

**Labour Market Developments
in the Czech Republic
Fall 2007**

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Abbreviations used (Czech version in brackets)

ALMP (APZ)	Active Labour Market Policy
CCA	Commission and Council assessments of NRP
CNB AE	Czech National Bank Analysis of Economic alignment
CR (ČR)	Czech Republic
CSO (ČSÚ)	Czech Statistical Office
DLO (ÚP)	District Labour Office
ESA (SSZ)	Employment Services Administration
EU	European Union
HICP	Harmonized Consumer Price Index
IAP	Individual Action plan
LFS (VŠPS)	Labour Force Survey
LLL	Life Long Learning
LTU	Long Term Unemployment
METR	Marginal Effective Tax Rate
MoL (MPSV)	Ministry of Labour and Social Affairs
MoS (MŠMT)	Ministry of Schooling, Youth, and Sports
MoIT (MPO)	Ministry of Industry and Trade
NOESA	National Office for Employment and Social Administration
NRP	National Reform Plan
NRR	Net Replacement Rate
OP	Operation Program
PIT	Personal Income Tax
PTW	Points To Watch
SECG	2006 Spring European Council Guidelines
SNB	Social Necessity Benefits
RILSA (VÚPSV)	Research Institute for Labour and Social Affairs at the MoL

Executive Summary

- While the rapid GDP growth of 2007 at 6.6% pushed ILO unemployment to record low levels in the last quarter of 2007, in 2008 the Czech macroeconomic outlook started to change. The economy is apparently somewhat slowing down while inflation is rising rapidly: it reached 7.5% y-to-y in February.
- Given that almost 40% of the remaining unemployed are long-term unemployed with low labour force attachment and depreciated skills, low unemployment level leads to significant labour shortages, even for low-skill workers, and upward wage pressures.
- Although the 2008 tax-benefit reform significantly lowered net replacement rates for long-term unemployed (probably on the order of 15 percentage points), it is not clear yet whether lower disincentives will lead to more activation of long-term unemployed in absence of sufficiently targeted and evaluated active labour market policies.
- The government proposed further pension reform steps which did not get sufficient support by the major opposition party. It is not even clear that it has sufficient support in the evenly divided Lower House.
- The MoL floated several new policy ideas aimed at making the labour market more flexible. Work halted on the intended centralization of employment and social services (district labour offices and social assistance provided by municipalities) due to disagreements between central and regional/municipal administration.

1 Introduction

The year 2008 started with implementation of major changes in the tax-benefit system. Work disincentives are declining thanks to both lower benefit levels and rising nominal wages, but it is too early to see the effects of these changes. The government and the central bank agree that the introduction of the Euro can be postponed as they prepare to fight rising inflation. Political parties (and their cooperation in the coalition government) are somewhat affected by the ongoing presidential election campaign. In this report, we therefore focus mainly on recently proposed policy plans for 2009 and beyond.

2 Update on Economic and Labour Market Trends²

Aggregate Developments

In 2007, the Czech economy grew at a robust pace of 6.6%, outpacing forecasts by the central bank and the ministry of finance. This growth keeps up with the 2006 annual real growth rate of 6.4%.

All available growth predictions foresee a gradual slowdown (return to potential growth) resulting from the binding lack of educated workforce on the Czech labour market and the likely decline in household consumption stemming from fiscal consolidation. On the other hand, the positive effects of the inflow of EU funds and the recent reforms ought to support future growth. Summing up the opposing growth forces, the MF estimates the 2008 (2009) annual growth at 4.7% (5.1%) while estimates of the CNB are more optimistic.

Economic confidence indicators are on a decline since reaching all-time maximum in 2006, mainly thanks to consumer confidence, which decreased for three consecutive quarters on the background of the tax-benefit reform and rising VAT and prices of food and energy.

Finally, there is some growth in fertility in the Czech Republic, which spent most of the transition years at lowest low fertility levels. 2006 fertility of 1.33 is thus much above the 1999 level of 1.13; however, it is still far from reproduction levels of 2.04. Yet, the Czech population actually grew in 2006 for the first time since 1993 thanks mainly to immigration. Nevertheless, population ageing is looming, as is deficit funding of the pay-as-you-go system. This development represents the most important macroeconomic threat for the future.

² A table providing key economic and labour market indicators is attached at the end of the report.

Inflation

Price level (CPI) grew by 4% in October 2007 compared to October 2006. This increase was topped in January when year-to-year price level change reached 7.5%, a record high not seen since 1998. The jump in prices is due to not only energy and food (including tobacco and alcohol) prices and regulated rents, but also to costs of travel, health and other services. In cross-country comparison, the harmonized consumer price index (HICP) was 3.2% in December of last year for EU-27 but 7.9% in January 2008 in the Czech Republic. This price jump, which is due to both administrative and market prices, surprised the central bank, which nevertheless expects it to be short lived. As a result of the price hike, the Czech Republic will not be able to satisfy the Maastricht criteria until the first half of 2009.

Wage Developments

Annual nominal wage growth stood at 6.4% in 2006. During 2007, total Czech wage bill grew nominally at over 9%, which, given the rise in employment, translates to 7.5 to 8% 2007 annual average wage growth. This is still not too far off the pace of productivity growth, thanks in part to the presence of foreign workers and slower growth of wages in the public sector. Given the recent rise in inflation and the persistent labour shortages on the market, however, more wage growth pressure is to be expected and this could in turn have inflationary consequences. The CNB AE analysis suggests that regional wages no longer respond to regional unemployment in the Czech Republic, which, given the decreasing unemployment, could be related to the inactivity of a rising fraction of remaining unemployed.

Employment

Thanks to the continued strong economic growth, Czech employment continues to rise and unemployment continues to decline, while activity rates are declining. Fourth-quarter 2007 employment data from the LFS show that employment increased by over 100 thousand in a year-to-year comparison—the highest increase in 11 years. The Czech employment rate grew annually by 0.9 of a percentage point and reached 66.5 percent. The rate increase was twice faster for men than for women.

Local labour shortages are extensive, however. About 40% of local enterprises face lack of workers including medical doctors, programmers or bricklayers. These shortages motivate further inflow of foreign workers, the number of which

probably exceeded 300 thousand in 2007. Of this 240 are in official salaried employment, a rise of 28% when compared to 2006. Over 100 thousand of the foreign workers come from Slovakia; over 60 thousand come from Ukraine. The number of Bulgarian and Romanian workers rose, thanks to the absence of work permit requirements in 2007, but it still remains low at 5 and 4 thousand, respectively. The largest increase in foreign-worker employment is recorded for plant and machine operators and workers in elementary occupations. It may be that the 2008 tax-benefit reforms, which make work more attractive relative to inactivity, will support the local supply of low-skill workers.

Activity and Unemployment Rates

The small rise in inactivity rates mentioned above reflects mainly increasing tertiary school enrolment of young people, while activity of pensioners is actually increasing. On the other hand, unemployment rates of all types declined rapidly in recent months in the Czech Republic. The ILO unemployment rate dropped fast by 1.7 percentage points year-on-year in the last quarter of 2007 (down from 1.8 p.p. drop in the second quarter); it reached 4.9%, the lowest ILO unemployment level in recent history. Importantly, there has also been some decline in the number of LTU, but their share remains close to 50%, which is high in EU comparison.

There is more recent information available on the registered Czech unemployment, which is declining at a similar rate as the ILO unemployment. The registered rate reached 6.0% in December 2007 and stood at 6.1% in January—the lowest January rate during last ten years. Another aggregate record was set in the number of registered vacancies (146 thousand in January 2008); in some districts there are even more vacancies than unemployed. More importantly, a rising share of vacancies is for workers with low skill levels. The drop in LTU share is also visible in registered unemployment: down to 39% from 41% at the end of 2006. Thanks to stricter benefit rules and EU funds allocated to ALMP measures, predictions estimate the unemployment rate to decline a little bit more.

Comparing the decline in registered unemployment between the last quarter of 2006 and 2007 across specific demographic groups, we find that the only group that increased in size consists of unemployed in the 60-64 age group, which may be partly due to large cohort size. As usual, the following groups are shrinking at a rate slower than the aggregate one: handicapped, mothers, those below 18 and between 55 and 60 years of age, and those with elementary education or less.

3 Labour Market Policy Developments

3.1.1. Introduction to broad policy and/or institutional changes or plans

As a memorandum item, we list the main policy changes adopted as of January 1 2008:

The reform transfers some of the tax burden from capital to consumption as it

- (a) introduces a cap on social security contributions,
- (b) smoothly lowers the corporate income tax from 24% to 19% by 2010,
- (c) increases the lower VAT rate from 5% to 9%,
- (d) puts (at least a temporary) halt to indexation of social benefits (but not pensions),
- (e) introduces an unusual flat personal income tax (PIT) rate (applied to the so-called 'super gross wage', including employer contributions),
- (f) expands child tax credits (bonuses deducted from tax, not from tax base),
- (g) lowers the income eligibility threshold for child benefits,
- (h) abolishes joint taxation of married couples and allows parents to choose different combinations of entitlement length and benefit level for parental allowances (but it keeps the quantitatively more important spouse tax deduction),
- (i) introduces tax credits for retirees, and
- (j) lowers welfare support for inactive LTU.

The reform lowers average effective tax rates for both low and high income groups (thanks to tax credits and housing allowances for the former and thanks to cap on social security and flat PIT for the latter group).

This initial reform package should be followed by further fiscal consolidation and pension reform. Furthermore, there are several new proposed policies by MoL, including conditioning Social Necessity Benefits (Housing Benefits) on participation in ALMP or public works (working at least 20 hours per month) and eliminating the extra (job creation support or placement) programs now available for unemployed recent school graduates.

3.1.2. Implementing employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.

The government's policy is to move away from subsidies to specific enterprises to improving the general business environment; hence the lowering of the corporate income tax. Further, the Minister of Industry and Trade (MoIT) recently proposed that (FDI) investment incentives for manufacturing firms be abolished and

replaced by support for technological centres. One of the employer associations disagrees while the Commerce Chamber supports such a policy. Despite several attempts, there are still no convincing analyses of the net causal effect of FDI incentives on labour market outcomes. (Clearly, frequently cited simple counting of jobs supported by these programs does not provide a useful measure of their effect as it does not account for the job creation that would have occurred in absence of the support.) Yet, given the labour shortages and the high pace of recent FDI in the country, a policy shift towards supporting more technologically advanced production seems warranted.

There is only limited information on targeting of Czech ALMP programs (available in recent RILSA reports), which suggests that most of the ALMP funds are spent on job creation support (Socially purposeful jobs) and Individual action plans. The North Moravian region (Moravskoslezsky kraj) spends about 30% of all ALMP funds, followed by the North-West Bohemian region of Usti with 14%. The current programs are not targeted towards the disadvantaged groups as 30% of unemployed with the Maturita exam (complete secondary education) participate in ALMP, while only 18% of unemployed apprentices do and only 14% of those with only elementary education do. Furthermore, 35% of unemployed with 6 to 12 months of unemployment participate, but only 17% of those with more than one year of joblessness. The Individual action plans are primarily targeting youth unemployed, while retraining is mainly targeted on mid-to-high-wage workers. 40% of the existing retraining programs are shorter than one month and 75% are shorter than 3 months, which makes it clear that they can provide only limited help to socially excluded and long-term unemployed with seriously depreciated skills and low labor force attachment.

3.1.3. Attracting and retaining more people in employment, increasing labour supply and modernising social protection systems

- *Promoting a lifecycle approach to work (Guideline No.18)*

There are new developments on the gender employment equality and pension fronts: First, we note that the recently implemented reform did not eliminate the large spouse tax deduction, which significantly lowers participation incentives for married women, and it failed to sufficiently address the lack of available child care. On the positive side, it introduced a “multi-speed” format of parental allowances (see our previous report for details). However, there appears to be an important condition on choosing the shortest (one-year) maternity leave option with the highest level of support: it is only available to those who prior to taking the parental leave earned more than 16,400CZK per month, which is close to the median of wages for women. This may prevent low-wage women from choosing

the short parental leave. Looking into the future, the MoL recently floated the idea that support (in the form of lower social security contributions) be provided to firms that employ women after maternity leaves on part-time contracts. This proposal is supported by employers as well as opposition Social Democrats.

Second, welcome changes occurred in the area of promoting work among the elderly. Thanks to the reform, working pensioners will finally receive the same tax credit (deducted from tax, not tax base) as anyone else (namely 24,840 CZK per year). In 2007, working pensioner had no tax credit at all. For example, a pensioner working for a gross monthly wage of 10,000 CZK a month will not pay any personal income tax and his/her net wage will rise from 7,694 CZK to 8,750 CZK. Working pensioners continue to pay health and social security contributions. The MoL would like to abolish the current condition that working pensioners can only have fixed term contracts with maximum length of one year and to increase the raise in pension level received for working beyond statutory retirement age. Such further policy changes would be most welcome as they would gradually erode the notion that one must retire when reaching the statutory retirement age. This is important in light of the looming ageing of the Czech population. Currently, Czech men typically retire at 62, childless women at 60.

Given that the multi-party talks again brought no fruit, the government decided to unilaterally try to introduce important parametric changes in the PAYG system. The proposal, recently approved by the government but opposed by the opposition parties in the evenly split Lower House, is to gradually increase the statutory retirement age up to 65 (in 2030) and to increase the entitlement contribution period from 25 to 35 years (excluding years of study).³ These changes would affect those born in 1965 and younger. Overall, this seems like a bare minimum of parametric changes in light of the magnitude of the ageing problem. The proposal is supposed to enter the Lower House in March. Next, the MoL plans to propose the second stage of the pension reform, which would introduce a private pillar (opt-out). The opt-out option is strongly opposed by the Social Democrats. The Communist party opposes even the higher statutory retirement age of 65 in 2030 and suggests that lower retirement age be used for occupations with high health risks.

³ To make old-age pensions not available to workers who do not satisfy the 35-year contribution period is clearly wrong. Someone who paid pension contributions for 30 years would thus be cut off from old-age pensions. The government can and should penalize workers for working fewer years, and such penalty can be made more than actuarially fair, but it should be a continuous function of the number of years during which a given worker contributed to the system.

- *Ensuring inclusive labour markets, enhancing work attractiveness, and making work pay for jobseekers, including disadvantaged and inactive people (Guideline No.19)*

Since January 2008 sickness benefits are no longer available during the first three days of sickness (the reform also significantly reduced benefits during the early stages of sickness absence). The purpose of these changes was to limit misuse of the insurance scheme and anecdotal evidence suggests that the reform was effective. Numerous media reported on anecdotal experience of employers where short-term absences dropped by dozens of percentage points. Official statistics on the incidence of sickness will be published by the CSSA later on this year.

A recent CNB AE study compares the incentives to accept employment in the Czech Republic in 2007 to those in several other EU countries. It finds that work incentives are stronger in the Czech Republic for short term unemployed than in Portugal, Poland or Germany, but weaker for long-term unemployed than in Slovakia. Our own preliminary calculations of the effect of the 2008 reform suggest that it led to significant declines in net replacement rates (NRR), especially for families with several children, and therefore made work for low wage more attractive compared to inactivity. We should also note that the effective NRR rates are on a decline thanks also to the recent rapid increase in nominal and real wages in the Czech economy and stagnating Minimum Standard of Living levels (this is the guaranteed minimum income level).

The MoL announced plans of further changes in the benefits system. Only preliminary ideas are available now: those who avoid participating in ALMP programs are supposed to get only "food stamps" and the unemployment insurance replacement ratio (unemployment benefits as a share of previous wage) is supposed to decline more steeply with duration of unemployment. The MoL also proposes other amendments to the Employment Act to further tighten eligibility for unemployment benefits: basic duration is to decline from 6 to 5 months, the benefits are to be reduced after 2 months, and the eligibility for young unemployed is to be tightened. There are no apparent plans to introduce other elements of modern activation policies, with the exception of extending Individual action plans.

The situation of the Roma minority represents the key social exclusion issue in the Czech Republic. The government's Agency for eliminating social exclusion has identified 12 localities where it will start implementing policies aimed at diminishing segregation and social exclusion.

In 2007, there was a large drop in the amount of Social Necessity Benefits (SNB) paid to low income households. The SNB is the source of income of last-resort after all social support and assistance benefits are paid; it is provided by the municipalities, which have gained much flexibility in awarding these benefits already in 2007. The drop is apparently caused by the change in the rule for determining household net income introduced in 2007, where young people living with parents are now counted as part of the household and therefore do not fall below the (single) household minimum living standard income level and do not qualify for SNB.

A large pilot project of the MoL intended to activate long-term unemployed⁴ is taking place in two regions with high unemployment levels (districts Most, Ostrava). About three quarters of the 200 million CZK is funded from ESF. As usual, there is no credible evaluation of the intervention's causal effects planned as part of the implementation of the project. This is a recurring complaint of ours in these reports and one that has not been incorporated in the 2007 assessment of National Implementation Reports. Yet, in line with our arguments, a recent ECFIN (2008) study of the effectiveness of social spending argues that "greater attention should be dedicated to measuring policy outcomes, instead of the current focus on the measurement of resources deployed".

- *Improving the matching of labour market needs (Guideline No.20)*

The recent CNB AE study highlights the high Czech cost of dismissing short-term employees, a point we made in several previous reports. The MoL plans an overhaul of the recently changed Labour Code, which should made firing and hiring more flexible.

There are no news on the progress with important policy proposal for Green Cards to support immigration of skilled foreign labour, which we introduced in our previous reports.

The MoL wishes to centralize the employment and social services (such that the unemployed would be served by one official responsible for both unemployment benefits and services, but also social assistance). This is a most welcome idea: by eliminating redundancies, unemployed workers could receive better services for the same amount of government spending. However, the plan to centralize Social Necessity Benefits (away from municipalities) has been fiercely opposed by several regional government as well as municipalities. Thanks to this resistance

⁴ <http://www.dostdobrasance.cz/prace/o-projektu/1/>

from the regions, the attempt to “merge” the DLOs and municipal social welfare structures is now apparently derailed.

Hence, it appears that there will be no changes in the management set-up and staffing of DLOs. It is not clear that some of the MoL’s policy plans, such as mandatory individual action plans (IAPs) for everybody after 5 months of unemployment, are realistic given that DLOs are often too understaffed to deliver on the IAPs—a frequent comment of ours in these report.

3.1.4. Improving adaptability of workers and enterprises

- *Promoting flexibility combined with employment security and reducing labour market segmentation, having due regard to the role of the social partners (Guideline No.21)*

Work has started on preparing changes in the Trades Licensing Act, which should make the Czech business environment friendlier towards entrepreneurs.

- *Ensuring employment-friendly labour cost developments and wage setting mechanisms (Guideline No.22)*

The MoL plans to decrease the income caps on social security contributions from 4 times the average wage to 3 times the average wage. Less than 50 thousand workers benefit from the caps in 2008, but this number would increase to approximately 300 thousand at the lower limit. It is not clear that further reductions in the tax wedge of high-wage workers will increase their participation rates, but it is bound to have revenue consequences. On the other hand, lower caps on social security contributions will lower labour costs for highly productive workers and may support creation of highly skilled jobs.

3.1.5. Increasing investment in human capital through better education and skills

- *Expanding and improving investment in human capital (Guideline No.23)*

In December 2007, about 128,000 kindergarten, elementary and secondary school teachers staged a one day strike for higher schooling budget and wages. The strike was organized by the trade unions. The teachers are frustrated by education budget cuts and wages that are outpaced by inflation.

- *Adapting education and training systems in response to new competence requirements (Guideline No.24)*

NÚOV in collaboration with the MoS launched an EU funded project providing qualitative and quantitative on-line information enhancing school and occupation choices.⁵

4 Recent labour market reports, surveys and other documentation

MoL - ESA

Last available bi-annual report [Analysis of employment and unemployment for the 1st half of 2007], Analýza vývoje zaměstnanosti a nezaměstnanosti v 1. pololetí 2007.

http://portal.mpsv.cz/sz/politikazamest/trh_prace

Pension reform steps

<http://www.mpsv.cz/cs/5107>

Research studies of Employment Services Administration

Last publication from 2005

<http://portal.mpsv.cz/sz/politikazamest/vyzkumnestudie>

Regular MoL - ESA monthly and quarterly press briefs on registered unemployment.

<http://www.mpsv.cz/clanek.php?lg=1&id=32>

No news on minimum wage - minimální mzda

<http://www.mpsv.cz/cs/3316>

Summary of first stage reform steps of the social welfare scheme presented by the MoL

<http://www.mpsv.cz/cs/4750>

Summary of first stage reform steps of the pension scheme presented by the MoL

<http://www.mpsv.cz/cs/4782>

CSO (Czech Statistical Office)

Time series: http://www.czso.cz/csu/redakce.nsf/i/casove_rady

Latest indicators: <http://www.czso.cz/csu/csu.nsf/aktualniinformace>

Quick Information: <http://www.czso.cz/csu/csu.nsf/archivri?openform>

Labour and Social Stats: <http://www.czso.cz/csu/edicniplan.nsf/aktual/ep-3>

⁵ www.infoabsolvent.cz

Analysis & Comments: http://www.czso.cz/csu/redakce.nsf/i/analyzy_csu

Časové řady: Mzdy [Time series: wages]

<http://www.czso.cz/csu/csu.nsf/informace/cpmz08300505.doc>

Časové řady: Konjunkturální průzkum [Time series: confidence indicators]

http://www.czso.cz/csu/redakce.nsf/i/kpr_cr

Analysis of trends in average wages of employees. [Analýza vývoje průměrných mezd zaměstnanců.]

http://www.czso.cz/csu/csu.nsf/informace/cpmz083007_analyza07.doc

RILSA (Research Institute for Labour and Social Affairs at the MOL)

All reports and studies available at <http://www.vupsv.cz/zpravy.htm>

Households and social benefits during 2000-2005 (analysis of available data)
[Domácnosti a sociální dávky v letech 2000 až 2005 (analýza dostupných dat).]

Jahoda, R. ,Kofroň, P.

Living conditions of families with children [Životní situace vícedětných rodin.]
Svobodová, K.

Report on work migration 1993-2006. [Zpráva o vývoji pracovních migrací 1993 – 2006.] Horáková, M.

Active employment programs in the CR in 2005: Evaluation of effects on unemployment in 2006. [Programy aktivní politiky zaměstnanosti v ČR v roce 2005: Hodnocení efektů na nezaměstnanost v roce 2006.] Sirovátka, T., Kulhavý, V.

NÚOV <http://www.nuov.cz/>

VIP kariéra: Information systém of labour market prospect of school graduates.
[VIP Kariéra: Informační systém o uplatnění absolventů škol na trhu práce.]

www.infoabsolvent.cz

Miscellaneous

Analyses of the Czech Republic's current economic alignment with the euro area 2007

http://www.cnb.cz/m2export/sites/www.cnb.cz/en/monetary_policy/strategic_documents/download/analyses_of_alignment_2007.pdf

Galuščák, K., Pavel, J. (2007): "Unemployment and Inactivity Traps in the Czech Republic: Incentive Effects of Policies", CNB Working Paper No. 9/2007.

Detailed study of work incentives formed by tax-benefit system in the Czech Republic, comparing different regimes in 2006 and 2007. Results of this study have been cited by the Analysis of alignment of the CNB.

Breaking the waves project

<http://www.proequality.cz/vystupy-projektu.html>

Breaking the Waves project brings together a group of experts, NGO's and profit organizations to create an independent platform, which could bring up new and innovative solutions to existing gender-based discrimination in the labour market. The ultimate goal is to make the platform into a stable think-tank that could gain credibility and legitimacy in the public and become an advisory body to the relevant actors in the field of employment, social affairs and policy-making as well as become a vital element in social change. The coalition is involved in two international networks with partners from both the old and the new EU member states, namely Spain, Italy, Finland and Poland. Each of the country brings a specific look into gender-based dimension of labour market and accompanied social changes in the last decades. By mutual exchange of knowledge, experiences and by common production of materials and tools the coalition will be better equipped to meet the challenging requirements of gender-oriented research and praxis.

Under the funding of the European Social Fund and Equal Initiative, the proEquality coalitions aims at understanding the nature and dimensions of gender-based inequalities in the society at large through tackling the inequalities in the labour market. It does so by researching all phases of productive life of working individuals, both women and men, from early future career decision-making to retirement from active participation in the labour market. The proEquality platform works on two levels: while working with the project's target groups on the lower but vital level of the social reality it also aims at addressing decision-making and executive bodies at local, regional and national levels.

Detailed overview of technical details concerning changes in the implementation of welfare and tax reforms from January 2008 [in Czech only].

<http://pravniradce.ihned.cz/c1-22464510-pracovnepravni-predpisy-a-reforma-verejnych-financi>

New [Inflation Report] Zprávy o inflaci. Czech National Bank.

http://www.cnb.cz/www.cnb.cz/en/monetary_policy/inflation_reports/2007_October/index.html

Macroeconomic forecasts for the Czech Republic, January 2008. [Makroekonomická predikce České republiky, leden 2008.] Ministry of Finance.

http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre.html

Immigrants' access to education and labour market in the Czech Republic: Analysis. [Analýza přístupu imigrantek a imigrantů ke vzdělávání a na trh práce v České republice] MPSV 2007. EU funded research project.

Analysis of causes of unemployment among Roma population in the Czech Republic and strategies to support employment. [Analýza příčin nezaměstnanosti Romů v České republice a strategie podpory jejich zaměstnanosti - „Česká republika: Strategie podpory zaměstnanosti Romů“ (analýza realizovaná v rámci technické asistence Světové banky vládě ČR) Realizace: Listopad 2007 – Červen 2008

http://www.vlada.cz/assets/cs/rvk/rzrk/svetova_banka/Anal_za_p_in_nezam_stnanosti_Rom_v_esk_republice_a_strategie_podpory_jejich_zam_stnanosti.pdf

EC DG ECFIN (2008) "Efficiency and Effectiveness of Social Spending: Achievements and challenges" ECFIN/E3(2007)/REP/50604

Table: Key economic and labour market indicators

										2007				
			2001	2002	2003	2004	2005	2006	2007	2008	Q1	Q2	Q3	Q4
<i>Note</i>														
1	Real GDP growth	y-to-y [%]	2.5	1.9	3.6	4.5	6.4	6.4	6.1	4.7	6.4 ⁱ⁾	6.3 ⁱ⁾	6.0 ⁱ⁾	5.8
2	Inflation (CPI)	y-to-y [%]	4.1	0.6	1	2.8	2.2	1.7	5.8	3.3	1.9	2.4	2.8	5.4
3	Productivity	y-to-y [%]	2.1	1.1	4.3	4.8	4.8	4.9	4.2 ⁱ⁾	3.0	n.a.	n.a.	n.a.	n.a.
4	Consumer confidence	EOP [%]	-6.0	-9.0	-21.0	-7.0	-3.2	1.2	-14.6	n.a.	3.7	-0.5	-1.9	-14.6
5	Unemployment rate (registered)	EOP [%]	8.9	9.8	10.3	9.5	8.9	7.6	6.0	5.4 ^{AVG}	7.3	6.3	6.2	6.0
6	Unemployment rate (LFS)	EOP [%]	7.9	7.3	8.2	8.2	7.9	6.6	4.9	4.4 ^{AVG}	6.1	5.3	5.2	4.9
7	Employment rate	EOP [%]	65.1	65.6	64.5	64.3	65.0	65.5	66.3	66.9 ^{AVG}	65.8	66.0	66.3	66.3
8	Innactivity rate total	EOP [%]	29.3	29.2	29.8	29.9	29.5	29.9	30.3	30.0 ^{AVG}	30.1	30.3	30.3	30.3
9	men	EOP [%]	n.a.	n.a.	21.9	21.8	21.7	21.7	n.a.	n.a.	22.2	22.1	21.6	n.a.
10	women	EOP [%]	n.a.	n.a.	37.6	37.7	37.0	38.0	n.a.	n.a.	38.4	38.5	38.6	n.a.
11	ages 15-24	EOP [%]	n.a.	59.7	61.7	64.1	65.2	65.7	n.a.	n.a.	67.7	68.7	67.9	n.a.
12	ages 25-39	EOP [%]	n.a.	14.0	15.2	14.9	14.7	15.7	n.a.	n.a.	16.1	16.1	16.2	n.a.
13	ages 40-54	EOP [%]	n.a.	9.0	9.4	8.9	8.2	7.6	n.a.	n.a.	7.8	7.5	7.6	n.a.
14	ages 55-64	EOP [%]	n.a.	56.6	56.0	54.8	52.6	52.9	n.a.	n.a.	52.3	51.9	51.4	n.a.
15	Working time	EOP [hours/week]	41.5	42.0	42.0	41.9	41.8	41.8	n.a.	n.a.	41.7	41.7	41.7	n.a.
16	Registered vacancies	EOP [thousands]	52.1	40.7	40.2	51.2	52.2	93.4	n.a.	n.a.	107.7	123.3	137.4	141.1
17	Days lost through ind. disputes	[days]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.						
18	Real wages	y-to-y [%]	103.3	106.4	106.0	103.0	102.3	104.6	106.6	102.1	106.3	104.9	105.0	n.a.
19	Nominal wages	y-to-y [%]	107.7	106.9	106.8	106.2	104.8	106.2	107.5	107.7	107.9	107.4	107.6	n.a.

Abbreviations used

y-to-y: year to year change

2000~100%: value for year 2000 is the base

Yellow (shadow) background marks forecasts by the Ministry of Finance "Makroekonomická predikce"

n.a. Not available yet

EOP ~ End of the period values

i) Preliminary

ii) Annual Average

Source, definition, link

- 1 CSO, <http://www.czso.cz/csu/csu.nsf/kalendar/aktual-hdp>
MFCR http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre.html
- 2 CSO, http://www.czso.cz/csu/redakce.nsf/i/mira_inflace, Table 2
MFCR http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre.html, Table 2.2.
- 3 MFCR http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre.html, Table 3.2.
Macroeconomic productivity=GDP in c.p. per worker
- 4 CSO, http://www.czso.cz/csu/redakce.nsf/i/kpr_cr
Seasonally adjusted balances of confidence indicators
Consumer confidence indicator is difference between answers growth (+) and decline (-) expressed in %
[Konjunkturální saldo je rozdíl mezi odpověďmi ve variantách růst (+) a pokles (-) vyjádřený v %.]
- 5 ESA, Monthly reports, EOP, before year 2004 other methodology used
- 6 CSO, LFS Quarterly Reports, sesonaly adjusted. Forecast by MFCR.
- 7 CSO, LFS Quarterly Reports, sesonaly adjusted. Forecast by MFCR
- 8 CSO, LFS Quarterly Reports, sesonaly adjusted, Computed as $(1 - \text{participation rate}) * 100$ for populkation 15-64 years of age. Forecast by MFCR for age group 15+.
- 9 dtto. Rates published before 2003 were computed for the population 15+ and rates for 15-64 years of age were not published.
- 10 dtto
- 11 dtto
- 12 dtto
- 13 dtto
- 14 dtto
- 15 CSO, LFS, Average weekly hours of work
- 16 ESA, Monthly reports
- 17 not available
CSO, http://www.czso.cz/csu/redakce.nsf/i/pmz_cr
- 18 Forecast by MFCR capture non-corporate sector and corporate sector with firms with 20+ employees.
CSO, http://www.czso.cz/csu/redakce.nsf/i/pmz_cr, Forecast by MFCR capture non-corporate sector and corporate sector with firms with 20+ employees.
- 19 Wage index is expressed as % in given quarter relative the same quarter of the previous year