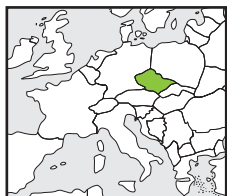


## The need for a change



The country is more and more dependent on exports to neighbouring countries while its current account deficit does not seem to be curtailed. The Government is sticking to the implementation of a neo-liberal non-sustainable model, which undermines social well-being, and is refusing to consider policy on a long-term basis. Currently, the country faces threats such as the impoverishment of middle-class and low-income groups, increasing unemployment and rampant gender inequality. Loss of biodiversity and radioactive pollution are among the environmental challenges that need to be assessed immediately. Increasing involvement in these issues by civic society gives some hope that the demand for change will be heeded.

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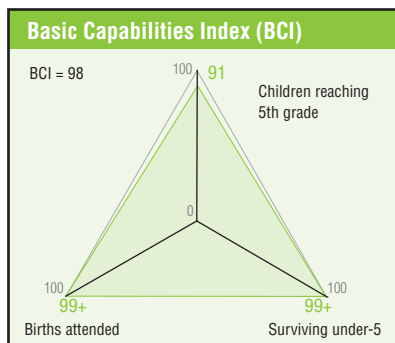
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The Czech Republic is becoming more and more dependent on the economic health of its neighbours, especially Germany. Industrial exports, which increased by 10.5% in 2010, have resulted in GDP growth of 2.3% according to preliminary data from the Czech Statistical Office (SÚ), but as in previous years deficits appear in trade with non-EU countries, and the large deficit with China highly exceeds the surplus with Germany. Motor vehicles continue to be the most important export commodity and to generate the highest surplus; on the other hand, the deficit is created mainly by the import of oil and natural gas, but also of pharmaceuticals.<sup>1</sup>

This unbalanced economy seems almost at the brink of disaster, especially for the more vulnerable sectors of the population. A recent Government policy statement suggests that it is set to continue with its neo-liberal reforms without paying attention to social issues.<sup>2</sup> The Government fails to see obvious risks of this strategy, as it doesn't acknowledge that one of the factors that threw the economy into disarray is the decrease in tax revenues from the highest income sectors of the population. Threatened with the Greek example and possible bankruptcy, the Government succeeded in making debt restriction the main topic and is focusing mainly on cuts in social spending. As a result, important issues such as unemployment (7.0% in the 4<sup>th</sup> quarter of 2010 according to ILO estimates and 8.9% according to the Ministry of Labour and Social Affairs), gender inequality and environmental threats (such as radioactive poisoning and the loss of biodiversity) are left aside.

1 Czech Statistical Office, Ekonomické údaje za rok 2010: produkce, obchod, zaměstnanost, see: [czso.cz/csu/tz.nsf/i/prezentace\\_ekonomicke\\_udaje\\_za\\_rok\\_2010/\\$File/ekonomicke\\_udaje\\_2010\\_070211.pps](http://czso.cz/csu/tz.nsf/i/prezentace_ekonomicke_udaje_za_rok_2010/$File/ekonomicke_udaje_2010_070211.pps)

2 See: [www.vlada.cz/cz/jednani-vlady/programove-prohlaseni/programova-prohlaseni-74856/](http://www.vlada.cz/cz/jednani-vlady/programove-prohlaseni/programova-prohlaseni-74856/).



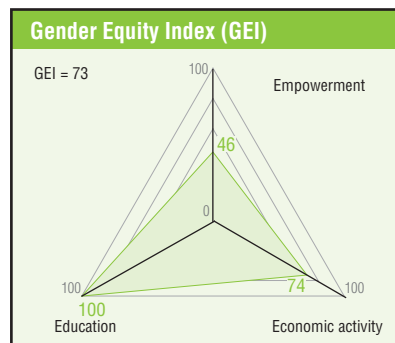
### Budget cuts and unremitting corruption

The Government's strategy since the onset of the global crisis in 2008-09 has been to cut social expenditures. The cuts have been presented as reforms, but the expenditure cuts are not accompanied by a new conception of the Czech Republic's social system. Furthermore, these cuts were not supported by impact analyses, although most of these measures will have an impact, especially on low-income groups and the middle class. This is a sign of a continuing trend not to view social expenditures as investment in the development of society.

The cuts include such things as parental allowances<sup>3</sup> and disability benefits. In addition, it appears that subsidies for the provision of social services such as for example, the so-called "early care" subsidies intended to help families with physically handicapped children, are being decreased. This will have a strong negative impact on single parents, of whom women are a vast majority. Even before these changes, statistics showed that 40% of single-parent families with children are threatened by poverty and poor living conditions; approximately half of these families are below the income level of 1.5 times the subsistence minimum. In the future it is therefore to be expected that the number of people threatened by poverty will increase.

Another step within the "reforms" framework is plummeting wages and layoffs in the public/State sector, which represents a large number of women. Besides enlarging the ranks of the unemployed, this measure will strongly affect the level of pensions

3 See proposal of so called social reform by Ministry of Labour and Social Affairs.



and childcare financial aid for women working in the State sector.

In addition the corruption that runs throughout the public contracts system burdens the State budget by tens of billions each year, even by the most optimistic estimates.<sup>4</sup> One Minister had to resign because he was suspected of corruption; another Government member is suspected of unlawful scheming during the Czech presidency of the European Union. Almost no attention is paid to solving the problems of international tax evasion; the focus is mainly on small entrepreneurs dodging taxes, first and foremost those from the Vietnamese community.<sup>5</sup> On the other hand, and despite being criticized by NGOs for several years, the Government server Businessinfo.cz offers information that facilitates international tax evasion.

### Gender: under-represented women

In the May 2010 parliamentary elections, due to preferential votes (which enabled to vote preferentially for four candidates on the party's list and shift them higher) women gained 12 more seats in the Chamber of Deputies than those they would have had according to candidate lists only, which were drawn up by political parties. Women's representation in the Chamber of Deputies rose to 22% after this vote. However, they are grossly under-represented in the higher ranks of decision-making posts. In the judiciary for example, while taken as a whole, there

4 Deník Referendum, 2. 1. 2011, see: [denikreferendum.cz/clanek/8192-ekonom-pavel-kohout-do-jara-z-vlastni-vule-opusti-nerve](http://denikreferendum.cz/clanek/8192-ekonom-pavel-kohout-do-jara-z-vlastni-vule-opusti-nerve).

5 Nasepenize.cz, 20. 6. 2010, see: [www.nasepenize.cz/vietnamsti-obchodnici-zpusobuji-miliardove-danove-ztraty-7093](http://www.nasepenize.cz/vietnamsti-obchodnici-zpusobuji-miliardove-danove-ztraty-7093).

have been more women in the judiciary than men (by about 20 % on average over the long-term), but their representation decreases dramatically at the higher levels. Apart from Hungary, the Czech Republic is the only other EU country in which the Cabinet consists strictly of male representatives.

### Worsening conditions for immigrants

Dissatisfaction with the response to the crisis and the shift of its costs to the middle and lower classes has increased tensions in society. Maintaining the social contract is becoming ever harder while the growing income differentials leads to an increase in xenophobia, racism and the degradation of social solidarity. Thus, the economic crisis has also led to a more radically negative attitude towards migrants, especially undermining the situation of female migrants.

One example is the complications migrant parents are facing with their children's health insurance. An employed foreigner is included in the public insurance system, but if neither the mother nor the father have permanent residence in the Czech Republic, their child cannot be insured before birth and the medical care provided in the maternity clinic must be paid for in cash. Should the newborn have medical problems, the insurance companies may even refuse to provide insurance.<sup>6</sup> A woman foreign entrepreneur is limited to the system of commercial insurance from the very beginning; she has the chance to arrange insurance for the birth and immediate postnatal care for an additional fee (about double the average wage).

### Environment: down with the trees, up with the malls

Protecting the environment is another crucial issue for the Czech Republic. In the beginning of 2010 a new law on the preservation of nature and the landscape came into force and reduced the protection of trees and other woody species. As it was no longer necessary to get the approval of the local authorities, this led to extensive logging in towns and cities. Throughout 2010, the Ministry of the Environment

failed to publish a decree intended to reduce this effect.<sup>7</sup>

The Ministry of Agriculture, on the other hand, has tried – repeatedly and against the protests by ecological organizations and smaller wood-working companies – to push the concept of “forest tenders” on public forests (17% of the area) that favour large timber companies, pushing the public functions of State-administered forests (recreation, protection against erosion, water retention, home for plants and animals) towards wood production and profit generation.

Notwithstanding the enduring economic crisis the construction of large shopping centres has continued in the Czech Republic, which already has the highest per capita number of such centres in all of Central and Eastern Europe.<sup>8</sup> In the last seven years, chain store outlets have expanded to an area of 900 football fields and have created 80,000 parking lots; 63% of these have been built on undeveloped areas (arable land, fields, pastures or orchards), and trees were cut down in 62 % of the cases, while 25% have had some impact on protected elements of the environment (both to ensure ecological stability and protect animal biotopes).<sup>9</sup> Other consequences of the unrestricted expansion of mainly international chain stores have been the liquidation of local grocery shops, the spill-over of shopping centres into open land, the depopulation of city centres and the increase in individual car traffic.

### A U-turn on renewable energy sources

The importance of renewable energy sources is not properly addressed in the Strategic Framework for Sustainable Development ratified by the Government in 2010, although its importance is obvious when we consider that it links the principles of climate measures with the decrease in energy import and the decrease in external costs to the current energy system.

In 2010 the State declared a halt to the development of photovoltaic power plants. It seems likely that in the future only installations of up to 30 kW will be admitted, which means a substantial restriction in the development of photovoltaic energy generation.

On the other hand, new steps have been taken to finish construction of the Temelín nuclear power plant.<sup>2</sup> This is now scheduled to finish in 2025 and the plant should be operative until 2070.

The last uranium mine in Central Europe, located in Rožná, still remains operative and thus will last until at least 2013. The mine was supposed to be closed several times already, but the Government has always decided to keep it operative. The situation of radon-infested houses in the areas of former uranium mines (e.g., Jáchymov), remains an unresolved problem.

### Citizens' reaction

In response to the anti-social politics of the Government, the ProAlt movement has emerged, a civic initiative criticizing the proposed reforms and supporting alternatives. This brings together people from every profession, generation and walk of life who are opposed to insensitive, across-the-board cuts. The “Alternativa zdola” movement supports the participation of citizens in the political as well as economic life of their communities through consultations, education, networking and political actions.

The “esko proti chudob” (Czech Republic against poverty) campaign constantly points out the necessity to increase the effectiveness of development cooperation and to criticize the country's failure to make good on its pledge to increase Official Development Assistance (ODA) resources. A positive feature of the Czech Republic's development cooperation is its gradual standardization and increasing transparency. One contribution of Czech ODA is its focus on renewable energy sources for poor regions.

Increasing political activity in civic society does give at least some hope that people will demand redressing policies and will not turn their anger against the poorest, whom the political elite already accuses of being the reason for State prodigality and of indebtedness. People's involvement, focused on the corrupt political sphere financed by Mafiosi capital, is one of the last remaining possibilities to ensure formal democracy and a minimum of social standards. ■

6 One particular case is being handled with assistance from Inbáze Berkat, o. s. See: <[www.inbaze.cz/index.php?option=com\\_content&view=article&id=185&catid=52](http://www.inbaze.cz/index.php?option=com_content&view=article&id=185&catid=52)>.

7 See: <[ekolist.cz/cz/zpravodajstvi/zpravy/zacina-obdobitemer-volneho-kaceni-stromu-chybi-novela-vyhlasky](http://ekolist.cz/cz/zpravodajstvi/zpravy/zacina-obdobitemer-volneho-kaceni-stromu-chybi-novela-vyhlasky)>.

8 See: <[hn.ihned.cz/c1-42048630-diskontum-a-hypermarketum-se-dari-i-v-krizi](http://hn.ihned.cz/c1-42048630-diskontum-a-hypermarketum-se-dari-i-v-krizi)>.

9 Nesehnutí, Impact of Retail Chains in the Czech Republic See: <[hyper.cz/soubory/vyzkum\\_2003-2009.pdf](http://hyper.cz/soubory/vyzkum_2003-2009.pdf)>.