



Polish-Czech Forum

Poland and the Czech Republic
Towards Contemporary Challenges



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FUNDACJA INSTYTUT STUDIÓW WSCHODNICH

WARSZAWA 2020



Ministry
of Foreign Affairs
Republic of Poland

Public task co-financed by the Ministry of Foreign Affairs of the Republic of Poland in the framework of Polish-Czech Forum 2020 competition.



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Wydawca: © Fundacja Instytut Studiów Wschodnich
00-382 Warszawa, ul. Solec 85

tel. +48 22 583 11 00
fax +48 22 583 11 50

www.forum-ekonomiczne.pl
e-mail: forum@isw.org.pl

Warszawa 2020

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Preface

BY **PIOTR SIENIAWSKI**

COORDINATOR FOR THE CZECH REPUBLIC
AND SLOVAKIA, FOUNDATION INSTITUTE
FOR EASTERN STUDIES

The year 2020 was marked by the outbreak of the COVID-19 pandemic. Little did the governments know about the virus, they started to introduce different measures to protect the health of the population. Therefore, it seemed necessary to limit personal contacts among people to a minimum. In March, the EU countries decided to close their inner borders or introduce border controls. This caused significant obstacles for workers from border regions, who commuted to their work and crossed the border on a daily basis. The epidemic has also had detrimental effects on the economy, causing severe disruptions in various sectors.

As the governments were searching for effective tools to minimize harmful effects of the epidemic, the Polish Sejm adopted the act on specific solutions related to prevention and combating COVID-19 and other infectious diseases and the crises they caused (the so-called COVID Act) on 2 March 2020. The Government of the Czech Republic declared a state of emergency on 12 March 2020. Only after several weeks were the restrictions lifted and the borders reopened.

Since 2004, Poland and the Czech Republic have been members of the European Union. They have had a long tradition of cooperation and participation in common EU projects. In spite of the epidemic and restrictions imposed,

the desire for mutual cooperation between those two countries remains extraordinarily strong.

This publication consists of the Report by Paweł Szefernaker, Secretary of State at the Polish Ministry of Interior and Administration, which outlines the measures adopted by the Government of the Republic of Poland in support of the territorial self-government to overcome the effects of the crisis as well as the role of the territorial self-government in combatting the epidemic. Apart from that, there are six articles written by Polish and Czech experts, discussing the effects of the epidemic and measures taken by the governments of the respective countries in order to ease the negative effects.

The article by Prof. Gertruda Uścińska is devoted to the implementation of the so-called Anti-Crisis Shield by the Social Insurance Institution in order to reduce adverse consequences of the epidemic on businesses and public investments. The article by Minister Mariusz Błaszczak outlines the challenges that the Polish Armed Forces had to face due to the outbreak of the coronavirus epidemic. Next, Prof. Henryk Domański describes the social implications of the epidemic in Poland. The central issue of the article by Jan Mládek is the impact of the coronavirus epidemic on the economy of the Czech Republic as well as the measures adopted by the Czech government to combat the crisis. Oskar Mužíček in his article analyzes the economic effects of the coronavirus epidemic in the Liberec Region and the measures introduced by the Czech government due to the outbreak of the virus. The last article, written by František Molík, discusses the problems that Czech companies had to overcome as a result of the epidemic, such as issues concerning Polish employees working in the Czech Republic.

I do hope that this publication will provide useful information on the challenges that Poland and the Czech Republic faced, on proven methods for easing the negative effects caused by the COVID-19 pandemic as well as some impetus for further cooperation between Poland and the Czech Republic. □



The Role of Voivodes in Crisis Management on the Example of the COVID-19 Pandemic

BY **PAWEŁ SZEFERNAKER**

SECRETARY OF STATE, MINISTRY OF INTERIOR
AND ADMINISTRATION, POLAND

In recent years, Poland has witnessed a political debate regarding proposals for decentralization of public tasks, which are implemented by the government administration, in particular by voivodes – government representatives in the regions. Despite the decentralization of many competences to the level of local governments, the model based on maintaining government bodies at the regional level has shown how to operate efficiently in an emergency. The unprecedented situation that we have faced in recent months requires exceptional and unconventional measures in order to protect life and health of the citizens of the Republic of Poland. The coherent and coordinated operation of voivodeship offices and other institutions, subordinated to the voivodes, made it possible for many government actions to be effectively carried out in the same way throughout the country in the time of the epidemic.

The COVID-19 pandemic also confirmed the need for functioning of the state administration department of the ministry supervising the services responsible for state security (such as the police, the border guard, and fire fighters). The first case of SARS-CoV-2 infection in Poland was confirmed on 4

March 2020. Poland was one of the first countries to close its borders and resume border controls. The border guard had to restore the internal border of the European Union overnight. By the end of May, it had checked about 2.5 million people who were crossing the borders. Fire fighters were, among other things, responsible for the establishment of tents that served as temporary admission rooms in front of hospitals throughout Poland.

The nature of the pandemic made it vital to react quickly to the new danger. Due to the growing threat and the accelerating spread of the epidemic, a number of measures were taken to introduce mechanisms of action. One of the first was the *act of 2 March 2020 on special solutions related to the*

prevention, counteracting, and combating of COVID-19, other infectious diseases, and emergencies caused by them (COVID-19 Act). Thanks to the efficient and decisive response of the government and all services, it was possible to limit the spread of the coronavirus in its initial phase. This study summarizes the activities undertaken by the voivodes after March 2020.

Since February 2020, regular video consultations with the voivodes have been taking place at the Ministry of Interior and Administration. Apart from the directorates of the Ministry of Interior and Administration, the video consultations are attended by the directorates of the Ministry of Health, the Ministry of Family, Labour and Social Policy, and the Ministry of National Defence, as well as representatives of the Chief Sanitary Inspectorate, the Office for Foreigners, and the National Health Fund. The video consultations are

Despite the decentralization of many competences to the level of local governments, the model based on maintaining government bodies at the regional level has shown how to operate efficiently in an emergency.



dedicated to findings of the Government Crisis Management Team, reports from the voivodes, and reactions to current issues. The topics vary depending on the development of the epidemiological situation. At the beginning, they mostly concerned, for example, duties of the border guard officers and the resumption of controls at border crossings, establishment and functioning of specialized hospitals, preparation of isolation facilities and hotels for medical staff, disposal of sewage and medical waste, suspension of work and functioning of nurseries, kindergartens and schools, support for the Sanitary Inspectorate, as well as swab-testing services management and support for laboratories diagnosing the coronavirus.

The cooperation between the Ministry of Interior and Administration and the voivodeship offices includes sharing guidelines and sample orders (such as imposing a state of emergency on hospitals, transforming hospitals into specialized facilities, suspending cultural and entertainment events, closing nurseries and kindergartens, measuring body temperature, or cooperation of the police with the Social Service and with municipal police officers). Such

The special COVID-19 Act introduced specific solutions meant to enable the fastest possible reactions of public authorities.

activities are aimed primarily at standardization of the administration throughout the country as part of crisis management.

The special COVID-19 Act introduced specific solutions meant to enable the fastest possible reactions of public authorities. Article 11 of the aforementioned law

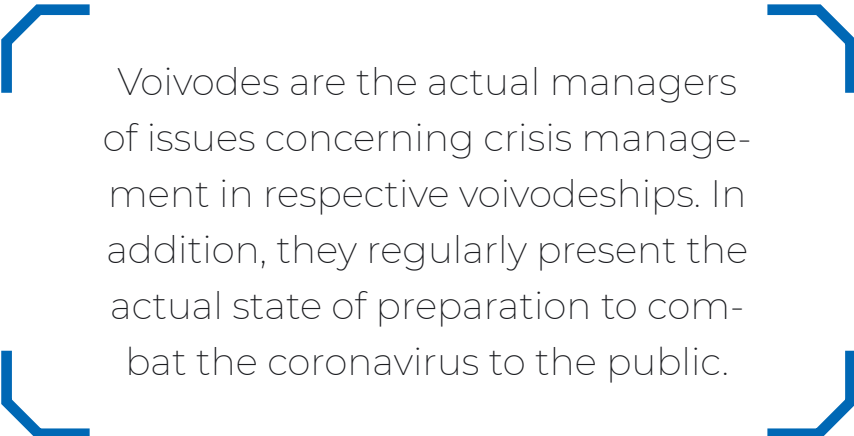
introduced the possibility of issuing so-called *orders* by the voivodes. Such orders are binding for all government administration authorities within a voivodeship, state-based legal persons, territorial self-government authorities, self-government-based legal persons as well as self-government-based units without legal personality. Orders are issued in the form of administrative

decisions, are immediately enforceable upon their delivery or publication, and do not require justification.

A number of orders were issued concerning the functioning of self-government in the field of social assistance and health care, such as issues related to the provision of aid to elderly, lonesome or disabled persons, or cooperation between the police and social assistance services, shelters, and night shelters. Orders are published by the voivodes on the website of a respective voivodeship office in sections dedicated to the latest information on the coronavirus.

Voivodes are the actual managers of issues concerning crisis management in respective voivodeships. In addition, they regularly present the actual state of preparation to combat the coronavirus to the public. They also report the undertaken measures to the Ministry of Interior and Administration on an ongoing basis.

In cooperation with the minister of health, the voivodes have established a network of specialized hospitals and isolation facilities and participated in



Voivodes are the actual managers of issues concerning crisis management in respective voivodeships. In addition, they regularly present the actual state of preparation to combat the coronavirus to the public.

the organization of medical equipment transports and the establishment of medical examination points.

Together with the voivodes, province governors have created a network of specialized hospitals, isolation rooms and collective quarantine facilities, and took part in organizing medical transports or creating collection facilities



for tests. They also provided information about the needs of hospitals, clinics, sanitary inspection teams, social welfare centres, or nursing homes. They prepare statistics on bed occupancy and respirators. They participated in the organization of medical staff training and the distribution of medical equipment, materials, and personal protection equipment received from the Material Reserves Agency to hospitals. As agreed with the Ministry of Health on the basis of Article 10(d) of the COVID-19 Act, they participate in the establishment of temporary hospitals. They are constantly working on plans to increase the number of beds for COVID-19 patients, recommending locations for new laboratories, and coordinating the creation of “COVID-free” and “COVID” emergency rooms.

The voivodes cooperate with the Territorial Defence Force to support local governments, health care institutions, and sanitary inspection teams in counteracting COVID-19, especially in helping hospitals in organizing field emergency rooms (separating patients, measuring temperature, or filling out questionnaires). Posts were built at collective quarantine facilities. Food and medicine were delivered to people in need who had been quarantined. Transport of personal protection equipment, disinfectants, and specialized equipment from the Material Reserves

However, as the experience of recent months shows, it can already be stated that the voivodes are not only field representatives of the government, but also strategic links in crisis management.

Agency warehouse was organized and the items delivered to hospitals, nursing homes, kindergartens, and elementary schools, which reopened in September.

Video consultations among crisis teams as well as videoconferences with local government representatives take place in voivodeship offices. The Ministry of

Interior and Administration is also involved in cooperation with the offices. Police officers visit people in quarantine as part of their patrol service, firefighters serve at sanitary control points, and border guard officers check travellers at the internal border. The firefighters also coordinated the creation of mobile emergency rooms in cooperation with the Territorial Defence Force and the medical service.

The work of the voivodes and administration during the pandemic will be judged by the public once the threat of virus spreading is over. However, as the experience of recent months shows, it can already be stated that the voivodes are not only field representatives of the government, but also strategic links in crisis management. The extent of the epidemiological situation has exposed the concept of state decentralization. The whole world is learning how to manage the coronavirus crisis. Undoubtedly, the Polish model combining the cooperation of central administration in the field with local governments allows for efficient operation of the state during the epidemic. □



Implementation of the Anti-Crisis Shield by the Social Insurance Institution

BY **PROFESSOR GERTRUDA UŚCIŃSKA**

PRESIDENT OF THE SOCIAL INSURANCE INSTITUTION, POLAND

Introduction

The Anti-Crisis Shield is a comprehensive response of the Polish state to the SARS-CoV-2 epidemic and the effects of restrictions in social and economic life resulting from the social distancing strategy. Its value is estimated at PLN 312 billion. These funds have been allocated for the protection of health and jobs, the improvement of the situation of businesses, for public investment, and the financial system.

The package of solutions limiting the negative effects of the coronavirus pandemic included the following legal acts: the so-called Covid Act of 2 February 2020, five acts of the so-called Anti-Crisis Shield, the act on solidarity allowance granted to counteract the negative effects of COVID-19, the act on the Polish Tourist Voucher, and the Regulation of the Council of Ministers on extending the period of care allowance and additional care allowance to counteract COVID-19. Each of the successive Anti-Crisis Shields contained aid measures for new groups of beneficiaries included in the aid system based on current analyses of the economic situation in the country.

The Social Insurance Institution is responsible for the implementation of important elements of this package: exemption from contributions;

downtime benefits for entrepreneurs and persons performing civil law contracts (mandate, agency contract, or contract for specific work); reliefs in contribution payments (payment deferrals or payment in instalments) without a prolongation fee; solidarity allowance for job loss; additional care allowance due to the necessity to take care of a child; IT support for the Polish Tourist Voucher, etc.

1. Exemption from Contributions

The exemption from social insurance contributions in the period from March to May 2020 was an essential tool to support Polish entrepreneurs during the lockdown period. The right to be exempted from full social insurance contributions for three months was granted to companies that had registered up to nine persons for social insurance, self-employed persons with a revenue lower than 300% of the average salary, and social cooperatives. The right to be exempted from half of the contributions was granted to companies that had registered between 10 to 49 people for insurance. At the same time, the right to be exempted from all contributions for two months (April and May) was granted to the self-employed persons with a revenue exceeding three-times the average salary, but with an income lower than PLN 7,000.

In total, under the exemption from the obligation to pay contributions, the Social Insurance Institution (ZUS) remitted PLN 13.1 billion on account of social insurance contributions and other funds. The exemption applied to 2.1 million companies, protecting approximately 6.5 million jobs.

2. Exemption from Contributions: Restoration of Overpayments

In principle, unpaid contributions were exempted from payment. However, some companies paid their contributions to ZUS for March, April or May,



although they had applied for the exemption from the obligation to pay them for a given month. By contrast, other companies did not pay their contributions for the months covered by the application for the exemption from contributions, but had accumulated overpaid contributions in ZUS from previous periods. In accordance with the law, ZUS reckons such overpayments towards subsequent contributions on the date of their payment.

At the initiative of ZUS, regulations have been changed to make them more beneficial for entrepreneurs. ZUS has thus been successively restoring overpayments to companies from 20 September 2020. Overpaid amounts have been paid back or reckoned towards subsequent contributions. Up to 800,000 companies can benefit from the described changes. Their overpayments recorded in ZUS accounts amount to about PLN 600 million in total.

3. Downtime Benefit

ZUS pays downtime benefits of up to PLN 2080 to persons employed under a contract of mandate, agency contract, or a contract for specific work with a revenue lower than 300% of the average salary, as well as to self-employed persons, regardless of their revenue, if their current revenue decreased by at least 15% compared to the previous month. The downtime benefit could be sought three times.

By mid-October, the Social Insurance Institution has paid 2.6 million downtime benefits to entrepreneurs and contractors in the amount of PLN 5.1 billion.

4. Reliefs in Contribution Payments without a Prolongation Fee: Payment Deferrals or Payment in Instalments

Contribution payers may be granted a relief in payment from January 2020 without a prolongation fee. The relief consists in deferring the payment date of due contributions, spreading the arrears in contributions

into instalments without interest, and, in extreme cases, dues remission. Companies could also suspend the contribution arrangement already concluded for three months. The Social Insurance Institution has also waived the collection of interest for late payment for receivables for the period from January 2020, and suspended dues enforcement actions from February until April 2020 against payers who had not been in arrears with contribution payments before the epidemic.

By mid-October, ZUS have considered 179,000 applications for deferring contribution payments or spreading the arrears in contributions into instalments, submitted due to the epidemic. As many as 98% of the applications have been processed. The relief was granted for receivables amounting to about PLN 9 billion.

5. Additional Care Allowance

The Social Insurance Institution pays out an additional care allowance for periods of closure of childcare facilities due to the COVID-19 epidemic to the insured who have to look after their child or children instead of going to work. The first regulations providing for the additional care allowance came into force on 8 March 2020, and the subsequent regulations extended the allowance period until 26 July and then from 1 until 20 September.

By mid-October, ZUS has accepted 1.4 million applications for additional childcare allowance and approved 99% of them. It paid out 1.3 million allowances in the amount of PLN 930 million.

6. Extended Validity of Certificates of Incapacity for Work

ZUS provided an automatic three-month extension of the entitlement to benefits for people whose certificate of temporary incapacity for work had expired during the epidemic and who had applied for the same benefit for another period..



7. Solidarity Allowance

ZUS was granting and paying a solidarity allowance from June until August 2020. The benefit was intended for people who had lost their job due to the COVID-19 epidemic. The pre-requisite was that the applicants must have lost their job after 15 March 2020, or their fixed-term contract must have expired after that date. In addition, they had to be covered by social insurance based on employment relationship for at least 60 days in 2020. The allowance could only be applied for electronically. Payment was made within seven days of clarification of the last necessary circumstance exclusively to the payment account. This entirely electronic, automatic procedure has proven to be 100% successful.

As a rule, the solidarity allowance amounted to PLN 1400 and was tax-free. It could be claimed for a maximum of three months. ZUS has paid the benefit to 130 thousand people (234 thousand payments) in the total amount of PLN 313 million.

8. Polish Tourist Voucher

The Polish Tourist Voucher is a new solution in the fight against negative effects of the COVID-19 epidemic aimed, on the one hand, at providing financial support to the disadvantaged tourism industry and, on the other, at supporting holiday plans of Polish families. The voucher amounts to PLN 500 per each child entitled to the Family 500+ child care benefit. A child with a disability is entitled to an additional voucher, also in the amount of PLN 500.

ZUS has implemented and provided IT support for the Polish Tourist Voucher in a very short period of time, starting from 1 August 2020. It generated vouchers for 4 million Poles, launched a special helpline operating 24/7, made new functions available on the ZUS Electronic Services Platform (Platforma Usług Elektronicznych, PUE) for persons entitled to the voucher, tourist entities, and the Polish Tourist Organisation, which is the competent authority for voucher entitlement. ZUS has also implemented a system for settling payments to tourist entities.

By mid-October, the Poles have activated over 1 million vouchers worth PLN 887 million. Payments were made 342 thousand times in the total amount of PLN 225 million. Applications for additional vouchers due to a child's disability were submitted by 58 thousand people.

9. Counteracting the So-called June Pensions Syndrome

At ZUS initiative, changes have been introduced to the rules for calculating the number of old-age pensions granted in June 2020 in response to the phenomenon of so-called June pensions, which results from detailed rules for annual and quarterly indexation of contributions and of initial capital. On this basis, ZUS calculated the old-age pension granted in June as if it had been granted in May, provided that it was more beneficial to the insured person. As a result, the individuals who applied for a pension in June did not receive lower benefits than those who applied in May. Similar provisions should be introduced on a permanent basis in the future because the June pension phenomenon could be responsible for calculating pensions in June that would be several hundred zloty lower than they would have been in May.

10. Anti-Crisis Shield 5 (Industry Shield)

The regulations contained in the Fifth Anti-Crisis Shield came into force on 15 October. It is known as the industry shield, because it is aimed at selected sectors of the economy: tourism, stage, and exhibition. Application for support is possible through the ZUS Electronic Services Platform. The tourist shield provides for three types of support from ZUS, whose total financial effect will amount to a maximum of PLN 550 million:

- 1) Easing the requirements for downtime benefit entitlement for tourist agents and tour guides (approx. 3.7 thousand people);



- 2) Additional downtime benefit for individuals and companies running a business in the field of tourist transport services, artistic performances, amusement parks, discos, etc. (approx. 20 thousand people);
- 3) Exemption from the obligation to pay contributions to ZUS for July, August and September for payers in the tourism and hotel sector, as well as for the organisers and operators of fairs, conferences and exhibitions (approx. 29 thousand companies).

Conclusion

The assistance provided to employers helped to protect companies and jobs. Unemployment is also lower than expected. The number of companies is increasing, as confirmed by data regarding the realisation of ZUS income. Since May 2020, there has been a continuous increase in the number of contribution payers, amounting to 2.71 million at the end of May and 2.78 million at the end of August.

Since May, we have also observed a significant decrease in the number of companies closing or suspending their operations. It seems that it was more profitable to stay in business and benefit from state support than to close or suspend it. There were almost four times more registered than de-registered payers in May and June, and two to two and a half times more in July and August. In September, 23 thousand contribution payers were de-registered and 34 companies registered.

During the period of the epidemic, we particularly appreciated the implementation of the e-ZLA reform, i.e. the digitisation of sick leaves as of 1 December 2018, and the strategic and far-sighted decision to introduce this reform. At the time of a pandemic and limited interpersonal contact, nobody can imagine issuing paper certificates of temporary incapacity for work.

We made it easier for our clients to settle their matters using the ZUS Electronic Services Platform. Applications, millions of which have been

additionally submitted to ZUS in connection with the implementation of the Anti-Crisis Shields, are initially handled by robots. We will continue this development trend, striving for an increasingly wide and optimal range of automation.

To sum up, it should be emphasised that the Social Insurance Institution was one of the main public institutions – apart from the Polish Development Fund, the National Bank of Poland, and Bank Gospodarstwa Krajowego – to carry out the tasks imposed by the Anti-Crisis Shield. However, ZUS not only provided support, but also participated in the conceptual work on new regulations, developed and consulted draft regulations, and analysed their effects. ZUS has borne the burden of new, additional tasks related to the COVID-19 epidemic. At the same time, it performed its statutory tasks on time. Thus, it confirmed its status of a key analytical, advisory and expert centre in the country. □



The Summary of the Military Effort Related to the Pandemic

BY **MARIUSZ BŁASZCZAK**

MINISTER OF NATIONAL DEFENCE, POLAND

The coronavirus pandemic, its global range, and the threats it poses to people are unprecedented. It is one of the most serious challenges the governments are facing all around the world. Due to the range and the tasks that the state has to tackle at this exceptional time, it has become obvious that the Polish Army should join the process of combating and preventing the pandemic.

The Polish Army has been and still is participating in activities of the civilian community. The forces and resources involved allow for effective support of the health care system, as well as efficient response in crisis situations. It should be stressed that, since the beginning of the pandemic, over 9,000 soldiers have supported civilian medics throughout the whole country in the fight against the coronavirus every day. Now there are circa 2,400 soldiers who are entrusted with these complex tasks on a daily basis. Together with the police, they watch over the quarantine, provide necessary personal protective equipment and food to nursing homes, disinfect rooms, and help veterans, the elderly, quarantined individuals, and the families of the medics.

It should not be forgotten that, at the same time, the soldiers of the Polish Army guarded the country's borders along with the Border Guard for 89 days. During the extraordinary border control, which was in force until June 13 of this year, 143 border posts were established.

Over 100,000 Soldiers Medically Trained

The pandemic has proven the high skills of the military personnel and their flexibility. Over 100,000 soldiers have been medically trained and are still ready to support the civilian healthcare system. Thanks to the military logistics, necessary equipment was delivered to hospitals. The Territorial Defence Forces have extended the possibility of performing coronavirus tests through permanent and mobile swab test points and by establishing TEST&GO points. These points have been and are being established mainly in the areas affected by infection outbreaks. The numbers demonstrate the amount of work carried out by military specialists – 139,000 swabs taken and more than 339 disinfections completed by chemical units. Social care facilities, hospitals, urban infrastructure, as well as airplanes and military equipment transports returning from missions were disinfected.

Nursing Homes under Special Supervision

In addition to its current activities, the Polish Army is in permanent contact with nursing homes all over the country. Helping people in the most difficult life situations is of utmost importance today. Soldiers deliver foodstuff and necessary protective equipment to these institutions and, together with the staff and volunteers, they look after the residents. This service is a particularly strong signal for local communities, who can see up close how important – also in times of peace – is the role played by the Polish Army and the Territorial Defence Forces.

Military university students who have also actively participated in supporting the functioning of medical institutions deserve particular



attention. Soldiers and cadets responded to calls for blood donation at the time inconvenient both for patients and the health service. Blood donation campaigns run all the time; over 8,000 litres of blood have been donated since March for proper functioning of the health and life protection system.

The above examples show the complexity of tasks undertaken by the Polish Army. In the hard times of the pandemic, the uniform with the white and red flag on the shoulder became a synonym for safety, devotion, and selfless help. The soldiers perform their duties with the highest degree of professionalism, which is widely appreciated.

Several Hundred Tons of Medical Transports

The pandemic has become a global problem; the fight against it has reached every corner of the world. The Polish Army has been actively involved in this fight, for example by participating in the SALIS aviation program, conducted under the aegis of NATO. As part of the program, four transports of protective equipment were carried out. Our military logisticians provided the doctors and the people in need with several hundred tons of necessary equipment, such as masks or protective suits.

As the pandemic spread, a special hotline was launched for lonely people who were not bearing the quarantine well. Through the hotline, psychologists of the Territorial Defence Forces and educators were also helping parents to solve problems related to remote learning. "Territorial soldiers" also supported the organizers of leisure activities for scouts by providing logistics and sanitation. Moreover, they supported educational institutions and helped them prepare for the new "sanitary regime" of work, conducted staff training, and provided disinfection liquids.

The above activities were the ministry's response to numerous signals that reached the Ministry of National Defence. The excellent cooperation with medical services and other uniformed units was noteworthy. The

coordination of civil and military operations turned out to be the key to efficient and effective combating and counteracting the pandemic. Once again, the Polish Army showed how close it is to the whole society in that it supports and protects the people at these difficult times.

Foreign Humanitarian Missions

Activities of the Polish Army in the international arena are also not without significance. Poland has once again proven to be a reliable partner and ally. As part of foreign humanitarian missions, military doctors were providing aid in Italy, Slovenia, and the United States. They shared their models of effective fight against the epidemic and helped the local doctors. The missions brought invaluable knowledge about the methods of fighting COVID-19, which allowed to counteract the effects of the pandemic in the country even more effectively.

Army's Role during a Pandemic: Preparedness, Response, Rescue

The Polish Army is always ready to provide support wherever it is needed. The actions taken so far and their scale visible during "Permanent Resistance", a current operation of the territorial defence troops, as well as the earlier "Resistant Spring", among others, bring measurable effects. The above-described engagement will continue with adjustments made according to the needs of medical and long-term care facilities and local authorities.

The activities undertaken by the department respond to the needs of the Poles. According to opinion polls, the vast majority of respondents (91%) think that soldiers should help people in quarantine, especially the elderly, the lonely, and those in a difficult situation. As many as 83% believe that the Polish Army should, together with the police, participate in ensuring compliance of quarantined individuals, and 82% approve of the presence of joint military and police patrols in the streets.



Smooth functioning of the state in the face of a pandemic depends on the ability to quickly adapt and coordinate individual elements of response plans, the Polish Army being one of them. The actions taken so far indicate that the tasks assigned to the army have had a measurable and positive effect on the fight against COVID-19. The Poles and Poland gave the army an unambiguously positive rating. □

Social Effects of the Pandemic

BY **PROFESSOR HENRYK DOMAŃSKI**

INSTITUTE OF PHILOSOPHY AND SOCIOLOGY,
POLISH ACADEMY OF SCIENCES, POLAND

Along with its high infectivity rates, economic burden, and financial losses, the corona virus disease has had a universal impact by violating the democratic system. Almost as soon as it started, governments have taken severe measures to mitigate the effects of the pandemic, especially on education, work, and daily life. However, it became clear that the adopted emergency measures brought in many deficiencies not only in economy, but also by undermining social norms and social structures.

While it's common knowledge that a welfare state has to protect its citizens and ensure their material security, leaders were, for the first time in modern history, forced to confront these expectations with principles of democracy, economic rationality, and the market system. It is rather unusual for citizens to share the same wishes with the government. Politicians strive to return to normality, but cannot do so at once since they are required to fight the life-threatening pandemic. As regards ordinary people, they want their family lives to be secure and social relations stable, but they fear the infection. Moreover, they transfer the responsibility for dealing with pandemic threats on



the leaders. Once again politicians have become hostages of democracy, and under the worst possible and hardly avoidable circumstances at that.

While it's common knowledge that a welfare state has to protect its citizens and ensure their material security, leaders were, for the first time in modern history, forced to confront these expectations with principles of democracy, economic rationality, and the market system.

These developments can be seen as another sign of a "crisis of democracy". As the so-called crisis of democratic order isn't a new, surprising phenomenon, what may attract attention is the national context of COVID-19. Contrary to expectations, "young" democratic countries, such as Poland, generally appear to be more successful in fighting the pandemic than the "old-est" ones, such as the United States or the United Kingdom, not to mention France and Italy. It goes against the com-

mon vision of a better healthcare system and more efficient public administration in the western societies, which are more accustomed to the needs of ordinary people. It seems that no one is treated there as a strenuous petitioner, and the public sector is more effective in meeting the requirements for social services (i.e. by providing access to kindergartens, hospitals, day-care centres, or nursing homes for the elderly). In addition, residents of these countries tend to regard health as an investment that brings profits in occupational career, they are more disciplined, and, at least hypothetically, insist on a rational choice when making decisions.

This phenomenon may be explained in terms of different experience in recent history. One may speculate that post-communist societies could be more resistant to unpredictable misfortunes, such as COVID-19, more consolidated at the time of dreadful events, and have a stronger sense of identity in

case of emergencies, which are perceived as being beyond control. According to a survey carried out by the Centre for Public Opinion Research (CBOS) in July 2020, 64% of adult Poles looked positively on the government's activity in fighting the pandemic. It shows a relatively high magnitude of approval of the ruling class activities, the more so that these results also comprised the electorate systematically critical of the government and the ruling party, including people with higher education and those referred to as the "new intelligentsia". The same applies to opinions on "whether the measures taken by the contemporary government allow for improvement of the economic situation". Those who agreed represented 46% of a random national sample, slightly outnumbering the opponents, i.e. those claiming that the government's policy does not guarantee economic growth (43%). As for self-discipline, indicated by the willingness to observe anti-pandemic restrictions, the survey shows that a relatively high proportion of citizens would support "punishment for those who disobey the regulation to wear a face mask in places

COVID-19 has revealed something unexpected: in the face of external threats, the majority of people tend to legitimate regulations implemented by the government even if they would readily vote for the opposition in case of general elections.

where it is required". In September 2020, i.e. half a year after the legislation had been adopted, 61% of the Poles were for punishment for any violation of the restrictions, clearly dominating over the opponents of the sanctions (36%).¹ It is worth mentioning that such punishment can hardly be regarded

¹ *Government Against the Pandemic: Opinions in July*. Report on a survey conducted by Centrum Badań Opinii Społecznej, No 92/2020. *The Pole with or without a Mask*. Report on a survey conducted by Centrum Badań Opinii Społecznej, No 110/2020.



a violation of personal freedom (assuming that this was what respondents took into account in opposing the law), and that resisting the restrictions rather weakens human rights and disintegrates democratic principles on the whole. COVID-19 has revealed something unexpected: in the face of external threats, the majority of people tend to legitimate regulations implemented by the government even if they would readily vote for the opposition in case of general elections. This may suggest that, compared to the Italians or the French, the Polish society exhibits quite a realistic approach when faced with processes disturbing the social system. To be impartial, one may say – somewhat contradicting the assertion of realistic approach – that the Polish society failed to diagnose the pandemic in a proper way. We are, relative to the western societies, more willing to subordinate to the ruling class at the cost of human rights and personal freedom. It would imply more fatalistic attitude and moderate attachment to democratic principles compared to, for example, the Americans or the Brits.

Anyway, people in Poland have become more serious in their determina-

Indeed, the fear
of the pandemic
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tion to cope with COVID-19. In light of parallel studies administered by CBOS, the feeling of responsibility for oneself and for the others has strengthened. The studies show that throughout the 6-month period under observation (March through September 2020), more

people complied with the instruction to “wash their hands and see to proper hand washing in the family” (an increase from 80% to 88%), “avoid shaking hands and kissing” (an increase from 40% to 68%), and “try not to stay in close proximity of people having a cold, coughing, or sneezing” (an increase from 66% to 87%). There are thus no signs of rejection of the inconvenient measures or disenchantment with observing the restrictions. On the other hand, one

has to admit that sticking with restrictive laws is harmful for social relations and reflected in the weakening of social ties. According to CBOS data, the percentage of people claiming to have restricted contacts with other people in public increased from 40 to 67 in six months, and, as regards meetings with close friends and family, the percentage rose from 34 to 60.²

A number of implications can be drawn from the foregoing discussion. Intuitively, it appears rational that COVID-19 should maintain social inequalities in health conditions. According to empirical findings, there is a strong correlation between social position and health. In Poland, but also in other countries, as I predict, the effect of social position on one's defence strategies against the pandemic is small. It was only in the avoidance of social networks where specialists (the category holding the relatively highest position) prevailed over other categories. Precisely 79% of specialists, as compared to 44% of skilled manual workers, were isolating themselves from meeting with friends. Indeed, the fear of the pandemic seems to transcend the processes of class formation. The next logical step is to assess to what degree it is possible to extrapolate our results to other cultural domains and national social structures, and expand cross-national research to other domains and dimensions of political practices. On this last point, it would be interesting to analyse historical data to model the trajectories that genres follow over time, and to gather data from more countries with varied national repertoires to understand their impact on the patterns of distinctions. □

² *Changes in Anti-Pandemic Behaviours of the Poles*. Report on a survey conducted by Centrum Badań Opinii Społecznej, No 116/2020.



The Czech Republic Economy and the COVID-19 Pandemic

BY **JAN MLÁDEK**

FORMER MINISTER OF INDUSTRY AND TRADE, DIRECTOR OF THE CZECH INSTITUTE OF APPLIED ECONOMICS, CZECH REPUBLIC

Introduction

The aim of this article is to evaluate the impact of the COVID-19 pandemic crisis on the Czech economy. A significant decline of the Czech GDP in 2020 is analysed in section A. Section B describes a set of measures adopted by the Czech government in 2020 to combat the crisis. Tourism, aviation, and the automotive industry are identified in section C as the branches that have been hit the most by the pandemic.

A. 2020 GDP Decline

The economic crisis caused by domestic anti-COVID measures and a strict lockdown in the majority of the EU member states triggered a decline of the Czech economy. The 2020 decline is expected to reach approximately -8.2%, and the Czech economy should return to +3.5% growth in the next year.¹ This forecast, however, was made under the assumption that there would be no additional lockdown in the fall of 2020. This is not so clear though at this

¹ Czech National Bank forecast: <https://www.cnb.cz/cs/menova-politika/prognoza/>

moment (October 2020), as the second lockdown is being discussed by Czech government officials. Quarterly GDP data can offer a better understanding of the COVID-19 pandemic impact on the Czech economy. To date, actual data are available for the first half of 2020, indicating an 11% fall of the Czech economy in the second quarter of 2020 on a year-to-year basis. The Czech National Bank provided an economic forecast for the next year and a half, expecting quarterly GDP declines until the first quarter of 2021:

Figure 1
Quarterly GDP Growth in the Czech Republic
(01/01/2018–31/12/2021)



Source: <https://www.kurzy.cz/makroekonomika/hdp/>;
<https://www.cnb.cz/cs/menova-politika/prognoza/>

The main reason for the dramatic decline in the second quarter of 2020 was a foreign demand decline of –7.9 percentage points (p.p.). The Czech economy is thus paying a price for being very open. Another reason was a



household demand decline of –2.0 p.p. Investment spending contributed –0.2 p.p. to the GDP decline in the second quarter of 2020, and the government spending contribution was +0.4 p.p.

On the supply side, the biggest fall of gross value added, reaching –18.2% in the second quarter of 2020 and contributing –4.6 p.p. to the GDP decline, was seen in manufacturing, followed by –20.5% in trade, transport, hotels and restaurants, which contributed –3.8 p.p. to the GDP decline. On the other hand, the information and communication technology sector has grown by 1.1%, contributing +0.1 p.p. to GDP.

The unemployment rate does not yet reflect the fall of the economy. It has been growing this year, but very moderately. The unemployment rate was at its lowest in March 2020, when it represented 3.01% of the Czech labour force. It has increased to 3.77% by September 2020. Given the GDP decline, unemployment has been very modest.² The main reason for the so far moderate negative impact of the COVID-19 pandemic on employment was massive spending by the Czech government in reaction to the crisis. However, a drop of –7.1% in real wages between the first and the second quarter of 2020 is an indication of something important happening to the Czech economy. This occurred after a long period of real wage growth.

B. Czech Government Measures to Combat the 2020 COVID-19 Crisis

The Czech government and the Parliament approved a whole set of measures over a short period of time in a state of emergency in the second quarter of 2020. The amount allocated for direct measures was CZK 283 billion (€10.44 billion), government guarantees amounted to CZK 851.5 billion (€31.41 billion), and credits in the amount of CZK 291.6 billion (€10.76 billion) were frozen for half a year.

² The reaction of the economy was probably much bigger, because the Czech unemployment figures did not reflect the decline in the use of foreign labour (mainly from Ukraine).

Direct measures: CZK 254.8 billion

- ➔ **Taxes: CZK 95.4 billion** (direct allowance for the self-employed and small companies; introduction of loss carry-back; elimination of the real estate acquisition tax; blanket waiver of tax advances; road tax reduction; VAT decrease for selected items);
- ➔ **Social security and health insurance: CZK 36.6 billion** (waiver of minimum advances for the self-employed; Antivirus C Programme);
- ➔ **Healthcare: CZK 47.1 billion** (higher payments on behalf of the state-insured persons; higher wages; protective equipment and medical supplies; debt relief for hospitals);
- ➔ **New social transfers: CZK 15.4 billion** (extension and increase of the nursing allowance, including the nursing allowance for the self-employed and its increase);
- ➔ **Direct support for companies: CZK 41.8 billion** (Antivirus Programme, COVID: Rent; COVID: Credit; support for spas);
- ➔ **Other measures: CZK 18.5 billion** (increased investments in the transport infrastructure; countryside development; aid to culture, sports, agriculture, forestry, etc.).
- ➔ **Individual tax advance adjustments: CZK 28.2 billion** (personal and corporate income tax; stop of electronic registration of sales, etc.)
- ➔ **Guarantees and insurance schemes: CZK 851.5 billion** (COVID II, COVID III, COVID Plus, COVID Praha)
- ➔ **Credit moratorium: CZK 291.6 billion** (in postponed credits)³

Thanks to the massive government action, negative consequences of the crisis are not felt so much for the time being. The unemployment rate has not gone up; hence people do have their wages, albeit with heavy government

³ Source: Presentation by Mrs. Alena Schillerová, the Czech Finance Minister, at the Export Forum, Ministry of Foreign Affairs of the Czech Republic, 29 August 2020



support to employers. The only perceived negative effect of the crisis is the fall of real wages in 2020. There is pressure to decrease wages although they are not growing any more.

Relatively mild social and political consequences are also given by the fact that the credit moratorium applies to mortgages, too. The Czechs were offered the option not to pay mortgage from April until September 2020. In fact, mortgage payment periods have been extended by eight months to offset the half year of the mortgage payment holiday this year. Another important factor for maintaining social peace was staying of enforcement and bankruptcy proceedings. The big question is what will happen when the above measures are no longer in force, and the Czech citizens and companies start feeling the hardships of the COVID-19 pandemic in full.

There is certain time available to the Czech Republic because its public debt before the crisis was one of the lowest in the EU; hence there are possibilities to borrow money cheaply to overcome the current crisis. However, the state budget deficit is going to be very high in 2020 – about CZK 500 billion, which equals €18.44 billion, or 9% of the Czech GDP. The problem is that the consolidation of public finance will be long and costly. The budget proposed for 2021 is CZK 320 billion and may even increase to CZK 400 billion because of the tax cuts proposed by the Parliament, which should be approved before the end of the year.

C. Tourism, Aviation, and the Automotive Industry Suffer the Most

The economic crisis caused by COVID-19 has a very uneven impact on different sectors of the Czech economy. The biggest losers are international tourism, aviation, and the automotive industry. IT services and e-trade, by contrast, are the winners. International tourism was contributing 6–8% of GDP to the Czech economy. The business was centred around the capital, Prague, and a few other places, such as Český Krumlov and Karlovy Vary. Hundreds and thousands of German, Italian, British, American, Polish, Russian, and Chinese

tourists were coming to the Czech Republic every year, providing jobs to many people in hotels, restaurants, shops, and other services for foreign travellers. Other victims of the low tourism period are, for example, glass factories selling their products to foreign tourists in the Czech Republic.

Aviation also suffers in the current situation. Czech Airlines were not doing well even before the COVID-19 crisis because of mismanagement of the company and three failed attempts at its privatisation. The Prague airport, however, was laying “golden eggs” thanks to the number of served passengers, competing with the Vienna airport. This seems to be history for at least two or three years, and the outlook for Czech Airlines is even bleaker – bankruptcy is in the cards in future.

Another big loser in the current crisis is the automotive industry, which used to be very large before. Three Czech car makers produced 1,427,563 cars⁴ in 2019. Škoda Auto in particular was doing great with its SUV models, which were competing successfully even with the products of its mother company, Volkswagen. Regardless of some production issues in the spring of 2020, the automotive industry, which is mainly demand-driven, is not only facing the COVID-19 crisis. The main problem is that consumers are more careful with their spending and postponing new car purchases. A structural change of the automotive industry, pursued by the European Commission with its pressure to reduce car emissions, poses another problem. The only solution seems to be the transition to electric cars production. Škoda was a bit late with its single electric model. The question is how big the demand for Škoda electric cars will be considering their price, which is three times the price of Škoda cars with a combustion engine.

Conclusion

The Czech Republic will be facing several challenges in the years to come. The first one will be to overcome COVID-19 from the medical perspective. This

⁴ <https://www.systemylogistiky.cz/2020/01/16/automobilky-loni-v-cesku-vyrobily-pres-145-milionu-vozidel-mezirocne-jde-o-mirny-pokles/>



can be achieved through vaccination or simply by exposure of the whole population to the virus, both of which will lead to herd immunity, and the pandemic will possibly be over in two or three years. It is somewhat forgotten that one hundred years ago, between 1917 and 1920, the death toll attributed to the Spanish flu was high, and, unlike today, young people and children were dying. The disease was not overcome by vaccination at that time, but simply disappeared after three years of killing millions of people worldwide.

Whenever the pandemic is over, its economic consequences will have to be overcome and previous production levels restored. Creative destruction will be necessary because it seems that we are not going to return to the 2019 economy structure.

The restoration of pre-crisis production levels will have to go hand in hand with the consolidation of public finance. It may not be such a big issue in the Czech Republic, but there is a high risk of spillover of economic shocks if the countries with a public debt over 100% of GDP go for non-sustainable levels.

And finally, there is the long-term goal of maintaining competitiveness and embracing all challenges of the modern era. It will be necessary to embrace Industry 4.0, Artificial Intelligence, and, last but not least, changes in the energy consumption structure, i.e. to handle the development of renewable energy sources and the coal industry closure (hard coal in the Ostrava region by 2025 and brown coal in Northern Bohemia by 2050). □

Prague

October 12, 2020

What the experience with government measures introduced due to the outbreak of coronavirus in the Liberec Region showed

BY **OSKAR MUŽÍČEK**

DIRECTOR, DISTRICT CHAMBER OF COMMERCE IN
JABLONEC NAD NISOU, CZECH REPUBLIC

In the region, which belongs to the smallest in the Czech Republic and is located at the foot of the Jizera Mountains, the Lusatian Mountains, and the western Giant Mountains. In the region, which made our republic world-famous thanks to the production of glass, jewellery and textiles, machine building, and automotive industry. In the region, where agriculture is underdeveloped despite some unique features, hops are grown, and where there is not a single dairy. In the region, where the first Euroregion in the Czech Republic was established in 1991 under the name of Euroregion NISA (ERN), strengthening the active cooperation in the three-country region, i.e. the border area between the Federal Republic of Germany, the Czech Republic, and the Republic of Poland. ERN ensures cultural, social, sports, and economic cooperation as well.

And now, for the first time in history, the government has closed some parts of the national economy; some industries have been shut down entirely while others have been greatly affected by the closure of schools, stores, services, and borders.



I have no intention to judge whether the actions of the government and the Parliament were adequate to the state of danger, because it was the first time that we found ourselves in this state, and nobody knew what the virus was really capable of.

To begin with, all schools were closed, and measures in the form of allowance for families with children under the age of 13 were adopted immediately. Certainly, it was necessary for the parents to stay at home with their children, but these adults were absent from their jobs.

Shops were closed except for grocery stores, pharmacies, and other strategic shops selling sanitary and protective equipment. Most services were closed.

This is best demonstrated by the example of a renowned glassworks, which, probably as the only one in the world, has been in operation for 308 consecutive years and employs 100 people. As part of the measures, they were prohibited from making visits to companies and from running their restaurant with a microbrewery, the museum, the beer spa, and the on-site store, and also all their stores in the Czech Republic were closed. Already at the time of the crisis ten years ago, the owner intertwined the factory with tourism, which has worked really well. Monthly operating costs of such an energy-intensive production certainly cannot be low. A half of the factory's revenue comes from the interconnection with tourism. To sum up, the production as such was not shut down by the government, but the other measures caused that the company had no income for several months.

Another example can be the approach of an electrical engineering company that is part of a multinational chain and supplies its products throughout Europe. Their aim was to protect their own production and experts. The problem was that a certain number of the staff were taking care of children who could not go to school. The company's strategies and security measures were even stricter than required by the government; with immediate effect, everyone whose job was not directly connected to the production process started working from home, communicating via internet, video conferencing, e-mails, telephones, etc. The ultimate goal

was to keep the production running. Managers appealed to their subordinates to minimize risky behaviour and prevent the spread of coronavirus infection.

Let's take a look at sole traders who make a living by producing traditional regional glassware, attend various craft festivals throughout the Czech Republic, and show their craft to members of the public, who are enthusiastically watching them at work and can try the process themselves only to find out that glassmaking is not as simple as it looks in the hands of the masters of the craft. These sole traders were not prohibited from working, but all events at which they perform and sell were cancelled. There are tens of thousands of such artisans in our republic, so it is not a negligible group of people who provide for their families this way either.

As for the automotive industry, according to the Automotive Industry Association, the most people per population in the Liberec Region work in the automotive industry in the production of parts, components, and accessories, which are supplied to all car producers in Europe. The signs of "overheating" of the industry had been there even before the onset of coronavirus and the adoption of government measures. These companies employ many foreign workers, and problems occurred in several areas simultaneously: workforce shortage; foreign employees could not come to work due to border closures; employees with children under 13 years of age stayed at home to take care of them. Some were quarantined due to contact with an infected person. The companies have international ties and receive goods from abroad, which posed another problem. Deliveries were delayed, and if a single part, however tiny, was missing, the assembly could not be completed. The car factories were thus closed.

We used to hear from officials or employees that business owners must have reserve funds for unforeseen situations during a crisis. Company economy and finances vary from business to business depending on conditions specific to an enterprise, and the state has never before intervened in company affairs by stopping business activities. Business owners use profits to finance company development, reconstruction projects, or equipment



upgrades to improve the quality of production processes. Many also use banking products to sustain continuous production.

It was clear from personal discussions with company owners and directors that they didn't know what to do in this situation to save the company from going under, keep the employees, and meet their obligations towards customers and business partners. The biggest issue was how to stay up-to-date with government measures, as the information kept changing. The role of the Chamber of Commerce as a whole was to process legislatively approved subsidy schemes and pass the information on to entrepreneurs in a concise form. According to entrepreneurs, this information campaign was of utmost importance to them, because the huge amount of changing information in the media was very difficult to navigate and confusing.

In addition to these inhibitions, there was a sudden need for protective equipment and disinfectants. Media were showing images of ordinary people sewing face masks at home. Then there were textile factories that promptly changed their production process to mass-produce face masks using automatic machines. Companies engaged in chemical production expanded their product lines in a matter of days and, based on regional demand, started producing disinfectants for doctors, firefighters, and the general public. Respirators and face shields were under development; companies joined forces—while one produced face masks, the other manufactured sealing. This was a true demonstration of how creative our businesses, schools, and people are.

The situation of foreign (cross-border) workers, i.e. Czech experts working in Germany or Austria or foreigners working for Czech companies. The closure of the borders and very thorough, lengthy checks by customs officers made the situation rather complicated. There are many Poles who work across the border in automotive or textile industry companies near Hrádek nad Nisou. The only border crossing that was open was the one in Harrachov, which meant for the Polish workers to skirt the Jizera Mountains, driving on secondary and tertiary roads, wait in a very long queue of trucks, to which the crossing was open, and circle the Jizera Mountains again on the Czech side, near their residence. Since the trip required several hours of driving and waiting in

particular, no one was willing to do that. The operation of the companies in question was paralyzed.

An overview of basic state aid schemes for businesses:

Antivirus Programme, the so-called **kurzarbeit**, i.e. financial compensation intended for employers who have been prevented from assigning work to a significant number of employees due to the imposed quarantine or childcare and who demonstrate that they cannot produce due to limited availability of required inputs or that the company's activities have been disrupted due to diminished demand for its products or services.

COVID I interest-free **loans** with instalments deferred for one year. The Ministry of Industry and Trade prepared the scheme in cooperation with Českomoravská záruční a rozvojová banka (the Czech-Moravian Guarantee and Development Bank, CMGDB). It was possible to apply for such loans from March 16; CZK 5 billion allocated.

COVID II Programme. It responds even better to the needs of companies and sole traders. In the case of self-employed persons and small- to medium-sized enterprises, CMGDB guaranteed loans from commercial banks and also contributed up to CZK 1 million to interest payments.

COVID III Programme. CMGDB guarantees loans from commercial banks. New EU legislation allows for a simpler mechanism; an entrepreneur will only deal with his or her bank. There will be CZK 150 billion allocated to the programme, i.e. CMGDB will be able to guarantee loans of up to CZK 500 billion, supporting around 150,000 sole traders and companies with no more than 500 employees. Invocation of the



guarantee to cover the losses in the bank's portfolio is limited to 30% of the total amount of loans.

“Nursing Allowance” for the self-employed. Self-employed persons who had to suspend their business activities in relation to providing care for a child or a disabled person after the closure of schools and other facilities were, just like employees, entitled to nursing allowance from April until June 30, 2020. The daily amount was CZK 500 per calendar day.

Compensatory bonus: direct allowance for the self-employed. This was a support scheme intended for sole traders, which allowed those who had been the most affected by the pandemic and related government measures to receive direct allowance amounting to CZK 500 per day. The extraordinary claim was paid upon application with the Financial Administration Authority until the emergency state was revoked.

Social security legislation exempting the self-employed **from** minimum compulsory pension contributions for six months. The exemption concerned about a million sole traders, the period from March to August still counting towards their pension insurance scheme.

Subsidy for small limited liability (s. r. o.) companies. In the period from March 12 until June 8, limited liability companies with a single member or two members or, in the case of family-owned businesses, multiple members could apply for a subsidy of CZK 500 per day.

COVID: Rent. The intention of this subsidy programme is to contribute in part to the payment of rent for business premises to entrepreneurs. The state would pay half of the total rent for April through June 2020 to lessees in the form of a subsidy. According to European rules, the

maximum amount of subsidy is limited to CZK 10 million, and the lessee is required to, among other things, present a note from the lessor confirming a 30% discount on the rent. The lessee thus pays 20% of the usual rent while 50% is contributed by the state.

COVID 19 Technology Programme. Entrepreneurs can apply for a subsidy ranging from CZK 250,000 to CZK 20 million, mainly for purchasing machinery and equipment to start manufacturing sanitary products and personal protection equipment, or for the disposal of infectious waste. The programme's budget currently amounts to CZK 300 million; the Ministry of Industry and Trade is ready to increase the funding.

Liberation Package. Exempts entrepreneurs from the June advance payment of personal and corporate income tax, introduces retroactive tax loss, postpones the deadline for filing a tax return on the acquisition of immovable property, exempts any goods delivered free of charge from value added tax, addresses road tax penalties and other related charges, etc.

Trend Programme. Offers grants for industrial research and development projects. Projects helping to deal with the situation or consequences of the coronavirus pandemic have a higher chance of success.

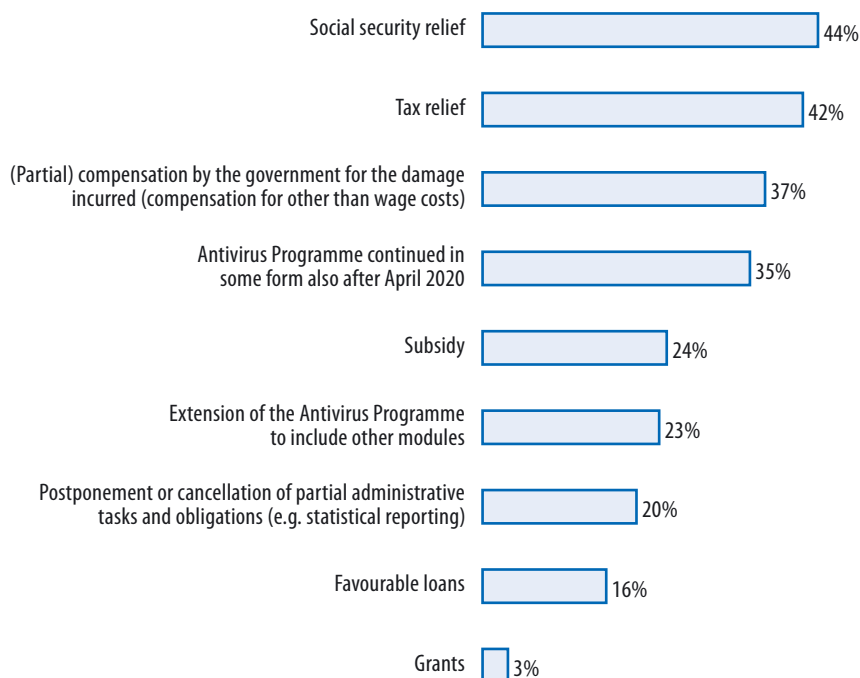
Czech Rise Up 2.0 Programme. It will support the completion of industrial research, experimental development, the clinical research phase, patent validation, and similar intangible assets or conformity assessment and certification, specifically research into vaccines, medical products and aids, and medical devices, hospital and medical equipment, as well as disinfection and sanitary protective equipment, including process innovations for efficient production.



Irrespective of all the help from the government, there were cases when those affected by the measures did not receive any support. As an example, let me mention a lady who is simultaneously an executive officer of a small family-owned business, a marginal part-time employee, and a self-employed person working as a tourist guide in the Mediterranean countries. All her activities were paralysed by the measures, but she was not eligible for any state aid due to restrictive parameters.

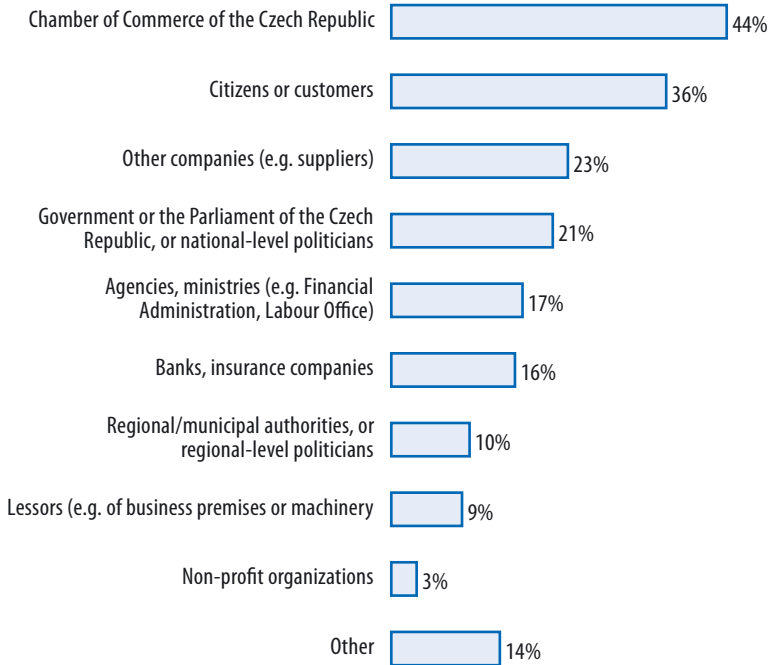
What entrepreneurs requested:

**What type of government aid would your company prefer?
(Choose no more than three.)**



Data source: Chamber of Commerce of the Czech Republic, survey "Coronavirus: Experience with Support", April 2020, 796 respondents

**Who or which institution was the most helpful in tackling the problems your business was facing during the coronavirus crisis?
(Choose no more than three.)**



Source: Chamber of Commerce of the Czech Republic, survey "Coronavirus: Make Out a Bill for the Government", July 2020, 790 respondents



Consequences of the Covid-19 Pandemic for Life in the Czech-Polish Border Region. Hradec Králové Region.

BY **FRANTIŠEK MOLÍK**

DIRECTOR, REGIONAL CHAMBER OF COMMERCE OF THE
HRADEC KRÁLOVÉ REGION, NÁCHOD AREA, CZECH REPUBLIC

Let's start with a little bit of history, which affects contemporary life in the border region. In the past, textiles were produced in the territory of the current Hradec Králové Region; there were countless companies processing cotton and flax. After the evacuation of original inhabitants, there was a shortage of workers, which were soon found by Czech employers at the Polish border. The workforce consisted mainly of women. It is common knowledge that some Polish women

Due to the pandemic, the Czech Republic and Poland closed their borders. Nobody realized though that thousands of employees cross the border every day for work.

worked in the Czech textile industry all their lives. The result of their lifetime commute to work is a stable and relatively good Czech retirement pension. These facts come down in Polish families and, based on positive experience, new generations of Polish men and women are looking for work in the Czech Republic.

The Chamber of Commerce assists Czech businesses in the recruitment of Polish workers, organizes labour exchanges, presents Czech companies, and helps create opportunities for the presentation of Czech employers. It also addresses questions concerning various life situations. The Náchod office provides assistance both in Czech and Polish and sometimes takes on the role of an arbitrator in resolving disputes.

Since the opening of the borders in 2007, commuting to work to the neighbouring state has become significantly easier, and both Czech employers and Polish employees have made the most of the opportunity presented to them. However, nothing lasts forever, and a time has come that no one had anticipated or dared to imagine.

Due to the pandemic, the Czech Republic and Poland closed their borders. Nobody realized though that thousands of employees cross the border every day for work.

The problem on the part of Czech companies.

When a business had to limit its operations because of the pandemic, it asked for state aid and was partially able to pay wages to its employees. From the labour law perspective, a Pole working for a Czech company is a Czech employee with all rights and obligations. The situation was worse in those companies that did not limit their operations, but, on the contrary, the nature of their production saw an increased demand for products or services. Employees from Poland could not arrive although they were badly needed in the production process. Such companies did not receive any financial compensation for the absent employees and found themselves in a situation where they



started limiting the production due to the lack of workforce. According to the Czech labour law, Polish employees found themselves in the role of absentees violating the Labour Code, who could be dismissed for absence. The Chamber of Commerce provided assistance again. It offered the companies with limited production the opportunity to lend their employees to companies with unrestricted operations and an acute need of workforce. This situation had the greatest impact on companies such as JUTA Bernartice, ATAS Náchod or CDS Náchod, among others.

The Polish employee issue went through several phases. At the beginning, the borders were open to employees. They were sealed off a few days later. After a few weeks, they were open to workers with a negative Covid test result. Business owners and employees alike were becoming more and more nervous and concerned as restrictions tightened. Some Polish employees agreed with their employers to stay at home on sick leave. Doctors at this time probably did not investigate the reasons for a disease and let anyone who claimed not to feel well stay at home. Some employees did not make it in time, but could

The Chamber of Commerce provided assistance again. It offered the companies with limited production the opportunity to lend their employees to companies with unrestricted operations and an acute need of workforce.

not cross the border and come to work without risking a two-week quarantine. Some companies arranged accommodation for their employees in the Czech Republic. Some Poles managed to terminate their employment in time and were registered with the Polish Employment Agency as unemployed. In any case, they were individuals or small groups. The vast majority of Polish cross-border workers stayed at home without any resources available to them. In

the next phase, the border was partially opened to the cross-border workers who presented a negative test result. They, however, had to cross only through designated border crossings. This meant that the commute to work became 90 km longer both ways. Sometimes it required several hours of queue time and a Covid test paid out of their own pocket. Some companies arranged tests for their employees at their own expense.

The import of goods posed another problem at the border. Large trucks and their drivers did not experience any or almost any issues. The situation was worse in the case of small vehicles. Drivers were required to present their driving and professional licences in international transport, even though a B-licence is sufficient for driving a van or a commercial vehicle. They were not allowed to cross the border under these conditions. Companies had to dispatch professional licence holders in large vehicles to fetch small and very small packages.

The Chamber of Commerce, in cooperation with the Polish Employment Agency offices and other organizations, has always been ready to lend



The Chamber of Commerce,
in cooperation with the Polish
Employment Agency offices and
other organizations, has always been
ready to lend a helping hand to Polish
job seekers in the Czech Republic.

a helping hand to Polish job seekers in the Czech Republic. In March 2020, however, a situation arose that no one had been prepared for. We had no answer to many questions, and neither did the authorities. None of us was able to provide qualified assistance to foreign workers. Nobody could answer telephone and e-mail inquiries about eligibility for welfare benefits at first. I know from experience that a huge group of foreign employees remained



without income and without any financial support. This was one of the reasons I asked my EURES partners to push for the establishment of a European fund for cross-border workers who find themselves in a situation that neither country is able to solve, because the authorities are convinced not to be affected by the problem at all.

There is probably no point in dealing with various life difficulties of workers in border regions, as there would be hundreds of cases and examples. It is also pointless to indicate dates and deadlines. Nowadays everything can be found on the websites of competent authorities. We should concentrate our efforts on systemic issues. Since the united Europe has created conditions for work across borders, competent authorities must be able to take care of such workers at the times of similar restrictions as were in place this year.

What can be the impact on cross-border employment? Potential employees will be vigilant and behave rationally. Many may see it this way: It's better to be unemployed in my home country with benefits guaranteed than commute to work across the border and, in the event of a border closure, stay at home without any resources! Personal conversations with business owners and employees show that trust in the European institutions has declined. In the eyes of all concerned, the European Union as a whole has failed. There were missteps and organizational shortcomings during the first wave of the pandemic, which, with a certain amount of tolerance, could be excused. If a similar state of affairs occurred in the future, it would, based on the experience of this spring, become unjustifiable. □



ISBN 978-83-60172-39-1