

THE AUSTERITY DEBATE IN THE CZECH REPUBLIC

Original Scientific Article
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The aim of this paper is to examine the public discourse on government expenditure in the Czech Republic in the years since the outbreak of the financial crisis in 2008. The authors have analysed the blogs of two key policy makers from 2008 to the present, using a political discourse analysis methodology developed by Fairclough and Fairclough (2012). Whilst the politicians who are the subject of this analysis reveal different economic philosophies, there are areas of commonality between their positions. Both emphasize public sector debt reduction as a policy priority and neither have challenged the basic underlying structure of the Czech economy.

Key words: austerity, discourse, fiscal policy, debt

*T*HE AIM OF THIS PAPER IS TO EXAMINE THE public discourse on government expenditure in the Czech Republic in the years since the outbreak of the financial crisis in 2008. The authors have analysed the blogs of two key policy makers from 2008 to the present, using a political discourse analysis methodology developed by Fairclough and Fairclough (2012). The overall context is the economic downturn following the outbreak of the collapse of Lehman Brothers in 2008, the crisis in the Euro zone and the global policy shift in favour of austerity that took place after initial efforts at coordinated stimulus. The authors hope that this paper will contribute to a broader study of the ongoing austerity debate in Europe.

Economic Background

In the years since the fall of Lehman Brothers in September 2008, the Czech Republic has experienced a double-dip recession. A sharp downturn in 2009 was followed by a return to growth in 2010. The initial downturn saw a brief period of fiscal expansion, but the government subsequently embarked upon a policy of austerity which was accompanied by a return to recession and a rise in unemployment.

The years between the country's entry into the European Union in 2004 and the financial crisis of 2008 saw high levels of growth in the Czech economy. Gross Domestic Product (GDP), in real terms, grew by 6.8%, 7.0% and 5.7% in 2005, 2006 and 2007 respectively, slowing down to 3.1% in 2008 (Eurostat, 2014b). The economy declined sharply in 2009, with a fall in real GDP of 4.5% for the whole year, concentrated in the first quarter, but growth returned in 2010 (2.5%). Growth slowed in 2011 – by the end of the year the country was again in recession. This second recession lasted two years in total, with the economy growing again in the second quarter of 2013. Both 2012 and 2013 experienced negative growth rates (-1.0% and -0.9% respectively). The pace of growth is now accelerating, with year-on-year growth for the third quarter of 2014 estimated at 2.3% (Czech Statistical Office 2014c).

The pattern of unemployment broadly followed the vicissitudes of GDP growth. The average rate of unemployment in 2009 was 6.7%, rising to 7.3% for 2010 and falling back to 6.7% in 2011 (Eurostat 2014a). Unemployment then rose again to 7.0% in 2012 and 2013 (Eurostat, 2014a), and is now on a downward trend, reaching 5.9% in September 2014 (Czech Statistical Office 2014b), but still well above the pre-recession level of 4.4%.

Levels of government debt in the Czech Republic are relatively low in comparison with other developed nations. Gross government debt stood at 45.7% of GDP at the end of 2013 – the Euro zone average is 90.9% (Eurostat 2014c).

Table 1 presents the all the above economic data discussed above, and Figure 1 compares GDP growth in the Czech Republic with Germany, the country's largest trading partner, as well as with European Union and Euro zone averages over the 2002-2013 period. Growth in the Czech economy exceeded European averages in the period immediately before the onset of the crisis, and it might reasonably

96 | have been hypothesized that the country was on a path of convergence towards

western European living standards. However since 2010, Czech growth has underperformed both neighbouring Germany and the averages for the European Union and the Euro zone (both of which include the countries of southern Europe most affected by recessionary conditions).

Political Background

For most of the period since the eruption of the global financial crisis in 2008, the Czech Republic has been governed by centre-right coalitions. In a general election in the summer of 2006 the centre-left Social Democrats, who had governed either alone or in coalition for eight years, lost power. Subsequent governments were led by the centre-right Civic Democratic Party (ODS), until the Summer of 2013, except for a 13-month period in 2009–2010 when an interim government composed of technocrats held office. After the general election of 2010, the centre-right retained power, albeit under a different coalition configuration, although the Social Democrats had emerged as the largest single party in parliament with the highest share of the popular vote.

The governing coalition collapsed in June 2013 after a major political scandal, and early elections were held in October of the same year, followed by protracted coalition negotiations. The current administration is led by the Social Democrats along with two centrist coalition partners, and assumed office in January 2014.

Recent years have seen a fracturing of the political spectrum in the Czech Republic, with both major parties, the Civic Democrats and the Social Democrats haemorrhaging support to smaller parties of the right and centre. The combined share of the vote won by these two parties fell from 67.70% to 28.17% between 2006 and 2013 (Czech Statistical Office 2014d). Indeed, rocked by a series of scandals, the Civic Democrats won only 7.72% of the vote in 2013, and are no longer the leading party of the centre-right. A number of new political parties have been formed since 2006, not all of which have succeeded in establishing a pattern of electoral success for more than one parliamentary election. Most notable is the major opposition party, TOP 09, which was created in 2009 (hence the name) and which gained seats in the parliamentary elections of 2010 and 2013, winning 11.99% of the popular vote in 2013 (Czech Statistical Office 2014d).

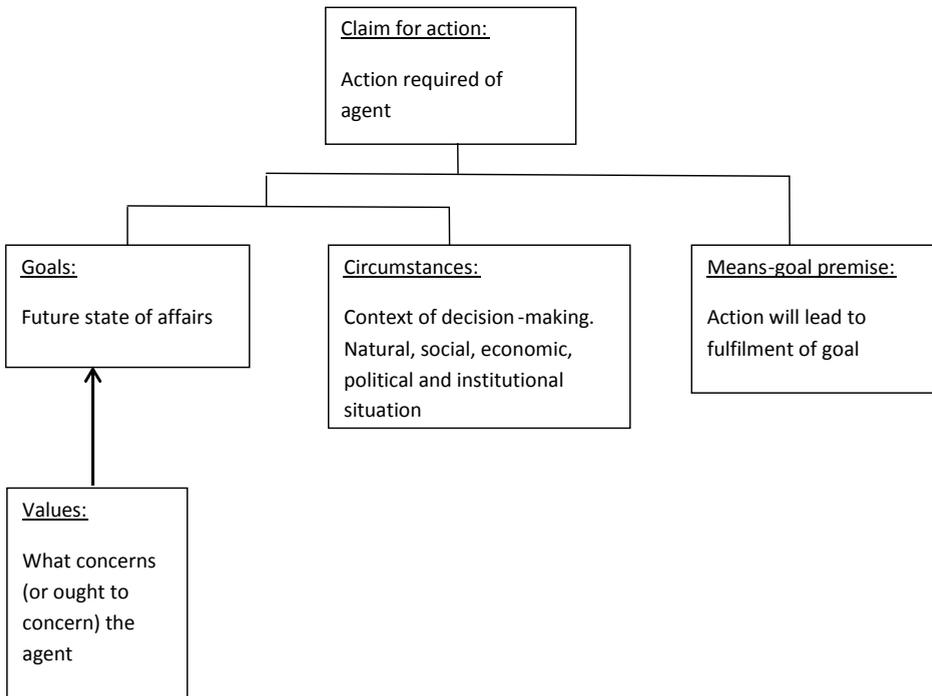
The parties of the centre-right have been supportive of fiscal retrenchment. This is especially true of TOP 09, which built its 2010 manifesto around promises

to control public spending. The party went as far as to send imaginary demands for payment of CZK 121,000 (approximately EUR 4,375 at current exchange rates) to thousands of Czech households during the 2010 election campaign, which they calculated was each citizen's share of the national debt and which led to panic amongst some sections of the population and hundreds of calls to the police (Czech News Agency 2010). After the election, the TOP 09 finance minister Miroslav Kalousek launched a programme of public spending cuts, which were broadly supported by the centre-right. Overall reductions to the public sector deficit have been made predominantly by cuts to expenditure – the flat rate of income tax that was introduced in 2008 remained unaltered until a 22% bracket was introduced in 2013 for the highest earners. Whilst the Social Democrats in opposition have been critical of specific cuts implemented by centre-right governments, the party is also committed to a policy of fiscal rectitude. Whilst the party's 2013 manifesto did not contain specific pledges on public spending, the current version of the party's longer-term policy document includes a commitment to keep the annual public sector deficit to within the Maastricht criterion of 3% of GDP (Czech Social Democratic Party 2014). The 2010 election manifesto included a more specific commitment to bring the deficit to within 3% of GDP by the year 2013 (Czech Social Democratic Party 2009). Moreover during the 2010–2013 parliament the Social Democrats were committed to balancing the budget by the year 2017, only one year later than the government (Sobotka 2011a).

Methodology

In this paper we follow the methodology for analysing practical political discourse developed by Norman and Isabela Fairclough (2012). This method builds on the principles of critical discourse analysis (CDA) and incorporates a number of approaches from political science, argumentation theory and philosophy. In particular Fairclough & Fairclough (2012) build on the work of Audi (2006) and Walton (2005). The authors found this approach relevant because of the focus on the reasoning leading to practical decision making in politics as well as the applicability to single-agent deliberation which is the focus of this research. The methodology may also be applied to wider political deliberation, rendering it consistent with possible future research goals and with the framework of deliberative

In the analytical process developed by Fairclough & Fairclough (2012), the speaker argues for a particular course of action, either for herself or for another agent. Here the speaker may or may not also be the agent. The argument is predicated on the claim that the course of action will lead to the fulfilment of a specific stated goal. We shall call this claim the means-goal premise. The agent's goal is formulated as a future state of affairs. This formulation helps to obviate discussions that would arise if we were to express goals as desires – we may then want to distinguish between actual desires (i.e. what we actually want) and desires based on normative principles (what we think we ought to do or want). These goals are underpinned by values, and are supported by circumstances, which may include social and economic conditions as well as institutional arrangements. So this is the framework which we shall use to analyse argumentation: claim for action, goals, values, means-goal premise, and circumstances. These may be summarized in the figure below which is adapted from Fairclough & Fairclough (2012, 45):



We have chosen to analyse blog posts of two principal players in the field of macroeconomic policy; these senior politicians represent the government and opposition respectively for the time period which we are examining. The subjects of our analysis are:

- Miroslav Kalousek, a leading figure in centre-rights politics – a former leader of the centrist Christian Democrats and a co-founder of TOP 09. Kalousek was finance minister from 2007 to 2009 and then from 2010 to 2013, and a key architect of the austerity drive from 2010;
- Bohuslav Sobotka, currently leader of the Social Democratic Party and Prime Minister, having taken office in January 2014. Between 2002 and 2006 he was finance minister and for much of the Social Democrats' years in opposition he was the party's senior economic spokesperson. He continued to comment extensively on economic matters after formally assuming the party leadership in 2011.

These particular political figures were chosen since, besides being senior policy makers, they have also effectively articulated the main arguments on either side of the main debate on economic austerity in the Czech Republic.

We have decided to analyse blogs since these are texts that are primarily intended for the wider public, rather than experts, or politicians. The blogs are also easily accessible and represented the most straightforward means of assembling a corpus. We have created a corpus of all the blogs of our selected politicians from 2006 to the present. We then selected specific texts using key word analysis. We first identified all texts containing the words “*úspory*” (savings), “*fiskální*” (fiscal) and “*škrty*” (cuts) and associated grammatical forms. Altogether there were 24 texts by Kalousek, and 316 texts by Sobotka, by far the more prolific blogger on all policy areas. Altogether there were 27, 5 and 3 occurrences of *úspory*, *fiskální* and *škrty* respectively in Kalousek's texts. The corresponding figures for Sobotka were 33, 59 and 159. So “*úspory*” was used regularly by both politicians and was the word which we selected for our analysis. This key word is less politically loaded than other words, such as ‘*škrty*’ meaning ‘cuts’ which suggest a negative framing. Besides Kalousek and Sobotka, our corpus included the blogs of the communist politician Jiří Dolejš and the libertarian Petr Mach. We hope to make use of the texts of the others in further research. We selected blogs related to the debate on government expenditure, focusing on those that summarized all aspects of the debate. We disregarded those texts that were irrelevant to our research (such as, for instance, blogs about energy savings) as well as those that concentrated on specific aspects of policy such as the details of taxation or pension reform. We also selected

were written during 2011 and 2012, a key period during the implementation of austerity in the Czech Republic.

The blogs of Miroslav Kalousek present the case for austerity in the Czech Republic, and we will proceed to analyse the argument. In his blog postings, Bohuslav Sobotka does not present a comprehensive alternative policy proposal. His central focus is a series of critical counter-claims, reacting to the case for austerity. After analysing and evaluating the arguments presented by Kalousek, we will break down and evaluate the counter-claims made by Sobotka. The blog posts of both Kalousek and Sobotka are internally consistent in the sense that they do not contain statements that contradict other assertions by the same author.

Arguments Presented by Miroslav Kalousek

- We have chosen to analyse three blogs: *Růst na dluh není udržitelný* (Growth on the back on debt is not sustainable) (Kalousek 2012a), *Rozpočet není bezkonceptní* (The budget does not lack strategy) (Kalousek 2011), *Nepromrhejme získanou důvěru* (Let us not waste the trust that we have earned) (Kalousek 2012b).
- The argumentation may be summarized as follows, according to the scheme developed by Fairclough & Fairclough (2012):

Claim for action:

- Continued programme of reductions in expenditure by the government;
- avoid reducing taxes on corporations and on employment;
- leave pension reforms, healthcare reforms and church restitution policies intact.

Goals: A number of goals are presented by Kalousek in his blogs:

- Keep government budget deficit below 3.0% of GDP;
- balance the budget by 2016;
- maintain and increase the international competitiveness of Czech firms by keeping tax and labour costs low;
- ensure budget cuts are shared by all citizens, including the self-employed and high earners;

- gain and maintain the trust of international capital markets – success in this regard is evidenced by low interest rates;
- avoid loss of national sovereignty and more drastic action (e.g. at the hands of the International Monetary Fund, financial investors) in the future: “*Pokud budeme ozdravný proces oddalovat, jednou přijde mnohem drastičtější a patrně nám jej bude diktovat Mezinárodní měnový fond*” (Kalousek 2012a) meaning “If we keep putting off the cure, one day there will be a much more drastic cure, and it will be dictated by the International Monetary fund”; “*velké finanční skupiny by nám mohly začít diktovat své podmínky*” (Kalousek 2012b) meaning “big financial groups could start laying out their conditions”; “*politika deficitů zahalených do podpory růstu již vehnala mnohé země do dluhové pastí*” (Kalousek 2011) meaning “a policy of deficit financing dressed up as supporting growth has landed many countries into a debt trap.”

Circumstances:

- Ongoing structural deficit in the Czech Republic – budget structure built on assumption of continuous growth;
- economic climate of recession and stagnation, with weak tax receipts;
- deficit (for 2013) forecast of the order of CZK 100bn despite cuts;
- ageing population in the Czech Republic;
- global financial crisis, caused by factors beyond the control of the Czech Republic;
- the Czech Republic has the highest indirect costs of employing labour in Europe;
- gaining control of debt may involve a long period of stagnation or negative growth: “*nás může čekat dlouhé období nízkého nebo záporného růstu*” (Kalousek 2012b) meaning “we might be facing a long period of low or negative growth”.

Means-Goal Premise:

The government’s policies, i.e. cutting public expenditure and restricting tax increases to Value Added Tax (VAT) will lead to reduced indebtedness of the Czech state, fulfilling the goals stated above. The formulation of the goals, which

include reducing the national debt of the Czech Republic and also maintaining competitiveness, and the suggestion that further borrowing, albeit on a temporary basis, would set the country on a dangerous path towards crisis and loss of sovereignty – “*ČR by přišla o svou finanční suverenitu, jako se již stalo mnoha státům Evropy*” (Kalousek 2012b) meaning “the Czech Republic could lose its financial sovereignty, which has happened to many countries of Europe”. This logic would appear to imply that the policy mix advocated in these blogs is not only sufficient but also necessary. In other words, there is no alternative.

Values:

- Thrift: living within one’s means, as a society;
- gaining and keeping trust;
- fulfilling international obligations (the Maastricht Treaty and the Fiscal Compact).

Counter-claim 1:

The expenditure cuts are not sufficient.

Response

Agreement: this is indeed a correct observation; nevertheless, the government must live with political realities – an early, more stringent draft of the 2013 budget failed to gain approval by the Cabinet

Counter-claim 2:

The government’s policies are placing a burden on ordinary people.

Negative consequences

- Discontinuing current policies would result in growth artificially stimulated by deficits and ignores the reality that this is unsustainable;
- other European countries have fallen into the ‘debt trap’;
- Ultimately, the only source of revenues for the state is taxes paid by citizens – living standards maintain by debt amounts to an ‘addiction’. We are currently experiencing withdrawal symptoms;
- alternative sources of tax revenue would increase the burden on firms – employers of ‘ordinary people’;

Counter-claim 3:

Cutting the deficit now will slow down the economy.

Negative consequences

- Despite the current policy, the country still has a structural deficit of around 1-2% of GDP. Further borrowing, would amount to promoting ‘growth on steroids’;
- the Czech Republic is a small economy dependent on foreign demand – domestic stimulus will not be an effective means of boosting economic growth;
- Domestic stimulus may boost imports.

Counter-claim 4:

It is a bad idea to raise taxes in a recession.

Negative consequences

- This is no ordinary recession, but the consequence of a Europe-wide tendency to inflate living standards through debt accumulation. The alternative would be to continue this unsustainable trend.

Argument Evaluation – Miroslav Kalousek

The values underpinning Kalousek’s position are stated only implicitly. It appears that he regards thrift as a virtue in its own right – there are various references to societies living beyond their means (both in the overall European and the specific Czech context). For instance he writes: “*vlády v Evropě přifukovaly životní úroveň na dluh*” (Kalousek 2012b) meaning “governments in Europe pumped up living standards through debt.” He appears to imply that the current austerity represents atonement for past sins. The metaphors of debt as an addiction and a trap tend to reinforce this ethical standpoint. He also refers to trust – gaining the trust of the financial markets, and to international obligations, primarily those under the Maastricht Treaty, which set limits on government borrowing and debt levels.

As a goal, Kalousek is clear that he views debt reduction as a key target of policy. His aim of bringing public sector borrowing to within the 3.0% of GDP set out in the Maastricht Treaty is apparently consistent with the goal of bringing the Czech Republic into the Euro zone. However there is no entry date which forms

part of the argumentation – nor is there a precise explanation as to why the year 2016 was set as the target year for achieving a balanced budget. Kalousek also repeatedly states that maintaining and enhancing the economic competitiveness of the Czech Republic is a key goal of his policy mix. In his argumentation competitiveness is primarily a matter of decreasing the indirect costs of employment and the overall tax burden on the corporate sector. There is no mention of education and skills, investment in infrastructure, industrial policy or support for small and medium enterprises. Moreover Kalousek claims that indirect costs of employment in the Czech Republic are the highest in Europe – this claim is not substantiated with data.

Part of the rationale for strict adherence to austerity is the fact that the Czech Republic has a structural deficit, which he attributes to high spending (as we shall see, Bohuslav Sobotka attributes the structural deficit to tax cuts implemented by governments of the centre-right since 2006). Yet he does not explain what is meant by the structural deficit, a substantial omission considering that the blog is aimed at a predominantly lay audience. Nor is there any discussion of the challenges of defining and interpreting the concept of a structural deficit.

An argument that Kalousek uses against fiscal stimulus is the reliance of the Czech economy on exports. However, whilst the Czech economy is indeed relatively open, spending by households and government has amounted to just over 70% of GDP for all the years from 2010 to 2013 (Czech Statistical Office 2014a).

Kalousek uses a metaphor of addiction, likening debt to a drug. For instance he writes about “*růstové steroidy*” (the growth steroid), the economy being “*na práškách*” (on pills) and refers to his austerity policy as “*odvykací kúra*” (drug rehab) (Kalousek 2012a). However it is noteworthy that we do not observe any analogies between the state and a household. Whilst he claims that European societies overall have lived beyond their means, there is no comparison between a state and a household, both facing budgetary constraints in hard times. This household metaphor has been a common feature of the public discourse in other countries.¹

¹ For instance in the United Kingdom politicians have often used the household metaphor, e.g. in October 2010 the Chancellor of the Exchequer George Osborne told the House of Commons: “We are going to ensure, like every solvent household in the country, that what we buy, we can afford; that the bills we incur, we have the income to meet; and that we do not saddle our children with the interest on the interest on the interest of the debts we were not prepared to pay (Osborne, 2010).” And a number of politicians

It would appear that Kalousek takes the view of public sector deficit spending that is known as Ricardian equivalence. That is that public sector borrowing in a crisis will not result in increased demand, since any potential stimulus effect will be offset by households saving more in anticipation of future tax increases to pay off the accumulated debt. Kalousek does not refer to Ricardian equivalence directly, nor does he explain the underlying assumptions of the theory. However, he takes the view that current expenditure is of necessity building up debt for the future, and that the only ultimate source of government revenue lies in taxation: “*Stát nemá jiné prostředky než daně svých občanů* (Kalousek 2012a)” meaning “the state has no other means besides the taxes of its citizens”. This points to an understanding of public sector finance entirely consistent with Ricardian equivalence. Moreover, the pre-election tactic of sending payment demands to thousands of households, representing the individual citizen’s share of the national debt is also consistent with a view that this debt is a future burden on taxpayers. Kalousek’s rationale for austerity makes no reference to public expenditure as investment, whereby the returns may exceed the costs of financing, leaving a major gap in his argumentation.

Kalousek invokes the crisis in the Euro zone, sometimes specifically referring to Greece, at other times to unspecified ‘other European countries.’ The fate of Greece and the corresponding loss of national sovereignty at the hands of the International Monetary Fund and other institutions is held up as a consequence of not following through with austerity measures proposed by the government.

Finally, Kalousek cites the current low interest rates in the Czech Republic as a measure of the success of the government’s policies – and of the trust earned in the financial markets. He does not countenance, not even for the purposes of rebuttal, any alternative interpretation of the low interest rate environment, such as low expectations of inflation.

Counter-Claims Presented by Bohuslav Sobotka

Our analysis is based on three blogs: *Čas poslat Kalouskovi složenku* (Time to send Kalousek a bill) (Sobotka 2011b), *Kalouskova spirála poklesu* (Kalousek’s downward spiral) (Sobotka 2012a), *Daňový populismus* (Tax populism) (Sobotka 2012b).

have referred to the National Debt as a situation where the country had ‘maxed out’ on its credit card.

Counter-claim 1: Government indebtedness is rising:

Sobotka draws attention to the apparent failure of the government to fulfil their own stated aim of controlling government debt. He tells readers that deficits are out of control, and that the overall government debt / GDP ratio is approaching 45% (in 2012).

Rationale

Sobotka blames the rising debt to GDP ratio squarely on the austerity policies of the government, and finance minister Kalousek in particular. His claim is that, by squeezing demand, the government are causing economic recession, leading to lower GDP, and lower tax revenues (consistently below expectations), hence a rising debt to GDP ratio. He accuses the government of separating the finances of the state from the economy at large. Sobotka contrasts this with the period when the Social Democrats were in office (and he was minister of finance) and wages were rising, unemployment was low, there was significant inward investment and the debt to GDP ratio was stable.

Metaphors

Sobotka uses a variety of metaphors in this argumentation:

- he likens the government's policy of austerity, leading to increased indebtedness, in turn resulting in further austerity, to a dog chasing its own tail: „*politika vlád...se tak podobá psu v honičce za vlastním ocasem*“ (Sobotka 2012a);
- he uses the Czech idiom „*lámání chleba*“ (Sobotka 2012b) meaning „breaking bread“ which originates in Christian liturgy but which tends to signify important decisions or revelations, the *moment of truth*. The phrase also evokes a sense of material well-being, or the lack of it;
- the cuts are referred to as „*tupý*“ (Sobotka 2012b) which literally means blunt, but can also mean thick or stupid. A few months later Kalousek replies directly to this reference, writing that he will be introducing „sharp“ (Kalousek 2012a) cuts. The Czech word for sharp „*ostrý*“ also means intelligent or articulate;
- elsewhere he describes the policy of instituting further spending cuts as kicking the problem down the road;

- he also writes of further expenditure cuts being like cutting down on the use of spice during a famine;
- we also see a metaphor of blindness: the government have their eyes closed to reality, afflicted as they are by ideological blindness;
- further unplanned deficit financing, as a result of policy failures, are described in terms of an impulsive call to a payday lender in a moment of weakness.

Counter-claim 2: The government is placing the greatest burden on the middle class:

This is a claim that is also alluded to in Sobotka's criticisms of taxation policy, which he believes favours the wealthiest segment of society and large corporations. Elsewhere (Sobotka 2011c) he writes about defending the 99%, citing the US-economist Joseph Stiglitz on rising inequality and clearly referring to the Occupy protests in the United States.

Sobotka also refers to rising prices, which combine with austerity to squeeze real incomes. He complains that the recessionary environment means that it is impossible for central banks to raise interest rates to combat inflation.

Counter-claim 3: The government's tax policy is counter-productive and unfair:

Rationale

By raising Value Added Tax (VAT) the government have depressed domestic demand, exacerbating the problem. Moreover the government's other tax policies, including a flat tax of 15% introduced in 2008, a reduction in employment taxes and pension reform combine to favour the very wealthy and large corporations. He also refers to the favourable treatment of the self-employed, leading to a rise in bogus self-employment arrangements (*švarcsystém* in Czech or the 'black market system'). Overall these changes result in increase tax evasion and falling revenues. At one point he writes about gifts to the corrupt.

Metaphors

- Sobotka likens the rise in VAT during a recession to throwing a brick at a drowning swimmer;

- he also refers to the „bitter drops of cuts“ (*hořké kapky škrtů*)“ (Sobotka 2012a), alluding to illness and medical treatment;
- he also draws an analogy with the ongoing crisis in Greece, which he claims has its origins in a culture of tax evasion: “A je to taky nástroj daňové demoralizace, představy, že daně se platit prostě nemusí. Právě to ale také bylo u kořenů řecké krize” (Sobotka 2011b) meaning “It [tolerance of tax evasion through bogus self-employed status] is also an instrument of tax demoralisation, the idea that one simply doesn’t have to pay tax. And that is exactly what lies at the root of the Greek crisis.”

In addition there are two further counter-claims which Sobotka makes. They are incorporated in the above arguments, but we have highlighted them since they refer to specific claims made by Kalousek.

Counter-claim 4: Interest rates are low not because of the success of the government’s fiscal policy, but because there is high demand for government bonds, as investment instruments of choice on the part of the very wealthy beneficiaries of tax cuts.

Counter-claim 5: decreasing taxes paid by the very wealthy and by large corporations are the cause of the Czech Republic’s structural deficit, rather than excessive public expenditure.

Argument Evaluation – Bohuslav Sobotka

The basic thrust of Sobotka’s critique of Kalousek’s policies, especially in counter-claim 1, is founded on Keynesian macroeconomic theory. Whilst Sobotka does not present a full policy proposal, the outlines of an agenda may be traced from his argumentation:

Claim for action: The government needs to change its policy, paying greater attention to demand in the economy.

Goals: Rising living standards, low unemployment, low government debt levels.

Values: Fairness towards the middle class and the poorest sections of society, prosperity.

Circumstances: Attempts to reduced levels of government debt by directly cutting the deficit have failed, leading to stagnation and recession. Previous Social

Democratic governments paid attention to the need to maintain aggregate demand and investment, and achieved a growing economy, rising standards of living and low levels of government debt.

Means-Goal premise: The basic premise is founded on the paradox of thrift: higher levels of government of expenditure would stimulate economic activity, increase tax receipts, raise GDP and consequently lower levels of government indebtedness.

Whilst Sobotka implicitly makes this Keynesian argument, the following points should be noted:

- The main macroeconomic policy target which he alludes to is low levels of debt. There is no specific mention of targets for unemployment or growth. Whilst lower levels of debt are a likely consequence of expansionary fiscal policy in the framework of Keynesian economics, the emphasis on lowering indebtedness as a goal goes against the spirit of the theory. As Keynes said in a radio interview in 1933: „Look after unemployment, and the budget will take care of itself.“ (Keynes, Johnson, & Moggridge 1978, 150)
- Sobotka’s emphasis on debt adopts the right’s framing of the debate. This framing portrays government debt as the moral responsibility of every citizen and is founded on the morality of thrift. Sobotka may be making the mistake, described at length by Lakoff (2002), of assuming that the public will be swayed by logical argument and policy detail rather than by moral positions; he is essentially concurring with Kalousek’s moral position, if not his policy stance;
- Moreover, Sobotka, in a different context (that of tax cuts), compares the Czech Republic to Greece to draw attention to a risk factor. In making the Greek comparison he risks reinforcing the case made by his opponents, who have used the Euro zone crisis to argue for reducing debt by cutting public expenditure;
- Sobotka, like Kalousek, does not challenge the essential structure of the Czech economy, or the pre-crisis status quo. He does not make the case for any deep reforms, and defends the Foreign Direct Investment driven growth model of the years leading to the crisis.

Concluding Remarks

The two main protagonists in the Czech austerity debate who form the subject of this analysis have taken very different theoretical positions. The arguments followed by Miroslav Kalousek appear consistent with the concept of Ricardian equivalence and are in line with the established orthodoxy shared by policy makers across the European continent.

In contrast, the theoretical underpinnings of the critique of government policy presented by Bohuslav Sobotka are rooted in Keynesian economics and demonstrate an understanding of the paradox of thrift.

Nevertheless there are areas of commonality between the two positions. Both emphasize public sector debt reduction as a policy priority. Both politicians represent parties which had in place specific commitments to reducing deficits and balancing the budget. Moreover, neither Kalousek nor Sobotka have challenged the basic underlying structure of the Czech economy, and both place the origins of the crisis firmly outside the country's borders. This was an external shock that hit the Czech economy.

Further research should analyse the deliberation of the main participants in the austerity debate in greater depth. And it remains to examine the positions of players outside the political mainstream, for example in the civic movements that have been formed to protest current policies as well as the Communist Party.

Finally, the authors hope this paper will contribute to analysis of the austerity debate in the wider European context.

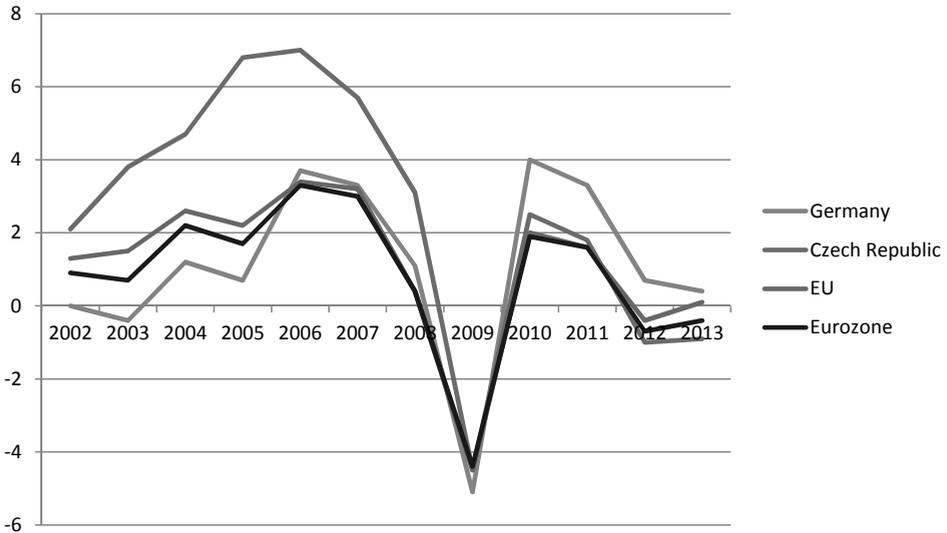
Appendix

Table 1: Czech macroeconomic data (2007–2013)

	2007	2008	2009	2010	2011	2012	2013
Public sector surplus/deficit (% of GDP)	-0.7	-2.1	-5.5	-4.4	-2.9	-4.0	-1.3
Gross government debt (% of GDP)	27.8	28.7	34.1	38.2	41.0	45.5	45.7
GDP growth	5.7	3.1	-4.5	2.5	1.8	-1.0	-0.9
Average unemployment rate (% , ILO method)	5.3	4.4	6.7	7.3	6.7	7.0	7.0

Data source: Eurostat

Figure 1: Czech GDP growth (2002–2013) – European comparisons



Data source: Eurostat

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Rezime:***Debate o merama štednje u Češkoj Republici***

Cilj rada je ispitivanje javnog diskursa u vezi fiskalnih mera štednje u Češkoj Republici u periodu nakon izbivanja finansijske krize 2008. godine. Analiza je bazirana na blogovima dva ključna politička kreatora u periodu od 2008. godine do danas primenom metodološke analize političkog diskursa koju su razvili Normana i Izabele Feirklou (2012). Iako političari koji su predmet ove analize zastupaju različite ekonomske filozofije, oni istovremeno imaju neke stavove koji su im zajednički. Obojica ističu značaj smanjenja duga javnog sektora kao strateškog prioriteta i nijedan nije doveo u pitanje osnovnu strukturu češke privrede. Autori se nadaju da će ovaj rad doprineti široj analizi tekuće debate u vezi mera fiskalne štednje u Evropi.

Ključne reči: mere fiskalne štednje, diskurs, fiskalna politika, dug

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