will try to control the process as much as he can.

ANO 2011 has already begun its campaign for the European elections. It expects to do well, with the ODS' expected to recover and the divided ČSSD likely to lose support.

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