

# Czech Republic

by Jeremy Druker

*Capital:* Prague  
*Population:* 10.3 million  
*GNI/capita:* US\$20,920

The social data above was taken from the European Bank for Reconstruction and Development's *Transition Report 2007: People in Transition*, and the economic data from the World Bank's *World Development Indicators 2008*.

## Nations in Transit Ratings and Averaged Scores

	1999	2001	2002	2003	2004	2005	2006	2007	2008
Electoral Process	1.75	1.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75
Civil Society	1.50	1.50	1.75	1.50	1.50	1.50	1.50	1.50	1.25
Independent Media	1.75	2.00	2.50	2.25	2.25	2.00	2.00	2.25	2.25
Governance*	2.00	2.00	2.25	2.25	2.25	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	2.50	2.50	3.00	2.75
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	2.00	2.00	1.75	1.75
Judicial Framework and Independence	2.25	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00
Corruption	3.25	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.25
Democracy Score	<b>2.08</b>	<b>2.25</b>	<b>2.46</b>	<b>2.33</b>	<b>2.33</b>	<b>2.29</b>	<b>2.25</b>	<b>2.25</b>	<b>2.14</b>

\* With the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

## EXECUTIVE SUMMARY

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The year 2007 may one day be looked back upon as a period of lost opportunity. After a debilitating political crisis in 2006 that left the country almost entirely without a government for over six months, a center-right coalition finally took over in January 2007. The ruling Civic Democratic Party (ODS) promised radical reform, greater transparency, and a new style of governance. With the economy still booming and the standard of living continuing to rise for much of the population, many felt the government had a window of opportunity—a chance to pass sweeping changes that would overhaul the tax, health, and pension systems with the power to withstand the likely backlash.

In the end, some reforms did sneak through Parliament in the autumn and did represent real change—including a flat tax, mandatory health payments, and new social benefit regulations—but most analysts judged them too conservative and too little to make a real dent in the country's massive deficit. The coalition's dependency on two independent parliamentary deputies to pass any legislation had something to do with that, but so did the absolute inability of the leading political actors to seek consensus toward advancing the Czech Republic to the next stage of development. A string of both major and minor scandals also continually distracted the government from both convincingly selling the reforms to the public and living up to campaign promises of more ethical behavior. Reforms in the judicial system and new initiatives in the fight against corruption, however, look promising, but it is still too early to evaluate their success.

**National Democratic Governance.** Unlike in 2006, the country spent almost the whole year with a functional government—a dramatic improvement over the impasse that stalled any progress in key areas the previous year. The ruling coalition even managed to push through major reforms, though many complained that the changes did not go nearly far enough. *The Czech Republic often resembles a fully functioning democracy—stable and secure, with checks and balances in place—but the failure to seek any consensus with the opposition and an unabated string of improprieties among politicians highlighted the depths of the country's political immaturity. Still, some reform was better than inaction, leading to an upgrade in the national democratic governance rating from 3.00 to 2.75.*

**Electoral Process.** No elections took place in 2007, but parliamentary, Senate, and local elections the previous year all took place without any serious violations or complaints. However, the Czech system still allows too little room for new faces in politics, and civic participation remains stunted. *There was little to no progress in political party development or inclusion of the Roma minority, but the country's*

*reputation for competitive, well-run elections leaves the rating for electoral process at 1.75.*

**Civil Society.** The reputation of nongovernmental organizations (NGOs) continues to grow, as has the level of funding from individuals and companies. Grassroots movements around certain issues also appear to be on the upswing. On the other hand, many politicians consider the more advocacy-oriented organizations, especially those attempting to change public policy, as unnecessarily interfering in and complicating their work. *Continued growth in the reputation and activities of NGOs is offset by little happening on the legislative side; the rating for civil society improves slightly from 1.50 to 1.25.*

**Independent Media.** Czech media are independent and diverse, but critics continue to speculate about behind-the-scenes political and financial interference. The prime minister launched a tirade against the media, calling for new regulations to press freedom, partly in reaction to the growing power of the country's tabloids. *Recovery from the biased election coverage of 2006, combined with the long delayed licensing of digital television, holds the rating for independent media at 2.25.*

**Local Democratic Governance.** While more control systems need to be put in place to rid local officialdom of clientelism and improve efficiency, true decentralization gained momentum in 2007. For probably the first time, local municipalities teamed up to pressure the central government into a change in policy: allocating more tax revenues to local budgets. *With vibrant political competition intact and the power of local officials growing, the rating remains at 1.75.*

**Judicial Framework and Independence.** The Justice Ministry announced a series of far-ranging reforms, including the full digitalization of the judicial system and changes in procedural regulations, designed to speed up the notoriously slow settlement of cases. A high-profile dispute between the president and the chairwoman of the Supreme Court once again reaffirmed judicial independence and the Constitutional Court's autonomy. *Those positive developments were dampened somewhat by the ministry's intention to increase the executive's power over the judiciary, keeping the country's ranking for judicial framework and independence at 2.00.*

**Corruption.** While much of Czech society believes that graft is still widespread at both national and local levels of public administration, progress finally seems a reality. New conflict-of-interest legislation took effect in January 2007, the country's rating in the Transparency International Corruption Perceptions Index again improved, and the government adopted the most far-ranging anticorruption strategy until now. *Still, a pervading lack of transparency and the early stages of the government plans mandate only a slight increase in the corruption rating from 3.50 to 3.25.*

**Outlook for 2008.** The shaky coalition could be hard-pressed to withstand public pressure if widespread complications occur during the implementation of the reforms, which include a flat tax and mandatory medical payments. Many prices, including utilities, will also increase sharply in the new year. The ruling ODS will, however, likely get a shot in the arm with the expected reelection in February of President Václav Klaus, the party's founding father. A truer indication of the coalition's popularity will come later in the year with regional elections.

# MAIN REPORT

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## National Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007	2008
n/a	n/a	n/a	n/a	n/a	2.50	2.50	3.00	2.75

The institutions of governance in the Czech Republic are stable and democratic. No single party dominates the political scene, and regular rotations of power occur at national and local levels. Political parties generally agree on the nature and direction of democratic change, with one major exception—the largely unreformed Communist Party (KSČM), which has not served in a post-1989 government and continues to attract those nostalgic for the old regime. The KSČM holds 26 of the 200 seats in the powerful lower house of Parliament, but the refusal of other political parties to include it in coalitions has greatly complicated the process of forming stable governments among the remaining, often conflicting parties. That was again the case in 2006, as parliamentary elections in June of that year ended in a tie between the two main left- and right-wing camps.

The months following those elections were full of aggravating false starts and bitter exchanges among the various political actors, which was to be expected given the animosity between the country's two major parties and their heads: the Civic Democrats (ODS), led by Mirek Topolánek, and the Social Democrats (ČSSD), led by Jiří Paroubek. Over the second half of 2006, Topolánek's efforts included a failed early attempt to gain support for a coalition of the ODS, the Christian Democrats (KDU-ČSL), and the Green Party (SZ); a minority government; and short-lived discussions with the ČSSD. Finally, after many had given up hope of avoiding another round of elections, the same ODS-KDU-ČSL-SZ coalition survived a vote of confidence on January 19, 2007—but only after two ČSSD rebels-turned-independents agreed to abstain.

The failure to seek consensus among the political elite was painfully evident throughout the rest of 2007. Topolánek and his coalition partners drafted major reforms in the tax, health, and social systems, with hardly any consultation with the opposition. While the reforms eventually received support in both houses of Parliament, their passage again depended on the two independents (as well as on Topolánek's success at putting down a rebellious faction within his own party). However, the government still has a long way to go toward convincing citizens—even many of its own supporters—that the reforms will bear fruit. A September poll conducted by the Center for Empirical Research showed that only 30 percent of Czechs backed the reforms and that a majority of the voters of the two junior coalition parties—KDU-ČSL and SZ—remained opposed.<sup>1</sup> Another poll by Factum Invenio indicated that most Czechs anticipate that the reforms will

negatively impact their lives and fail to improve the deficit-laden financial situation.<sup>2</sup> Changes will commence in 2008, with the full program in place by 2009.

In trying to convince the public of the necessity of reform, coalition leaders found themselves continually distracted by a series of scandals that dogged KDU-ČSL chairman and Deputy Prime Minister Jiří Čunek. In February, the police accused Čunek of corruption after his former secretary claimed that in 2002, when he was mayor of the north Moravian city of Vsetín, he had accepted a bribe from a real estate company of 500,000 crowns (US\$30,700). Although he managed to ride out the bribery charges—the case was definitively closed in November for lack of evidence—another scandal finally drove Čunek from office. An October broadcast on Czech TV showed that he had been collecting welfare payments in the late 1990s at the same time he was depositing millions of crowns into various bank accounts—if not illegal, then at least unethical behavior according to most observers. Commentators debated whether Čunek's resignation indicated a maturation of the Czech political scene or a step backward because it took so long.

In general, lobbying the executive and the Parliament remains largely unrestricted, and the public continues to believe that special interests play a major role in determining the political agenda—one poll placed special interests and lobbying behind only corruption in that regard.<sup>3</sup> Evidence of that worrying intersection of political and economic interests surfaced during the police investigation into the 2006 murder of businessman František Mrázek, the reputed king of the Czech underworld. A series of articles published by the daily *Mladá Fronta Dnes* (which relied on leaked transcripts from phones tapped by the police) revealed a web of contacts that Mrázek had cultivated in the police, the Interior Ministry, the Office of the Prime Minister, and the secret services.<sup>4</sup>

Some of those connections reflected badly on the ČSSD, hardly the only time in 2007 that information leaks from high-profile investigations suggested that one part of the Czech police serves the government and the other favors the opposition. In the same vein, compromising information on well-known people's supposed or real collaboration with the Communist secret police appears periodically in the media, often for apparently political purposes. The newly established Institute for the Study of Totalitarian Regimes should at least partly rectify that situation, but some political analysts have expressed doubts that it can remain independent with a supervisory board chosen by politicians.

Although the legislature is independent from the executive branch, critics charge that such autonomy has not prevented the Parliament from passing an excessive number of its own poorly prepared laws. The legislative process is further complicated by the ability of parliamentary deputies to make an unrestricted number of proposed amendments during the second reading of bills. As the weekly *Respekt* has pointed out, this tradition often disorients even the most attentive parliamentarians and serves as a calculated strategy to derail long needed legislation and sneak in calculated additions that have little to nothing in common with the debated bill. As a result of these deficiencies, the Parliament sometimes passes error-

ridden laws requiring repeated revisions as well as numerous amendments that serve only to complicate the interpretation of laws.<sup>5</sup>

Some analysts believe that the Constitution creates an overlap of executive power between the government and the president. Actual confrontations depend largely on the personality of the president, since the position is chiefly ceremonial yet retains some important powers, such as forming a government. Over the years, for example, President Václav Klaus, in office since 2003, sought out candidates closely tied to his political philosophy when appointing new governors to the central bank and new justices to the Constitutional Court. In addition, despite government criticism of his activities, he espoused his views at various international forums, clashing with the official government line on issues such as the European Constitution, global warming, and the introduction of the euro.

#### Electoral Process

1999	2001	2002	2003	2004	2005	2006	2007	2008
1.75	1.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75

The Czech Republic is far beyond the fundamental electoral challenges facing parts of Eastern Europe and the former Soviet Union. No one doubts the fairness of the electoral process, and there are no reports of intimidation, fraud, or any other type of manipulation on the part of the authorities, although the deadlock following the 2006 parliamentary elections led to increased calls for changes to electoral legislation. Political organizations have no problems either registering or campaigning. Although shaky coalition governments have been the norm in recent years, the system itself is solidly multiparty, with a strong opposition and diversity at all levels of government.

The Czech Republic uses a parliamentary system with two houses. Real political power resides in the Chamber of Deputies, the 200-seat lower house, with deputies elected by proportional vote on party ballots. The 81-seat Senate is elected on the basis of single-mandate districts. The Senate can return approved bills to the lower house, but the Chamber of Deputies can override the Senate by a simple majority. Though serving as a check on the Chamber of Deputies, the upper house is weaker and traditionally held in lower regard by the general public, though that reputation has improved in recent years.

No elections were held in 2007 after a busy 2006, when the Czech Republic conducted parliamentary, Senate, and local elections, with the ODS triumphing each time. Since the ODS finally managed to cobble together a coalition in early 2007—albeit a shaky one still dependent on ČSSD outcasts—the party effectively controls both houses. That has raised fears that ODS senators, who have sometimes acted more autonomously than their counterparts in the lower chamber, will be forced to fall in line to ensure their majority. Under that scenario, the Senate would

become little more than a meaningless extension of the lower house, simply rubber-stamping legislation.<sup>6</sup> The victory of the ODS also increased the expectation that President Klaus will win reelection in 2008. In a joint session, both houses elect the president for a five-year term by a simple majority.

Low membership in political parties remains the norm. The KSČM is the largest party (nearly 77,100 members), followed by the KDU-ČSL (39,450), the ODS (27,800), the ČSSD (18,100), and the SZ (2,500). In a poll conducted in October by the Center for Public Opinion, only 12 percent of respondents said that they had even considered joining a political party in the last 10 years—not surprising when people have such a low regard for the motivations of those who do join. The same poll found 88 percent saying the main motivation for joining a party was to acquire contacts, 83 percent also citing the acquisition of positions and functions, and 76 percent mentioning financial advantages.<sup>7</sup> Low membership figures persist despite generous state funding—to qualify, parties need receive only 1.5 percent of the vote (well under the 5 percent threshold in the Parliament). The parties' low membership base has clear repercussions for the political elite: With relatively few members to choose from, parties often recycle the same personalities and reward loyalty rather than expertise, handing out ministries to individuals whose primary qualification seems to be their long service to the party.

In addition to these problems, the country's largest minority, the Roma, are effectively shut out of national politics. Although the number of Roma is estimated at between 200,000 and 250,000, there are currently no Roma parliamentarians. Prospective Roma politicians find themselves in a catch-22: Mainstream parties believe that placing Roma candidates on their lists may do them more harm than good among average voters, while Czech Roma are not organized politically to compete effectively for votes. There are, however, a handful of Roma who are active at the local level.

#### Civil Society

1999	2001	2002	2003	2004	2005	2006	2007	2008
1.50	1.50	1.75	1.50	1.50	1.50	1.50	1.50	1.25

The reputation of nongovernmental organizations (NGOs) has fully recovered from several scandals that tarnished their early post-Communist existence, and most Czechs now see NGOs as valuable instruments for creating and preserving social cohesion. Roughly half the population characterizes NGOs as influential organizations that help solve social problems and are essential to a well-functioning democracy. In a 2005 survey commissioned by the Donors Forum, almost 81 percent of respondents felt foundations were important and performed work the state did not; 83 percent found that foundations highlighted neglected issues in society. Consequently, there has been an increase in donations to nonprofits from individuals and the business sector.

Over 98,000 NGOs exist in the Czech Republic, falling into four types: civic associations, public benefit organizations, foundations, and foundation funds. The civic association—a legal entity comprising groups of individuals in pursuit of a common interest—is the most common. By December 2007, the Czech Statistical Office had reported 61,802 civic associations, ranging from political think tanks to hobby groups and sports clubs—a growth of over 4,000 from the past year. The office also reported 8 new foundations, bringing the total to 390 foundations.

The relationship of the political elite to the nonprofit sector varies. The state is the largest funder of NGOs, providing extensive financial support through grants and coordinating nonprofit activities through the Council for NGOs. However, the NGO community generally does not look highly upon the council, which it views as unrepresentative, bureaucratic, and ineffective, without any clearly outlined goals and activities. NGO representatives also sit on advisory bodies of various ministries. On the other hand, many politicians—most prominently President Klaus—consider NGOs attempting to influence public policy as interfering unnecessarily in their work. The political elite is wary of more “aggressive” forms of action, such as demonstrations and petition drives, and is quick to label the initiators as politically motivated. Many officials prefer NGOs to serve strictly as service providers, filling in where the state does not or cannot.

NGO experts generally view the legal framework as adequate in terms of easy registration and independent operation, though the inability to clarify the term *nonprofit organization* in Czech legislation has created problems since the 2004 passage of a new Law on Value-Added Tax. The law lowered the limit above which organizations must pay a value-added tax to 1 million crowns (US\$43,000) and made no distinction between for-profit and nonprofit organizations—disadvantageous to NGOs also earning funds through their activities. On the positive side, amendments to the law in early 2006 removed the tax from donations made through mobile phone text messages, a popular form of giving in the Czech Republic. Any legal deficiencies appear to be the result of the state’s insensitivity to the plight of NGOs rather than a concerted effort to apply financial pressure on their activities and limit their impact.

As foreign funding has become much more difficult to obtain, rising donations from locally based individuals and companies have relieved some of the burden. The Czech Donors Forum reported in 2007 on the growing importance of the concept of corporate responsibility in the business sphere, with leading companies now donating 2 percent of their gross profit—on a par with donors in Western Europe and far ahead of Slovakia and Hungary. According to a survey conducted by Factum Invenio for the Donors Forum, 8 of 10 respondents believed that corporate responsibility should be an inherent part of any business, with 59 percent saying if they knew a company behaved in a socially responsible way, their overall confidence in the company would increase.<sup>8</sup>

Although Czech civil society is certainly more vibrant now, grassroots initiatives are still not commonplace, with the exception of several high-profile causes. For example, groups both big and small formed in protest of the United States’ plan

to station a radar base on Czech territory, part of a missile defense system that would offer protection from attacks from countries such as Iran and North Korea. Such public movements usually remain dependent on a core group of activists. A 2007 survey by the Center for Research of Public Opinion showed that around 40 percent of respondents were dissatisfied with the possibilities for citizens to participate in public life.<sup>9</sup>

In general, Czech experts on extreme right movements see them in decline, without public support or a unifying leader, and increasingly marginalized, as evidenced by the victory of only seven candidates from right-wing extremist parties in the 2006 local elections.<sup>10</sup> Violent attacks on foreigners and the Roma minority have declined since the 1990s and remain largely out of the headlines. In its 2006 annual report (released in November 2007), the Security Information Service—the domestic intelligence agency—stated that right-wing extremists had adopted a new approach: They are no longer actively provoking confrontation but are playing the role of “orderly” young people.<sup>11</sup> However, this strategy contrasted with the decision of one neo-Nazi group to call for an unsanctioned march through Prague’s historic Jewish quarter on November 10, the Kristallnacht anniversary. Met by a massive police presence and impressive counterdemonstrations, the march fizzled out.

#### Independent Media

1999	2001	2002	2003	2004	2005	2006	2007	2008
1.75	2.00	2.50	2.25	2.25	2.00	2.00	2.25	2.25

For the most part, Czech media display sufficient independence and practice a decent, if unremarkable, level of journalism. Press freedom has long been secure in the Czech Republic, and no major media are state owned. Media are generally free of political or economic bias, though allegations still surface of pressure from both business and political interests. Rarely do newspapers publish comprehensive analyses getting to the heart of policy issues. Instead they prefer shorter, sensational articles, with true investigative journalism at a premium. Still, they do provide the population with an adequate overview of the main events and issues facing society.

The national print media offer a diverse selection of daily newspapers, weeklies, and magazines. Foreign corporations own many of these publications, including nearly all Czech dailies. Media-related legislation includes minimal ownership restrictions and none on foreign ownership. The “serious” press has now matured to a point where it offers more balanced political coverage and opinions; however, some analysts believe that the 2006 elections prompted a relapse, with the press returning to the political polarization of the 1990s both before and after the elections.

Some media critics have charged that certain publications and commercial television stations practice self-censorship by shying away from stories that portray

top advertisers in a poor light. Others have reported that public relations agencies continue to insist that they “authorize” stories about their clients before publication, and journalists willingly agree. In general, few journalists rock the boat when confronted with such ethical dilemmas, fearing dismissal and the competitive state of the media job market.<sup>12</sup>

Furthermore, some foreign media owners have been criticized for not adhering to the same employment standards followed in their home countries. The lack of a collective bargaining agreement at the national level between publishers and the Czech Syndicate of Journalists means employers are bound only by normal labor law. The syndicate, a voluntary association of journalists rather than a true labor union, counts few influential members and has played a largely insignificant role in the post-1989 era. It does, however, work in the field of media ethics, which includes setting standards, still not high enough according to many politicians. In September 2007, Prime Minister Mirek Topolánek lambasted the state of Czech journalism, claiming widespread corruption and ethical failings, and called for a new law to regulate press freedom.<sup>13</sup>

With improved news and current affairs coverage over the past few years, the public television and radio stations, Czech TV and Czech Radio, serve as largely effective counterweights to the more biased press. In an opinion poll released by the Center for Research of Public Opinion in June 2007, 86 percent of respondents said Czech TV’s main news program broadcast “true” information, while only 3 percent said “untrue.”<sup>14</sup> In the past, however, Czech TV’s financial difficulties have made it particularly vulnerable to political and business interests.

The Chamber of Deputies appoints Czech TV’s supervisory board and controls viewer fees—the station’s lifeblood. In 2005, parliamentarians passed legislation phasing in higher fees and banning advertising except during key cultural or sporting events. In 2007, the law mandated only 0.5 percent of airtime for ads, a figure that will drop to zero as of 2008 for Czech TV, to the multimillion-dollar benefit of the commercial stations. It has long been assumed that the private stations’ powerful lobbying has had an undue influence on parliamentary deputies, resulting in laws favoring commercial stations over public broadcasters. Such speculation resurfaced in February 2007 when the lower house rejected a proposal that would have restored advertising to 1 percent of airtime.

The licensing of digital television, which should eventually help level the market and provide more plurality in broadcasting, finally moved forward in late 2007. The process has long been delayed by political haggling over license regulation, alleged attempts by politicians to increase their control, and lawsuits filed by failed license bidders.<sup>15</sup> In November 2007, the Senate passed a compromise bill that granted licenses to six stations originally awarded the licenses a year and a half earlier, paving the way for a digital revolution in 2008.

## Local Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007	2008
n/a	n/a	n/a	n/a	n/a	2.00	2.00	1.75	1.75

After long delays, the development of local government structures and authority has become one of the Czech Republic's bright spots in recent years. Landmark legislation passed in 1997 led to the creation of 14 regions, which began functioning in 2001. The central government handed over significant powers to these regions in the fields of education, health care, and road maintenance, among others. Additionally, 205 newly created municipalities replaced 73 district offices, which ceased all activities by the end of 2002.

Self-governed regions and municipalities own property and manage separate budgets. Voters directly elect regional assemblies, which then choose regional councils and regional governors. The regional councils may pass legal resolutions and levy fines. Directly elected municipal assemblies elect municipal councils and mayors. Municipalities wield considerable power over areas such as welfare, building permits, forest and waste management, and motor vehicle registration.

Some analysts consider the creation of the regions to be one of the most important steps in the country's recent history. The regions have made considerable progress in tackling problems neglected by the central government (such as education). Some regions shuttered underpopulated schools and tied funding more strictly to the number of students. Overall, the success in regional management and greater autonomy has made a strong case for allowing regional governments to manage a larger share of the tax money they help collect. The government has assisted occasionally—approving, for example, a transfer of billions of crowns to help impoverished hospitals—but that support has been insufficient. For the large bulk of their budgets, regions essentially act as middlemen for the state, sending money to predetermined recipients.

The failure of funds flowing from the center to keep pace with these newly added responsibilities has proven vexing for officials from smaller towns (where the state returns up to six and a half times less money per capita than Prague).<sup>16</sup> Local politicians complain regularly that the central government has transferred major tasks without also allocating the money necessary to do the jobs well. The funds they do receive, they say, should be based on their communities' relative wealth rather than sheer size.

That growing anger finally led to action in 2007. Within a short period of time, almost 1,400 mayors from across the country signed on to an initiative entitled "A Contract of Municipalities and Cities Against Tax Discrimination."<sup>17</sup> Under pressure from these local officials (including a threat to file a suit at the European Court of Human Rights [ECHR]), the cabinet caved in, allocating around 1 percent more of tax income for 2008 to local municipalities—in total around 4.5 billion crowns (US\$250 million). That change did not come at the expense of the big cities

(as reformers had hoped), where the ruling ODS has its strongholds. However, it was one of the first times that the municipalities—usually overshadowed by the big cities—teamed up to make their combined strength felt. The current system likely awaits more radical change to coincide with the national tax reform approved in 2007, if the newfound strength of local officials persists.<sup>18</sup>

While the record interest in running for local government seats in the October 2006 elections and the high voter turnout might indicate a healthy flowering of local democracy, the weekly *Týden*, for one, has taken a more sober view, explaining the rough-and-tumble world of local politics as a fight over who gains access to local riches.<sup>19</sup> Greater transparency and corruption-fighting instruments at the national level have not kept up with the transfer of responsibilities and finances to local governments, and endemic cronyism remains a critical problem. Experts believe that most corruption now takes place at the local level—since the pickings are slimmer on the national stage, where almost all of the economy has been privatized and where wrongdoing is more visible. A lack of control across the board over such dealings is a major part of the problem. The Supreme Audit Office (NKÚ) currently has no legal right to examine the financial management of regional governments or municipalities.

#### Judicial Framework and Independence

1999	2001	2002	2003	2004	2005	2006	2007	2008
2.25	2.50	2.50	2.50	2.50	2.50	2.25	2.00	2.00

The Czech Republic's four-tiered judicial system consists of district courts (86), regional courts (8), high courts (2), and the Supreme Court. The Czech Constitutional Court is a well-respected institution that may be addressed directly by citizens who believe their fundamental rights have been violated. Although the Czech judiciary is constitutionally independent, the minister of justice appoints and dismisses the chairmen and deputy chairmen of the courts. Since the country's founding in 1993, reform attempts have preserved the Ministry of Justice's central role in overseeing the judiciary, drawing criticism that the executive could compromise the true independence of the courts. Still, cases of overt meddling remain rare.

A high-profile case concerning the relationship between the executive and the courts, however, continued to make headlines in 2007. The previous year, President Klaus was foiled in his attempts to fire Iva Brožová, chairwoman of the Supreme Court, when the Constitutional Court ruled the move unconstitutional. An infuriated Klaus labeled the decision as a dangerous move “away from parliamentary democracy toward completely unrestricted judicial autonomy”—a reaction some viewed as interference in the decision of an independent court. In September 2007, the Constitutional Court again defied Klaus, ruling against the president's earlier move to appoint a rival to Brožová as her deputy chairperson.

The Constitutional Court's stance restored some of its luster of independence in 2007. Some respected constitutional experts had felt the Court's independence was compromised after Klaus became president. During a drawn-out dispute with the Senate, Klaus set about appointing new Constitutional Court justices reportedly close to his political philosophy. The improved reputation may be at risk, however, as Justice Minister Jiří Pospíšil of the ruling ODS has promised to change the law to allow the justice minister to remove chief judges and the president to dismiss members of the Court's council. Incidents also still occur at other courts with the executive refusing to recognize Constitutional Court decisions (such as rent control and pension payments for Czech citizens who worked for Slovak companies).<sup>20</sup>

The Czech Republic continues to pay a high price for its slow judicial system, losing numerous cases over the past decade at the ECHR over the length of Czech court proceedings. According to Radio Praha, Czech courts take an average of between two and three years to resolve a business dispute, and around 35 percent of commercial cases currently in court have been heard for more than five years.<sup>21</sup> In general, while some areas continue to have significant backlogs, partly a result of unresolved cases from the turbulent 1990s, the overall situation appears to be improving slowly. The lack of reform, however, has meant that judges continue to perform many other chores, including administrative work.

Justice Minister Pospíšil unveiled an ambitious agenda in November, including full automation of the justice system, whereby citizens can file some documents and view the progress of their cases via the Internet.<sup>22</sup> The government is also encouraging citizens to file comments on and propose changes to various drafts of bills before they are submitted to the cabinet. The government has already received comments on a draft of the new criminal code and even incorporated some of the comments into its new draft.<sup>23</sup>

The country has dragged its heels in passing antidiscrimination legislation in line with the UN Convention and European Union (EU) standards. The Chamber of Deputies finally sent an antidiscrimination bill to the committee level in September 2007 and should take a final vote in early 2008. While the opposition ČSSD believes the bill does not go far enough, the ruling ODS has suggested that the party had only pushed forward the legislation, which it feels is unnecessary, to avoid EU sanctions.<sup>24</sup>

Although an amendment to the labor code in 2001 mandated equal treatment for all employees, implementation lags as women remain under-represented in senior positions and are paid less than men for similar jobs. Overall, few women hold seats in the Parliament or attain other positions of political power. Only 2 of 18 ministers in the previous government were women. Mirek Topolánek doubled that to 4 in 2007 when he finally formed a government in January; however, one minister resigned two weeks later and another in October. There are no female regional governors, and only 15 percent of the representatives in both houses of Parliament are women.<sup>25</sup> No significant government measures have been undertaken to remedy these problems, and the bodies that do exist to combat discrimination

remain powerless to do more than simply report it, according to a 2005 Open Society Institute report on equal opportunity.<sup>26</sup>

Discrimination against the Roma in employment and housing is also a serious problem. A 2006 government report estimated that 80,000 Roma—roughly a third of the country’s Roma population—live in ghettos, with between 95 and 100 percent unemployment.<sup>51</sup> According to the Open Society Justice Initiative, even though fewer Roma children are automatically being sent to schools for the mentally handicapped, and many more are entering higher education, segregation in education remains widespread. In a landmark decision in November 2007, the ECHR ruled that segregating Roma students into special schools is a form of unlawful discrimination in breach of Article 14 of the European Convention (prohibiting discrimination), taken together with Article 2 of Protocol No. 1 (securing the right to education).<sup>27</sup>

### Corruption

1999	2001	2002	2003	2004	2005	2006	2007	2008
3.25	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.25

Corruption is another area where gradual improvements are more a testament to the country’s overall maturation than the result of concrete actions taken by the governing elite or the population at large. Ordinary people still complain about paying bribes or “giving gifts” in exchange for expediting services, as excessive regulation continues to plague parts of the public administration. Yet these are exceptions rather than the rule, and most people are able to conduct their daily lives without engaging in corrupt behavior.

Although few people encounter corruption directly, the perception of illegal activity, especially among the political elite, is widespread. Many view existing anticorruption measures as insufficient to dismantle the intricate web of connections between political and business elites. According to the Transparency International Global Corruption Barometer, a survey that assesses general public attitudes toward and experience of corruption in dozens of countries around the world, 44 percent of Czechs believe the level of corruption will continue to rise and another 29 percent believe it will stay the same. The results, released in December 2007, also indicate that 60 percent do not believe in the effectiveness of government anticorruption measures.<sup>28</sup>

A lack of transparency in major business deals involving the state remains a serious problem at both national and local levels. While the country’s highest control body, the NKÚ, has uncovered massive irregularities and overspending on various government contracts, politicians generally ignore its findings, calling the agency incompetent and toothless. Current law does not allow the NKÚ to impose sanctions. Although a Law on Freedom of Information is on the books,

journalists often do not invoke their rights and officials frequently refuse to provide the requested information.

Despite those challenges, the Transparency International Corruption Perceptions Index (CPI), which measures the perceived level of corruption among politicians and public officials, offered positive news. In the 2007 survey, the Czech Republic tied with Italy for 41st place (out of 180 countries), with a rating of 5.2 (10 indicates a country without corruption). That was a significant improvement over the 2006 rating of 4.8 (and a big jump from the 4.3 of 2005). In a press release announcing the new CPI, the TIC cited several positive developments in recent times—including the more active approach of the Office for the Protection of Competition in the area of public tenders, the appointment of a strong personality at the head of the NKÚ (František Dohnal, a former deputy regional governor in the area of finance), the passage of conflict-of-interest legislation (which took effect in January 2007, with the first results due in the first half of 2008), and the gradual professionalization of public administration at all levels. On the downside, TIC cited nontransparent public budgets, corruption in the business sector and in the media, insufficient investigation of white-collar crime, and, not surprisingly, ineffectively controlled public tenders.<sup>29</sup>

The decline in perceived corruption will likely continue if the government comes anywhere close to implementing its strategy for 2006–2011—the most wide-ranging plan for fighting corruption to date and one that TIC has praised. Among other items, the plan includes a new hotline for people to report corrupt acts (already launched); the creation of special court chambers that would deal only with corruption cases; a blacklist that would bar certain companies from participating in public tenders; and special secret agents who will collect evidence of corruption. Czech media have, however, reported that the government has backtracked on some of its promises, such as the creation of a special team of prosecutors dealing with the most serious cases of corruption and the writing of a law that would delineate the differences between lobbying and corruption.<sup>30</sup> In addition, the daily *Mladá Fronta Dnes* wrote that the ministries have continued to behave just as opaquely as their predecessors, refusing to supply information because of supposed business or state secrets—despite pledges of greater openness and transparency.<sup>31</sup>

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