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## The Regional Aspect of Post-Communist Transformation in the Czech Republic\*

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**Abstract:** The regional structure of the Czech Republic is being re-moulded by the post-1989 societal transformations, but is also itself an element in the processes of change. The following issues are examined: how the system of „real socialism“ changed the regional structure of the country and what remaining imprints are relevant to post-communist transformation, how the transformation and the regional structure interact, and which factors shape the region's ability to transform and adapt to the new conditions. The developmental prospects of the regions with strong trans-border linkages, with diversified economic structures, with higher shares of private businesses and with higher levels of foreign capital investment as well as of regions with a well-preserved environment will probably improve. In addition, the two largest urban centres, Prague and Brno, and the major historical and natural sites share favourable developmental prospects. The aggregate effect of the changes seems to be an emerging regional polarisation of the country along the west-east axis, with increased developmental potential in the west.

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That structural changes in societies have their spatial dimension holds true as far as the post-communist transformation of Czech society is concerned. There are two main ways in which regional structure is involved in the transformation processes. First, the regional structure is re-moulded by the societal changes. Second, it is itself one of the elements of societal change. In this capacity it functions primarily as a barrier, as a limit to what can happen in the economy, politics and society as a whole. The regional structure can only change slowly, certainly much more slowly than an economy, social structures or value systems do. It acts as a moderator of societal change and contributes to the persistence of long-term trends that cannot be easily diverted by abrupt shifts. At the same time, regional structure also defines developmental potentials and the relative advantages of different regions, thus constituting an active factor in the societal transformation.

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\*) This article is a modified and extended version of Chapter 8 „The regional dimension of transformation“ of the Czech National Report submitted for the project, East Central Europe 2000 [Illner 1993]. Its aim is to provide extensive general information without engaging in more detailed analysis. Studies by Andrle [Andrle 1993], Drbohlav [Drbohlav 1993], Hanšpach et al. [Hanšpach 1993] and Musil [Musil 1993] written in the framework of the same project were used as background material. The East Central Europe 2000 project was sponsored by the Commission of the European Communities and co-ordinated by the Institute for Human Sciences in Vienna and by the European Institute for Regional and Local Development in Warsaw. The authors of this article are indebted to Martin Hampl, Jiří Musil and especially to Tomáš Kostecký for their valuable comments and suggestions.

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Three levels of regional organisation of the Czech Republic will be distinguished in this paper: districts, of which there are 75, regions, of which there are seven<sup>1</sup> plus the capital Prague, and lands (Bohemia and Moravia with Silesia). Only the districts at present exist as political and administrative units. Regional governments were abolished in 1990, but regions still function as administrative areas of different governmental agencies. While lands formally ceased to exist in 1949, they have partly survived as cultural entities as well as in the historical memory of segments of the population. Regarding regional organisation of the country (see Figure 1).

Figure 1. Territorial division of the Czech Republic

The following set of issues will be examined:

1. How the system of „real socialism“ changed the regional structure of the Czech Republic, and what remaining imprints are relevant to the process of post-communist transformation.
2. What the interaction between the process of post-communist transformation and the regional structure is, and in what ways regional structure stimulates and limits the transformation.
3. What is the regional potential for transformation, which factors shape the region's ability to transform and adapt to the new conditions.

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<sup>1</sup>) Central Bohemia, South Bohemia, West Bohemia, North Bohemia, East Bohemia, South Moravia, North Moravia.

### **The heritage of regional development under „real socialism“**

Regional development in the Czech Republic since 1989 has been determined both by the new political, economic and social circumstances of the country as well as by the heritage of the past. This heritage is multi-layered, and includes both consequences of the long-range trends of spatial organisation of the country as well as the more recent territorial imprints of the communist era. On the general level, some of the main features of the communist heritage of regional development can be characterised as follows:<sup>2</sup>

1. After World War II the Czech lands, a relatively little damaged and, at the same time, highly industrialised region, were a provider of goods and services for the post-war reconstruction and modernisation of the more damaged and backward Slovakia as well as of the USSR and other COMECON countries. A massive redistribution of resources took place in Slovakia's favour, while at the same time the renewal of capital assets in the Czech lands lagged behind. In the long run, levels of economic and social development of the two parts of Czechoslovakia were converging.
2. The regional policy of the socialist state, which practised a directed inter-regional equalisation (based on the territorial redistribution of resources), moderated some of the deepest economic and social regional differences and imbalances within the Czech lands, while leaving some of them unchanged and creating several new ones.

The long-lasting division of the Czech Republic along approximately the 50th parallel (more precisely, along a north-west to south-east axis), into the more industrial and urbanised north and the less developed south has not disappeared, nor has the strong centrality of the capital city of Prague been balanced. The existing industrial centres remained engines of economic development; indeed their role was strengthened. „Socialist“ industrialisation, oriented mostly toward heavy, defence and capital construction-oriented industries, supported and strengthened the monostructural character of many industrial agglomerations, making them extremely vulnerable to shifting external influences and creating a host of social problems, especially in north-west Bohemia and north Moravia [Kostelecký 1993].

However, the most relevant of the newly emerging imbalances was the marginalisation of the regions along the West German and Austrian borders following the expulsion of the frontier belt's German population in the years immediately after the close of World War II. The loss of its original population, its insufficient (in many districts) replacement by new settlers, its special military and security regime, the disruption of former trans-border routes and relationships, the strategic interest of the Warsaw Pact military in freezing economic development along the „Iron Curtain“, all led to the overall marginalisation and stagnation of some of the border regions, especially in west, south-west and south Bohemia, and south Moravia. However, some of the regions in north Bohemia and north Moravia neighbouring with East Germany or Poland shared a similar fate. Besides the marginalised border regions, „inner peripheries“ also developed, mostly among the inland agricultural areas with low population densities, ageing population, negative net migration, low per capita incomes, stagnating infrastructures and housing construction [Musil 1988]. Such peripheries lie

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<sup>2</sup>) For a more detailed discussion of the individual aspects of this development see Musil [1988], Illner [1989] and [1992]. Van Zoon [1992] and Gorzelak with Jalowiecki [1994] generalised the trends for the four Visegrad countries.

mostly on the perimeter of the former administrative regions, e.g. on the north-east reaches of Central Bohemia or on the eastern side of the Brno area.

3. An obsolete industrial infrastructure, a one-sided concentration on heavy industry and negligence contributed to harsh environmental damage in some industrial agglomerations and urban centres as well as in their hinterlands (north and north-west Bohemia, north Moravia and the cities of Prague, Brno and Plzeň being the worst hit).
4. The collectivisation of agriculture, which liquidated family farming and established increasingly larger state farms and agricultural co-operatives, fundamentally changed land use in rural areas and contributed to the change in the settlement system. Many small rural settlements which did not find any function within the large-scale socialised agriculture lost permanent residents and were transformed into recreational villages.
5. Housing construction predominantly took the form of new developments (multi-storey apartment blocks) on city perimeters, while the inner cities and especially city centres (many of them historical treasures) have remained in urgent need of renovation. Suburbanisation was slowed down or entirely halted by the legal protection of agricultural lands and by the economic impossibility for the vast majority of the population acquiring family homes.
6. Urban infrastructure and transport and telecommunications systems (highways, railways, airports, telephone and other networks) across the country were neglected. All routes and links connecting the Czech lands internationally, especially with the West, were underdeveloped. The industrial bias of the official economic policy led to the chronic neglect of services which were considered „non-productive“ and, therefore, of secondary importance.
7. Central planning, administrative centralisation and political control by the Communist party extinguished most of the elements of territorial self-government and deprived regional authorities of genuine decision-making powers. Regional governments were further weakened by the increasing economic and political influence of large industrial enterprises and by the subordination of regional development to their interests. The sector-branch system prevailed over the territorial organisation [Illner 1992a]. Regional policies lost importance and became subordinated components of central economic planning.

The Czech Republic entered the period of post-communist transformation with a polarised regional structure, overindustrialised urban agglomerations, an underdeveloped infrastructure, a polluted environment, and a weak and over-centralised territorial administration.

In their account of regional development in East Central Europe G. Gorzelak and B. Jalowiecki [1994: 139] observed that the socialist era reshaped the social and economic space of this area far less than it changed social stratification and the social attitudes of the respective societies. In spite of the impacts of the socialist development, the present spatial structure remains predominantly a joint product of enduring historical trends in building the pattern of both the settlement system and of 19th century industrialisation. In their opinion, the general spatial patterns have not been changed in qualitative terms since the years following World War II.

For the Czech Republic, such a conclusion can only partly be confirmed: in spite of the general inertia of spatial structure a fundamental regional change has been taking

place here since World War II: the developmental dynamics in the Czech lands have been gradually shifting toward their east (Moravian) part to the detriment of the west (Bohemian) part, historically the economically stronger of the two macroregions. With some exaggeration it can be said that since World War II, Bohemia has been acquiring the character of an „old“ industrial region.<sup>3</sup> The geopolitical factors of a divided Europe and the strategic interests of the Warsaw Pact probably lie behind this development.

### **The regional impact of the changes after 1989**

The societal transformation in the Czech Republic that was initiated in 1989 and is still far from completed has begun to change the regional structure of the country. The following four processes have been the most relevant stimuli for the regional transformation:

1. The change in the geopolitical situation of the country and the split of Czechoslovakia.
2. The democratisation of public life, politics and territorial government.
3. The changes in ownership rights and the inflow of foreign capital.
4. The restructuring of economic activities.

#### **1. The new geopolitical situation of the Czech Republic and the split of Czechoslovakia**

The emancipation of Czechoslovakia from the Soviet bloc and the fall of the „Iron Curtain“ meant a re-orientation of the country from East towards West Europe. Developments in the Czech Republic, which had been confined during the last fifty years within the Soviet-dominated East European orbit, have again become part of a wider European development, in both the passive and the active senses. This geopolitical change has had important consequences both for the external and the internal regional situations of the country.

Relative economic dynamism has been restored in the western part of the country, i.e. in Bohemia, which constituted the economic centre of gravity of the Czech lands for the last few centuries. Inside Bohemia, its west, south and south-west regions, until recently the dead ends of the Soviet bloc, now face new developmental opportunities. The border areas along the Bavarian and Austrian frontiers, which suffered from their marginal position (see above), can now capitalise on their proximity to the neighbouring developed countries as well as on their mostly well-preserved environment. Several military bases were abolished, opening their territories to civilian development. Border areas can become the preferred target of foreign investment and attract tourist traffic. In general, this can be said about most of the south-west Bohemian and south Bohemian districts. They are, however, handicapped by under-population and a high share of the primary sector.<sup>4</sup> In several regions bordering with Germany, Austria and Poland, efforts

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<sup>3</sup>) The concept of „old industrial regions“ is used to denote regions whose economy is based predominantly on the smoke-stack industries of the industrial revolution - coal, steel, machine-building, textile etc. In recent decades such regions have been facing economic, social and environmental problems all over Europe.

<sup>4</sup>) Hampl et al. stressed the limiting influence of such factors as well as the dubious relevance of „parasitic“ economic activities flourishing along the Czech-German and Czech-Austrian border [Hampl et al. 1993: 25].

to establish cross-border co-operation have been undertaken and sometimes institutionalised as „euroregions“ (see below).

On the other hand, some of the regions in Moravia (the eastern part of the Czech Republic) along the Slovak border, which until recently enjoyed good developmental opportunities and were some of the most socially and economically balanced areas of the country,<sup>5</sup> are in the danger of gradually sliding into a marginal position. Parts of the eastern rim of the country may become a periphery with little developmental stimuli from across the border (see Figure 5). The splitting of the former Czechoslovakia as well as the reduction in the defence industry, strongly represented there, might play a role in such developments.

The full regional impact of the division of Czechoslovakia has yet to be assessed. It certainly supported the westward shift of the country's geopolitical centre of gravity, and is also having local impacts in the east Moravian regions due to the various barriers erected between the two countries.

## **2. The impact of democratisation**

The democratisation of politics, government and public life was attended by radical territorial decentralisation and the introduction of territorial self-government in the municipalities. One of the consequences of this has been the rapid fragmentation of the existing territorial administrative structure. While the number of municipalities sharply increased,<sup>6</sup> the higher regional tier of administration (the regions) was abolished and a functional gap was opened between the state and the remaining lower regional tier (the districts).

The present system of local government is the result of a reform of the territorial government and administration from the fall of 1990. The reform introduced democratisation, decentralisation and de-etatisation, while local self-government was established in the municipalities. The new local governments were elected in 1990. In 1992, the reform was completed by legislation which decentralised public finances, strengthening the individual revenues of the municipalities.<sup>7</sup> More on the reform can be found in Illner [1990, 1992b, 1992c] and in Dostál and Kára [1992].

At the same time, the central authorities rejected most of the instruments used by the pre-1989 regime to stimulate and regulate territorial development, and are only reluctantly developing new methods compatible with a market economy and the liberal

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<sup>5</sup>) This conclusion was prompted by a regional analysis of socio-economic development in Czech Republic conducted in 1987 [Boguszak et al. 1987].

<sup>6</sup>) A large number of municipalities split after 1989, increasing the fragmentation of the territorial administrative structure. The number of municipalities, somewhat more than four thousand at the end of 1989, increased by 50 % within three years (there were 6,237 municipalities in 1992). More than 80 % of municipalities have a population of less than 2000.

<sup>7</sup>) The 1990 reform of territorial government was the first stage in a more comprehensive reform of public administration. In the next stage the regional level will be reconstructed. While the present districts will probably be preserved for some time, the third tier (regions or lands according to the Constitution) will be reintroduced. The reform will have to decide on the number and the boundaries of the regions (lands) and on the competencies they will have. Several solutions have been proposed, none of them accepted as yet. For details see [Hanšpach et al. 1993].

orientation of the present government. Central economic planning and its component part - regional economic planning - were abolished and the role of physical planning was down-graded. Spontaneous processes were given a much freer hand in territorial development. In general, it can be said that at present no systematic regional policy is being practised. Central authorities only react in individual cases where a critical situation (e.g. high unemployment or extreme pollution) has arisen and intervention is thus unavoidable.

Localism and regionalism surfaced after 1989 in the form of civic organisations, social movements and partly as a political force. Only Moravian regionalism managed, however, to play a more important political role, once it had been institutionalised in a regional political party.<sup>8</sup> The issue of regionalism has again become salient in discussions on the new regional political and administrative division of the country.

### **3. The impacts of changes in ownership rights and of the foreign capital influx**

The changes in land ownership rights and the ownership of agricultural estates are extremely relevant to the transformation of regional structures. Large state farms and agricultural co-operatives, which sometimes covered the territories of whole districts or substantial parts of them and which usually integrated several villages under one organisational unit, have been dismembered. The co-operative farms, which in the old days scarcely differed from state farms, were transformed into genuine co-operatives whose members had to contribute either land, money, labour, or some combination of these. State farms were transformed into joint-stock companies and now face privatisation.

Spatial economic relationships in the countryside, based so far on organisational structures of socialised agriculture, are now remodelled according to the demands of the market. The spatial organisation of farming is reducing its scale and is again drawing closer to the settlement structure. However, it seems improbable that Czech agriculture will return to the pre-1949 system of family farms. Although family farms have lately been on the rise, they still cultivate only a small fraction of the arable land and represent only a small fraction of the agricultural population. The traditions, skills, motivation and infrastructure needed for individual farming were lost during the period of communist rule and there is little chance that they will be renewed on a larger scale. Large-scale farming, co-operative or otherwise, will therefore most probably dominate in the future [Stanik et al. 1993].

The price of land, once again co-determined by the market, is becoming an important locational factor (in the socialist economy, the price of land was symbolic and weakly differentiated). It should be observed that the internal structure of Czech cities has been changing as a consequence of the valorisation of land and the differentiation of land prices and that the spatial processes described by the urban ecology of capitalist cities are

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<sup>8</sup>) „The Movement for Self-Governing Democracy - Association for Moravia and Silesia“. This party, which demanded strong regional autonomy for Moravia, enjoyed the support of 8-10 per cent of the electorate on the national average and of some 20 per cent in Moravia during the 1990 parliamentary elections. Since then its support has decreased to 2-3 per cent of the adult population on the national average and 9-13 per cent in Moravia itself. Recently, the party was renamed the „Czecho-Moravian Centrist Party“, with its support further diminishing to 1.5 per cent and 3.6 per cent respectively (according to STEM survey of February 1994).

beginning to function here again. Gradually, housing is being reduced in the city centres, while banks, insurance companies, and other service sector businesses are moving in. Some activities are being relocated from the prohibitively expensive big cities, especially from Prague, to suburbia or to smaller and less expensive places. This may provide an impetus for their development. The first signs of socially segregated housing are becoming visible inside and around the cities. Suburbanisation is progressing around the capital and other big cities as the new middle-class is looking for more comfortable housing.

Spatially selective foreign investment is another important factor contributing to regional restructuring. It has been observed that foreign investors are most interested in establishing their businesses in Prague and its vicinity, in other large cities and in the districts bordering with Germany and Austria [Andrle 1993]. It can be said that a region is more attractive for foreign capital the nearer it is to Prague, the closer it is to the west border of the Czech Republic and the more urbanised it is.

#### **4. The impact of the restructuring of economic activity**

The Czech economy (industry in particular) is in the middle of a restructuring process. Some existing activities are being reduced (steel and coal production, heavy machine industry, agricultural production etc.), some were more-or-less interrupted (e.g. much of the electronic industry, production of some heavy weapons) and some strengthened (e.g. production of cars, banking), while new activities (e.g. new kinds of services) are being created. Most of the structural changes are spatially selective and have differing impacts on different regions.

The bulk of the restructuring is yet to be accomplished and thus only the first of its regional impacts can be observed. It is some of the agricultural and the monoindustrial regions which are being hit by reduced production, while it is the largest urban centres - and Prague in the first place, which are enjoying the service sector boom. The consequences can be easily followed by examining the regional differences in the labour market (see Figure 3 below).

#### **Selected issues of regional development**

##### **Demography and the settlement system**

The population of the Czech Republic has grown only slightly over recent years and will reach a point of stagnation in the near future. A population of about 10.3 million will then be maintained, unless there is a massive influx of foreign immigrants [Burcin et al. 1993]. It is spread unevenly across the country's territory due to the uneven levels of industrialisation and urbanisation in the regions and to the abnormal developments in the border regions after World War II.<sup>9</sup>

Demographic change over the last few decades has been marked by increasing inter-regional differences as far as population growth is concerned (see Figure 2). The number of districts with declining populations has been increasing. In general, population

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<sup>9</sup>) As a result of the decision of the great powers that won the war, most of the German population inhabiting the regions adjacent to Germany and Austria - some 2.5 million people - were deported to those two countries in 1945 and 1946. Many of these regions have never reached their pre-war population levels.



dynamics increased along a west to east axis, with more growth in the eastern regions. Migration strongly influenced demographic developments in some of the largest cities (Prague, Brno). Especially significant population growth was registered in the districts where large industrial projects were located (such as nuclear-power plants, or those involved in the extraction of uranium).

Figure 2. Increase (decrease) of population in 1980-1989 (in per cent)

Regional differences in the age structure of the population largely followed the regional pattern of population growth. The „youngest“ is the North Moravian region, followed by the North Bohemian one, while Prague and the Central Bohemian regions are the „oldest“. The differences, however, are not very sharply drawn. As far as population is concerned the most problematic regions (those with the highest levels of long-lasting population losses) were those located around large cities, along former regional borders and on the western frontier (see above).

The country's settlement system is characterised by a dense net of villages and small towns, but only a few large cities, of which only the capital Prague can be considered a true metropolis. There is a considerable size difference between Prague (population 1,214 000 in 1991) and the next largest city Brno (population 388 000 in 1991).<sup>10</sup> The levels of metropolisation and suburbanisation are relatively low in the Czech

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<sup>10</sup>) The ranking of cities according to population size depends on the definition of their areas. If whole urban agglomerations are compared instead of nuclear cities, the Ostrava agglomeration in north Moravia ranks second after Prague such that the distance between first and second place is smaller.

Republic. There are only 26 cities with populations larger than 50,000. As for the regional differences in the level of urbanisation, they are rather sharp. The urbanised north contrasts with the much more rural south. As already mentioned, the regional policies of the socialist state were not able to substantially alter this historical spatial pattern.

Future changes in the territorial distribution of the population will be based largely on migration, both internal and foreign, and these changes will probably increase inter-regional demographic differences. The transformation process is likely to influence the regional picture of internal migration, which will tend to follow the changing economic micro- and mesoclimate. The further demographic growth of Prague and other large cities can be expected, especially on their outer rims and in suburban areas. Suburbanisation will almost certainly accelerate after having been delayed for decades. In addition to the capital of Prague, west Bohemia seems to enjoy rather promising prospects of becoming a migration magnet. Practically the whole zone bordering the western neighbours of the Czech Republic should benefit from its geographical position. The South Bohemian region, with its well preserved environment, will probably also gain in the movement of the population. Both economically stagnating urban and rural areas will lose population, and this depopulation may become quite intensive in the peripheral agricultural regions.

Unless the economic transformation fails, a high level of emigration is not probable [Drbohlav 1993] from the Czech Republic. Czechs seem rooted in their country and, moreover, the anti-immigration policies of Western European countries will also be a limiting factor. Future westward outflows will probably be more short-term and temporary, as well as socially selective. Germany and Austria will probably be the main targets of this emigration from the Czech Republic.

In the coming years the Czech Republic itself will become a target for migrants from Third World countries and from South-East and East Europe. After some time, it may face similar immigrant problems to those currently experienced by Western European countries. A high level of returning Czech emigrants cannot be expected. The majority of them have already settled down in their host countries. As far as migration to and from Slovakia is concerned, a continuing net migration loss on the part of Slovakia *vis-à-vis* the Czech Republic can be expected. For a more detailed discussion of foreign migration see Drbohlav [1993] as well as Drbohlav's contribution in this issue.

By and large, no dramatic changes should be expected in the territorial distribution of population within the next decade.

#### **The economy and the labour market**

The regional distribution of economic activity in the Czech Republic is uneven. We have already mentioned that the 50th parallel roughly divides the Republic into the more industrial northern part and the more agricultural south. The least industrialised region of all is the South Bohemian one. Table 1 shows the economic profiles of the regions as expressed by the sectorial structure of the active population in 1991. The highest shares of people active in industry can be found in the North Moravia and North Bohemia regions, while the South Bohemia region is exceptional for having almost 20% of its active population working in the agriculture and forestry sector.

Table 1. Active population by sectors in 1991 (%)

	agriculture and forestry	industry	construction	other
Prague	1.9	20.2	10.4	76.5
Central Bohemia	14.6	38.0	7.1	40.3
South Bohemia	19.5	32.6	8.3	39.6
West Bohemia	13.1	36.1	6.9	43.9
North Bohemia	8.5	41.8	7.6	42.1
East Bohemia	14.6	40.5	6.1	38.8
South Moravia	14.6	38.9	8.2	38.3
North Moravia	9.4	43.6	6.6	40.4
Czech Republic	11.6	41.0	7.6	39.8

Source: Population census 1991

Among the problematic legacies from the past are those monostructural regions whose dominant industries are already or probably will be soon facing crisis. Regions whose economy is based on coal mining (north-west Bohemia, north Moravia), the extraction of uranium (the Ěeská Lípa district in north Bohemia), metallurgy (north Moravia, the Kladno district adjacent to the western rim of Prague), the electronics industry (a region in north-east Moravia, some parts of east Bohemia), and perhaps also those based on the textile industry (north-east Bohemia) are all potentially endangered, although in the last instance the opportunities may be better. It can be expected that the traditional centres of smoke-stack industries in particular will face recession and will be forced to look for alternative production programs.

The agricultural regions (in south and south-west Moravia as well as in south and west Bohemia) are facing the consequences both of the reductions in agricultural production and of the decreasing demand for agricultural labour. It has been estimated that there are some two hundred thousand excess workers in the agricultural sector [Stanik et al. 1993]. This will almost certainly affect the nineteen districts that have more than 20% of their labour force involved in agriculture (data for 1991). The majority of them form an almost consistent belt extending along the south border of the Republic from south Moravia to west Bohemia. Some of these regions are already among those with the highest unemployment rates<sup>11</sup> - see Figure 3.

On the other hand, the regions with promising dynamic economies will strengthen their positions in the regional structure of the country (e.g. the Mladá Boleslav region - centre of automobile manufacturing, the Zlín region, the hinterlands of big cities, or the west-Bohemian spa regions Karlovy Vary and Cheb).

Both the transition from a soviet-type economy to a market one and industrial restructuring imply a huge reallocation of labour and other economic resources. These resources must be released from inefficient applications and re-employed efficiently. This process will evolve gradually, but the temporary unemployment of labour and other economic resources will be unavoidable. This may be a painful process, given the low mobility of labour in the Czech Republic, the resistance to change of domicile and the absence of a housing market. Over the last three decades, migration had been slowing

<sup>11</sup>) In the agricultural districts Louny and Tachov in Bohemia and Tøebíè, Znojmo and Bøeclav in Moravia, the unemployment rate exceeded 6 per cent in February 1994.

down in the Czech Republic and the population had become spatially stabilised [Burcin et al. 1993]. Workers preferred commuting to jobs, even considerably distant ones, to changing their domiciles.

The fall in employment is most significant in large state-owned industrial and agricultural enterprises. Contrarily, employment is increasing in the private sector, tourism, services, banking and insurance. The average unemployment rate has until now been quite low in the Czech Republic: 2.6% in June 1991, 2.7% in June 1992, 2.6% in June 1993 and 3.8% in January 1994. However, important regional differences exist. Roughly speaking, unemployment tends to increase along a west to east axis, reaching higher levels in the eastern part of the country. The regions hit the hardest by unemployment are some of the north and south Moravian districts, as well as several districts in west and north-west Bohemia where the unemployment rates reached 6 to 10% in February 1994. Twelve of the fifteen districts with the highest unemployment rates (those exceeding 6 per cent) in February 1994 were situated in Moravia (see Figure 3). Both industrial and agricultural regions were among those suffering the most from unemployment. On the other hand, in Prague the rate of unemployment stood below 1%.

This regional pattern of unemployment in the Czech Republic has been rather stable, but the contrast between the west and the east regions is becoming increasingly pronounced.

Figure 3. Unemployment (unemployment rate) in February 1994

The labour force's ability both to cope with economic transformation and to adapt itself to changing economic environment is usually positively correlated with its educational level. In the Czech Republic, the regional spread of education is highly similar to that of

unemployment: regions with low qualification levels are west and north-west Bohemia, followed by north and south Moravia. The lower qualification-higher unemployment syndrome is obvious and may be a source of major social problems in the future.

### **The environment**

A polluted and otherwise damaged environment is one of the most problematic legacies of the communist regime (although some of the environmental damage is of an older vintage) and belongs among the gravest problems facing the Czech Republic. In the regions involved it will be a major developmental set-back. An improvement in the state of the environment can only be achieved gradually and at an immense cost.

Sources of environmental damage as well as the damage itself are spread unevenly across the territory of the Czech Republic. The north-south and metropolitan-rural dimensions are those which discriminate the most (see Figure 4). Areas of north-west, north and north-central Bohemia (areas with brown coal strip-mining, coal-burning power plants and heavy concentrations of chemical industries), north Moravia (with its coal mining, steel industries and heavy concentration of chemical plants), as well as the largest urban centres (Prague, Brno, Plzeň) are critically damaged. The emissions produced in these regions and centres pollute much larger areas in the Czech Republic, as well in neighbouring countries. On the other hand, some regions suffer heavily from emissions from Poland and Germany (north-east and east Bohemia). It is estimated that about 60% of the Czech Republic's population lives in areas directly endangered by the poor quality of the environment [Andrlé 1993]. The polluted environment repeatedly appears at the head of the list of salient social problems in opinion polls.

Figure 4. Environmental damage (synthetic indicator of damage) in 1987

The territorial distribution of environmental damage in the Czech Republic has remained relatively stable. Some improvement was registered during the eighties in the East Bohemia region, while considerable deterioration has been witnessed in the area north-west of Prague and in the North Moravia region. Recently, there has been some improvement in the air-pollution in the critically damaged areas due to the shut-down of some power plants and reduced industrial production, measures which can be seen as constituting a turning point in the environmental situation. It can be expected that in the near future the over-all quality of environment will gradually improve as a consequence of better technology, partial deindustrialisation and stricter environmental control. Regional differences in the state of the environment will diminish.

Environmental damage coincides in many regions with a host of social problems (criminality, high rates of divorce, broken families, venereal disease, high mortality, suicides, political extremism) to form a syndrome of the environmentally and socially problematic region. The typology of districts in the Czech Republic established according to the level and structure of social problems [Kostelecký 1993] found the majority of the most polluted districts also featured among the socially most problematic. However, the coincidence of environmental damage and social problems is not necessarily of a causal character.

#### **The political profiles of the regions**

The political profiles of the Czech Republic's regions are described here - see Table 2 - on the basis of the last elections (the parliamentary elections of June 1992). In general, voting preferences were not too differentiated among the regions. In the Czech Republic as a whole, as well as in all regions, right-wing voting prevailed, with the Civic Democratic Party in the leading position. Everywhere the centre was rather weak. In all regions, communists (the Left Bloc) enjoyed support from 12-16% of the vote, with little divergence amongst the individual regions. The North Bohemia region was politically the most polarised, and is especially notable for the strong position won by the extreme right (13.1%). An explanation for this can be found in the relative ethnic heterogeneity of the region, especially in the presence of a substantial Gypsy minority (and in the ensuing ethnic tensions), as well as in the lower overall educational level of its population. Prague gave its strongest support by far to the moderate right. The situation in the Moravian regions (North Moravia and South Moravia) was somewhat location-specific, as there the Moravian regional party „Movement for Self-Governing Democracy - Association for Moravia and Silesia“ (see above) received 12.6 and 16.2 per cent of the vote respectively. Because of its predominantly regionalistic program this party is difficult to locate on the left-right continuum.

Table 2. Results of parliamentary elections in June 1992 (elections to the Czech National Council) by regions (%)

	extreme right	right	centre	left	extreme left	other
Prague	5.5	59.4	11.7	8.3	11.6	3.5
Central Bohemia	9.4	47.3	12.2	9.4	15.8	5.9
South Bohemia	10.6	44.6	14.8	11.5	13.8	4.7
West Bohemia	8.9	39.9	14.0	13.7	14.4	9.1
North Bohemia	13.1	38.8	11.0	13.3	15.4	8.4
East Bohemia	9.3	42.8	14.4	10.8	12.6	10.1
South Moravia	6.3	41.6	8.9	7.6	14.0	21.6
North Moravia	5.5	41.8	7.7	10.1	14.9	20.0

Explanations: Political parties were divided into types according to their position along the left-right continuum:

Extreme right: Association for the Republic-The Republican Party of Czechoslovakia, The Club of Involved Non-Party Members

Right: Civic Democratic Party-Christian Democratic Party, Civic Democratic Alliance, Christian Democratic Union-Czechoslovak People's Party, Party of Czechoslovak Entrepreneurs, Tradesmen and farmers

Centre: Civic Movement, Liberal Social Union

Left: Czech Social Democratic Party, Movement of Pensioners for Social Security

Extreme left: Left Bloc.

The typology is only tentative and simplified, as for some parties their appropriate location on the left-right axis is still not quite clear-cut. The regional party, Movement for Self-Governing Democracy - Association for Moravia and Silesia, which scored electoral success in the two Moravian regions, was included in the residual category.

The future political landscape in the regions will very much depend on the success of their economic transformation and on the management of the social problems arising from the economic reform and from the internationalisation of the Czech Republic. It can be expected that the regions experiencing the sharpest fall in the standard of living, the highest unemployment, suffering the most from insecurity and crime, and the most exposed to the influx of refugees and immigrants, will be further polarised politically. The chances are that north and north-west Bohemia will constitute such areas.

#### **Trans-border co-operation, the „euroregions“**

After 1989 new prospects were created for the development of those regions along the borders with Germany and Austria which had become marginalised over the last forty-five years (see above). The border ceased to act as an impermeable political and military barrier. Local authorities, firms, civic organisations and individual citizens in the border areas are seeking to convert the marginal position of the border regions into an asset and to establish co-operation with partners on the other side of the border.

The efforts to establish „euroregions“ are a distinctive form of co-operation, and were inspired by the models of trans-border co-operation between regions in Western Europe. The majority of them were founded along the Czech-German frontier and, in most cases, it was originally the German side that initiated the idea, it being later welcomed by a number of local bodies within the Czech border areas. In the years 1991-

1992 five euroregions were established in the border regions between the Czech Republic, Germany and Austria [Zich 1993].<sup>12</sup>

The nature of co-operation is directed by individual projects and day-to-day activities as determined by local circumstances. Trans-border co-operation focuses mainly [Zich 1993] on co-operation among the communities in the fields of culture and education, the improvement of mutual understanding and the development of good neighbourly relations, the development of both tourism and the region's economic resources, on the protection and restoration of both the environment and cultural and historical monuments, on the development of transportation and border crossings and mutual assistance in case of disasters.

While it is still too early for a comprehensive assessment of euroregional activities, some preliminary remarks can be made concerning the positive and the problematic aspects of this experience. On the positive side, trans-border co-operation has contributed to establishing contacts, increasing mutual understanding and improving neighbourly relations. It created the preconditions for the development of future co-operation, and activated authorities in the communities involved and brought new impulses into public life.

On the other hand, several problems were revealed on the Czech side:

1. The different situations and experience, and the asymmetry of economic possibilities, on both sides of the border were not sufficiently appreciated.
2. The activities of the euroregions collided with similar activities on the part of central governments and were sometimes viewed by them as placing excessive value of the role of regional and local authorities. The regional bodies sometimes exceeded their jurisdiction in relation to foreign partners and in organising new regional structures. Their activities were sometimes viewed as endangering the interests and integrity of the state.
3. The legal framework for euroregional activities was insufficient or non-existent. Sometimes this activity found itself in conflict with existing legislation.
4. The activities concerning the establishment of euroregions were confined to a relatively narrow set of local leaders, meaning that the population was neither sufficiently informed nor involved.
5. The impression was sometimes created on the Czech side that, through institutionalised trans-border co-operation, some groups in Germany were trying to win influence in the Czech regions.

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<sup>12</sup>) 1. Euroregion „Egrensis“ in the western part of the Czech Republic and extending into Bavaria and Saxony. This was the first of the euroregions and its experience was widely used in establishing trans-border co-operation in other areas. 2. Euroregion „Ore Mountains“ (Krušné Hory, Erzgebirge) in the north-west of the Republic, and including the districts on the Czech and Saxon sides of the Ore Mountains. 3. Euroregion „Labe“ (Elbe), comprising Saxon and Czech districts situated along the Labe river. 4. Euroregion „Nisa“ (Neisse, Nysa), consisting of the eastern part of Saxony, south-west Poland and some north Bohemian districts. It is the most active of the euroregions along the Czech border. 5. Euroregion „Šumava-Bavorský les“ (Bayerischer Wald-Mühlviertel), which includes parts of the Czech Republic (in the south and south-west), Bavaria and Austria. In addition, there were projects under way to develop and to institutionalise co-operation between the regions of South Moravia and Upper Austria.



It may be concluded that the pace of institutionalising trans-border co-operation will have to be co-ordinated with the progress in eliminating the substantial economic, legal and institutional differences between the neighbouring societies. These gaps sometimes proved so large that fruitful co-operation could not be established. The formation of euroregions on the above mentioned borders, with their complex organisational structure inspired by the French-German and similar trans-border co-operation, was probably premature. It can be expected that in the near future the majority of real contacts will happen at the level of border towns, communities, individual organisations and citizens, while fundamental external links will be directed by the central governments. For a more detailed discussion see [Zich 1993].

#### **The regional potential for transformation**

Regions differ in their abilities to cope with the post-communist transformation. An attempt to enumerate the factors that define these regional potentials was made by Hampl et al. and by Gorzelak with Jalowiecki [Hampl et al. 1993: 11-27, Gorzelak and Jalowiecki 1994]. The following four groups of factors can be distinguished:

1. Social factors, among which the education of population, social cohesion, local culture - spirit of entrepreneurship, flexibility can be mentioned.
2. Economic factors which include the attained level of socio-economic development, diversification of economic structures and activities, share of progressive and of retrograding activities in the local economy.
3. Positional factors, i.e. distance to sources of capital and innovation, national and foreign.
4. Environmental factors, i.e. the quality of environment, both natural and man-made.

In the assessment of regional potential for transformation the four groups of factors must be combined. As a result:

- The developmental prospects of the regions on the western rim of the country or, more broadly, of the regions with strong linkages across borders will further improve.
- The developmental prospects of regions whose economy is based on retrograding industries - metallurgy, coal extraction, heavy chemical industries, electronics and agriculture - will further deteriorate. This situation will continue and its improvement will depend on the success of industrial conversion.
- Good development prospects are foreseen for regions with diversified economic structures, and for those with automotive industry, with some branches of the machine industry and light industry, and for those with developed tertiary activities or high levels of tourism.
- Regions and centres with a higher share of privatised businesses or with higher levels of foreign capital investment will have better developmental chances.
- Ecological potential will become one of the most important factors contributing to the potential economic release. The heavily polluted environment of north-west Bohemia and north Moravia will increasingly become a developmental handicap which will negatively influence migration and the locational decisions of progressive firms. On the contrary, the well preserved environment of south Bohemia, combined with the

stabilised society of the region and the proximity of Austria and Germany, are making this region increasingly attractive both for progressive industries, migrants and tourism.

- Major historical and natural sites have been attracting waves of tourism which have bolstered their local economies. This tendency will continue, although on a somewhat smaller scale and will be increasingly dependent on the localities' ability to provide adequate services.
- The developmental prospects of the capital Prague as a cultural and, to a lesser degree, economic centre of supranational importance are also favourable. Such prospects are supported by the inflow of foreign capital and by the development of the service sector. Prague will probably stimulate economic development in the whole surrounding region and will be able to absorb the problems of the neighbouring western districts.<sup>13</sup> Favourable developmental prospect can also be foreseen for Brno, the largest city in Moravia, and the surrounding region.

The global developmental potential of the Czech districts is indicated (with obvious circumspection) on the cartogram Figure 5. The districts are divided into four categories:<sup>14</sup>

- a) Highly problematic districts.
- b) Impaired districts, with structural problems.
- c) Advanced districts, with good developmental prospects.
- d) Average districts, with no specific characteristic.

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<sup>13</sup>) For discussion on the developmental potential of Prague see [Musil 1993, Pohoryles and Musil 1993], on the barriers of its development see [Turba 1993].

<sup>14</sup>) The assessment of the global developmental potential of regions, a formidable task even in a stabilised society, was further complicated here both by the dynamic nature of the post-communist transformation and the lack of data. Several assessment procedures were adopted in order to reduce the risk of error. Regions were ranked separately according to 1. their peripherality/centrality, 2. the level of their economic development, 3. the developmental potential of service sector, 4. the development of industry and construction, 5. the level of urbanisation. Individual rankings were combined and the regional potentials obtained were subjected to processual models of regional transformation, individually for each region. The map presented in Figure 5 resulted from this procedure. The method was developed and the evaluation was made by Terplan. The outcome is to be read with circumspection as in a situation of structural change any such evaluation is necessarily unreliable. It also leaves aside the social and cultural resources of regions which, especially in some Moravian districts, may become relevant positive factors.

Figure 5. Global regional potential by districts

The most alarming conclusion to be drawn from this cartogram is the problematic profile of a considerable portion of Moravia. Of the twelve highly problematic districts in the Czech Republic, nine are located in Moravia. The regional potential of Bohemia differs significantly by its more favourable overall economic and geographic situation, although here too there are regions facing structural problems.

### **Conclusions**

Several more general issues were brought to light by post-communist regional development in the Czech Republic:

1. The important question is whether the new development in the Czech Republic after 1989 will change the existing regional patterns or, if it will follow them.
2. If change is to be expected, will the geopolitical shift in East-Central Europe and the transformation of Czech society tend to reactivate some of the country's pre-war regional patterns?
3. If so, how far will this process go and what will be the result of the reactivated long-term logic of regional development's interaction with the fundamental structural changes caused by the developments of the last fifty years?
4. Will the economic transformation of Czech society increase its regional polarisation, the rifts between the developing and the stagnating or retrograding regions, the differences between the large urban centres and the rest of the country, as well as those between the various zones within individual cities? Will the strong regions become stronger and the weak weaker?

5. Will the long-lasting division of the country into the more developed (industrialised and urbanised) north and a less developed (more rural and agricultural) south - petrified by the „socialist industrialisation“ - be reversed in the future? Will the old industrialised regions in the north go into decline, while the less populated and less polluted regions in the south attract more modern high-tech industries?
6. Will a new regional polarisation of the country develop along the west-east axis, with increased developmental potential in the west?
7. The Czech Republic aspires to become a member of the European Union, which in the future will downgrade the importance of national borders and require the free movement of people, capital, goods and information. Will the country's regional structure, weakened by communist development, sustain the unrestricted flow of these factors without forfeiting its internal cohesion?

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