

## ■ CZECH REPUBLIC

### Back to the future



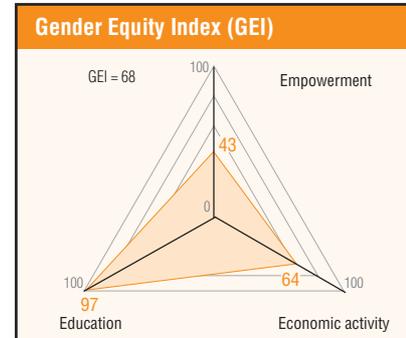
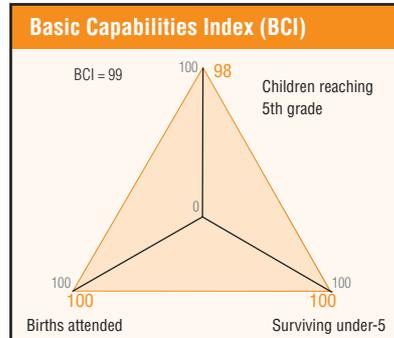
When the first republic was founded in 1918, all citizens were guaranteed equal voting rights, widely accessible health care and basic social services. In contrast, the present ultra-conservative right-wing Government, supported by the Greens and Christian Democrats, has reduced access to health care and social services. As a result of current policies to cut expenditures, the country will probably fail to meet its ODA commitment. NGO campaigns are attempting to make citizens and politicians take more responsibility on global issues.

Czech Social Watch Forum  
Ecumenical Academy Prague  
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In the course of the 20th century, Czechoslovakia experienced dramatic changes in its economy and politics: from a developed but subordinated part of the feudalistic Austro-Hungarian Empire to 20 years as a successful democratic republic, to being annexed and crippled by the German Nazi regime and, after WWII, to the so-called real socialism. The 1989 revolution brought, first, a restoration of democratic values and later, the return of capitalism.

During the Bolshevik era, the Czechoslovak Socialist Republic was one of the most economically and culturally developed countries of Eastern Europe. Thanks to this status, and despite the dissolution of Czechoslovakia in 1993, the country's transformation process was relatively calm. Nonetheless it has not been successful. Neoliberal privatization, imposed with little or no legislative framework, caused state property losses estimated at up to EUR 40 billion (USD 63.2 billion). The beneficiaries were a suspicious group of private parties, some of them former communist managers, others foreign 'investors'. A large share of the losses from bankrupted banks and funds was recouped from taxpayers. Former President Václav Havel characterized the privatization process with its corruption, linking the economic and political spheres as 'Mafioso capitalism'. The continuing pervasive corruption and economic criminality are gradually eroding confidence in the restored democratic institutions.

The legislative environment, however, is slowly being stabilized, largely due to the country's accession to the European Union in 2004. Membership in the EU has brought economic benefits and new export opportunities. The decline in the average living standard in the 1990s levelled off around the year 2000. However, in spite of last years' relatively favourable macroeconomic results, public services have been gradually shrinking as a consequence of budget difficulties and a changing conception of the role of the State. The current Government is implementing a far-reaching privatization of public services, including health services. Although the Czech Republic is still among the countries with the lowest Gini index of inequality (27.3 in 2007) the gap between rich and poor is growing.



#### Women's rights – maybe for the childless

Women's salaries are currently 25% lower than men's, according to the Czech Statistical Office (CSO). Women are also overrepresented in the secondary market, where labour positions are characterized by lower prestige, worse working conditions and higher insecurity. Those with children up to six years of age and women-breadwinners are particularly threatened by long-term unemployment and poverty. In a recent survey, 13.2% of Czech women reported that they had suffered sexual harassment at work.<sup>1</sup>

In 2007 women's representation was 11% in the Government, 15.5% in the Chamber of Deputies, 13.6% in the Senate, 15% in regional councils and 25% in municipal councils.<sup>2</sup> No measures for quota systems or other forms of affirmative action are being proposed.

Despite this situation, the current Prime Minister Mirek Topolánek, on the occasion of the inauguration of the European Year of Equal Opportunities in April 2007, declared: "As to women – who in my opinion do not represent a disadvantaged group, even though they are usually designated as such – we cannot talk about equal opportunities (...). A woman has the freedom to decide not to have children and by making that choice, I am convinced, she can have the same professional opportunities a man has."

Among women from ethnic and national minorities, a constellation of social and cultural identities – gender, ethnicity, nationality, citizenship and

motherhood – all lead to discrimination in the professional, public and/or private sectors.

In 2007, the Government passed an amendment to the law concerning foreigners' residence and an amendment to the asylum law. Both will have negative impacts, especially on mixed marriages. Under the old legislation, the partner of a Czech citizen automatically obtained a permanent residence permit after the wedding. The new law allows this only after two years. During that time foreigners will have to apply for a work permit; if they do not work, they will have to get private health insurance and the couple will not be entitled to social welfare benefits.

#### The Roma – a dog's chance for equal rights

The Roma minority represents approximately 3% of the population. After the WWII Roma Holocaust, they had no 'bright tomorrow'. The State's introduced a forced assimilation policy. Although they became a recognized ethnic minority after 1989, growing inequality caught a significant part of the Roma population in the trap of social exclusion and ghettos started to spring up. The Roma suffer discrimination in the labour market and in education. Restaurants frequently refuse to serve them. Racist-based aggression, sometimes ending in the death of the victim, has increased. Migration of Roma to other countries obliged the Government to begin dealing with the problem in 1997.

Now, after ten years of effort to improve conditions, the mass media are again fomenting racist opinions and as mayor of Vsetín, had moved the socially excluded Roma out of the city to abandoned and ruined houses, became a government minister. Even though he later had to resign due to a corruption

<sup>1</sup> Ministry of Labour and Social Affairs, <www.mpsv.cz/files/clanky/1699/obtezovani.pdf>, p. 82, only in Czech.  
<sup>2</sup> CSO, <www.czso.cz/csu/cizinci.nsf/t/6B004ACCCA/\$File/Kandidujici%20a%20zvoleni%20podle%20typu%20voleb.xls>.

scandal, the level of vulgarization he helped to create in interethnic relations persists. Housing discrimination exacerbates spatial exclusion. More than 300 slums and slum-like housing estates are inhabited largely by some 80,000 Roma.

### Tax reform – take from the poor, give to the rich

In 2007, the Government introduced a tax reform designed to reduce social expenditures. Although the income tax has been reduced for earners with lower salaries, this only partially compensates for the increase in the value-added tax (VAT) for basic commodities, on which they spend most of their income. Those with higher incomes have enjoyed far more significant tax reduction. The increase in social and health security taxes has a ceiling of four times the average income.

The tax reduction also affects businesses. By 2010, the tax on profits will drop to 19%. This means that from 1993 until 2010, business tax will have been cut 26%. The tax reduction for the rich will be partially replaced by an increase in the VAT, from 5% to 9%. This will raise the price of basic groceries, medicines, books and energy. The burden of this inflation will fall mainly on the low income sector of the population.

To cover for the balance of the loss of income caused by the decrease in taxes paid by businesses and the rich, the Government is using social expenditures as a 'financial reserve'. It reduced the number of weeks workers can receive unemployment benefits and introduced a so-called 'tighter control' of the unemployed register. This means that the Employment Office has a mechanism for eliminating the unemployed from the register. In addition to reducing expenditures, this will artificially shrink the unemployment rate.

A follow-up mechanism for cutting back social expenditures is the introduction of an 'allowance for basic needs' that will replace the current 'life minimum allowance'. Under the new system, the 'life minimum', currently at 30% of average wage, can be cut back to an 'existence minimum', of 10% of the average wage at the time of its implementation, for those 'not actively searching for work'. There is no clear definition of what 'active search for work' means, raising concern that, besides being used to accumulate savings, this policy could be applied with a racial bias, especially against the Roma.

### Cutting the poor away from health

The provision of health care is only guaranteed for a period of five to ten years. After that period, and for the first time in history, private hospitals may take over public hospitals. The right wing regional governments are privatizing hospitals, selling medical facilities and land in city centres to rapidly emerging enterprises at a fraction of their real value. The results cannot be evaluated yet, but complaints about

insufficient or unprofessional care in the private facilities are multiplying. More demanding patients seek care in public hospitals.

Until the last change in government, the State guaranteed health care free of charge at the point of need. Health insurance is paid through a compulsory tax on wages that goes to the State. However the present Government introduced fees for medical check-ups, prescriptions and hospitalization. This is the first time in the country's history that there is a real possibility that those who cannot pay will be cut off from health care. This threat applies not only to the poorest citizens, but also to retirees and to families with several children or with only one breadwinner. In addition, for the first time since the second half of the 19th century, the homeless are being systematically excluded from the health system.

### Development cooperation – restriction from above

As a member of the EU and the Organization for Economic Cooperation and Development (OECD) the Czech Republic has obligations in the field of development cooperation. Actually, it had been terminated after the 1989 revolution and was re-established in the late 1990s. Currently, it is focused on meeting the Millennium Development Goals and bilateral development cooperation currently makes up nearly 50% of total official development assistance (ODA). The proportion of Czech bilateral development cooperation going to the least developed countries was 14.9% in 2004, 8% in 2005 and 12.8% in 2006.<sup>3</sup>

According to its EU obligations, as accepted on 24 May 2005 in the EU Council, the Czech Republic should increase the volume of ODA to 0.17% of GNI by 2010 and to 0.33% by 2015. Although Czech ODA reached nearly 0.12% of GNI in 2006, as part of the policy of shrinking expenditures, the Government has introduced radical cuts, resulting in a reduction to 0.09% of GNI.<sup>4</sup> This makes it evident that the country will not fulfil even its reduced obligations to the EU mandate.

The Government's attitude to development cooperation was revealed by Prime Minister Topolánek's declaration after the country failed in its bid to win election to the UN Security Council: "We have to reconsider our development and humanitarian aid. It is unacceptable for us to be sending millions of crowns to a country which will then obey our competitor."

In 2007 the Czech Republic was the only EU country that still had not ratified the International Criminal Court treaty.

### Civil society – uneven development under political constraint

Civil society has experienced dramatic changes since the fall of the so-called real socialism in 1989, when a large number of movements and NGOs sprang up.

From the very beginning financing for civil activity has been problematic. Early organizations typically had very few members and supporters, and even the bigger ones were unable to survive through membership fees alone. There was no tradition of voluntary giving for civic activity and this had to be built from scratch. During the socialist era, the State was often behind voluntary activity, directing it; this fed widespread scepticism about collective action. Foreign donors initially financed civic activities. Later, this role was partially assumed by the State. After the accession of the Czech Republic to the EU, most foreign donors left, and NGOs became economically more dependent on state grants, EU funding and support from large foundations.

The increasing importance of state funding led to a diminution of advocacy work and campaigning by organizations fearful that they might lose state sponsorship (an ironic situation, considering the experience of state 'directionism' prior to 1989). In general, organizations with policies aligned to those of the State stabilized and grew. In this financial and political context, many social movements, such as ecological organizations, directed their activity toward political lobbying or specialized counselling.

Post-1989 NGOs have pioneered new types of social action and helped to bring about reforms in the social and public health systems. NGOs and social movements have also contributed significantly to the change in attitude towards women, minorities and marginalized groups. Joining forces with other bodies focused on human rights and environmental issues, NGOs and social movements have also had a positive influence on legislation.

At present the most important campaigns are "No to the Missile Bases" and "Czechs Against Poverty". No to the Missile Bases is primarily focused on opposition to locating a US radar base on Czech territory and new armaments. This campaign is under heavy political pressure. The right-wing party, the Greens and the Christian Democrats want to bring in the radar at all costs, even though 75% of citizens oppose the base. Czechs Against Poverty is part of GCAP (Global Call to Action Against Poverty) and seeks to persuade the Czech public and their political representatives to assume greater global responsibility, increase ODA and play an active role in meeting the Millennium Development Goals. ■

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