

Democracy at a dead end



Last year President Vaclav Klaus proclaimed that the country was living in its prime, with a “faith in today”. That euphoria is now evaporating as the economy begins showing signs of weakness. Reforms in public finances, such as lower taxation for the wealthiest and increasing the value added tax (VAT) on basic articles, have created new burdens for poor. Conditions of some marginalized groups such as the Roma have become so difficult that they are emigrating. On a positive note, the country has made some progress – though not enough– in bridging the gender gap.

Gender Studies, o.p.s.

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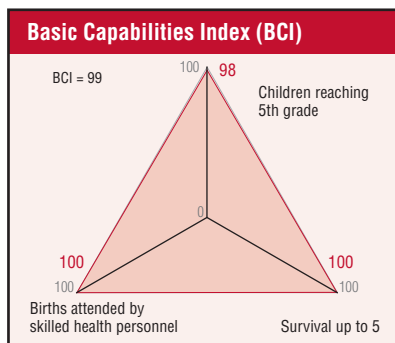
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President Vaclav Klaus began the year 2008 by declaring this the best period in Czech history, noting that the enormous increase in loans and mortgages was a symptom of “faith in today”. He also boasted of the country’s robust national currency, asserting that it was evidence of a strengthening economy. In fact, the Czech Crone (CZK) was being artificially bolstered by speculation. The right-wing Government, in tune with the President, remained in denial, refusing to acknowledge that the global economic crisis would affect the Czech Republic. This optimism began to evaporate only when statistics and the daily reality experienced by the most of the population made it impossible to deny that production was plummeting at an unprecedented rate, the fifth worst performance in the EU.¹

The impact of government reforms and the financial crisis

In 2007, the Government initiated a reform of public finances, lowering taxes on earners in the highest income bracket and increasing the value added tax on basic articles, which increased the tax burden on multi-member and low-income households. While the Ministry of Finance predicted 3.8% inflation for 2008, the consumer price index jumped 6.3%² and real incomes declined by -2.7%³ year-on-year by the third quarter of 2008. Even before the impact of the world economic crisis became evident in the Czech Republic, predictions that reforms would hurt most of the population became reality.

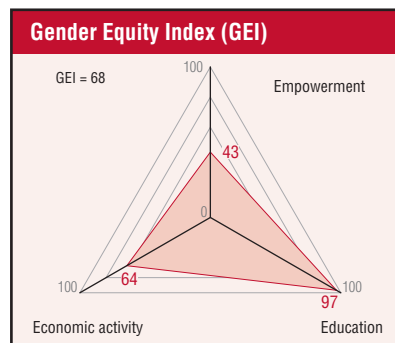
The global economic crisis, only now beginning to hit the country, is lowering the standard of living even further. In the third quarter of 2008, the number of unemployed workers was higher than in the previous quarter, the first time this had happened since



2005. By the end of 2008, the official unemployment rate hit 4.4%. However, the official figure omitted 178,000 people who were considered to be not actively seeking employment; adding this group would have pushed the unemployment rate 50% higher.⁴ Foreign workers, particularly those from Asia, are typically the first to be dismissed and are suffering the most. Their legislative protection is inadequate; most are dependent on job agencies, which makes their work status precarious, and the majority borrowed money to immigrate. In addition to being a personal economic disaster, returning home would jeopardize the livelihoods of their families.

Since the impact of the crisis began to be felt, every second small or medium size company has already dismissed employees and cut working hours or is preparing to do so in the immediate future.⁵ Stock exchange indices are down more than 50% from their 2007 peaks. Nevertheless, the Government has not abandoned its plans to privatize the pension system.⁶ By late 2008, it began to consider anti-crisis measures, largely in response to growing global concern as well as pressure from domestic industry.

The huge increase in household debt has put the financial industry in a precarious position. Until recently, personal borrowing was increasing by one-third every year. The bulk of this was mortgage debt, but nearly 20% consisted of loans from non-banking institutions, mainly for instalment purchases. In some cases, these loans come with an effective annual interest rate greater than 200%. The state is



supporting this usury, for instance by introducing mechanisms to facilitate debt collection. A 2008 insolvency law includes a bankruptcy option for private individuals, however using it is very difficult.

Health system reform

Since the Minister of Health declared, “I want capitalism to be in the health system”, he has done his best to achieve this goal.⁷ Several regional hospitals have been privatized; they have reduced so-called non-lucrative services, primarily treatment of difficult or long-term cases. Responsibility for these cases is being shifted to large state hospitals and teaching hospitals. In 2008, government health care expenditures fell to less than 7% of GDP, one of the lowest proportions in the EU, and about 20,000 employees (8%) left the health care system.⁸ The introduction of fees for services and attempts to decrease social insurance taxes, especially for the wealthiest taxpayers, are key components of the Government’s regressive taxation strategy.

The Roma and social exclusion

Antisocial reforms and the onset of the economic crisis have been most harmful to those already excluded, such as old age pensioners, single mothers and other vulnerable groups. Not all Roma are socially excluded, however most of the 250,000 in the Czech Republic have been directly affected by the declining economy. In 2006, when the most recent data were compiled, 80,000 Roma lived in some 300 socially excluded localities⁹. This was mainly due to

1 See <www.ct24.cz/ekonomika/ceska-republika/45209-smutny-pohled-do-statistik-prumysl-v-prosinci-klesl-o-14-6-procenta/>.

2 See <www.czso.cz/csu/redakce.nsf/i/mira_inflace>.

3 See <www.czso.cz/csu/csu.nsf/informace/cpmz120108.doc>.

4 See <www.czso.cz/csu/csu.nsf/informace/czam020209.doc>.

5 See <ekonomika.ihned.cz/c1-34782520-temer-polovina-ceskych-firem-rozda-kvuli-krizi-vypovedi>.

6 See <www.cbw.cz/cs/article/penzijni-reformamene-statuvce-sobe.aspx>.

7 See <www.cuni.cz/IFORUM-5916.html>.

8 See <osz.cmkos.cz/CZ_tisku/Bulletin/12_2008/39.html>

9 See <www.mpsv.cz/files/clanky/3043/Analiza_romskych_lokalit.pdf str.15>.

institutionalized discrimination and a lack of Government interest in resolving Roma problems.

In January 2008, the Agency for Social Inclusion in Roma localities opened its doors,¹⁰ with a mission of raising the standard of living of socially excluded Roma and facilitating their inclusion in Czech society. The main vehicle for accomplishing this was supposed to be providing funding for immediate purchase of services. However, the Government ordered the agency to establish a framework for cooperation with interested parties in each region before ordering any services. The staff spent the entire year on this task, after which an internal audit concluded that the agency's approach violated Cabinet policies.

The agency has been a disappointment. Its mandate is weak. Instead of money, it offers only advice. The State's long-standing neglect and extensive economic problems have made some groups of Roma in socially excluded localities targets of racial hatred. In one extreme example, in 2008 neo-Nazis and other inhabitants held mass anti-Roma demonstrations in Litvinov.¹¹ In April 2009, a two-year-old girl was severely burned in a petrol bomb attack on the house of a Roma family in Vítkov; her parents and other family members were wounded.

During 2008, the Government ascribed the increase in the number of Roma applying for asylum in Canada to economic difficulties.¹² It is true that the Roma face severe economic hardship; however this is only one factor among many driving them to emigrate. They do not feel welcome in the Czech Republic and fear the country's rising fascist tide.¹³

The status of women

Participation of women in public life and decision-making remains minimal. Even so, the Government has not adopted any measures to bridge the gender gap in political and decision-making positions. The proportion of women in the lower chamber of parliament stands at 15.5%, putting the country at 69 on the Inter-Parliamentary Union data base. With the exception of the judicial system, where 64.5% of district court judges and 60.4% of regional court judges are women, they hold less than 25% of most legislative and executive positions. Even in the judiciary, the higher the court, the lower the proportion of women.¹⁴

In recent years, the country has made significant progress with regard to violence against women, enacting legislation to prevent domestic violence and making stalking a criminal offence. However, these measures are still insufficient to constrain all forms of gender-based violence. Regrettably, women's

groups have a hard time getting funding, in part due to their exclusion from the Ministry of Work and Social Affairs 2008 grant competition which stipulates that projects "may not have political elements and cannot promote any political or ideological causes, including feminist ideology." As a result, many of these groups have had to terminate their activities.

The Czech legal system does not have laws that prohibit discrimination. The President vetoed anti-discrimination legislation that would have brought the Czech Republic into conformity with European law; an absolute majority in parliament is required to override his veto. Until it does, the Czech Republic will be in breach of its commitments as a member of the EU. Serious gaps remain in the protection of individual rights. These are particularly egregious in the labour code, which had been amended in the legislation vetoed by the President.

In the economic sphere, statistics show that far more men than women between the ages of 20 to 35 are economically active,¹⁵ primarily because raising children is still considered to be mainly women's responsibility. This is only one of the many gender stereotypes linked to maternity that place women at a disadvantage in the labour market—during the hiring process, on the career ladder and in their access to further education.

The gender gap in income is another discrimination issue. In 2007, this was 19.8%, higher than the European average.¹⁶ The public considers this a significant concern. Nearly two-fifths of women (39%) and a quarter of men (25%) think that women receive less pay than men do when they perform the same tasks. According to opinion polls, the Czech public regards age (64%) and gender (45%) as the most prevalent barriers to success in the labour market.¹⁷

In January 2008, the Government adopted a new policy on parental allowances, known as "three speed" parental leave. Parents can now choose the amount of time they will get a parental allowance. The duration determines the monthly benefit. Women with high incomes get the most, while women with low income receive the least. The Ministry of Work and Social Issues, which is extremely conservative on gender issues, refuses to support and develop childcare institutions and is moving to abolish crèches, of which there are only about 40 in the country. The Government's so-called pro-family package does not include comprehensive support for childcare institutions.

Another problem is the lack of support for policies that combine childcare and family programmes with activities that promote integration of female immigrants. Entering the labour market, these women are also at a disadvantage due to their lack of academic credentials and skills. Job opportunities

for single mothers are severely limited as well. Immigrants of both sexes are generally limited to less attractive, poorly paid jobs, but immigrant women frequently endure unequal treatment. These conditions are partly the result of their ethnicity or nationality, but also due to gender discrimination in the recruitment process, as well as inequities in working conditions and remuneration.¹⁸

Development cooperation

Czech Overseas Development Assistance (ODA) is largely devoted to transformation cooperation. Its aim is to promote the so called Western-style democracy in the countries of the former Soviet Union, Cuba, Burma and Iraq. According to the Government, this focus is justified primarily by the Czech Republic's experience in post-communist transformation. Nevertheless, the Government has given up on fulfilling its EU commitment to increase ODA. Growth ceased in 2007 and aid actually decreased for the first time as a proportion of gross national income (GNI) – from 0.12% to 0.11%, despite pressure from NGOs and other parties. Ministerial representatives told a parliamentary foreign affairs committee meeting that the percentage contribution will increase, primarily due to a decrease in GNI. The programme is not transparent – the 2008 tender process for the transformational project in Cuba was not made public. Projects that obtained funding were co-financed by neo-liberal institutions such as the National Endowment for Democracy in the US.

Non-governmental organisations and the media

Czech NGOs are under huge financial pressure; their financing has gradually become dependent on the State or on foreign foundations, few of which provide significant support for independent civic initiatives. Successful grant applicants must fulfil political criteria and their activities must be in conformity with the donor policies. To avoid criticism and exclusion, most organizations are eschewing advocacy work and focusing on service work. The least restrictive financial support comes from the European Commission, particularly those administered directly by the Commission. The largest civic campaign remains Czechs Against Poverty, which participates in the Global Call to Action Against Poverty and focuses on advocacy and fulfilling the Millennium Development Goals.

Independent journalism is practically nonexistent. Exposure of political scandals very frequently appears to be generated by political directives, rather than independent investigative work. The media provide information that is selective and incomplete; their objective often seems to be providing support for the interests of particular economic and political groups. In this environment, democracy in the Czech Republic is at a dead end. ■

10 See <www.socialni-zaclenovani.cz/>.

11 See <www.romea.cz/romeatv/index.php?id=detail&source=t&vid=ukbpGyZFEB&detail=ukbpGyZFEB>.

12 See <www.vlada.cz/cz/media-centrum/tiskove-konference/tiskova-konference-premiera-mirka-topolanka-a-ministryne-pro-lidska-prava-a-narodnostni-mensiny-dzamily-stehlikove-28-srpna-2008-40581/>.

13 Taylor, L. "Czech minister blasted by Roma". *The Star*, 19 November 2008. Available from: <www.thestar.com/News/GTA/article/539490>.

14 Zeny a muzi v datech (2008). *CSU, Úrad vlády*. Available from: <[www.czso.cz/csu/2008edicniplan.nsf/t/23003275C8/\\$File/14150807.pdf](http://www.czso.cz/csu/2008edicniplan.nsf/t/23003275C8/$File/14150807.pdf)>.

15 Zeny a muzi v datech. Prague: Úrad vlády, Cesky statisticky úrad, 2008.

16 *Ibid.*

17 Quantitative research was done in September-October 2008 to find out how male and female employees perceive equality of opportunities, as well as whether they think their employer enables them to harmonize their work with private and family life. See Gender Studies, o.p.s. available at: <www.genderstudies.cz>.

18 Krchova, A., Viznerova, H. and Kutalkova, P. *Zeny migrantky v Ceske republice. Uvedeni do problematiky*. Prague: Fes Prag, 2008.