

THE IMPACTS OF MACROECONOMIC DEVELOPMENT OF THE
CZECH REPUBLIC ON A REGIONAL LEVEL: OPPORTUNITIES FOR
ACTIVE ECONOMIC POLICY

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Abstract

The study elaborates on three main topics: (i) An analysis of the macroeconomic development of the Czech economy and its impact on regions, (ii) The measurement of sensitivity to (not exclusively) fiscal shocks in terms of the whole economy while considering induced effects and economic openness, (iii) An introduction to a regional input-output analysis attempting the same type of sensitivity analysis at the level of NUTS2 and NUTS3 regions. In 2012, we expect a economic recession across whole Czech Republic followed by a slow and gradual recovery – under the assumption that the EMU problems do not escalate any further. The impact scenarios in individual regions are sensitive to the underlying assumptions. The study presents national multiplier effects calculated not only using traditional Type I multipliers but also a simpler version of complex Type II multipliers. Results indicate that even though individual industries are less opened in terms of exports and import intensities than usually considered, the potential for fiscal stimulation is quite limited. Having said that, the fiscal policy is not ineffective; the current situation in the Czech Republic only requires that it doesn't make the situation worse or raises the concerns of the public, which, besides other things, would lead to lower private demand. The opportunities for similar policy on a regional level is even more limited.

[Download](#) the complete study (in Czech only).

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