

2 MACROECONOMIC INDICATORS OF THE NATIONAL ECONOMY

This chapter is dedicated to the fundamental indicators covering comprehensive information about the economic performance of the Czech economy, from external balance development to final results in the form of national wealth. As for the main characteristics further describing the development of the Czech economy in the whole twenty year period, are at the beginning of the chapter provided the data regarding the population numbers, employment, number of businesses and exchange rate development.

Gross domestic product and its components of production, expenditure as well as income approaches of calculation are both by the content and methodologically comparable across the whole time series. Conversions to constant prices are executed by the deflation of supply and use tables, compiled for all years in new Classifications of Economic Activities (CZ-NACE) and Products (CZ CPA). Data for every year 1990 to 2010 are based on existing older versions of supply and use tables, which were supplemented by updated methodological modifications. In addition, data for years 1990 and 1991 were substantially corrected by direct transfer of data from the original national economy balances. Detailed description of the procedure is provided in the commentary to chapter 14.

Tables 2-15 to 2-17 portray basic categories characterising the process of allocation and redistribution of primary income and balance of the reproduction process relative to the rest of the world, including final financial position of the CR towards the rest of the world. Typically for the development of the Czech economy, given its notable participation in the international cooperation, expressing the income transactions and balancing aggregate indicators in real terms is very important.

While in current prices the gross domestic income is numerically identical to gross domestic product, in real terms they differ. With GDP converted to constant prices influences due to price changes are fully excluded, but when expressing the gross domestic income in real terms, it is necessary to capture the gain/loss stemming from the changes in the terms of trade of foreign trade, i.e. the fact that the fall of import prices or the rise of export prices creates real income, which enables to increase the physical volume of imports and thus also the domestic use of output, respectively when prices of domestic production and domestic uses increase, the welfare is not heightened, while when the prices of exported goods go up, it enables to import more goods and consequently the possibilities of use are larger.

Tables 2-19 to 2-22 depict the development of cumulated results of all previous transactions and other flows. Net worth for the national economy (national wealth) is the sum of all external non-financial assets and net financial assets. However, the change in wealth is not caused only by transactions, but also by the impact of asset and liabilities price development and also by other changes in volume, which involves for example catastrophic losses or changes in the way of use. Such change can also result from a newly recorded asset on the balance sheet, for instance during the 90s, the land was continuously evaluated and recorded in the balance sheets and starting 2005, it is evaluated in a new way according to new principles. When assessing the development of national wealth, it is thus necessary to always consider the reasons behind the changes.

Expressing the development of national wealth in constant prices is difficult due to financial assets and liabilities. To approximate the development of national wealth in constant prices this chapter is supplemented by summarizing information about the development of fixed assets in constant prices, which comprise approx. 80% of national wealth. Detailed fixed asset structure of national wealth is described in chapter 2 and structure by ownership in chapter 5.

This chapter also contains information concerning the development of government debt and deficit, which are gauged for the purpose of controlling the Maastricht criteria fulfilment. Basis for these calculations are national accounts for the sector of government institutions captured in chapter 9. Calculation methodology, respectively differences from the national accounts are described in notes to tables 2-23 and 2-24. Data based on this methodology were calculated back in the whole time series.