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HOW THE CZECH GOVERNMENT GOT THE PANDEMIC WRONG

Abstract:

The aim of the article is to prove by econometric analysis the suitability of NAIRU and NARRU concepts to assess the adequacy of measures against Covid 19 to address the epidemiological and economic situation in the Czech Republic. The analysis confirmed that in the Czech Republic the economy was reduced together with the escalation of the epidemic. The same development was found in the period March, April, October, November and December 2020 and February 2021. The government was therefore to take the path of greater prevention of the disease (eg timely adequate respirators, tests and vaccines). On the contrary, in January, February, May, June, July, August and September 2020 and January 2021, a lower value of NAIRU indicates an epidemiological-economic balance in the economy even with a higher unemployment rate. This is a consequence of the hasty tightening of anti-epidemiological restrictions.

Keywords:

Phillip's curve, NAIRU, NARRU, phases of the economic cycle, unemployment

JEL Classification: E24, E32, E37