



Austerity Policies and Gender Impacts In The Czech Republic

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In November 2008 Czech politicians were still denying the existence of the economic crisis and its effects on the Czech Republic. By 2010 both the discourse and the reality had changed: prior to the May 2010 elections the parties that now form the current government coalition (the right-wing parties ODS, TOP09 and LIDEM – Věci veřejné) were unanimously calling for urgent action in order to mitigate the impact of the crisis and to prevent national bankruptcy. In the light of these goals, the new government introduced budget cuts and reforms. Not all of them were implemented; still, they did change the general direction and many of the underlying principles of the Czech public policies.

The current political situation

In spite of the electoral victory of ČSSD (Social Democrats) in 2010, the former president Václav Klaus conferred the mandate to form a government on the second winner of the elections ODS (Civic Democratic Party). According to him, the right-wing party had more of a chance of forming a coalition. In 2010 a coalition was formed by three parties: ODS, TOP 09 and Věci veřejné (Public Affairs, later replaced by LIDEM). Together they held 118 out of 200 seats in the Chamber of Deputies. The Czech Prime Minister Petr Nečas (ODS) has to face many opposition activities inside his party. Although the government seems to be weak and even lost 17 seats in parliament because of internal clashes (leaving it with approximately 101 MPs), it introduced many crucial and unprecedented changes in public policies. New elections will be held in 2014. Surveys show that the Social Democrats should be able to form the next government or a coalition government. There are ongoing negotiations about a possible cooperation between the Social Democrats and the Communist Party.

Elections for regional councils in the Czech Republic were held in 13 regions (not including Prague) on 12–13 October 2012. At the same time, Senate elections also took place: these witnessed a strengthening of the Social Democrats' position in the second chamber of the Czech parliament.

The election results were a starting point for the development of the new anti-neoliberalism and anti-government movement ProAlt – Initiatives for Critique of Reform Measures and Supporting Alternatives.¹ This movement organises many activities against the

¹ More information about ProAlt: http://www.proalt.cz/?page_id=411.

current government, and it is also a founding member of the Stop the Government Platform.² This platform consists of trade unions (the strongest partners) as well as civic movements and organisations. Stop the Government organised the biggest anti-government demonstration in April 2012 in Prague, where about 100,000–120,000 people gathered and showed their opposition to the policies of the executive.

Policies applied as reactions to the crisis

Many macro-economic phenomena have worsened since the beginning of the crisis in 2008. The state debt increased from a 31.3 per cent debt/GDP ratio in 2008 to 39 per cent in 2011. In 2008 the unemployment rate was 5.6 per cent for women and 3.5 per cent for men; in 2010 it was 8.5 per cent for women and 6.4 per cent for men.³ Female unemployment is influenced not only by gender-based discrimination, but also by the cuts in the public sector, which traditionally employs more women than men. The productive sector, including construction and the automobile industry, was hit very hard by the economic crisis, and this greatly increased the unemployment rate of men in the Czech Republic.

The economic crisis represented a good occasion for Czech politicians to introduce many changes of principle in public policies. Many of the anti-crisis measures were not presented for the first time in the Czech Republic (such as cuts in parental leave, or cuts in social services or unemployment benefits), but the economic crisis served as an inevitable justification for those policies that could not be implemented before. Along with other countries, the Czech Republic also continued to apply strongly neoliberal policies, which increased the power and competences of corporations and the commercial sector. Many previously public services in the field of social care, health and education are now being provided by private companies (for instance, public money is being invested in private kindergartens instead in public ones).

The tools for combating the financial crisis are based on the increase of the indirect taxes (VAT etc.), the preservation of relatively low corporate taxes and budget cuts in the public sector. There are two VAT rates in the Czech Republic. The lower VAT rate (applying to food, construction services, books, newspapers, transport etc.) was increased from 10 to 14 per cent in 2012 and to 15 per cent in 2013. The higher VAT rate (applying to so-called

² More information about the Stop the Government Platform: <http://www.stopvlade.cz/>.

³ Czech Statistical Office: http://www.czso.cz/eng/redakce.nsf/i/employment_unemployment_ekon. Downloaded May 10th 2013.

“luxury goods”) was increased from 19 per cent to 20 per cent in 2012 and 21 per cent in 2013 (to last until 2015). For the years 2013 to 2015 the so-called “solidarity fee” was introduced, which meant a 7 per cent increase in income taxation for natural persons with an income 48 times higher than the average. Unfortunately the Czech state is not developing mechanisms to make tax collection more effective. The government also does not support the idea of common European taxation or bank transaction taxes.

The economic policies are based on budget cuts. The executive declares that the private sector is the most important area for creating job opportunities and wealth in society, in spite of the fact that the state finances many projects that are only implemented by the private sector (infrastructures, educational programmes, IT projects etc.). In the final analysis, the Czech state has given up making active investments for the development of the new jobs financed from the state budget.

Who was affected by these policies the most?

It may appear, and our politicians have led us to believe, that the recession hit everyone in the same way. However, due to the new economic situation and recent policies, some groups have been hit harder than others. One of the differentiating factors is gender. This is not to say that women suffered more in all the stages of the crisis, but the impacts on men and women have taken different forms and have different extents.

The effects of the crisis appeared in several stages. First, the real impact of the crisis coming from the USA and Europe, in the decrease of jobs. This stage mostly hit migrants working in the Czech Republic in areas directly affected by the crisis: the productive sector, including the construction and automobile industry. The other sectors were mostly influenced by the governmental policies of budget cuts (the public sector, unemployed, women, carers etc.).

While the migrants were the first to be hit by the financial crisis in 2008, the other strata of the population were affected later in 2009. The migrants employed by job agencies with only a work permit (with fewer labour rights and so on) were the first to be fired when the financial crisis broke out. The Czech state prepared a Programme for Voluntary Return, used by 1,871 foreigners, costing 60.7 million CZK (approximately 2.5 million EUR).

Figures from the Czech Statistical Office and information from relevant NGOs show that people with disabilities, the unemployed, socially excluded people and single parents – most of whom are women – were affected by these policies the most. The projections made

by statisticians, economists and NGOs show that these trends will continue in the future.⁴ The policies also had repercussions for the gender aspect, which have not been taken into sufficient account by the government or sometimes even by the NGOs.

The impact of austerity on women's labour market participation and gendered impact of cutbacks in services and benefits

The crisis had a very strong impact on unemployment in the Czech Republic. Since 2008 unemployment has sharply increased, with a corresponding decrease in the number of new jobs. According to experts, the tendency of job losses and increasing unemployment is expected to continue.

The biggest change took place through the implementation of a concept called "the Social Reform". It involved a big transformation of parental leave allowances, of benefits for people with disabilities and of unemployment benefits. Furthermore, active employment policies were totally replaced by what the Ministry of Labour and Social Affairs called the "active unemployment policy". The changes in social area and employment policies were also accompanied by changes in the Labour Code and Employment Act. In most cases labour rights were made more "flexible" and the position of unemployed people was weakened – there were penalties for those who leave work on their own initiative, community service was introduced, and so on.

The main gender-relevant changes brought about by the Social Reform and Labour Code/ Employment Act:

Parental leave allowances were decreased from 236,000 CZK over three years to 220,000 CZK over three years (although this also had some positive consequences, unlike the other measures): those affected are women (and their families) who take parental leave for up to three years and do not participate in the labour market. Usually women have no other choice but to stay at home with their children.

Welfare benefits and policies for people with disabilities were cut, and the method of assessing disability changed completely. This means that fewer people are now officially

⁴ See, for example, the economist Ilona Švihlíková: <http://denikreferendum.cz/clanek/12268-prace-jako-ne-smysl-zivota>, downloaded May 12th 2013, or statistician Dalibor Holý: <http://denikreferendum.cz/clanek/15523-pohlتي-nas-nezamestnanost>, downloaded May 12th, 2013.

regarded as people with disabilities; as a result, the income of those left out has fallen. From January 2012 to the end of the year, the government also stopped the possibility of combining care allowance and parental benefits. This caused the radical deterioration of living standards for families with children with disabilities or children suffering from long-term illness. The difference amounted to 5,000 (200 EUR) Czech crowns per month. Thanks to the strong lobbying by the Association of People with Disabilities, this policy was revoked at the end of 2012, but the original criteria were never re-established. The cuts in disability and care benefits affected not only disabled people (both men and women) but also those who care for them – mostly women, as these children are often cared for at home or in hospitals by women who have limited access to the labour market.

Cuts in social services: the government decreased the funding for social services helping caregivers, organisations and institutions specialising in providing assistance to people in need. By doing so it shifted the burden of care onto families and primarily on women. For the women whose income is dropping the probability of falling into the poverty trap is rising, both now and when they reach the retirement age. Statistics also show that children in such families and children raised by single parents (mostly women) are affected by these policies even more than average. The number of single-parent families has increased by one half since 1995, and now they account for 15.1 per cent of all family households. The breadwinner of incomplete families in the Czech Republic is usually the mother. It is they who live with dependent children in 90 per cent of single-parent families.⁵

Public sector employment: the government's cuts in public sector led to higher unemployment among women who used to work in the public sector. These reforms also caused income stagnation (created mostly by assessment of remuneration without taking into account the number of the years worked) in the public sector and a fall in the public employees' purchasing power. At the end of 2012 the average wage in the business sector increased nominally by 4.2 per cent: that means that it rose by 1.4 per cent in real terms; however, in the public sector the average wage only grew nominally by 1.3 per cent, thus dropping by 1.5 per cent in real terms.⁶

Changes in the unemployment allowance: employees who terminate employment on the basis of an agreement with the employer or on their own initiative have their unemployment benefit cut by 45 per cent. The law states that this should not apply to people

⁵ Czech Statistical Office: <http://www.czso.cz/csu/csu.nsf/enginformace/azam020113analyza13.doc>. Downloaded May 22nd.

⁶ Czech Statistical Office: <http://www.czso.cz/csu/csu.nsf/enginformace/cpmz031113.doc>, May 12th, 2013.

who need to quit work in order to care for children or other family members. In practice these situations are evaluated only by the officials of the employment offices, and experience⁷ shows that parents and women returning from parental leave are also hit by this measure. The use of the agreement is a very common method of terminating jobs in the Czech Republic, especially among people who are discriminated against. Experience shows that it particularly affects women returning from parental leave who are forced to leave their work because they cannot fulfil employers' requirements (full-time work and long working hours, which women cannot perform due to their childcare needs).

Mandatory Community Service Programme: the Social Reform also introduced a mandatory community service programme for the unemployed. This form of "mandatory community service" enabled public authorities to enrol job applicants who have been on the employment offices' records for two months in a community service programme and thus deny them benefits or modify their rightful claim to benefits. According to the scheme, if an applicant refused to do community service, he or she was to be stripped of all welfare schemes and was to lose his or her right to unemployment benefits. In November 2012, the Constitutional Court rejected this measure as unconstitutional. This policy was harmful for everyone, but it specifically targeted women who did not work for pay and were excluded from the labour market because of childcare or care for dependants. These women usually do not work, because of discrimination or because of the insufficient capacity of affordable public childcare facilities. The new unemployment policy forced these women to work up to 20 hours per week for free "for the community" and also pay for childcare.

Pension reform: this pension reform came with the third funding "pillar". Some Czech economists and sociologists, for example Ilona Švihlíková, have shown that this pillar is a high-risk one and that it negatively impacts public finances.⁸ The Czech State provided financial backing for the start-up of this so-called reform. This funding "pillar" also does not take into account the specific aspects of women's careers: maternity and parental leave represent the greatest risks for women with regard to the pension reform, as during these two periods of their lives women participating in this pillar will not be saving any money. This aspect of the pension reform increases the chances of women's falling into poverty when they retire. In addition, women's pensions are now even lower than men's: they make up 85 per cent of the retired population receiving pensions lower than 8,000 CZK (approximately 320

⁷ Experience from direct contact with mothers from mother and family centres in the Czech Republic.

⁸ Švihlíková I. (2012). *Women and pension*. Praha: ProEquality. <http://www.proequality.cz/tz-penzijni-reforma-penalizuje-zeny-na-materske-a-prohlubuje-chudobu-seniorek.html>, May 12th, 2013.

EUR) every month, while among the pensioners receiving over 10,000 CZK (approximately 400 EUR) every month, men make up 70 per cent.⁹

The explicit or implicit gender order behind the applied policies

The Social Reform does not pay attention to the discrimination against women and mothers (especially with pre-school children) on the labour market.

There is even a visible xenophobic aspect in the presentation of the Social Reform: governmental parties argue that social cuts need to be made because of the so-called “misuse” of the welfare benefits. The reference is to Roma women and Roma families, who traditionally have more children (3–6 children) than the national average, which is negatively perceived by the majority of society.

There is also a gender background, which is not sufficiently discussed either by the government or by the opposition parties, or by the civic sector. The entire reform is aimed at shifting public services to private services sold on the market or to the family care. Both options have a specific impact on women, although it has general negative consequences for the middle class and for people with lower incomes. The loss of public services had a negative impact on women and their position and participation on the labour market and in the wider society, because it is mostly women who are responsible for care in European societies. For instance, in the Czech Republic today there is a lack of places in public kindergartens and there are only about 30 public nurseries working. This limits women’s participation on the labour market. The Czech state is withdrawing from financing public childcare facilities and aims rather at supporting private ones, which are not financially accessible for most of the population.

The shift from public to private influences the position of women on the labour market, in the household and in care activities. Public services, on the other hand, have a positive impact on gender equality. They ease women from a double burden of work and care. They also have the potential to positively stimulate women’s labour market participation and economic independence, although a great effort to avoid job segregation has to be made. Public services, which are accessible by the majority of society, can also help to avoid the exploitation of domestic workers, who are often migrants in European societies. The negative

⁹ Švihlíková I. (2012). *Women and pension*. Praha: ProEquality. <http://www.proequality.cz/tz-penzijni-reforma-penalizuje-zeny-na-materske-a-prohlubuje-chudobu-seniorek.html>

link between cuts in public social services and the position of women can be seen in childcare, care for family members and also care for seniors. In all these areas the Czech government prefers individual to institutionalised care.

As stressed above, the gender impacts are not taken into account and they are not part of the public discourse. Civic democrats and the conservatives from TOP 09 (who are both partners in the coalition) put the stress on conservative values and responsibility, which lies mainly in the family and not in society as a whole. Gender policies are seen as alien approaches from the European Union and as forms of social engineering. Gender mainstreaming and gender equality policies are mostly ignored and opposed by the Office of the Government. The Section for European Affairs, which forms part of the Czech Republic's Office of the Government, strongly opposes anti-discrimination and equal opportunities issues both on the level of the European Union and on that of the Czech government. Moreover, the Government Commissioner for Human Rights has fewer competences and his office has a weaker structure under the 2010 government. Unfortunately the position of women and gender equality are not core issues in the debate about currently implemented policies and their alternatives. Only the non-governmental organisation Czech Women's Lobby points out the gender blindness and ignorance of the current government and its ministries.

Criticism towards the neoliberal way of dealing with the crises from a feminist perspective

As shown above, there are some parallel processes in Czech politics that mark the core of a neoliberal shift: deeper privatisation of the public and social services, health care and education, budget cuts in social and public services, a process of flexibilisation of labour relations and a reduction in social security. These measures result in a deep and complex change in the societal structure, which weakens social relations and stresses the need for even higher individual responsibility. The state in this concept serves mainly as a body responsible for guarding business relations and basic civic security. Everything else is seen as a part of the market, which is able to solve all societal problems. Failures are seen as the individual's fault. A shrinking welfare state has negative impacts on solidarity in society. It is used by governing political parties for further budget cuts and changes in social policies and their justification. Different vulnerable groups are pitted against each other: women vs. Roma people, employed vs. unemployed, young vs. old, etc. The Czech society is unable to stand up in political unity against neoliberal policies, because only single issues are opposed, and each is criticised

separately. The rationale behind this is usually the following: “We understand that reforms need to be made, but not in our area, we are something special.”

The neoliberal policies are accompanied by old conservative recipes for the role of women and men in society, on the labour market and in the family. But differently from the past, they are all more linked to the profits of private companies and corporations. On the one hand, women are considered responsible for family care; on the other hand they can be used as a cheap labour force whose income needs to be used for buying necessary services and goods.

Assessment of gender mainstreaming structures and their impact on policy-making

The Czech Republic is often very well assessed in terms of its gender mainstreaming structure. In every ministry there is at least one part-time officeholder for gender issues, called gender focal points. This person is responsible for gender activities of the relevant ministry. There is also a Government Council for Equal Opportunities for Women and Men, a permanent government advisory body in the area of creating equal opportunities for women and men. The Council was established in 2001 under the government led by the Social Democrats. The Council drafts proposals for the promotion and achievement of equal opportunities for women and men.¹⁰ There are also “gender points” on the regional offices. Some of them are official, while some others function in an unofficial manner. Unfortunately the governmental structures work mostly theoretically. It is up to the individual officeholder whether to be active or not. Usually gender focal points are not supported by people in leadership positions, or by the government itself. Ministries and the government did not prepare any gender impact analysis of the Social Reform or a basic SWOT identifying the gender dimensions of social reform.

Social reforms and other policies were not discussed enough in the Government Council for Equal Opportunities for Women and Men. There are several reasons for this: i) the former chairman of the council and former minister of labour and social affairs was not interested in such a debate; ii) social reform was prepared by the Ministry of Labour; iii) the

¹⁰ More information: <http://www.vlada.cz/en/ppov/rada-pro-rovne-prilezitosti/the-government-council-for-equal-opportunities-for-women-and-men-29830/>.

gender NGOs do not focus enough on the social and economic consequences of state policies if they are not strictly linked to gender and women at first glance.

Potentials and capacities to generate gender-sensitive alternatives

In the Czech Republic feminist and gender organisations are not directly involved in the debate about neoliberalism and its impacts on women. Only some NGOs stress the negative impact of budget cuts and cuts in social services from a gender perspective. They mostly deal with the issues of family policy and they also focus on the link between pension reform and women's poverty in old age. Insufficient participation of feminist organisations in the opposition to the government's neoliberal project has an impact on the gender blindness of the Czech movement against neoliberalism. The general negative impacts of these "reforms" are taken as the most important fact, and the need for gender equality is seen as a less important thing, which needs to be solved afterwards. In the more conservative groups of the opposition to the current government, gender is not even taken into account or is criticised as a useless concept.

Czech gender NGOs failed in adjusting their agendas to these new challenges and are no longer able to offer relevant tools and programmes for people affected by the structural changes taking place in society and in the economy. Unfortunately it seems that unless there is a radical policy shift, Czech society will suffer from rising unemployment and a lack of jobs in the future. And that is why it is not so crucial to talk about women in leadership positions but rather to talk about women and their social and economic position in general. It is unlikely that women in positions of power will be willing to introduce a change automatically. This will be brought about by social and economic investments by the state and the public sector in order to support women, create new jobs and improve the living conditions of citizens. Such policies need to be based on the minimisation of inequalities among people (gender, age, income etc.). And yes, these policies can be proposed and fostered by women, but only by women who share this joint aim. Sometimes it seems that gender and women NGOs are still living in the time of economic growth and the policies that they promote do not take into sufficient consideration current social and economic structures. In the Czech Republic it is very dangerous to talk about shortening parental leave without a complete change of the pre-school education and labour market conditions for women and parents. These important structural shifts are, however, not possible in the current political situation. As often stated by the gender NGOs, the shortening of parental leave without the

aforementioned structural changes would mean a radical deterioration in economic and social conditions for women and their families, an increase in unemployment and a higher risk of poverty for women with small children and their families.

Beyond this criticism, feminist organisations should be part of the movement against budget cuts and austerity measures to secure gender equality in the proposed alternatives. Otherwise they will remain gender blind and reproduce inequalities between men and women, with the consequence of keeping women and girls in a vulnerable position and poverty. Gender blindness also complicates the freedom of choice in gender roles.

The agents who call for change in the politics and economics in the Czech Republic are mainly civic organisations, which oppose the current government and the neoliberal ideology. They play a very important role in raising awareness among the rather passive Czech citizens. These organisations and movements have their limits, especially in the field of mobilisation. Trade unions are still the strongest agent of possible change, in spite of the loss of members in recent years. They have a great potential for mobilisation and also for proposing specific alternatives in the area of employment and social policies. Their weaknesses are gender blindness and some kind of conservatism and old-fashioned treatment of non-members. Trade unions and civic movements and associations also gather different social and economic groups (seniors, parents, people with disabilities, women), and so they are able to represent their ideas and needs.

Political parties are another inevitable agent of change. In a parliamentary democracy all alternatives need to take them into account. The problem is that they are in certain regards closed for policy alternatives from the outside and they do not sufficiently cooperate with members of protest movements. The political parties with governmental experience are also less open to radical shifts in politics and the economy.

Proposed alternatives to further discussion

Although the politics of budget cuts was introduced to fight debts and unfavourable economic conditions, it brought about more problems than solutions. I believe that this “fight against debts” by means of budget cuts is just an excuse for implementing political programmes that would be impossible to push through in any other context. At the beginning of the so-called “economic crisis” people were speaking about the possibility of a new beginning. This hope quickly faded away (except in Iceland in the European context). On the contrary, it was the start of a long period of reduction of public services and their transfer into

private hands. In fact, the crisis now seems to be a logical stage in the development of today's economic system. If there are no structural changes soon, we will face even more unemployment, more labour done for free, the decline of the middle class in Europe and the USA and an increase in poverty in the regions traditionally understood as being rich and respecting social human rights.

There are some ways out of this situation, measures that need to be implemented:

Investment in employment policies: development of new jobs in the public sector (work that is needed and now suffers from inadequate investment) and in the care economy. The care economy should not be the only option, because we have to bear in mind the fact that care should be professional and not everyone is able to perform this very difficult and qualified work. The investments in jobs should be diversified into several economic and social spheres to cover work that “needs to be done” and “must be paid”. The system of workfare and trainee programmes for free should be replaced by trainee and supported programmes of paid work. But this sector should serve only as a tool to help disadvantaged groups. All work should be paid and people working in these schemes should have the same rights as other employees. This system will provide security against further worsening of labour rights and working conditions. The care sector should be strongly respected and strengthened, because it has a direct impact on the lives of people and gender equality.

Investments in social infrastructures: investments in kindergartens, hospitals, nursing houses and so on have the potential to boost economic growth and respect the social needs of the people. They should be based on a solid needs assessment of citizens. A developed social infrastructure is also a key factor for the well-being of all citizens and for gender equality. Social services enable women, who are mostly responsible for childcare and care for the family, to participate not only in the labour market but also in the wider social and political life.

Balanced taxation: fiscal pressure should be spread among individuals, entrepreneurs and corporations, with consideration for the social impacts on all actors. The enhanced cooperation among states on income taxes and financial transactions should help to avoid any situation in which corporations end up as free riders. It is also important to bear it in mind that taxation also has a gender impact. If the indirect taxes are increased, their impact is more intense on lower-income groups to which many women belong. Some political actors also recommend replacing social benefits for parents or for people with disabilities with special

tax deductions. This mechanism has a direct negative effect on women, who are mostly responsible for care in European societies. They would lose their (in many cases only) income. Moreover, these tax deductions would not fully fit in the current liquidity crisis.

Stronger role of trade unions: There should be a focus on the labour organisations and on the support of trade unions in order to secure employees' rights and strike a balance in the relationship between security and flexibility. It is also important to expand trade unions' representation to cover services in which women workers predominate. Today the labour market policies implemented by governments highlight the need for flexibility but do not provide enough security or employees' rights. This trend has a very negative impact on women of reproductive age in the period of early motherhood and pre-school age of children. Secondly, it is important to foster economic programmes that are not only for male-dominated sectors (such as the automobile industry), and to launch discussion inside trade unions about what the best options to fight labour market segregation and the gender pay gap are, and how to increase respect for female occupations.

Gender budgeting: The budget responsibility used as the explanation for budget cuts should be replaced by gender budgeting or participatory budgeting that is focused on the well-being and position of men and women in society. Gender budgeting is an important tool for gender equality, the participation of citizens and the satisfaction of the real needs of different vulnerable groups in society. It is also a useful tool to fight corruption, because it is based on the needs analysis and participation of different expert groups and the public, which is able to monitor the drafting and implementation of the budget incomes and expenses.

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