

2. ECONOMIC POLICY

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So far, the declared ultra-liberal transformation strategy - radically minimizing the state role - has not lead to the establishment of a modern market economy. The effectiveness of our economy has fallen behind the rest of the world more than it did before the transformation, and moreover accompanied by high foreign indebtedness. The lack of balance in relation to foreign countries lead to a crisis of our currency and economy in 1997. The crisis effects have not yet been definitively overcome . The business sphere is destabilized and the restructuring of key companies has in many cases not yet begun. The original potential which was without doubt very favourable has been wasted.

It is in the first place a consequence of the failure of the accepted transformation strategy. What failed most dramatically was the absence of “a visible hand” of the economic state policy aimed at the increase of competitiveness of companies during the hasty liberalization towards foreign countries. It was also the chosen privatization process however that at the beginning created an environment of ownership vacuum. Then the unregulated capital market allowed obscure speculation leading to a major threat to successful companies managed by fraudulent financial groups. The chosen macroeconomic stabilization policy to control the disequilibrium of the economy by slowing its growth and thus contributing to the destabilization of companies and banks is also too costly. The stabilization budget and especially monetary policy focused on an illusory monetary balance for the price of destabilization of the real economy endangers as a consequence the currency stability as well.

To stop this fall and to start the growth of the economy is our alternative - the social- and ecology-oriented market economy.