

Czech Republic: Unions announce strikes against government's austerity package

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The Czech trade union confederation ?MKOS announced strikes last week. These come in response to a drastic austerity package proposed by the right-wing government, which includes cuts in public sector wages, pensions and curtailment of social benefits.

The five-party coalition constituting the government in Prague presented its austerity package under the title "Getting the Czech Republic in Shape" just a few days earlier. The cuts are intended to save 94 billion crowns (€4 billion) next year and 150 billion crowns in 2025. The 55 individual measures mainly curtail spending, and taxes will also be raised.

The biggest savings are to be realized by cutting 46 billion crowns in subsidies. This mainly affects support for small and medium-sized enterprises and social projects. This will further thin the already catastrophic social infrastructure in the country.

Twenty billion crowns are to be saved directly at the expense of public sector employees. This is to be achieved by reducing wages and cutting jobs. This will affect employees in clinics, schools, kindergartens and public transport, who performed superhuman feats and faced great dangers during the COVID-19 pandemic.

In addition to the "consolidation package," the Czech government has also proposed a reform of the pension system. Prime Minister Petr Fiala of the right-wing liberal Civic Democratic Party (ODS) boasted that he would be the first head of government to implement a "reform" of pensions in 10 years. Previous governments had similar plans, but either dropped or greatly curtailed them due to massive protests.

Among other things, the reform envisages an increase in the retirement age from the current 65 to as much as 68, as well as a tightening of the rules for early retirement. The latter means significant losses for those who have to retire earlier due to physically demanding

work. In addition, pensions will be decoupled from inflation once and for all and will no longer increase, or only increase slightly, for the foreseeable future.

In March, the government had already removed the statutory pension adjustment, with the result that pensioners received only €32 more per month instead of €75.

While corporate taxes are only increasing by 2 percent, which businesses can absorb thanks to the cuts made in recent years, the property tax and value-added tax hikes are fully at the expense of smaller and middle-income earners. The increase in property tax mainly hits owners of houses in rural areas, who often own nothing more than their homes. At the same time, it will lead to a further increase in rents, which are already astronomical in big cities like Prague.

In addition, the government wants to impose numerous other measures at the expense of the population. Among them, for example, an increase in highway tolls and additional costs for mandatory health insurance. The value-added tax on printed newspapers will be more than doubled, to 21 percent. Commentators assume that this will result in a widespread kill-off of newspapers, to which thousands of jobs will fall victim.

If inflation is taken into account, the trade unions calculate that a family with one child and two average incomes will have between €6,500 and €7,500 less available in the future. Average inflation in the Czech Republic is currently 15 percent, and for many goods such as food and energy it is even higher.

At the same time, Deputy Prime Minister and Minister of Labour Marian Jure?ka (KDU-CSL) stated that there was no room for the minimum wage to rise this year. He even rejected the completely insufficient demand of the trade unions to increase the minimum

wage to the equivalent of €779 per month.

Against this backdrop, the Czech-Moravian Confederation of Trade Unions felt compelled to declare a “strike alert” as the last stage before work stoppages. MKOS Chairman Josef St?edula declared that the austerity package “has exceeded all the limits we can imagine.”

In fact, the unions are not concerned with defending the people’s standard of living. For 30 years, they have been working closely with governments and companies, helping to organize an unprecedented social clearcut. That is why the austerity package was initially discussed in a non-public meeting of the government, unions and employers.

When the unions now announce strikes, they do so in order to maintain control over the workers in this highly tense situation. The events in France, where workers have been taking to the streets for many weeks against the Macron government’s pension reform, deeply worry the unions.

In recent months, the Czech Republic has seen repeated protests in which thousands have taken part in demonstrations against the war in Ukraine and its devastating consequences. Although the protests are mainly dominated by right-wing, nationalist forces due to the absence of a progressive political force, unions and the government fear an expansion of the protests in the face of massive opposition to the war.

With the austerity package, the costs of military buildup are being passed on directly to the population. The unions themselves support the government’s course. St?edula and other union representatives openly call for tougher EU action against Russia and support the supply of heavy weapons to Kiev.

The Czech Republic’s government of several center-right parties explicitly supports NATO’s proxy war against Russia. The Czech Republic was one of the first countries to provide heavy weapons to Ukraine. So far, 89 tanks, 226 armored vehicles, 38 howitzers, and rocket launchers and ammunition have been handed over to Ukraine, according to Fiala. The total value of state aid to Ukraine so far is worth about 10 billion crowns (€420 million), the prime minister said. Additionally, companies have been granted licenses to export 68 billion crowns worth of weapons to Ukraine.

Despite the Czech Republic’s high national debt, which has reached its highest level since 1993, and the

threat of an EU deficit procedure, the government agreed to further increase military aid to Ukraine while drastically increasing the armament of its own military. Just recently, parliament decided to increase defence spending to 2 percent of GDP. Currently, it stands at 1.52 percent.

In addition to that, there is a negative outlook for economic development in the country. The European Development Bank EBRD has again lowered the Czech Republic’s growth prospects. According to this analysis, GDP will fall by 2.2 percent in 2023. In February, growth of 0.2 percent was still expected.

Ruthless militarization at all costs has been stepped up since Petr Pavel was elected president. The former NATO general is considered a zealous warmonger against Russia. Like the Fiala government, he advocates an intensification of the conflict with Russia in the Ukraine war. The arms deliveries to Ukraine so far do not go far enough for him. He sees “really no reason to set limits,” he declared. Recently, at the Copenhagen Democracy Summit, he called for a further escalation of the war and said the goal must be to integrate Ukraine as far as possible into NATO and the EU.

The announced strikes in the Czech Republic are part of an international development. Millions of workers in Germany, Britain, the US and other countries are in labour struggles and coming into direct conflict with governments. As in the Czech Republic, in France and elsewhere, the ruling class is determined to impose the costs of the war on the population.

Likewise, the governments of Slovakia and Estonia are currently working out similar austerity packages. The new Estonian government under Kaja Kallas placed social cuts and rearmament at the center of its policy immediately after taking office. While the small Baltic state ran up debts of €1.2 billion last year alone due to additional spending on the military, the budget is to be balanced this year through tax increases and budget cuts. At the same time, defence spending is planned to increase to 3 percent of GDP.



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