

BOŽENA KADERÁBKOVÁ

University of Economics, Prague, Czech Republic

EMILIE JAŠOVÁ

Faculty of Social Sciences, Charles University in Prague, Czech Republic

PHILLIPS CURVE DURING THE ECONOMIC CYCLE IN THE CZECH REPUBLIC AND POLAND IN THE YEARS 2000 TO 2016

Abstract:

The aim of the research paper is to analyze the development of the Phillips curve and the NAIRU, including the unemployment gaps in the Czech Republic and Poland in individual phases of the economic cycle, when using empirical analysis. According to the analysis, the resulting average value of the negative slope of the PC for the whole observed period in the Czech Republic is -0.19 and in Poland -0.09, which in both countries indicates a very weak intensity of substitutability of the household consumption deflator by unemployment. The resulting long-term NAIRU for the entire period we are monitoring was 6.70% in the Czech Republic and 12.50% in Poland. NAIRU values are affected by unemployment benefits, in the Czech Republic also by the growth of the minimum wage and in Poland by the growth of import prices, including the growth of oil prices. Research also shows expected inflation in both countries.

Keywords:

Unemployment rate by gender, age and education, Phillips curve, long-term NAIRU, phase of the economic cycle, inflation expectations

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