Neoliberalism or Else: The Discursive Foundations of Neoliberal Populism in the Czech Republic

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ABSTRACT

This article examines the linkage of markets and democracy in the post-1989 Czech transition as a neoliberal populist discourse that delegitimized alternatives to the market as a return to authoritarianism. Using Laclau's concept of equivalential linkages, I analyze Václav Klaus' texts surrounding the voucher privatization program to determine how he formulated this linkage and communicated it to the public. Framing markets as natural, essential, and fundamentally Czech, Klaus constructed the people as a virtuous community of market individuals while othering those who opposed markets as communist holdouts and, elitists. Klaus further legitimized marketization through identification with international neoliberal projects and thinkers. Through his moralized and dichotomized discourse, Klaus communicated to the public that there could be no freedom without markets, nor markets without freedom: a circular formulation that continues to influence Central and Eastern European political economy.

KEYWORDS	neoliberalism, post-communism, Czech Republic, Václav Klaus, discourse, populism
DOI	https://doi.org/10.32422/mv-cjir.431
PUBLISHED ONLINE	9 February, 2023

INTRODUCTION

Prior to 1989, the Communist Party of Czechoslovakia (KSČ) justified its rule by presenting it as a technocratic government in the service of the people, wherein faith in the scientific doctrine of Marxism-Leninism would ensure favorable outcomes (BUŠTÍKOVÁ – GUASTI 2019; KIM 2022). The dissidents of 1989, condemned by the KSČ as elitists, focused on overthrowing one-party rule in the name of human rights and democracy, seeking an order in which the people, not a technocratic elite, would be sovereign. Many citizens saw the events of 1989 as a "renewal" of socialism with a human face, the past attempt to democratize socialism that was crushed by the Warsaw Pact's 1968 invasion (KRAPFL 2013: 105–106). While two thirds of the people did not know what 'market economics' meant, according to an April 1990 survey (KOPEČEK 2010), neoliberalism became interlinked with democracy two years later, when Václav Klaus' Civic Democratic Party (ODS) won a parliamentary majority and a mandate to enact their vision of building a market system based on neoliberal principles in the Czech lands. Klaus justified his implementation of neoliberalism as a rational decision of a technocratic expert whose real world knowledge placed him above both communists and the humanistic dissidents (BUŠTÍKOVÁ – GUASTI 2019). How did Klaus, himself a neoliberal technocrat, justify another technocratic project by linking it to democracy and a desire for political change? How did the neoliberal reformers overpower the humanistic ideas for a Czechoslovak *perestroika* (KRAPFL 2019)?

This paper explains the discursive linkages between market economics and democracy as a form of neoliberal populism. Using the Laclauian concept of the equivalential linkage, I argue that Klaus' linkage of markets and democracy as inseparable concepts constitutes a discursive conjuncture (GUARDINO 2017) that artificially fused markets and democracy through a discourse of neoliberal populism. This article begins by placing the contribution in neoliberal populism literature. And examining Klaus' ideology, I argue that Klaus utilized the populist constructs of the people versus elite dichotomy, moralized politics, and anti-elitism to justify the neoliberal transition. I then analyze Klaus' writings and speeches in which he advanced the linked market-democratic ideology, identifying the equivalential linkages of markets and democracy. I conclude with a brief

discussion of the long-term effects of the related voucher privatization and the market-democratic linkage.

VÁCLAV KLAUS AND CZECH NEOLIBERAL POPULISM

The adoption of a neoliberal economic order in Czechoslovakia (after 1993 the Czech Republic) was never a guarantee. In November and December 1989, a broad public opinion survey asked Czechoslovaks about their preferred path for the future of their country. A majority favored socialism or some combination of socialism and markets (41 and 52 percent, respectively, and three percent favored a purely capitalist path) (LIPOLD 1999; KRAPFL 2019). In December 1989, only 22 percent of the Czechoslovak population supported complete privatization (SKALNIK LEFF 1997). Indeed as Krapfl relates, shortly after the collapse of KSČ control, *"workers throughout Czechoslovakia began democratizing state enterprises in accordance with their understandings of socialism and democracy"* (KRAPFL 2013: 218). Alternatives to neoliberalism and the KSČ called for workers' self-management and the democratization of the economy alongside a democratic political system and a rejection of the *"absurd accumulation of property and power in the hands of a narrow oligarchy"* that was present in economies elsewhere in the capitalist world (RAMEŠ 2020: 80). A group of Slovak economists called for *"the realization of a pluralist system in socialism, in confidence that the working class [would] remain at the forefront of the progressive movement"* (KRAPFL 2013: 106). Many attended the 1990 May Day marches carrying red flags (KRAPFL 2019). These are hardly the actions of a citizenry of Friedmanite neoliberals. In a survey of Czech public opinion 19 years after the revolution, *"a majority of the respondents (58%) felt that the main reasons for the Velvet Revolution were political change [sic], rather than economic considerations (10%)"* (LYONS – BERNARDYOVÁ 2011: 1731). The November protesters targeted bureaucracy, arbitrariness, and a sense of unfairness, not socialist economics (KRAPFL 2013). At the dawn of the 1990s, the dissidents who found themselves with a government and an economy to manage needed a workable and publicly acceptable set of policies with which to build their new state. Capitalizing on the public's frustration with the still-powerful KSČ *nomenklatura* (KRAPFL 2019), the then-finance minister Václav Klaus seized the opportunity to irreversibly transform Czech political economy in accordance with the neoliberalism that had at the dawn of the 1990s gained prominence across the Western world. In spite of support from the firm and factory cells of the Civic Forum (OF), leading

economists in the OF government began to see workers' self-management as an obstacle to the core goal of transferring enterprises to private hands. A subsequent law passed in April 1990 eliminated the last vestiges of self-management from the Czechoslovak economy (RAMEŠ 2020). Against this backdrop, the ascendant Klaus utilized a discourse of neoliberal populism to construct a discourse that cast the Czech people as a community of market individuals (GUARDINO 2018) struggling against corrupt and outside 'others' to build what was natural and correct, namely the market economy, to attain freedom. Portrayals of neoliberal behaviors such as investing, risk-taking, and entrepreneurship were portrayed by investment funds and state advertisers as natural and socially beneficial, and as an embrace of the country's future as a normal society (BABIČKA 2022).

Neoliberalism is a highly contested term with multiple competing definitions – from an economic theory explaining the development of capitalism since the 1970s (EAGLETON-PIERCE 2016) and a means for ordering sociological relations (COOPER 2020) to a *"catch-all for something negative"* (ROWLANDS – RAWOLLE 2013: 260) or a *"political swear word"* (HARTWICH 2011). For the purposes of this paper, I utilize a minimal definition of neoliberalism as envisioned by Friedrich Hayek (2001 [1944]) and Milton Friedman (1962), among others; a political economy based on the primacy of the market in the determination of value and the allocation of resources. For the efficient functioning of the market, the state machinery acts as a bulwark against political activity that risks disrupting the market logic. Biebricher (2015) demonstrates the utility of such a minimal definition through its lack of ambiguity and its acceptance of the flexibility of neoliberalism as a programmatic concept through its relationship to democratic governance.

The relationship of neoliberalism to democracy poses theoretical problems (BIEBRICHER 2015; SLOBODIAN 2018). This tension is best illustrated through neoliberalism's primacy of the market in ordering life and the fact that the role of the government in neoliberalism is to create the ideal conditions for the market to function. If need be, the government exists to protect the market from civic or political interference, whether well-intentioned or otherwise. This tension appeared in the early days of the Czech transition. Klaus, a deep and self-professed admirer of Friedman, took an orthodox view in line with Friedman's assertion that *"in order for men to advocate anything, they must in the first place be able to earn a living"* (FRIEDMAN

1962: 16; KLAUS 1997). This ran contrary to President and erstwhile dissident leader Václav Havel's belief that civic duty must precede the accumulation of material wealth to avoid the corrupting effects of the latter on the former, as he presented a dichotomous view of the fundamental basis of society: a choice between civil society or the market (PONTUSO 2002). Klaus, as this paper shows, constructed the two concepts as inseparable. This intertwining led to the "marketization of democracy," leading to the contradiction between the economic, social, and political inequality fostered by market conditions, and the democratic ideal of equality, and thereby frustrating the fulfillment of liberal democracy's promises (XING 2001: 75–76). It is this situation in Klaus' Czechia that this work aims to explain.

Was Klaus responsible for bringing neoliberalism to the Czech Republic? An oft-repeated idea is that neoliberalism came to the post-socialist countries from the West by means of the Western-led global financial organizations as an essential condition for building a democratic political system (E.G. ASLUND 1994, 1997; SACHS 1995). While these organizations certainly helped facilitate the process through their dispatching of technical advisors and provision of various incentive packages, this argument overlooks the role of the post-socialist reformers themselves. Capitalizing on the trade and reform policies of late socialism (PULA 2018), the *"neoliberal reform elites"* (BOHLE – GRESKOVITS 2012), themselves ideological adherents to neoliberalism, turned the region into a *"laboratory for economic knowledge,"* utilizing international expertise adapted to local conditions (BOCKMAN – EYAL 2002). The literature firmly places Klaus among these "neoliberal reform elites", first in his capacity as a prominent member of the Civic Forum, and then in his capacity as Finance Minister and, later, Prime Minister (E.G. BOHLE – GRESKOVITS 2012).

Klaus' role as a neoliberal thinker is broadly evident from his own writings and throughout the scholarly literature. Slobodian and Plehwe (2020: 8) highlight Klaus' Friedmanite formulation of free economics as the basis for political freedom (along with his populist credentials); Bockman and Eyal (2002: 338, 340, 343) refer to Klaus as one of the prominent neoliberal reformers and as a homegrown neoliberal who sought to remove political and bureaucratic blockages to economic reform. Eyal (2000: 74) relates Klaus as the leader of a group of monetarist economists who *"advocate[ed] an orthodox public finance approach."* Pula (2018: 111, 178) refers to Klaus as a *"radical*

neoliberal" whose locally engineered voucher privatization program sought to create a domestic market *"dominated by small investors."* While Klaus has been criticized as not being a true neoliberal for maintaining low unemployment levels, Eyal considers Klaus' approach, criticized as a departure from International Monetary Fund orthodoxy, as a monetarist technology (as opposed to a doctrine): *"relatively autonomous from both usage and abstraction, policy and theory [...] a technology for governing economic life"* (EYAL 2000: 76). The voucher privatization program illustrates the technological utility of Klaus' monetarist neoliberalism, as it facilitated the self-organized creation of a market without the need for top-down solutions (IBID.: 77). Spurring individual action required shifting popular thinking, a process which Babička (2022: 84) calls a pedagogic attempt to *"legitimize neoliberal reforms as a moral transformation"* from communist societal organization into a *"nation of free, market-oriented individuals."* This paper proceeds along the construction of Klaus' neoliberalism as both a legitimizing tool and a programmatic prescription.

Like neoliberalism, populism is a highly contested term (ROVIRA KALTWASSER 2019). I adopt a minimal definition of populism for the sake of this research, incorporating the conception of populism as an ideational concept. As a "thin ideology," populism divides society into two mutually-antagonistic groups (the pure people and the corrupt elite) and constructs politics as an expression of the general will (MUDDE 2004). The politician can then graft other "thick ideologies" onto the populist frame. In addition to this Manichean discourse (HAWKINS 2009; MUDDE – ROVIRA KALTWASSER 2017), this minimal definition of populism offers the flexibility to apply the concept to cases across historical or cultural contexts, while tying the case to a broader understanding of populism as a phenomenon (ROVIRA KALTWASSER 2019).

The moralization of politics adds significant tension to the dichotomy of the people and the elite, elevating the political struggle to a *"part of a cosmic struggle between good and evil"* in which *"there can be no fence sitters"* (HAWKINS 2009: 1043). This definition, adapted to neoliberal populism, constructs a *"moralized, emotionally laden construction"* of the people and a *"valorization"* of market relations between the people (GUARDINO 2018: 448). While the concept of the people is flexible, it usually focuses on sovereignty in opposition to an elite that is fundamentally different in character (MUDDE

– ROVIRA KALTWASSER 2017). The affinities between neoliberalism and populism, namely their attempts to mobilize individuals against a corrupt and wasteful elite to address economic problems, is a natural consequence of both concepts' approaches to state power, sources of political support and rejection, and the distribution of socioeconomic benefits (WEYLAND 1996). Both reject the role of intermediaries between the people and their government, e.g. civil society, preferring instead to perform politics and economics as direct connections between the people and their leader, and between individuals and the market (WEYLAND 1996).

The construction of the people in neoliberal populism presents an ideological inconsistency. Populism homogenizes the people, glossing over their differences in favor of constructing a unified, mobilized group. Neoliberalism rests on the individual's role as a market subject for whom the collective is an oppressive entity. Da Cruz Queiroz (2021) reconciles libertarian constructions of the collective people as oppressive with the role of the homogeneous people in neoliberal populism by arguing that neoliberalism cloaks the concept of the people in the neoliberal concept of the individual; i.e., the pure people are a community of market individuals simultaneously pursuing their rational economic goals (see below). That pursuit of rational economic goals is the commonality that binds these individuals together in a pure conception of an in-group. According to Guardino, *"neoliberal populism constructs a community through market individualism: Neoliberal-populist identity is defined by an imagined commitment to a rough-hewn, pragmatic, entrepreneurial, market-oriented identity"* (GUARDINO 2018: 452). Neoliberal populism can therefore override ties to a community that is not based in the market by obscuring *"values and concerns that might otherwise be understood as held in common by the significant majority"* (GUARDINO 2018: 458). In Czechia, this neoliberal conception of community arose in opposition to the revolutionary community based on a commitment to non-violence and the shared experience of November 1989 (KRAPFL 2013).

The neoliberal populist construction of the people casts them as a monolithic group based on individual interest. This seemingly contradictory composition of the people rests on the identity of the people as self-interested individuals. Da Cruz Queiroz argues that by invoking *us* and *we*, neoliberal populists are *"invoking the prerogatives of the entrepreneur against those who are characterized as being dependent on the state"*

(DA CRUZ QUEIROZ 2021: 241). In neoliberalism, the pure, individualized people come together as a community through market individualism. The individual in this community of market individualism is tyrannical in their *"commitment to unrestricted individual liberty"* (DA CRUZ QUEIROZ 2021: 241), and it is this commitment that enables the neoliberal populist leader to mobilize the people against the interests that the leader constructs as threatening to the people. The community, through market individualism, serves the role of the pure people in the populist dichotomy, signifying a set of ideals that bind the in-group together in opposition to the out-group.

In contrast to the people, the elite in populist discourses are out of touch with the general will of the people and are engaged in corruption at their expense. The elite is *"defined on the basis of power"* (MUDDE – ROVIRA KALTWASSER 2017: 12), and the composition of the elite can thus change. Populists, once in power, can use their new elite status to condemn "the other elite" (BUŠTÍKOVÁ – GUASTI 2019). Populists are inherently anti-elitist, and thus a claim connecting Klaus with populism would seem inherently incorrect, especially considering the technocratic elitism of neoliberalism and Klaus' belonging to the "neoliberal reform elite" (BOHLE – GRESKOVITS 2012). Either Klaus is a neoliberal elite or a populist but not both. I argue, however, that Klaus can be both because of the nature of the elite and the competing elite discourse. Because the definition of the term elite is based on power relations, populists in power, constituting a new elite, will condemn the previous elite for its elitism (GARLAND 2019). In spite of their being the elite themselves, the KSČ's drumbeat discourse denouncing dissidents as elitist and Klaus' own discourse of neoliberal populism raising his political capital over that of his opponent President Havel carry clear populist framing (BUŠTÍKOVÁ – GUASTI 2019; KRAPFL 2013). A shifting power dynamic places the populist in the rhetorical position of being able to criticize their opponents as elitist, despite exercising power themselves. Presenting himself as an opponent of both the elitist project of state socialism and the intellectual elitism of the dissident movement, Klaus managed to appear as one of the "good elite" (BUŠTÍKOVÁ – GUASTI 2019: 304): an enlightened technocrat advancing the interests of the people. Constructing a dichotomy of civil society against a free society and of the technical experts of the market against "incompetent communists" and "impractical dissidents" constituted a rekindling of the technocratic populism of the KSČ and enabled Klaus to discredit his political opponents (IBID.: 307, 309). This ability

of the populist politician to *"instrumentally appeal to followers, to maintain a direct relationship between the leader and the followers, and to exploit existing institutional weaknesses"* is present in Klaus' neoliberal populist rhetoric. A personalistic leader will utilize populist tactics to maintain support for *"painful, risky neoliberal reforms,"* often *"demonstrat[ing] their charisma [and] intensifying their bond to their mass base"* (WEYLAND 2001: 17). To maintain mass support, neoliberal populist leaders may be impelled to take a flexible approach to the application of neoliberal principles as a means of political convenience. In spite of Klaus' advocacy for a market-based organization of society, Klaus departed from his neoliberal ideology at times, retaining social security networks, public healthcare, and public universities without tuition fees and refusing to eliminate rent caps as a means of maintaining public support through the transition (BUŠTÍKOVÁ – GUASTI 2019). Whether Klaus could have removed social welfare systems is doubtful. Support for social welfare is deeply rooted among Czechs, with a tradition dating back to the interwar First Republic and continuing under the KSČ (VEČERNÍK 2008). Social protection is a form of the *"intrinsic 'classlessness'"* of Czech society, which, Večerník (2008: 498) contends, dates back to the 15th century Hussite movement and persisted through successive regime changes through habituation. Rabušic and Sirovátka (1999) similarly cite public opinion surveys that show a trend toward egalitarianism among Czechs throughout the transition period. Klaus, in confronting this entrenched social welfare, likely recognized that attempting to shift Czechia toward a Thatcherite model of welfare would prove detrimental to his market reform program. While his refusal to cut back social services arguably calls Klaus' credentials as an orthodox neoliberal into question, it demonstrates his flexibility in communicating and framing his policy to an electorate initially beset with a heavy skepticism for market economics.

There is some debate about the applicability of neoliberal populism to the Czech transition. Weyland (1999) offers two arguments to this effect: that populists in Central and Eastern Europe did not have an enemy against which to orient themselves, which is a factor necessary in populism, and that the strong parliamentary system in Czechia prevented the rise of a strong populist leader. Klaus' emergence as an *"unknown technocratic economist"* (SAXONBERG 1999: 392) and subsequent development into a charismatic leader capable of overshadowing his rival Havel through his ability to generate a strong emotional attachment of the people to him, challenges

this. His exceptional rhetorical skill in connecting with the people, and his *"peculiar sense of mission comprising belief both in the movement and in [himself] as the chosen instrument to lead the movement to its destination"* is reminiscent of Hugo Chavez as he sought to build a new era in Venezuelan politics by addressing the country's economic problems and the oligarchy he held responsible for them (SAXONBERG 1999: 393; MAINWARING 2012; OSTIGUY 2022). Klaus' neoliberalism, acquired and honed through his time at the Academy of Sciences and the State Bank, during which his duties involved the study of Western economics journals, armed him with a crystalized vision of the world he wanted to build, overpowering Havel's less succinct, more idealistic discourse (SAXONBERG 1999). Buštíková and Guasti (2019) identify the dissident faction led by Havel as the enemy against whom Klaus oriented his populist discourse. Through his efforts to demonstrate his technocratic project's superiority to the dissidents' humanistic political project, Klaus sought to delegitimize his opponents as unsuited to stabilize the uncertain situation in Czechia and prevent the return of the communists to power. While Klaus' monetarist technological approach (EYAL 2000) and ideas on the self-organization of society may seem opposed to populism's leader-organized mass movement, Klaus cast himself as a morally authoritative leader returning the people to the natural and correct order.

KEY CONCEPTS, METHODOLOGY, AND SOURCE SELECTION

Laclau's (2005) concept of equivalential linkages provides a framework for understanding the linkage of markets and democracy within Klaus' neoliberal populist discourse. The construction of a popular identity that goes into the formation of the homogeneous group relates to the internal split of the crystallization of the popular identity, i.e. the split between a particular demand and the wider universality. As Laclau states, *"For a short time after 1989, for instance, the word 'market' signified, in Eastern Europe, much more than a purely economic arrangement: it embraced through equivalential links, contents such as the end of bureaucratic rule, civil freedoms, [and] catching up with the West"* (LACLAU 2005: 95). Marketization therefore serves the dual purpose of a particular demand and an empty signifier in the sense of a wider universality. Marketization is the frame onto which its supporters could graft democracy, freedom, and other demands of the Velvet Revolution, thereby establishing an equivalency between the market and those additional values. Terms such as *freedom* or *catching up* appear

as an undifferentiated fullness, i.e. without conceptual content. Linking conceptually abstract, empty terms such as freedom or catching up to the West with a conceptually specific concept such as markets grounds the abstract terms in practical, actionable substance (thus, the equivalential link). Paraphrasing Laclau, referring to a set of social grievances, i.e. those referred to by the protesters of November 1989, and attributing the source to the socialist government (containing the structures of political and economic governance), constitutes the people as those harmed by the social grievances, and the elite as those causing the social grievances. The singular element (i.e. markets) facilitates the performative constitution of the equivalential chain, rather than the location of an abstract common feature (IBID.: 97). The discourse can utilize individual terms as representative of a greater, more complex meaning. Žižek (IN IBID.: 104) argues that the "quilting point" represents the point at which the unity of the discursive formation is achieved. As an example he mentions the phrase that "Coke" is America (but America is not the Coca-Cola Company), and through this phrase the construction of a soft drink as a crystalizing signifier for American identity is achieved. In this sense, *"the name becomes the ground of the thing"* (IBID.: 105). Markets and related terms take a similar, mutually-constitutive role in Klaus' neoliberal populist discourse, with the market representing Czechs, but not all Czechs fitting into the market (recall Guardino's community of market individuals as the definition of the people). Laclau's discussion of the role of the leader informs and justifies the focus on Klaus' discourse in particular. The leader is the individualized representative of the singularity binding the chain of signifiers. The leader thus becomes the symbolic unification of the movement *"inherent to the formation of a 'people'"* (IBID.: 100).

During his term as prime minister, Klaus advanced the cause of neoliberalism in Czechia through editorials, speeches at parliamentary and party events, and other essays and talks that were highly visible in the Czech public discourse of the time. Much of this material is compiled in two published volumes collecting Klaus' speeches to public and expert organizations, opinion pieces for leading newspapers, and written commentary. The first volume, *About the Face of Tomorrow* (*O tvář zítřka*) (1991), is geared toward describing Klaus' economic and political philosophy and his vision for reform. *Why I am a Conservative?* (*Proč jsem konzervativcem?*) (1992) is a similar volume that includes material on the mechanics of the economic

transformation. Additionally, Klaus' personal website, *Klaus.cz*, contains a wealth of material. I selected the texts for this study so as to capture a clear and widely available (for the Czech citizens of the time) outline of the justifications of the neoliberal political economy Klaus sought to build. I examine material from the period of 1989–1993, which covers Klaus' rise to power and the launch and running of the voucher privatization program. The period of voucher privatization represents a critical moment in Czech history because it was the impetus for implementing the transition away from the planned economy and toward the new economy of the post-1989 order. The concept of the critical moment is defined in Yuana et al. (2020: 157) as *"particular events"* that create new *"social realities through changing orders of discourse and the relationship between multiple actors in transition pathways"*. A contemporary journalist called Klaus' election to the premiership the *"second revolution [...] the real revolution"*, which would impel *"the definitive completion of systemic changes begun almost a year ago"* (KRAPFL 2013: 29). This paper is not intended to provide an intellectual history of Klaus' political-economic thought, as much of this is already covered elsewhere (E.G. KOPEČEK 2012). This work seeks to explore how Klaus communicated his vision to the electorate at a time when significant insecurity and instability were the dominant moods in Czech society. A "mild hysteria" over fears of a communist return to power provided an opportunity to Klaus to utilize his rhetorical skill to reassure the population that the capitalist economy would stabilize the situation and complete the transformation begun in 1989 (SAXONBERG 1999; KRAPFL 2013: 182, 184).

"MARKET ECONOMICS WITHOUT ANY ADJECTIVES": KLAUS' NEOLIBERAL POPULISM

In this section, I examine how Klaus constructed his neoliberal populist discourse to link markets and democracy by crystalizing particular demands representing a wider universality. I have organized Klaus' discourse into three categories based on the overarching themes he utilizes to effect the linkage: framing markets as natural law, making linkages with other neoliberal projects, and constructing the transition as an imperative. These serve to dichotomize the Czech people and moralize the transition to a neoliberal economy.

Natural Law Language

Natural law language in the Klaus discourse dichotomizes the Czech people by presenting their natural state as a community of market individuals. Through the notion of the heartland as defining the people by the absence of what is not wholesome (TAGGART 2000), the discourse constructs market economics as fundamentally healthy, morally good, and civilizationally correct in opposition to unnatural socialist and collectivist values. Klaus highlights this civilizational correctness and ties the market to long-standing civilizational values: *"The creed [of conservatism] is to preserve real and proven values, on which our civilization has long stood, and on which we want our civilization to continue standing"* (KLAUS 1992: 13). Those *"foundational stones"* on which conservatism stands are the values that are *"unorganized and unplanned in the thousands of years of the development of the person and humanity"* (KLAUS 1992: 14). While the neoliberal revolution and the conservative reaction seem mutually contradictory, Klaus saw neoliberalism not as a revolutionary idea, but as a return to the natural state of society before the interruption of the socialists' attempt to change human nature by changing property relations. The connection between Klaus' vision of human values and the behavior of market economics rests in their mutual organization by "unorganized and unplanned" forces. As a means of ordering economics, the market is therefore a natural and deeply engrained means. Klaus' conservatism extends to a time before socialism, and the naturalness of the return to capitalism appears as an antithesis to the unnaturalness of communism. Klaus describes communism as *"nothing but a giant experiment,"* in which Czechs and Slovaks *"abandoned [their] most treasured common values, created as the fruits of thousands of years of evolution, embodied in institutions, in lawful behavior, in the market order, in language, in morality, in the structure of settlement. We cancelled private ownership and paralyzed the function of money"* (KLAUS 1991: 17).

The market takes a place among the foundational concepts of belonging and identity. Socialism caused an abnormal interruption, an experiment that went wrong that necessitated a return to those traditional values that defined the Czechoslovak people. Therefore, the advent of Czech neoliberalism was at once conservative and revolutionary, securing the future by returning to a lost facet of the past. Market economics appear as a natural law in comparison to other scientific laws and the moral

thinkers who broke through the dominant canon in their realization: *"Just as Copernicus managed to break the dogma of the church and newly enlightened [his] age [with] the inconceivable movement of the planets, just as Newton clarified the secret physical laws hidden in the fall of an apple from a tree to the ground, so did Adam Smith ask perhaps the most difficult [question] – he showed the revelation of seemingly non-existing laws in individual human behavior, in human society, in economics"* (KLAUS 1991: 23).

Klaus frames Smith's dictum that *"we will never tell them about what we need, but rather the advantages that they can get from it"* as proof that *"society is never built on the best human properties, but rather on the properties of the strongest."* This survival of the fittest language feeds into Klaus' design for voucher privatization, in which the most market-savvy individuals would emerge as the new capitalist class that would be able and, according to natural laws, beholden to govern and drive the new market system, which in turn would govern the new Czech society (KLAUS 1991: 24). Such language is difficult to reconcile with the fact that Klaus' voucher privatization was itself a massive distribution of capital to the citizenry, which itself was at odds with the social Darwinist undertones of his rhetoric. According to his colleagues writing after the fact, Klaus' primary concern in the design of voucher privatization was not adherence to ideology, but rather the practical concern of gaining broad support among the population without the necessity to sell off national industries to foreign investors (TŘÍSKA ET AL. 2002: 126; ČTK 2019). While this language is contradictory, Klaus sought to use an artificial distribution of capital in the form of vouchers to effect a social Darwinist process of accumulation. Thus, a pro-market state was necessary to rebuild the natural laws of human behavior within the market.

The framing of market economics as a natural law of humanity further cements the construction of the community through market individualism. The community is built through the activities of the strongest and the most market-savvy, while still appealing to morality through the fairness and impartiality of market mechanisms. Like the appeal to morality, natural law language has a general effect of separating those who accept it from those who reject the market as a natural effect, thereby restricting the definition of the democratic polity. The dichotomization of the nation into pro- and anti-market forces occurs in the construction of marketization as a battle of on multiple fronts: *"For Czechoslovakia and*

Great Britain, market economics are not – as has been incorrectly argued – only an economic mechanism for ensuring a higher living standard and economic rationality. It is at the same time the foundation, and also necessary condition for the creation of a new moral system, which must replace the false morality of socialist society in the notions built up in their heads about the relationship between individuals and society. The battle for market economics in our country cannot be limited only to the realm of economic processes, but [must] cause deep changes in the thoughts and behavior of people and in the lifestyle of the whole society" (KLAUS 1992: 11).

In framing market economics as a black and white battle between the true morality of markets and the false morality of socialism, Klaus further embattles and cements the homogeneity of his market community. This statement is a strong call to action, utilizing terms such as *battle* to evoke high stakes and the need for drastic action, and the disparaging language about socialists with *false moralities [...] built up in their heads* creates a fighting mentality in the reader. The need to oppose the wrong forces by supporting the right forces becomes a clear and concise moral equation. That morality further situates the market as a key of the community through market individualism by casting acceptance of markets as a binary, i.e. right or wrong, choice. Only those who accept markets as natural can belong to the community. Again turning to a construction of natural law in constructing the in- and out-groups, Klaus warns against social engineers, who *"desire to change the world according to their conceptions"* (KLAUS 1992: 17). The implication is that the world naturally exists as a market-based system, and the alien out-group will attempt to make unnatural alterations to that base state. Thus, the world in its natural state exists under the neoliberal-conservative ideological paradigm (i.e. humans are naturally disposed to individualistic solutions and market-based behavior), and therefore the program of neoliberalism cannot be questioned because it is natural, and to oppose it is to oppose human nature. Similarly, in the "Ten Commandments of Systemic Reform", published at the height of privatization in 1993, Klaus acknowledges that his program for shock therapy will cause shocks, but that this is simply factually unavoidable. In calling for shock therapy, Klaus does not equivocate, using expansive and powerful phrases such as "dramatic action," *"merciless price and foreign trade liberalization,"* and the adjective "overwhelming" as he points reform in the ultimate direction of *"finding real and therefore responsible and*

rationally behaving owners [...] as a final blow to the ambitions of government bureaucrats to control the economy" (KLAUS 1993: 9). This rhetoric continues to advance the dichotomization of the pure people constituting the market community against the corrupt out-group. Terms such as "bureaucrats" evoke the connotation of non-productive and manipulating groups in direct opposition to the industrious, entrepreneurial people.

This naturalistic approach continues from the macro-civilizational level to the micro-level of the individual, identifying the qualities of those who constitute the community of market individuals. Klaus' discourse claims to elevate the individual, freeing them of unnatural constrictions from technocratic and ideological governance, which leads to the unleashing of their potential and the recognition of their natural right to freedom. According to Klaus, conservatism facilitates *"individualism and free individuals in the wisdom and competence of the person, which the state must serve and which must control it"* (KLAUS 1992: 16). Klaus reinforces the anti-state imagery by calling the state a Hobbesian leviathan, which he cautions against by claiming that it is a threat to individuals that is not recognized with the same urgency as socialism (KLAUS 1991). The people, through market individualism, attain their natural state in spite of the state by trusting the economic processes. Throughout this entire process, Klaus argued that economic reform must necessarily take precedence over policy reform and, echoing Friedman, that rational self-interest would produce the best result (KLAUS 1993).

Klaus does recognize that state action is necessary to establish the framework of the neoliberal system. *"Because we well recognize that democracy does not mean anarchy, and because it is also necessary to create mechanisms for uniting different perspectives, it is necessary to create a strong order, a rational system"* (KLAUS 1992: 49). That rules-based system is, evidently, embodied in a responsible and market oriented political party (namely Klaus' party ODS). In a speech to the first congress of ODS, Klaus defines the *"basic political entity [as] the citizen and for us, this means searching for new dimensions, new measurements of citizenship for the present age, [and] thus [for] citizens' courage and responsibility, citizens' fortitude. The citizen is, for us, the founding constitutive unit of our new democracy."* In effecting this reorientation, ODS could effect a reorientation of Czech society to *"normally functioning conditions"* (KLAUS 1992: 49), with Klaus here referencing the heartland imagery

of markets as natural, and the people as its natural constituents. By framing markets as a natural law, Klaus institutes the moralization of marketization as a "cosmic struggle" with civilizational consequences. Framing markets as coming from historically rooted qualities of the people carries an emotional element, i.e. suggesting that market behavior is in the soul of the people, and a departure from it is unthinkable. Constructing market economics as a natural law delineates the population into two camps: those who accept the natural law and those who do not. Those who reject the evident natural law are immediately discredited, as one who rejects gravity or proclaims that the Earth is flat.

Linking Language

The construction of the people as a community through market individualism relies on its legitimization through its linkage to exemplars both from Czech history and from the history of neoliberal societies abroad. Klaus strengthens the dichotomization by constructing a common heritage and a common threat, using both concepts to introduce borders between those in the community and those outside it. To strengthen the community's internal cohesion, Klaus makes frequent usage of the linkage between his neoliberal project and that of Margaret Thatcher: *"The revolution in Central and Eastern Europe really started in Great Britain with the victory of the Conservative Party in the elections of 1979 and the rise of Margaret Thatcher to the head of the British government"* (KLAUS 1992: 11). A pantheon of heroes from the United States including Barry Goldwater, the Founding Fathers, and the philosopher Frank Meyer serve to link Klaus' neoliberal thought and the Czech civilizational transition to a strong ideological anchor: a conservative tradition of market economics in a long-lasting and established capitalist democracy (KLAUS 1992). Klaus uses the established linkage to build coherence among the in-group, providing legitimacy and examples of success. In light of Hayek, Reagan, and Thatcher's explicitly revolutionary conception of neoliberalism, Klaus identifies neoliberalism as conservative in his attempt to legitimize his movement through its linkage with internationally-renowned examples. Linking language uses such examples of legitimacy to further deepen the dichotomy of the pure people and the corrupt elite. *"Both types of [conservative] thought [here referring to Hayekism and Friedmanite neoliberalism] have not only a common enemy – collectivism, socialism, Marxism, authoritarianism – but also common ideological roots and*

traditions from which they draw and to which they return" (IBID.: 16). This not only demonstrates Klaus' attempt to force ideological consistency into neoliberalism, but also his attempt to construct an image of an implied threat to it, namely collectivist ideologies peddled by *"unbelievably self-confident socialist (now leftist) intellectuals" that "destroy individualism [and] destroy the soul"* (KLAUS 1991: 16). The reference to moral and spiritual concepts deepens the sense of cosmic struggle (HAWKINS 2009) in defense of cherished ideas and the very base identity of the person. In creating this outside threat to the community, Klaus strengthens the integrity and legitimacy of his market community by providing a clear alternative to the forward march of progress in building the market economy.

Klaus uses linkages to the Thatcherist project in Britain to demonstrate commonalities between the foes of the Czech community of market individuals and that in Britain. Highlighting "left intelligentsia" as seeking to reverse Thatcherism by taking advantage of economic problems, Klaus argues that the economic crisis improved in only two years thanks to the continuation of Thatcher's neoliberal policies. The implication is that Czechs need to be patient and trust the processes of this *"unusually inspiring"* politician and the system for which she provides an example (KLAUS 1992: 12). There is an implied call to faith in the mechanism of the market that enables it to work itself out, and that it is both inappropriate and harmful for the state to intervene in the process, even with good intentions. Alongside Thatcher in his pantheon of neoliberalism, Klaus places U.S. Senator Barry Goldwater, from whom he borrows a stark quote: *"extremism in the defense of freedom is no vice"* (IBID.: 14). This quote has two effects. By referencing Senator Goldwater, a prominent American neoliberal, Klaus obtains moral legitimacy in the same way that his appeals to Thatcher confer it. This reference legitimizes the call to action for the extreme measures Klaus planned to implement, and by tying those extreme measures to freedom, a rallying cry of the Velvet Revolution, the moral imperative to implement a neoliberal program is established. This connection of the past struggles of other neoliberals with the current struggle of Czech reformers cements the place of the market community among its historical predecessors and enemies. It is thereby legitimized. Similarly, the connection focuses on the departure from the solidaristic values of Havel and the dissidents to the community of market individuals.

Linkages of the Czech character to neoliberalism serve to deepen and enrich the conceptualization of the community of market individuals versus the anti-market out-group: *"I believe in the wealth of our country, which is the wisdom, skill, competence for action, and adaptability of the fifteen million inhabitants of Czechoslovakia"* (KLAUS 1991: 16). The factors Klaus outlines are representative of an aptitude in market economics. In outlining these factors, Klaus links market economics to the Czechoslovak character, suggesting the capacity of Czechoslovaks to successfully and naturally engage in market economics. The government is presented as clearly detached from those 15 million inhabitants in a bid to strengthen the appeal of individual participation in the market community: *"I do not believe that some wise minister, ministry, government, party, or parliament can use its superior brain capacity – supported by computers of the highest parameters – to substitute for that which the impersonal market can [do]"* (IBID.: 16). Klaus constructs the market as rational, thereby assigning rationality to those who accept markets, and irrationality to the out-group. The reference to the wisdom and superior brain capacity of government authorities carries a sarcastic, scathing tone, suggesting the absurdity and irrationality of opposing market mechanisms. Similarly, it evinces the anti-elitist appeal of populism through its implication that the rationality of the market and those who put their faith in it is superior to the (ir)rationality of elites and intellectuals. While Klaus' indictment of government is intended primarily to push readers away from supporting the old system with which Klaus says they have become comfortable, this separation of the people from the government reinforces the key neoliberal values of individual initiative and self-reliance that eventually create a population habituated to an enfeebled government and a lack of social services. This duality of a pure people and a government ranging from sinister to incompetent enriches the Manichean populist framing: the "rough-hewn" market community is clearly present in Klaus' construction of Czechoslovaks' natural aptitude for market-based behavior.

To further link Czech identity to market economics and entrench the dualization of Czech society, Klaus' separation of communism from the Czech experience, first discussed as part of the natural law package, absolves the people from responsibility for its implementation, thereby purifying the market community. The Czech (Czechoslovak) people did not cause the break in the natural development of their civilization because

it is not in their nature to seek and support such ideals. Klaus is careful to specify that *"no 'us' could have committed such audacity, because we do not have this type of ambition"* (KLAUS 1991: 17). Socialism came to Czechoslovakia because of the *"support of left-oriented intellectuals,"* who are distinctly separate from the organic people and the market community (KLAUS 1992: 17). This framing of socialism as an outside project supported by a narrow clique inside the country serves to absolve the public of a sense of responsibility for their role in the *"forty-year experiment,"* delinking them from socialism and encouraging them to participate in the return to the normal, traditional values of market economics. Klaus believes in the *"healthy and fruitful pragmatism of the people and in the strength of the impersonal mechanism of the market"* and their ability to carry out that restoration, which, he believes, the market can perform far better than *"that undemocratically elected parliament"* (KLAUS 1991: 17). Klaus' market community must therefore put its faith in the superhuman perfection of the market in order to attain its birthright: its existence as a productive, entrepreneurial society.

Imperative Language

Klaus' imperative language presents the adoption of a neoliberal model as the only option open to the Czechoslovak people. By reinforcing the correctness of the system and coupling it to the lack of any other viable options, Klaus creates a unidirectional path for his audience. That path is irreversible and unchangeable because any reversal of or change to it would facilitate the return of the communists and an end to any hopes of further progress toward "rejoining" Europe. Echoing Friedman, Klaus entrenches the community of market individualism by highlighting the distinction between the roles of the government out-group and the in-group in proclaiming that the government's role is that it *"may, with its policies, incite and stimulate needed changes in behavior, or, on the other hand, protect, but in no case is it competent or appropriate for providing substitutes for missing decisions on the micro level [i.e. those of firms and individuals]"* (KLAUS 1992: 56). Government exists to provide a framework of laws to guide the relations of the micro-level. This further confirms Klaus' construction of the government as separate from the market community, and thus neoliberal relations of the government with the micro-level of individuals provide a barrier against this alien other and the natural organization of people as individuals and firms. From this definition of roles, Klaus indicates two

broad philosophical choices. The first choice is a world in which an ideal of perfection exists, and in which intellectuals may use the state to address and solve problems. Klaus calls this view *etatist*, while calling the second choice *truly democratic* because it recognizes imperfection and the undesirability of finding solutions at any cost. This second method, which rests on the solving of problems outside of the state, Klaus describes as *"realistically democratic [...] populist (in the good sense of the word) [...] [and] searching for a way to prevent anyone having too much power over decision-making [...] the second view wants real freedom, which cannot be threatened or misused by an unlimitedly powerful dictator, bureaucracy, or thieves [...] The second type dominated in revolutionary America"* (KLAUS 1991: 29).

The implication is that neoliberalism by nature protects individual freedom as an impersonal, natural force, and Klaus repeatedly links this concept to the model's evident success in the West by invoking the United States. On the basis of this framing of a civilizational choice, Klaus proposes a *"new social contract"* for the transition and post-transition period based on the principle that *"those who can must with all of their strength attempt to participate in the creation of a market economy, take its fruits and risks, and learn how to win and lose"* (KLAUS 1991: 34). Klaus thus makes his philosophical alignment clear: that stratification of people into winners and losers is natural and healthy, and that broad solutions present unacceptable dangers to freedom. Those willing to accept this dichotomization fit into the market community. Those who do not, become part of the outside group, those opposed to the market community through their adherence to alien, un-Czech influences.

The process of privatization is presented as necessary despite the immediate pain it may cause. In responding to "A Letter from an Unsatisfied Farmer," Klaus justifies an unnamed farmer's worries about the loss of subsidies and the opening of the Czech agricultural sector to foreign competition as part of a necessary, if painful, process of joining the community of market individuals. *"Economic reform must – besides other things – ensure the applicability of the same rules for everyone because the market introduces an institution which does not accept exceptions, which, without error, reveals performance and non-performance, and which unfeelingly punishes everyone who cannot or does not want to provide such performances and services for which there is a demand"* (KLAUS 1992: 76).

This stark portrayal of the operations of the market as a rational, unfeeling, efficient and ultimately moral mechanism sets out further conditionality for belonging to the in-group. Belonging to this community requires total submission and total faith in the process working correctly. To further develop the divide between the in- and out-group, Klaus appeals to public outrage over the special privileges of the *"red aristocracy"* (KRAPFL 2019: 84) and the broad desire for a fair system. Deepening the conditionality of joining the community of market individuals, Klaus admits to the market's shortcomings, but frames it as the only possibility: *"We know that [the market] brings infinitely better results than any alternative system"* (KLAUS 1991: 61). Accepting that there will be pain, Klaus defends voucher privatization as his tool of choice for effecting the transition to neoliberal capitalism: *"voucher privatization suggested the fastest, most transparent, and most just form of the transfer of state property to private hands, and with it the fastest way of ending the power of ministry bureaucrats over Czechoslovak economics"* (KLAUS 1992: 67). To his critics, Klaus offered little more consideration than that he gave to the farmer in his quickness to dismiss criticism of the transition. In addressing the fracturing of the Civic Forum following the Velvet Revolution, Klaus argued, *"let us leave the eternally unsatisfied, who will criticize everything, always and everywhere, let us for this reason leave those who measure their dissatisfaction against the slow or insufficient redress of past wrongs and crimes"* (KLAUS 1991: 29). The market community is thus exclusive of those who criticize it, and its adherents must accept market logic in order to belong to this new community. The eternally unsatisfied out-group is not worth the trouble of debate and discussion. To those individuals, Klaus presents a choice: *"If we want a better living standard, we must allow it to be for those who deserve it with sufficient motivation. Otherwise, we will never make it to Europe"* (KLAUS 1992: 22). In linking the adoption of a neoliberal economic model with the "return to Europe," Klaus makes this precondition of achieving an ideational goal inescapable with the adoption of a material one.

Klaus connects these two goals, a rapid voucher privatization and the necessity of alleviating the people's suffering: *"Fast privatization is an integral part of economic reforms. Attempts to halt and loosen the process of privatization can lead to the stopping of reforms as such. Privatization is also the best and most pleasant solution to the problems of the old structure which pervade the business sphere and state organs, and which have made us all suffer"*

(KLAUS 1992: 50). Failure to act has dire consequences: *"Market economics without any adjectives"*, i.e. market economics in their pure form, are necessary for the Czechoslovak people to embrace a complete stamping out of the communist system, and prevent its return *"under a new banner (but with the same ideals)"* (KLAUS 1991: 21). Indeed, in spite of his later political concessions, Klaus argued that the maintenance of *"a network of social protection…would mean the liquidation of the foundations of market economics"* (IBID.: 22). This threat of the lurking communists was nothing new in the post-November discourse, having been inherited from the Civic Forum and the Public Against Violence's portrayal of the communists as *"devils[…] [responsible] for all problems that Czechoslovakia faced"* (KRAPFL 2013: 25). Klaus' adaptation of the communist threat to the market community crystalized the in- and out-group, and deviation from the neoliberal plan threatened to release the once-deposed specter of communism to destroy the new democracy.

CONCLUSION

This paper has analyzed Václav Klaus' discourse of market transformation through a neoliberal populist lens, identifying the artificial linkages of markets and democracy. Throughout the discourse, Klaus relied predominantly on the construction of the in-group as a community of market individuals whose faith in natural market mechanisms crystalized their boundaries and defined their fundamental Czech identity. Through appeals to natural law, markets became a piece of the heartland, which borders the community and others its opponents. Through Klaus' casting of Czech society into two opposing camps and moralizing the question of economic development, the battle to build a market economy became a cosmic struggle, complete with heroes and villains, a bright future and an idealized past under the threat of dark and sinister forces. In an atmosphere in which a transition to a neoliberal market economy was neither a guarantee nor the unified plan of an organized revolutionary movement, a powerfully worded and ideologically coherent discourse became a political force. In the absence of viable competing programs for the country's economic future, Klaus framed alternatives to neoliberalization as a regression toward authoritarianism and an abandonment of the democratic gains of 1989. Klaus' neoliberal populist discourse legitimized markets as necessary for the achievement of democracy by compartmentalizing the people into a community of market individuals and their opponents. In doing this, Klaus broke up the revolutionary community of

"transcendent solidarity" (KRAPFL 2013: 111) and supplanted it with a neoliberal community of market individuals. An analysis of a discourse of neoliberal populism in the transition of Central and Eastern Europe demonstrates the method of connecting capitalism and democracy that continues to affect the political and economic life of the region by stunting the spectrum of politically acceptable political economy policies (CHELCEA – DRUȚĂ 2016).

The legacy of voucher privatization continues to influence Czech politics. Voucher privatization succeeded in the divestiture of state property and the creation of a domestic capitalist class capable of running private businesses in a market economy, albeit only until the arrival of foreign investors (PULA 2018). The role of the entrepreneur as a builder of the country received another place in the Czech historical mythology, alongside the successful global firms of the interwar First Republic. The former Prime Minister Andrej Babiš frequently draws on images of interwar and privatization entrepreneurs to illustrate the creative potential and entrepreneurial spirit of the Czech people, although he eschews much of Klaus' moralizing language. A darker side to voucher privatization's legacy remains with the enduring perception that many of the corrupt individuals involved in it escaped punishment, or worse, that their corruption was tolerated (ČESKÁ TELEVIZE 2016). In 2019, the Chamber of Deputies issued a statement calling the privatization a process with *"a great amount of excesses, errors, and theft, which caused the Czech Republic and its citizens damages to property in the order of hundreds of billions of crowns"* (KOHOUT 2019). Klaus, however, calls criticism of the voucher privatization program *"politically motivated"* (TŘÍSKA ET AL. 2002: 93).

The experience of voucher privatization proves the truth of Klaus' contention that *"the fundamental transformation of the whole society in a historically short period is a feasible task"* (KLAUS 1996B). By linking the market with democracy through neoliberal populism, Klaus presented an emotionally charged paradigm for the public in which the only alternative to the market was a return to communism. Making a formulation in which the market appeared as a component of Czech identity, Klaus dichotomized society to make acceptance of his economic program a means of belonging in the post-1989 order. In doing so, Klaus transformed a revolution based on the dignity of the individual into one that established a political economy that reduces individuals to the utility of their economic performance.

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NOTE

The author wishes to express his gratitude to all who contributed to the development of the article including the anonymous reviewers. The paper was originally presented at the Europaeum Spring School, 22 April 2021. This work was supported by the Cluster of Excellence 'Contestations of the Liberal Script' [EXC 2055, Project-ID: 390715649], funded by the Deutsche Forschungsgemeinschaft [DFG, German Research Foundation] under Germany's Excellence Strategy.

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