

Chapter Five

►► HOUSEHOLDS, WORK AND FLEXIBILITY Country Contextual Reports

CZECH REPUBLIC

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INTRODUCTION

Under the command economy, labour was administered as one big internal labour market in which manpower was easily controlled, but there was a total lack of market competition. From educational planning for future workers to workers' placement and specified wage tariffs, the state bureaucracy kept the labour force under strict control. The supply of cheap labour resulted in over-employment in all industrial branches and – consequently – the technological backwardness of the country.

A characteristic feature of command economies was rigidity and a permanent shortage of labour resulting from its inefficient or even wasteful use. There was a generally high employment rate in all the communist countries, and especially in the former Czechoslovakia which had the highest rate of employment in the world for women. Additionally, the private sector in Czechoslovakia was virtually non-existent, and the informal economy not nearly as significant as in Hungary or Poland.

During the transition period, markets have opened but much of the communist legacy remains. This concerns the labour market in general and its flexibility in particular. The previous centralized and command economy was static: it required life-long qualifications and provided prevailing conditions of job and housing stability. The connection between a person's work performance and his/her standard of living was rather weak. State paternalism ruled over social security and the expectation of this system's con-

tinuance has firmly fixed itself in peoples' attitudes.

Change within the labour sphere, which started in 1990, has not taken place according to a systematic blueprint or a model brought in from abroad. In a transitory setting, people are adapting to institutions that are still in the process of defining their forms and functions, as well as to standard – although new for them – work incentives. The labour market is thus an arena of constant flux in terms of institutional settings and policies, as well as in terms of peoples' adaptation and mobility within them.

More recently, many independent employers are edging in on the state's previous monopoly of the workplace. A variety of new types of job contracts and arrangements are replacing the former uniformity of dependent full-time, stable, and often life-long jobs. There is also a tendency towards a shift from regular full-time wage employment to irregular, time-limited and flexible employment arrangements, although these are appearing at a slower rate than in the West.

In this study, we have put together various trend data as well as opinion data regarding the demographic, economic and institutional context of changes. These reveal both the path dependency from the communist society and new challenges brought by open markets. We conclude with an assessment of the current debates and their main actors. As we have tried to be rather brief, we refer to other literature about the topic.

1. DEMOGRAPHIC AND EMPLOYMENT TRENDS

In the 1990s, quantitative changes in *demographic behaviour*, including reproductive activities and life expectancy are so substantial that they suggest the emergence of new trends and allow us to speak of a qualitative change. New trends, which have been occurring for 30 years in developed countries, have appeared more recently in the Czech Republic. Czech society is thus becoming more similar to other European societies (Mozny and Rabusic, 1999).

Two trends characterize the development of family behaviour since 1989, both connected with the conception of family. Each year in the Czech Republic the number of marriages is declining and fewer children are being born. Three conditions help to explain the internal sources of this development; the inheritance of a deformed Czech population structure from the former regime, the increase in the opportunities for self-realization of individuals, and a weak housing market.

These limitations, while mutually independent, have led to the transformation of the population climate, which for young families is expressed in two deferments – in the deferment of starting a new household and in the deferment of the decision to have the first child. Since the marriage age and the age when first child is born were both an artefact of the Communist-period state policies, the increase in both witness the return of the country to more normal European patterns. Similarly, the ageing of the population as a whole accompanies this demographic transition (Table 1).

The composition of households (according to the most recent reliable source – Microcensus 1996) is the following: 51 percent core families (parents and children) without other members, 16 families with other relatives, 10 percent single-parent families and 22 percent of singles (1 percent non-family households). If we take households with the head in prime age only (25-54 years of age), we find 56 percent of core families without other members, 19 families with other relatives, 14 percent single-parent families and 11

percent of singles. Multigenerational families are typical for the countryside.

Regarding *trends in employment*, there was not a radical decrease in employment in the Czech Republic as had been expected when 'soft' budget constraints were replaced by 'hard' ones. Due to a largely nominal privatization process and the state's general continuation of its policies of pressuring semi-state banks to provide generous credit to big enterprises, labour was further hoarded and the country thus enjoyed remarkably low unemployment rate until the mid-1990s (Table 1).

In the first half of the 1990s, unemployment remained strictly localized, and there was no general surplus of workers in the Czech Republic. Active workers profited from the open markets, and huge mobility flows between the 'old' and 'new' sectors appeared, testifying to the high labour commitment and capacity for alternative strategies of at least a part of the population. Other factors have contributed too, however.

Indeed, the main factors enabling the sudden reduction in the labour force were the exit of 'working pensioners' from the labour market, mass retirement (both regular and early) and also a decrease in women's participation in the labour force. The SSEE survey shows the largest increase in the number of pensioners in the pre-retirement cohort (age 45-60 for men and 45-55 for women). Also, prolonged periods of study among the youngest cohort contributed to an overall decrease in employment (Mateju, 1999).

The biggest absorption capacity was expected among new entrepreneurs. Even though the launch of *de novo* firms was vigorous, it could hardly be called an explosion. According to the LFS, in the spring of 1992 the self-employed represented 6.2 percent of the total labour force, and entrepreneurs with employees 2.5 percent; by the end of 1999 the corresponding percentages were 10 and 4 percent – the same again at the beginning as well as at the end of 2000.

The number of entrepreneurs and self-employed persons according to the LFS represents only the 'full-time' fraction of those who work independently. By the end of 1999, 2.2 million business licenses had been issued and there were 1.7 million registered entrepreneurs (Table 2). However, according to the LFS, the number of self-employed and entrepreneurs had reached only 667,000 by mid-2000. The majority of those who are self-employed are therefore still employed elsewhere and are running their businesses only as a second job.

Macro-structural shifts are displayed in the changing branch distribution among the employed labour force. After the stability enjoyed under the command economy, the agriculture and manufacturing industries are rapidly diminishing, while the traditional tertiary sector (trade and private services) is expanding. Within public services, state administration has increased while education and health services have rather stagnated (Table 3).

Evidence for labour mobility is twofold. LFS statistics, which cover at most one year, describe smaller shifts between branches (Table 4), while surveys of workers' biographies report quite considerable cumulative changes. As the large survey SIALS from 1998 shows, upward mobility within the vertical occupational hierarchy has far exceeded downward mobility (Table 5).

The EEA survey from January 1996 indicates that voluntary shifts have considerably exceeded those forced by closing plants, staff reductions or reorganization: while 40 percent of mobilized people were laid off from their previous job, 60 percent were attracted by a better opportunity or resigned from their positions as a result of dissatisfaction with their employer or job conditions.

The labour force surveys (LFS) allows us to systematically observe not only fluxes in the count and composition of the labour force but also more details about work contracts, although only since 1993.

Regarding types of *work contract*, open-ended full-time job contracts prevail substantially in the

Czech economy (Table 6). Only eight percent of employed workers have a non-standard contract and this percentage does not show any tendency to increase. Nor are fixed-term contracts increasing: their proportion has remained stable since 1994 at about seven percent of all employee work contracts.

Part-time jobs have even decreased from 6.6 percent in 1994 to 5.6 percent in 1999 (in contrast to the 17 percent EU average). Women are working in part-time and fixed-term contracts more frequently than men. Most fixed-term contracts are in manufacturing and trade, but they are also found in education, research and the health services. Typically, professionals in public services such as teachers, physicians, researchers and journalists are forced to accept fixed-term contracts.

Working full time has been a tradition since communist times, but there is also another reason for its prevalence: working only part-time would lead most to fall under the subsistence income level, as the Czech Republic's wage level is low. Among declared reasons for not having a part-time job, employers' objectives (lack of work) bear on one-fifth of respondents' cases, especially among women.

Most of the reasons for not working full-time are on the side of employees – men frequently declare health reasons and continuing education as grounds for not working full time, while women usually stress child care. While men declare a constant rate of underemployment, slightly exceeding one-tenth of those engaged in part-time work, women are reporting increasing levels of underemployment, which reached almost 30 percent of those doing part-time work in 1999 (Table 7).

Since 1994, the proportion of long job contracts (over three years) is increasing. This is valid for the labour force in general and for the self-employed in particular (Table 8). The reason is obvious: while in 1990-1994, workers suddenly had many opportunities for labour mobility, which encouraged considerable branch and sector

shifts, the period of 1994-1998 saw considerable stability.

During this time, the economy as a whole was under the protection of 'bank socialism' (the support of former state firms by banking giants, operating under political demand). This unsustainable economic policy plunged the country into a recession in 1997, which shook up the labour market and caused it to become a bit more mobile. Unlike the mostly voluntary shifts of the first phase of transition, the mobility of the late 1990s was mostly involuntary and detrimental to workers.

With closing channels of labour mobility, a decreasing percentage of employed people also searching for *second or additional jobs*. Clearly, the most prevalent reason for employed people's continuing to search for a job is their desire for a better-paid job (especially among men), with perceived job insecurity as a second motivation. With rising unemployment, obviously the weight of the first consideration is decreasing, while that of the second is increasing (Table 9).

The survey *Ten years of societal transformation* allows us to examine the intentions and limitations of unemployed people, and thus shed some light on labour market conditions. Unemployed people often stress the lack of jobs in their locality and their insufficient skills. Very often, however, they also perceive prejudices on the part of employers. Among perceived barriers, factors of age, family burden and lack of self-confidence (especially among women) are cited (Table 10).

2. LABOUR MARKET POLICIES

Employment in Czech Republic is protected by standard formal legal mechanisms embodied in the Labour Code. Employers are obliged to provide employees with work according to contracted weekly hours. The employer who is unable to do so, should normally compensate the employee with a full average wage. Only if any of serious impediments to firm activity – explicitly enumerated in the agreement with the trade union organization – occurs, is the employer allowed

The unemployed display a remarkable readiness to accept a worse job just to be employed, to undertake training or retraining, to accept non-standard working hours (weekend and/or night work) or take a part-time job or a job with lower skill requirements. To a much lesser degree, people are declaring their willingness to accept worse working conditions, work for lower wage or even to change their residence.

If those who are currently unemployed would become employed, they would prefer – of course – a job in their locality. Aversion to moving is somewhat stronger than the aversion to change the previous occupation or field of work. This is striking especially among manual workers. More aggressively proactive strategies such as starting one's own business or searching for a job abroad are rather uncommon, but nevertheless significantly declared, albeit not frequently accomplished.

The readiness of people who find themselves unemployed to retrain and/or to utilize their time while unemployed for training or further education is also surprisingly high, although here we have to suspect that we are encountering a considerable amount of wishful thinking. Also people's stated willingness to live from income other than that earned from labour is surprisingly high, which is partly linked with unemployment and social benefits (Table 11).

to compensate the employee with only 60 per cent of his/her average earnings.

In order to avoid redundancies, or at least reduce them partly and temporarily, the employer can be assisted by the State with a contribution, administered through the local labour office. Indeed, the employer is entitled to be reimbursed only in the case of restructuring or a newly introduced programme which will necessitate a substantial technological change that temporarily and

seriously limits the manufacturing process and thus limits the work capacity which the employer is normally able to give to employees.

To support the labour market, the public employment service has been organized by the Ministry of Labour and Social Affairs (MLSA) already since early 1990. A modern system of job mediation was established, which also encourages people to start their own business. The public employment service (PES) is responsible for the monitoring and evaluation of the labour force and implementation of an efficient labour market policy. Regional offices were implemented in each administrative district (77) and, in addition, there are auxiliary branch offices in selected towns and localities (238).

When unemployment started to rise again in 1997 (Table 12), the costs of employment services also increased, crossing all previous levels and reaching 0.42 per cent GDP in 1999. At the same time, active labour market policies (ALMP) were largely activated, be it by a current and expected rise of unemployment or by a new interventionist strategy of the Social Democrat government. Between 1997 and 1999, the share of ALMP in GDP almost tripled and the percentage of total labour market expenditures increased from 14 to 25 per cent (Table 13).

The MLSA and district labour offices provide employers with incentives and financial support for the creation of socially effective jobs and publicly useful works (public works). A *socially effective job* denotes a new workplace that is created by an employer following a written agreement with the labour office and filled by a registered job-seeker who would be otherwise unemployed. *Publicly useful works* are new job opportunities created by localities and employers following a written agreement with the labour office, a measure directed to the short-term placement of job-seekers.

In sum, the basic ALMP activities are the following:

- *Subsidized employment* (creation of socially effective jobs) which managed to place a total of 196,400 jobseekers in 1991-2000;
- *Public works* (creation of new jobs for long-term unemployed and disadvantaged people) which accounted for 149,500 workers in 1991-2000;
- *Youth training programmes* (subsidy of new jobs for school leavers) accounting for 95,800 placed young workers in 1991-2000;
- *Sheltered workshops* (for disabled workers) covering establishment of new workshops as well as maintenance of pre-existing workshops which gave work to 7950 workers in 1991-2000;
- *Training programmes* (taking into account existing disparity between skill structure and labour market needs) in which 162,100 persons were registered in 1991-2000.

Indeed, ALMP has expanded under the Social Democrat government since 1998. In comparison with 1998, financial resources were doubled in 1999 (on CZK 1.9 billion CZK) and expected to be tripled in 2000 (up to CZK 3.3 billion). This enabled more people to be placed (43,000 of unemployed) and increased the number of persons in retraining by 45 per cent (23,000 of unemployed). Special attention is given by the government to regions with above-average unemployment such as North-West Bohemia and North Moravia.

However, the experience of 1998-1999 showed that neither the procedures already applied, nor the planned financial resources are sufficient for solving the rapidly mounting problem of unemployment in general and long-term unemployment in particular. The harmonization of various economic, social and educational policies of the government was necessary as well as an adjustment of labour market policies to EU standards. The three priorities of employment policy were subsidies for new business activities, the restructuring of firms in production and trade troubles, and the ALMP measures.

During 1998-1999, the *National Plan of Employment (NPE)* was elaborated by MLSA and accepted by the government in May 1999. The NPE adopted the EU directives for employment policy and thus largely paralleled annual National Action Plans for Employment of the EU member states. Basically, the NPE raises four comprehensive pillars for supporting employment:

- Support of employability of human resources (increasing skills and motivation for job searching instead of claiming welfare).
- Support of business and employers (improved conditions for SMEs and revitalization of several big firms, fair competition and attraction of investors).
- Flexibility of the labour market (flexible organization of work, motivation of employers to enhance skills of employees).
- Removing all discrimination (by age and gender, creating conditions for affirmative action in favour of disfavoured categories).

An important driving force regarding employment policies comes from the EU. In May 2000, the Czech government and the EC signed a document that 'set out an agreed set of employment and labour market objectives necessary to advance the country's labour market transformation, to make progress in adapting the employment system so as to be able to implement the Employment Strategy and to prepare it for accession to the European Union. The *2002 National Employment Action Plan* takes full account of issues and priorities identified in this agreement and in its review in 2001. The plan has been prepared in parallel with the *Human Resources Development Sector Operational Programme* that sets out the agreed areas for support from the European Union structural funds.

Regarding the third pillar – encouraging adaptability of employers and employees – the document states that there is a significant lack of flexibility and variability in patterns of employment in the Czech Republic. The comparative lack of adaptability of employees is likely to have an

effect on industrial restructuring and regeneration. Several strategic documents have already touched on this issue without specifying desirable measures. Thus the priorities in employment and labour force flexibility as stated in the sectoral part of the Human Resource Development include also increasing employers' and employees' adaptability to change, including development of new forms of working contract.

The stress is placed upon negotiating and implementing agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive, achieving the required balance between flexibility and security, and increasing the quality of jobs. Subjects to be covered may, for example, include the introduction of new technologies, new forms of work and working time issues such as the expression of working time as an annual figure, the reduction in working hours, the reduction in overtime, the development of part time working, access to career breaks, and associated job security issues.

Important requirements are addressed to social partners to use the additional flexibility now available to them to find a new balance between the requirements of a modern economy and the legitimate interests of employees. The government and the social partners should work together to increase and update the skills of the workforce. The capacity of companies and their employees to adapt to global changes has a great impact on jobs and on growth. The modernisation of the formal education system is essential but there is also necessary for those already in the workforce to have the opportunity to regularly update their skills through life long learning and availability of infrastructure for affordable and effective continuing education and training.

Active labour market policies have strengthened considerably in late 1990s, following the programme of the ruling Social-Democratic parties (Table 14). All in all, the share of active measures in LM policy expenditures increased to one-quarter in 1999, crossing 40 percent in 2001. Be-

side traditional instruments, a new tool is under preparation in 2001: so-called personal action plans. In this programme an unemployed person is provided with information and advice, as well as being involved in job clubs, motivational courses and diagnostic programmes. A client is in regular contact with his/her advisor and always ready to accept a job, even if it is seasonal or part-time work.

In parallel with – and partly previously to – active labour market policies, passive measures for income maintenance of people losing a job or having badly paid jobs, unemployment benefits and minimum wage were also introduced in early 1990 (Table 15).

Unemployment benefit was first set down in 1990. Financial support shall be provided to a job-seeker who has been unemployed for at least 12 months in the 3 years immediately preceding their application for assistance in finding a job. In 1990, unemployment benefit was set for 12 months at 60 per cent of previous net wage (90 per cent if the job loss was due to restructuring). In 1991, this benefit was removed and reset at 65 per cent for the first 6 months and 60 per cent for the remaining 6 months (70 per cent during retraining).

Since 1992, the entitlement period has been shortened to only 6 months and the unemployment benefit set at 60 per cent in the first 3 months and 50 per cent for the remaining 3 months. Since October 1999, the jobseeker will receive only 50 per cent of previous earnings during the first 3 months and 40 per cent for the second 3 months (60 per cent during retraining). However, since 1999 the ceiling of financial support is 2.5 times higher than the corresponding living minimum in general (1.5 previously) and 2.8 times for job-seekers in retraining (1.8 previously).

The minimum wage was first set only in 1991 – at a level of CZK 2000 (53 per cent of the average wage). It was soon increased to CZK 2,200 and later to CZK 2,500. With the Social Democrat party in power, the minimum wage started to rise again. It was increased to CZK 3,250 in January 1999, to CZK 4,000 in January 2000 (about 32 per

cent of the average yearly wage in 1999), to CZK 4,500 in July 2000 (about 36 per cent of the current average wage, about two-thirds of the 1991 amount in real terms) and, finally, to CZK 5,000 since January 2001. In this last increase, the minimum wage – for the first time – crosses the official living minimum set for a single adult.

Regarding *labour costs*, the real unit labour cost sunk to 80 percent of the 1990 level, adjusted to PPP. Despite later wage drift, the early fall in real wages enabled extensive labour hoarding, otherwise supported by weak conditions for former state enterprises under blurred corporate governance and generous crediting. But it also served as an incentive for workers to leave former state enterprises and seek a better job in *de novo* firms or companies owned by foreign owners which offered substantial premiums. Especially foreign-owned firms prompted a wage-spillover effect that led to a general wage increase (Flek and Vecernik, 1998:36).

On the one hand, the Czech lands are considered to be a ‘cheap workshop of Europe’: used for producing goods designed elsewhere and often even from raw materials transferred from abroad, with minimum value added. This kind of cut price jobbing, especially for German companies, is usually found in textile and leather, electronic and plastic industries. Here, the very fragile comparative advantage is the low wage. Indeed, despite a considerable increase, the comparative wage level in the Czech Republic appears to be still lower than in Hungary (not to speak about Slovenia) but higher than in Poland and, especially, Slovakia.

However on the other hand, Czech manpower has become more demanding and somewhat choosy especially as far as dirty jobs are concerned. In many localities and regions with high unemployment, jobs vacancies remain unfilled or are filled by workers from Eastern countries, in particular from Ukraine, but also from Belarus, Rumania, etc. About 60,000 foreigners work currently in the country legally but a much higher number is estimated to work here illegally. While the recent introduction of compulsory visas for

people from Eastern countries should limit the flow of illegal workers, the attraction of more foreigners from Slovakia, Ukraine, Vietnam or Rus-

sia is a policy of MLSA in aiming to fill the gaps in the labour market.

3. SOCIAL POLICIES RELATED TO WORK AND FAMILIES

Once the economic system began to change, several immediate social measures had to be introduced. Their aim was to slow down the decline in the standard of living of those people who were unable to cope with financial hardship on their own. Among these measures was the introduction of unemployment benefits, the valorization of pensions and other benefits, the fixing of the guaranteed minimum wage and the establishment of the state compensatory benefit for the removal of subsidies in foodstuff prices. Simultaneously, the Living Minimum Act was passed by the Parliament in October 1991.

The *living minimum* is acting since 1992 and serves as the official poverty line. This legislation allows entitlement to social benefits for households with very low incomes after a (not very rigorous) testing of their income situation and property holdings. The living minimum is indexed to CPI according to precise rules. The principles of its construction (which is composed from amounts for individual persons and the lump-sum amount for the household as a whole) continue almost intact from the previous regime, i.e. stressing basic needs of individuals with only minor regard for the common needs of households. Benefits are thus advantageous for large households and disadvantageous for small families.

Systemic changes began after the June 1992 elections, when the 'rightist' government under the leadership of Vaclav Klaus came to power. The transformation of the social security system was proposed in three fields. Social insurance is designed to accommodate predictable situations such as unemployment, illness and old age. State social support aims to solve some situations – such as maternity, child rearing and disability – which might cause financial problems. Social assistance should solve situations of material need.

The main component of *social insurance* is pension insurance. Its regulation should take into account the deteriorating dependency ratio (of the economically active and non-active population). This was the reason for the new scheme which accepted a gradual rise in the retirement age, set to rise in 2006 from the current 60 years for men and 53-57 for women (dependent on the number of children) to 62 for men and 57-61 for women. The government is obliged to valorize pensions against inflation (in response to each price increase of 5 percent or more) and real wage rises (by at least one third of this rise).

State social support includes targeted and differentiated aid for those households with incomes above the living minimum which fall victim to certain situations of financial hardship. Several family benefits are combined by the new system, significantly complemented by new benefits and income-tested. The living minimum serves as a dual testing basis: a) an income threshold (by multiples) at which the benefit will be withdrawn and b) as the amount of money on which the benefit will be calculated. The main benefit of this category is the child allowance, which will be calculated according to the formula (see Table 0-1).

The other income-tested benefits are the housing benefit, transport benefit and social contribution. The housing benefit is to assist households in coping with rising rent during the liberalization period. While in 1993 only the officially designated maximum rise in rent for the same apartment was compensated, in the new scheme all families with income up to 1.4 times the living minimum are entitled to housing support (about 22 percent of families). The transport benefit is offered to children living away from the school locality and for students from families with an income up to double living minimum. The social

contribution is designed for all families with children with an income below the 1.6 times living minimum.

The other universal benefits are the parental allowance, a benefit for adopted children, a benefit for foster-parent care as well as birth grant. Regular *maternal leave* is paid for 28 weeks. The additional child care leave with entitlement to social benefit is possible up to four years (increased from three years in 1995). The corresponding flat-rate benefit (not regarding the number of children) is paid to this parent who does not work because of child care.

Social assistance is oriented towards households with incomes below the living minimum and is aimed at the maximum possible decentralization of decision-making about benefit entitlements (district and local social administration). In order to make social assistance more flexible in relation to the problems of needy households, a network of new contact offices providing support is to be established. The regulations and administration of social assistance have to ensure better targeting and means-testing: only those who are not able to escape from financial hardship through their own efforts will be eligible.

Table 0-1. Formula of calculation of child benefits according to the age of a child and relation of household income of a family to the Living Minimum

Age of the child	Household income in multiples of living minimum			
	up to 1.1	1.1 – 1.8	1.8 – 3.0	over 3.0
In percent of Living Minimum amount set for a child:	32 per cent	28 per cent	14 per cent	0
In CZK monthly for a child of:				
– 6 years	390	340	170	0
6-10	435	380	190	0
10-15	520	450	230	0
15-26	570	490	290	0

Source: MLSA

In 1993, stricter eligibility conditions were introduced, thus excluding cases where people are reluctant to work, change their job on insufficient grounds, do not cooperate with the labour office and so on. Mutual responsibility between household members and very careful means-testing is stressed in the provision of new benefits. It is estimated that the number of households below the poverty line will not increase dramatically, the highest estimates for 1995-1996 being 3-4 percent of households.

Complementary private schemes should encourage people to take more responsibility for their current and future situation. Since 1993, additional pension insurance has enabled citizens to insure themselves with commercial insurance companies, this with the help of a state contribution. For this purpose, pension funds are estab-

lished as stock companies, with any person over 18 able to buy insurance.

However the entire system of social protection was made more simple and transparent, a serious problem has evolved from the 'two-track system' of protection of unemployed people. Whereas unemployment benefits (paid from insurance) are strict and tested against (at least formal) job-search activity, subsistence benefits of state social support used to be higher (according to family circumstances) and without the condition of job-search activity. Even though these people remain registered by the Labour Office, their activity is in fact only loosely controlled by it.

In consequence, the current system leads to complications for both state institutions and job-seekers. A household of long-term unemployed, as the time goes on, is registered and compensated by three state institutions: first by the La-

bour Office (for unemployment benefit), then the social department of the district administration (for state social support) but frequently also the local administration (for social assistance). Labour offices are overburdened by endlessly releasing receipts for other institutions.

The *tax system* in the Czech Republic is broadly similar to that observed in many OECD countries and it carries relatively few vestiges of the pre-transition system. The overall tax burden is about average, although it is much higher than the levels observed when other OECD countries were at similar stages of development. The tax mix is fairly diversified, with personal income, social security contributions and consumption taxes accounting for the major part of revenues. By international comparison, the share of corporate income tax is average, while those of consumption and social security contributions are high (taken together they account for more than 75 per cent of total tax revenues). Individual income taxes represent a smaller proportion of tax revenues than in most other countries.

The personal income tax system applies a progressive rate schedule to all earned income and income from some other sources (principally intellectual property and rents from secondary dwellings). In addition to personal income taxes, labour income is subject to social security taxes. Employee and self-employed contributions are fully deductible from the personal income tax base. The total contribution rates applied to wage and self-employed incomes are the same, but the base upon which they are levied differs importantly between the two groups. For the self-employed the contribution rates are applied to only 35 per cent of self-employed income, subject to both ceilings and floors, whereas all of an employee's earnings are taxed without reference to floors or ceilings (Bronchi and Burns, 2000).

Regarding *housing policy*, little systemic changes were launched by the post-1989 governments. Despite some liberalization of the housing market and an increase from (previously extremely low) rents in formerly state apartments

(37 percent of all apartments), regulation has continued having several counterproductive consequences: 1. the necessary investments in houses had to be postponed further; 2. the amount of new construction has dropped dramatically; 3. the prices of new houses and apartments have multiplied reaching Western levels; 4. housing mobility is almost frozen. Only the exchange of apartments between families survived often camouflaging speculation.

While the situation is quite advantageous for people already housed (among them, the tenants of former state-owned apartments in particular), it has become critical for young people looking for new apartments. Measures are only taken in the owner-occupier sector, with no encouragement and support for the construction of rented houses. The deregulation of rents is too slow to redeem the housing stock and avoid the black market, whereas non-existent distribution criteria for the few remaining apartments allow speculations and enrichment of the bureaucracy.

As a consequence of the underdeveloped rental market, internal *migration* decreased: the amount of migration, which totalled 267,000 migrants in 1990 (26 per 1,000 inhabitants) decreased to 204,000 in 1998 (20 per 1,000 inhabitants). While the relative level of short-distance migration (from locality to locality within the same administrative district) and long-distance migration (from region to region) decreased somewhat, middle-distance migration (from district to district within the same region) fell considerably (Table 16). However, demographers suspect that part of the real migration is not recorded, as people move to unofficially-rented apartments (Population Development, 1999).

The de-urbanization process is being compensated for by sub-urbanization. Important migration flows are occurring between cities and their surroundings (Table 17). While the number of migrants to and from Czech and Moravian cities has rather stagnated, the efficiency of migration (ratio of net balance to migration turnover) has increased. For instance in the Prague region,

the efficiency of migration from the city of Prague to two surrounding districts in 1990-1998 has increased from the value 6 to the value 54.

In fact, the actual amount of employment outside the regions in which people live is much higher than statistical migration flows. Since migration flows make up about 3 percent of the population, 17 percent of the population (one-third of the labour force) are working outside the region in which they live. This is caused by the high dispersion of the settlement structure in the Czech Republic. The highest rates of commuting take place to and from the large cities, especially to Prague, where the daily population is estimated at 1.6 million workers. High level of flows

are also seen in Moravia, where they are caused by higher unemployment (Joint Assessment, 2000).

Employers, however, usually consider the Czech population as commuting-averse. This is attributed both to the surviving communist legacy of residence and workplace stability and the low value added of commuting: the difference between offered wages (minus travel and other expenses) and offered social benefits is little- if there is any at all. Therefore, the MLSA intends to include into its amendment of the Employment Code (currently being prepared) a special transport benefit for the unemployed which would be distributed by labour offices within the ALMP.

4. CONCLUSION: DEBATES AND FACTS

As a result of the paths of reform chosen during the early transition process, work habits have changed much more slowly among the Czech labour force than they could have. Indeed, changes have proceeded very unevenly and reflection upon them has not been as critical as it should be. Too quickly, people recognized that only little or formal adjustment is needed. At the beginning of the transformation, only one fifth of the population was confident about the suitability of their current qualifications in new market conditions. Later on, those satisfied with their qualifications reached 40 percent of workers (EEA surveys).

Czechs seem quite receptive to training and work investment when these will earn them better compensation. However, such receptiveness has not increased, but stagnated since the mid-1990s. Surveys show that the disinterested part of the workforce grew slightly to a current level of 45 percent of the population in the main active age group (Table 12). The data testify to the relaxation in attitudes towards jobs which reflected the general belief in an easy Czech path to the new economic order, and is also reflected in other work attitudes.

People were disappointed in the first half of 1990s by politicians' unfulfilled promises and

changed their newfound liberal attitudes back to their former expectations of expansive social protection. The inconsistency between limited and restrictive unemployment benefits on the one hand, and the long-term, quite easily-accessible and much higher (especially for large families) social subsistence provisions has had a considerable disincentive effect on low-skilled and low paid workers.

From the perspective of the labour market, such inconsistency creates a trap which facilitates exits from the active labour force. It weakens the desirable wage restraint, fed by an excess of labour supply over demand. Ultimately, it may lead to benefit dependency among a fraction of the population. Until now this appears to be the case in the Czech Republic only among the unadaptable part of the Roma population. In other words, the 'standard family budget' is above the market price of low-skilled labour.

Aware of inconsistencies between employment and social policies, the MLSA is preparing measures aiming to relate them more closely. The direction which represents the very opposite of the interventions of the previous administration into the labour market is exemplified by several new trends. These include an emphasis on the

enhancement of work flexibility through broad skills and multitask occupations, flexible contracts and hours, and also the adaptability to the workplace and related commuting or migration.

However, unlike in more developed countries, which intensively seek to ease labour market rigidities and excessive social dependency, there has not been much debate about the flexibility of the labour force in the Czech Republic so far. In this sense, there is no difference between the 'liberal' and the 'socialist' periods. When the problem is mentioned, positions are staked out at ideological extremes: economic liberalism against a rigid welfarist approach. A realistic middle ground, considering both the necessity of change and its real limitations, is rarely claimed.

An exchange of fire triggered by the so-called *Drevic Proclamation*, could serve as an example of this. This Proclamation was conceived and released in March 1999 by a group of economists and other public personalities (some of them leaders of the Czech National Bank), who were convened by Karl Schwarzenberg. Among other things, more flexible contracts and hours, and also a territorially mobile labour force, were called for (Economic strategy of EU admission, 1999).

Such liberal requirements were strongly rejected by trade unions, which called them a 'death-cocktail' against workers. Generally, the opinion of trade unions about work flexibility is conditional. They reject practices which would serve only employers' interests, and laid an emphasis on four general principles: 1. maintaining the dignity of employees, 2. respecting the legal framework, 3. balancing the advantages between both contracting partners and 4. avoiding work security risks.

A generally (though not completely) opposite position is taken by employers. They complain about the bad work habits of employees that they inherited from the communist period, and their lack of skills, work commitment and reliability. Surprisingly, owners of new small firms consider young people as rather inflexible and unreliable workers and prefer middle-aged employees. They

are reluctant to hire school dropouts, who are considered to combine a lack of skills with arrogance and high demands in terms of earnings and other conditions.

Employers' general position is that labour and employment legislation are fully on the side of employees and that the last Labour Code amendment only strengthened this unbalance. As the firing procedure is in their view too long, difficult and costly, employers use various legal tricks either to push an employee to leave by mutual agreement (instead of being fired because of serious breaks of working discipline, which would be noted in the registration list) or by preventively offering employees only fixed-term contracts (often only for half a year), and moreover including a three-month probationary period.

The de facto way of getting round the problems of legal restrictions and hard market conditions for firms, aggravated by lack of transparency and law enforcement, is to not respect the current norms and standard rules. Employees sometimes have to work in unfavourable conditions or accept more overtime work than is legally allowed, hiring and firing does not respect legal (written) requirements and so on. Among small and volatile firms, several non-standard forms of work have developed since 1990 and survive despite legal prohibition and the efforts of the state and trade union institutions to prevent them. The main forms of work are the following:

- *Informal payment* (especially frequent in catering), when only a low wage (close to the minimum) is paid officially and the rest of an employee's compensation is given in cash, according to the discretion of the employer (thus avoiding the payroll tax);
- *Hiring own-account workers*, when employers engage workers who have a business license (again avoiding the payroll tax and work contract requirements);
- *Hiring foreigners* (especially Ukrainians), especially in hard manual occupations; companies are reluctant to hire Czech workers, arguing that they are less hard-working, not

willing to work overtime and on weekends, often use their sick leave, etc.;

- *Contracting agencies* (instead of employees) provide labour without any obligations to the employees; this practice is used especially in construction where foreign (again mostly Ukrainian) workers are supplied by their bosses cheaply.

Reflecting on the flexibility problem more closely, we encounter the following issues:

On the one hand, Czech workers have generally not become more flexible since communist times, when stability in all possible regards was asserted and rewarded. This trend has even deeper roots in the great expectations of state guarantees of jobs and pay that were linked to Social Democratic social politics before the war. On the other hand, the control over norms and procedures was generally relaxed after 1989, and while the enforcement of laws is lax in this country, the possibilities for breaking the rules are manifold.

Here a contradiction arises: traditionally-shaped workers accustomed to stability are suddenly exposed to the wilfulness of new bosses who are behaving towards them like 'wild capitalists'. However, this contradiction is weakened by the fact that the command economy with all of its supply deficiencies also trained people in adaptation and the art of acquiring new skills. Aversion to moving is linked to the fact that most of these additional skills were in repairing and modernizing apartments and houses, which were learned by many people for their own benefit.

The labour market is certainly diversified on both sides. On its demand side, there is a variety of employers, beginning with the not-very-motivating former state enterprises and public administration, and ending with the very attractive financial sector and new, mostly trade and

service firms which offer high salaries in exchange for hard work. On its supply side, there are traditional workers with poor skills and rigid attitudes and, at the other extreme, dynamic individuals ever ready to improve their competencies and respond actively to the new exigencies.

If we can say that *on the average*, a long-term commitment to one job and place is preferred above any change, commuting is preferred before migration and early retirement or welfare dependency is preferred over retraining and a new job. All of this might be valid for about – say – two-thirds of the working population, while the remaining third display rather opposite characteristics to a higher or lower degree. Unfortunately, though, rigidity in mind and behaviour are not generally weakening, but enduring.

The overall change in human economic behaviour depends on a changing economic environment. The labour market and employment relations are still only crystallizing in the country. So far, the links between skills, competencies and performance on the one hand and earnings, work conditions and fringe benefits on the other will take a long time to establish themselves as they have in advanced Western countries which have uninterrupted traditions of market economies.

Although some disparities seem to bear on the character of labour market segmentation in the scholarly sense of this term, other display quite opposite trends from what labour market theory predicts. There are small new firms which offer the potential for a steep job promotions, increasing earnings, and often also job stability, provided that high requirements are met. In contrast, most large companies still offer lower wages combined with insecurity for the future. However, this is not true of foreign-owned firms, which follow the accustomed pattern.

ABBREVIATIONS

ALMP	Active Labour Market Policies
CMKOS	Czech-Moravian Confederation of Trade Unions
CSO	Czech Statistical Office
CZK	Czech Crown (currency)
EEA	Economic Expectations and Attitudes (survey)
ISSP	International Social Survey Programme (comparative surveys)
LFS	Labour Force Survey
MLSA	Ministry of Labour and Social Affairs
NPE	National Plan of Employment
SIALS	Second International Adult Literacy Survey
SSEE	Social Stratification in Eastern Europe after 1989 (research project)

SURVEYS USED

Sociological surveys

Social Stratification in Eastern Europe after 1989 (SSEE)

The survey was conducted in 1993 in Bulgaria (N=4919), Czech Republic (4737 + 884 over-sampling in Prague), Hungary (4977), Russia (5002) and Slovakia (4920), and later in 1994 in Poland (3520). Donald J. Treiman and Ivan Szeleny conducted the international comparative research project from the University of California in Los Angeles. Data collection occurred in March and April of 1993 and was carried out by the Czech Statistical Office, using a sub-sample of the Microcensus 1992. One-third of households surveyed by Microcensus 1992 was addressed by SSEE questionnaire. Within households, individuals over 18 years of age were randomly selected.

Economic Expectations and Attitudes (EEA)

The surveys of the Czechoslovak and later only Czech population started in May 1990 and were conducted biannually in 1990–1992 and later annually (1993–1998). Surveys were organised by the team of socio-economics of the Institute of Sociology of the Academy of Sciences headed by Jiri Vecernik. The samples include adults selected by a two-step quota sampling procedure, whereby the region and size of the locality were defined in the first step and gender, age and education in the

second. The data was collected by the Centre for Empirical Research STEM.

International Social Survey Program (ISSP)

A long-term international research project, which originated in 1983 and is based on international and inter-project co-operation in the areas of the social sciences. Since 1983, the number of participants has grown continually, reaching 29 in 1998. Each year, research on one topic is conducted in all participating countries. These topics are then prepared by all participants over several years, and are then processed at team meetings. All questionnaires are designed and prepared in British English and their final versions are then translated into the other national languages of participating countries. The institutes of the participating countries are responsible for the collection, initial preparation, and documentation of data for their country. Since 1991, The Institute of Sociology of the Academy of Sciences of the Czech Republic has been the Czech member of ISSP.

(Second) International Adult Literacy Survey (SI-ALS)

A long-term international research project, which originated in 1995 and is backed by Statistics Canada and ETS at University Princeton. The survey is focused on detailed surveying of so-called functional literacy of adult persons based on testing their abilities to understand printed information

and use it in everyday life. Czech data were collected by Agency SC&C in December 1997 – April 1998 on 3,132 respondents (from 5,000 targeted).

Ten Years of Societal Transformation

Survey on social structure and mobility was carried on in the fourth quarter of 1999 on 4,744 adult persons 18-60 years of age. Fieldworks were conducted by the Institute of Sociology, Academy of Sciences of the Czech Republic under heading of Milan Tuček. Sampling was based on stratified random sample of 8,000 addresses selected by the Czech Statistical Office. Completion of sample was made by random walk.

Statistical surveys

Microcensus

Large income surveys started in 1958 as regular statistical surveys conducted every 3–5 years on 1–2 percent samples of households. Data on wages were notified by employers and pension benefits by post-offices. Here, we used the 1989 Microcensus conducted by the CSO on a 2 percent random sample (N=69,912) in March 1989 including yearly incomes in 1988, the 1992 Microcensus,

conducted by the CSO on a 0.5 percent random sample (N=16,234) in March 1993 and including yearly incomes in 1992, and the 1996 Microcensus, conducted by the CSO on a 1 percent random sample (N=28,148) in March 1997 and including yearly incomes in 1996. In the two later surveys, incomes were not confirmed but data corrections were made by the CSO.

Labour Force Surveys (LFS)

LFS started in late 1992 as regular quarterly survey among households. Sampling and collecting method follows recommendations of the ILO and EUROSTAT. The sample rotates so that each quarter one-fifth of households is exchanged. In first three years of survey, sample size was about 23,000 apartments and has reached 26,500 apartments later, what is about 0.8 percent of apartments. In the, about 70,000 of all respondents is surveyed of which 59,000 over 15 years. Up to 1997, quarters did not correspond to calendar quarters but were located one month earlier (aimed to provide decision makers by data sooner). In time series, this and other inconsistencies were adjusted and data reweighted according to demographic composition of the population.

ANNEX

Table 1. Basic demographic and economic indicators

Indicator	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Median state of the population (millions)	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
Fertility rate (children per woman)	1.89	1.84	1.70	1.66	1.44	1.28	1.18	1.17	1.16	1.13	1.14
Life expectancy at birth – men	67.5	68.2	68.5	69.3	69.5	69.7	70.4	70.5	71.1	71.4	71.7
Life expectancy at birth – women	76.0	75.8	76.3	76.4	76.7	76.7	77.3	77.5	78.1	78.1	78.4
GDP (percent change in real terms)		-11.5	-3.3	0.1	2.2	5.9	4.8	-1.0	-2.2	-0.8	3.1
Average wage in CZK	3286	3792	4644	5817	6894	8172	9676	10696	11688	12666	13490
Average wage in US (PPP)				621	665	741	828	866	863	924	
Minimum wage in CZK	2000	2000	2200	2200	2200	2200	2500	2500	2650	3250	5000
Inflation rate	9.7	56.6	11.1	20.8	10.0	9.1	8.8	8.5	10.7	2.1	3.9
Registered unemployment rate	0.73	4.13	2.57	3.52	3.19	2.93	3.52	5.23	7.48	9.37	8.78

Sources: Population Development of the Czech Republic, Statistical Yearbooks of the Czech Republic, Ministry of Labour and Social Affairs, EBRD Transition Report 2001.

Table 2. Total number of business licenses (BL) and entrepreneurs (thousands)

Numbers	1992	1993	1994	1995	1996	1997	1998	1999
Total number of BL	940.3	1263.8	1595.1	1859.2	2294.1	2611.4	2592.2	2837.8
Of which:								
individuals	799.1	1030.7	1276.2	1489.6	1813.2	2057.0	2068.9	2241.5
legal persons	141.2	233.1	318.9	369.6	480.9	554.4	523.2	596.4
foreigners	-	8.8	19.9	43.3	54.7	77.1	52.7	68.6
Entrepreneurs total	656.1	889.9	1113.9	1243.6	1470.8	1648.9	1590.8	1713.1
Of which:								
individuals	-	794.9	985.9	1116.8	1301.8	1456.8	1422.3	1523.6
legal persons	-	94.9	128.0	126.8	169.0	192.0	168.6	189.6
Entrepreneurs-foreigners	-	7.3	18.5	37.0	45.5	63.5	43.2	58.4
BLs per 1,000 inhabitants	91.15	122.35	154.35	179.94	222.30	253.22	251.45	275.44
Entrepreneurs per 1,000 inhabitants	63.60	86.15	107.79	120.36	142.53	159.88	154.31	166.27
BLs per entrepreneur	1.43	1.42	1.43	1.49	1.56	1.58	1.63	1.66

Source: Ministry of Industry and Trade.

Table 3. Employed according to branch (per cent)

Branch	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Manufacturing industry	37.8	38.5	36.5	35.3	33.1	32.5	32.0	32.4	32.7	31.9	31.7
Construction	7.5	8.0	8.3	9.3	9.1	8.9	9.0	8.8	8.2	8.3	8.0
Agriculture	11.8	10.0	8.6	6.8	6.9	6.2	6.0	5.6	5.4	4.6	4.4
Transport and communications	6.9	7.3	7.4	7.9	7.2	7.1	7.2	7.0	6.9	7.3	7.4
Trade and catering	9.8	9.6	11.0	12.6	14.4	17.8	18.4	18.2	18.5	18.4	18.4
Health and welfare	5.2	5.3	5.4	5.4	5.3	5.2	5.3	5.4	5.4	5.6	5.8
Education	5.9	6.4	6.6	6.7	6.6	6.5	6.4	6.2	6.2	6.4	6.5
Banking and insurance	0.5	0.7	1.0	1.3	1.6	1.7	1.8	1.8	1.8	1.8	1.9
Administration, defence	1.8	2.0	2.5	2.7	3.0	3.2	3.3	3.5	3.6	3.8	4.0
Other services	12.7	12.2	12.5	11.9	12.8	10.9	10.6	11.1	11.3	11.9	11.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Statistical Yearbooks of the Czech Republic.

Table 4. Gross flows of the labour force between branches in 1993–1997 (per cent)

Branch	Total in original period	Position one year later				Total in original period	Position one year later			
		1	2	3	4		1	2	3	4
		4/Q 1993					4/Q 1994			
Agriculture, forestry	100	83.7	10.1	0.9	5.3	100	91.2	4.8	1.0	3.0
Manufacturing	100	89.6	5.7	1.8	2.9	100	91.2	4.8	0.7	3.3
Construction	100	87.2	8.4	2.3	2.1	100	88.4	8.2	1.1	2.3
Trade and catering	100	86.1	7.1	3.0	3.8	100	87.6	7.4	1.6	3.4
Transport and communications	100	89.2	6.6	1.0	3.2	100	90.9	5.4	0.9	2.8
Financial and business services	100	90.5	6.5	1.3	1.7	100	91.2	5.7	0.7	2.4
Public administration	100	92.6	4.6	1.5	1.3	100	90.4	6.2	0.2	3.2
Education, health services	100	90.1	4.9	1.0	4.0	100	91.2	5.2	0.2	3.4
Other services	100	86.7	8.6	0.3	4.4	100	80.8	15.4	2.3	1.5
		4/Q 1995					4/Q 1996			
Agriculture, forestry	100	89.5	5.3	1.1	4.1	100	88.9	6.2	1.2	3.8
Manufacturing	100	89.9	3.9	1.8	4.4	100	89.0	6.8	1.6	2.7
Construction	100	88.0	8.9	0.8	2.3	100	89.8	6.1	1.9	2.2
Trade and catering	100	89.6	5.5	1.2	3.7	100	87.2	8.4	2.1	2.4
Transport and communications	100	93.3	3.7	0.4	2.6	100	91.2	5.1	1.5	2.2
Financial and business services	100	90.1	7.6	0.7	1.6	100	89.3	7.5	1.6	1.6
Public administration	100	94.5	3.4	0.7	1.4	100	90.9	7.1	0.9	1.1
Education, health services	100	92.7	2.9	0.3	4.1	100	87.7	8.9	0.9	2.5
Other services	100	90.5	6.2	2.2	1.1	100	85.2	8.1	1.1	5.7

Note: The categories of positions one year later: 1. Employed in the same branch, 2. Employed in a different branch, 3. Unemployed, 4. Economically inactive

Source: *Kux and Makalous, 1997* (Ivo Makalous of the CSO kindly computed the last period which was not included in the original article).

Table 5. Employment, job and occupation changes since 1990 (per cent)

Type and number of changes	All respondents up to 65 in 1998			In the labour force for the whole period		
	Total	Men	Women	Total	Men	Women
Enters into the LF	17.9	17.9	17.9			
Exits from the LF	12.3	10.6	13.9			
Change of employer	39.6	42.3	37.0	39.0	41.4	36.6
Change of occupation	31.1	32.7	29.5	29.1	29.3	28.9
Run a private business	11.7	15.3	8.4	12.8	16.4	9.2
Promotion	18.6	20.9	16.4	19.1	21.3	16.9
Demotion	7.4	7.8	7.0	7.2	6.9	7.5
Experienced unemployment	18.2	18.7	17.7	16.7	15.9	17.5
Number of changes:						
No change	30.9	29.1	32.7	44.7	41.9	47.5
One	19.7	18.7	20.7	18.4	19.8	16.9
Two	11.8	12.0	11.6	15.5	16.5	14.6
Three	12.4	13.5	11.3	13.7	13.1	14.3
More	25.2	26.7	23.7	7.7	8.7	6.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: SIALS.

Table 6. Employed in civil sector by type of work contract (per cent workers)

	1993	1994	1995	1996	1997	1998	1999
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	91.4	90.9	91.6	92.0	92.3	92.8	93.1
part-time	6.3	6.6	6.3	6.0	5.9	5.7	5.6
not working more than 4 weeks	2.3	2.4	2.1	2.0	1.8	1.5	1.3
not identified	–	0.1	–	–	–	–	–
<i>Indefinite period</i>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	93.1	93.0	93.7	94.2	94.4	94.6	94.8
part-time	4.6	4.4	4.1	3.8	3.7	3.8	3.9
not working more than 4 weeks	2.3	2.5	2.2	2.0	1.8	1.5	1.4
not identified	–	0.1	–	–	–	–	–
<i>Fixed term</i>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	55.0	63.0	67.1	64.2	64.9	65.2	70.7
part-time	43.4	35.2	31.3	33.7	33.8	34.1	28.8
not working more than 4 weeks	1.5	1.7	1.4	2.1	1.2	0.7	0.5
not identified	0.1	0.1	0.2	–	–	0.1	–
Men	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	95.9	95.1	95.9	95.8	96.3	96.7	97.0
part-time	3.0	3.5	3.0	3.0	2.8	2.6	2.4
not working more than 4 weeks	1.0	1.3	1.0	1.1	0.9	0.7	0.6
not identified	–	0.1	0.1	–	–	–	–
<i>Indefinite period</i>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	97.2	96.9	97.6	97.6	97.8	98.1	98.1
part-time	1.7	1.7	1.4	1.3	1.3	1.3	1.3
not working more than 4 weeks	1.0	1.3	1.0	1.1	0.9	0.7	0.6
not identified	–	0.1	–	–	–	–	–
<i>Fixed term</i>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	63.8	69.9	74.8	71.8	73.2	72.6	79.0
part-time	34.6	28.6	23.6	26.5	25.7	26.6	20.4
not working more than 4 weeks	1.4	1.3	1.3	1.7	1.1	0.7	0.5
not identified	0.1	0.2	0.3	0.1	0.1	0.1	–
Women	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	85.8	85.6	86.2	87.0	87.2	87.8	88.1
part-time	10.3	10.5	10.4	9.8	9.8	9.6	9.7
not working more than 4 weeks	3.9	3.9	3.5	3.1	2.9	2.6	2.2
not identified	–	–	–	–	–	–	–
<i>Indefinite period</i>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	87.8	88.1	88.7	89.9	89.9	90.1	90.4
part-time	8.2	7.8	7.6	6.9	7.0	7.2	7.3
not working more than 4 weeks	4.0	4.0	3.6	3.2	3.1	2.7	2.4
not identified	–	–	–	–	–	–	–
<i>Fixed term</i>	100.0	100.0	100.0	100.0	100.0	100.0	100.0
full-time	46.1	55.4	59.1	56.7	57.0	58.4	63.6
part-time	52.2	42.5	39.3	40.8	41.6	40.9	35.9
not working more than 4 weeks	1.5	2.0	1.6	2.5	1.4	0.7	0.5
not identified	0.2	0.1	–	–	–	–	–

Source: LFS.

Table 7. Part-time work and underemployment in civil sector (per cent workers)

	1993	1994	1995	1996	1997	1998	1999
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
cannot find an appropriate job	3.3	3.3	3.6	3.4	4.4	5.3	6.5
employers' reasons (lack of work)	14.7	15.7	15.5	15.1	14.9	18.5	18.5
health reasons	15.2	14.5	14.9	14.4	15.7	15.9	15.2
child care	24.5	21.3	21.4	20.7	18.4	17.7	18.2
education or training	6.2	10.6	9.0	7.6	6.7	4.5	3.9
have yet another job	1.2	1.6	2.0	2.3	1.7	1.6	1.2
voluntary part-time	23.0	23.5	23.8	26.4	27.3	23.5	21.2
other reasons	11.7	9.4	9.7	10.0	10.9	12.8	15.4
not identified	–	–	–	–	–	–	–
Underemployment total	18.1	19.0	19.1	18.5	19.3	23.9	25.0
Men	100.0	100.0	100.0	100.0	100.0	100.0	100.0
cannot find an appropriate job	1.6	2.2	2.1	2.2	2.3	2.9	3.4
employers' reasons (lack of work)	9.5	12.1	10.8	10.6	9.0	9.3	8.9
health reasons	27.1	23.4	25.9	23.6	24.8	28.2	29.9
child care	2.7	1.1	0.6	1.6	1.1	0.9	0.5
education or training	14.0	22.5	21.3	16.3	14.7	11.9	10.4
have yet another job	1.0	1.4	2.8	4.3	2.8	2.3	3.1
voluntary part-time	28.4	26.5	23.8	27.9	31.7	27.3	24.1
other reasons	15.8	10.8	12.6	13.5	13.9	17.3	19.7
not identified	–	–	–	–	–	–	–
Underemployment total	11.1	14.3	12.9	12.8	11.1	12.2	12.3
Women	100.0	100.0	100.0	100.0	100.0	100.0	100.0
cannot find an appropriate job	3.9	3.7	4.2	3.9	5.2	6.2	7.5
employers' reasons (lack of work)	16.7	17.2	17.2	16.9	17.0	21.7	21.5
health reasons	10.9	10.8	10.9	10.9	12.4	11.7	10.6
child care	32.5	29.8	29.0	28.2	24.6	23.6	23.7
education or training	3.4	5.6	4.5	4.3	3.8	2.0	1.8
have yet another job	1.3	1.7	1.7	1.5	1.4	1.3	0.6
voluntary part-time	21.0	22.2	23.7	25.8	25.7	22.2	20.2
other reasons	10.3	8.9	8.7	8.6	9.8	11.3	14.0
not identified	–	–	–	–	–	–	–
Underemployment total	20.5	20.9	21.4	20.8	22.2	27.9	29.0

Source: LFS.

Table 8. Duration of the last job of persons employed for an unlimited period of time in civil sector (per cent workers)

	1993	1994	1995	1996	1997	1998	1999
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
less than 6 months	10.4	8.9	7.8	6.4	5.5	6.0	4.8
6-12 months	12.1	10.2	8.0	7.1	6.2	5.8	5.2
1-3 years	21.5	26.3	25.3	22.7	21.5	19.9	18.8
over 3 years	55.9	54.6	58.8	63.8	66.8	68.3	71.2
not identified	-	-	-	-	-	-	-
Of which: employers and self-employed	9.2	11.0	12.1	12.5	12.7	14.0	14.9
less than 6 months	1.2	0.9	0.8	0.6	0.6	0.7	0.5
6-12 months	1.7	1.2	0.9	0.8	0.6	0.7	0.7
1-3 years	5.1	5.6	4.4	3.2	2.7	2.7	2.6
over 3 years	1.2	3.0	6.0	7.9	8.7	9.9	11.1
not identified	-	-	-	-	-	-	-
Men	100.0	100.0	100.0	100.0	100.0	100.0	100.0
less than 6 months	10.6	8.9	7.8	6.3	5.4	5.8	4.5
6-12 months	12.3	10.2	8.0	7.1	6.0	5.7	4.9
1-3 years	22.5	27.1	25.4	22.6	21.1	19.7	18.2
over 3 years	54.6	53.8	58.7	64.0	67.4	68.8	72.4
not identified	-	-	0.1	-	-	-	-
Of which: employers and self-employed	11.9	14.0	15.6	16.2	16.4	17.9	19.1
less than 6 months	1.4	1.0	1.0	0.8	0.7	0.8	0.6
6-12 months	2.1	1.5	1.1	1.0	0.8	0.8	0.7
1-3 years	6.8	7.4	5.5	4.0	3.4	3.4	3.1
over 3 years	1.5	4.0	7.9	10.5	11.5	12.9	14.6
not identified	-	-	-	-	-	-	-
Women	100.0	100.0	100.0	100.0	100.0	100.0	100.0
less than 6 months	10.3	8.9	7.7	6.5	5.6	6.3	5.3
6-12 months	11.9	10.3	8.0	7.0	6.5	6.0	5.7
1-3 years	20.3	25.3	25.3	22.8	21.9	20.2	19.5
over 3 years	57.5	55.5	58.9	63.7	66.0	67.6	69.6
not identified	-	-	-	-	-	-	-
Of which: employers and self-employed	5.7	6.4	7.6	7.6	7.8	8.8	9.3
less than 6 months	0.8	0.7	0.5	0.4	0.5	0.6	0.5
6-12 months	1.2	0.8	0.6	0.5	0.5	0.5	0.6
1-3 years	2.9	3.3	2.9	2.1	1.9	1.8	1.8
over 3 years	0.7	1.6	3.6	4.5	5.0	6.0	6.5
not identified	-	-	-	-	-	-	-

Source: LFS.

Table 9. Searching for job of employed in civil sector (per cent workers)

	1993	1994	1995	1996	1997	1998	1999
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
searching another job	5.6	4.8	4.3	3.8	3.5	3.3	3.3
searching second job	*	*	*	–	0.3	0.4	0.4
not searching	94.4	95.2	95.7	96.1	96.1	96.3	96.3
not identified	–	–	–	–	–	–	–
Searching for job total	5.6	4.8	4.3	3.8	3.9	3.7	3.6
Reasons of searching							
insecure in current job	1.3	1.0	0.6	0.6	0.7	0.7	1.0
current job considered temporary	*	*	*	–	0.2	0.3	0.3
work changed considerably	0.3	0.3	0.3	0.3	0.3	0.2	0.2
higher earnings	2.6	2.3	2.2	1.9	1.9	1.8	1.5
better opportunities	0.6	0.4	0.4	0.3	0.3	0.3	0.2
better other conditions	0.4	0.4	0.4	0.4	0.3	0.3	0.2
other reasons	0.5	0.4	0.4	0.3	0.2	0.2	0.2
not identified	–	–	–	–	–	–	–
Ways of seeking job (since XII/1994 two ways could be assigned)							
labor office	*	–	0.2	0.2	0.2	0.2	0.2
private agency	*	–	0.1	0.1	0.1	0.1	0.1
advertising	*	–	0.1	0.1	0.1	0.1	0.1
reading advertisement	*	0.2	1.9	1.8	2.0	1.9	1.8
help of friends	*	0.2	2.4	2.3	2.5	2.3	2.2
visits of firms	*	–	0.6	0.6	0.5	0.5	0.5
various ways	*	0.1	1.3	1.0	0.9	0.7	0.6
not identified	5.6	4.4	–	–	–	–	–

Source: LFS.

Table 10. Institutional or personal barriers in seeking job (percent of positive answers of respondents currently unemployed or having unemployment experience in the past)

Kind of barrier	Men	Women	Total
Offered job is in distant locality	38.7	44.9	42.0
Small children or care after a family member	9.8	31.6	21.2
Too few money to travel to the labour office	8.4	9.2	8.8
Necessity to acquire skills, retraining	31.3	29.7	30.5
Difficulties to read/write/speak in Czech	3.1	3.0	3.0
Sick or disabled	17.1	11.7	14.3
Too old for employers	19.8	20.3	20.1
Too long time from my previous job	12.0	8.6	10.2
Lack of self-confidence	15.2	27.0	21.4
Lack of ability to impress, convince employer	19.3	14.6	16.8
Lack of good recommendation, problems from past	9.9	2.8	6.2
Facing prejudices on the side of employers	33.9	35.5	34.7

Source: Ten years of transformation 1999.

Table 11. Latent strategies if a person would become jobless (per cent of positive answers of respondents currently employed)

Kind of strategy	Self-employed Men	Non-manual	Manual workers	Total
Living from welfare	35.4	40.6	47.7	44.2
Seeking job in the same field and same locality	79.2	82.4	79.7	81.0
Seeking any job in the same locality	51.1	53.7	67.8	61.0
Seeking job in the same field anywhere	45.0	45.2	45.5	45.2
Seeking any job anywhere	24.7	24.8	33.3	29.0
Trying own-account	61.8	31.1	25.5	28.9
Seeking occasional work	37.6	41.0	51.5	46.3
Trying retraining	47.5	52.2	48.5	50.4
Living from other non labour income	15.8	20.1	20.2	20.1
Seeking job abroad	18.4	20.3	23.0	21.7
Using time for further education	46.6	50.4	32.4	41.7

Source: Ten years of transformation 1999.

Table 12. Registered unemployment in 1991-2000 (yearly averages)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Registered job-seekers	141.5	163.3	155.2	172.1	155.6	160.7	219.5	311.7	443.2	469.9
Newly registered	38.6	32.3	35.8	32.2	29.4	31.4	41.5	53.2	60.1	55.7
De-registered	23.3	39.6	31.6	33.8	30.5	28.6	34.7	43.4	51.7	58.2
of which:										
placed total	15.4	27.6	23.4	25.1	22.0	21.0	25.4	30.3	36.2	41.4
placed by labour office			11.0	10.7	9.1	5.5	9.3	8.8	10.0	12.2
other	7.9	12.0	8.2	8.7	8.5	7.6	9.3	13.1	15.5	16.8
of which de-registered for lack of cooperation			3.2	3.1	3.2	2.4	2.7	4.3	5.1	5.7
Receiving unemployment benefits	92.0	85.9	73.3	81.8	71.1	75.5	111.2	152.0	193.7	176.3
Vacancies	41.7	76.2	69.4	73.1	90.7	98.9	78.1	56.5	35.7	45.9
Registered unemployment rate	2.64	3.05	2.95	3.29	2.99	3.08	4.28	6.04	8.54	9.02
Receiving unemployment benefits	65.0	52.6	47.2	47.5	45.7	47.0	50.7	48.8	43.7	37.5
Vacancies/jobseekers	29.4	46.7	44.7	42.5	58.3	61.6	35.6	18.1	8.0	9.8

Sources: Ministry of Labor and Social Affairs.

Table 13. Main indicators of active labour market policy in 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<i>Socially effective jobs:^{a)}</i>										
Number of jobs	42006	67793	9547	9433	5963	3612	2626	8805	15445	27240
Number of persons placed	33868	60370	12250	9874	6603	4025	2931	8178	15804	26721
<i>Public works:</i>										
Number of jobs	20077	29028	12095	13432	11446	9838	11760	11024	14800	19714
Number of persons placed	18414	25503	11760	12927	10821	10259	11888	11905	16064	20034
<i>Training programmes for school leavers and young people:</i>										
Number of jobs	18994	25996	8178	7025	5502	5094	3757	9464	11131	11478
Number of persons placed	14398	21907	7380	6853	5292	4971	3515	9232	10945	11316
<i>Workshops and jobs for disabled persons:</i>										
Number of jobs	-	1415	1005	851	824	622	533	920	1059	1434
Number of persons placed	-	1308	947	746	724	562	493	853	951	1368
<i>Training programmes:</i>										
Number of jobs	7967	17590	12095	14814	13454	12107	11448	16381	22938	

Note: Newly created jobs and participants in programmes in a given year, at end of that year.

^{a)} Subsidized employment

Source: Ministry of Labour and Social Affairs.

Table 14. State expenditures on active and passive labour market policy in 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<i>In million CZK:</i>										
Subsidized employment (socially effective jobs)	496.8	968.6	217.9	241.5	163.6	102.4	66.2	201.5	525.6	989.7
Direct job creation (public works)	78.4	223.0	159.6	183.7	189.5	199.1	224.9	280.8	481.9	759.3
Measures for unemployed and disadvantaged youth	47.7	325.5	245.2	127.1	117.8	100.3	101.8	117.8	304.8	358.0
Work for disabled persons (sheltered workshops)	7.1	55.7	48.7	61.8	59.9	57.4	59.9	127.0	162.0	187.9
Labour market training programmes	40.0	97.6	73.4	103.2	100.1	91.7	90.4	147.3	236.2	345.9
Total active measures	773.0	1721.7	749.4	718.3	634.8	558.1	551.9	903.0	1921.8	3406.1
Total passive (unemployment compensation)	1677.3	1423.4	1416.7	1844.3	1781.8	2106.4	3420.0	4193.7	5709.5	5680.5
Total active and passive	2450.3	3145.0	2166.1	2562.6	2416.6	2664.5	3971.9	5096.7	7631.2	9086.6
per cent of active measures	31.5	54.7	34.6	28.0	26.3	20.9	13.9	17.7	25.2	37.5
Public employment services	615.9	691.6	938.1	1105.0	1292.3	1382.0	1386.9	1453.4	1736.3	1621.7
<i>As a per cent of GDP:</i>										
Subsidized employment (socially effective jobs)	0.07	0.11	0.02	0.02	0.01	0.01	0.00	0.01	0.03	0.05
Direct job creation (public works)	0.01	0.03	0.02	0.02	0.01	0.01	0.01	0.02	0.03	0.04
Measures for unemployed and disadvantaged youth	0.01	0.04	0.02	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Work for disabled persons (sheltered workshops)	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.01
Labour market training programmes	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02
Total active measures	0.10	0.20	0.07	0.06	0.05	0.04	0.03	0.05	0.10	0.18
Total passive (unemployment compensation)	0.22	0.17	0.14	0.16	0.13	0.13	0.20	0.23	0.31	0.30
Total active and passive	0.33	0.37	0.21	0.22	0.17	0.17	0.24	0.28	0.42	0.48

Source: Ministry of Labour and Social Affairs.

Table 15. Average wage and subsistence levels (in CZK monthly and as a percentage of gross wage)

Indicator	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
In CZK monthly:											
Average wage	3286	3792	4644	5817	6894	8172	9676	10696	11688	12666	13490
Minimum wage		2000	2200	2200	2200	2200	2500	2500	2650	3250	5000
Average unemployment benefit			1404	1654	1839	2056	2306	2567	2335	2529	2830
Living Minimum											
of single adult		1700	1700	1960	2160	2440	2890	3040	3430	3430	3770
of couple with two children aged 10-15		5600	5600	6400	7060	7840	9110	9570	10470	10470	11160
per cent of gross wage:											
Minimum wage	52	52	47	38	32	27	26	23	23	26	37
Average unemployment benefit			30	28	27	25	24	24	20	20	21
Living Minimum											
Of single adult		45	37	34	31	30	30	28	29	27	28
Of couple with two children aged 10-15		148	121	110	102	96	94	89	90	83	83

Sources: Statistical Yearbooks of the Czech Republic, Ministry of Labour and Social Affairs.

Table 16. Internal migration by territorial level (numbers of people and percent)

Territorial level	1993	1994	1995	1996	1997	1998
Migration total	241 261	210 207	203 877	195 554	197 226	203 719
From it:						
Region-region	57 315	50 663	49 190	46 200	46 910	48 896
in percent	23.8	24.1	24.1	23.6	23.8	24.0
District-district within a region	48 993	43 460	42 355	39 981	40 821	41 448
in percent	20.3	20.7	20.8	20.5	20.7	20.3
Locality-locality within a district	94 166	82 105	80 695	78 273	79 935	83 629
in percent	39.0	39.0	39.6	40.0	40.5	41.1
Inside the city of Prague	40 787	33 979	31 637	31 100	29 560	29 746
in percent	16.9	16.2	15.5	15.9	15.0	14.6

Source: Population Development of the Czech Republic.

Table 17. Internal migration of cities and their surroundings (numbers of people and percent)

City	Surroundings	1990	1994	1997	1998
Prague					
turn-over	districts Prague-East	4 410	3 585	3 735	4 540
balance	and Prague-West	272	-623	-1 479	-2430
efficiency		6.2	17.4	39.6	53.5
Brno					
turn-over	district Brno-	2 666	1 918	2 269	2 126
balance	countryside	468	-172	-647	-556
efficiency		17.6	9.0	28.5	26.2
Ostrava					
turn-over	districts Frydek-Mistek	5 513	3 925	3 554	3 920
balance	Karvina, Opava	-23	-287	-428	-438
efficiency	and Novy Jicin	0.4	7.3	12.0	11.2
Plzen					
turn-over	districts Plzen-South	2 139	1 530	1 518	1 684
balance	and Plzen-North	185	-196	-388	-458
efficiency		8.6	12.8	25.6	27.2

Source: Population Development of the Czech Republic.

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