

**Figure 1** shows the development of government debt and debt interest payments in the Czech Republic. During the 2000-2012 period, Czech government debt exhibited an obvious upward trend, accompanied by rising debt interest payments. After 2012, ~~the~~ government debt ~~dynamics~~ ~~growth~~ was significantly reduced due to a concomitant rise of the economy and wealth of economic agents. Debt interest payments peaked in 2014 and thereafter ~~were declining~~ due to ~~an the~~ “escape from risk” effect, ~~where at which~~ investors buy bonds of ~~the~~ relatively “safe” countries with stable currency, ~~such~~ as ~~was~~ the Czech Republic. This effect was intensified by the existence of ~~CNB's~~ one-sided ~~foreign exchange~~ commitment ~~of the CNB~~ and ~~investor~~ speculation ~~by investors~~ on future appreciation of ~~the~~ koruna. This environment led to negative ~~bond yields of bonds~~. The Czech Ministry of Finance, which controls the largest part of the government debt (~~state debt~~) as ~~thea~~ debt manager, used the environment of negative yields ~~of on the~~ medium- and long-term government bonds ~~and to, in December 2015, executed the~~ auction off ~~the~~ government bonds ~~with~~ maturing ~~ty~~ in 2017 ~~in December 2015 with at the an~~ all-time low yield of -0.35% p.a. The total ~~state-public~~ budget revenue from this investment activity, lending facilities with government bonds, and from the negative yields of government bonds amounted to ~~CZK 524.9 million~~ in 2015 (Ministry of Finance, 2016) and ~~a similar trend continued in the following year.~~

However, this type of operations significantly reduced the average maturity of ~~state-government~~ debt, ~~down close to~~ ~~about~~ 5 years. The largest changes occurred in the segment with ~~a~~ residual maturity of up to 3 years. Between 2010 and 2016, the shares in the debt portfolio changed as follows: T-bills dropped from 8.9% to 0.3%, the shares of government bonds with residual time to maturity ~~ies of~~ up to 1 year increased from 8% to 14.4%, and ~~bonds with RTTM~~ between 1 and 3 years ~~increased~~ from 17% to 29.6% (**Figure 2**). The value of the share of net foreign-currency exposure to ~~state-government~~ debt with ~~the~~ impact on the level of interest expenditure on ~~state government~~ debt reached 11.5% at the end of 2016 and remained ~~ed~~ under the strategic limit of the Czech Ministry of Finance (15% ~~+2~~ p.p.). The net foreign-currency exposure of ~~the state government~~ debt with ~~the~~ impact on ~~state-government~~ debt service was denominated solely in EUR at the end of 2016. Further details about the debt composition are available in Ministry of Finance (2017).

Libich et al. (2015) highlight the importance of strategic interaction between monetary and fiscal policies, which is expected to grow over time because of increased budget financing pressures ~~coming resulting~~ from ~~ageing~~ population ~~ageing~~ (see also Komarkova et al., 2013 and Ambrisko et al., 2017). This could be a serious issue for the Czech Republic, as ~~the~~ government spending on pensions jumped from ~~CZK 222 bn. CZK~~ in 2008 to ~~CZK 315 bn. CZK~~ in 2015, i.e., ~~it-an~~ increased ~~by of~~ more than 40% ~~over in-an~~ 8-year ~~timeperiod~~.

**Comment [MJ1]:** V AJ se „state“ téměř nikdy nepoužívá tak, jako u nás „stát“. Místo toho se používá „government“.

Částečně to vychází z politické tradice a částečně je to proto, že v USA „state“ znamená vždy jejich členské státy, tedy existuje např. „state debt“ (jednotlivé státy) i „government debt“ (federální vláda) a ty je třeba rozlišit.

**Comment [MJ2]:** Zde bych možná pro cizí čtenáře dal do závorky hodnotu v (tehdejších) dolarech, čistě pro představu. Hodnotu koruny asi bude v cizině z hlavy znát málokdo, a bez představ o hodnotě měny jsou částky v ní denominované celkem nicneříkající.