

Labour Market Developments in the Czech Republic

Czech Republic

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Abbreviations used (Czech version in brackets)

ALMP(APZ)	Active Labour Market Policy
CR(ČR)	Czech Republic
CSO(ČSÚ)	Czech Statistical Office
CSSA(ČSSZ)	Czech Social Security Administration
DLO(ÚP)	District Labour Office
ESA(SSZ)	Employment Services Administration
EU	European Union
LFS(VŠPS)	Labour Force Survey
LTU	Long term Unemployment
LRP	Lisbon Reform Programme
MoL(MPSV)	Ministry of Labour and Social Affairs
MF(MF ČR)	Ministry of Finance
RILSA(VÚPSV)	Research Institute for Labour and Social Affairs at the MoL

EXECUTIVE SUMMMARY

- The Czech economy completed a year of robust expansion, likely growing at just below 5 per cent rate, pulled largely by net exports. This factor will help also in the future, but is likely to weaken.
- The combination of (unexpectedly) high revenues and the looming 2006 elections have resulted in several last-minute spending proposals that could derail the modest efficiency-improving reforms of social support and potentially damage fiscal stability. Again, no steps were taken to initiate an overdue pension reform.
- Despite the dynamic economic growth, there was only a small drop in (ILO) unemployment rates. There was almost no change in long-term unemployment. Wages grew in line with productivity growth; public-sector wages grew faster.
- Active labour market policy continues to be designed in an ad hoc fashion and without systematic cost/benefit evaluation.
- Several small programmes aim at improving the nature of immigration flows. The new ones are likely to be similarly ineffective as the existing ones because they do not deal with cumbersome working-permit procedures.
- The Roma minority should receive more attention from the government in the near future according to a new plan of action. It is not clear that the government's efforts are sufficient.
- There are first signs that the Ministry of Schooling may be able to stop restricting general-curriculum secondary schools from expanding and favouring apprenticeship programs that churn out unemployed graduates.
- It is also plausible that more attention will be paid in the future to teaching of foreign languages in public schools, especially at early schooling levels.

1 Introduction

This update looks at developments and changes since the previous quarterly report in November 2005. While the publicly available labour market information in the 3rd quarter of 2005 is complete as of the writing of this report (end of January 2006), some of the relevant data for the 4th quarter of 2005 is not yet available.

Several policy and institutional changes came into effect as of January 2006. Furthermore, a significant number of policies, which are likely to come into effect during 2006 or 2007, have reached final policy-preparation stages in the parliamentary agenda. These policies have been largely reviewed in the previous Quarterly reports—here we focus on changes introduced in the parliament.

2 Update on Economic and Labour Market Trends²

GDP Growth

At the time of preparing this report, figures on GDP growth in the 4th quarter of 2005 were not available. However, the latest figures for the 3rd quarter of 2005 and the more recent industry production indicators confirmed robust growth of the economy. The annual growth rate is expected to be only somewhat below 5 percent by both the Ministry of Finance and the Central Bank. The economy appears to be reaching its potential output rate as growth is pulled by strong net export and by a modest revival in domestic demand. It is generally expected that the positive contribution of net exports will continue but weaken, resulting in a somewhat slower aggregate growth rate in the near future.

November inflation reached 2.4 per cent (y-to-y) and confirmed the overall declining price trend. While prices of regulated non-tradables were growing, food and tradables prices continued their slight decline. The expectations of low inflation of 2.6 per cent in 2006 and the continuing appreciation of the Czech crown are opening more room than previously expected for possible lowering of key interest rates by the Central bank in the 1st half of 2006.

The fiscal deficits were just below 3 percent of GDP in both 2004 and 2004 (ESA 95 methodology), thanks in part to the unexpectedly high tax revenues. Unfortunately, at the moment, there are some worrying spending proposals in the parliament (see Section 3). Meanwhile, the overall consumer confidence level grew strongly both year-on-year and month-on-month in January and there were also increases in business confidence, albeit less pronounced.

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

Wage and Income Developments

Wage growth in the Czech Republic stood at 6.2% nominal and 4.2% real year-to-year rate in the 3rd quarter of 2005 according to the CSO. On the one hand, this is likely to be in line with annual productivity growth and it does not lead to wage driven inflation pressure. On the other hand, given that consumer prices grew faster than the GDP deflator (which is expected to be close to 0 in 2005) and given the continuous strengthening of the Czech crown, wage growth may affect competitiveness and put some stress on employment in the near future. It is notable that for several years now (with minor exceptions), the wage growth rate in the public sector has been above that in the enterprise sector. Nevertheless, hourly wage level within groups defined by educational attainment still remains much lower in the public sector. Hence, the main danger of wage-growth spillovers from public to for-profit wage setting comes from the potential role of trade unions, about which relatively little is known. In particular, it would be interesting to know the degree to which centrally agreed “tripartite” wage growth rates are used as minimum rates in regional and firm-specific negotiations. Anecdotal evidence suggests that firm-level negotiations are flexible and reflect industry and firm-specific demand trends.

Employment and Unemployment

The continued dynamic economic growth translated into a slow growth of about 1 per cent (y-to-y, end of December) in the number of vacant jobs reported by employers to district labour offices. It is expected that the year 2005 saw only minor decreases in the ILO unemployment rate and only minor growth in employment rates (fractions of a percentage point). However, no new LFS-based statistics on employment were published since the last Quarterly report; hence, we can review only the developments in registered unemployment.

The registered unemployment rate, net of seasonal effects, has continued its slow decline during the last quarter of 2005. By the end of December 2005, the registered unemployment rate increased, due to regular seasonal effects, to 8.9 per cent, up from 8.5 per cent in November. However, annually, it declined by 0.6 percentage points. Some of this drop is due to the expulsion of non-collaborating unemployed people from the unemployment registry (see the previous report for details). We expect registered unemployment, net of seasonal effects, to stagnate during the first half of 2006.

Restructuring

The evidence on restructuring remains indirect. Despite the booming economy, some of the large state-run firms and several of the privately-owned companies announced plans to

dismiss thousands of employees.³ A widely discussed near-failure case is that of the LG-Philips TV displays plant in the high-unemployment area of North Moravia. The investor has only recently received generous government support (close to 1 billion of CZK). Despite dismal economic outlook, the government now considers offering financial assistance to maintain production.⁴

Meanwhile, the negotiation of the conditions for a large new investment by Hyundai in North Moravia reached final stages. As usual, the government is ready to buy out land, offer tax breaks, invest into infrastructure, and support jobs directly. The Hyundai greenfield investment is likely to occur in a rural area with relatively high unemployment; it is likely to be one of the last major pieces of manufacturing-oriented FDI. The Czech Republic already features a very high contribution of manufacturing to GDP in international comparison. The Hyundai operation would be the third large car producer in the (rather small) country, thus further increasing the overall economic sensitivity to business cycles and demand shocks.

While job reallocation in medium and large firms results in small aggregate employment gains among employees, the number of entrepreneurs, self-employed and small businesses has been falling rapidly during the last two years. Between the end of 2003 and November 2005, the number of entrepreneurs dropped by more than 10 per cent, according to the registry of the Czech Social Insurance Administration (CSSZ). It is expected that the number of small businesses will shrink further this year. The Association of Entrepreneurs blames the developments on the recent introduction of minimum income tax and increases in health and social insurance contributions.⁵ It is not clear how credible these claims are.

Collective agreements

The confederacy of trade unions recommends that individual trade unions insist on average wage growth in the enterprise sector being 7 per cent at the minimum in 2006. Given expected inflation, this would represent a growth rate of real wages similar to that of the GDP. Anecdotal evidence suggests, however, that negotiated wage growth will vary widely across sectors and firms. For example, in the stagnating field of textile and apparel, in firms located in high-unemployment areas, it is likely that there will be little wage growth. On the other hand, the successful sector of automobile production is likely to see wage growth above the nationally suggested figure. Comprehensive information about

³ For example, the national postal service or the national rail operator will continue with shedding labour force.

⁴ The plant, located in Hranice, produces tubes for traditional TV sets, for which demand is falling rapidly; it employs some 1,300 workers. The company is one of the biggest foreign investors in the Czech Republic.

⁵ The minimum income tax for entrepreneurs was introduced in 2004 as a tool to limit tax evasion. All self-employed, even in case of a loss, must pay a tax similar to that paid by an employee earning half the average wage. In 2007, small businesses may feel yet more pressure from the introduction of the new sickness insurance scheme, which asks the employer to cover the first few days of sickness in exchange for lower insurance contributions.

outcomes of bargaining was not available at the time of finalising this report. However, it appears that recently reached collective agreements often include shorter weekly working hours (37.5 instead of 40), longer vacations, and employers' contributions to workers' (commercial) pension plans.

The recently approved law allowing for a near-automatic extension of higher level collective agreements on firms that do not belong to employer associations or/and do not have firm-specific collective agreements, has so far been used only once (in the construction industry). It is possible that the low use of the new law has to do with (another) complaint filed with the institutional court, claiming that the extension paragraphs are not constitutional.⁶

3 Labour Market Policy Developments

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

The previous Quarterly reports reviewed in detail a list of policies currently in the legislative process. However, in the 4th quarter of 2005 the formation of policy agenda and the nature of some of the existing policy proposals have been affected in a major way by the forthcoming parliamentary elections in June 2006.

Specifically, in December 2005, the lower chamber of the parliament (Chamber of Deputies) was considering an extensive plan of restructuring of the Czech social support and welfare scheme, a plan which was proposed by the government early in 2005. The proposed reforms were supposed to correct some of the labour-supply disincentives faced by larger families and to shift some of the budgetary and 'activation' responsibility from the central administration to municipalities.⁷ However, the members of the Chamber of

⁶ The law works as follows: If there is a collective agreement of a higher degree, signed by a registered employer association (however small, but larger than a single firm) and a registered trade union (again, not just one-firm), and if both of these parties agree that they are interested in the extension, the Ministry will extend this higher level agreement to all firms that have a primary industry categorization (registered with Czech Statistical Office) equal to the industry categorization of at least one of the firms gathered in the original employed association. For example, if there are 3 firms in the employer association with NACE categories 41, 4123 and 4231, then the collective agreement of a higher degree will be extended to all firms with NACE 41 and 4231. Note that there is no detailed regulation on what constitutes the primary industry of operation for firms that report many different industries of operation to the CSU. It is possible that firms may ask for a change of their primary registered NACE. When there are more than 2 higher-level agreements that both ask to be extended, the MoL will consider the one that represents either the largest number of workers (based on the size of the trade union confederacy signing the agreement) or on the largest size of firms (based on the size of the signing employer association).

⁷ The reform was aiming to make work pay (more so than up to now). It was supported by the preceding introduction of lower income taxes on the lowest two brackets and child-related tax credits reminiscent of the now-standard Western policy of earned income tax credit. The proposed reform is described and

Deputies have incorporated and approved a number of unexpected major changes in this reform plan. These changes include, e.g., doubling of parental benefits (from 3,650 CZK to 7,200 CZK per month) and increasing maternity benefits. In the future, the level of parental benefits should be linked to average salary levels in the economy and kept at 40 per cent of average monthly wage in the non-profit sector. The Czech MPs across all parties also voted for increasing all types of state social support. They also increased the so-called minimum living standard which is a parameter used in the calculation of most types of social benefits.

Should these changes be approved in the upper chamber of the parliament, they would imply a sizeable fiscal expansion in 2007 and beyond. Following the passage of these changes, the governor of the Czech Central Bank presented in his official statement an unusually strong warning. The warning is clearly motivated in part by the recent fiscal development in Hungary and tries to remind to the politicians that fiscal stability is easy to lose and hard to regain. The Czech government has recently enjoyed high budget revenues, brought about by the continued unexpectedly high economic growth. At the same time, the Czech composite tax quota has increased by 3 percent during the last 5 years. Meanwhile, only partial reform steps have been realised on the expenditure side of public finances. The additional expenditure commitments approved by the lower chamber of the parliament will make it very difficult to fulfil the government's own previous commitment to stabilise and decrease public deficits in the medium term. The fiscal expansion resulting from these last minute changes, which will occur in times of economic boom, will inevitably weaken the power of fiscal tools in times of possible future slack or recession. Moreover, lack of available public funding may make it difficult to match planned funding of projects from the EU.

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

In January 2006, the Government announced several new pilot projects aimed at achieving full employment. Specifically, the government plans to increase the chances of employment finding for unemployed workers by offering incentives to those currently in full time employment to change their employment contract to part-time. This should then free up "employment space" for unemployed.⁸ While it would be reasonable to increase the incentives for those currently unemployed to take up part-time jobs, the economic logic claiming that making workers switch from full- to part-time employment will lead to more jobs for the unemployed is wrong. It is based on the so-called lump-of-labour

analysed in more detail in "Employment Incentives in the Czech Republic: Comparing Current and Proposed Social Support Systems," Jurajda and Zubrický, CERGE-EI Discussion Paper No. 147, 2005.

⁸ Hopefully, the programmes will also offer these incentives to those currently unemployed but this is not clear yet.

fallacy, namely the idea that there is a fixed amount of labour demanded on the labour market, which can be divided among more people if those currently employed work less.⁹

To be more specific, the new proposals are to be tested in several high-unemployment regions and are presumably motivated by the currently low overall use of part-time contracts in the Czech Republic.¹⁰ One of the programs will pay a monthly bonus of about 2,000 CZK (EUR 65) to workers agreeing to (switch to a) part-time contract, if they also agree to work in their “free time” in an NGO operating in health and/or social services. It is not clear that this will be helpful for those women that would like to work part time, because they cannot work full time due to, e.g., child caring responsibilities. The government will select eligible regions and occupations – those that are in low demand. We find this approach questionable.

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)*

Political leaders of key parliamentary parties again failed to sign an agreement on the future pension system in the Czech Republic as their meeting was cancelled and another was not scheduled yet. The issue of pension reform seems to be postponed after parliamentary elections to be held in June 2006. At this moment, the type of the future pension reform is not debated yet. The key current political dispute is the extension of the statutory retirement age to 65 by either 2031 or 2036. The current PAYG pension system will not generate substantial debts for another 20 years. However, the Czech population will be aging at rates surpassing those projected for other developed countries due to a combination of increasing longevity and lowest low fertility.

Immigration

Given the low fertility, high employment rate and particularly low tertiary education attainment rate of the Czech labour force, (skill-based) immigration is one of the key possible channels of increasing aggregate labour supply. In 2004, foreigners staying in the country permanently or holding long-term residence permits constituted about 1.8 percent of the population. The largest group are Ukrainians (more than 78,000), Slovaks (47,000)

⁹ This notion is wrong. There is much empirical evidence showing that shorter working weeks applied in many EU-15 countries did not result in more “space” for unemployed. Similarly, the Czech government’s own policy of the 1990s to lure and push women and workers near retirement age out of the labour force has not resulted in higher demand for the unemployed.

¹⁰ Why part-time work is infrequent in the CR in comparison to EU-15 is an open question. It could be that part-time jobs are more likely in countries with high cost of labour or there may be some institutional obstacle to part-time work in the Czech Republic. We find it most likely that the main culprit are very high effective tax rates on part-time labour income generated by the Czech social support scheme.

and Vietnamese (34,000). However, foreign workers must apply for job-specific working permits from outside of the country. At the moment of job loss, they must leave the country and go through the process of applying for working permits again. It is perhaps not surprising then that this results in an ill-functioning and often overtly corrupt system of working permits, embassy and foreign police service, and organised illegal employment.

In January 2006, the government approved a plan aimed at supporting the integration of foreigners to the Czech society. The program consists of job-search support, Czech language courses, and help with ensuring accommodation. This new initiative is welcomed, but small in its extent and potential effect. Another welcome improvement is the recently approved legal amendment that should allow foreigners living and working in the country to achieve permanent residence permit in five, not 10 years as is usual now.¹¹ Finally, the third main initiative in this policy area, the pilot project of the MoL aimed at attracting skilled immigrants, has failed to attract a significant number of workers.¹² It is clear that without dealing with the inefficient working permit procedures, which represent a very effective barrier to legal immigration, none of these government programmes is likely to have much of an effect. The government strongly opposes legalising the illegal stays of foreigners in the Czech Republic, although many countries have good experience with the measure, e.g., Spain.

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

By 1 January 2006, all wage tariffs in the public sector (administration and services) have been increased by 5 per cent. By the same date, the statutory minimum wage has increased by 5.1 per cent and another similar increase is already scheduled for 1 July 2006. Please see the previous quarterly report for a discussion of the motivation the government has for these constant minimum wage hikes – they are meant to increase employment of low skilled people.

There is only one large ethnic minority group in the country – the Roma – and this group is almost completely socially excluded. According to Romany organisations, more than 90 percent of Roma are without jobs in some regions. Their families are dependent on

¹¹ The amendment should also ease the life of citizens of EU countries and their family members staying in the country. Another novelty is a shortening of the deadline for granting visas for more than 90 days to foreign businesspeople.

¹² The programme operates since mid 2003 and it offers those foreigners from selected countries who possess the required skills and hold a working permit the possibility of being granted permanent residence permit in 2.5 years instead of 10 years. Only about one third of the program quota of about 1000 immigrants has been used due to overly bureaucratic conditions for finding a job in the Czech Republic. For this reason, the project mainly attracted foreigners who have already lived and worked in the country for some time. Eligible nationalities are Bulgaria, Croatia, Kazakhstan, Moldova, Belarus, Serbia and Montenegro, Canada and newly also Ukraine.

welfare benefits and their debts are growing. They are often moved to flats without any facilities and new ghettos for the poor (Roma) are appearing on the outskirts of towns and villages. Their children are not getting standard education and have minimal secondary education attainment rates.

In December 2005, the government approved a four-year plan of enhancing the integration of the Roma population. The plan should support living conditions of the Roma and prevent the establishment of ghettos (residential segregation). The focus is on supporting social housing and programmes to enhance employment and participation of Roma children of pre-school age in kindergarten programs. While these goals are laudable, it is not clear that the plan is large enough to make a difference.

The government has also approved the introduction of a new monitoring system providing policy makers with information on the situation of the Roma population. Statistical information about employment, unemployment, skills, incomes, housing, debt levels, and final educational attainment should be made available in anonymous form in 2008. The introduction of this data programme has been motivated by poor quantitative background of several recent programmes aimed at assisting the disadvantaged Roma communities.¹³

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

The MoL and the Chamber of Commerce have signed an agreement to establish a new Labour Institute [Institut trhu práce]. The Institute will start a network of Labour Centres which will supposedly aid in connecting the government's District Labour Offices to employers, gather richer information about both sides of the market, and foster analysis of labour market needs. It is not clear why it is necessary to establish new independent Labour Centres as opposed to improve the functioning of the current network of Labour Office.

The total budget for active labour market policy of the MoL for 2006 has increased by 6.2 per cent compared to 2005. The standard practice is that ALMP programmes are not subject to rigorous impact and cost/benefit analysis. However, there were some initial steps taken to ensure that at least simple descriptive data on the structure and targeting of ALMP becomes available.

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)*

¹³ Only 11,000 individuals self-reported Roma nationality in the 2001 census. Experts estimate the size of the minority group at 250,000.

The lower chamber of the parliament has passed a bill thoroughly reforming the current sickness insurance scheme. The new scheme is designed to prevent the abuse of sickness benefits and will be introduced in 2007 at the earliest. Employers and not the state will pay the benefits to employees for the first two weeks of illness. In return, employers will pay lower health insurance contributions. For details see the previous quarterly reviews.¹⁴

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

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

The government has recently considered the annual report on the education in the country. The report repeats that participation of Czech adults in further education is about one third lower than in most other EU countries. This makes the Czech situation similar to that in, e.g., Germany. The government's 2005 Strategy for Human Resources Development believes that certification of additionally acquired qualifications is key to future improvement. Standards for the first 50 such qualifications are to be determined in March.

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

The government recently announced its new intention to double the share of upper-secondary schools providing general curriculum (so-called gymnasia) by 2010. This is a much welcome and most significant development. For the last 10 years, the Ministry of Schooling has kept enrolment in upper-secondary schools with general curriculum at extraordinary low levels: below 20 per cent of the age cohort.¹⁵ The new policy proposal is still in the stage of formation of a public political commitment.

In 2005, a major curricular reform of the "elementary" schools (providing the first nine years of education) was started. The reform removes the outdated uniformly binding curricular guidelines and allows for a more diversified school-specific curriculum development. To keep a check on the more independent schools, the Ministry of Education plans to introduce nation-wide tests of 9th grade pupils in Czech language, math and study aptitude by 2008. A first such pilot testing is scheduled for February 2006. Some experts have expressed warnings that introducing unified nation-wide testing at this time is too early and could endanger the ongoing curricular reform.

¹⁴ By 1 January 2006, sickness insurance payments have been increased to reflect the recent growth of nominal wages.

¹⁵ More discussion of the issue can be found in the 3rd quarterly report of 2005. Suffice it to say that graduates from general curriculum secondary schools face about four times lower unemployment rates compared to graduates from (more expensive) apprenticeship programmes.

The fraction of the Czech adult population able to use foreign languages remains very low and foreign language average teaching load at primary and secondary schools is low in international comparison. Hence, in December 2005, the government approved the National plan of instruction of foreign languages for 2006-2008 to increase the language proficiency of both children and adults. The plan envisages that starting in September 2006, foreign language (English) will become mandatory from the third grade (at present from the fourth grade) and second foreign language (now optional) will be taught from the eighth grade at the latest. Children in maternity schools should be also introduced to English and adults should be offered free on-line language courses and educational vouchers to be co-financed by the government and employers. The number of pedagogy-school graduates with foreign language specialisation should be increased together with the support of further education and foreign exchange programmes for foreign language teachers. Whether the programme will be able to attract a sufficient number of high-quality English-language instructors (especially in the short term) remains unclear, because the plan does not include the possibility of paying substantially higher salaries to English language instructors compared to other teachers.

3.2. Policy developments and the Country Specific Recommendations

In this section we relate the recent Czech policy developments described above to the Council Recommendations (as of 14 October 2004) on the implementation of Member States' employment policies (2004/741/EC).

Recommendation	Progress achieved and relevant sources
In pursuing its strategy for economic and employment growth, the Czech Republic needs to ensure that wage developments remain in line with productivity developments.	Real wage growth stays in line with total labour productivity growth.
The relatively high tax wedge on labour income and non-wage labour costs hinders job creation and prices low-skilled labour out of the labour market and into welfare benefits and/or into undeclared work. A coherent reform of the tax and benefit system should therefore further discourage welfare dependency and ensure that regular work pays. Attracting more people to the labour market and making work a real option for all	During 2005, there were minor improvements in the structure of income taxation. In January, the parliament considered a set of new policies designed to make work pay a bit more. The MPs have introduced major last-minute changes: they have increased the level of most social benefits dramatically. Should this be approved by the upper chamber, it would derail even the mild reform.
While standing above the EU average, raising the participation of women and older workers should be a priority. In this respect, strengthening incentives to part-time work could make an important contribution.	The government announced pilot projects to test policies encouraging part-time employment. It is not clear why these should be effective.
<p>More effort is needed to integrate the most vulnerable groups in the labour market. This is particularly needed in regions other than Prague and for the Roma population. This calls for preventative and active labour market measures, combined with anti-discrimination measures, putting a strong emphasis on education, training, support to entrepreneurship and job creation.</p> <p>Modernising the public employment services should be seen as priority.</p> <p>Investing more and more effectively in human capital and lifelong learning.</p>	<p>The government approved a four-year plan to improve the situation of the Roma community. It is not clear that the plan is ambitious enough given the magnitude of the problem.</p> <p>Modernising the public employment services is in process.</p> <p>Government approved the National plan of instruction of foreign languages for 2006-2008 aiming to increase the language proficiency of both children and adults.</p>
Building on the recent strategy for human resources development, raising participation in tertiary education and in training, both overall and for the low-skilled, seem crucial to sustain job creation and support occupational and geographic mobility.	It is not clear how much of the Human Resources Strategy approved already in 2003 will be implemented. Similarly, for the human-resources part of the 2005 Strategy of Economic Development.

4 Recent labour market reports, surveys and other documentation

MOL-ESA

National action plan for employment 2004-2006.

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

Bi-annual report “Analýza vývoje zaměstnanosti a nezaměstnanosti v 1. pololetí 2005”
[Analysis of employment and unemployment in the 1st quarter of 2005].

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

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

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

Reports of the MOL on income and wage developments.

<http://www.mpsv.cz/clanek.php?lg=1&id=625>

Informace o vývoji peněžních příjmů domácností a životních nákladů za 1. pololetí 2005.
[Information about household incomes and living costs for 1st half of 2005.]

<http://www.mpsv.cz/clanek.php?lg=1&id=2112>

Minimální mzda - Minimum wage

<http://www.mpsv.cz/cs/2214>

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>

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

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

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

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http://www.cnb.cz/cz/menova_politika/zpravy_o_inflaci/

Makroekonomická predikce České republiky [Macroeconomic forecasts for the Czech Republic]. Ministry of Finance. <http://www.mfcr.cz>

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<http://www.czso.cz/csu/edicniplan.nsf/p/1531-05>

Jurajda and Zubrický, 2005. "Employment Incentives in the Czech Republic: Comparing Current and Proposed Social Support Systems," CERGE-EI Discussion Paper No. 147, 2005. Describing impacts of Czech reforms aiming to make work pay.

Table: Key economic and labour market indicators

									2005				
			2001	2002	2003	2004	2005	2006	Q1	Q2	Q3	Q4	
Note													Note
1	Real GDP growth	y-to-y [%]	2.6	1.5	3.2	4.7	4.8	4.4	4.4	5.1	4.6	4.6	1
2	Inflation	2000~100% [%]	105.3	105.9	107	110	111.5	113.7	110.9	111.3	112.8	112.7	2
3	Productivity	y-to-y [%]	2.2	0	4.7	4.6	3.8	n.a.	n.a.	n.a.	n.a.	n.a.	3
4	Consumer confidence	EOP [%]	-6	-9	-21	-7	-3.2	n.a.	-5	1	-4	-3.2	4
5	Unemployment rate (registered)	EOP [%]	8.9	9.8	10.3	9.5	8.9	9.2	9.4	8.6	8.8	8.9	5
6	Unemployment rate	EOP [%]	7.9	7.3	8.1	8.2	7.9	7.4	8.1	8	7.8	7.6	6
7	Employment rate	EOP [%]	55.1	55.5	54.4	54.3	n.a.	n.a.	54.4	54.6	54.9	n.a.	7
8	Innactivity rate total	EOP [%]	40.2	40.2	40.8	40.9	n.a.	n.a.	40.9	40.7	40.5	n.a.	8
9	men	EOP [%]	30.5	30.6	31.4	31.4	n.a.	n.a.	31.4	31.5	n.a.	n.a.	9
10	women	EOP [%]	49	48.7	49.3	49.4	n.a.	n.a.	49.8	49.5	n.a.	n.a.	10
11	ages 15-24	EOP [%]	n.a.	59.7	61.7	64.1	n.a.	n.a.	65.9	67.3	n.a.	n.a.	11
12	ages 25-39	EOP [%]	n.a.	14.0	15.2	14.9	n.a.	n.a.	15.2	14.7	n.a.	n.a.	12
13	ages 40-54	EOP [%]	n.a.	9.0	9.4	8.9	n.a.	n.a.	8.9	8.2	n.a.	n.a.	13
14	ages 55-64	EOP [%]	n.a.	56.6	56.0	54.8	n.a.	n.a.	53.7	53.4	n.a.	n.a.	14
15	Working time	EOP [hours/week]	41.5	42	42	41.9	n.a.	n.a.	41.7	41.9	n.a.	n.a.	15
16	Registered vacancies	EOP [thousands]	52.1	40.7	40.2	51.2	n.a.	n.a.	53.7	57.0	69.6	n.a.	16
17	Days lost through ind. disputes	[days]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17
18	Real wages	y-to-y [%]	103.3	106.4	106.0	103.0	n.a.	n.a.	104.2	103.8	104.3	n.a.	18
19	Nominal wages	y-to-y [%]	107.7	106.9	106.8	106.2	105.1	105.7	105.9	105.5	105.9	n.a.	19

Abbreviations used

y-to-y year to year change

2000~100% value for year 2000 is the base

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

n.a. Not available yet

EOP ~ End of the period values

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Source, definition, link

- 1 CSO, http://www2.czso.cz/csu/redakce.nsf/i/cr:_makroekonomicke_udaje
- 2 CSO, http://www.czso.cz/csu/redakce.nsf/i/mira_inflace
- 3 CSO, http://www2.czso.cz/csu/redakce.nsf/i/cr:_makroekonomicke_udaje
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
- 7 CSO. LFS Quarterly Reports, sesonaly adjusted
- 8 CSO. LFS Quarterly Reports, sesonaly adjusted, population 15+, Computed as (1-participation rate)*100
- 9 dtto
- 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
- 18 CSO. http://www.czso.cz/csu/redakce.nsf/i/pmz_cr, Forecast by MF.
Wage index is expressed as % in given quarter relative the same quarter of the previous year
- 19 CSO. http://www.czso.cz/csu/redakce.nsf/i/pmz_cr, Forecast by MF.
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