

7. Regions of the CR according to the level of economic advancement and selection of social statistics

For economic development in the Czech Republic was in the last nearly two decades characteristic strongly accelerated growth of GDP per capita in PPS in the capital city Prague and compared to this considerably weaker development in the regions of the country. From year 2008 however, the relative position of Prague in this indicator does not improve any more.

7.1. Gross domestic product per capita

In the period 1992-2002 the regions of the CR excluding Prague in total diverged from the average level of the GDP per capita in PPS in the EU 27

Differing development of the size of GDP per capita in PPS as a measure of economic advancement was in the CR apparent between the regions in the group as a whole on one side and Prague on the other side especially in the period 1995-2002. At that time very markedly increased this indicator for the capital city Prague from 123.1 % of the EU 27 average in 1995 to 145 % in 2002. Regions of the CR as a whole on the contrary diverged, when the GDP per capita in PPS fell from the two third level of the EU 27 average (i.e. 66.6 %) in 1995 to 60.7 % in 2002 (chart 83).

From year 2003 relatively strong convergence of the "rest of the CR" to the EU 27 average

Strong and relatively long boom of the Czech economy on the break of the half of the last decade caused the disproportion between GDP per capita in PPS between Prague and the rest of the CR to further increase (in Prague it grew up from 2003 even until the crisis year 2009 from 153.3 % to 175.5 % and in the remaining part of the CR from 62.8 % to 69.7 %), and convergence of the regions towards the EU 27 was relatively strong, at least the trend was compared to the last period significantly positive (chart 83).

Chart 82 GDP per capita in crowns

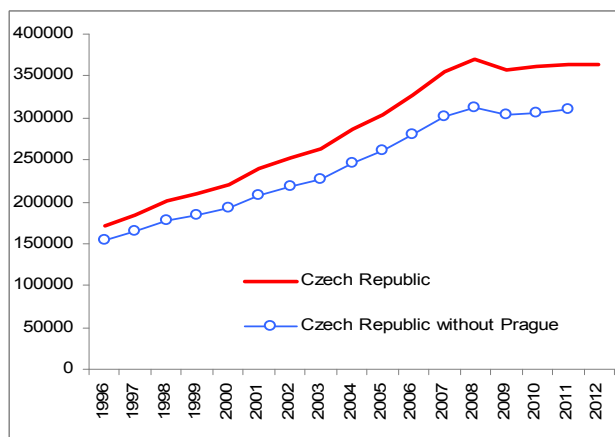
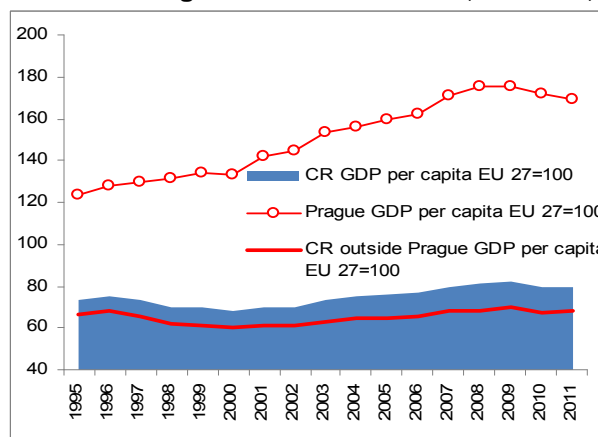


Chart 83 GDP/per cap. in PPS in Prague, in the CR apart from Prague and total in the CR (EU 27=100)



Source: CZSO

Prague ranking eighth among NUTS 2 regions of the EU 27 based on level of GDP per capita in PPS in 2010 with 172 % of the EU 27 average behind Bratislava (176 %)

Difference between the capital city and other regions is typical for a number of another EU countries. According to Eurostat data based on data available so far in NUTS 2 regions placed in 2010 on first ten places according to the higher GDP per capita in PPS a total of eight capitals – Prague took the eighth place with 172 % of the EU 27 average level behind Bratislava (176 %), but before Stockholm (168 %) and Wien (165 %).

First three places were occupied by London with a high concentration of financial services, which shared to a large extent on the fact, that in the British metropolis arrived the GDP per capita in PPS for year 2010 328 % of the EU 27 average. It was followed by Luxembourg (266 %) and Brussels (223 %). Even though the capital cities of France or Netherlands in the ranking of Top 10 did not place, French region Ile de France and Dutch Groningen occupied in the ranking of European regions according to advancement 5th and 6th position.

On top of regions London, Luxembourg and Brussels, at the end two Polish regions

On the opposite pole, i.e. in the last ten positions in the ranking of NUTS regions in the EU, ended in 2010 five Polish regions, three Hungarian and two Romanian. Region with the lowest GDP per capita in PPS in 2010 was the Polish Swietokrzyskie with 47 % of the EU average.

In the CR on the 2nd position in GDP per capita in PPS against the EU 27 average appeared in 2010 the Southeast region, already then the Central Bohemia...

Stratification of the GDP per capita in PPS of the NUTS 2 regions compared to average level of the EU oscillated in 2010 in the Czech Republic from 172 % in case of Prague to 63 % in the Northwest region. Somewhat surprisingly did not remained on the second position the Central Bohemia (70 % of EU 27 average), but Southeast region, which can be attributed to the high economic advancement of the South Moravian region and also the city Brno.

Out of other NUTS 2 regions in the Czech Republic was the fourth most advanced region in the country the Southwest (69 % of EU 27 average in 2010) and on the fifth place then Moravia-Silesian region (67 %). Evidently the role plays here the performance of large industrial companies. On the contrary, the last threesome involved Northeast (65 % of the EU 27 average), Central Moravia (64 %) and with 63 % of EU 27 average in the indicator of GDP per capita in PPS of NUTS 2 regions then Northwest.

... regarding the size of the indicator comparability to Greece

With regard to the level of stratification were NUTS 2 regions in the CR in 2010 according to Eurostat similarly advanced to regions in Greece.

7.2. Income per capita in the CR regions

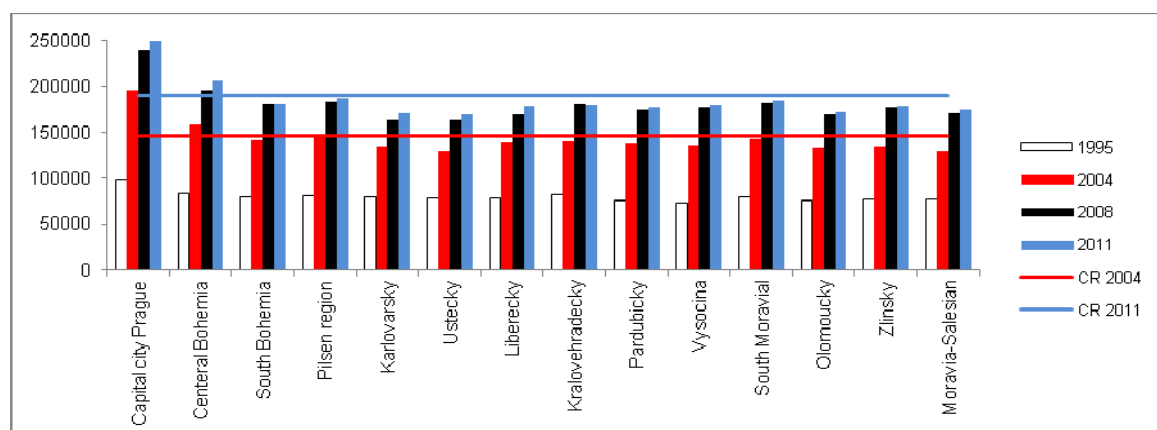
The GDP per capita itself is the indicator suggesting the advancement of a country or region according to the economic performance, i.e. according to those GDP components, which affect the (material) level of the people's life only indirectly. Better is from the view of this level to monitor for example development of their incomes. In the next part is used the indicator of net disposable income of households as an aggregate not only of their incomes from wages and salaries, but also the size of the gross operational surplus and mixed income, income on property balance, resp. balance from redistribution.

Until 1997 in total four regions incl. Prague exceeded the average republic level of gross household disposable income recalculated per one inhabitant

In 1995 were above the average level of household net disposable income recalculated per one inhabitant of the Czech Republic in the amount of 81.3 thousand crowns apart from capital city Prague (98.3 thousand crowns) also three more regions – Central Bohemian (83.5 thous.) Kralovehradecky (82.2 tis.) and Pilsen region (81.6 thous. crowns). Starting year 1998 it was not however valid anymore for the Pilsen region and from year 2002 also for the Královehradecky region.

In 1995 to three regions with the lowest household net disposable income per capita belonged the Pardubický region (76.1 thous. Crowns). Olomoucký (75.8 thous.) and with a certain distance then Vysocina region with 72.7 thousand crowns per one inhabitant (chart 84).

Chart 84 Net disposable income per capita in crowns in regions of the Czech Republic and in the CR in total (selected years of period 1995-2011)



Source: CSZO

For the period of boom 2004-2008 increased the incomes per capita in the form of household net disposable income by more than one quarter (+26.7 %), GDP per capita increased for that time period more (+28.6 %)

At the beginning of boom in the Czech economy in 2004 already increased the household net disposable income per capita against year 1995 by nearly four fifths (+79.5 %) to 145.9 thousand crowns. This average of incomes exceeded apart from the Prague inhabitants (196.3 thousand crowns per capita) also people in the Central Bohemia (158.2 thous. crowns) and the Pilsen region (146.1 thous. crowns per one inhabitant). In year, when strong boom in the CR peaked (2008) already remained above the CR average with respect to incomes in the form of household net disposable income per capita (185 thous. Crowns) apart from Prague (239.8 thousand crowns) only Central Bohemia region (196.2 thousand crowns).

In 2008 were thus this way defined incomes per capita by more than one quarter higher (+26.7 %) than in 2004 at the beginning of boom. The addition however included the already high previous basis.

Adverse post crisis development – in years 2010 and 2011 net disposable income of households per capita stagnated, despite the economy growing in nominal terms

Post crisis development reduced the subsequent additions to incomes, when in 2011 exceeded the household net disposable income per capita the level of year 2008 only by mere 2.9 % in nominal terms. In years 2010 and 2011 did not eventuate any year-on-year additions (chart 86). At the same time, nominal GDP grew by 0.6 % year-on-year, resp. 1.1 % (in real terms however +1.8 %, -1.2 %).

It means that the post crisis development affected the nominal incomes of households (their net disposable income) recalculated per capita more significantly, that would correspond to the development of the economy.

Crisis development also worsened the ranking of five regions in the rankings according to the size of income per capita...

Crisis more significantly worsened the position of the Pilsen and Moravia-Silesian region, mildly then the regions South Bohemian, Zlinsky and Ustecky, whose position in the ranking of regions according to incomes (household net disposable income) per capita in 2009 against year 2008 decreased. Without change remained the position of capital city Prague, Central Bohemian region and Vysocina region. Other regions were „helped“ by the development in 2009 to a better placing.

... in aggregate also in 2009 year-on-year nominal growth of household net disposable income per capita by 3 %

Still also in 2009 against year 2008 the nominal incomes per capita in all regions increased, on average for the CR by 3 %. Reason was the impact of legislative changes (effect of the equal tax and other changes), through which effect remained to households more funds, which would be under previous conditions part of the budget revenues. For public finances it was so unfavourable, that in crisis year it was necessary to strengthen the transfers to households (unemployment benefits, material hardship benefits and other connected benefits). This also in the overall view strengthened the sources of households, which were receivers of these transfers.

V roce krize byl nejvyšší růst příjmů na hlavu zaznamenán v Karlovarském a Ústeckém kraji...

The logics of this consideration is supported by the fact, that in percentage the most increased in the crisis year 2009 compared to year of finishing boom (2008) incomes per capita in Karlovarsky region (+5.6 %) and Ustecky regions (+4.7 %). The role played of course also a low absolute basis of these incomes in the form of net disposable income and local situation on the labour market.

...on the contrary low in the Zlinsky and South Bohemian region

The least increased in 2009 year-on-year the incomes per capita in the South Bohemian and Zlinsky region (+1.4 %, resp. 1.3 %).

Chart 85 **Increase in income per capita in years 2002-2011** (net disposable income of households/per cap.; in %)

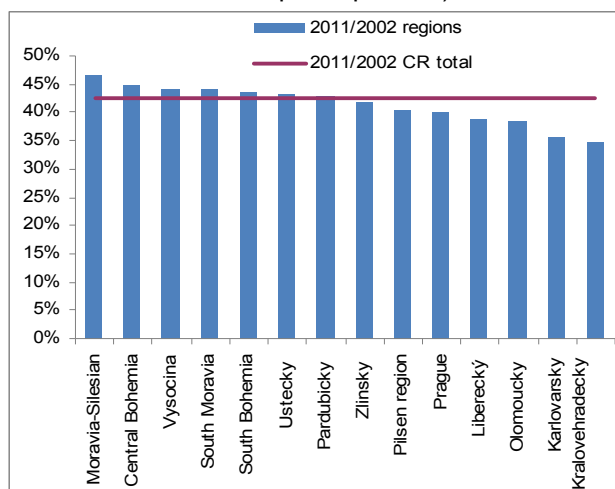
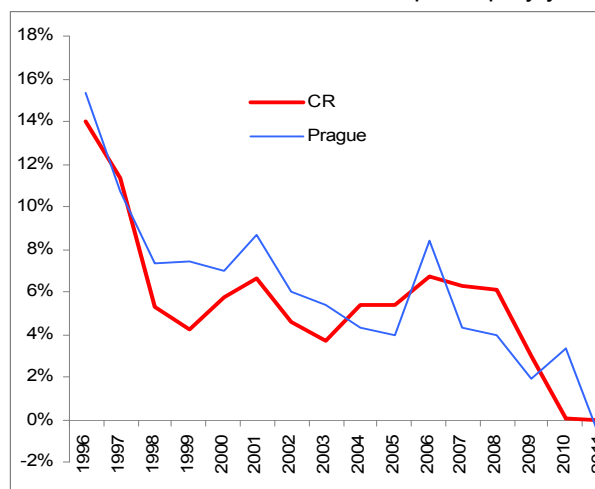


Chart 86 **Development of nominal y-o-y change of income per capita** (net disposable income of households/per cap.; y/y in %)



Source: CZSO

Moravia-Silesian region with the highest increase of incomes per capita for the decade of 2002-2011...

For the whole decade of 2002-2011 increased the most incomes per capita in the form of household net disposable incomes per capita in the Moravia-Silesian region, specifically by nearly one half (+46.6 %), while on average for the CR by 42.6 %. From chart 85 is further apparent, that higher than average incomes recorded also further six regions.

Out of these two, Pardubicky and Ustecky, however in year 2011 despite this long time higher than average growth of incomes per capita occupied with 177.1 thousand, 170.9 thousand crowns resp. of household net disposable income per capita a position in the lower part of rankings of the CR regions (incomes in the Ustecky region were the lowest similarly to year 2009, in year 2010 it was in the Olomoucky region).

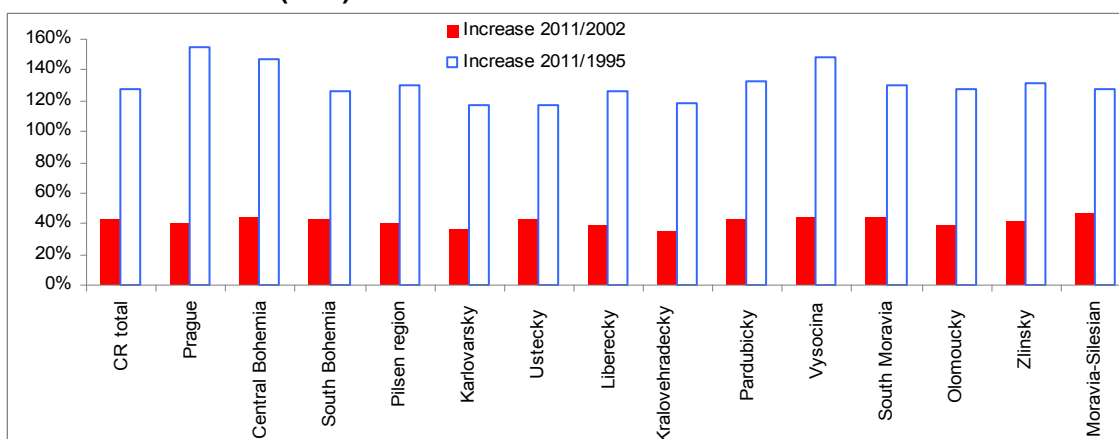
... the lowest increment in Karlovarsky and Kralovehradecky region

Compared to other regions and average for the CR in years 2002-2011 increased the least, roughly by one third, the incomes to people in Karlovarsky and Kralovehradecky region (+35.9 %, 34.3 % resp.). The relativism of the income dynamics view as a key parameter of satisfaction with life can be proved by the fact, that according to the surveys from the commercial sector it is just the Kralovehradecky region, where people state based on selected indicators of other than economic character a high level of satisfaction with their lives.

In 2011 were incomes per capita in the CR against year 2002 higher by 43 %, compared to year 1995 by 134 %

If we compare the additions to household net disposable income per capita in years 2002-2011 on one hand and even longer period 1995-2011 on the other hand, it can be seen from chart 87, that the highest growths of income occurred in the second half of 90s. Even here however works the effect of the preceding low comparative basis. In 2011 were in the CR this way defined incomes per capita by 42.6 % higher compared to 2002 and against year 1995 increased by 134.2 %.

Chart 87 Increases of incomes (household net disposable income/capita) in regions for years 2002-2011 and 1995-2011 (in %)



Source: CZSO, own calculations

7.3. Risk of poverty or social exclusion

Survey of living conditions of households, performed in the European context, produces after assessment the indicators of a various type: the share of population at risk of poverty or social exclusion on total population of households, various social characteristics of households – health, working conditions, housing, childcare etc. The area mapping material deprivation works with nine items related to the material hardship¹.

Very low share of population at risk of income poverty was in the CR recorded already since the beginning of survey in 2005...

The Czech Republic occupies from the beginning of the survey of living conditions of households in the European countries one of the best placing in the ranking of EU 27 countries, with respect to their population being at risk of so called income poverty² and also in the indicator of poverty or social exclusion³.

In 2005, since when the data for the CR are being recorded, was the country according to share of the population at risk of income poverty 10.4 % of total population of households compared to 16.4 % for the EU 27 as a whole (it was the least after Sweden with 9.7 %). In 2006 fell the proportion of population in the CR at risk of poverty below the ten percentage boundary (9.9 %), while a lower share had at that time only Netherlands (9.7 %) and average for EU 27 mildly increased to 16.5 %.

... and since year 2007 is the share of people living in households at risk of income poverty in the CR annually the lowest from all EU 27 countries

Lowering of the share of persons at risk of income poverty was visible since the beginning of introduction of the survey in 2005 till year 2009. Also in this crisis year their share fell, even to mere 8.6 % of population. Not only it was the lowest share of all EU 27 countries, but against the aggregate for union countries (16.3 %) it was only roughly one half.

Mild increase in the share to 9 % and 9.8 % of population at risk of income poverty in years 2010 and 2011

Subsequently however in years 2010 and 2011 increased the share of people at risk of income poverty in the CR to 9 %, resp. 9.8 % of population. Here was likely reflected the effect of „lagging“ impact of economic crisis, when in 2009 could households „benefit“ from the effect of legislative changes introduced already since the beginning of year 2008 and post-crisis measures.

¹ People who cannot afford at least four out of nine defined things: pay bills for rent and services, heating in the housing, eat meat every second day, face unexpected outlays, weeks holiday outside of home, car, automatic washing machine, colour TV, telephone.

² Threshold for determining the risk of income poverty is 60 % of the median of equalised income per consumption unit for every country (indicator takes into account in equalisation so called savings from the number more numerous households, i.e. savings on cost on things and services, which serve more members of household).

³ Indicator represents a share of persons endangered by income poverty, materially deprived or living in households with low working intensity. For households with low working intensity are considered such households, which have work intensity lower than 0.20. Coefficient of work intensity of household is calculated for members of household aged 18 to 59 years with the exception of studying persons aged 18 to 24 years. Working intensity is calculated as a share of number of months, when such defined persons were working, and the number of months of their presence in the household in total.

Increase of the threshold limit above 60 % of the median of incomes would increase the numbers of persons in the CR endangered by the income poverty by tens of thousand pensioners with the pension as the only source of income

Threshold limit, under which the people are „included“ into the category of at risk of income poverty, i.e. 60 % of the median of the equalised income, is in the CR really „threshold“ in that sense, that many inhabitants, mostly dependent of the income paid from the retirement benefits, finds themselves tightly above this limit. It follows from the data that by shifting this threshold to 70 % of the median of incomes would put at risk of income poverty further more than 200 thousand not-working retirees.

In the CR lives in the long-term (survey started for the first time for year 2005) only around 9-10 % people in the population of households, which are at risk of income poverty. In 2011, when the complete Eurostat table is available, in the CR lived at risk of income poverty 9.8 % of population, while on average for EU 27 countries was at risk of income poverty endangered 16.9 % of population

Chart 88 **At risk of income poverty or social exclusion** (share of population in % of total population)

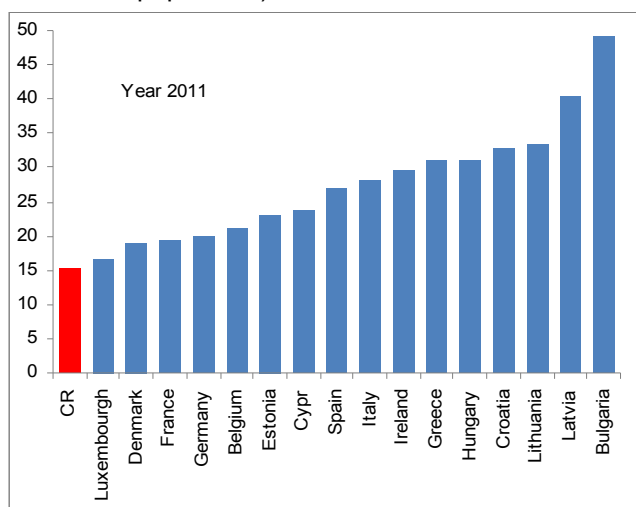
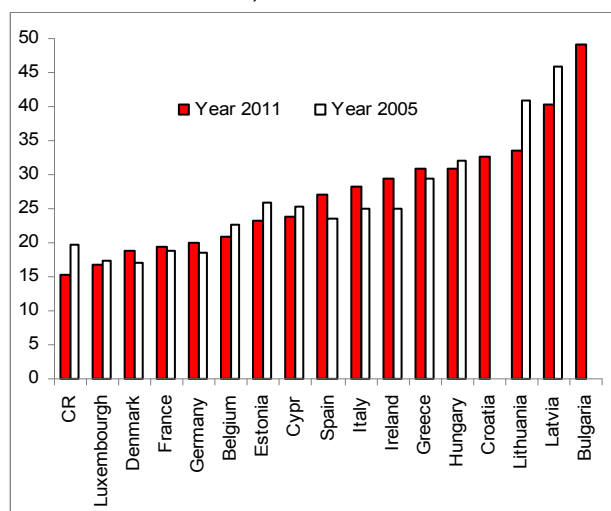


Chart 89 **Share of population at risk of poverty or social exclusion** (in %, years 2005 and 2011)



Source: Eurostat

By income poverty or social exclusion endangered in the CR in 2011 only 15.3 % of population

According to the SILC survey was in the CR endangered by the poverty or income exclusion in 2011, for which a completed table of countries is available for comparison, in total 15.3 % of population. For example in Belgium it was 21%, in Denmark 18.9 % and in Germany 19.9 %. High risk of income poverty or social exclusion was apparent in Bulgaria, where was in 2011 at this risk nearly half of population (49.1 %).

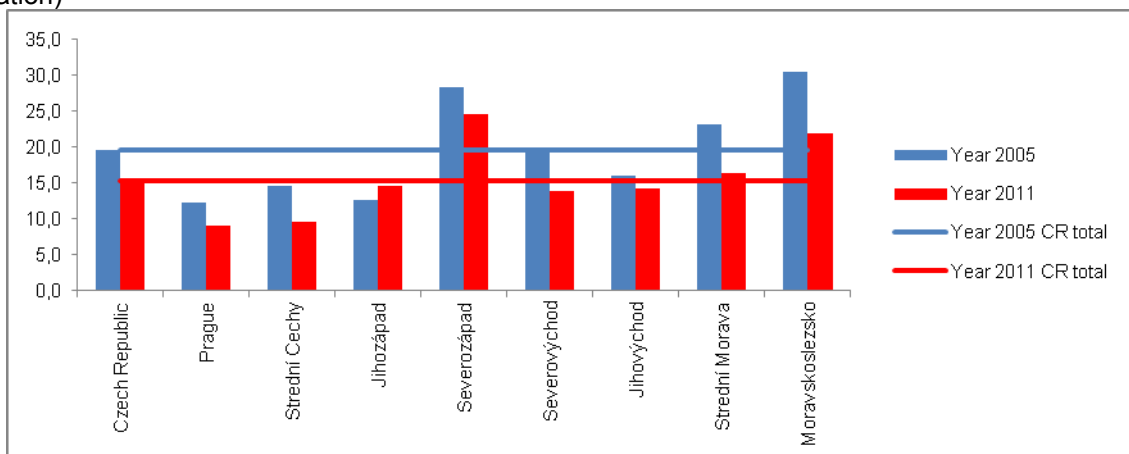
Results depict the Czech Republic as a country with a very favourable position with respect to the risk of income poverty of its population and also the risk of social exclusion.

The rate of risk of income poverty can however serve more to the comparison of standards of living of various group of persons within the given country, rather than for international comparison of quality of life, since it reflects especially the differentiation of incomes, which is in the CR still low. That is why also the level of income poverty is here low and it is the same also for most other central European countries of the former eastern bloc. This indicator by itself is not adequate for the assessment of living conditions. To compare how people live in individual countries is necessary to also contemplate the real level of incomes (from which is calculated the poverty threshold) and what can people purchase for these incomes in various countries.

Regional view on the risk of poverty and social exclusion in the CR

From the regional view was in 2011 in the Cr higher risk of income poverty or social exclusion especially in three NUTS 2 regions – the Northwest, the Central Moravia and in Moravia-Silesia. Compared to year 2005 this list has not changed.

Chart 90 Regions of the CR according to NUTS 2 – risk of poverty or social exclusion (in % of population)



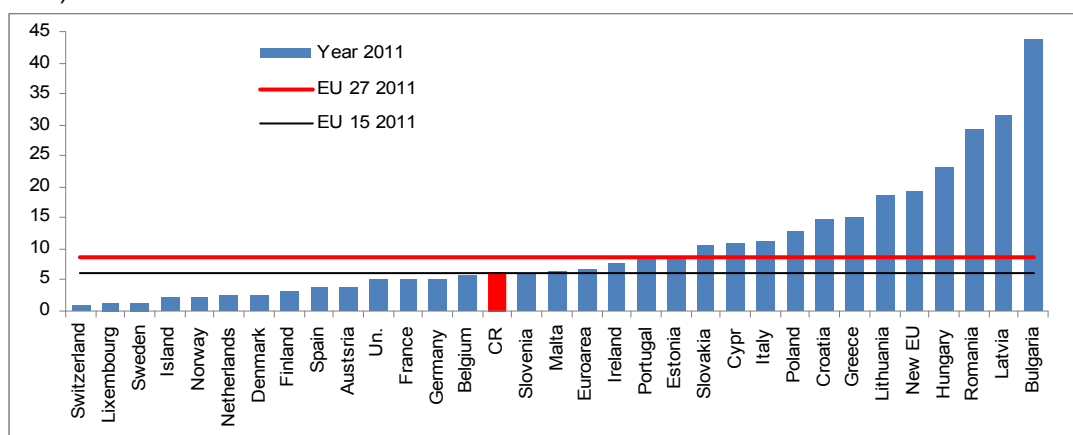
Source: Eurostat

Risk of material deprivation in the CR in the share of population lower compared to income poverty, in the EU 27 rankings however the CR only in the second third

Materially deprived, i.e. people in material deprivation, as signs the gauged group the European survey SILC, represented in 2011 in the CR 6.1 % of population it means the same share as in „old“Union countries (EU 15). On the rankings of EU 27 countries it was the 12th place (chart 91).

In 2005 was however the share of materially deprived on total number of population in the CR nearly double (11.8 %) compared to year 2011 (6.1 %).

Chart 91 People in material deprivation (according to definition of material hardship SILC, year 2011, in % of population)



Source: Eurostat

7.4. Share of people living in households with very low intensity of work

Crisis and partially also the post-crisis impact on the employment rate in the CR in trend approximately the same as in the EU 27

Rate of employment in the CR observed in the decade 2003-2012 approximately the same trend as employment in the EU (chart 92). Curve captures the crisis as well as post crisis divergence commencing in year 2009, when the employment rate in the CR – defined for employed people of the age group 20-64 years in percentage of population of this age group – it lowered to 70.9 % from 72.4 % in 2008, i.e. -1.5 p.p. The drop of the employment rate in the EU 27 arrived at 1.3 p.p. (to 69 % from 70.3 % in year 2008).

The rate of employment of persons at the age of 20-64 in the CR in the long-term higher compared to EU 27 average, in 2012 in the CR against the EU increased due to the higher usage of

In the Czech Republic has a job in relation to the overall population of the age category 20-64 years higher number of people compared to the same ratio in the EU 27 (chart 93). In 2012 reached this rate of employment in the CR 71.5 %, in the EU 27 68.5 %. Simultaneously, the trend diverged more notably – in the CR the rate of employment year-on-year considerably increased (from 70.9 % in 2011), in total for the EU 27 it slightly decreased (from 68.6 % in 2011).

part-time jobs

Paradoxical growth of employment in the CR, when its economy was experiencing a recession, can be explained by the specific changes, mostly growing part-time jobs.

In the CR a low share of persons living in households with very low intensity of work

Surveys in European households, monitoring their living conditions, enables to assess also the fact, which percentage of people live in households with very low intensity of work. According to relevant definition, it is a household, where adults work less than the fifth of their potential working hours (which they spent at work in the preceding year). Results of the survey provided in the Eurostat tables show, that there was living in 2011 in the CR such people at the age until 60 years only 6.6 % of population of this age group.

In the European context low share of persons living in the CR in households with very low intensity of work even lowered in years 2005-2011 (from 8.8 % in 2005) while the EU 27 average grew up to 10.2 % in 2011 (especially from year 2009 with 9 %). It shows the troubles of the European labour market especially in the South countries.

Chart 92 **Rate of employment at the age group 20-64 let (employed in % of relev. population)**

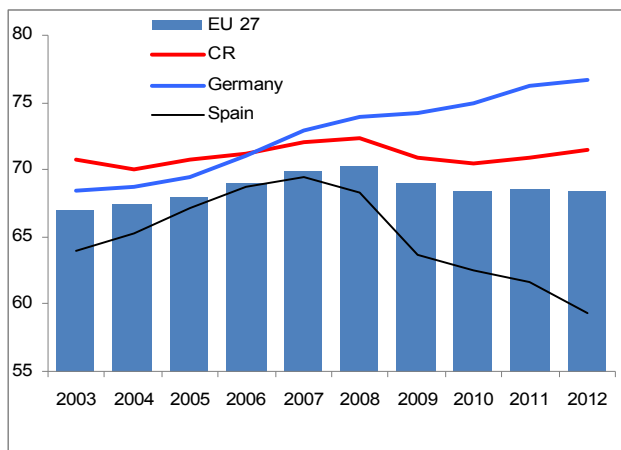
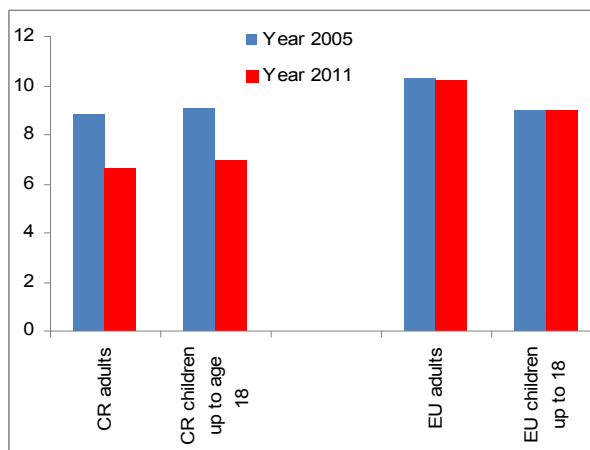


Chart 93 **People living in households with very low intensity of work (in % of given population)**



Source: Eurostat