



PROJECT OF THE ECONOMICS INSTITUTE OF THE CZECH ACADEMY OF SCIENCES

*Study 5/2023*

# (Not) Increasing Social Benefits in 2012–2023: An Overview<sup>2</sup>

APRIL 2023

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## Summary

- In this overview, we map trends in the value of social benefits over the past ten years and compare them to trends in inflation, average salaries and old age pensions. If the real purchase power of benefits is to remain stable, they should be raised at least at the same rate as inflation. If we want social benefits to continue to provide the same level of financial security, keeping pace with economic developments in the long term, then their value should rise at approximately the same rate as the average salary, and spending on benefits should increase at approximately the same rate as GDP.
- Each of the benefits we track had its nominal value raised at least once in the period between 2012–2022. Different benefits were raised by different amounts and at different times. The real value of these benefits in 2023 thus varies widely, between 75% and 200% of their real value in 2012.
- Most of the benefits we look at increased more slowly than the average salary and average old age pension, both of which experienced real growth of approximately 20% between 2012 and 2023 (salaries 17.6%; pensions 23.8%). For example, the real value of the parental allowance in 2023 was substantially lower than its real value in 2012, despite a one-off raise from 220,000 CZK to 300,000 CZK in 2020. Exceptions to this trend include foster care benefits, which real value doubled during the observed period, and the mobility allowance, which grew by one half in real terms, largely as a result of a raise in 2022.

<sup>2</sup> This study presents the authors' own views and not the official position of the Czech Academy of Sciences' Economics Institute nor of the Charles University Center for Economic Research and Graduate Education (CERGE). Any remaining ambiguities or errors are the authors' own. The authors are grateful for Daniel Múnich's close collaboration with them during the preparation of this study. They also thank Daniel Prokop and Ján Lučan for their comments. One co-author, Daniel Kolář, has been working at the Ministry of Labour and Social Affairs (MoLSA) since April of 2023; the study was written before that date and does not reflect the opinion of the MoLSA. The study was produced with support from the Czech Academy of Sciences within its AV21 Strategy research programme Society in Motion.

- Eligibility for most benefits is based on subsistence levels that are defined for households and for individuals. Although these reference values have been raised repeatedly in the past few years, their real values in 2023 are lower than they were in 2012. As a result, eligibility for the benefits that are contingent on these values is now narrower.
- Total spending on the benefits we track between 2012 and 2023 increased both in nominal and in real terms. The substantial nominal growth over the past two years is a result of high inflation and related cost-of-living increases (the COVID-19 pandemic, the war in Ukraine, the energy crisis). Total spending on benefits as a share of GDP has, however, fallen over the last ten years, albeit only slightly.
- Below, we describe in greater detail the trends in: **(i)** the real value of these benefits; **(ii)** their value relative to the average salary; **(iii)** expenditures on benefits relative to GDP; **(iv)** eligibility for benefits based on standardised subsistence levels.
- In **Appendix 1** we present trends in the nominal value of the benefits and public spending on them. In **Appendix 2** we describe each of the benefits we examine, and explain why we have excluded certain other benefits from our comparison.