

ELECTIONS COMMENTARY

Economic Policies – Czech Party Programmes for the EP 2019 Elections

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Invitation

As part of our election series, EUROPEUM Institute for European Policy publishes a special issue summarizing and analyzing Czech parties' elections programmes. This paper specifically focuses on economic policies. Since there are 39 different entities running for the seats in the European Parliament, it is not in scope of this paper to address each and every one of them. Therefore, we decided to focus only on those parties that have, according to public opinion polls, a decent chance to obtain enough votes to win at least one mandate.

Before we dive into the description section of the paper, let us refer to our previous paper analyzing the most important topics of the upcoming European elections (see <http://www.europeum.org/data/articles/analyza-havelka-stuchlikova-ep.pdf>). The following text draws on conclusions of the paper and will therefore not elaborate details of the current discussion of economic policies at the European level. It solely focuses on the party manifestos and comments them regarding general European political debate.

Political Programmes

ANO¹

ANO's election programme is brief and addresses singular topics rather than thorough interpretations of grand debates such as reform of the Eurozone or the institutional framework of the Union. On the other hand, the manifesto contains three subtle leitmotifs – completion of the Single Market, no extension of qualified majority voting (esp. in taxation), and no harmonization of national systems. Moreover, special attention is dedicated to the dual quality of food, which has been one of the most important European topics of the last few years in the Czech Republic. Regarding the next Multiannual Financial Framework, the EU should, according to ANO, focus primarily on Europe added value and invest significantly more in defense, fight against terrorism and border protection. The programme also mentions the importance of digitalization and investment in R&D. Finally, one chapter is devoted to energy policy, which should further aim at decarbonization, however, every member state must have right to determine its own energy mix. In this regard, the ideal mix of Czech energy sources should consist of nuclear energy and renewable sources.

¹ <https://www.anobudelip.cz/file/edee/ke-stazeni/ano-cesko-ochranime.pdf>

Pirates

The majority of the Czech Pirate Party programme consists of a common manifesto released by all European Pirate Parties. Czech local content is only presented in form of bullet points and interestingly, it sometimes stresses different aspects than the general European programme. The election manifesto mainly focuses on digitalization and regulation of online services. The Pirates propose to enact CCCTB² and dissolution of “permanent establishment” as a measure against tax evasion. Furthermore, they support harmonization of welfare systems and equalization of medical care, which should further facilitate the freedom of movement. Finally, the Pirates stress the importance of supporting the European space industry and research. In this regard, they propose to concentrate all the EU space activities within one agency.

ODS

ODS perceives the EU predominantly as an economic project liberalizing trade on the internal market. Therefore, it tends to promote Union’s activity primarily in liberalizing free trade, and strong role of member states in the EU’s decision making. The manifesto voices against extension of QMV in taxation, harmonization of social welfare systems, and supports free will of member states to determine their energy mixes. ODS also calls for lifting residual barriers on the single market and “regulation cleansing”, which goes hand in hand with the liberal economic views of the party. Digital economy should be subjected to similar regulation as traditional sector so that equal treatment is secured (e.g. same VAT on printed and e-books). Regarding the CAP, the manifesto expresses intentions to cap agricultural subsidies for large farms and their redistribution to small entrepreneurs. Finally, ODS would like to see a “more balanced” Horizon programme, in order to allow small companies and firms from CEE to access funding in large projects such as Galileo.

Christian Democrats

The election programme of Christian Democrats does not contain, in comparison with other Czech parties, a significant economic pillar. It rather provides the reader with description of values the party policies are based on. The manifesto stresses the need to support families in form of accessible housing and work/life balance. It also supports common EU regulation and standards for new technologies such as artificial intelligence or industrial digitalization. Importantly, the programme suggest discussion about robot taxation as they become more and more prevalent in EU economies. Finally, Christian Democrats would like to enact FDI screening that would control foreign investment in strategic infrastructure, mainly China.

Social Democrats

Czech Social Democrats (ČSSD) did not publish a proper election manifesto, but instead opted for something they call an “argumentation manual”. It does not contain many concrete steps the party would like to propose at the European level. Nevertheless, the reader can somehow deduct few policies the Social Democrats would like to implement. Firstly, they support fight against tax evasion in form of CCCTB as well as taxation of digital giants. They would also like to address revenue drains from the Czech Republic, although the party does not specify any specific measure. Finally, they are very vocal about the dual quality of food, which has been a flagship of their current incumbent MEP Olga Sehnalová for several years.

Allies for Europe

Allies for Europe is an alliance consisting of several Czech center-right parties TOP09, Mayors and Greens. They published a through programme addressing all most important topics of the upcoming EP elections. As an economically liberal grouping, they support further dissolution of barriers on the Single Market, taxation of tech giants, fight against tax evasion and money laundering. The future EU budget should not significantly exceed 1% EU

² The Common Consolidated Corporate Tax Base (CCCTB) is a single set of rules to calculate companies' taxable profits in the EU.

GDP and should primarily focus on security/defense, and pro-growth projects such as investment in infrastructure R&D and education. Common Agriculture Policy should mainly concentrate on preservation of environment and the EU should cap direct payments for large farms. Regarding energy policy, the alliance supports transition to renewable sources, however, every state must retain a free hand in its energy mix, and nuclear energy must not be banned. Finally, the election manifesto states that access to EU funding should be conditional in respect to fiscal responsibility and good state of rule of law.

Communists

KSČM (Communist Party of Bohemia and Moravia) appeals to protest voters from lower income classes of the Czech society. Their programme is therefore radically written, includes radicalized statements approximating hate speech, and addresses only particular issues without a comprehensive interpretation of the party policies. The Communists election manifesto supports harmonization of national welfare systems, including single European minimal wage and common European pension system. It also voices against Czech membership in the Eurozone as well as supports fight against tax havens and tax evasion. The Communist party would like to see a common European tax on speculative capital and sectoral taxes in telecommunication and finances. Finally, the EU should also create a "blacklist" of large corporates evading taxes.

SPD

SPD addresses similar electorate to the Communist Party. Unlike KSČM, however, SPD explicitly calls for dissolution of the European Union and creation of a new supranational institution based solely on Single Market. The election manifesto is brief and tackles only singular issues. SPD is vehemently against EU climate policy, which allegedly destroys European industry and poses unnecessary burden for European economies. It also voices against the practice of dual quality of food and Czech participation in Eurozone.

Hlas Movement

Hlas Movement is a political party established by the incumbent MEP Pavel Telička. The movement's election manifesto is by far the most complex one among all programmes published by Czech political parties. Hlas supports increasing the EU Budget by 0,1% EU GDP, and cancellation of rebates. The future MFF should focus on research, innovation, digitalization, migration and foreign and security policy. Part of the programme is devoted to taxation – the party supports CCCTB, publicly accessible register of companies, and taxation of revenues in countries where they were generated. Finally, the party calls for support of AI research and solid regulation of its application.

Evaluation

Czech political parties, with exception of the Pirates, do not have a common election programme with their other European counterparts. As a result, most of the parties do not address all aspects of the EU debate. For instance, most of the Czech parties do not specify their attitudes to reform of Eurozone or fiscal transfers within it. They only state that the Eurozone must change, and that all future steps should respect a strict fiscal prudence. This is unfortunate as we can expect that discussions about future development of the Eurozone will continue during the mandate of the newly elected MEPs. Czech Republic might not yet be member of the Monetary Union, but its economic dependency on Eurozone as well as its obligation to join the club make the topic crucial for the Czech national interest. Without specifying one's position, no one can expect to have a real impact.

Contrary, the Czech political parties are specific about their attitudes to tax harmonization, and extension of the QMV in this area. They mostly support CCCTB and digital tax for tech giants. The topic is of an interest for the Czech Republic, since the country does not belong to tax havens for international corporates and large part of revenues flows out of the country without being properly taxed. That said, it is surprising that e.g. ODS agitate against these measures. In this sense, ODS follow their ideology of the less Europe, the better, despite this ideological position might have economic ramifications for not only Europe but also for

Czechs. Contrary to various opinions about tax harmonization, it seems that the Czech political parties are consistent in opposing extension of QMV to the area of taxation. This again, however, goes against Czech interests as it is hard to imagine that any sensible tax reform at the European level will take place without the removal of unanimity.

Thirdly, almost all parties stress the importance of investment in R&D, science and digitalization. Although this can be considered as a European mainstream, it points to a certain shift in the Czech political thinking. The post-1990 economic model based on relatively cheap and well-educated labor is reaching its glass ceiling. The political elite understands that without transition to more added-value economy, the Czech Republic will not be able to sustain its average growth rate. In this regard, it is worth pointing out that Pirates devoted one section of their programme to European Space Programme calling for one single agency

running all Union activities. The same applies to ODS stressing that Horizon programme should become more inclusive so that small firms can access funding for projects such as Galileo. The reason for this might be that GSA, which will truly unite Union's space research in the future, has its seat in Prague, Czech Republic.

Finally, the Czech political parties predominantly position themselves in the European mainstream regarding the next Multiannual Financial Framework. They call upon increased allocations in defense, border security, migration, and R&D. They are, however, not unanimous when it comes to the reform of the Common Agriculture Policy. Most of the Czech parties argue for capping of direct payments, and more support for small farmers. They also call upon equal treatment for western and Czech farmers, who still do not obtain similar funding.



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