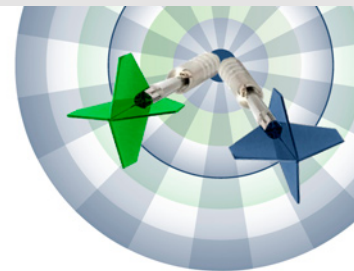


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Pension non-reform

Careful observers of Czech politics have probably already figured out that the "monumental" pension-insurance decision 10 days ago by the Constitutional Court isn't such a big deal after all. Politicians on the Left and the Right have used the court ruling to promote their election agendas, and the pension industry has read it as a golden opportunity to get a bigger piece of the pie, but the Constitutional Court itself is the voice of restraint. Chief Justice Pavel Rychetský said that the ruling only affects 5,000-8,000 people. In other words, if lawmakers interpret the Court's ruling properly and react accordingly, significantly higher pensions will only need to be paid to about this number of people. Only if politicians misread the ruling and overreact (or fail to act) will tens of thousands of people be affected. Lowering the cap on pension contributions might be enough to satisfy the Court, Rychetský suggested. The underfunded Czech pension system is crying out for substantial reform, but the Court's ruling doesn't actually demand it.



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