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Geography of Societal Transformation in the Czech Republic

Martin Hampl et al.

Prague, 1999

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PREFACE

The case study "Geography of Societal Transformation in the Czech Republic" is one of the main results of the grant project number 403/96/0258 GA ČR "The Theory of Regional Differentiation of Societal Development", carried out between 1996 and 1998. The study has several objectives. First, it aims at reviewing the previous course of transformation in the Czech Republic from the viewpoint of regional differentiation, both at the analytical and synthetic levels. It seeks to ascertain and explain the regularities of this differentiation. However, as the process of transformation of posttotalitarian society is in a number of respects unique, the opportunities for generalization are limited. Hence the considerable stress is given to the comparison of regional forms of transformation in the Czech Republic and other posttotalitarian countries of Central Europe. There was another "method" with which to achieve a thorough theoretical understanding of the current development: the comparison of long-term as well as current tendencies in the development of regional differentiation, which implies the inclusion of current, relatively specific, changes in the general development theory of sociogeographical systems.

Although the research was mainly centered on establishing generalized assessments and an integral description of the development of regional differentiation, from the viewpoint of the "scope" there was a dominance of empirical analyses of partial processes. A broad empirical basis is an indispensable point of departure for generalization and its primary precondition. At the same time, the connection between relatively specific and partial levels of study, and relatively general and integral levels makes it possible to describe the character of reality in a more sensitive way. This is very desirable in the case of such undoubtedly complex field of study as the sociogeographical system. As there is available plentiful empirical material and many analyses of this material, the practical importance of the study is increased – there is a variety of opportunities to use them in the sphere of regional policy and physical planning.

The case study sums up the results of the research carried out by six academics in charge of the grant project. Their contribution is described in the content. Further colleagues helped prepare the relevant documents and carried out the technical part. We would like to acknowledge the work rendered especially by Dr. Jan Müller, Marie Lochmanová and, in particular, Dr. Boris Burcin who made the typographical design and layout of the case study. We would like to thank Dr. Pavel Vereš for his uneasy task when completing the translation,

and Professor George Demko at Dartmouth College for his support in finding adequate terminology and for his stimulating discussion on theoretical questions concerned. We owe special thanks to the reviewers of the study, Professor Jiří Musil and Professor Zdeněk Pavlík, for their uneasy work and a number of guidelines used for further orientation of the research.

Martin Hampl

Prague, April 1999

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The Geographical Organization Of Society: A Theoretical Framework

Martin Hampl

The unusual and rapid rate of change and complex nature of current societal developments call for interdisciplinary research and the creation of an integrated social science. These requirements extend to contemporary human geography which is gradually being transformed into a "pure" social science, strengthening its connection/integration with other social sciences, especially sociology, economics and political science. A variety of significant issues dealing with current research on social problems have important geographical dimensions. First, globalization processes are critical. However, a number of other interesting issues are important as well: regional development and its uneven nature; territorial administration and the development of self-government; locational problems at the regional, national and supranational levels, etc. In the specific conditions existing in post-totalitarian countries the geographical differentiation of transformation processes is such an issue. If conceived broadly, it can be identified as the geography of (social) transformation. The study of this problem has not only a practical, but also a more general cognitive sense. On the one hand, this stems from the fact that in previous human history the transformation of post-totalitarian societies was a unique process of an integrated type and, on the other hand, from the fact that when a "return to capitalism" takes place, the regularities shaping the development of modern societies can be thoroughly verified. The arguments presented here are not designed to support any specific ideology, but to define the order of importance of these problems from the viewpoint of social knowledge. It is certainly difficult to rule out ideologization of the social sciences, but ideological biases are clearly undesirable. Ideological assessments of social processes and problems will always be controversial and hamper objective scientific analysis. In the current scientific study of social problems the influence of ideology is generally connected with a preference for normative approaches and assessing attitudes in a search for empirical regularities and the creation of empirical theories. The appeal of the "Frankfurt school", and its demand for the creation of a critical social science (see especially Habermans, 1975) appears to have found more adherents "specialized in the criticism of current social systems" than advocates for systematic empirical research which might result in such criticism.

Given the previous remarks one can stress the first methodological principles of this study: the primary effort is to make any study objective and to be cautious when unequivocal, ideologically influenced, assessments of social reality are adopted. However, this approach may result in analytical methods of study outweighing synthetic methods and in the creation of partial information sets will be produced, in the absence of an integrated picture. Some researchers even contrapose integrated and synthetic nature of ideologies to the analytical nature of science (e.g., Canestrari, 1996). However, the problem of scientific syntheses is primarily due to the different level of difficulty in acquiring knowledge about partial and simple phenomena on the one hand, and knowledge concerning the organization of complex systems of an integrated type on the other. This is actually reflected by varying degrees of knowledge of nature and society, and particular qualitative types of phenomena compared to their environmental systems. This does not, of course, rule out the "scientific" knowledge of complex and integrated systems; it only defers it. There is however, no doubt that social and environmental problems are bound to complex structures of integrated type in a framework in which the autonomy of partial elements, processes and problems is limited. This underlines the need for an integrated synthesis in the social and environmental sciences. However, this synthesis cannot become just a single-level generalization, but rather a multilevel and multidimensional system of characteristics and regularities that takes into consideration the autonomy of the relevant subsystems as well as their interaction and integrated effect.

Consequently, when creating an integrated and synthetic picture of reality, the crucial problem is posed by a search for the basic dimensions which make up reality and the mechanisms that determine the interaction of partial systems. Accordingly an outstanding example is found in the study of the geographical organization of society since it is situated at the intersection of the social and environmental sciences (see Figure 1.1). The very distinctiveness of both these sciences immediately establishes two types and dimensions of complexity in real systems: together with the generally accepted evolutionary differentiation of real phenomena (the sequence of an inorganic–biological–social phenomena) it is also necessary to determine their structural differentiation in the sense of a relationship between the parts and the whole (such as the sequence man–social system–geosocial/sociogeographical system–final geographical system or final environment). In order to denote these dimensions and principles the notion of evolutionary complexity was used in the attached classification scheme in the former case, and the notion of structural complexity in the latter. The first principle distinguishes inorganic, biological and social phenomena or systems (however, all types of phenomena are included at this level "the final environment–the final whole"). The

latter principle distinguishes four levels which must be further refined. When selecting these levels, various qualitative heterogenous content of real systems or their underlying relationships were used as a general criterion. This basically means a gradual incorporation of certain partial phenomenon or a relevant type of these phenomena into an all-inclusive final environment or reality, as a final whole. Thus there is actually a polarity between a part and the whole, between an element and the system/complex, between a phenomenon, which is the bearer of the "only" type of quality, and the environment which embraces all qualitative types of phenomena in mutual coexistence. Depending on the increased level of structural complexity of real systems, there is also an increase in the diversity of their content as well as their qualitative comprehensiveness reviewed in relation to reality as a whole. In this sense, the classifying principle of structural complexity is identified in other studies as the principle of qualitative completeness or comprehensiveness or simply as the principle of complexity (see Hampl, 1994, 1995, 1998a, Hampl et al., 1996). The classification of real systems according to this principle has also been expressed in other terms (element–semi-complex–special complex–final complex) than that in Figure 1.1 (this study uses the terms element–ecosystem–partial environmental system–final environmental system, which we consider more understandable). The stress on the qualitative viewpoint regarding entirety or the whole makes it possible to specify another (though secondary from the viewpoint of importance) dimension with which to distinguish systems in terms of the relation between the whole and a part: it is a scale dimension (e.g., microsystem–macrosystem). The role of this dimension is primarily important when the internal organization of systems is evaluated at the same basic level of structural complexity – see the distinction between structures and processes at the local, regional, national and global levels.

The distinction of levels of structural complexity regarding real systems, depicted in Figure 1.1, necessarily simplifies and does not provide a full picture of the multi-dimensional incorporation of phenomena into the final environment. The evaluation is mainly devised to characterize the above-noted multilevel process to incorporate parts into a whole and to determine the relatively most significant levels of ecological and environmental organizations of coexisting phenomena. As a result, extreme levels of differentiation, according to structural complexity express "elements" or elementary systems that are identified with fundamental types of real phenomena such as atoms, molecules, organisms or people. Elements can be generally described as indivisible bearers of basic qualitative forms of material organization (if they were further divided, the relevant quality would be lost, which would relegate them to a lower degree of evolution). In contrast, the opposite extreme of

structural complexity is represented by final environmental systems or a final environment embracing the coexistence of all basic qualitative types of elements.

Since the typological diversity of elements increases in the process of the "previous evolution of our reality", structural complexity of the environment increases as well. This is expressed in Figure 1.1 by relevant shifts in the location of names of final environmental systems. However, it is more difficult to define the two levels between the above-mentioned extreme levels. This basically requires the determination of two basic types of organizations appearing in the sets of phenomena/elements and their relationships whose evolution was similar or differed only slightly. However, the definition of their relationships can be limited either to mainly mutual relationships or expanded to relationships with a broader environment. This implies, for example, the distinction of a social system in the narrow and usual sense on the one hand, and a sociogeographical or geosocial system (a system of settlement shaped both by relationships between social phenomena, and relationships between social phenomena and the natural environment) on the other. The distinction of biocoenosis and geobiocoenosis is another example.

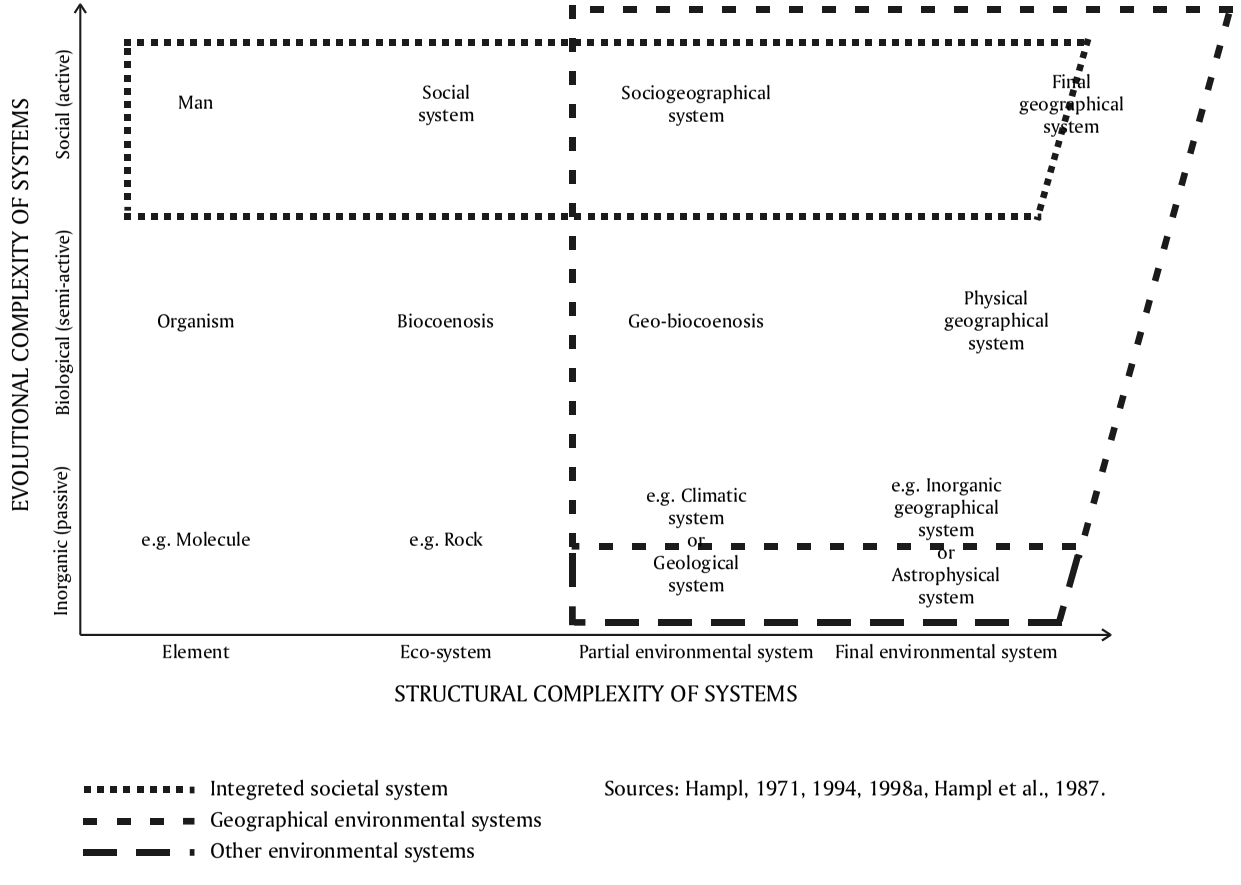
It is rather difficult to find a suitable name for the latter two types of systems. The sociogeographical region, geobiocoenosis or lithospheric systems basically imply qualitative subsystems within the framework of a final environment. Hence the notion of a partial environmental systems is used when denoting them. As a result, a social system or biocoenosis can be conceived as ecological systems in the narrow sense. Consequently, the term "eco-system" was used, with allowance made for some lack of clarity as it often includes various meanings. The problematic nature is increased by the fact that in the classification scheme used here the term "eco-system" is also applied to inorganic reality (rocks, etc.). In this sense, there is a need to stress the specific content of this term in the classification of real systems, presented here.

The classification scheme reveals the specific nature of human geography and the subject matter of its study. This relates to the position of this discipline already described at the intersection of social and environmental fields of study. The history of human geography proves that this intersection led to ambiguity in the potential orientation of the field and has become a source of alternating paradigms. A corresponding effort in the field of research has not yet led to the discovery of substantial regularities or a specific order in the sociogeographical reality. Short-lived extreme environmental determinism was "overcome" by geographical possibilism, which because of Hettner and later Hartshorne (1939, 1959) culminated in the concept of geography as a chorological and idiographic

science. A subsequent reversal was initiated by a younger generation of American and British geographers (Bunge, 1962, Haggett et al., 1965) who, in the spirit of positivism, tried to conceive of geography as a nomothetic, spatial science. In the last three decades the concept of human geography as a social science prevailed – an outline of the development and main postpositivist currents was presented particularly by Holt-Jensen, 1988 and Cloke et al., 1991. At present, human geography is typical of philosophical pluralism – it includes neomarxism, structuralism, realism, voluntarism – and a clear orientation toward social studies (see, Johnson et al., eds., 1994, p. 260). Understandably, this basic conceptual shift is beneficial in a number of respects. The traditional interest in the distribution of "objects" was enriched by the study of the behavior of "active agents"; human geography tends to be concerned more with "problems" than with "phenomena". Geographical aspects are increasingly included in models devised by sociologists (e.g., Giddens, 1984), political scientists and geopoliticians (e.g., Wallerstein, 1979), and economists (e.g., Krugman, 1991). However, the geographization of the social sciences is usually connected with a specification either of the field of concern (world-systems analysis) or a very specific modification of the original geographic concepts (such as the concept of regionalization used by Giddens) or with a return to older methods of study (see the critical review of the "new economic geography" or "new geographical economics" – Martin, 1997). Geographical research itself is dominated at the theoretical level – and subsequently also at the explanatory level – by the adoption and adaptation of social theories. First of all, the geographers' specific contribution is therefore restricted to the analysis of the specific (local and regional) impact of general tendencies.

Although remarks here are very brief and critical, it is still valid to state that the adoption of the concept of human geography as a "vaguely specified" social science is insufficient and in a number of respects misleading. In contemporary science the stress on a problem and therefore integral approach to study is not and cannot be of such an unstructured type. For a start, the possibility of integrated study depends on the previously discovered knowledge of individual components of a system or process under observation. In this sense it is another (higher) stage of evaluation. However, has sufficient knowledge of the geographical organization of society been achieved? Do we know regularities control geosocietal organization? Or, is the geographical environment just an external, relatively passive framework of social developments, which is only more or less adapted to these developments? Or, does it only modify them in a secondary way?

Fig. 1.1: Classification of real systems



Sources: Hampl, 1971, 1994, 1998a, Hampl et al., 1987.

All of these questions are certainly crucial, but they still remain unanswered. In addition, the above-mentioned classification scheme does not provide the necessary answers, but rather suggests more exact formulations of the questions themselves. Together with pronounced classification principles the specification of human geography as not only a social, but also environmental science suggests a basic evolutionary "similarity" of the human species, the social and sociogeographical system, and, at the same time, their structural "distinctiveness". The interactive shared effect of these structurally different subsystems of integrally conceived society can be considered as a fundamental mechanism of its evolutionary changes. However, these general statements are not sufficient to answer the previous questions. It is necessary to find conditional principles of organization at various levels within the structure of a broadly conceived society. Admittedly, in the case of sociogeographical systems one can speak about an organization shaped by the mutual coexistence/interaction of an extremely heterogeneous set of phenomena (social as well as natural), and their spatial and temporal "overlapping neighbourhoods", which entails a "constrained" nature of integrity of sociogeographical systems (see Hägerstrand, 1995). In this sense geographical units are combinations of various phenomena which, at the same time, include both shaping and shaped parts of the environment. The crucial question is whether these "combinations" are created regularly or whether they are simply random. The unusual differentiation as well as variety of geographical units has basically been explained only in another way. This is why the idiographic – though often non-apparent – concept of geography is traditional. This is also why in current human geography the "theoretical/explanatory" approach to society is adopted from economics or sociology, to which the evaluation of the variability of geographical forms appearing in social organizations is subsequently added. However, is such an evaluation just a consequence of a one-sided scientific concept of inductive methods which has narrowed the meaning of repetition (regularity) only to the patterns in the similarity of phenomena? Cannot the repeatability and regularity of phenomena also be bound to the differentiation of phenomena? The differentiation of geographical phenomena is undoubtedly enormous but, if a sufficient degree of abstraction is used, one can find a fundamental regularity in that differentiation: from the viewpoint of the signs denoting size and importance the sets of geographical units are differentiated in a certain, regular, way. It was Korčák (1941) who proved, by using a great number of empirical examples, that frequency of geographical units continually diminishes as size increases.

Further empirical verifications of Korčák's conclusions and their incorporation into a broader system assessing the structure and evolution of reality have led to the establishment of some

crucial regularities (Hampl, Pavlík, 1977, Charvát et al., 1978, Hampl, 1994, 1998a). Here we cite only those which are directly related to the issue discussed above and the objective of this study. Referring to those studies, the main results can be summed up in several points:

(i) The organization of environmental systems is marked by a general regularity in the form of an internal, asymmetric differentiation of its parts from the viewpoint of the signs denoting size and importance. This differentiation is hierarchical in the sense of an internal polarity of a type, from large to small, and significant–insignificant; and, in the sense of an asymmetric distribution of frequencies of parts "from many minimums, to few maximums". In principle, every geographical distribution of population, jobs, banks, as well as precipitation, temperature or biomass is of this type. The same is true even for the distribution of mass in the universe. The asymmetric and hierarchical size differentiation relates to sets of settlements, factories, theaters and states just as it concerns lakes, mountains, water flows and stars. It is therefore correct to call the hierarchical arrangement of environmental systems – natural as well as social or final – as one of the fundamental forms of organization of reality. The importance of this form is similar to the homogeneity of typological sets of elements or types of phenomena in general (see Quételet, 1848). The explanation of these empirical generalizations is, of course, not simple. However, one can stress the connection between the evolutionary similarity of elements of the same sort and the homogeneity of their sets on the one hand, and the relative autonomy, heterogeneity and unevenness of parts of environmental systems and forces hierarchically operating when these systems are being integrated on the other (for greater detail see Hampl, 1998a, 1998b). A specific example of this hierarchical arrangement and, simultaneously, integration through force (and caused by the unevenness of parts) is posed by the nodal region (center–hinterland) or the global system (core–periphery).

However, another vital fact must be added to the statements above. The often stressed hierarchical differentiation of environmental systems and their sets are always related to the evaluation of these systems and their parts only by signs of size and importance. In the case of environmental systems, one can also note the "types" that are necessarily – at least from the viewpoint of signs defining the type – homogeneous. These signs appear in the form of "structural" characteristics, not those describing "size". For example nodal regions are a homogeneous set from the viewpoint of the determining sign of the internal (structural) arrangement (e.g., the polarity "center–hinterland"). But one can also note the relative homogeneity of this set from the viewpoint of other structural signs: for instance, the ratio of population size of a center to its hinterland (here we

find, of course, some variability, but a variability of the "Gaussian type"). However, in terms of size characteristics such as the population and territorial scope of nodal regions, the set will be extremely heterogeneous in a hierarchical/asymmetrical way.

(ii) The basic difference in size differentiation of types of elements (homogeneous sets) and environmental systems as well as their relevant sets (hierarchically organized heterogeneous sets) is a general expression of the dualism in the organization of reality and an overall impetus to evolution: the repetition of similar elements in a differentiated environment. At the same time it reflects the truly deep sense of the principle of structural complexity which is not only a "didactic" classifying instrument, but also a truly ontological principle expressing primary differences in the structural organization of real systems and their sets. The very identification of several levels of structural complexity indicates the step-like nature of the transition from the homogeneity of types of elements to the hierarchical heterogeneity of environmental systems and their "typological" sets. Thus it is also true that the intermediate level labeled ecosystemic in Figure 1.1 is a level of a transitional type: it is a semi-hierarchical or only partly hierarchical arrangement of these sets, organized by size signs of the relevant systems and an analogous differentiation of parts within the framework of individual systems of this type. Empirically, this is evidenced by the statistical distribution of incomes or wealth or power among people or groups of people within social systems. Examples of this type are cited in one of the most famous economic textbook (Samuelson, Nordhaus, 1989) – see normal distributions expressing the people's abilities, compared with the transitional distribution of people's incomes mentioned above. The "transient" nature of social system is also connected with the varying degree of unevenness (degree of hierarchization) as regards various signs denoting the importance of relevant parts – in Samuelson and Nordhaus for example this is a comparison of relatively low unevenness in the distribution of incomes and relatively considerable unevenness in the distribution of wealth (cumulative effect) among people in selected countries. In this sense it is also valid to stress three basic levels and forms of structuration in a broadly conceived (integrated) society: homogeneity of the human kind-limited hierarchization of social systems-fully developed hierarchization of sociogeographical systems. Moreover, this sequence makes it possible to characterize the internal differentiation of social systems as being a "compromise" type.

(iii) The three basic forms of structural organization within an integrated society are proof of the relative autonomy of the relevant systems – the human kind, the "internal" social structure, and the "external" sociogeographical structure. The common content

of these subsystems – the set of human populations – is also reflected by the integrated coexistence of these subsystems which materializes through various interactive mechanisms conditioning the entire social development. As a result, one can see here a development concurrence or historical parallelism in the change of all subsystems, even in the sense of the reproduction of their forms of organization at qualitatively new (higher) levels. Empirically, this is proven by a relative parallelism in the course of the demographic transition, industrialization, the "classical" forms of urbanization and the related process of geographical concentration of population. In these interactions a significant differentiation of geographical conditions as well as a rather limited differentiation of internal social circumstances play the role of development impulses which spark off the selective orientation of processes, etc. Consequently, the typological homogeneity of people promotes the diffusion of changes into the entire system and a secondary mitigation of the impact of uneven development. In parallel, the cooperative processes are deepened. This mainly relates to the social and geographical divisions of labor. It can therefore be noted that the integrating nature of social development dominates whereas the "structural" effects of this development are differentiated. These facts are illustrated by the nature of general urbanization processes and the related migration of population. At the geographical level this process further deepens the hierarchization of settlements and unevenness in the distribution of population and ensuing activities. This brings, of course, undisputed social and particularly economic advantages: concentration and agglomeration trigger the beginning of large-scale production, improved social communication, intensified specialization of activities and bring about a more efficient use of geographical potential in general (this embraces not only the use of natural sources but also of locational advantages and the advantages derived from the territorial combination of social activities in their own right). As regards the social system itself, the workforce is first of all transferred between economic sectors and working activities are further diversified. Finally, from the viewpoint of the homogeneity of the national populations (or human kind in general sense), the process is also a certain type of re-homogeneization: a transformation of a rural society into an urban society. However, the stress on basic development integrity, which implies concurrence of changes in subsystems, cannot be conceived as a concurrence of the intensity of these changes. Variability and speed of a growth rate are substantially higher in economic and political structures than in geographical structures (they are also shaped in part by "static" natural factors) and demographic (biosocial) and sociocultural structures.

However, the general questions of sociogeographical study under discussion are only conceptual points of departure when the geography of the transformation in the Czech Republic is evaluated. Understandably, the focal point of these evaluations centers on the level of empirical analyses and the ensuing syntheses of a certain, and therefore specific, territorial unit and its development. Nevertheless, the connection to a general concept of sociogeographical research is significant, especially in the first part of this case study (Chapters 2–5). This part is an attempt at synthetically evaluating the previous course of transformation processes and setting them in a broader context. Hence the stress on a dual view of sociogeographical development: the autonomous development of geographical organization itself (with an emphasis on the development of the hierarchy of settlements and the ensuing integrating and specialization processes) on the one hand, and geographical differentiation of developmental changes bound to internal social structures on the other (in this case, geographical reality is conceived as an external environment of society). In distinguishing these considerations, both the relative autonomy of sociogeographical organization and its role as a part of an integrated social system and its development are respected. From this viewpoint, a special role is given to the evaluation of the two forms of unevenness – in the territorial intensity of phenomena (population density, economic product per square kilometer, etc.) and the intensity of phenomena related to the population (such as income level). In the former case, it is "genuine", i.e. enormous geographical inequality, while in the latter case this it is a rather restricted unevenness (relative wealth of people, communities, etc.), mainly bound to internal social differentiation. However, the connection of both types of differentiation is clear and its study may clarify the substance of movement in both the internal and external organizations of society.

The first section is divided into four chapters. First, there is an evaluation of previous long-term tendencies in the settlement system, which introduces a broader development framework of current processes (Chapter 2). Then, theoretical and methodological questions concerning the geographical study of social transformation in the Czech Republic specifically are discussed (Chapter 3). The fourth, and largest chapter contains observations of the development of territorial differentiation of the most important economic phenomena – jobs, wages, the sectoral structure of the economy – which largely expresses the growth rate of the entirety of societal development. The differentiation of total economic efficiency and the growth rate of territorial units is evaluated through the aggregation of wages and jobs. The final part of this chapter focuses on a generalization of ascertained results, and their concurrence with general regularities of geographical development in the intensification (postindustrial) stage is reviewed. Finally, Chapter 5 is devoted to the role

played by macroeconomic and macrosocial policies in regional development, the importance and creation of territorial administration and self-government, and regional policy in the transformation era. To this is attached a more general final discussion of the alternatives and problems arising from the effort to control regional development.

The chief objectives of the second part are of a dual nature. First of all, they depict a comparison of the current developments in Central European, post-totalitarian countries: the Czech Republic, Hungary, Poland and Slovakia. Stress is laid both on defining the distinctive features of these countries and on identifying the common characteristics of their transformation, which implies a generalized description of this process. The other objective aims at evaluating current developments within the context of European integration tendencies. The second part is divided into five chapters. First, there is a basic description of the current economic development processes in the four countries (Chapter 6). Chapter 7 describes the development of institutions of regional development in these countries, i.e. changes in territorial administration, the creation of a territorial self-government, regional policies, etc. In a number of respects the two chapters are to some extent analogous with Chapters 4 and 5. Chapter 8 is also devoted to regional development and regional policy but focuses on different problems. It centers on a comparison of the situation in the regional political sphere in the Czech Republic and the European Union and seeks to define the impact of EU admission on the Czech Republic and to identify related tasks for Czech regional policy. The last two chapters are concerned with the specific problem of population migration. An increased interest in these questions results from the basic transformation of migration processes in the 1990s and the importance of migration for the development of the geographical organization of the settlement system. The collapse of the totalitarian system has brought about a fundamental "opening" of Czech society and resulted in unprecedented growth of international migration. This growth has also created a number of new problems for the Czech Republic (see Chapter 9). The substantial change in internal migration, which, because of plummeting housing construction, reduced mobility of the population and the geographical organization of migration streams was basically deformed. In this case, too, changes in the four countries were similar (see Chapter 10).

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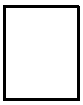

PART ONE

THE DEVELOPMENT OF REGIONAL SYSTEM AND SOCIETAL TRANSFORMATION IN THE CZECH REPUBLIC

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LONG-TERM TRENDS OF SETTLEMENT DEVELOPMENT

The understanding of current, dramatic changes in the Czech Republic's societal development and the corresponding transformation process is unthinkable without the knowledge of long-term development tendencies. Their study is mainly important on two grounds. First, it makes it possible to explain the current state of affairs, and in many respects also the evaluation of the development potential possessed by current regions and localities. Second, the ascertainment of development tendencies themselves suggests the alternatives of either further continuation or their modification; their slowdown or acceleration; a qualitative transformation of their content, etc. A certain interruption of development, the completion of previous tendencies and the beginning of tendencies of a new type which would be more or less independent of the previous development cannot be assumed. The above-mentioned statement has significant validity especially in the case of the development of settlement or geographical organization of society. Unlike political and economic changes in social systems, changes in geographical organization (and to a certain extent also changes in social and cultural nature of society) are relatively slow and the extent of evolutionary continuity is high in this case. This is in the first place due to the fact that conditions underlying geographical structures (they include natural conditions) are more complex than internal conditions of social structures.

In general, the "long-term development" can be identified with the stage of renewed growth and speed of social development, which means with industrial and early postindustrial stages of society. In the Czech space this dynamism was in the making from the 1830s onwards and the evolution was fully developed in its extensive (industrial) forms in the second half of the 19th century and at the beginning of the 20th century (approximately until the First World War). As these tendencies continued in the next period they were successively "supplemented" both with higher forms of extensive tendencies (the process of metropolization in particular) and first signs of intensifying (postindustrial) tendencies. However, owing to the Nazi occupation and the postwar implementation of a totalitarian system the onset of intensive forms of development was markedly weakened and distorted. In many respects primary extensive forms of development were unnaturally extended (overindustrialization), mechanisms of economic development were replaced by political decision-making, regional and local initiatives were suppressed and development activities operating "from below" were suppressed as well. Natural tendencies, heading toward

intensive forms of development, were at work in a very limited way, they appeared very late and often in hidden or indirect forms.

Given the above-mentioned peculiarities and distortions of development in the past 50 years (until 1989), the long-standing retrospective evaluation chiefly describes the stage when industrial society was in the making. However, it is correct to denote this study of the Czech space in this evolutionary period as representative since its development corresponded with the model of advanced European countries. As a result, the basic regularities of this development can be denoted as part of a general pattern. An integral nature of the whole evolutionary process of extensive dynamism was the chief, characteristic feature. This is evidenced by a relatively high harmony in time of the changes in all basic structures of the integrated societal system. The demographic transition (or revolution) was basically underway between 1835 and 1935 (Pavlík, 1964), the growth of employment in manufacturing took place approximately between 1830 and 1960 (the process took somewhat longer due to the "socialist industrialization"), and the growth of geographical concentration and the proportion of urban population only had a minor delay – it covered roughly the years 1850–1980. This delay was caused to a large extent by geographical and ethnic conditions: industrialization first appeared in regions adjacent to mountains with largely German settlement. The "big industrialization" and urbanization later extended into lowland areas with a dominant Czech population. Qualitative changes generally appeared sooner than their widespread extension, expressed by correspondent major quantitative changes: intensive growth of territorial concentration of population only took place after 1880.

However, together with making part of the integral development of society, the development of geographical organization of society was marked with a variety of specific and autonomous features. First and foremost, they appeared in the development of hierarchical organization which, given the "full" structural complexity of geographical systems, was more marked (and this intensified in the course of development) than in the internal arrangement of society. As a result, the development of geographical organization was dominated by concentration and hierarchization processes which were basically of irreversible nature, and which could only slightly have been influenced by internal social, economic or political changes. This is empirically proved by varying variability of the rank/size order of towns in the first and later stages of the hierarchization process. The basic formation of the hierarchy of centers materialized prior to the First World War, approximately between 1869 and 1910, during a relatively stable social development. On the other hand, there was a number of dramatic, political, ethnic and economic transformations of essential

(revolutionary) importance between 1910 and 1991. Moreover, the latter period was twice as long. Nevertheless, when assessing the correlation of the rank order of the 26 biggest towns according to their population size in 1869 and 1910, it transpires that there was a looser positive correlation (+0.688) than if a similar evaluation is made for 1910 and 1991 (+0.834). This can be explained by the regularities of the hierarchization process itself. Since there are relatively small differences in the size of towns in early stages, the changes in their order are frequent due to varying rates of growth. Once the basic hierarchy of size is formed – with relatively big differences between the chief centers – major changes in the order of towns are rare because they may only occur if there are significant differences in their rates of growth. Moreover, thanks to the established basic hierarchy, the positions of importance, and therefore to a large extent the development chances of individual major centers, are already relatively stable.

Concentration and hierarchical orientation of extensive development of settlement

It has already been stated that from the viewpoint of the development of the Czech settlement system one can roughly set the stage of extensive dynamism, connected with the era of industrial society, between the years 1850 and 1980. Understandably, the significant dynamism of the concentration process as a synthetic sign of extensive changes appeared in a shorter time – approximately between 1870 and 1950 or until as late as 1970. This is graphically depicted by the data from Table 2.1 and 2.2. From the viewpoint of the changes in its dynamism, the course of the whole process can be generally compared to an S-shaped curve. One can see at the beginning and end of the stage that the extent of territorial concentration of population evidently stagnated. This was occasionally connected with certain, though not major, irregularities: see varying completion of the concentration process at different scale levels (Table 2.2) or at different size categories of towns (Table 2.3). On the other hand, the concentration rate was the highest in the last decade of the 19th century already. During wars the development was interrupted; however, in the case of the Second World War the pause of growth of geographical concentration was soon eliminated due to specific changes: German population was deported, and this was followed by partial, and in exceptional cases selective, resettlement of the borderland.

Concentration tendencies in the development of territorial distribution of population and related activities were dominant at all scale levels. The same was true of the already described course of changes in time, although there was a certain time lag in the growth of concentration at higher scale levels, while the growth of the biggest towns was completed sooner. In this sense it is correct to stress a general unity in the direction of extensive

development of settlement. However, while the direction of changes was general, this did not refer to the intensity of changes. Here, too, there was a "regularity in differentiation": as the scale of units lowered, the intensity of concentration was increasing. The concentration process was identical with the process of hierarchization. In other words, it was hierarchically organized. The hierarchization acquired two basic forms: interscale (a slow increase in differences between big units and a rapid deepening of differences between small units) and intrascale, which means within the units of the same basic territorial size (an asymmetric differentiation of the growth of these units).

Tab. 2.1: Development of territorial concentration of population on the area of the Czech Republic in 1790–1970

Year	Level of territorial concentration (H)	Change of the level of H (recalculated into 20-years periods)
1790	60.48	
1831	59.01	-0.73
1846	59.13	0.16
1869	59.80	0.57
1890	62.04	2.13
1910	65.48	3.44
1930	68.19	2.71
1950	70.65	2.47
1970	72.33	1.68

Notes: Indicator H expresses the extent of area in per cent where "unconcentrated" half of the population lived. Internal units were 24 regions before 1848. As the first modern population census was realized only in 1869, older data are not fully comparable.
Source: Hampl et al., 1987.

Tab. 2.2: Development of territorial concentration of population on the area of the Czech Republic at different scale levels (1869–1997)

Internal division units	Number of internal units	Level of territorial concentration (H)							
		1869	1890	1910	1930	1950	1970	1991	1997
Regions	7	58.0	58.8	60.2	62.1	62.9	63.9	64.1	64.0
Districts	70	62.2	64.7	68.8	71.7	74.7	76.6	77.3	77.3

Notes: Urban districts were united with rural districts (Ostrava with Karviná and Frýdek-Místek). At the regional level Praha was united with Central Bohemian Region. Data are related to appropriate censuses with the exception of 1997 (January 1st), where the data from vital statistics of the Statistical Office were used. H – for definition see Tab. 2.1.

Tab. 2.3: Development of shares of town size categories in 1869–1991

Category (number of population)	Number of towns	Share on the population of the CzR (%)				Development index		
		1869	1910	1950	1991	1991/1869	1950/1869	1991/1950
1,000,000+	1	3.58	6.62	11.89	11.79	449	391	115
200,000–999,999	2	1.90	4.10	5.79	6.95	498	359	139
50,000–199,999	21	5.23	9.54	11.73	16.02	417	264	158
20,000–49,999	41	5.19	7.00	8.08	11.54	303	183	165
10,000–19,999	68	5.54	6.15	6.67	9.02	222	142	157
Total	133	21.44	33.41	44.16	55.32	352	242	145

Notes: Selection of towns and their ranking into categories as in 1991. Town delimitations as of December 31st, 1992.
Source: Statistical lexicon of municipalities of the Czech Republic 1992, Czech Statistical Office, Praha.

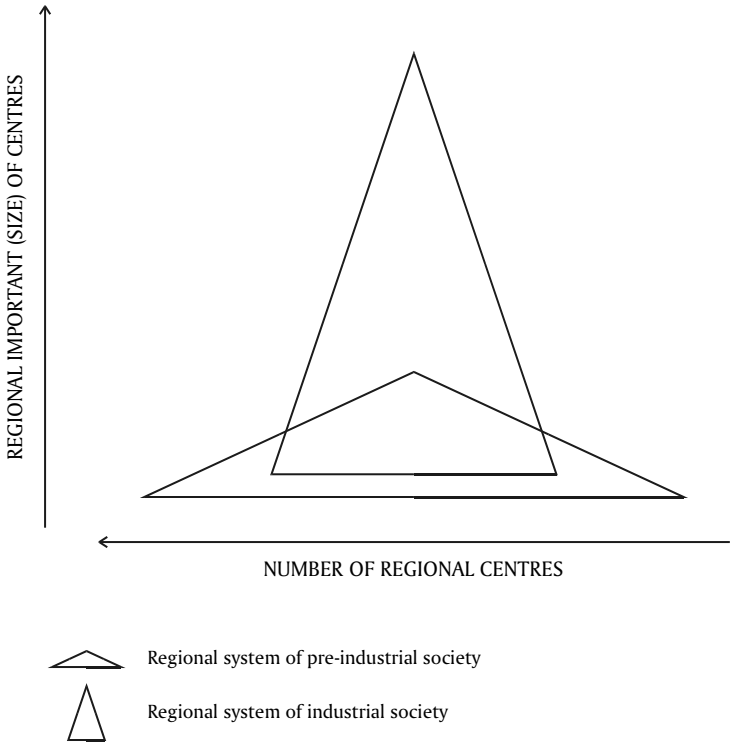
As a result, the impact of concentration transfers of population at the level of settlements was most significant. The differentiation of their development expressed cumulatively the influence of varying development potential at all scale levels. The biggest centers of settlement grew to their size because they dominated big hinterlands. At the same time their growth was largely responsible for the creation of differences between big regions. Therefore, these centers were gradually becoming leading elements of the whole settlement system, and the hierarchy of settlements was becoming the backbone of the organization of the settlement system or the backbone of the geographical organization of society. As shown by data from Table 2.3, there was a high, positive correlation between the size and intensity of the growth of towns during the main period of extensive dynamism (1869–1950). However, in the last stages there was a reversal in this relation or a transfer of the highest growth dynamism from the biggest towns to small and medium-sized towns (with 10,000 to 50,000 inhabitants). In the final stages of extensive urbanization this trend was manifest in all advanced countries. Unlike the Czech Republic, in which the transfer was largely caused by the arbitrariness of "socialist planning" (see preference given to small and medium-sized towns, in particular district capitals, in housing construction; see barriers to the development of suburbanization), in other countries the causes were connected with the appearance of intensive postindustrial stages of the development of settlement and with the shift of concentration tendencies to a higher scale level (metropolization).

In the sense of previous assessments one can make a general suggestion that the highest development dynamism was displayed by the hierarchically highest (biggest) units at the lowest scale. At the same time, an opposite extreme appeared among the hierarchically lowest units of the same scale. As a result, the selective nature of the hierarchical process was recognizable both in the direction "upward" (a maximum dynamism of the growth of

big cities) and "downward" (maximum decreases in small settlements, especially in peripheral areas). The presented statement is empirically illustrated by the following data on an increase in relative frequency of the smallest settlements within the Central Bohemian region (the only region in which the impact of the deportation of Germans after the Second World War and the subsequent resettlement connected with a large-scale administrative merger of towns and villages was negligible): in the early 1970s it comprised 1,330 communities of which 60.3% were inhabited by less than 500 residents and 20.5% by less than 200 residents. However, if the same territorial division is applied, only 49.6% of these communities had less than 500 residents and a mere 6.5% less than 200 residents in 1869. In addition, the average population size of a settlement increased by 20% from 1869 to 1970.

The described differences in the growth rate of territorial units were gradually intensified by a similar differentiation of these units' impact on their broader surrounding area. First and foremost, in connection with the development of transport and growing spatial mobility of population there was a significant selective trend in the set of regional centers and their hierarchy deepened as well. This reflects among others the fact that the set of administrative centers at the basic level of regional differentiation, this means at the district level, was narrowed. As late as in the 1920s the number of court districts was 328; the figure fell to 179 in the 1950s and their current number is 77. There was a similar selective process in the set of centers of "natural" microregions. Their present number can be put at around 150 (see sociogeographical regionalization as of 1991 – Hampl et al., 1996), while their number can be estimated at around 400 to 500 (roughly one half more than the number of court districts) for the early mid-19th century. Although in the latter case the estimate is really rough, it is beyond question that the extent of selection (defined as the narrowing of the set of towns with developed central functions and autonomous regional influence) was very significant. In the case of regional organization the whole hierarchization process has resulted in a narrowed set of "real" centers and in a radical differentiation of their size and importance – see Figure 2.1.

Fig. 2.1: Development of hierarchy of regional centres



Geographical diffusion and scale shifts of concentration (urbanization) processes

Significant regularities of the development of geographical differentiation and organization of population or social activities in general include spatial forms of the diffusion of changes in development. This usually means geographical diffusion of changes and innovations (Hägerstrand, 1967) and two of its basic forms: neighbourhood (spatial in the narrow sense) and hierarchical (chiefly taking into account the "closeness" of units in terms of their quality and importance). If the concentration process is observed, the evaluation of geographical forms of its spread can reveal another dimension in the generalized expression of the temporal succession in the form of an idealized course of an S-shaped curve. In this way the "temporal" aspect changes into the "temporal and spatial" (more structured) aspect. At the same time the spatial disharmony in the course of concentration and urbanization explains both the length of the whole process and its course expressed in a generalized way: slow changes in initial periods were due to a limited number of the most advanced regions in

which concentration processes had "already" advanced; similarly, the slow rate of changes in last stages was partly caused by the "completion" of concentration in the remaining regions, delayed in their evolution.

Distinctive features of the diffusion of concentration processes in the conditions of the Czech Republic or the whole of Czechoslovakia can be described by means of regions (internally subdivided by districts) from the period of 1949 to 1960 because these units were relatively organically defined. The period of chief dynamic changes between 1869 and 1970 was observed again. The degree of the development of regions, the early or belated stage in the development of concentration, are described by the temporal median (M), defined as a year in which one half of the growth of spatial concentration of population in the relevant one-hundred-year period (H index, for its definition see notes to Table 2.1) was reached. Results of this evaluation are presented in Table 2.4 and Figure 2.2. They suggest that in terms of form there was a dominance of neighbourhood effect. In terms of orientation there was a dominance of the direction West–North–West to East–South–East (within Bohemia alone the direction Northwest to Southeast). Slovakia is of course evidently falling behind in its development. This essential orientation was also basically manifest when it comes to the spread of industrialization and the demographic revolution (see Boháč, 1914, and recently Fialová et al., 1990). The integral nature of social development was therefore reflected not only in the overall temporal harmony of main modernization processes, but also in the spatial orientation of their diffusion.

However, it is only partly correct to highlight the dominance of the neighbourhood form of diffusion. In the reality of geographical development there are always evident neighbourhood and hierarchical forms of diffusion in combination, while the final picture is to a large extent influenced by the sensitiveness of evaluation and the frequency of units under consideration. If there is a sufficient, high number of these units, hierarchical forms tend to dominate the final picture instead. If the previous evaluation is set into a broader, Central European, space, there would certainly be proved some hierarchical "jumps" and the corresponding external sources of relevant changes: first of all the commanding (innovative) role of Saxony and the secondary, rather belated, role of the Upper Silesian industrial concentration (this affected the Ostrava region which in other respects seems to be an exception within the Czech Lands if they are separately reviewed). In this context it must be pointed to the evidently minor role of Vienna, although it was quite a dominant center of the former Austro-Hungarian monarchy. If Czechoslovakia were subdivided in greater detail, there would certainly transpire the hierarchical form of the spread of concentration processes and the corresponding polarization of big cities and their broader hinterland (especially in

the case of Prague, Brno and Plzeň – see also Kárníková, 1965). Finally, the differentiated completion of the growth of towns depending on their size (see Table 2.3) can also be called a specific case of hierarchical diffusion.

Tab. 2.4: Regional diffusion of the population concentration process in Czechoslovakia (1869–1970)

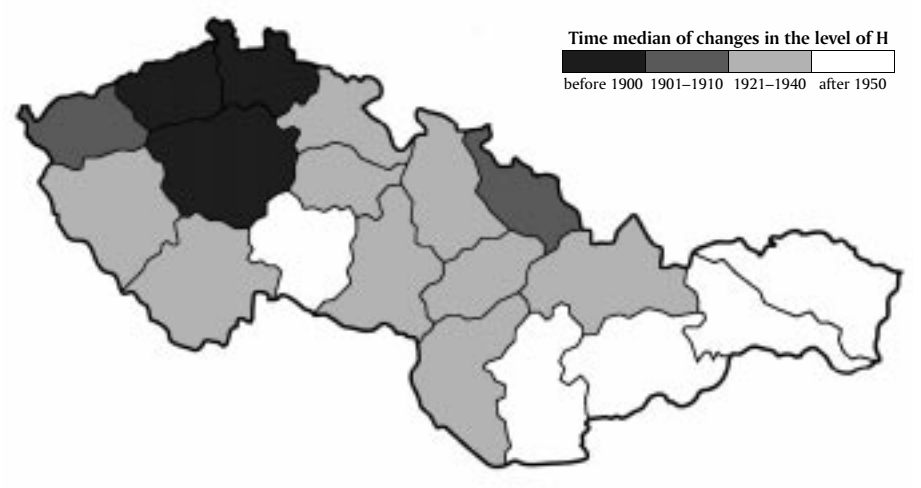
Region	H – 1869	H – 1970	Change of H	M (year)
Praha	68.4	89.5	21.1	1898
České Budějovice	58.2	73.1	14.9	1940
Plzeň	57.1	79.9	22.8	1923
Karlovy Vary	62.1	76.9	14.8	1904
Ústí nad Labem	61.0	71.7	10.7	1893
Liberec	66.9	72.7	5.8	1890
Hradec Králové	55.8	66.3	10.5	1929
Pardubice	55.3	68.7	13.4	1932
Jihlava	56.7	65.2	8.5	1952
Brno	62.2	82.7	20.5	1928
Olomouc	56.5	70.9	14.4	1931
Zlín	57.0	62.4	5.4	1933
Ostrava	59.9	88.4	28.5	1904
Bratislava	62.1	73.3	11.2	1926
Nitra	59.5	62.2	2.7	1956
Banská Bystrica	57.9	58.4	0.5	1956
Žilina	60.2	67.4	7.2	1924
Košice	59.7	72.9	13.2	1952
Prešov	62.7	65.3	2.6	1959

Notes: H – indicator of the territorial concentration – for definition see Tab. 2.1;
M – time median – the year when the value of H reached half of the total increase for the whole period.
Regions were internally divided into districts (urban ones were united with neighbor rural ones) – region and districts as in 1949–1960.
Sources: Hampl, 1994b, Hampl et al., 1996.

If geographical diffusion of changes is conceived broadly, one can speak about a basic orientation of development also in terms of its scale. In this case, too, this will be a hierarchical form, but in its aggregate signs. This means the scale shift of development tendencies according to the hierarchization "microsystem–macrosystem". If the development of concentration tendencies is observed, under these circumstances the crucial role is played by a successive – naturally delayed – creation of concentrations of population and the economy, covering large territories. The concentrations are higher – supranodal – forms of the centers/cores of settlement. In many respects they are preparatory stages of a later metropolization (and within its framework a suburbanization) process, which means a

certain protometropolization. The creation of these "concentration areas" had a distinctive feature in the form of a combined effect of both local and regional levels of concentration processes. Therefore, the final growth rate was more significant. In terms of evolution there was the creation of a dual type of the above-mentioned areas, especially in the conditions of the Czech Republic. The former was represented by coal mining areas – relatively large territories, attractive in terms of migration as well as wealth. The latter was represented by large centers with a close hinterland to which attractiveness was gradually transferred, especially as far as migration is concerned. Suburbanization processes themselves and the creation of metropolitan organization of economy occurred later and they followed already existing concentration areas of population and the economy.

Fig. 2.2: Time-space differentiation (diffusion) of the process of territorial population concentration in Czechoslovakia (1869–1970)



Note: Level of territorial concentration of population (H) is defined as a point on Lorenz curve which corresponds to 50% of total population. Administrative provinces existing in 1949–1960 were analyzed using inner administrative districts. Time median is defined as the year when the increase of H reached half of total increase for the entire period 1869–1970.
Source: Hampl, 1994b.

The notion of concentration areas was introduced in literature by Korčák (1966) in order to create an objective method of judging the size of settlement agglomerations. The relevant criteria of definition were further refined for the sake of developmental evaluations (Hampl, et al., 1987). The achievement of a certain average population density together with a simultaneous maximization of the territorial scope of areas was the basic criterion when delineating the areas. This provides for objective comparison of territorial concentrations.

If evolution is compared, it is correct to relate the critical average density to the average of the relevant system, which means the Czech Republic in this case. The problem is how to establish the representative, critical average density of areas. The level of tenfold average density of the Czech Republic was selected as the most suitable indicator from various levels of relative concentrations of population, which were used for the example of concentration areas in the Czech Republic from 1869 to 1970. At this level the growth of areas was most significant and their delineation was roughly in keeping with "qualitative" ideas concerning the scope of relevant metropolitan regions. However, concentration areas must be marked not only with a strongly above-average population density, but also with a sufficient absolute size, if they are to be called "supranodal centers" or concentrations at regional scale. Considering the size of the national system, in the case of the Czech Republic the minimum size of these areas was set at 0.5% of the total population. However, when the size differentiation of areas was evaluated – see Table 2.5 – the qualification was not observed due to the limited frequency of sufficiently big areas (the size criterion was only fulfilled for eleven areas in 1970 and three in 1869).

Tab. 2.5: Development of the size (population) hierarchy of towns and concentration areas in the Czech Republic

Rank category of units	Relativized size of categories (1st unit = 100)					
	Towns in			Concentration areas in		
	1869	1910	1970	1869	1910	1970
1.	100	100	100	100	100	100
2.–4.	66	76	70	62	82	90
5.–12.	67	65	55	55	68	56
13.–34.	105	86	77	83	57	43
Rank category of units	Share on the total population (%)					
	Towns in			Concentration areas in		
	1869	1910	1970	1869	1910	1970
1.	3.3	6.3	11.0	3.4	7.7	14.4
2.–4.	2.3	4.8	7.7	2.1	6.3	12.9
5.–12.	2.2	4.2	6.2	1.8	5.2	8.2
13.–34.	3.5	5.5	8.5	2.8	4.4	6.2
1.–34.	11.3	20.8	33.4	10.2	23.6	41.7

Notes: Concentration areas are considered at the level of 10 times of the average population density of the Czech lands in the appropriate year. Towns are delimited as of 1970. Categories were established as relatively equal in size in the sense of rank size rule concept.
Source: Hampl et al., 1987.

The basic characteristics describing the development of the size differentiation of concentration areas and their share in the whole population of the Czech Lands are given in Table 2.5. The table also puts forward similar data for nodal centers (but since unlike Table 2.3 the definition of towns relates to the year 1970, the data cannot be compared). A comparison of nodal (towns) and supranodal (concentration areas) centers of settlement suggests that there was both a later and a more significant growth of the share of the second-type centers in the total population. This was naturally caused by a simultaneous course of the growth itself and a spatial spread of concentration areas. However, another fact is much more important. A continual spread of a small number of major regional concentrations basically means that a higher – supranodal – hierarchy of centers was created, which meant further intensification of hierarchical and selective processes. This is graphically illustrated by the data depicting a decrease in the relative size of areas on the 13th to 34th places. They were too small, and therefore "false" concentration areas (actually nodal centers).

If towns (nodal centers) and concentration areas (supranodal centers) are distinguished, one can express in various ways the development of the proportion of "significant" units of the settlement system – the units defined by the proportion of 0.5 and more percent in the whole population. First, one can observe the growth of the proportion of the constant – initial – set of these units in the total population, in their constant territorial delineation. In this case, this only related to three cities at the beginning of the period under observation (in 1869), which were at the same time roughly three corresponding concentration areas (Prague, Brno and Liberec). These constantly defined units as well as an increase in the set of important units are observed. Further cities, which reached a critical size, are being gradually incorporated. Finally, if the growth of important units is to be described in a full, aggregate form, the development of the proportion of concentration areas must be observed, because in this way the "emergence" of new areas (the set under observation is enlarged) as well as spatial expansion of these areas are included. With a gradual aggregation of three basic forms of the growth of concentration (growth of constant units, increase in the set of "big" units, spatial expansion of these units) the dynamic rate of the concentration process is of course becoming more evident – see Table 2.6.

Tab. 2.6: Development of share of the main settlement units on the population of the Czech lands

Units	Population share in the year (%)					
	1869	1890	1910	1930	1950	1970
Towns with share of 0.5% and more on the population of the Czech lands in 1869	5.2	7.0	9.1	11.7	15.1	15.2
Towns with share of 0.5% and more on the population of the Czech lands	5.2	8.6	13.5	16.6	21.8	27.7
Concentration areas with share of 0.5% and more on the population of the Czech lands	5.2	9.9	18.1	22.9	29.7	35.0

Note: see Tab. 2.5.
Source: Hampl et al., 1987.

Metropolization and intensification processes delayed and deformed in the socialist era

While the basic processes of extensive urbanization and related concentration of population occurred in a "natural" and fully advanced way, the rise of higher evolutionary forms of urbanization was increasingly suppressed and distorted. After the Second World War, when metropolization and intensification tendencies in the sense of a general evolutionary model ought to have been set into motion, there was a fundamental political and economic reversal in the development of Czech society. A totalitarian regime was installed which hampered natural evolutionary processes. Although in the case of geographical organization of society the influence of totalitarian policymaking was substantially smaller than in the case of social organization, its impact was manifest in a relatively significant way, too. Generally speaking, three basic types of distorting influences of the so-called planning management of society can be distinguished. The types correspond with the three chief – political, social and economic – spheres of society:

(i) From the political point of view, the most important role was played by the suppression of autonomy and ensuing activities of local and regional communities, while democratic political mechanisms were replaced by a totalitarian bureaucratic apparatus. In the field of territorial development this meant a de facto abolition of local and regional governments on the one hand and domination of the state and in particular Communist party apparatus on the other. Especially after the 1968 invasion there was a significant increase in the role of this apparatus at the district level. Typically, there was a basic discrepancy in the dynamism and qualitative structuration of concentration processes at the interdistrict level on the one hand, and the intradistrict level on the other.

(ii) The social field was dominated by the concept of equalizing regional development. This was displayed by an effort to achieve an equal distribution of housing construction, job opportunities, services, etc. Preference was given to backward districts, and small and medium-sized towns. The official "selected centers" system, largely determining the opportunities for the development of towns and villages within a district, became a basic "planning" instrument. Together with a deliberate suppression of interdistrict differences this led to an overall halt to suburbanization and metropolization.

(iii) In terms of economy, the development of industry, especially of heavy industry, was the leading principle. This resulted in a preferential treatment of coal mining regions on the one hand, and a general industrialization of peripheral zones on the other. First of all, this postponed the development of the nonmanufacturing sector and generally the intensive stage of social and economic as well as territorial development. This resulted in the stagnation of qualitative forms of the hierarchy of centers, the suppression of growth of the biggest centers, etc. An overproportionate strengthening of manufacturing and the corresponding prolongation of overextensive forms of development led not only to a deep decline in economic efficiency, but also to the triggering of long-standing environmental problems.

All of the features of the totalitarian management of society, which have been touched upon, were of course at work in combination. First and foremost, this resulted in the described discrepancy in the development at the interdistrict and intradistrict levels (bringing about egalitarian tendencies in the former case and a considerable concentration of the "19th century" type in the latter case). District, especially minor district capitals (see Dostál, Hampl, 1993) became the most promoted elements of the settlement system. This is evidenced by the data from Table 2.7. Similarly, it can be suggested that while the degree of regional concentration of population only recorded a meager increase between 1950 and 1991, and it started stagnating since 1970 (see Table 2.2), concentration was still intensive at the local level (see the growing proportion of towns with 10,000 and more inhabitants – Table 2.3). Typically, the preference given to small district capitals is illustrated by the details on their population growth on the one hand and the population growth of their competitors inside the districts (former districts capitals) on the other. While in 1880–1961 the index rate of both groups was similar – it was 141 for the current and 132 for former district capitals – after the 1960 administrative reform their growth strongly varied: the figure was 153 for the current, but a mere 124 for the former district capitals between 1961 and 1991 (the comparison involves 19 districts).

It is convenient to outline empirically the above-mentioned suppression of metropolization processes. Table 2.8 compares the development of the proportion of four biggest metropolitan regions in the Czech Republic: two regions of qualitatively highest centers – Prague and Brno; and two main concentrations of heavy industry – the North Bohemian and Ostrava coal mining regions. At the same time, there is a comparison of their development before and after the Second World War. While the "natural" metropolization process was already underway in the Prague and partly also Brno regions in 1921–1930, in the socialist era a significant growth only occurred in coal mining regions (especially from 1950 to 1970). Moreover, the limited population growth in the above-mentioned metropolitan regions after the Second World War was concentrated in the main centers themselves, while there was a complete absence of suburbanization processes. A sharp contrast in the development before and after the war was extremely evident in the metropolitan hinterland of Prague and Brno. These districts increased their proportion in the Czech Lands' population from 2.67% to 2.92% between 1921 and 1930. However, the figure not only fell from 3.48% to 3.15% between 1961 and 1991, but there was even an absolute decline in their population!

Tab. 2.7: Development of shares of the administrative categories of towns on the population and jobs in the Czech Republic

Category	Number of towns	Share on the CzR (%)				Index of change 1980/1970	
		Population		Jobs			
		1970	1980	1970	1980	Population	Jobs
National capital	1	11.6	11.5	13.5	13.8	99	103
Region capitals	6	10.5	11.1	13.9	14.5	105	104
District capitals	64	19.3	21.3	24.8	26.7	110	108
Other towns	176	17.3	18.4	19.9	20.4	106	102

Note: Other towns are defined as those with the complex functional size (relativized average of the size according to residential, working and services functions respectively) 5.0 and more.
Source: Hampl et al., 1987.

Tab. 2.8: Development of shares of selected metropolitan regions on the population of the Czech lands in 1921–1991

Metropolitan region	Share on population in the years (%)				
	1921	1930	1950	1970	1991
Praha and Brno	12.34	14.47	18.13	18.52	18.71
North-Bohemian and Ostrava basin	10.53	10.84	10.63	12.58	12.91

Note: Praha and Brno were considered with their rural districts; basin regions include districts: Ústí nad Labem, Teplice, Most, Chomutov, Ostrava, Karviná and Frýdek-Místek.
Source: Statistical lexicon of municipalities of the Czech Republic 1992, Czech Statistical Office, Praha.

Despite a long-standing countermetropolization regional policy (chiefly implemented through a "planning" distribution of housing construction) certain forms of metropolization still appeared spontaneously. This was mainly an increasing interconnectedness of towns in metropolitan regions: the growth of commuting among them, etc. This was among others a consequence of a development of job opportunities, less influenced by planning activities. Natural attractiveness of cities played a bigger role here. When the commuting interconnectedness of towns was evaluated for 1970 and 1980, there was found that the number of towns "strongly" bound to main centers (cores of metropolitan regions or above-described concentration areas) increased from 32 to 43, which means by about one third (for more detail see Hampl et al., 1987). Following long-term tendencies in the creation of concentration areas, whole systems of towns were integrated into organic metropolitan regions as hierarchically higher – supranodal – centers of settlement. The selection of twelve centers, higher in terms of scale and importance – Prague, České Budějovice, Plzeň, Karlovy Vary, Ústí nad Labem, Liberec, Hradec Králové, Pardubice, Brno, Olomouc, Zlín and Ostrava – has become a distinctive feature of the hierarchical organization of the national settlement system. The cities became cores of concentration and metropolitan areas as well as centers of organic sociogeographical regions of a higher order.

Finally the development – or barriers to the development – of intensive forms of urbanization has become the last subject-matter of major importance. These forms can be generally described as a substitution for "quantitative" growth (for example of population growth) by "qualitative" growth: it meant the growing influence of main centers on a broader system of settlement (the growth of the commanding or organizational strength of big centers). In this respect the crucial role is played by the growth of the nonmanufacturing sphere, namely the quaternary activities (central administration, business headquarters, science and research, financial institutions, etc.). However, this sphere was lagging behind in general, as part of an overall degeneration of the Czech economy. In terms of geographical organization the impact of this development was first of all reflected in the fact that the qualitative intensification of settlement hierarchy was lagging behind, while the relation between the size and qualitative hierarchy of settlement centers was distorted. In a simplified way this is expressed by the relationship between the service and residential size of towns according to size categories. A similar comparison can be made between the complex functional size (the average residential, working and service size) and the residential size alone – see Table 2.9. Although from the general point of view there is of course a positive correlation between the size and qualitative standards of centers (see also Table 2.10), there is also a number of irregularities: for example, in the second highest category (the influence

of the industrial "nature" of the Ostrava agglomeration) and in the fourth category (with a strong representation of the "coal-mining" towns such as Most, Chomutov, Kladno and Karviná); by contrast, the fifth category, which incorporates most preferred small and medium-sized district capitals has relatively well developed central functions. In general, one can speak about a so far underdeveloped qualitative hierarchization of the centers of settlement. However, the existing significant and relatively proportionate size differentiation of centers combined with this, at least partly qualitative hierarchization, creates a natural potential for the start of selective development processes of intensification type. Thanks to the changes triggered after 1989 this potential will certainly be exploited in a dynamic way.

Tab. 2.9: Qualitative level of centres by size categories (1991)

Category (CFV 1991)	Relation between functional sizes		
	W/R x 100	S/R x 100	CFV/R x 100
1,000.0+	116	181	132
400.0–999.9	116	121	112
100.0–399.9	122	137	120
50.0–99.9	114	117	110
20.0–49.9	123	124	116
10.0–19.9	111	100	104
5.0–9.9	108	87	99
2.5–4.9	99	72	90
Other municipalities	62	42	68

Notes: In some cases, towns were considered as settlement agglomerations.
CFV – complex functional size – is defined as an average of shares on the Czech Republic (in 0.01%) according to 3 functions: residential (number of population – R), working (number of jobs – W), and services (number of jobs with exclusion of agriculture, forestry, industry, construction, transport and communications – S).
Source: Hampl et al., 1996.

Tab. 2.10: Size differentiation of centres with regard to their main functions (1991)

Category of centres (rank)	Relative size (1st town = 100)			
	R	W	S	CFV
1.	100	100	100	100
2.–4.	95	96	65	82
5.–12.	64	67	49	58
13.–34.	90	92	59	76
35.–94.	105	110	68	90
Share of centres on the CzR (%)	53.6	63.4	72.7	63.2

Notes: Categories were established as relatively equal in size in the sense of rank size rule concept.
Other notes see Tab. 2.9.
Source: Hampl et al., 1996.

3

GEOGRAPHY OF SOCIETAL TRANSFORMATION: CONCEPT AND METHODOLOGICAL PRINCIPLES OF EVALUATION

The main purpose of this chapter is to discuss conceptual questions of the study of societal transformation from geographical point of views and to prepare methodology of a synthetic evaluation of recent development of regional differentiation. In the former case, it is a study of the relationship of a general transformation "toward postindustrial" society on the one hand and a specific transformation of a posttotalitarian society on the other. Another dualism in the approach to the transformation from the geographical point of view can be expressed by the question "Is this a transformation of geographical organization of society, or a geographical organization of transformation processes reflecting internal social changes?" In other words, this means to distinguish the study of the development of geographical organization itself on the one hand and the study of geographical organization such as the environment underlying the differences in the course and success of internal social changes on the other. As regards the questions dealing with the methodological preparation for the evaluation of the development of regional differentiation in the transformation period itself, the chief intention is to summarize current findings as a basis for drawing a synthetic picture. In this respect the crucial role is played by the establishment of chief factors determining the geographical differentiation of transformation processes, their hierarchy of importance and the ways of their combined application. The observation of methodological questions results in the formulation of methodological principles designed to draw up a synthetic evaluation of the development of regional differentiation in the 1990s. This evaluation itself will be the subject-matter of the following chapter. Although transformation processes are far from being completed, it is probable that the impact of basic differentiating factors and their combinations is already relatively stable. In this case, it seems to be correct to speak about an "objective" geographical differentiation of development potentials of regions rather than about the results of a future regional development itself. It will also depend on the definition of the general rules of the game (first of all of the macroeconomic policy), the system of basic units of territorial development (primarily self-government regions and communities), the drafting of regional policy, etc. However, in this sphere the situation is still quite unclear. A discussion about this issue will be dealt with in Chapter 5.

The concept of transformation and its geographical aspects

The current social transformation is usually conceived in a relatively narrow way, as a transformation chiefly in institutional terms: the transformation of a totalitarian system into a democratic system and of a centrally-commanded economy into a market economy. As a result, concentrated signs of this transformation are dominant especially in internal structures of society. However, if a broader approach is adopted, the transformation is only a certain process of correction, making sure that the social system will return to the "natural" development trajectory of a general type. Given the current development stage of Czech society and economy, the return actually means the appearance of intensive forms of development, the launching of first stages of development toward postindustrial society. In this case, too, one can speak about a transformation, but not of a particular, posttotalitarian type, but of a general, actually intensification type. It is beyond doubt that both forms of transformation are closely connected. However, the nature of the connection says that the two transformations are unequal in the sense of the polarity of general and specific on the one hand, and that there is a difference in the scope of its impact and in the speed of corresponding change on the other. In the case of the posttotalitarian transformation the dominant role is played by essential transformation at the institutional level and the following transformation of the "rules of the game". Hence the possibility to speak about dominance of discontinuity in the previous development of society as well. However, in the case of the "real" social development the transformations can be less fast because their attachment to the previous development is considerably stronger. One can speak about the dominance of evolutionary continuity over discontinuity: see structural change in the economy, the selective effects of market mechanisms among economic subjects, the creation of new cooperative links and the suppression of various forms of preferences, social control, etc.

From the viewpoint of the impact of transformation changes on the geographical organization itself it is correct to clearly emphasize the dominance of the development of intensification processes on the one hand and only a secondary importance of narrowly conceived posttotalitarian processes on the other. This reflects a more complex nature of what shaped the external – geographical/environmental – organization of society and therefore also its more limited changeability or the dominance of evolutionary continuity over discontinuity. From the viewpoint of institutional structures, territorial self-government is being transformed, and regional and local communities are revitalized, various political preferences (for district capitals, backward regions and heavy industry areas) are suppressed, while as a reaction to the previous inefficient allocation of sources the redistribution

processes are partly "set right". However, the above facts are only a minor part of more broadly conceived intensification processes or formerly suppressed extensive processes (metropolization). What matters most with geographical organization is "closing the gap" in the belated development in general terms. The very transformation of the totalitarian system into a democratic system with a market economy had an essential impact on geographical development in the sense that the above-mentioned "closing the gap" in the belated development could occur in the first place. This is linked to another principal change: a reinvigoration triggered especially in selective tendencies of regional development. The dominance of selective orientation of development is shaped not only by an essential increase in the openness of the system and the application of economic rational approach, but also by the initial nature of intensification changes. In the conditions of internal reconstruction and external integration into the European and worldwide systems with a stiffer competition the intensification of selective tendencies is logical. Understandably, an equal improvement in the competitiveness of both economic units and their regional groupings is impossible. It is equally true that the whole economy can only be pushed to a higher level of efficiency through the growth of leading elements – engines of the whole system. The ensuing social dislocation caused by the economic selection can be outweighed by an increased – though belated – prosperity of the whole society. The success and speed of the implementation of the described transformation strategy depends to a large extent on the general concept and courage with which the macroeconomic as well as macrosocial policies are pursued. As evidenced by the Czech Republic's experience a rhetorical rather than real liberalization of society leads to failure and frustration.

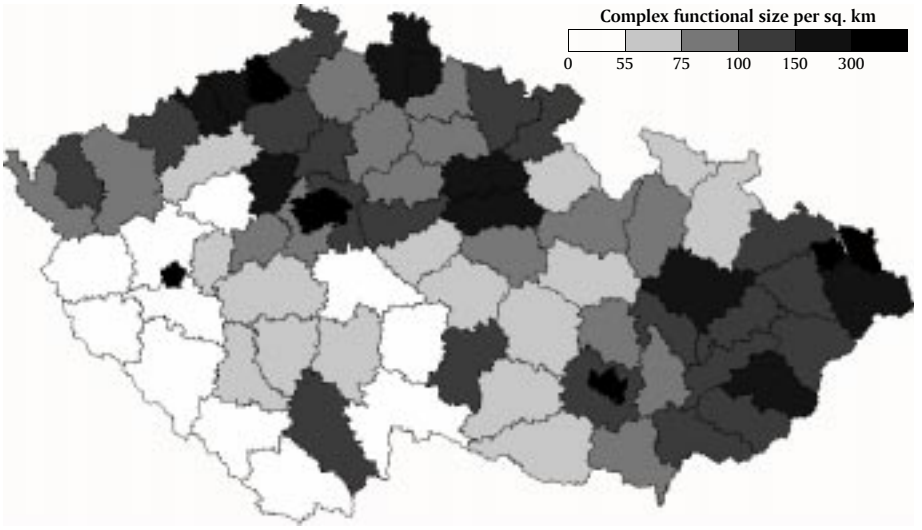
When evaluating the transformation and regional development in general a dual approach is also possible within the geographical study itself. On the one hand, geographical organization is an autonomous structure, but on the other hand, it is also an external environment of a narrowly conceived society. In the former case, tendencies shaping and controlling the territorial intensity of the distribution of elements are chiefly observed, while in the latter case these are tendencies in the development of relative wealth (quality of life), reached by people according to regions. In the latter case the spread of evolutionary change (geographical diffusion) is further observed, although it need not lead to a change (development) in geographical differentiation, but only to the completion of internal social transformation. However, it should be stressed that all the above aspects are just different parts of a study of the same integral process. The development of differences in the wealth and transformation success of regions and settlements leads at the same time to the transformation of their differentiation from the viewpoint of size and importance, changes in the scope of the

towns' centricity impact, etc. Given the outlined development stage of the Czech Republic (the initial stage of postindustrial society), one can assume that the main tendencies of regional development will tend to be oriented selectively, that they will first of all relate to changes in the qualitative importance of centers and regions (intensification of their qualitative hierarchy through functional specialization) and that they will be accompanied with an intensified interrelatedness of the settlement system (the development of spatial mobility of people, materials, information and the relevant development of integration tendencies toward higher scale levels). "Permanent" geographical transfers of population will only be a by-product: first of all, the importance will lay with the development of metropolitan regions. Therefore, these two ways can be expected to strengthen the role played by chief centers of settlements and metropolitan areas bound to them; this will be the role played by a higher – supranodal – hierarchy of crucial centers of settlement.

Main factors underlying geographical differentiation

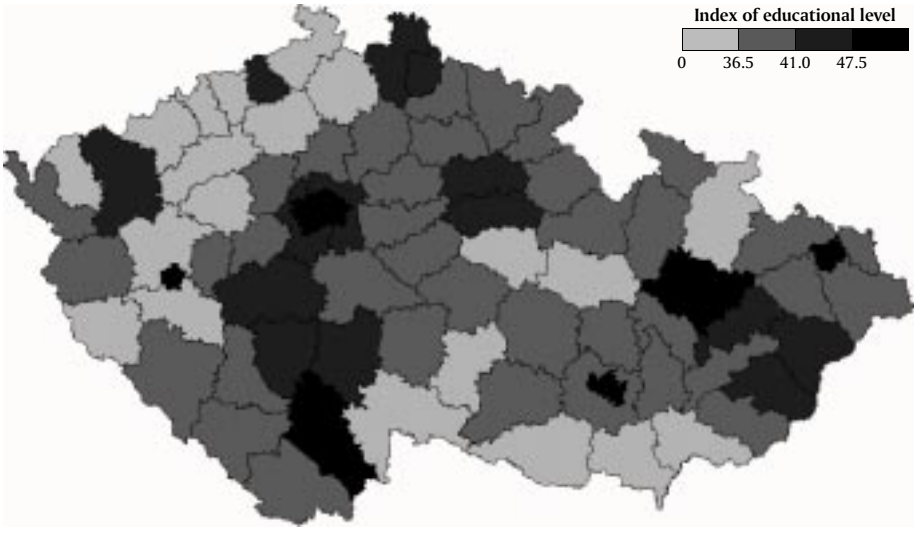
One can basically derive from the general development theory of geographical organization types of crucial factors underlying the changes in the regional differentiation of economic as well as total societal development. There was an undeniable growth in the role of qualitative factors, both social and economic. In the former case features such as qualification, entrepreneurial spirit and political attitudes of the population are substantial. Previous empirical analyses have shown both a significant concurrence of all of these characteristics and their significant connection with the educational level of population. In the latter case, one can stress both the extent of the presence of progressive and prospective economic activities (especially in the quaternary sector, but also the competitiveness of industry, attractive services, etc.) and the diversity of these activities. However, a synthetic description of this "economic quality" is very difficult, especially given the limited amount of information provided by the Czech Statistical Office. It is at least roughly represented by the aggregate index of "progressiveness of economic structure" which takes into account the presence of three basic economic sectors (see Figure 3.3 and the attached definition of the index). Both types of characteristics can also be described in an aggregate way, as they display a significant correlation with the hierarchical (vertical) organization of settlement, and at the level of regional differentiation with the degree of urbanization, and specifically with the polarity of metropolitan regions as well as relatively rural or peripheral regions. These statements are empirically evidenced by three enclosed maps (Figures 3.1, 3.2 and 3.3) depicting a relative concurrence of regional differentiation of all three types of indicators.

Fig. 3.1: Density of settlement (1991)



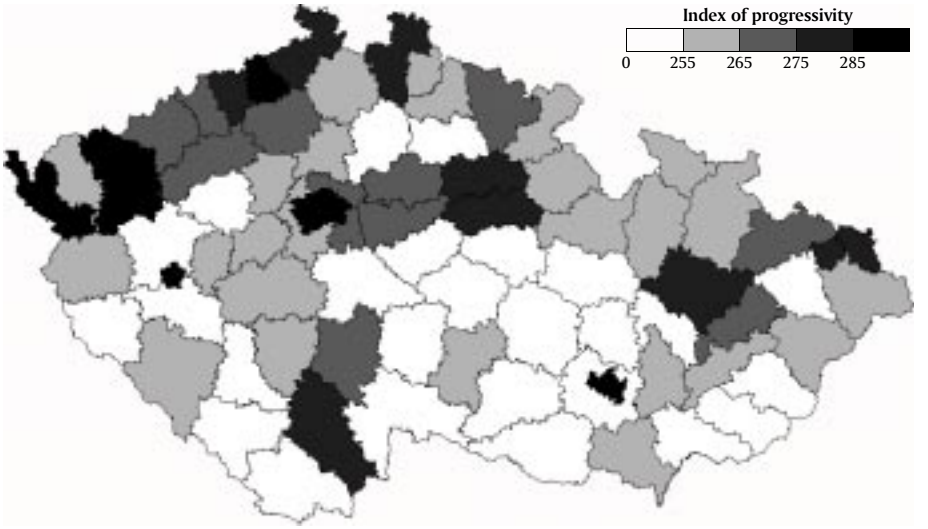
Note: Complex functional size is defined as arithmetical mean of shares of districts in three basic settlement's functions: residential (number of population), work (number of jobs) and service (number of jobs except working opportunities in agriculture, forestry, industry, construction, transport and communications); the Czech Republic = 10 million units.
Source: Hampl et al., 1996.

Fig. 3.2: Population by attained education (1991)



Note: Index of education is defined as % of population (except population younger than 25 years) with finished secondary school + twice % of population with university education.
Source: Hampl et al., 1996.

Fig. 3.3: Progressivity of economic structure (1991)



Note: Index is defined as % of jobs in agriculture and forestry + twice % of jobs in industry and construction + four times % of other jobs.
Source: Hampl et al., 1996.

The factor of location is undoubtedly the second basic factor of aggregate or synthetic type. Its importance can also be considered as general. The location of the Czech Republic in the broader European system and the consequences of recent geopolitical and geoeconomic changes are exercising a considerable influence both on the country as a whole and on its internal differentiation. Changes set into motion after 1989 were of essential importance not only in the economic and political sense, but also in terms of geography, as they resulted in an inverse transformation of the Czech Republic's location. The removal of the Iron Curtain, which was dividing Europe for 40 years, led to the revitalization of an East-West zonal arrangement in the scope of economic development and political maturity, which had been formed for centuries. "Distance" (not only spatial, but also cultural) from Europe's core has become a crucial factor again. The core can be defined as a broad zone between middle England and Lombardy (the West European "banana" – see, for example, Brunnet, 1989; the importance of this zone was also stressed by Gottmann, 1971, and Korčák, 1973). However, first of all the influence of the location toward the above zone and the locational factor in general must be further analyzed, especially as regards the scale. To put it simply, the described zonalization of the European space is of a dominant importance at the supranational level and of partial importance in the case of intranational, macroregional differentiation (in the case of the Czech Republic in particular the difference

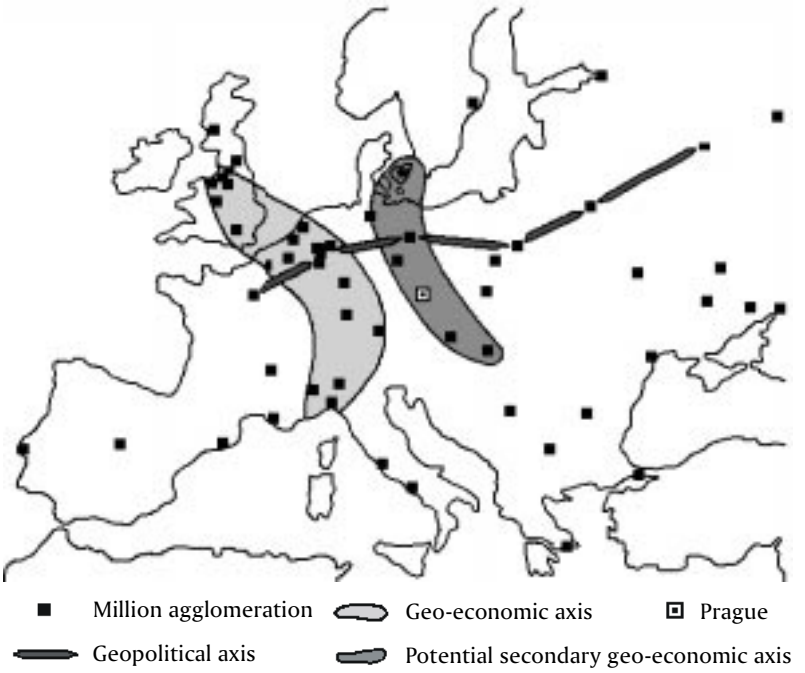
in the current development of Bohemia, and the Moravian and Silesian area). As the scale of evaluation gradually decreases, the importance of location toward chief metropolises and main communication axes is increasing.

The described reversal of the Czech Republic's locational conditions was certainly a beneficial factor easing the course of transformation – especially in comparison with other posttotalitarian countries. These advantages will extend into a long-term prospect, in the specific case if there is possibly created a kind of second European geoeconomic zone ("banana"): Copenhagen–Berlin–Prague–Vienna–Budapest (see Figure 3.4). The potential for the creation of such a zone arises from the locational arrangement (proximity) of several national metropolises, from the importance of the connection of their communications, and the intensity of settlement and economy in adjacent regions. However, the activation of this potential still lies in a far distance and it depends on the course of transformation in the relevant posttotalitarian countries or their regions making part of the zone (see also Dostál, Hampl, 1992, Hampl et al., 1996). At any rate the axis Berlin–Prague–Vienna and also the axis Prague–Plzeň–Nuremberg (which connects the main and potentially second geoeconomic zones) will or already are the main development axes within the Czech Republic (see also the development of the highway network). The same is true of Prague's exceptional position which is one of the main factors facilitating its successful integration into the continental hierarchy of cities and for its internationalization stemming from the development of supranational functions (see also Lichtenberger, 1993, 1994, Musil, Illner, 1994, Dostál, Hampl, 1994b). This also has an impact inside the country since the location toward Prague has become a vital factor on lower scale levels of differentiation.

The decisive importance of both of the above-mentioned factors of the aggregate and synthetic type – the hierarchization of the settlement system; and in particular the polarity of metropolitan and other regions on the one hand – and the locational, in particular macrolocational, differentiation on the other, was proved in a number of completed analyses describing the development of regional differentiation of transformation processes in the Czech Republic (Blažek, 1996a, 1996b, Hampl, 1996a, 1996b, Hampl, Müller, 1995, Hampl et al., 1996). General similarities in the effect of the two factors in other posttotalitarian countries have been documented in a series of studies presented at various international conferences (see, e.g., Carter, Maik, eds., 1995 or Mládek, ed., 1996). However, these facts are not surprising since both factors express a general form of the organization of geographical (environmental) systems, which means a hierarchical form, although this occurs at various scale levels: both within the national and supranational, continental systems. Basically, there is always a polarity of the type core–periphery, while in the former case

there is a more significant, "vertical", form of the relevant hierarchization (Prague–other metropolitan centers–microregional centers–rural settlements), while in the latter case there tends to be more significant a "horizontal" form of hierarchization and, by definition, a certain zonalization oriented from the center to the periphery (the West-East gradient).

Fig. 3.4: Geopolitical and geo-economic axes of Europe



Sources: Dostál, Hampl, 1992, Pavlík et al., 1996.

Since spatial forms of differentiation according to both aggregate geographical factors largely differ, obvious regularities in the development of regional changes (even at the level of maturity) can only be found if both of these factors are taken into account combined. This can be achieved through typological regionalization or typology of districts. Previous studies (Hampl, Müller, 1995, Hampl, 1996a, and Hampl et al., 1996) used a simplified typology which only distinguished five chief categories of districts – those in the Prague metropolitan area; in other western metropolitan regions; in eastern metropolitan regions; other western districts; and other eastern districts. Virtually all observed characteristics of transformation changes (dependent variables) confirmed the above order in terms of "success". A varying position of the third and fourth categories according to individual partial

characteristics was the only exception or irregularity. Differentiation according to indicators of tax revenue, wages, the volume of investments, etc. chiefly confirmed the differences according to the polarity "metropolitan–other spaces", while differentiation according to indicators of foreign tourism or relative proportion of joint ventures tended to confirm differences between the western and eastern parts of the Czech Republic.

However, the complex nature of regional differentiation and interest pluralism of people and their groupings shapes the resulting nature of "order" in the sociogeographical reality. On the one hand, existence of regularities in this reality cannot be denied, on the other hand, their stochastic character and combined effect must be stressed. In other words, this means that the effect of these regularities is only "general" and these regularities only form a sort of skeleton of the sociogeographical reality whose frame provides space for considerably individual variability of phenomena and processes. As a result, if the evaluation is more precise and sensitive, the relevant regularities gradually "vanish" and the study of reality is reduced to individual description. However, together with this method further factors of regional differentiation can be observed as well. These factors usually do not have a general, but more or less specific validity. In the case of the problem of regional development in the Czech Republic it is correct to stress at least two factors of this sort. Both of them basically express significant economic specialization of some territorial units. From the viewpoint of further development this specialization is disadvantageous. This specialization is connected with further, in particular social, characteristics of relevant units. In the first place, they are the two most important coal mining regions – North Bohemian and North Moravian – which distinguish themselves with an enormous concentration of heavy industry and increased social instability. The negative situation of these regions is further intensified in the case of the North Bohemian coal mining region by a low educational level of the population and in the case of the North Moravian coal mining region by a disadvantageous location. The specificities of both areas are so outstanding that they must be classified as special categories in the set of metropolitan regions (see also Hampl, 1996a). By contrast, the second case covers less populated areas with a strong, above-average, proportion of agriculture. Both the current and future problematic nature of agriculture together with an underdeveloped infrastructure makes these territories typical peripheral spaces. But as they chiefly lie in southern Bohemia and southwestern Moravia, the consequences of the described factors are largely compensated by locational advantages (proximity of Bavaria and Austria). As a result, the definition of their problematic nature is of minor importance and it need not be heeded when basic typology of districts is carried out. However, together with further particular conditions (such as major foreign investments) the role of the above

factor must be taken into consideration when explaining individual variability in the development of districts within individual categories.

Methodological principles of synthetic evaluation of the development of regional differentiation

The discussion on the concept of transformation processes and the evaluation of the role of various factors underlying the differentiation in maturity and development rate of regions casts light on the main principles used when current tendencies of regional development in the Czech Republic are reviewed. Since this evaluation requires larger scope, the following chapter is devoted to it. Right now however it is possible to complete the methodological preparation of the evaluation which has been touched upon and to enunciate crucial methodological principles. First of all, there should be stressed the main objective of the following observation: a synthetic description of the development of regional differentiation in the transformation period and the ascertainment of basic regularities of this differentiation. This can be chiefly achieved through aggregate forms of evaluation, carried out in several ways. First, initial statistical units (districts) must be grouped into categories because given the frequency of districts as well as so far insufficient and not quite reliable information basis the evaluation is not likely to reveal obvious regularities. The definition of relevant categories must reflect the fact that main underlying factors influencing the maturity of districts and their ability to develop strongly differ. This calls for the choice of an appropriate combination of two main factors of aggregate type – those describing the location and the hierarchy of settlement (at the level "metropolitan–other areas") – complemented with the definition of coal mining regions as a special category. The creation of typology or typological regionalization at the above-district level based on underlying factors, not on generalization of the results of transformation changes, will be the primary methodological principle. In this sense the relevant typology will constitute a hypothetical explanatory construction whose validity will eventually be verified.

Furthermore, the stress on synthetic as well as aggregate evaluation of the development and achieved level of regional differentiation requires the choice of sufficiently representative indicators of development (variables) whose number is rather limited. Given the absence of GDP for minor territorial units, it is best to use from available characteristics average wages and their rise, and the number of job opportunities. Their product may give an aggregate indicator of the type of economic yield and their combination provides a deep insight into the nature of economic development. It should be stressed that due to the initial stages of transformation the development of both indicators is very poorly harmonized. Similarly, there is only a loose correlation between the amount of wages and their rise,

or the intensity of job opportunities (related to the population of a given territorial unit) and their growth. The comparison of the characteristics of wages, their rise, and job opportunities can explain a number of peculiarities and development problems (for example, the inertia of advantages based on socialist preferences or surviving overemployment in some regions).

Together with complementing, chiefly cartographic, characteristics provided in greater detail (at the district level) the outlined structural evaluation creates conditions for the specification of more delicate changes or differences. The specification can be further refined by the observation of further indicators of transformation processes – structural changes in economy (at the sectoral level) and the development of the most dynamic sphere (banking and insurance sectors). However, the sense of these additional analyses is only illustrative in a number of respects and it is restricted to the stress on some interesting, but only partial aspects: a general or highly selective impact of some changes, the distinctiveness of the development of some regions, etc.

4

THE DEVELOPMENT OF REGIONAL DIFFERENTIATION IN THE TRANSFORMATION PERIOD

This chapter of the study is devoted to the regional differentiation of economic development in the transformation period and an assessment of current regional differences. The main emphasis is laid on the economic characteristics, for these, in many aspects, representatively express both the speed and the level of the total social development. Finally, this is in correspondence with increased sensibility and therefore also with the intensity of economic processes with regard to changes in the social situation when compared with social, let alone cultural processes. It is doubly true of the initial stages of social transformation. The emphasis on the key role of the economy when it comes to the total social development must not be understood, though, in a one-sided and extremely simplified way, i.e., in the sense of one-way causality "the economic affairs determine the social and consequently also cultural development". Economic affairs can be rightly considered as concentrated social affairs or as the core of social affairs, while their conditioning is of an integral type. That is why, in the previous chapter, the emphasis was put on the major underlying role of the social or sociocultural quality of the population and from the viewpoint of geographical differentiation also on the roles of the locational factor and the settlement hierarchy factor. Finally, the regional development is also undoubtedly influenced by environmental factors, namely both by socioenvironmental and natural environmental factors. In the sense of all of these facts, it is correct to stress the complex conditioning of regional differentiation of economic development, and thus also the synthetic expressive ability of the characteristics of this development when both changes and state of affairs in the regional differentiation of society are assessed.

The objective and course of assessment of regional differentiation development are based on methodological principles formulated in the previous chapter. First, different forms and levels of regional division are specified, which implies various levels of generalization when territorial differences are reviewed. A special importance is ascribed to typological regionalization with respect to the influence of the most important underlying factors – the settlement hierarchization, locational exposure and problematic character of main coal-mining concentrations. Further on, changes in the distribution of jobs and wages are analysed as fundamental characteristics describing the rate of economic development. By means of their combined assessment, a synthetic picture of development and the current situation

in regional differentiation is given. A complementary aspect is provided by the characteristics of structural changes in the economy and of the development of the financial sector, used as a representative of progressive (quaternary) activities. In the last part of the chapter conclusions of all assessments are formulated. They are designed to characterize both geographical regularities in the differentiation of the course and results of the social transformation and general tendencies in the development of sociogeographical organization itself in the upcoming postindustrial era.

Forms and levels of regional division

The determination of appropriate forms and different degrees describing the regional division of the Czech Republic is necessarily the first step in the whole assessment. The importance of this determination results not only from the analytical need of study (sufficient detail and correctness of the division), but especially from the need to make a synthetic assessment, because a multilevel aggregation of elementary units is also a method of generalization. The initial level of regional division is of course determined by the character of available data. Most of the required information is presented by the Czech statistics only at the level of districts, which are thus necessarily considered as elementary territorial units in the following assessments. Since the number of these units is considerable (a total of 77, including four separately defined cities), the regional differentiation of the country is described in sufficient detail through their investigation. A certain problem is posed by frequent problematic organicity in these administrative units, which limits, to some extent, the possibility of their merger into larger, "natural/organic" regions. That is doubly true when metropolitan areas are defined. They may be only approximately identified with individual districts or their groups.

The administrative division of the state by districts is therefore the fundamental degree, especially in the analytical sense. Self-governing regions are higher – not yet established, but already approved – units. There is a total of 14 units, but since in most assessments Prague is taken together with the Central Bohemian region, there are 13 units, called "macroregions". A set of these macroregions can be denoted as relatively representative when fundamental regional differentiation of the Czech Republic according to natural (nodal) sociogeographical regions of higher scale is expressed. The delineation of districts and regions is given in Figure 4.1.

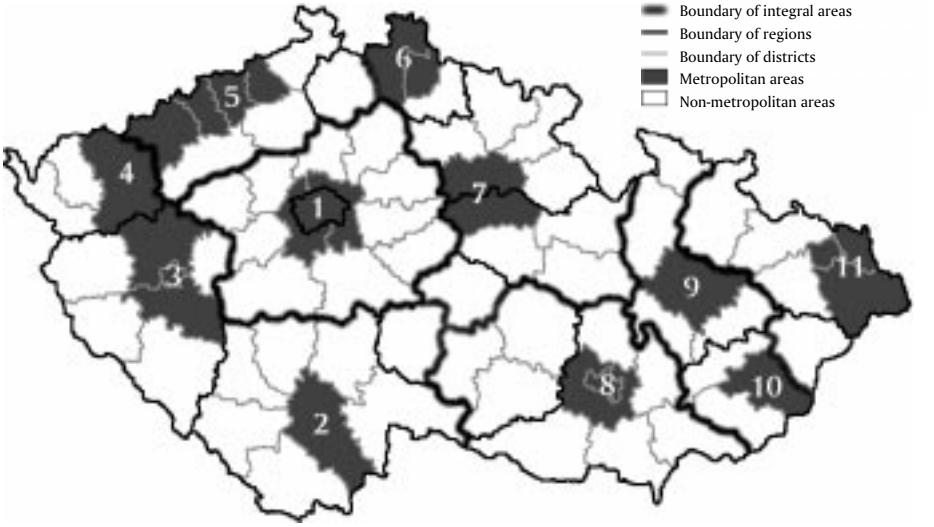
Fig. 4.1: Territorial division into regional and district authorities in the Czech Republic

Regional differences in the scope and growth rate of economic development are most visible from the point of view of polarity between metropolitan and other areas. That is why a typological regionalization of the Czech Republic was drawn up. It respected this polarity combined with the differentiation of macroposition and with the specification of two very problematic, main coal-mining areas. The principles of the regionalization were as follows:

a) First, the territory of the country was divided into seven "integral areas", i.e. units including both metropolitan and nonmetropolitan areas. The division was primarily based on locational attractiveness of areas, caused first by the dominance of Prague on the one hand and the distance from Bavaria and also from Austria on the other. The order according to the attractiveness is as follows: central Bohemia, southwestern Bohemia, southern Moravia, northeastern Bohemia, central Moravia (including the Silesian district of Jeseník). Furthermore, coal-mining concentrations with their hinterland were defined as special integral areas: northwestern Bohemia and northern Moravia with Silesia (without the above-mentioned Jeseník district).

b) In the framework of each integral area metropolitan and nonmetropolitan (relatively rural) areas were distinguished. The presence of an important regional center or a settlement agglomeration as well as an intensive interconnection of the surrounding area with the center was taken as a criterion when districts were distinguished from this point of view. With regard to specific hierarchical organization of settlement centers in the Czech Republic, twelve such centers of higher order were clearly established – they largely differed in their size and especially in their regional influence from other centers (see Hampl, et al., 1987). By the way, these twelve cities also became the capitals of newly approved self-governing regions (due to its position in the middle of a vast, but scarcely populated area Jihlava became another center of a self-governing region, in spite its limited regional importance). Given the neighbourhood of the Hradec Králové and Pardubice districts and strong interconnection between both centers the two districts were considered as one metropolitan area. The total number of individual metropolitan areas thus decreased to eleven. The delineation of the areas by means of whole districts and their possible agglomerations is of course – as already touched upon – very rough. Given the dominant position of main centers in these districts, though, it is correct to call thus drawn-up delineation as sufficiently representative if the polarity of metropolitan and other areas is to be described. The units or corresponding districts are listed in the note to Figure 4.2.

Fig. 4.2: Typological regionalization of the Czech Republic



Notes:
Determination of 7 integral areas respects basic macro-positional differentiation of the Czech Republic. These areas are internally divided into metropolitan and nonmetropolitan (rural) areas, they are specified in the total of 14 basic categories (types) of territorial units, or groups of districts. Individual metropolitan areas are marked by numbers and their outline according to integral areas is given in the following list:

In the framework of central Bohemia
1 – Praha (including the Praha-východ and Praha-západ districts);

in the framework of southwestern Bohemia
2 – České Budějovice
3 – Plzeň (including the districts of Plzeň-jih and Plzeň-sever)
4 – Karlovy Vary;

in the framework of northwestern Bohemia
5 – Ústí nad Labem (including other districts of the north Bohemian coal mining area – Teplice, Most and Chomutov);

in the framework northeastern Bohemia
6 – Liberec (including the district of Jablonec nad Nisou)
7 – Hradec Králové + Pardubice;

in the framework of southern Moravia
8 – Brno (including the Brno-venkov district);

in the framework of central Moravia
9 – Olomouc
10 – Zlín

in the framework of northern Moravia and Silesia
11 – Ostrava (including districts of Frýdek-Místek and Karviná)

c) The above-mentioned method was used to delimit seven nonmetropolitan and eleven metropolitan areas, serving as the first level of generalized assessments, especially for the assessments of differentiation among only metropolitan or among only rural areas. Metropolitan areas in individual integral areas – always seven rural and seven metropolitan areas – were further characterized together for the total assessment of differentiation between units of various types (district categories). By successively putting them together, it is possible to further express in a generalized way the differences between metropolitan and other areas, between the "West" (Bohemia) and the "East" (Moravia and Silesia), etc. The comparison of such different combinations demonstrates the importance attached to individual fundamental factors of geographical differentiation – those reflecting the settlement hierarchy as well as macrolocational and specifically problematic (coal-mining areas) factors. Similarly, one can compare the degree of territorial differentiation between territorial units of various types on the one hand and macroregions on the other. The territorial units of various types are shown in Figure 4.2.

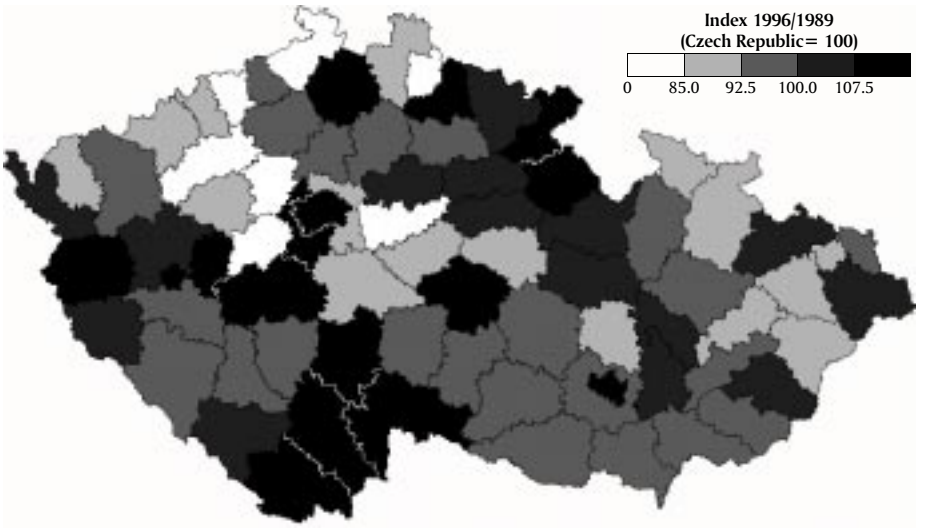
The development and distribution of jobs

The development of labor opportunities is undoubtedly one of the most important indicators of regional development. It reflects in a synthetic way changes in attractiveness and development conditions of individual territorial units. The unemployment rate, which belongs socially and politically to the most important characteristics of problematic nature of regions, is in many respects an "inverse" complement to this indicator. The increased speed of such changes manifests itself especially in the time of social upheavals – both in positive and negative sense – and thus also in the period of transformation. The present development of the distribution of jobs in the Czech Republic thus represents a dramatic turning point when compared to previous "stable" development and "full" employment of all population able to work in the socialist era. The fundamental change in the macrolocational situation and completely new economic environment, in which the mechanism of central planning was replaced by market mechanism, triggered necessary structural changes and increased selectivity of development also from the regional point of view. In spite of this, the implemented changes have not acquired the expected growth rate because barriers to market mechanisms were only slowly removed and a too "strong" social policy was relatively slowly restricted. This has resulted is a still low unemployment rate, continuing overemployment, or hidden unemployment in some industries and regions, etc. In this sense the tendencies in the development of labor opportunities reflect not only a gradual

impact of "natural" factors of geographical differentiation, but in some aspects they warn against delays in structural changes and still existing deformation of the labor market in some regions.

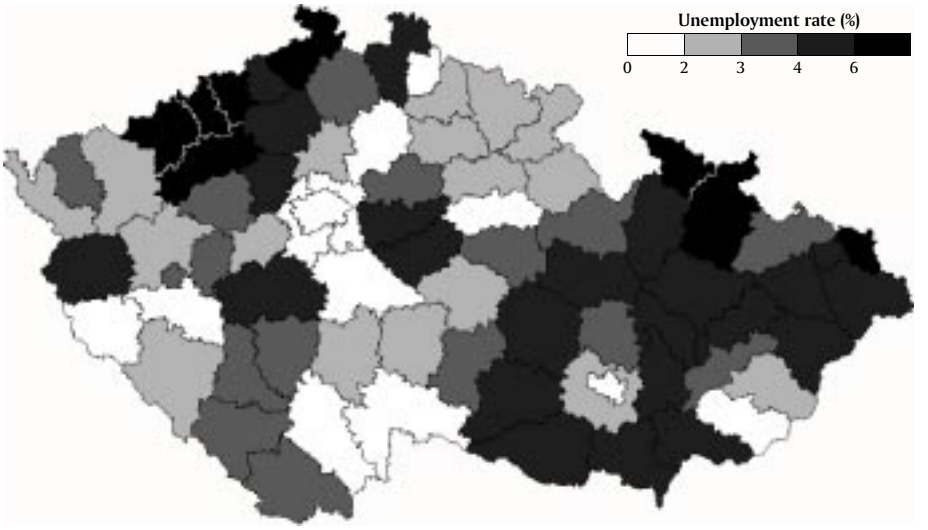
All the assessment is based on statistical data about jobs in the "civilian" sector of the national economy in 1989 and 1996. The number of the employed in the armed forces (relatively unimportant) has not therefore been included, but the "second" jobs (more than 136 thousand at the end of 1996, i.e. only 2.7% from nearly five million of all jobs) are included. The representative value of the original data is thus undoubtedly high as regards the requirements of chosen goals of assessment. The forms or levels of the assessment are basically of three types. The most detailed characteristics of territorial differentiation are shown in three maps: a relativized assessment of the development of jobs between 1989–1996; the unemployment rate in 1996; and a relativized expression of job intensity in 1996 (number of jobs per population number) – by districts in all cases (Figures 4.3, 4.4, 4.5). Two tables (Tables 4.1, 4.2) give the main characteristics according to groups of districts, i.e. in a generalized level of territorial differentiation – both according to types of regions and macroregions. Finally, the most important characteristics or regularities of present development changes and current situation in the regional differentiation are contained in the following text.

Fig. 4.3: Change in working opportunities (1989–1996)



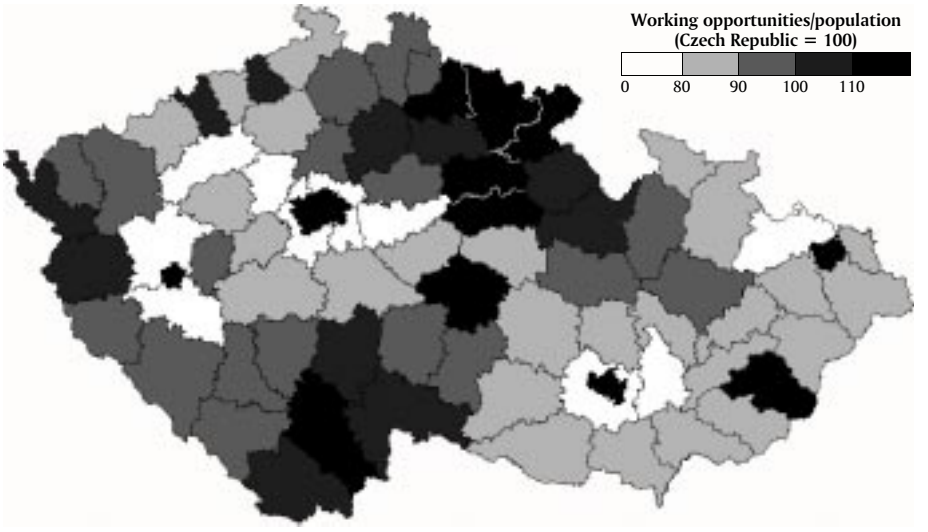
Sources: Pracovníci a mzdové fondy... za r. 1989, Czech Statistical Office, Praha 1990;
Zaměstnanost v civilním sektoru... za r. 1996, Czech Statistical Office, Praha 1997.

Fig. 4.4: Unemployment rate (31.12.1996)



Source: Okresy České republiky v roce 1996, Czech Statistical Office, Praha, 1997.

Fig. 4.5: Intensity of working opportunities (1996)



Sources: Statistical Yearbook of the Czech Republic, Czech Statistical Office, Praha, 1997;
Zaměstnanost v civilním sektoru...za r. 1996, Czech Statistical Office, Praha, 1997.

Tab. 4.1: Basic characteristics of development and distribution of jobs by type regions

Territorial unit	Number of jobs in thous 1996	Share on the CzR (%)	Relativized intensity of jobs (CzR = 100)	Relativized job development index 1989–1996 (CzR = 100)
Metropolitan areas				
Total	2,598.3	52.0	110.4	103.0
Praha	845.3	16.9	127.0	113.8
České Budějovice	96.9	1.9	112.5	109.3
Plzeň	166.4	3.3	110.6	106.8
Karlovy Vary	59.0	1.2	99.2	99.5
Ústí nad Labem	222.9	4.5	93.4	89.2
Liberec	112.5	2.3	93.3	87.2
Hradec Králové-Pardubice	180.9	3.6	115.0	105.0
Brno	312.2	6.2	118.2	108.0
Olomouc	104.1	2.1	94.9	95.6
Zlín	109.1	2.2	114.1	105.0
Ostrava	389.1	7.8	95.7	91.8
Non-metropolitan areas				
Total	2,398.9	48.0	90.7	96.9
Central Bohemia	390.2	7.8	85.8	89.8
SW Bohemia	452.6	9.1	98.3	102.4
NW Bohemia	181.3	3.6	85.2	90.1
NE Bohemia	467.9	9.4	106.0	105.6
South Moravia	390.4	7.8	84.9	96.2
Central Moravia	284.5	5.7	87.1	95.4
North Moravia and Silesia	231.8	4.6	80.0	92.5
Bohemia	3,175.9	63.6	104.2	101.8
Moravia and Silesia	1,821.2	36.4	93.3	96.9
Czech Republic	4,997.1	100.0	100.0	100.0

Notes: Only jobs in the civil (non-military) sector of economy were considered. Intensity of jobs is represented by the rate relating number of jobs and population and is further relativized to the national average (485 jobs per 1,000 inhabitants). Moravia and Silesia were identified with administrative regions South Moravia and North Moravia.

Sources: see Fig. 4.3 and 4.5.

Tab. 4.2: Basic characteristics of development and distribution of jobs by macroregions

Macroregion	Number of jobs 1996		Relativized intensity of jobs (CzR = 100)	Relativized job development index 1989–1996 (CzR = 100)
	in thous	share on the CzR (%)		
Praha	1,235.5	24.7	110.3	104.9
České Budějovice	312.8	6.3	102.9	105.9
Plzeň	280.0	5.6	104.1	106.1
Karlovy Vary	147.4	2.9	99.7	97.9
Ústí nad Labem	358.2	7.2	89.5	87.7
Liberec	201.5	4.0	96.8	96.2
Hradec Králové	299.1	6.0	111.4	105.6
Pardubice	253.1	5.1	102.4	101.7
Jihlava	238.9	4.8	94.3	100.5
Brno	551.9	11.0	99.8	102.6
Olomouc	283.6	5.7	90.7	95.6
Zlín	274.8	5.5	94.4	97.3
Ostrava	560.2	11.2	89.7	92.4

Notes: Macroregions corresponds to new provinces (self-government regions), only Praha was united with Central Bohemian Province.
Sources: see Fig. 4.3 and 4.5.

As regards the development tendencies in the distribution of jobs, it is correct to highlight the dominant role played by the factor of settlement hierarchy or of the polarity between metropolitan and other areas. Higher qualification level of the labor force, better infrastructure and bigger diversification of economic base in big cities sparked off their faster economic development. There was another important and general fact: a differentiating role played by macrolocational attractiveness, expressed as a whole by the differences between Bohemia and Moravia and Silesia in particular. In a marked way the macrolocational polarization West–East or more exactly West–South–West toward East–North–East can be illustrated by comparing advantageously situated macroregions of Prague, Plzeň and České Budějovice on the one hand, and disadvantageously located macroregions of Zlín, Olomouc and Ostrava in particular on the other. Important but spatially specific influence was finally exercised by the factor of "negative" economic specialization – as in the case of coal-mining regions, but also of some textile areas (the Liberec region).

The aggregate comparison of basic types of regions according to settlement-hierarchical or macrolocational aspects may make it possible to enunciate the succession in importance of conditioning factors, but it suppresses existing territorial extremes. The resulting effect of conditioning factors is understandably combined, and these combinations can be expressed only by a more detailed territorial assessment. The remarkable variability in the speed of

development of jobs especially by metropolitan areas is a characteristic feature in this respect. Positive extremes are here represented especially by advantageously located metropolitan areas (Prague, České Budějovice, Plzeň and Brno), negative extremes by the above-mentioned metropolitan areas of the coal-mining type and the Liberec (in this case there is a certain influence of the inclusion of peripheral areas – especially the Frýdlant microregion). The development variability in nonmetropolitan areas is considerably less significant. Moreover, both extreme cases may be denoted as specific types. The lowest rate of development in Prague's hinterland must be connected with the enormous attractiveness of the capital, and therefore also with an increased concentration of jobs from the hinterland into the core in the initial stages of transformation (as a result, both daily and non-daily commuting from a vast hinterland into the Prague agglomeration dramatically increased). On the contrary, the biggest rate of increase appeared in the nonmetropolitan area of northeastern Bohemia, which has been very surprising or rather which was in contradiction with general effects of conditioning factors. It is difficult to explain this anomaly if no thorough analyses are carried out, but available data allow to suggest in this case some delay in structural changes (for example only a slight decrease in the proportion of agriculture) and persistence of hidden unemployment in new forms (there is probably a high proportion of "helping" family members, especially in private companies in agriculture and services). At the district level an extreme of such type was represented by the Havlíčkův Brod district, which displayed the highest increase in the number of jobs (Prague itself only came second) and which together with the Náchod district showed in the observed period an absolute increase in jobs in the primary sector (along with a total decrease to about 43% of the initial numbers in the whole of the Czech Republic). As regards these anomalies, some mistakes in primary statistical data are very likely.

From the comparison of Figures 4.3 and 4.4 one can derive a distinct relationship between the development of jobs and the unemployment rate. There is an obvious difference between western and eastern parts of the country and a very unfavorable situation in both main coal-mining regions and their hinterland (see also Tomeš, 1996). One can also find there some districts, which have now more than a 10% unemployment rate (in 1998 for example the Karviná, Louny and Most districts). The unemployment rate was certainly very low for several years (when compared with other posttotalitarian countries and also with the majority of Western European countries), and it has started to rise more significantly only since 1997. This trend can be expected to continue also in the next period in connection with the onset of "natural", selective processes in the market economy, suppressed by the economic policy in previous years. The spatial pattern of employment/unemployment will not obviously

show any major changes, though. Even in the present development, this differentiation has been more or less stable – perhaps with the exception of a belated increase in unemployment in the northern Bohemian coal-mining area on the one hand and an early, but gradually limited increase in unemployment in agricultural regions on the other. Some controversial tendencies in the development of jobs and unemployment are usually related to a diminished adaptability of the people employed in some economic sectors (agriculture, heavy industry) to new conditions on the labor market (development of services, etc.) – let it be cited the example of the Tachov district with an absolute increase in the total number of jobs, but with an extreme reduction of jobs in the primary sector (a decrease to 30.6% of the initial numbers in 1989–1996).

One can speak about a relative harmony in the case of the regional differentiation of the development and "intensity" of labor opportunities (the number of jobs related to population). Among others it proves that the situation before the onset of the transformation was almost uniform and that the development in the 1990s was crucial for the creation of regional differences. There is, though, one important difference, namely a more pronounced polarity between metropolitan and other areas resulting from increased territorial concentration of jobs into cities. While the discrepancy in the speed of the development of labor opportunities, expressed by the variation range between typological regions, was only 26.6 (87.2 to 113.8), the variation range of the indicator of job intensity reached 47.0 (80.0 to 127.0) in 1996. Similarly, it is illustrated by the difference between total sets of metropolitan and other areas: 103.0 compared with 96.9 in the case of the rate of development and 110.4 compared with 90.7 in the case of job intensity (the values are taken toward the national average).

Wages and their development

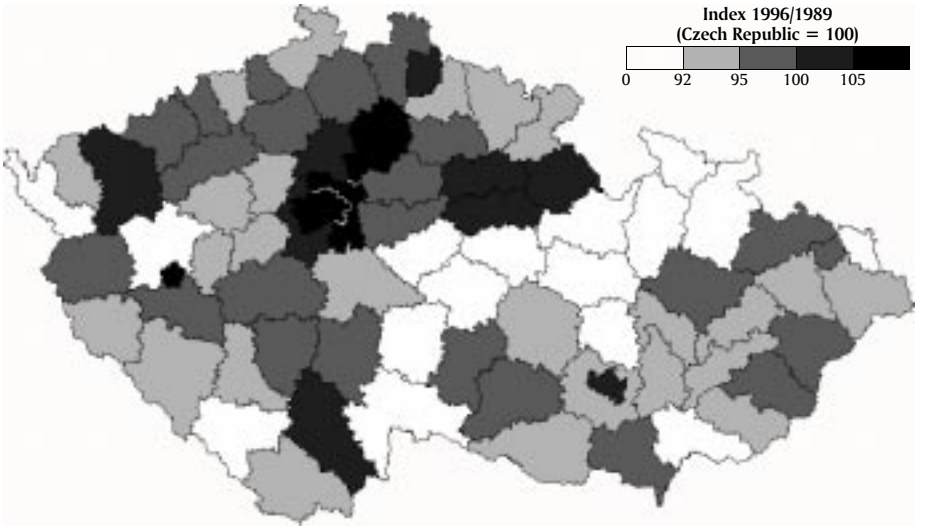
Average wages are the second fundamental indicator describing the regional economy and its development. They directly express relative prosperity of population, attractiveness of jobs and current speed of the development dynamics of territorial units. In the Czech Republic such assessment is derived every year from the wage statistics down to the level of districts – in the following study the period of 1989–1996 is examined again. When it comes to territorial units, the statistical survey for 1996 is, though, only limited to employees, without small private businesses. With the progress of transformation the proportion of such employees in the total economically active population has decreased: in 1996 this proportion only amounted to less than 61%. In spite of this, the data could be rightly considered as sufficiently representative, because the difference against average earnings of all the economically active population is still quite insignificant. From the regional point

of view, there is probably an overestimation in the cases in which a high proportion of small (especially family) private businesses in agriculture and in services occur (especially in eastern and northeastern Bohemia) and on the contrary a certain underestimation in the cases of rapidly developing cities with an above-average concentration of businessmen, "rich" tradesmen, etc. (Prague in particular). The informative quality of wage characteristics and their development are, though, much more limited by other facts. These can be generally connected with a slow removal of socialist forms of remuneration: inertia in the preferences given to heavy industry, although gradually weakened; a surviving considerable uniformity in the remuneration of civil servants, etc. Even if allowance is made for this, it is possible to consider wage development as more representative to express the emerging "natural" regional differences than the development of jobs: see particularly bigger differences in the case of aggregate comparison between metropolitan and other areas, or the "West" and the "East" of the Czech Republic.

The methods of assessment of the regional development of wages are similar to the case of labor opportunities. The most detailed degree – the differentiation by districts – is shown in two charts (Figures 4.6 and 4.7): first, the speed of the development of average wages expressed in a relativized manner; second, there are relative wages in 1996. Generalized characteristics are presented in two tables (Tables 4.3 and 4.4), either by typological regions or macroregions. Table 4.3 gives relevant data for both fundamental polarities of the aggregate type: metropolitan–nonmetropolitan and western–eastern areas. Major features of the development and current differentiation are emphasized in the following text.

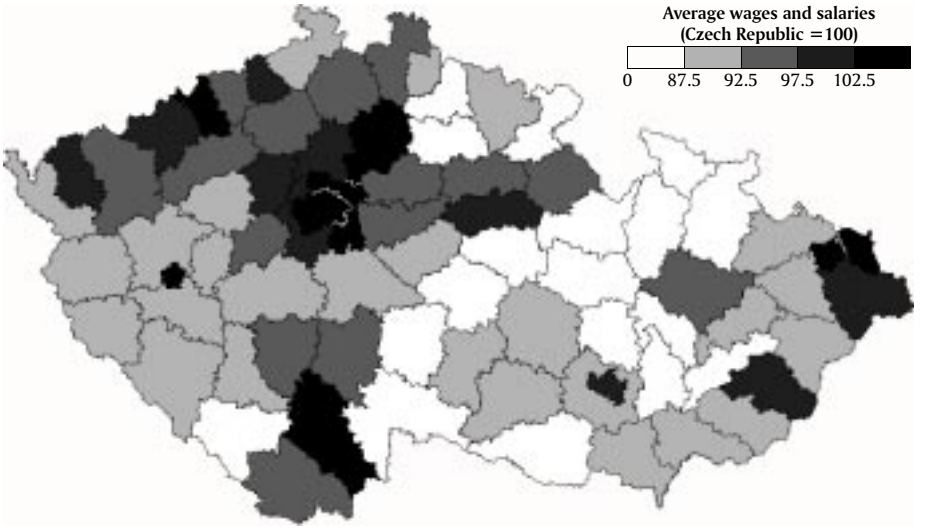
The wage development in the seven-year period under observation showed relatively considerable regional variability. At the district level this can be illustrated by the variation range of the development index: 83.7 (Bruntál) to 129.5 (Prague). At the aggregated level, the most important difference was between metropolitan (105.4) and other (94.3) areas, relatively important was also the difference between Bohemia (103.9) and Moravia-Silesia (94.5). The development in coal-mining regions was also unfavorable, but not so much as in the case of the development of jobs. The influence of the factors of settlement hierarchy and macrolocational exposure appeared in combination, just as in the case of the development of jobs. A positive extreme was represented first by the Prague metropolitan area and then advantageously located metropolitan areas of Plzeň and České Budějovice. On the contrary, negative extremes were represented by rural areas of central and northern Moravia, Silesia, and also eastern Bohemia.

Fig. 4.6: Change in average wages and salaries of employees (1989–1996)



Sources: Pracovníci a mzdové fondy... za r. 1989, Czech Statistical Office, Praha, 1990;
Evidenční počet zaměstnanců a jejich mzdy... za r. 1996, Czech Statistical Office, Praha, 1997.

Fig. 4.7: Average wages and salaries of employees (1996)



Sources: see Fig. 4.6.

Tab. 4.3: Basic characteristics of development and level of average wages by type regions

Territorial unit	Average wages in CzK		Wages level 1996 (CzR = 100)	Relativized index of wages development 1989–1996 (CzR = 100)
	1989	1996		
Metropolitan areas				
Total	3,256	10,621	109.7	105.4
Praha	3,321	12,356	127.6	120.2
České Budějovice	3,124	10,045	103.7	103.9
Plzeň	3,112	10,107	104.4	104.9
Karlovy Vary	2,904	8,991	92.8	100.0
Ústí nad Labem	3,272	9,838	101.6	97.1
Liberec	2,946	9,080	93.8	99.6
Hradec Králové-Pardubice	3,059	9,480	97.9	100.1
Brno	3,139	9,705	100.2	99.9
Olomouc	3,052	8,994	92.9	95.2
Zlín	3,194	9,624	99.4	97.3
Ostrava	3,587	10,336	106.7	93.1
Non-metropolitan areas				
Total	2,997	8,749	90.3	94.3
Central Bohemia	3,074	9,406	97.1	98.8
SW Bohemia	3,029	8,777	90.6	93.6
NW Bohemia	3,017	8,990	92.8	96.2
NE Bohemia	2,920	8,411	86.9	93.0
South Moravia	2,966	8,591	88.7	93.6
Central Moravia	2,982	8,504	87.8	92.1
North Moravia and Silesia	2,998	8,649	89.3	93.2
Bohemia	3,111	10,003	103.3	103.9
Moravia and Silesia	3,157	9,234	95.4	94.5
Czech Republic	3,128	9,684	100.0	100.0

Notes and sources: see Fig. 4.6 and 4.7. For delimitation see note to Tab. 4.1.

Tab. 4.4: Basic characteristics of development and level of average wages by macroregions

Territorial unit	Average wages in CzK		Wages level 1996 (CzR = 100)	Relativized index of wages development 1989–1996 (CzR = 100)
	1989	1996		
Praha	3,230	11,424	118.0	114.2
České Budějovice	3,027	9,164	94.6	97.8
Plzeň	3,061	9,539	98.5	100.7
Karlovy Vary	3,088	9,085	93.8	95.0
Ústí nad Labem	3,174	9,482	97.9	96.5
Liberec	2,946	8,937	92.3	98.0
Hradec Králové	2,940	8,829	91.2	97.0
Pardubice	2,994	8,721	90.1	94.1
Jihlava	2,957	8,540	88.2	93.3
Brno	3,061	9,194	94.9	97.0
Olomouc	3,021	8,686	89.7	92.9
Zlín	3,053	9,036	93.3	95.6
Ostrava	3,408	9,793	101.1	92.8

Notes and sources: see Fig. 4.6 and 4.7 and Tab. 4.2.

Although the development of regional differentiation in wages was clearly of a selective nature, regional differences compared with the situation in 1989 did not increase dramatically. That is to say, the initial situation showed already considerable regional differences as a result of previous preferences for coal-mining regions. The relativized wages by districts ranged between 89.2 (Jičín) and 122.4 (Karviná) in 1989, in 1996 between 83.7 and 129.5 as it has already been mentioned. More important than the increase in variation range was thus the "exchange" of districts representing extreme cases, which is especially true of positive cases. Out of the ten districts with the highest wages in 1989 there were eight districts with coal mining, and six of them came even before Prague. In 1996 there were only three of these districts (Ostrava, Most and Karviná) among the top ten, namely at the 4th to the 6th places. At the first place there was Prague, at the second the center of the automobile industry, the Mladá Boleslav district (Škoda–Volkswagen). Among the first ten, there are also the districts with important and advantageously located centers – Plzeň, České Budějovice and Brno – and also another two districts in Prague's hinterland (Praha-východ and Mělník).

The described development tendencies together with partly surviving, relatively favorable wages in coal-mining regions led to the deepening of regional differentiation in average wages, especially from the point of view of polarity between metropolitan and other areas. Less evident is the West-East polarity, among other things because the main area with

markedly under-average wages is also a vast zone along the historical boundary between Bohemia and Moravia, which is typical of scarce settlement and a significant proportion of agriculture – from the Jindřichův Hradec and Znojmo districts to the Jeseník and Bruntál districts, and thus toward the western part of Silesia. All the assessments, though, are influenced to a considerable extent by the exceptional weight of Prague, which significantly influences all averages: both the national and metropolitan areas averages. This can be illustrated by the fact that no other metropolitan area reaches the average for these units either from the point of view of wages in 1996 or from the point of view of the development index. From the point of view of macroregions there is only one more macroregion which exceeds the national average (with the exception of Prague): the Ostrava region in the case of wages in 1996 and the Plzeň region in the case of the growth of wages.

Regional differentiation of total economic development

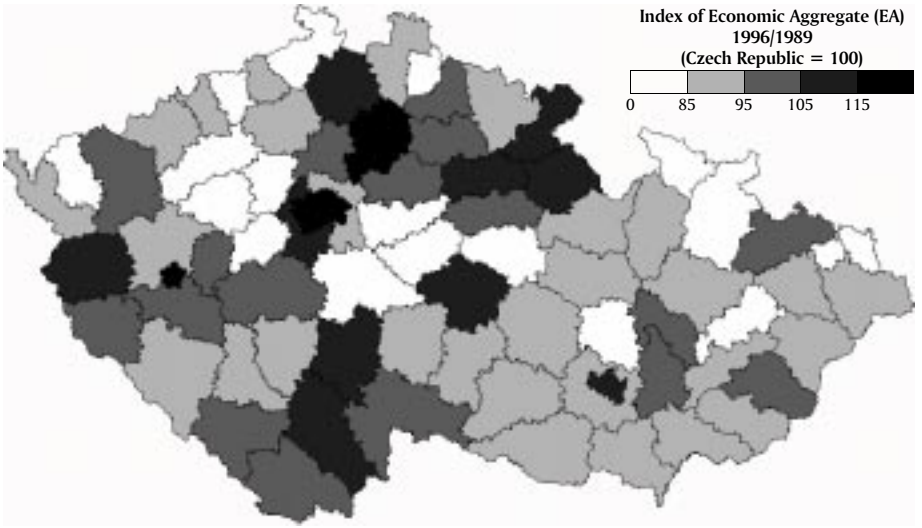
The analysis of the development and current situation of regional differentiation of wages and job intensity has highlighted many outstanding regularities and underlying factors. Nevertheless, it also suggested certain, although secondary in importance, differences, especially in the development of both indicators. In many respects they can be considered as mutually "interfering" peculiarities or directly as deformations of current tendencies, taking place in a still unstable environment. This is a reason to emphasize the need for an aggregate characterization of economic development. Given the fact that the Czech statistics still does not provide information about GDP in district division, there is only one possibility left: to combine analyses of the development of wages and jobs. The product of both indicators can be called "economic aggregate". It expresses at least indirectly the volume of the economic product. The following study is therefore based on the assessment of this indicator (in further text denoted as the EA). Naturally, its construction is burdened with a certain error because data on average wages in districts only relate to 61% of the economically active population. As it was mentioned before, the average wages of the "majority" of employees are – without some minor exceptions – sufficiently representative.

The methodology of the study of the EA is similar to the case of wages or jobs. The analyses in territorial detail are shown in maps (Figures 4.8 and 4.9), generalized characteristics are presented in Tables 4.5 and 4.6 and especially in the following text. The aggregate nature of the observed indicators suggests the possibility of further synthetic assessments. They are oriented to the ascertainment of relationships between individual indicators under observation, to an assessment of the orientation of the transformation development and hierarchy in the importance of underlying factors and also to the total confirmation of basic

features/regularities formed by the geographical differentiation of economy. There is an evaluation of correlations between selected indicators (Tables 4.7, 4.8 and 4.9 and Figures 4.10, 4.11, 4.12), their variability by different forms of territorial division (Table 4.10) as well as changes in proportions of typological regions and macroregions in the national economy (Tables 4.11 and 4.12).

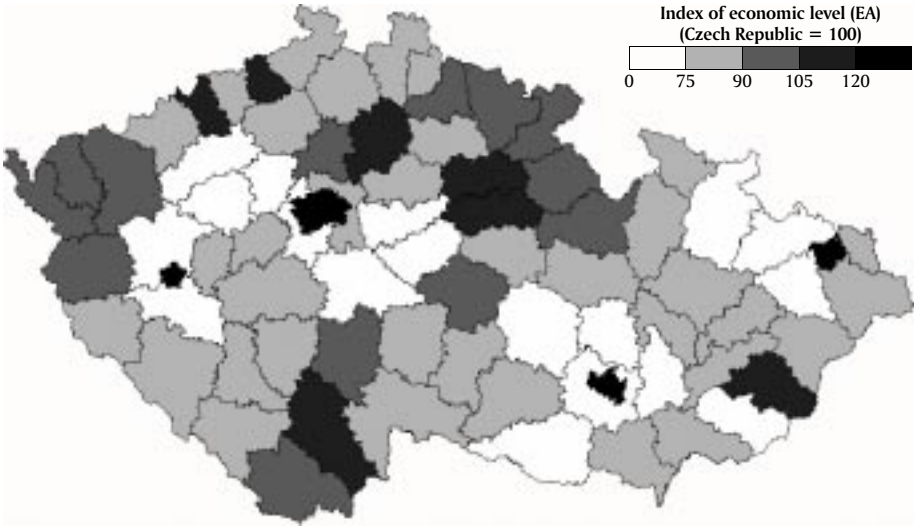
The total development of economic regional differentiation in the transformation period under observation showed more distinct regularities and also more pronounced variability than the development of wages or jobs alone. There is an obvious connection between both types of changes, and therefore reinforcing differentiating effects of their combination. The basic features of the development of regional differences were of course not changed by this combination. In the case of development a dependence on both main conditioning factors – the settlement hierarchy in particular and then macrolocational advantageousness – was proved. It was complemented by the factor of "disadvantageous specialization" (coal-mining areas, and also the Liberec metropolitan area). In the case of territorial differences in the economic situation in 1996, the role of settlement hierarchy was totally dominant as a consequence of concentration of jobs into metropolitan areas. The influence of the settlement hierarchy naturally did not have a major or dominant effect only from the point of view of a polarity between metropolitan and other areas. The same sharp differences existed in the framework of the hierarchy of metropolitan areas themselves, especially in the sense of qualitative features of this hierarchy. The highest level of size and quality is represented by the Prague metropolitan area, which both from the point of view of the development speed and the current state of economy exceeded the average by one order. An opposite extreme appeared in both coal-mining areas – so far with the exception of current total economic and wage level.

Fig. 4.8: Economic development (1989–1996)



Note: EA is defined as product of numbers of jobs and average wages and salaries.

Fig. 4.9: Economic level (1996)



Note: see Fig. 4.8.

Tab. 4.5: Economic development 1989–1996 (type regions)

Territorial unit	Economic aggregate (EA) in mil. CzK		Total economic level 1996 (EA/pop.) (CzR = 100)	Index of total economic development 1989–1996 (CzR = 100)
	1989	1996		
Metropolitan areas				
Total	8,585.9	27,596.3	120.6	108.1
Praha	2,577.7	10,444.2	161.4	136.3
České Budějovice	289.5	973.8	116.3	113.1
Plzeň	506.6	1,681.8	115.0	111.6
Karlovy Vary	179.9	530.2	91.8	99.1
Ústí nad Labem	854.3	2,192.9	94.6	86.3
Liberec	397.0	1,021.3	87.2	86.5
Hradec Králové-Pardubice	550.7	1,714.6	112.1	104.7
Brno	947.8	3,029.8	118.0	107.5
Olomouc	347.1	936.3	87.9	90.7
Zlín	346.6	1,049.6	113.0	101.8
Ostrava	1,588.7	4,021.8	101.8	85.1
Non-metropolitan areas				
Total	7,753.2	20,987.5	81.6	91.0
Central Bohemia	1,396.4	3,670.3	83.1	88.4
SW Bohemia	1,398.4	3,972.7	88.8	95.5
NW Bohemia	634.6	1,630.0	78.8	86.4
NE Bohemia	1,352.2	3,935.6	91.7	97.9
South Moravia	1,257.6	3,354.2	75.1	89.7
Central Moravia	929.1	2,419.5	76.2	87.6
North Moravia and Silesia	784.9	2,005.2	71.2	85.9
Bohemia	10,137.3	31,767.4	107.3	105.4
Moravia and Silesia	6,201.8	16,816.4	88.6	91.2
Czech Republic	16,339.1	48,583.8	100.0	100.0

Note: Economic aggregate (EA) is a product of number of jobs and average wages.

Tab. 4.6: Economic development by macroregions (1989–1996)

Territorial unit	Economic aggregate (EA) in mil. CzK		Total economic level 1996 (EA/pop.) (CzR = 100)	Index of total economic development 1989–1996 (CzR = 100)
	1989	1996		
Praha	3,974.1	14,114.5	129.6	119.4
České Budějovice	934.0	2,866.4	97.1	103.2
Plzeň	844.4	2,671.2	102.2	106.4
Karlovy Vary	486.9	1,339.0	93.2	92.5
Ústí nad Labem	1,355.2	3,396.6	87.3	84.3
Liberec	645.1	1,801.2	89.0	93.9
Hradec Králové	870.1	2,640.7	101.2	102.1
Pardubice	778.5	2,207.5	91.9	95.4
Jihlava	734.7	2,040.4	82.8	93.4
Brno	1,719.7	5,073.9	94.5	99.2
Olomouc	936.1	2,463.3	81.0	88.5
Zlín	900.8	2,483.4	87.8	92.7
Ostrava	2,159.5	5,485.7	90.4	85.4

Note: see Tab. 4.5.

Tab. 4.7: Simple rank order correlation coefficients of selected indicators by type regions

Indicator		Economic level (EA)		Index of development 1989–1996			Level 1996	
		1989	1996	Wages	Jobs	Total economy	Wages	Intensity of jobs
Economic level	1989		0.895	0.543	0.222	0.270	0.807	0.692
	1996	0.895		0.701	0.574	0.609	0.785	0.899
Index of development 1989–1996	Wages	0.543	0.701		0.349	0.400	0.749	0.574
	Jobs	0.222	0.574	0.349		0.890	0.099	0.807
	Total economy	0.270	0.609	0.400	0.890		0.282	0.829
Level 1996	Wages	0.807	0.785	0.749	0.099	0.282		0.473
	Intensity of jobs	0.692	0.899	0.574	0.807	0.829	0.473	

Notes: 14 type units were delimited, corresponding to 7 formerly defined integral areas, divided internally into metropolitan and non-metropolitan areas – see also Fig. 4.10. Economic level, or economic aggregate (EA) was defined in the note to Tab. 4.5, intensity of jobs in the note to Tab. 4.1.

Tab. 4.8: Simple rank order correlation coefficients of selected indicators by 11 metropolitan areas and 7 non-metropolitan areas

Indicator		Economic level (EA)		Index of development 1989–1996			Level 1996	
		1989	1996	Wages	Jobs	Total economy	Wages	Intensity of jobs
Economic level	1989		0.573	-0.100	0.245	0.064	0.777	0.464
	1996	0.964		0.627	0.909	0.818	0.691	0.873
Index of development 1989–1996	Wages	0.339	0.179		0.782	0.891	0.291	0.618
	Jobs	0.214	0.393	-0.357		0.955	0.445	0.891
	Total economy	0.679	0.750	0.107	0.750		0.345	0.800
Level 1996	Wages	0.071	0.000	0.929	-0.750	-0.357		0.400
	Intensity of jobs	0.821	0.893	-0.214	0.571	0.750	-0.321	

Notes: Above the diagonal, there are the characteristics of 11 metropolitan areas (see Tab. 4.5), under the diagonal the characteristics of 7 non-metropolitan areas. For further explanation see Tab. 4.5 and 4.1.

Tab. 4.9: Simple rank order correlation coefficients of selected indicators by new provinces and by macroregions

Indicator		Economic level (EA)		Index of development 1989–1996			Level 1996	
		1989	1996	Wages	Jobs	Total economy	Wages	Intensity of jobs
Economic level	1989		0.512	0.055	0.090	0.042	0.486	0.292
	1996	0.407		0.512	0.851	0.820	0.420	0.903
Index of development 1989–1996	Wages	0.165	0.698		0.455	0.635	0.516	0.459
	Jobs	-0.159	0.808	0.604		0.956	0.081	0.947
	Total economy	-0.044	0.824	0.764	0.929		0.112	0.925
Level 1996	Wages	0.632	0.555	0.462	0.110	0.198		0.059
	Intensity of jobs	0.115	0.885	0.665	0.912	0.927	0.132	

Notes: Above the diagonal, there are the date for 14 new provinces (self-government regions), under the diagonal, the data for 13 units corresponding to macroregions, i.e. to the new provinces but with Praha and Central Bohemian Province being united. Economic level is assessed by means of the economic aggregate (EA) – see note to Tab. 4.1.

A comprehensive look at the development and structural relationships of regional differentiation of economy is presented by the values of simple rank order correlation of coefficients ascertained for four forms of territorial division – see Tables 4.7, 4.8 and 4.9, and Figures 4.10. 4.11 and 4.12. Two main conclusions result from their comparison:

(i) The current level and also geographical form of regional differentiation in the state of economy (EA 1996) is largely due to the development in the 1990s.

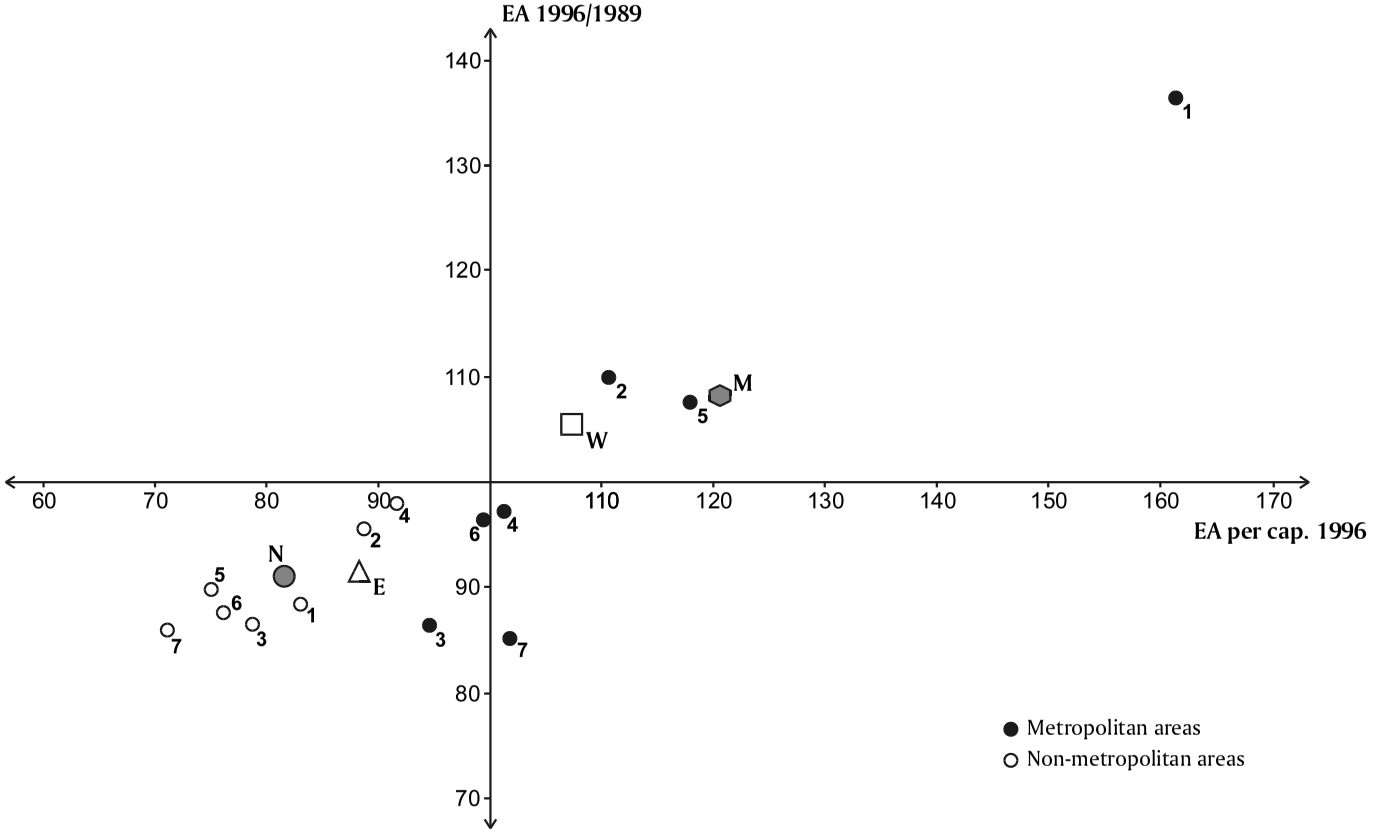
(ii) Although most coefficients have positive and statistically important values, it is correct to speak about integrity of transformation processes only in a general sense. It means that relationships of partial type are often very loose, and sometimes they are even of a deformed nature. This is especially true of relationships between the value and development rate of some indicators. These facts undoubtedly prove not only that the transformation has not yet been finished, but also that market mechanisms do not yet have a sufficient influence at the regional level.

Both conclusions, though, require a detailed discussion and further examination. In the first case, there is mainly the question whether current regional differentiation in the economic standard has resulted from a strengthening of former "weaker" differentiation or a differentially proceeding development in originally almost homogeneous (equalized) environment. A comparison of the results of the assessment by different forms of territorial division shows that both described underlying factors played a combined role. In terms of the sets of macroregions, the initial differences were very small and actually not very effective. Here the macrolocational factor (certainly with respect to higher attractiveness of Prague and its hinterland) was definitely the dominant factor of development differentiation. If anything, from the point of view of typological regions the initial economic situation (EA 1989) displayed a relatively strong positive correlations both with the current level (EA 1996) and with some other indicators. A weak, though positive relationship only appeared toward the total development and the development of jobs. Understandably, these facts prove a basic continuity in the organization of settlement hierarchy (the emergence of polarity between metropolitan and other areas is the result of a long-term development) and also the strongest influence of this conditioning factors on regional differentiation, which is expressed by the division into typological regions. A weak connection with the total development and development of jobs also certainly proves secondarily important tendencies leading to a partial transformation of regional organization of differences. Finally, a mention must be made about the results obtained by the assessment of either only metropolitan areas or only rural areas. Since in both cases the differentiating influence of the settlement hierarchy is thus more or less excluded, similar results as when macroregions are assessed can be expected. Such expectation is clearly confirmed by the relationship between the development and the level of differentiation in metropolitan areas. In rural areas, though, correlations were generally weak and uncertain. The reason can be found in a relatively low level of not only initial but also current economic differentiation of these areas, and also in a different extent of functional division between metropolitan areas and their hinterland in various regions. Finally, certain influence is also exerted by the small

number of observed units (seven) and thus a limited sensibility of the assessment of territorial differentiation.

The second general conclusion emphasized the existence of some very loose relationships or obvious deformations in the development and value of the indicators under observation. This is mainly the case of relationships between the characteristics of wages and job intensity, and also the indicators describing the development and current situation. The causes of such "disorders" are related to the survival of some preferences established under the socialist regime on the one hand, and unbalanced liberalization of newly formulated rules of the game on the other. A different development of wages and jobs has therefore very often produced "compensation effects". Moreover, these development disorders often reflect regional specificities. Three cases of this type call for a special stress. First, these are coal-mining areas, in which an important decrease in jobs and increase in unemployment occurred. However, this was accompanied by a relative maintenance of high wages and also total economic standard. Second, this is northeastern or eastern Bohemia with favorable development and also job intensity, but with very low value and slow increase in wages in nonmetropolitan areas. As it was emphasized before, this area is considerably lagging behind in structural changes. The third special case was also the broad hinterland of Prague, namely in two senses. On the one hand, there was a characteristic feature of rapid concentration of jobs into Prague and thus their significant decrease in nonmetropolitan districts. On the other hand, this hinterland benefitted from Prague's attractiveness, which manifested itself in a considerable growth and also in the current wages (in both characteristics the central Bohemian nonmetropolitan area was well ahead of other rural areas). In the framework of Prague's hinterland, there were also unusual internal differences: a positive extreme was presented by the Mladá Boleslav district (with the highest economic development after Prague and Plzeň), a negative extreme by the Kladno district (the deepest economic slump in the Czech Republic). Finally, some deviations in the development of metropolitan areas, which are obviously connected with a varying quality of "subjective" factors, were only of minor importance. From the point of view of geographical conditions, the economic development was a little slower in the Liberec and Olomouc, and partly also the Karlovy Vary metropolitan areas, while it was faster in the Zlín and Hradec Králové-Pardubice metropolitan areas.

Fig. 4.10: Economic development and level of regional types 1989–1996 (Czech Republic = 100)



Notes and sources: see next page.

Notes:
Metropolitan areas:
1 – Central Bohemia
2 – Southwestern Bohemia
3 – Northwestern Bohemia
4 – Southeastern Bohemia
5 – Southern Moravia
6 – Central Moravia
7 – Northern Moravia and Silesia

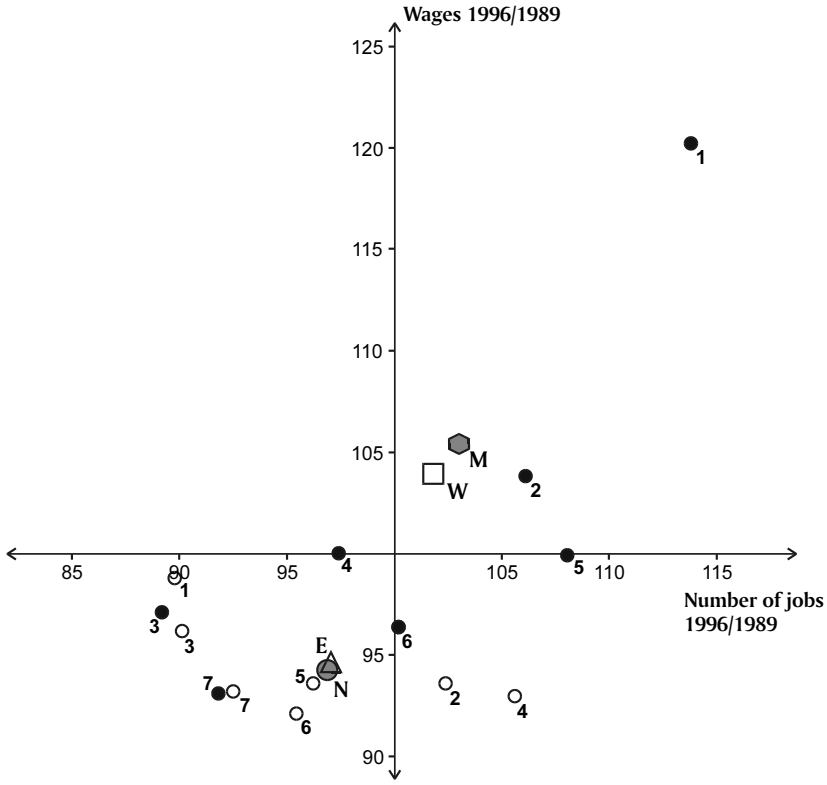
Non-metropolitan areas:
8 – Central Bohemia
9 – Southwestern Bohemia
10 – Northwestern Bohemia
11 – Southeastern Bohemia
12 – Southern Moravia
13 – Central Moravia
14 – Northern Moravia and Silesia

M – Metropolitan areas total
N – Non-metropolitan areas total
W – West part of the Czech Republic (Bohemia)
E – East part of the Czech Republic (Moravia and Silesia)

EA – economic aggregate is expressed by the product of numbers of jobs and average wages

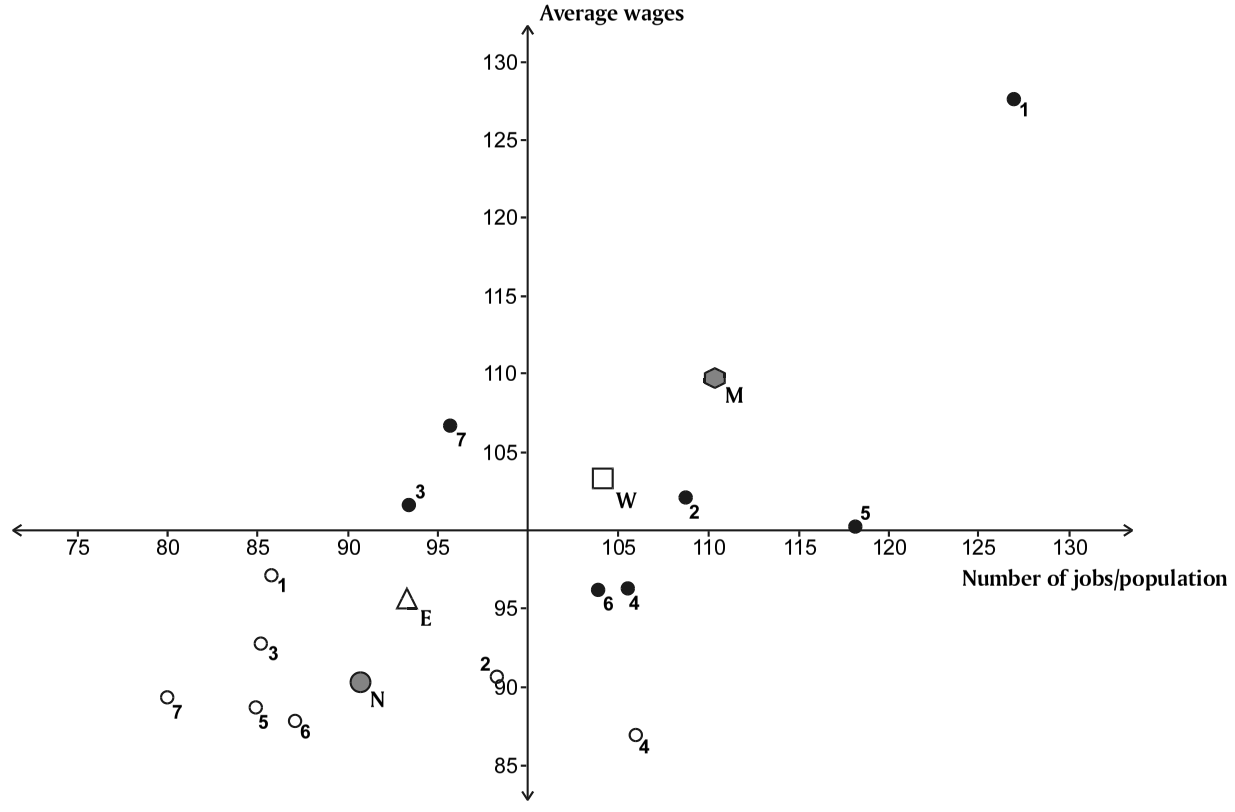
Source: Tab. 4.5.

Fig. 4.11: Economic development of regional types 1989–1996 (Czech Republic = 100)



Notes: see Fig. 4.10.
Sources: Tab. 4.1 and 4.3.

Fig. 4.12: Economic level of regional types 1996 (Czech Republic = 100)



Notes: see Fig. 4.10.
Sources: Tab. 4.1 and 4.3.

There has already been a stress on the distinctive and differentiating (selective) orientation of regional economic development in the transformation period under observation. This is proved in a systematic way by the data about the value and changes in the variation range of the described indicators – see Table 4.10. Similarly to the assessment of correlations, in this case, too, four different sets of territorial units are observed. Understandably, the most significant variability appears by the set of typological regions, and further on, the set of metropolitan areas. A characteristic picture is given particularly by the comparison of the variation range of initial and current economic situation (economic aggregate/population in 1989 and 1996). In 1989, this range was only 83.8 to 119.3 (in the metropolitan areas 92.7 to 119.3), but it rose to 71.2 to 161.4 (in metropolitan areas 87.2 to 161.4) by 1996. There was naturally notable variability also in the development of the economic aggregate, both in typological regions and in metropolitan areas themselves – in both cases 85.1 to 136.3. The differences between macroregions were a little smaller, but still important. Only the differentiation between nonmetropolitan areas remained relatively small. The selective/uneven development resulted in further increase in the territorial concentration of the economy and further deepening of differences in the level of concentration between population and the economy.

Tab. 4.10: Level and development of territorial differences

Units of territorial differentiation	Number of units	Variation range of relativized characteristics						
		Economic aggregate			Development 1989–1996		Level 1996	
		1989	1996	Index of development	Wages	Jobs	Wages	Intensity of jobs
Type regions	14	35.5	90.2	51.2	28.1	24.6	40.7	47.0
Macroregions	13	18.8	48.6	35.1	21.4	17.9	29.8	21.9
Metropolitan areas	11	26.6	74.2	51.2	27.1	24.6	31.4	33.7
Non-metropolitan areas	7	20.6	20.5	12.0	6.7	15.8	10.2	26.0

Note: Variation range is related to the relevant characteristics relativized to the national average (CzR = 100).

Even at the level of state division into macroregions, these shifts are important – especially with regard to the short-time nature of these changes: in 1996 the "concentrated half" of population lived on 34.01% of the Czech Republic's territory (similarly to the situation in 1989); in 1989 the concentrated half of the economy was situated on 31.95% of the territory; and in 1996 only on 29.93% of the territory.

Tab. 4.11: Development of shares of type regions on the national economy (1989–1996)

Territorial unit	Share on the Czech Republic (%)		
	Population	Economic aggregate	
	1996	1989	1996
Metropolitan areas			
Total	47.08	52.54	56.80
Praha	13.32	15.78	21.50
České Budějovice	1.72	1.77	2.00
Plzeň	3.01	3.10	3.46
Karlovy Vary	1.19	1.10	1.09
Ústí nad Labem	4.77	5.23	4.51
Liberec	2.41	2.43	2.10
Hradec Králové-Pardubice	3.15	3.37	3.53
Brno	5.28	5.80	6.24
Olomouc	2.19	2.12	1.93
Zlín	1.91	2.12	2.16
Ostrava	8.13	9.72	8.28
Non-metropolitan areas			
Total	52.92	47.46	43.20
Central Bohemia	9.09	8.55	7.55
SW Bohemia	9.21	8.56	8.18
NW Bohemia	4.26	3.88	3.36
NE Bohemia	8.83	8.28	8.10
South Moravia	9.20	7.70	6.90
Central Moravia	6.53	5.69	4.98
North Moravia and Silesia	5.80	4.80	4.13
Bohemia	60.96	62.05	65.38
Moravia and Silesia	39.04	37.95	34.62

Note: Economic aggregate was expressed by the product of average wages and number of jobs.

A major part of the previous account was connected with a relativized assessment of development rates in different types of territorial units. The importance of these relative changes is given, though, by the size of the units. Therefore, basic data about changes in the proportions of typological regions and macroregions in the national economy (EA) are given. Their comparison reveals the decisive role of Prague's economic growth alone on the one hand and a general (dispersed) relative economic fall in most other units, particularly in coal-mining metropolitan areas and all nonmetropolitan areas on the other. The increase in the proportion of a few other units (five metropolitan areas or three macroregions) was of lesser importance from the national point of view, because it never reached even 0.5% of the national economy: while the Prague metropolitan area saw its proportion increased

from 15.78% to 21.50%, i.e. by 5.72%, the second most important increase (in absolute numbers) occurred in the metropolitan area of Brno: it only amounted to 0.44%. From the point of view of the present development of settlement system the dominance of the capital is being strengthened, which is followed by the strengthening of other big cities which are not burdened with heavy industry.

Tab. 4.12: Development of shares of macroregions on the national economy (1989–1996)

Macroregion	Share on the Czech Republic (%)		
	Population	Economic aggregate	
	1996	1989	1996
Praha	22.41	24.32	29.05
České Budějovice	6.08	5.72	5.90
Plzeň	5.38	5.17	5.50
Karlovy Vary	2.95	2.98	2.76
Ústí nad Labem	8.01	8.29	6.99
Liberec	4.16	3.95	3.71
Hradec Králové	5.37	5.32	5.44
Pardubice	4.94	4.76	4.54
Jihlava	5.07	4.50	4.20
Brno	11.06	10.53	10.44
Olomouc	6.26	5.73	5.07
Zlín	5.82	5.51	5.11
Ostrava	12.49	13.22	11.29

Note: see Tab. 4.11.

Regional development and structural changes in economy

The development of regional differentiation of economy in the transformation period led not only to the deepening of differences in the "total" economic and also social situation, but it was accompanied by important structural changes, too. Unlike the total economic changes, these structural shifts had mostly general scope, and thus relatively small regional variability. This is chiefly true of the changes in sectoral structure in the economy, which can be denoted as the most substantial effect. As evidenced by the data in Table 4.13 and partly also from Figure 4.13, an important shift in jobs from productive to nonproductive sectors occurred in all territorial units. From major regional anomalies let be cited a rather low intensity of these shifts in northeastern and eastern Bohemia, and in the Hradec Králové, Pardubice and Jihlava macroregions on the one hand, and rather higher intensity in the southern borderland and in central Bohemia on the other. In terms of the temporal course of the changes, "tertiarization" was faster in the first years of the transformation

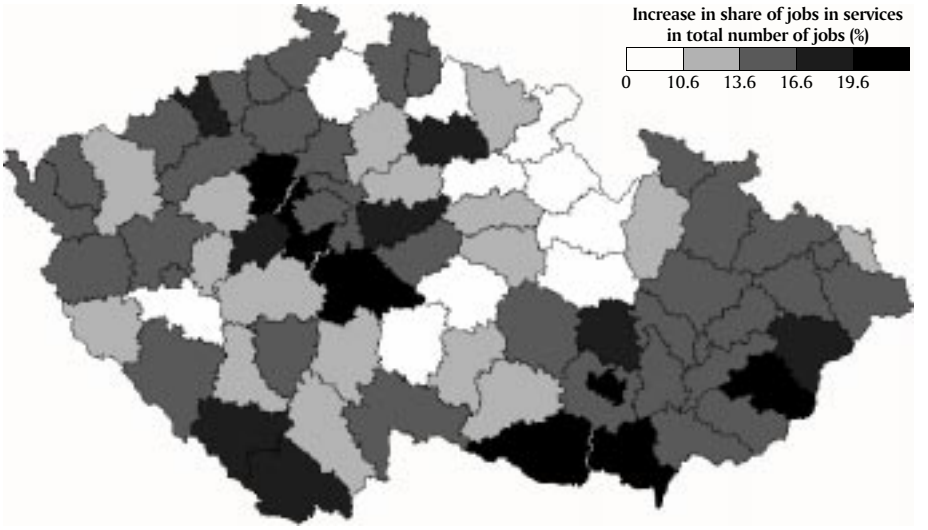
(1990–1992), which corresponded both to the neglect of services in the socialist era, and small investment needs in the development of services. The tertiary sector was thus able to absorb rapidly the freed labor force from phased-down spheres of production. This also delayed an increase in unemployment. The described temporal course of changes also did not display any more major regional regularities – for example, in the sense of geographical diffusion models, one can only speak about a minor lagging behind of the most rural areas in Bohemia (and also in the north Bohemian coal-mining region).

Tab. 4.13: Development of economic structure by macroregions

Macroregion	Share of the sectors on jobs 1996 (%)			Change in share of sectors 1989–1996 (%)			Progressivity of economic structure 1996
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary	
Praha	2.7	32.0	65.3	-6.7	-9.8	16.5	139.4
incl.: Praha	0.3	25.6	74.1	-2.1	-13.1	15.2	156.5
Central Bohemia	6.9	43.3	49.9	-12.1	-2.8	14.9	116.1
České Budějovice	9.0	40.5	50.5	-12.0	-2.3	14.3	117.2
Plzeň	8.0	39.6	52.4	-10.2	-4.3	14.5	119.2
Karlovy Vary	3.7	39.5	56.8	-7.2	-7.5	14.7	131.2
Ústí nad Labem	3.8	42.7	53.5	-6.2	-9.3	15.5	128.0
Liberec	5.5	47.3	47.2	-5.0	-7.3	12.3	124.4
Hradec Králové	10.6	45.1	44.3	-4.6	-5.1	9.7	119.4
Pardubice	10.5	45.2	44.3	-5.3	-5.2	10.5	118.0
Jihlava	13.6	44.1	42.3	-10.1	-0.8	10.9	107.7
Brno	5.7	38.1	56.2	-8.4	-11.3	19.7	122.4
Olomouc	7.5	43.1	49.5	-7.9	-5.8	13.7	120.3
Zlín	5.5	47.1	47.4	-11.0	-6.6	17.6	113.3
Ostrava	3.7	49.0	47.3	-4.6	-9.6	14.2	124.8
Czech Republic	5.9	40.6	53.5	-7.2	-7.9	15.1	125.3

Notes: Characteristic called "progressivity of economic structure" is expressed by a sum of the share of the secondary and twice share of the tertiary sectors. Primary sector including agriculture and forestry; secondary sector including industry and construction.
Sources: see Fig. 4.3 and 4.5.

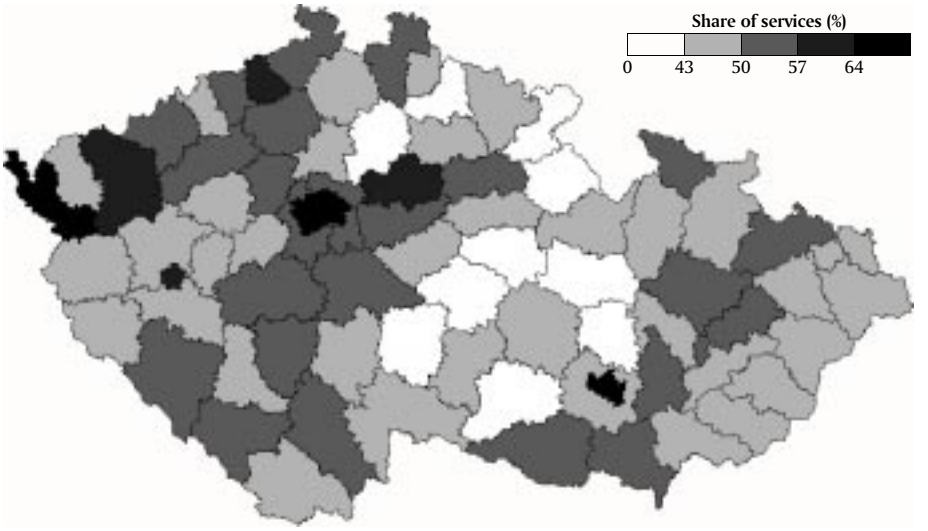
Fig. 4.13: Increase in share of jobs in services (1989–1996)



Sources: see Fig. 4.3.

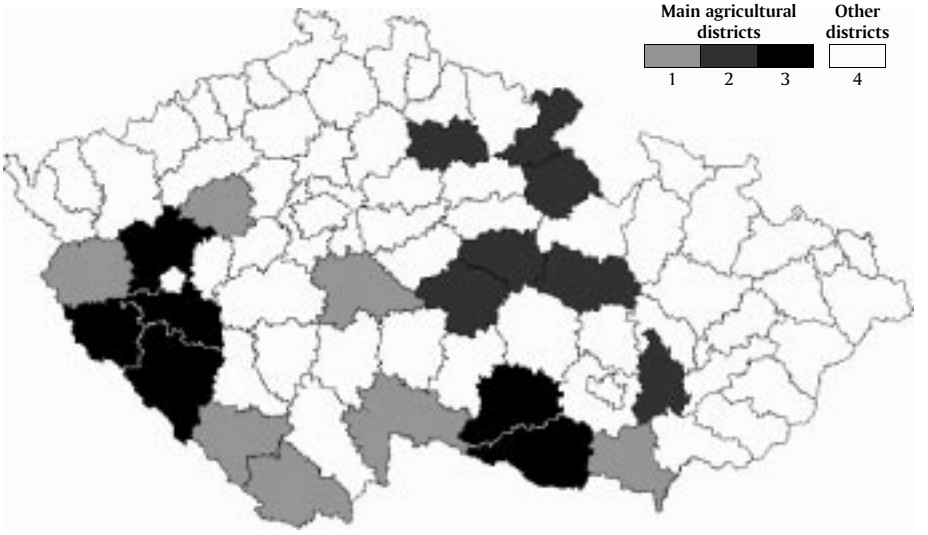
Due to the even geographical distribution of changes in sectoral structures of the economy, there were also basically preserved pre-transformation features in the distribution of services (see Figure 4.14). There is a typical polarity between metropolitan and rural areas, further complemented by an increased proportion of the nonmanufacturing sector in the Karlovy Vary region (with an attractive variety of spa and tourist facilities). Together with Prague, the Karlovy Vary region has the most favorable sector structure of economy from all new self-government regions – the advanced nature of this structure was characterized in a simplified way as a sum of jobs in the secondary and double proportion in the tertiary sectors (see Table 4.13). The differences between other regions or macroregions are less important, with the exception of the Jihlava, Pardubice and Hradec Králové regions, or northeastern Bohemia and a zone along the historical boundary between Bohemia and Moravia. This, from the national point of view, "central" North-South zone displays the lowest rate of growth in structural changes and increasingly acquires the form of a certain internal periphery. It is proved both by a low degree of "tertiarization", and still a relatively high proportion of the primary sector. From the relative point of view, the proportion of the primary production in the transformation period was even strengthened, as it is shown in Figure 4.15.

Fig. 4.14: Share of services in total number of jobs (1996)



Sources: see Fig. 4.3.

Fig. 4.15: Main agricultural regions 1989 and 1996



Notes: Main agricultural districts are defined by twice share of jobs in agricultural and forestry above national average.
1 – only in 1989; 2 – only in 1996; 3 – in 1989 and 1996.
Sources: see Fig. 4.3.

As the data on economic sectors at the regional level are not available in sufficient detail and there is an absence of some important indicators (GDP, the value added, etc.) no thorough analysis of structural changes could be carried out. There should be done, among other things, a systematic assessment of the economic efficiency of productive – industrial in particular – units and particularly the specification of development tendencies in the most progressive nonproductive activities, represented by the quaternary sector (so far making part of the tertiary sector). In the latter case something is possible thanks to the details on the development of jobs in the sphere of banking and insurance (in further text called the financial sector), and thus the sphere with the highest development rate and also the highest growth of wages. Therefore, the next part of the study is devoted to an analysis of the development in this sphere. The financial sector is understood just as a model example, or a representative of the most progressive economic activities. Regional distribution of jobs, the growth of their number and the course of this growth are marked with a variety of peculiarities. They directly express also the processes of deepening of qualitative hierarchization in the settlement system and the strengthened position of the biggest centers, or metropolitan areas, in terms of their importance.

Basic data about distribution and development of the financial sector are given in Table 4.14. Understandably, they show that the financial as well as the entire quaternary sector are marked with a degree of territorial concentration. It is substantially higher than that of the population itself. Prague's position is entirely dominant. One can select from other metropolitan areas rather exposed and qualitatively developed areas of Plzeň, České Budějovice and Brno, and also the area of Hradec Králové-Pardubice. On the contrary, both coal-mining areas, and also the areas of Olomouc and Karlovy Vary are, from this point of view, underdeveloped. If Prague is excluded from this assessment, it is true that there is no harmony between the size and qualitative differentiation of big centers and the relevant metropolitan areas (the rank order correlation coefficient between population size and relative proportion of the financial sector is -0.091). When using another indicator of the "size" of the financial sector – the banking capital – the described hierarchization would be by one order more pronounced (Prague would concentrate about 86% of the banking capital). The development of the financial sector in the 1990s further increased the characterized hierarchization, which can be generally connected with a gradual "transformation" of the size hierarchy of the settlement into a mostly qualitative or size-qualitative hierarchy.

Tab. 4.14: Development of concentration of financial sector (1989–1996)

Metropolitan area	Share on the CzR of jobs in finance and insurance (%)				Share on population of the CzR (%)
	1989	1992	1996	Difference 1989–1996	1996
Praha	28.86	31.40	36.61	7.75	13.32
České Budějovice	2.11	1.95	2.31	0.20	1.72
Plzeň	3.31	2.96	4.29	0.98	3.01
Karlovy Vary	0.96	0.99	0.95	-0.01	1.19
Ústí nad Labem	4.02	3.80	3.83	-0.19	4.77
Liberec	2.41	2.38	2.30	-0.11	2.41
Hradec Králové-Pardubice	3.59	3.93	4.02	0.43	3.15
Brno	5.49	5.02	5.62	0.13	5.28
Olomouc	1.55	1.72	1.67	0.12	2.19
Zlín	1.14	1.39	1.78	0.64	1.91
Ostrava	5.62	5.34	6.02	0.40	8.13
Total	59.06	60.88	69.40	10.34	47.08
Non-metropolitan areas	40.94	39.12	30.60	-10.34	52.92

Sources: Pracovníci a mzdové fondy... za r. 1989, Czech Statistical Office, Praha, 1990; Zaměstnanost v civilním sektoru... za r. 1992, Czech Statistical Office, Praha, 1993; Zaměstnanost v civilním sektoru... za r. 1996, Czech Statistical Office, Praha, 1997

The described signs of the concentration of the financial sector only demonstrate general regularities of the geographical distribution of progressive economic activities. The development of the financial sector and the temporal differentiation of this development is therefore very interesting in many respects. It was first the development rate which was exceptional here: while the number of all jobs diminished by more than 4% in 1989–1996, the number of jobs in the financial sector increased swelled more than 3.5 times (in Prague more than 4.5 times). Due to this, the proportion of the jobs from this sector in the whole economy surged from 0.48% to 1.79%. Such exceptional development occurred in the initial years in a different way than in later years. The absence of an advanced network of banks and the need for rapid diversification and also provision of a greater variety of services prompted at first a general and massive development of the financial sector. The beginning of the 1990s was therefore, from the quantitative point of view, the most dynamic stage. Later on, selective tendencies begun to appear with a stress on qualitative aspects of development, while quantitative growth gradually decreased. This was also manifest in a different form of regional development in the financial sector. In the first years (1990–1992) there was no significant territorial differentiation in the growth of financial sector, while in later years this growth displayed substantial selective features – see also data in Table

4.14. One can thus speak about two stages of development: general and selective. In the farther future – after the necessary financial infrastructure is completed – secondary, but surely only limited tendencies of the diffusion type can occur, which would lead both to an "increased density" of the infrastructure and to its improvement even at lower levels of hierarchy.

Finally, the described, unusually dynamic development of the financial sector can be rightly complemented by a remark about changes in the composition of the labor force by sex. In the socialist era, the financial sector belonged to the sectors with the highest percentage of employed women with below-average wages. During the 1990s the wages multiplied and the sector became one of the most attractive spheres. This resulted in a decrease in the proportion of women in the number of the employed. Their proportion lowered from 77.2% in 1989 to 69.7% in 1996. A similar development, but with lower proportions, occurred in Prague alone, where the best paid jobs are concentrated: 73.3% in 1989 and 65.4% in 1996.

Conclusions: regularities in the development of regional differentiation

The study of the development of regional differentiation during the first stages of the transformation period is designed to find out all main types of changes, which are relevant from the point of view of geographical organization of society. The effort to integrally describe the present development materialized through a relatively systematic, but also rather analytically oriented depiction of all problems. Therefore, the previous analyses must necessarily lead to an attempt at a thorough synthetic assessment aimed at quite a general interpretation of the development tendencies. In this respect the key role is played by the determination of main regularities and relevant factors of regional development. Such a determination of course calls for a two-level approach. On the one hand there is a need to characterize relatively specific tendencies in the development of regional organization of the Czech national system, and, on the other hand, to evaluate whether these tendencies are in keeping with general regularities of the development of the settlement system. The general framework for thus conceived synthetic conclusions was provided by the assessments formulated in previous studies – see mainly Hampl (1998a) and Hampl et al. (1996).

1) A strengthened selective orientation was undoubtedly an integral and evidently overall feature of the development of regional differentiation in the transformation period. Understandably, the uneven course of development led to a deepening of regional differences, namely both in the sense of territorial intensity (density) in the distribution

of social activities and in the sense of relative prosperity enjoyed by the territorial units and the associated living standard of the population. The connection of these two forms of "unevenness" is certainly regular because relative differences in prosperity are a condition for the geographical movement of the capital and labor force. At the same time, these relative differences arise as a result of varying attractiveness and potential development ability of various areas. Since the described association is two-sided, it is correct to speak about two forms of development differentiation – in territorial intensity and in relative prosperity – of the same integral process. A fundamental function of this integral "differentiation" process is to achieve the most favorable geographical organization of social activities and the utilization of resources. This consequently leads to an increase in the effectiveness of "the whole", i.e. in this case especially of the national economy. The differentiating process is therefore primarily oriented toward the utilization of the concentration and agglomeration advantages on the one hand and the advantages of specialization and associated cooperation and functional division on the other. From the viewpoint of territorial differentiation in the settlement intensity, this is the question of deepening polarization and hierarchization; from the viewpoint of territorial integration, this is the question of intensifying the labor division in the framework of the system and also increasing internal interconnection, and thus the organicity of the settlement system. The development of "the whole" is thus projected into the development of all, or at least most, parts. It is therefore "regular" that while differences in territorial intensity (concentration) of the activities are enormous, the differences in relative prosperity of partial units are rather small. This is empirically illustrated by several following data about Prague's metropolitan area, which represents an extreme in the Czech Republic both in the relative prosperity and territorial concentration. In 1996 the wages here only exceeded the national average by 27.6%, i.e. little more than by a fourth, while the difference in population density was 6.3 times higher, in the "density" of economic aggregate 10.2 times and in the jobs in the financial sector 17.4 times higher.

2) The significant increase in the selective orientation of the development of regional differentiation is naturally associated with the changes occurring in the political and economic system since 1989. As market mechanisms were gradually established, the aspects of economic rationality were reinforced and since democracy was introduced in society, alternatives of "free" choice provided for people, their organizations, business activities, etc., were supported. The economic competition in combination with the expansion of the free choice can certainly be denoted as mechanisms providing

opportunities for a "natural" or "progressive" social development. This is doubly true in comparison with the development of totalitarian society, which was clearly heading toward economic degeneration and lack of civil freedoms. In this sense, a general conclusion about the association between political freedoms and open economic competition on the one hand, and a selective orientation of the regional development on the other can be enunciated. This can be extended into the statement that unevenness in regional development is regular, desirable, and advantageous. Such a unilateral statement is, though, incorrect or perhaps incomplete. It is at least necessary to add two reservations to this statement. First, it is impossible to emphasize "any" unevenness, but only that case which leads to an increased effectiveness of the whole and thus, in the long run, also to the development of its poor parts. Second, it is impossible to emphasize "unlimited, permanent and one-sided" unevenness in regional development, but only its selected, suitable degree which "must" be adopted by democratic political mechanisms (see in particular programs of political parties). Social instability, monopolization of power and wealth, etc., can only be prevented in this way. It is basically the question of the need to improve the political mechanisms of choice (compromise), with which the degree of either meritocratic or solidarity principles in the development of society is applied. Consequently, a conceptual orientation in the effect of these mechanisms should express a combined respect for two goals: strategic (social) stability and total (economic) effectiveness of the system. If some authors criticize unequal development as an "unfair" and "specifically capitalist" phenomenon (mainly Smith, 1990), it is always associated with a one-sided approach. Even in the socialist system regional development was in many aspects unequal, and if equalizing regulative measures dominated, this resulted in economic decline. The development in capitalist systems was undoubtedly more uneven, but it was also markedly more intensive or more successful. Moreover, the degree of the unevenness strongly differed and it corresponded with the conditions as well as the needs of individual systems. The transformation periods are characterized by a need of a temporary one-sidedness in the development of selective processes "for the sake of a shift to a qualitatively higher level". This also goes for the Czech Republic and posttotalitarian countries generally, in which the posttotalitarian transformation is primarily a rehabilitation process associated with the reconstruction of society and partly also of its geographical organization for the sake of a return to a natural development trajectory. This is in this case represented by a "general transformation" from the industrial development stage (described especially in the second chapter) into the postindustrial development stage.

3) The previous, very general remarks need a comprehensive explanation, first of all associated with the specification of main factors conditioning the differentiation of the development. The factors were largely determined in the framework of previous observations. It is very important that the determination of these factors and their hierarchy of importance has been repeatedly confirmed when analyzing different types of phenomena and processes. This proves both the general nature of the impact of fundamental geographical factors and integrity of transformation processes and the integrity of the transformation and indirectly also social development in general. Three types of factors were revealed in virtually all basic analyses: the settlement hierarchy, macrolocational attractiveness and economic specialization. Their order also corresponds with the hierarchy of importance of the said factors. As a result, the settlement hierarchy (with an impact at several levels) was the most important factor. However, only two of these levels have played a decisive role for the development of regional differentiation. It was more important than the roles of the two remaining factors. The first level is represented by a polarity between metropolitan and nonmetropolitan areas, the second by a polarity between Prague's metropolitan region (higher in importance and size) and other metropolitan areas. The differences in the speed of economic development and in the current economic level were at the latter level still slightly more significant than at the former level (lower in the hierarchy). The macrolocational factor and the factor of "negative economic specialization" played a lesser role. Their mutual differentiation in importance mainly respects a general effect of the macrolocational factor and only a specific effect of the factor of specialization or disadvantageous specialization (coal-mining areas, scarcely populated rural areas, etc.). It must be emphasized, though, that the determination of the factor of "negative economic specialization" is in principle inaccurate and it overlaps the factor of settlement hierarchy. It actually only takes into consideration a certain extreme in a broader polarization, or hierarchization of a qualitative type: "progressive–regressive" specialization. This is primarily associated with settlement hierarchization and also with qualitative hierarchization of units at the same basic scale level. Hence a strong polarization in the framework of the set of metropolitan areas even if Prague, as a higher hierarchical unit, is not included – see the characteristics of areas with "high quality" and locational attractiveness: Brno, České Budějovice and Plzeň on the one hand, and both main coal-mining areas on the other. One can speak about a hierarchical polarity of the center–hinterland type, or the core–periphery type also in the case of the macrolocational differentiation. There is the question, however, of a level higher in the hierarchy/scale (supranational or continental),

expressed by a distance zonalization with regard to the European core, which can be identified with the "blue banana" (see for example Brunnet, 1989), a broad zone leading from central England to northern Italy in which one third of European agglomerations with more than one million of inhabitants and a major part of progressive production and also key quaternary activities are concentrated. Considering that, it is true that the underlying factors of regional development and its differentiation are universally attached to the hierarchical organization of sociogeographical systems, to an organization constituted by many levels (see scale hierarchization) and an organization operating both by means of a size (quantitative), and also by means of a functional (qualitative) differentiation of the units of the same scale level.

4) It follows from the previous conclusions that in the case of the sociogeographical (environmental) systems, the dominant conditioning influence on the course of development processes is exerted by the integral (hierarchically structured) organization of these systems. An isolated effect of individual factors – one can speak about individual dimensions of the structuration of the said organization – "does not exist" in reality. The traditional selection of partial factors/indicators and their classification into conditioning and conditioned variables is therefore in many respects only a methodological construction. Moreover, it is a construction hardly able to fully describe the complexity of reality. It is still impossible to replace traditional analyses with a more perfect methodology if our knowledge and cognitive instruments are not further deepened. However, at the synthetic level of assessment, it is necessary not only to take into consideration the limited cognitive ability of these analyses, but also to try to "arrange" them into a system through a hierarchical structuration of the integral system representing the environment in which various development processes take place. At the same time, since these processes can be bound to a geographical organization in various degrees, they can also display various degrees of autonomy. In a simplified way, one can distinguish two types of these processes, as it has already been suggested in the second and third chapters. First, there is the question of social, economic or political changes in a narrow sense, which are primarily bound to corresponding "nongeographical" structures. This is exemplified by the privatization process and political democratization. These processes occur in a geographical environment, too, which can influence their course either in a positive or a negative way. The geographical differentiation, however, also occurs in this case only as an external, relatively static, environment and it mainly influences the space pattern of social differentiation and the spread (diffusion) of relevant changes. Since other types of

processes are represented by changes in the geographical organization itself, they are components of the development of geographical systems. They mainly include the concentration processes – not only such processes as the geographical concentration of population or jobs, but also geographical concentration of information, controlling functions, etc. They are complemented by ensuing processes of functional cooperation, and specialization of parts of sociogeographical systems is deepened. In the sense of the described distinction of "internal" (social, economic, political) and "external" (geographical) structures of society, it is necessary to evaluate in a two-level way the whole process of social transformation or the two forms of the impact of this transformation on the above-mentioned dual structure of society. Finally, this also corresponds with formerly distinguished two types of unevenness and their significantly different dimensions: in the relative wealth of people and social communities (relatively limited unevenness of the "internal" differentiation of society) and in territorial intensity of social activities (enormous unevenness of external/geographical differentiation of society). The types of factors shaping regional differentiation of changes and also the effect of their importance are of course basically common to both levels of assessment. This also corresponds to the appearance of "internal and external" organization of society, and integral nature of social development. However, the so far characterized facts have mostly only informed about the current level of regional differentiation in the "wealth" of territorial units and about the differentiation in the short-term growth of economic development, not about the triggering of long-term development tendencies of geographical organization of society. These are tendencies of a qualitatively new (intensifying and postindustrial) type. The emphasis has been laid first of all on the evaluation of the consequences/manifestations of the transformation on the "internal" social situation, although in its geographical forms.

5) The previous assessments emphasized the integral hierarchy of sociogeographical systems as a differentiated organization "differentiating the development". It is an organization of the environment of the inherent (internal) social development. In distinguishing the scale and qualitative forms of this hierarchization and also the "hierarchization" in the framework of the individual scale level of geographical units (specifically metropolitan areas), an internal structuration of this integral hierarchy was expressed. As a result, it was actually characterized as a "hierarchy of hierarchies". On the one hand, the differentiated development of partial units making part of the described system of hierarchies expressed its conditioning influence. On the other hand it also revealed its modification and development. A positive correlation between what

"is really higher in terms of hierarchy" (bigger, of better quality, with more advantageous position, etc.) and "more successful in development", confirmed in virtually all conducted assessments, brings about a general conclusion about a dominant orientation toward strengthening and intensifying the hierarchization of sociogeographical systems. This intensification manifested itself of course in different forms, which must be further specified:

(i) Previous analyses of empirical materials clearly showed that the biggest centers or metropolitan areas, Prague's area in particular, were strengthened as regards both the development of wages and jobs. The position of hierarchically highest elements of the settlement system was thus strengthened as well, namely in the quantitative sense. The ongoing concentration of jobs into most of the big centers and further interconnection of these centers with their close (metropolitan) hinterland (where the population grows faster than in main centers) indicate the triggering of new forms of urbanization, facilitating metropolization and within its framework suburbanization, which was suppressed in the socialist era. Actually, there is also the question of a scale shift in the hierarchical organization of settlement: from the hierarchy of nodal centers toward a hierarchy of metropolitan areas, and thus toward a hierarchy of "supranodal" centers.

(ii) The growth of their importance in the qualitative sense is and especially will be more important than the growth of the proportion of main centers as well as metropolitan areas in jobs and possibly also in population. This should be connected with an increased role of controlling and innovative functions of these centers, together with an increase in their influence on the whole regional systems. In this sense it is correct to speak about a new quality of concentration processes, about the transformation of extensive (quantitative) forms of development into intensive (qualitative) forms. This corresponds to the development transition from the industrial to the postindustrial stage. This is chiefly dominated by the growing role of quaternary activities, which are in a rising degree concentrated into the biggest centers and surrounding metropolitan areas. First of all, this results in a growing concentration of organizing as well as controlling "power" in these centers. It means further strengthening of the importance of hierarchically highest elements, the formation of supranodal forms of hierarchization, and, in particular, the formation of supranational hierarchization systems eventually leading to a global system (see the formation of hierarchy of global centers – Cohen, 1981, Hall, 1984). The increased concentration of progressive/controlling functions of these areas is

by one order more important than possible quantitative growth of main metropolitan areas. This may be illustrated by data about the development and proportions of the Prague metropolitan area according to various phenomena and functions in the Czech Republic in 1989–1996. While its proportion in the population stagnated (13.41% in 1989 and 13.32% in 1996), the proportion in jobs increased (from 14.86% to 16.92%), but less than the proportion in the "economic aggregate" (from 15.78% to 21.50%), let alone in the dimension of the financial sector (from 28.86% to 36.61%). However, a greater importance than to changes in proportions should be ascribed to the differences in the degree of concentration of individual functions – housing, working and "controlling" (here represented by the financial sector). The proportion of jobs in the financial sector was almost triple as compared to the proportion in the population. Prague's position was quite dominant from the point of view of the concentration of the banking capital, headquarters of major companies, etc. (see also Dostál, Hampl, 1994b, Hampl, 1997). Prague is also the only Czech center, which can play some role in the hierarchy of centers in supranational systems – for example from the point of view of the concentration of banking capital it was 79th in the world in 1995.

(iii) As the concentration of phenomena successively gave way to the concentration of relationships and controlling/organizing activities, integrating processes in the settlement systems were developing as well. While the integrity of higher-scale regions is being strengthened on the one hand, the integrity of small regions is being weakened on the other. Some authors consider these changes as a transformation of the hierarchical organization into "network" organization with higher flexibility, higher equality of elements, suppression of links of subordination, etc. (in the sense of one of the megatrends described by Naisbitt, 1982). It seems, though, that these tendencies only have a limited and specific effect at lower levels of the scale hierarchy and partly result from the strengthened role of those forms of the hierarchization of settlement systems which are higher in terms of order and scale. In this sense, there is not the question of weakening the hierarchical forms of organization, but of the scale shift of these forms, while the frameworks of their effect are enlarged. There is certainly an increased interconnection between settlement elements and associated development of cooperation and organicity of increasingly vast regional systems. This development of interconnection and organicity of regional systems necessarily leads to an increase in interdependence of settlement elements, including both strong and weak elements. This creates

the requirements for gradual transformation of the traditional polarity "strong core–weak periphery" into a polarity "controlling core–controlled periphery" and for a successive weakening of the connection between the polarity "wealthy units–poor units" into a "cooperative" hierarchy of these units. The preference for effectiveness and stability of "the whole" to the dominance of controlling units – at least from the point of view of relative wealth of population – naturally calls for a well-conceived, strategically devised and purposeful policy of society (of the whole), the establishment of appropriate rules of the game and sensitive mechanisms in order to find the desirable degree and also the forms of the combination of meritocratic and solidarity principles. Generally speaking, one can recommend the support to the development of infrastructure (conditions of interconnection), cooperation of peripheral and controlling units, appropriate functional specialization of backward units, business activity in these units, etc. A spontaneous selective orientation of regional development should be thus followed by an assistance when the effects of selective development are diffused into the whole system. A support for a policy in the sense of development model "selection–diffusion" or "differentiation and concentration–integration and cooperation" is naturally affected both by the economic level (wealth) of society and its democratic nature (freedom, alternative choices according to the interests of majority). This is perhaps realistic in advanced democracies, but surely in a distant future when it comes to the global system. Similarly, such policy is right now hardly realistic in transforming posttotalitarian countries, but relatively probable in future stages of their development if these countries achieve economic advancement and a thorough democratization of society.

5

Alternatives And Problems Of Regulations In The Development Of Geographical Organization Of Society

The last chapter of the first part of this case study is devoted to key questions about the role and alternatives of a regulatory influencing of the "natural" development in regional differentiation or geographical organization of society in a broad sense. When compared with the previous chapter, devoted to analyses and consequently also to a synthetic expression of predominately "objective" tendencies, the following text focuses on the assessment of active agents of territorial development. In a simplified way, one can speak about a certain shift of the focus "from the geography of objects toward the geography of subjects". A sharp opposition of the two approaches is of course not only wrong but also impossible. The real social development is of an integral nature and it includes a combined impact of a plurality of interests, their conflicts and also possibilities of implementation, limited both by external and internal conditions, represented by the division of forces and abilities among specific agents, between partial institutions and those embracing the whole society, etc. The distinction between what is objective and subjective is thus necessarily relative and serves only to stress the dominant field of study in certain aspects of social affairs. The described relativity of this distinction as well as the integrity of social development require at the same time a broad definition of subjective activities and controlling factors. They cannot be only restricted to a regional policy in its usual meaning. There must be an assessment of basic institutional structures which create the rules of the game and in their framework also specific types of active agents of regional development (for instance self-governing regions). From this is derived the arrangement of the study: from a discussion on the macrosocial and macroeconomic policy in particular through an assessment of territorial administration (self-government in particular) to some special questions of regional policy. All of this is of course always related to the regional development and specific situation during the transformation era. Similarly to the previous chapter, a concluding general part is added. It is devoted to theoretical problems of the role of regulations in the development of the geographical organization of society.

Society and general rules of the game

It is only partly possible and justified to distinguish spontaneous tendencies in the development of regional differentiation on the one hand and their conscious (planned) control on the

other. This results from an interactive occurrence of these two sides of social development. All social activities generally take place in the framework of certain rules of the game and, in the case of modern societies, these rules usually adopt the form of a system of laws, ensuing power instruments of their implementation, etc. These general rules basically determine the alternatives of social development and consequently also regional development. An illustration of these trivial facts was presented in the previous chapter in the form of assessments emphasizing development differences in the totalitarian and posttotalitarian era. This comparison and following discussion further resulted in an important positive relationship between the extent of selectiveness (one can even speak about "natural character") of the regional development and the extent of its economic efficiency, at least up to a certain degree of this selectiveness, to a degree acceptable from the point of view of sustainable strategic social stability. In general, there is a positive relationship between the degree of selective orientation of the development and the degree of economic liberalization on the one hand and general determination of the degree of both of them by means of a political choice on the other. In this sense, political democracy represents a hierarchically higher, or a more integral mechanism, defining the space for the application of the market mechanism, which is a more specific mechanism and thus, from the global point of view, also a hierarchically lower mechanism. Both types of mechanisms are of course interrelated, but the degree of their "maturity" may fairly differ. This can be illustrated by the difference between Western and Asian models of rapidly developing economy in the postwar period: in the case of the Asian model (Japan and later the "Asian tigers"), the development of democratization was relatively delayed. Due to this, economic growth was more significant, but socially also more drastic, and, as proved by recent developments, also strategically less secured. What is common for both models, though, is an acceleration of selective processes in the course of the economic boom, i.e. actually a transformation from a lower to a higher level in terms of economy, and subsequently also the total social development. Hence the need to strengthen selective processes precisely in the transformation periods. It is usually also reflected in quantitative forms such as geographical concentration of the population. The increase in the proportions of Osaka and especially Tokyo agglomerations in the Japanese population in the 1950s and 1960s or of the Seoul agglomeration in the South Korean population from the 1960s to the 1980s prove that clearly. The growth of the Madrid, Barcelona or Lisbon agglomerations in the 1960s and 1970s was less prominent, but still sufficiently strong.

The Czech Republic also embarked on the path of transformation development in the 1990s. Necessarily, this also brought about the development of selective processes, both

inside society and its external (geographical) organization. This was convincingly evidenced by the analyses in the previous chapter. The speed and growth of selective processes were relatively low, though, not only in comparison with "Asian tigers", but even in comparison with Poland and Hungary. The causes must be sought in the inconsistency of transformation changes, with a belated adoption of unpopular measures, with a delay in the creation of indispensable legislation for a new economic and social situation, etc. The slow – and steplike – privatization process delayed the establishment of clear ownership rights and extended the life of inefficient industrial giants. A low unemployment rate, opaqueness of stock markets, scanty number of bankruptcies, very limited instruments for debt recoveries, etc. led to deformation of the developing market environment. One can speak about a "velvet" transformation, set into motion after the "velvet" revolution. This can be evidenced among others by a slow increase in regional differences in average wages: the variation range at the district level ranged between 89.2 and 122.4 in 1989, and between 83.7 and 129.5 in 1996 (as taken to the national average). Equalizing tendencies in the wage policy continued to prevail especially in the public sector. The result was – after a short revival of growth – an economic stagnation on the one hand and spread of corruption and economic crime on the other. The meager success of previous transformation could be of course explained away by its difficulty. However, when compared with other candidates for membership of the European Union, and especially when compared with the initial conditions of these countries, this excuse is not valid. Thanks to its advantageous geographical position, low indebtedness inherited from the socialist economy, a relatively better economic situation when compared with other posttotalitarian countries (with the exception of Slovenia), and also thanks to the support to the liberal concept of transformation by most of the public, the Czech Republic should have obtained the best results. If this failed to happen, this should be undoubtedly ascribed to the insufficient quality of political elites, their unreliable relationships to their own proclaimed programs and inability to communicate and cooperate. This can be best proved by the formation of a hidden coalition of the two strongest political parties after the 1998 elections although their programs are quite opposite. Admittedly, the co-operation may give a hope for the needed political stability of the country with the public deeply split between the right and the left, but it may also be an instrument for the petrification of the power arrangement. The main hope for the future of the Czech Republic is thus still its geographical position and initiated processes of integration into supranational structures (the EU, NATO), which will in many respects also determine the internal political and economic development.

Although political parties are not reliable as regards their programs and the division into the right (for the transformation) and the left (at least partly against the transformation) is somewhat blurred, regional differences in election results are relatively significant when regional differentiation of general social/political attitudes of the public is described. There is a clear relationship between the preferences and aspirations of the population (differentiated primarily according to its education) and real economic results of the so far implemented transformation. The majority of "right-wing" voters are in big towns with the exception of coal-mining areas, and also in the zone of southern–central–northeastern Bohemia. The left won in other areas. Furthermore, there is a great difference between "right-wing" Bohemia and "left-wing" Moravia with Silesia, and an extremely left-wing orientation is typical of the two main coal-mining regions and for some borderland districts resettled after the Second World War (the Tachov, Sokolov, Bruntál, Jeseník, Znojmo districts in particular). The association of political attitudes of the public with economic development in the 1990s is also proved by a simple correlation table (Table 5.1).

Tab. 5.1: Results of 1998 elections with regard to economic development in 1989–1996 (frequency of districts)

Relativized index of development EA 1989–1996	Election results (% "right" – % "left")				
	– -13.1	-13.0 – -3.1	-3.1 – +6.9	+7.0 – +16.9	+17.0 and more
115.0+	0	0	1	1	1
105.0–114.9	1	2	3	1	3
95.0–104.9	2	8	5	0	2
85.0–94.9	8	11	7	1	2
–84.9	12	4	1	1	0
Total number of districts	23	25	17	4	8

Notes: Only Parliament parties were taken into consideration. As "right" were taken Občanská demokratická strana, Unie Svobody and Křesťansko-demokratická unie – Česká strana lidová (total gain of 102 seats); as left parties were taken Česká strana sociálně demokratická and Komunistická strana Čech a Moravy (total of 98 seats). For assessment of individual districts, only shares of the parties that had obtained more than 5% of all votes were considered.
EA – economic aggregate (see Chapter 4).
Source: Lidové noviny, June 22, 1998.

Relatively big "softness" of the previous transformation processes has thus considerably slowed down a general selective orientation of the development. Moreover, many half-hearted measures led to new deformations and to the creation of new barriers to the development. Changes in the sphere of housing policy obviously exemplified this situation. They are also an example of maybe the most important deformation of the conditions shaping regional development. The erstwhile large subsidies for housing construction were quite suddenly

abolished and the extent of new housing construction thus plummeted in 1991 to a mere one-sixth of the figure reached in 1990. At the same time, the state rapidly got rid of the economically disadvantageous ownership of the housing stock, especially by means of its transfer to self-governing local councils and also in the form of restitutions to original owners. The absolutely liberal measure in the form of elimination of subsidies for housing construction was not, though, compensated by the elimination of an absolutely socialist way of regulating the rents. They were only very slowly increased. As a result, they have remained until today under the value of maintenance costs. The natural consequence of this situation was and still is a nonexistence of a mass housing market, the emergence of black market, a dramatic limitation of population migration, and thus a dramatic decline in spatial movement of the labor force. These facts are proved by the data in Table 5.2. Along with national data, they also provide information about the development of the proportion of Prague and its metropolitan hinterland (the Prague-východ and Prague-západ districts) in the total volume of new housing construction. This illustrates, at least secondarily, an important impact of selective regional tendencies in the development of housing construction. This means a relative increase in the proportion of the most attractive metropolitan area and also the triggering of suburbanization tendencies within its framework (for the sake of comparison it should be said that at the end of 1996 Prague accounted for 11.69% of the national population and its hinterland for 1.63%).

Tab. 5.2: Development of housing construction and migration mobility of population in 1989–1997

Year	Constructed flats in thous		Share on the started housing construction (%)		Migration mobility among districts per 1,000 inhabitants
	Started	Completed	Praha	Praha-východ + Praha-západ	
1989	55.7	55.0	10.90	1.17	15.1
1990	61.1	44.6	7.64	1.79	15.7
1991	10.8	41.6	16.51	2.58	13.9
1992	8.4	36.4	14.59	4.03	10.8
1993	7.5	31.5	15.33	7.31	10.2
1994	11.0	18.2	14.58	5.26	9.1
1995	16.5	12.7	8.92	6.19	8.9
1996	21.5	14.0	16.31	6.44	8.4
1997	31.4	15.9	18.61	5.40	8.5

Sources: Hampl et al., 1998; Bytová výstavba v územích České republiky 1988–1997, Terplan, a.s., Praha, 1998; Statistická ročenka Českého republiky 1997, Czech Statistical Office, Praha, 1997; Pohyb obyvatelstva v České republice za r. 1997, Czech Statistical Office, Praha, 1998.

The data in Table 5.2 show that housing construction has gradually started to revive since 1994. A positive role has been played by the policy of local councils and also by new forms of state support by means of some banks (advantageous mortgages and home-building savings). It must be emphasized, though, that the volume of new housing construction programs only started to roughly outweigh the estimated annual loss of the housing stock in 1997. This loss is the highest in the biggest towns due to the concentration of investment activity and also the owners' effort to convert flats into nonresidential premises, which could be rented with a bigger profit. This has resulted in a successive "reversal" of migration flows from the point of view of hierarchical (size) settlement structure – see Table 5.3. The deformed geographical structure of migration flows, and, especially, a general decrease in the intensity of migration (especially at larger distances), together with a more or less no or mostly slightly negative natural increase has lead to "stabilization" of the regional distribution of the population. As the development in the job distribution is heading toward a selection or mostly toward a concentration, the territorial differences between the distribution of permanently residing population and jobs is deepening. The limited and deformed impact of the necessary outweighing mechanism of these differences, specifically the population migration, is calling for an increased development of movements of other types, in particular commuting to work (daily, but more and more also non-daily) and temporary migration. Statistical information about these processes is not available, but a simple review of the distribution of economically active population and jobs reveals that their extent is considerable, and they exceed by one order the volume of annual interdistrict migration.

Tab. 5.3: Development of net migration by size categories of municipalities (without foreign migration)

Year	Municipalities with population of			
	–1,999	2,000–9,999	10,000–99,999	100,000+
1992	-3,356	2,626	-207	937
1993	-1,831	3,263	-1,886	454
1994	2,607	3,449	-4,679	-1,377
1995	6,927	2,741	-6,812	-2,856
1996	6,868	3,392	-6,252	-4,008
1997	10,568	3,884	-8,628	-5,824

Sources: Vital statistics in the Czech Republic in relevant years (internal publications of Czech Statistical Office, Praha).

An extreme example is posed again by Prague, whose positive net commuting figure increased by at least 75,000 people during the 1990s. Currently it is close to 200,000 (undoubtedly

at least one half of the number accounts for non-daily commuting and temporary migration). Simultaneously, the volume of foreign immigration (including illegal) increases. The same goes for illegal forms of employment. The described processes, replacing the function of population migration, cannot be, though, always efficient enough. In the case of the deepening of macroregional differences in the distribution of work and labor force the role of the migration is indispensable. The limited migration mobility of the labor force has thus become a barrier to not only regional, but also total development. It is not only unable to help solve the problems of unemployment in regions which have run into trouble, but, first and foremost, it causes a shortage of labor force in the developing regions. Moreover, insufficient offer of labor force at the labor market in these progressive regions leads to a general decline in working ethic.

Integral subjects of regional and local development: territorial organization of public administration

If macrosocial rules of the game can create more or less appropriate general conditions for the development of "natural" processes of regional differentiation, the key role in more sensitive co-ordination of these processes can be assured especially by institutionalized structures of territorial institutes of an integral type. These institutes are generally represented by the state and relevant territorial organization of the state administration on the one hand and a system of self-governing territorial units on the other (for greater detail see Dostál, Hampl, 1993). The emphasis on the "integral" character of these institutes is explained by the function of these units. It is primarily expressed by their public – generally social – orientation of interests and also by their representativeness and co-ordination tasks which include all problems of the social sphere: the harmonization of social, economic and environmental processes. To put it simply, the dual function of territorial units can be emphasized. It is political, reflecting the relevant presentation of interests of a given local/regional/national community, and integral as well as co-ordinating, corresponding to a broadly conceived concept of a concrete content of public administration. These functions are then secured by the two above-mentioned forms of territorial organization, i.e. the state administration and self-government. The duality of these organizations is deeply anchored, because it enables the harmonization of two necessary, but partly contradictory needs of a democratic social system: its total integrity, but derived "from below" (from the public) on the one hand, and a necessary preservation of autonomy, and thus also active participation, of partial human communities on the other. This is why the formation and development of

self-governing territorial units are directly linked with the decentralization of power and resources within a state and activity of the public.

The extent of powers and resources of self-governing units is first of all defined by the territorial division of the state. It is therefore more limited in a non-federal state, which relates to the Czech Republic. In this case such an arrangement is certainly justified, given the small size of the state, its high national and also cultural homogeneity and, last but not least, the uneasy transformation period requiring an increased unity of control. But even a non-federal state, if it is a democratic state, necessarily needs a system of self-governing territorial units, not only in order to fill some general (mostly political) principles of democratization and ensuing decentralization of power. The system of self-governing units has first of all better or more deeply structured preconditions for executing its function of integral co-ordination of social development, because, unlike the state administration, its controlling powers cut across ministerial/resort methods of direction. Hence its taking into consideration broader relationships of partial problems and processes. In this sense, the self-government is an important partner of the state, which should of course not dominate, but only participate. This is the only way with which to reach a fairly high harmony and co-ordination when society is managed. There are other important advantages of self-government such as an increased interest connection with regional/local problems, an increased legitimacy and monitoring of the activities of self-governing institutions (see local and regional elections), etc. Finally, there is a qualitative difference in the hierarchical systems of units between the state administration and the self-government. In the former case, there is the question of "usual" hierarchy, based on the relationship of superiority and subordination. In the latter case there is rather the question of an autonomous scale level of co-ordination powers, which provide opportunities for the development of partnership both in the horizontal and vertical/hierarchical dimensions. In this sense, the hierarchy of self-governing units plays an indispensable role in the deepening of co-operative components of general social – necessarily hierarchically integrated – organization and also in the strengthening of the role of mechanisms creating social hierarchization "from below".

The two basic functions of the two systems of integral subjects of territorial development, already touched upon in various connections, play a substantial role also in relatively controversial orientations of social interests and in the development of their impact. In principle, there is the question of polarity of mostly decentralizing attempts connected with an effort to politically emancipate partial communities and integrating aspirations, primarily substantiated by the need for a rational economic and organizational approach. This also implied an effective fulfilment of integral co-ordinating function of the institutes of territorial

development. The development, especially of the systems of self-governing units, is thus in many respects a process of a search for a necessary compromise when both principles are applied. In the first stages of the forming of these systems, decentralizing (political and emancipating) tendencies usually dominate, and only later, under the pressure of "real" conditions, the influence of tendencies heading toward economic and organizational integrity intensifies. This is proved by the development of self-government in the Czech Republic and similar posttotalitarian countries: there is a considerable disintegration of municipalities and a belated forming of the regional degree of self-government. A relative antagonism of political and economic organizational aspects and development variability in the extent of their impact call for temporal variability when the powers and financing system of territorial self-governing units are determined.

The solution to these key questions is thus a matter of a long-term and complicated process, which must take into consideration a large variety of assessing aspects – legal, economic, political, geographical, etc. – and also a changing social situation such as election results, the state of economy and its rate of development, supranational integration tendencies and also the impact of globalization processes on local, regional and, especially, national economies.

In the case of the Czech Republic, in which territorial administration and self-government of a new qualitative type are still in the making, there is a vital question of how to determine the "right" geographical form of newly created units, their one-level systems as well as the whole hierarchy of these systems. The importance of geographical factors when these questions are settled is primarily expressed by the requirement of organicity. This means a more or less sociogeographical natural character or integrity of the newly formed units and their hierarchical system. Respect for the principle of organic delimitation is substantial for efficient functioning in the case of self-governing units: in a simplified way it can be underlined that "self-control" and "organicity" of the units should be in a great harmony. This principle is all the more important that it is generally more difficult to make changes in the (geographical) form of territorial administration than in the extent of powers and financing methods of self-governing, let alone administrative units. The delimitation of "natural" sociogeographical regions (or settlements, settlement agglomeration, etc.) cannot be of course identified with the delimitation of "normative" units of administration and self-government because of an enormous size differentiation of natural units and their multilevel hierarchization (see Hampl, 1996c). But an elementary respect for natural relationships in the settlement system when determining administrative units is possible and necessary. Moreover, the results of sociogeographical regionalization suggest not only the determination

of suitable hierarchical levels of administrative systems, the selection of centers and relatively organic delimitation of individual administrative units, but also the genuine content of regional/local specific problems (see the closeness of certain regional relationships integrating relevant functional regions). This also indirectly suggests the scope of powers/competencies of self-governing as well as administrative units.

In the context of the previous, generally oriented discussion, the present transformation of the territorial organization of public administration in the Czech Republic may undoubtedly appear slow and lacking a clear aim. The transformation of this type has lacked any comprehensive concept. Major progressive steps – though only relatively partial – were only taken at the beginning of the 1990s. First, one must mention the establishment of relatively strong local self-government bodies (1990), soon accompanied by changes in the rules defining the financing of municipalities with an emphasis on the role of their own revenues (1993). Another positive change arose from the creation of a system of "municipality offices with delegated tasks", which assumed the main powers of state administration at the local level (1990 – under the new law on district offices). The markedly centralist policy pursued by the government of the newly created Czech Republic (since January 1st, 1993) virtually stopped any further reform. The existence of self-governing units at the regional level had been included into the new constitution, but the units were only approved as late as 1997. Besides, this only related to their number and delimitation. Their powers, ownership relations and financing methods have not yet been defined. As early as 1990 the "regional national committees" were abolished. They represented a higher regional degree of state administration. As the control of 76 units at the district level was difficult in administrative terms, "deconcentrated workplaces" of individual ministries in the regions were introduced instead. Since they were created in keeping with the interests of individual ministries, a lot of partial systems of territorial division with varying territorial coverage have arisen. As a result, the bureaucratic apparatus eventually swelled, while the co-ordination of control substantially worsened. A change in the district division, which led to the creation of only one new district (Jeseník) and to several changes in the district boundaries (1996), was completely useless – one can even call it ridiculous. It seems that rising numbers of public officials and their salaries was the most significant result of the transformation of the public administration. In both cases this growth was the second highest in the economic sphere, immediately following the financial and insurance sectors.

The present system of territorial administration and self-government is thus represented by two different and hierarchically disproportionate systems:

(i) In the case of state administration there are only two scale degrees: the central (the national government) and district degree (73 districts + 4 cities to whose self-governing authorities the duties of state administration at the district level were delegated). This system is complemented by a degree of nearly 400 municipal offices entrusted with the execution of state administration at the local level (including several military areas). In connection with the creation of self-governing regions, it is further supposed (but still not determined) that there will be a form of state administration at a higher (supradistrict) level. It will be probably established in the form of the delegation of powers to self-governing regional authorities.

(ii) Self-governing units are also still of two types: the center (parliament) and municipalities, which number is more than 6,200! Their excessive numbers and extreme size differentiation are posing a very serious problem. Most of the municipalities are from the economic, organizational and sometimes also political point of view largely insufficiently "viable". This is also illustrated by the data in Table 5.4. Starting 2000, there should be existing a system of self-governing regions (under the constitution, the notion "lands" can be alternatively used). The number (14) and delimitation of these regions (see Figure 4.1) were already approved by a constitutional act, but not the scope and extent of their powers and economic resources. The basic information about new regions is given in Table 5.5.

Tab. 5.4: Size differentiation of municipalities in the Czech Republic

Category – number of population	Number of municipalities	Share on the CzR (%)			Population per sq. km
		Number of municipalities	Area	Population	
–199	1,740	27.9	13.1	2.1	20.8
200–499	2,005	32.2	23.1	6.3	35.6
500–999	1,225	19.7	21.7	8.3	50.1
1,000–1,999	648	10.4	15.8	8.7	71.8
2,000+	616	9.8	26.3	74.6	370.7
Total	6,234	100.0	100.0	100.0	130.7

Note: Number of municipalities as of January 1st, 1997.
Source: Hampl, Müller, 1998.

Tab. 5.5: Basic characteristics of new self-governing regions/provinces (legalized in 1997)

Province/region	Area in sq. km	Population in thous 1.1.1997	Population per sq. km	Number of municipalities 1.1.1997	Number of districts
Praha	496	1,205.0	2,429	1	1
Středočeský	11,014	1,105.2	100	1,147	12
České Budějovice	10,056	626.5	62	623	7
Plzeň	7,560	554.5	73	505	7
Karlovy Vary	3,315	304.8	92	131	3
Ústí nad Labem	5,335	825.6	155	353	7
Liberec	3,163	429.1	136	216	4
Hradec Králové	4,757	553.4	116	448	5
Pardubice	4,519	509.8	113	451	4
Jihlava	6,925	522.9	76	730	5
Brno	7,067	1,139.8	161	643	7
Olomouc	5,139	644.9	125	392	5
Zlín	3,965	600.2	151	297	4
Ostrava	5,555	1,287.4	232	297	6

Note: Number of districts (77) include 4 self-governing cities with delegated task of the state administration.
Source: Statistická ročenka ČR 1997, Czech Statistical Office, Praha (data on districts).

It follows from the above facts that the present system of territorial administration suffers from enormous disproportions. Two types of these disproportions can be rightly called the most serious ones. First of them is the difference between existing scale levels of units of state administration and self-government, which limits in a fundamental manner the possibility of their interrelatedness, both in the sense of co-operating and "competitive" harmonization of their often very different interests. The second type of disproportion appears in the form of an underdeveloped necessary scale hierarchy of the units in both systems, which can be in a simplified way formulated as absence of at least one hierarchical degree. Since a thorough reform of the national territorial administration is extremely difficult and given the current political situation as well as so far implemented changes, which can be hardly modified, a comprehensive transformation of the whole territorial organization is almost ruled out. However, the weight of both above-mentioned disproportions calls for methods with which to overcome them. The required solution should be of an integral type and should thus lead to the elimination of both above-mentioned disproportions. Given the need to preserve recently created systems (self-governing communities and newly adopted regions), the variants of a desirable prospective model of territorial administration are rather limited. As a matter of fact, only some combined application of different scale levels of self-government and state administration is being offered. From the point of view of

functional rationality (proportional numbers of higher and lower units, proper size of units at different scale levels, etc.) and also from the point of view of natural or organic integrity of the territorial units (their approximate correspondence with the organization of relationships in the settlement system), the following system can be considered as the most advantageous hierarchical organization: the center–14 regions–about 400 higher local units ("big" municipalities) and about 6,000 (small) municipalities. With the exception of the lowest degree, all above units should have the status of both self-governing and administrative units. It is of secondary importance whether the two types of administration will be implemented through their institutional separation or through the delegation of powers belonging to the state administration to self-governing bodies (the latter solution would be undoubtedly more suitable both from the financial and organizational point of views). Even if the proposed model is accepted in the political sphere, its implementation will be complicated and last long because it will clash with many problems of an objective (financial and organizational demands) and also subjective (conflict of interests) nature, both at the local and regional levels.

The local level is partly represented by a system of present self-governing communities and partly by a system of selected municipality offices delegated with the execution of most state administration tasks at the local level. In the latter case, there is of course not the question of an "autonomous" level of territorial administration, but of a specific form of deconcentrating the functions embraced by district offices. At the local level the basic problem of the control of territorial units is basically posed by a conflict between opposite economic and organizational demands for reasonable functioning of these units and politically emancipating aspirations of local civic communities. The total of 392 areas (including five military areas) are grouped into a system of units which are big enough, organically delimited, and relatively vital in economic and organizational terms. In case of the overwhelming majority of these units, one can speak about their "natural" integrity based on the division of functions between a local center and its hinterland (when defining these units, the results of sociogeographical regionalization – delimitation of elementary nodal microregions – were accepted). The size and form of the delimitation of the areas facilitate to some extent the merger of rich and poor municipalities into one unit. This somewhat blurs territorial differences in the wealth of territorial institutes (provided that the principle of solidarity is widely applied within the framework of these areas). As regards their size, these units are also coming very close to the average of the European Union. These undoubtedly "objective" advantages, though, are opposed to the interests of local communities in small settlements, which prefer political as well as economic autonomy granted in 1990, when local self-

government and liberal conditions for the split of municipalities were established (at the beginning of the 1990s more than 2,000 new municipalities were created). This resulted in the present size fragmentation of the municipalities: one half of the municipalities have less than 380 inhabitants, 80% of them less than one thousand inhabitants. Understandably, most of the small municipalities are among the poorest ones. Naturally, the present "atomization" of the municipal system cannot be overcome by an administrative intervention from the center, because this would mean among others the suppression of the democratization process in the sphere of public administration. At the same time, one cannot rely on a self-development of the municipal structure toward integration objectives (this would involve various forms of mergers of municipalities) because such a process would be long and uneven. It seems that the only possible solution would involve the installation of a higher degree of local self-government (corresponding to the system of above described bodies) supported by appropriate economic instruments (localization of tax revenues, economic incentives for integrating municipalities, etc.). A two-tier organization of local self-government would enable the preservation of political autonomy of small communities on the one hand and integration of economic resources and organizational affairs on the other. Moreover, at the level of these bodies, the territorial organization of self-government and state administration would be merged. If the described higher hierarchical level of local administration is established, an extremely sensible policy and encouragement from the central level as well as special economic resources will be needed.

Rather different problems exist and will exist at the regional level of the administration now represented by two systems of units: the current districts, which are only the bodies of state administration, and as yet not functioning regions which are to become self-governing units (it is not clear with which tasks of state administration they will be entrusted). The enactment of regional division, although without a definition of their powers, ownership rights and financial resources, was certainly a positive and important step in the transformation of public administration. First of all, the implementation of regional self-government has become an irreversible process. Moreover, the new regions enjoy the important advantage of their size, which safeguards sufficiently powerful political and also economic positions when a dialogue with the center (especially with the ministerial interests) is conducted and also in the negotiations with big private companies (for example when protecting public interests in the sphere of environment). These units are at the same time big enough to control and co-ordinate the development of technical and social infrastructure at the regional level, regional and land-use planning, etc. Their size can, though, pose a certain problem in the European context, because the basic units used in the regional policy of the European Union (NUTS

2) are mostly bigger. For these purposes, though, the new regions are merged into eight units. More important, there is the question whether the new regions are suitable for the solution to regional planning problems in the framework of the Czech Republic alone. The new regional division in principle reflects the macrostructure of the national settlement system, represented by the polarity of 12 main metropolitan areas and their rural hinterland. There is only one exception: the separation of Prague and its hinterland (here one can recommend that a common regional planning body should be created and the disadvantages of the central Bohemian region as an out-commuting area should be taken into consideration when deciding about its financing) and partly also the establishment of a separate Jihlava region, with a relatively weak center. The creation of the system of regions can finally help abolish the "deconcentrated bodies" of individual ministries, which had been formed without any co-ordination (the number and territorial coverage of these bodies differed in individual ministries) and led in many aspects to a useless growth of the bureaucratic apparatus.

From the prospective point of view the main problem of the regional degree of administration is first of all posed by the role of districts. It follows from the whole previous text and especially from the considered proper future model "the center–regions–higher local units–municipalities" that the district degree of administration should be abolished. At present, though, the district offices are the most important part of the national territorial administration. This system has been relatively stable in the long run. The transfer of the duties of this system to future regions on the one hand and to the municipal offices with delegated tasks on the other will be realistic only after some time passes (approximately ten years have been suggested). Naturally, since the planned or recommended changes are not in the interest of the officials of the district offices, they have caused their strong opposition. The strengthened role of "higher local units" could ease the abolishment of district offices. In fact, the higher local units, administered by municipal offices of district capitals, are very vast. Therefore, the execution of their future duties will require an increased staff, more money and new premises. In this sense, one can at least say that the possible transformation of district offices into institution at the level of higher local units would be useful.

Regional policy in the transformation period

In the usual sense of the word, regional policy is chiefly associated with regulatory measures, primarily taken by the central government and designed to facilitate the development of backward regions. In simple terms, one can directly speak about various forms of help to "weak" territorial units. It is thus an analogy to the social policy. Understandably, such approach is rather narrow, because it only relates to partial levels of a whole system of

regulations. This may have been sufficiently explained in the previous text, especially by emphasizing the key importance of the general rules of the game or general macrosocietal policy. However, efficient regional policy in the narrow sense cannot only depend on the direct help to the weak units (largely through subsidies). It must be a help activating the institutes in these units, a help connected with the participation and co-operation of various public and private institutes in relevant regions. As a result, institutional safeguarding of the organization of regional/local co-operation is the crucial condition for the implementation of an activating regional policy designed for this purpose. In this sense the key role is played by self-governing regions and local councils, complemented by various regional/local organizations: associations, consulting agencies, etc. This is why a particular attention was devoted to the questions of the development of territorial administration and especially to the formation of regional/local self-government. Self-governing territorial units are necessarily not only "targets" of national regional policy, but at the same time also active agents of regional policy in general. On the one hand they represent – and promote in relation to the center – the interests of regional/local communities. On the other they organize necessary co-operation of regional/local institutes and thanks to their own resources they contribute to the implementation of regional and local development programs.

As a result, regional policy is carried out together with the center (state) also by other institutes of an "integral type". Their interests, and therefore also the orientation of their activities, are certainly in many respects of a dual type, because they include two different, and often hardly compatible aims: the development of the "whole" on the one hand and its internal "harmonization" on the other. It is without a doubt that in the case of the former aim, the development of strong, not of weak units is usually supported. This is for instance illustrated by the construction of technical infrastructure, in particular the infrastructure of a higher order – highways, airports, etc. This infrastructure is of principal importance for the "total" development, but it naturally means creating advantages for big centers, efficient regions, and so on. By contrast, specific forms of support to backward regions/localities are related to the activation of "smaller" business, to the improvement of the conditions at the labor market and direct social support. The real content of regional policy is therefore necessarily broader than a mere "assistance to the weak". The support to the total development and support to only weak parts of the whole cannot be isolated from each other and put into a fundamental opposition. A successful development of the whole actually leads to the creation of resources as well as support to backward parts. There is thus again the question of a necessary combination of the two aims, of a search for a proper degree of the implementation of the relevant interests. Both types of aims are at work, though, at

different hierarchical/scale levels. The basic importance of their harmonization can be therefore attributed to the hierarchical "implementation" of regional policy: from the local through the regional up to the national or even supranational level. This underlines again the importance of a scale hierarchy of the institutes of the integral type – the self-governing local councils and regions, a national and possibly supranational entity. It is also by means of a good functioning of this hierarchy that the discussed – partly contradictory – aims can be more sensibly combined and implemented. This is also due to the fact that the content of the "whole" differs at various scale levels. Actually the whole can in this way be relativized. The relationship between the whole and its (weak) parts is structured at several levels.

The discussed general questions of regional policy are of course considerably "remote" from the reality of the transformation development in the Czech Republic. It can be said that as regards regional policy, the transformation policy has not only lacked any clear concept, but it can also be denoted as anti-regulatory in general. The marginal importance attributed to regional policy had certainly at least two important reasons. The first was based on the reality of a minimal regional differentiation in the social conditions. This was due to the previous socialist, equalizing, planning. The second was derived from the priority of the transformation aims, and thus from the necessity to change first the general political, legal and economic environment. There was also a certain influence of the subjective factor, represented by the concept of ruling parties: a simplified liberal approach connected with an effort for a maximal centralization of the power. The postponed establishment of regional self-government was one of the results of this policy. The absence of integral institutes of regional development naturally extended into a fragmentation of regional problems. Their solution was limited to the frameworks of individual ministerial departments and thus lacked both any comprehensive concept and co-ordination. A particular stress was only laid on the sphere of social policy and unemployment and to some extent also on the environment. This is why in the sphere of social infrastructure (education, health system, culture) and transport infrastructure (regional transport services) problems started to appear very soon. The drafting of territorial and regional projects for large territorial units was significantly limited. Characteristic forms of regional policy – support to the small businesses, the development of rural areas, etc. – were made mostly dependent on various types of foreign assistance.

In the sense of the above facts, it is correct to emphasize the decisive role of the system of financing the territorial units in the regional policy. This emphasis is explained both by the amount of the relevant means (budgets of local councils and districts account for

approximately one quarter of all public budgets) and by an integral nature of the utilization of these means, cutting across various sectors. Finally, a special importance is given to the increased activation of interests of these units/institutes for the development of the administrated territory. This is of course fully true only of the self-governing communities and only in a limited way of the district offices, which belong to the state administration. Therefore, they are responsible to the center, not to the regional communities. The drafting of the system of financing the territorial units can be generally characterized as very radical and progressive in the spirit of liberal thought. As early as 1993, the own revenues of territorial units became its main component and central subsidies were significantly curbed. Taxes from the income of individuals (employees and small tradesmen) became the most important resource. They were localized by the place of work (at least to the district level) or by the permanent residence of businessmen/tradesmen (down to the level of municipalities). The meritocratic approach prevailed, but it was secondarily complemented by the solidarity approach. In the framework of districts the revenues from the taxes of employees are redistributed according to the residence of inhabitants.

The system of financing was actually changed almost every year, because of unusual complexity of the relevant problems and rapid pace of transformation changes. The most important change (since 1996) was the reduction of the volume of taxes from the incomes of individuals (from 100% to 60%), which has meant rapidly growing revenues (due to inflation and progressive taxation). They were replaced by the transfer of 20% of taxes on the revenues of legal entities from the center to the territorial units. Furthermore, the "compensating territorial subsidies" were increased. As a whole, though, the financial situation of territorial units has worsened since 1996. One can identify the following three main shortcomings of existing financing methods:

(i) Permanently changed rules of financing, which has restricted the alternatives of any strategic development planning;

(ii) The local councils have very few opportunities to influence the revenue side of their budgets – naturally with the exception of the sale or leasing of the municipal property – and to be granted loans;

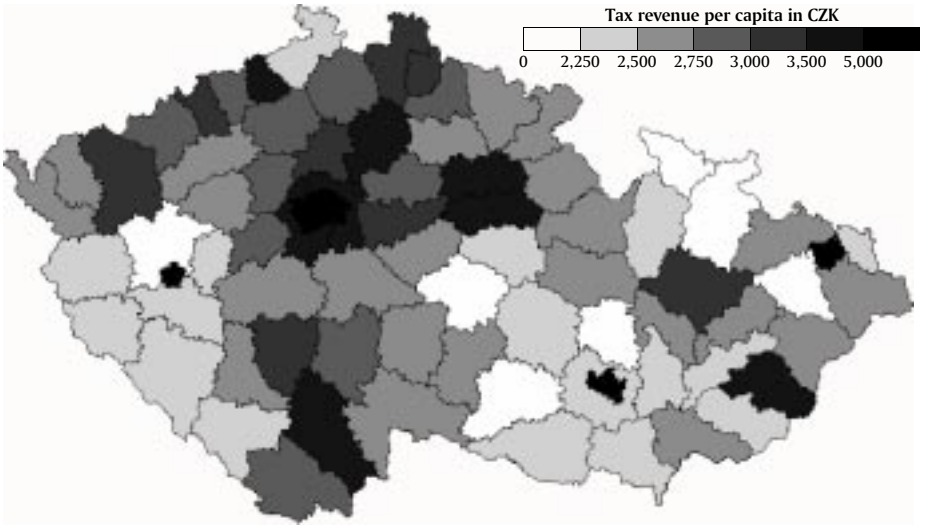
(iii) Insufficient separation of the financing of district offices (state administration) and local councils (self-government), and the consequent dependence of, especially, small local councils on district offices.

On the other hand, it is correct to appreciate – at least at the general level – the economic performance of self-governing local councils, in the first place with regard to the significant

extent of investment expenditures (about one-third of all expenditures). A poor state of the infrastructure – especially in the transport network and housing stock – thus made some strategic management necessary. An overall deterioration of the economic situation and the described changes in the rules of financing considerably complicate the implementation of investment aims. It has naturally led to swelling debts of local councils.

From the point of view of territorial differentiation, the financial situation of local councils and districts is considerably uneven. This differentiation is largely caused by the settlement hierarchy, which manifests itself not only at the level of local councils, but also in an "aggregate" form at the districts level. As a whole, there is a positive relationship between the revenues per one inhabitant and the size of a municipality. However, the course of a curve depicting this not linear: the biggest cities are most remarkable. The total per capita revenues amounted for example in 1995 in Prague to about twice the average of the municipalities with less than 500 residents. From the regional aspect or from the district level, the main differences were caused by the polarity between metropolitan and rural districts. The existing differentiation in tax revenues alone (from the revenues of individuals and legal entities, and from real estates) are at the same time significantly more pronounced – see also Figure 5.1. A specific positive extreme at the district level is represented by the four greatest cities (Prague, Brno, Ostrava, Plzeň), whose municipal bodies were entrusted with the execution of the duties of district offices. These self-governing cities and "at the same time also districts" are being, thanks to the tax collection according to the district of the workplace, markedly favored, because they are the destination for large-scale commuting. Their relative tax revenues are thus also by one order higher than in other districts. The maximum appears in Prague itself, in which the relative tax revenues exceed almost seven times the value of the poorest district (the newly created district of Jeseník). Typically, besides these four cities, there is only one more district whose relative tax revenues exceed the national average (Mladá Boleslav with a successful development in the automobile industry). An increase in the number of relatively poor districts corresponds to a very restricted – and gradually shrinking – set of rich districts. As mentioned by Kameníčková (1998) the criteria for being granted compensating territorial subsidies were fulfilled by almost three-quarters of all districts in 1998.

Fig. 5.1: Tax revenue of districts offices and municipalities per capita (1996)



Source: Ministry of Finance of the Czech Republic.

The current system of financing territorial units and its frequent changes thus prove both the need for its further refining and its long-term creation. This corresponds to the as yet unfinished nature of the whole social transformation, and only a gradual increase in territorial differences. From the political point of view, the key importance will concern the decision about the proportion of the meritocratic approach when financing methods are designed. From the "expert" point of view, this involves the localization of the economic output (the problem of territorial differences in the localization of business headquarters and their various premises, the problem of evaluating the output of nonprofit public activities, etc.) and also realistic determination of the users of social and technical infrastructure (especially taking into consideration how much the centers are used by the population of the rural hinterland). These serious questions will be necessarily solved in connection with further sets of problems, in the first place the establishment of self-governing regions on the one hand and the adoption of the principles of EU regional policy or directly with the integration into the European Union on the other. The completion of a territorial self-government system should also lead to a separation or clarification of the methods with which to finance the state administration and self-governing units and with which to increase desirably the resources of self-governing units and to enhance their active role when their revenues are influenced (the possibility of a certain differentiation at the level of regional and local taxes). The preparation for the entry into the European Union will lead both to the

adoption of EU rules (for example the way in which the means from structural funds are distributed), and to a broader utilization of the instruments facilitating development in backward units (tax and loan incentives for businessmen, the combination of the means of public and private institutes in relevant regional bodies, etc.).

Is regional policy needed? Some general concluding remarks

The questions of regional policy or the tasks of the "planned" regulation of social development in general are – and undoubtedly also will be – a long-term theme discussed by academics and politicians. The ambiguity of formulated assessments connected with an excessive – but hardly removable – ideologization of these problems rules out the enunciation of a deep and comprehensive concept of a "system of regulations" and consequent various specific policies. The reality of regional policy (and similarly also of the social policy, population policy, etc.) is therefore even in the developed countries a result of political pragmatism rather than scientifically based approaches. The conceptual ambiguity must be connected with an academic character of the initial questions: whether a help to the weak is justified and what extent and form of this help is most suitable; whether the controlling steps can be efficient and whether they can ease a natural/spontaneous development or whether they mostly deform this development. A general discussion on both questions is also a necessary framework when a strategy of regional policy is devised.

As far as the first question is concerned, the core of the argument lies in the first place in the antagonism between meritocratic and solidarity principles, which in many aspects expresses the differences in the preferences for the economic efficiency of the "whole" on the one hand and its internal social stability on the other. The difficulty when harmonizing both aims was emphasized for example by Bell (1979) and Dahl (1990). Most authors, though, usually tend to prefer the domination of one of them: either the stress on the freedom of the individual and minimization of the controlling efforts, highlighted by various conservatives and liberals (for example Friedman, 1962), or the stress on a broad social anchorage of the economy associated with a growing role of social institutions and especially of the state. This is the case of the "socialist" social scientists and institutional economists (for instance the French regulation school). Strong representation of both parties and also the reality of the development of modern societies indicate that both aims are certainly feasible. Hence the need for a permanent search for the right extent and forms of the help to the poor. The key role cannot be logically played by any plan determining a desirable degree of the regulations, but by a sufficiently flexible political mechanism of a continuous search for this degree. This means nowadays, first and foremost, the elections. If they are

held in frequent intervals, flexibility is promoted, but at the same time this frequency limits the ability to formulate some strategical concepts. An improvement of the mechanisms of political choice is thus desirable. In this respect a certain alternative is perhaps offered by the hierarchical/scale structuration of political mechanisms connected with a two-way transfer of powers from the still completely dominant national level: both "upwards", i.e. to a supranational level (for example to the European Union) and "downwards", to self-governing regions and local councils.

The functioning of political mechanisms in developed democracies is therefore oriented to the search for compromises between various interests, which are understandably deeply rooted. If the interests of the "poor" are to be heeded, it is right to stress two factors of this sort. First, this is undoubtedly a threat of social instability or even social conflicts, which would be a reaction to excessive social unevenness. Second, it is a deeper – and usually underestimated – cause arising from degenerating consequences of the monopolization of the wealth and power. If the division of society between a rich and powerful minority, and a poor and powerless majority is firmly maintained, it would lead in the long run to a general decline of activity, and thus to degeneration both of the market competitiveness and political democracy. This would eventually bring about a stagnation of the development of the whole society or possibly its transformation into a static system of a totalitarian type. In this sense a certain degree and activating form of the help to the poor is strategically desirable, also from the point of view of the preservation/reproduction of the healthy market mechanism itself.

Another problem is posed by the assessment of the methods with which to influence in a regulatory way the "spontaneous/natural" social development. The experiment of the Communist countries has graphically shown that it is unrealistic to basically alter the tendencies of social development, and that a too dominant state is logically transformed into a totalitarian system with excessive privileges for the ruling bureaucratic apparatus. The experiences from democratic countries, especially in Western Europe during the "welfare state" era, proved, in their turn, that even if considerable social assistance is provided, the basic differences tend to be reproduced rather than diminished. All of this illustrates the limited possibilities of "planning" in the social sphere or limited possibilities as well as unfavorable consequences of a voluntarist direction in the planning. Regulatory attempts of social institutions can be in this sense beneficial only in the case of their strategic agreement with spontaneous/natural tendencies of social development. Planning/regulation should thus be a primarily "adapting" activity, oriented toward a harmonization of partial disorders with long-term (progressive) tendencies.

It arises from the present discussion another problem: how to distinguish between natural/spontaneous processes on the one hand and regulatory steps influencing these processes on the other. Active participation of people and institutions in the development of society is an unquestionable reality and in its substance it is a manifestation of the integrity of what is "objective" and "subjective". Various forms of regulation (planning) are after all an integral part of the natural development. The presented study may have sufficiently proved the relativity of distinguishing between these two forms of human behavior and social processes, as well as the relativity of distinguishing between general and specific regulatory efforts (designed to help the weak). All of this has repeatedly headed toward the recommendation that narrowly conceived controlling efforts should be harmonized with global tendencies of social movement.

These tendencies, denoted as "natural", can be primarily deduced from the "logic of social development": growing flexibility of social organizations, active participation of the public and its groups, interrelatedness and openness of social systems, economic efficiency, harmonized with the requirements of both social stability and ecological stability, etc. It is obvious just from the list of these main, but in a number of respects contradictory needs and interests that a complex and necessarily an alternative nature of social movement is needed. In this sense it is indispensable not to conceive the system of regulatory efforts within society, including global society, neither as a necessity of enlightened social management nor as a necessity of "resignation" for the sake of determined, spontaneous movement. If anything, one must actively help the "natural" development by creating sufficiently sensitive and flexible decision-making mechanisms facilitating both the implementation of alternative options of development and their ensuing reassessment, choice, improvement, etc.

As a result, those controlling activities which are tainted with the described one-sidedness and, first and foremost, those which clearly prefer partial interests of partial groups must be called bad. By contrast, the activating help to the "weak" is to some extent necessary both from the viewpoint of social stability and the preservation of a sufficient size of the set of active agents in the market competition, as already touched upon. In the long-term point of view such a help can eliminate dramatic conflicts which might be caused by short-term, spontaneous – in a narrow approach "natural" – processes (with a primarily selective orientation). However, the same processes would in further stages either slow down the total development (such as through monopolization) or they would be basically harmed due to social instability (this would necessarily call for a spontaneous removal of disorders created in this way, long-term stagnation or even social disruption).

The previous discussion has largely underlined the role played by scientific knowledge of social reality and has shown that a search for order in this reality is needed. The complexity of social – and in the case of geography also environmental – reality is certainly unusual. Moreover, its study is made more difficult both by the dynamic development of this reality and by an always present partisan (ideological) approach adopted by those who study it. In spite of this, many regularities can be proven clearly enough. In the case of regional development and geographical organization of society, such regularity – or even a law – is found in the hierarchical, and thus uneven structural and development differentiation. Various concepts of even development and even distribution of people and capital must be in this sense called as inappropriate voluntarism. The factors underlying the hierarchical differentiation are undoubtedly of profound importance. This is after all documented by the repeated appearance of this organization in all natural and social environmental systems (see Hampl, 1994a, 1998a). But even from the point of view of the structure and development of society itself, the necessity to carry out a hierarchization is obvious. Hierarchical principle is a condition for integration of the plurality of institutes. Hierarchical differentiation of conditions creates differences, and thus development incentives. Differentiation of regions as well as human activities prompts specialization of parts in the framework of a co-operating whole. It is an essential condition for the development of social and geographical division of labor.

However, the regularity of hierarchically arranged unevenness of geographical organization (and in a limited way also of internal organization of society) cannot be conceived as absolutely unchangeable and "clearly unfair", which divides regions and relevant communities once forever into winners and losers. The development progress cannot be actually associated with elimination of hierarchical arrangements, but only with a qualitative development of the hierarchical organization itself. This development is first of all illustrated by a gradual spread of the democracy or democratically organized societies. This leads to a transformation of a static hierarchy, determined "from above", into a hierarchy which is flexible and established "from below" (see also the concept of open society – Popper, 1945, Dahrendorf, 1990). This extremely positive shift has actually been reached in the first place through the replacement of determinating (totalitarian) mechanisms with mechanisms of competition (the market) and in many aspects also political competition, although they were partly completed by mechanisms of co-operation (first of all the division of labor and political consideration of social differences). For the future, there should follow some "enhancement" of the role played by co-operative mechanisms and their combined operation together with mechanisms of competition. As it has already been touched upon at the end of the previous

chapter, this is the question of directing the regulatory efforts toward a support to the development of interconnection, organicity and internal co-operation of sociogeographical systems. This is to happen through the development of the infrastructure also in peripheral regions, support to the business in these regions, suitable influencing of their economic specialization and consequent co-operation with the leading regions. In a simplified way, one can thus speak about an assistance to the qualitative transformation of the hierarchical organization, leading to its internal flexibility (enabling shifts between leading and peripheral parts) and to an increase in the "share" of all parts in the development of the whole as well as the use of the results of this development. In other words, that means an increase in the interdependence between interests and profits of the whole, and interests and profits of the parts.

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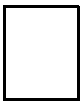

Part Two

The Development Of Posttotalitarian Central European Countries And European Integration Processes

6

The Development Of Regional Differentiation In Eastern Central European Countries During The Transformation Era

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Introduction

The chief objectives of this survey are of dual nature. First, they are to set the development tendencies of regional differentiation in the Czech Republic into broader context, into the development framework of a group of posttotalitarian countries with relatively good conditions of a gradual integration into developed European structures. Second, there is a search for general regularities in the development of regional differentiation in the transforming countries, while the degree of the application of general as well as specific factors in this development is evaluated. Most previous studies of these questions have confirmed a considerable similarity of the development of regional differentiation in Hungary, Poland, Slovakia and the Czech Republic, which implies a general role played by the following basic underlying factors: the settlement hierarchy, the locational attractiveness, etc. (see, e.g., Carter, Maik, eds. 1995, Carter, Jordan, Rey, eds. 1996, Mládek, ed. 1996, Gorzelak, 1996). However, the above-mentioned four states are just a distinctive group making part of the whole set of posttotalitarian countries. Understandably, this set is substantially more heterogeneous, both in economic as well as social and cultural terms (see, e.g., Dostál, 1996). However, one can also state that even basic geographical factors underlying the differentiation in a dominant way play the chief role in the case of this whole set. In general, there is a scale difference in the importance of two basic factors of geographical differentiation (the factors of aggregate type): the geographical position (horizontal differentiation) and the settlement hierarchization (vertical differentiation). There is a general rule that settlement hierarchy and, in particular, the key role of main cities dominate the framework of national systems, while geographical position is of key importance at supranational level. As a result, the factor of macrolocation also expresses relative advantages enjoyed by the four countries under observation (it would be correct to add to them Slovenia).

The stress on the macrolocational differentiation of the set of posttotalitarian countries from the viewpoints of the transformation "success" and of the assumption of further development is justified not only by the influence of the importance of "distance" from advanced West European countries alone, but also and chiefly by a deeper qualitative content

of this differentiation. First of all, this is a result of a long-standing, perhaps millenarian development of social and cultural "zonalization" of the European space (West-East gradient). As a result, the current differences in the achieved level and growth rate of the economies of posttotalitarian countries are in a number of respects just a partial expression of the zonalization. What matters evidently more, are deeper circumstances shaping the relevant societies by social and cultural factors which largely determine the "ability" to create and develop primarily democratic forms of social systems, as a strategic framework for the development of the market economy itself.

Although Central European posttotalitarian countries belong to the same macrolocational zone, in their case, too, one can distinguish significant differences both in their position and development. Because of this, a brief sketch of development specificities of these countries is outlined before the regional differentiation of current transformation processes is analyzed. Afterwards the analyses are ushered in by a necessary discussion of methodological questions because the availability and comparability of necessary data basically limit the whole evaluation. On the basis of analyses of the level and changes in the regional differentiation of selected indicators there were distinguished general regularities on the one hand, and specific features of regional differentiation in individual countries on the other. The main questions concerning various forms of integration of macroregional differentiation into the European regional arrangement, taking place in the observed countries, are eventually discussed within the synthetic part.

Long-term and current development tendencies of regional differentiation in Eastern Central European countries

An outstanding process of macroregional differentiation with a significant importance from the viewpoint of long-standing development also occurred within the four countries under observation, roughly until the Second World War. In this respect the Czech space has become by far the most advantageous one, both in terms of the achieved economic development and the political maturity, expressed by the stage of the democratization of society. However, as regards economic development, one should also highlight the regions of erstwhile German Silesia and Budapest which strongly exceeded the largely agricultural "rest" of Hungary or the whole of the former Greater Hungary. The West-East zonalization could only be clearly visible in the polarity of the space of the current Czech Republic and German Silesia on the one hand, and other spaces on the other. Within the substantially vaster central and eastern space the West-East polarity was relatively minor and its importance gave way to the internal polarities of major cities (together with Budapest these were Warsaw, Łódź, Poznań,

Kraków, Szczecin, the Gdańsk agglomeration, and partly and later, also Bratislava) and their broad hinterland. The outlined dual zonality corresponded to a large extent to political borders of Germany (though with a modification after the First World War) and the Austrian part of Austria-Hungary (but without Galicia).

The outcome of the Second World War in the Soviet empire basically altered the nature of macroregional differentiation of the Central European space. The westward shift of the "West-East border" was of quite an exceptional importance. This intensified the revolutionary, essential character of this border. The character of the West-East zonalization was replaced by a sharp divide in the form of a line which was rightfully called the Iron Curtain. Two Europes started to be formed with a successive mutual estrangement in political, economic, and partly also social and cultural spheres. On the other hand, homogenization tendencies intensified within both systems. In the sphere of the Soviet bloc totalitarian circumstances most afflicted the erstwhile most developed regions as the Czech Lands and the former East Germany. Poland's overall "westward push", too, brought about a relative decline in the economic situation of former German regions, although the importance of the industry in Silesia partly survived (there was a similar situation in industrial border regions of the Czech Republic). On the other hand, the "planning" efforts of socialist regimes, devised to eliminate regional disparities, eased a relative development of backward, chiefly eastern, regions in the individual countries. This was probably most clearly evident in former Czechoslovakia: Slovakia can be considered as the space with the most successful economic development in the socialist era.

Although equalizing tendencies dominated the policies of socialist countries, domestic regional differences were suppressed only partly, with a different impact within individual countries. Equalizing tendencies were quite dominant in Czechoslovakia and former East Germany, while they only had a partial impact in Poland and Hungary. On the one hand, these facts stemmed from different levels of regional differentiation in these countries and on the other they reflected an uneven adoption of and subordination to the Soviet dictate. With hindsight, one can speak in this sense about a substantially higher political adaptation to the Soviet model in Czechoslovakia and East Germany compared with Poland and Hungary. But it is equally correct to say that a varying degree of "defence" against the Soviet pressure seemed to be more a sign of nationalism rather than democratic feelings. In historical perspective these facts may support the claim that in the times of external threat nationalism is more advantageous (and more justifiable?) than democratic efforts. These speculative assessments may be too risky and perhaps also "unfair". But it is sure that in the case of Poland and Hungary a somewhat more independent policy brought about in many respects

an improvement in initial conditions of the development after the fall of the Iron Curtain: there was a certain basis for the development of the private sector; economic slump partly occurred even before the onset of transformation, thanks to which the countries were better prepared for transformation changes, including a restructuring; their own national political elites were profoundly formed, etc.

In the latest period, which is called transformation, the differentiating role of geographical factors is being strengthened again and selectively orientated processes are developing. However, their impact seems to be mainly limited to the national framework, while it is weaker at the international level. This is undoubtedly connected with the short-term nature of the newly started development orientation, with a clearly "initial" stage of the whole transformation process. As a result, differences tend to be perceived more as various specificities and as short-term, and therefore variable signs of political instability or bigger or smaller achievements in the fields of economy and politics. As a result, from the viewpoint of transformation success, a certain classification of the countries under observation is problematic to say the least, or vague and ambiguous both in time and according to the choice of assessing criteria. The Czech Republic seems to have the best economic standards, but also the lowest rate of growth. This reflects its advantageous "objective" conditions (geographical location, small debt, relatively better state of economy at the outset of transformation) on the one hand, and less favourable "subjective" conditions (deceleration of reform since 1994, a limited capability of cooperation of parties, which was connected with an absence of strategic programs). Poland and Hungary, which have advanced farther in transformation, are strongly burdened with inherited problems: in the case of Poland it is especially a disproportionately vast and non-efficient agriculture, while Hungary has a large debt. Due to continual instability lasting several years and a "damaged" process of installing democracy, Slovakia is the country lagging behind most in a number of respects. As a result, it is the only country of the above-mentioned states which is not a "selected" candidate for NATO and European Union membership. However, the results of the latest elections may alter Slovakia's international position. The previous account is complemented by data from Table 6.1. In general, it can be said that there are no really important differences in the indicators depicting the current economic and social level between Central European posttotalitarian countries, at least not in comparison with the EU or the whole set of posttotalitarian countries. However, only future will show whether the macroregional differentiation, which was shaped for a great many years, was significantly suppressed by the processes of homogeneization in the past half a century.

Tab. 6.1: Selected economic indicators of the compared countries

Country	Population 1997 in millions	Employed persons 1997 in thous	Unemployment rate 1997	GDP per capita 1996		
				A	B	C
Czech Republic	10.3	4,889	5.2	4,740	5,445	11,128
Hungary	10.1	3,646	10.4	4,340	4,402	6,845
Poland	38.7	15,180	10.5	3,230	3,482	5,882
Slovakia	5.4	2,194	12.5	3,410	3,529	7,914

Country	Wages in USD		Export 1995 USD/capita	Foreign debt 1994 USD/capita	Foreign debt 1996 USD/capita	Foreign investment 1990–1997	
	1996	1997				millions USD	Per capita
Czech Republic	356	337	2,097	1,033	2,021	6,763	655
Hungary	307	307	1,217	2,731	2,717	16,604	1,620
Poland	324	344	593	1,094	1,046	17,705	460
Slovakia	266	275	1,604	760	1,453	1,172	220

Notes: Employed persons – labour force survey; unemployment rate – registered unemployees;
A – World Bank Atlas, exchanges rates;
B – WIIW (The Vienna Institute for Comparative Economic Studies), exchange rates;
C – WIIW, purchasing power parity;
Wages – 1996 WIIW, 1997 CESTAT.
Sources: Statistical Yearbooks of the Czech Republic; Statistical Bulletin CESTAT; Rosati et al., 1998.

Methodological problems of the evaluation of the scope and change in regional differentiation

Before the analysis of regional differences in the development of economic and social processes within individual countries is carried out, it should be pointed to various limitations of the existing, available data. Since economic and social reality is being transformed, descriptive indicators are being transformed as well, but the data are being collected with a certain delay; this is already happening at the national level, let alone the regional level. It is problematic, to say the least, to compare basic economic indicators of aggregate type and there is a lack of long time series, etc. This is illustrated by data from Table 6.1. There is also a methodologically serious problem: the definition of suitable regional units to be used for the evaluation of economic and social differentiation. Here, too, the selection is extremely limited. Furthermore, it is complicated by several changes in the territorial division of the countries under observation.

The last question – the choice of basic regional units – should be discussed in the first place because the choice of these units creates the initial system for comparison. Due to the different size of the observed countries (this chiefly pertains to Poland whose population as well as territory exceeds the three remaining countries taken together), the criteria of this selection are in a number of respects contradictory. As a result, in order to compare all

of these countries it was possible to rely either on their internal division along roughly equal units as regards their scale, or on the division into a relatively same number of internal units. However, in the latter case regions in Poland were by one order bigger than in Slovakia. The former alternative was therefore given preference since sensitive description of regional differentiation is more guaranteed by the scale comparability of regions in all four countries. When the size of units was selected, attention was also paid to the requirement of their "sufficient" size from the viewpoint of the description of main differences in regional differentiation, which implied their relative concurrence with the macroregional internal division of the reviewed countries. In the case of the Czech Republic and Slovakia new regions were observed, in the case of Hungary the "megye" and in Poland the former voivodships.

When defining regional units another specific problem had to be settled: the question of the autonomous position of capitals. They are extreme units both in terms of economic level and the rate of development. As a result, in the sense of social and geographical requirements for an organic delineation of (nodal) regions, the capitals were merged with their hinterland (besides, in the case of Poland the capital does not have the statute of voivodship and the new territorial division of Slovakia only delineates the Bratislava region). However, since the delineation of the capitals' regions is usually narrow, their proportion in the whole region is all the same considerable: in the case of population the figure stands at around 70% and only in the case of Prague and Central Bohemian region it is only slightly over 50% (this fact must be borne in mind when regional differentiation is evaluated because due to a broader definition of Prague's hinterland the unevenness in the Czech Republic is rather suppressed).

After the described modifications were made, the total numbers of regions stood at 49 in Poland (an average population of 0.8 million), 19 in Hungary (over 0.5 million), 8 in Slovakia (slightly under 0.7 million) and 13 in the Czech Republic (0.8 million). However, the size variability of the whole set of 89 regions was considerable: the minimum was 0.2 million (the Hungarian Nógrád) and the maximum almost 4 million (the Polish Katowice). This in fact reflects the general character of differentiation of geographical units (hierarchical size differentiation). Although the considerably higher number of observed regions in Poland influenced the characteristics of regional differentiation in the upward direction and the broader definition of Prague's region influenced the same characteristics downward for the Czech Republic, the values of most indicators did not much differ in the observed countries. This proves that the choice of regions comparable by their size was correct and that individual scale levels of regional differentiation also express a certain qualitative type of this differentiation. However, the use of administrative units from various periods

required a great deal of painstaking work for the analyses. In order to carry out comparison in development, figures had to be converted along more detailed units (districts) in the Czech Republic and Slovakia. Besides, due to the changes in districts, the conversion was only approximate in Slovakia; the delineation of current regions was modified in order to make them compatible with the former (bigger) districts.

The problems with the choice of representative indicators depicting the economic and social situation and the rate of growth of regions are substantially more difficult than the problems of regionalization. Due to the use of different methods, only few characteristics can be compared internationally, and a number of vital indicators are still either lacking or they are not observed for at least five-year periods. This also goes for the most important index: the GDP. At the regional level, it is only being gradually constructed (it has already been mentioned that comparison of values for whole countries is problematic in this respect, too – see Table 6.1 and the following text). Because of this, the text only presents some illustrative details on regional differentiation in economic efficiency, while all of the data are of a relativizing nature. However, the characteristics differ both methodologically and in time: in the case of Poland, the GDP is from 1986 and 1992; in Hungary since 1994; in Slovakia the data are based on the added value; and the Czech Republic has the "economic aggregate" calculated as a product of the number of jobs and average wages (see Chapter 4), complemented with some details on the GDP in 1995 (see Chlad, 1998). However, from the methodological point of view, the data are debatable, to say the least.

If regional differentiation of the economic and social situation is to be evaluated more sensitively, the data on average wages still seem to be the most suitable instrument. However, here, too, one can come across certain discrepancies if international comparison is carried out: the problems are methodological (such as the omission of small private businesses) and topical (differences in prices, which implies large differences between the nominal and real wages). On these grounds, and given relatively less significant differences in wages between the countries under observation, the wages are expressed in relation to the national average. However, regional differences in wages vary less than in the field of economic efficiency. On the other hand, there is a strong correlation between them. It is advantageous to complement and combine these characteristics with figures on unemployment. From the methodological point of view, these are data which can be best compared and they are relatively reliable (they are based either on the registration of the unemployed or on sample surveys). The characteristics are undoubtedly very important "themselves" (see the importance attributed to the indicator in the practical regional policy of the European Union), but in a number of respects they also provide an insight into the wage situation. They reflect, for example, a

"real" problematic situation of some mining and heavy industry regions in which relatively high wages still survive (as a heritage of the socialist regime).

The volume of per capita investments is certainly an extremely important sign of the regions' achievements and attractiveness. Understandably, since the indicator is marked with the highest regional variability, it is regionally "most sensitive" of all cited indicators in a number of respects. In this case, too, it cannot be said that international comparison could be carried out. As a result, the assessment in relation to national averages must again be made with a big cautiousness. Further limitation of the representative character of this indicator is caused by its too aggregate composition. It is impossible to earmark the "real" development investments and other investments (see, e.g., the problem of the territorial distribution of investments in the "line" macroinfrastructure, the completion of long-standing investments with roots before 1989, environmental investments, etc.).

Finally, structural changes in economy according to the three main sectors are the last selected type of assessment. Here, too, international comparability is limited and from the viewpoint of internal regional distribution, rather inaccurate in some countries. Nevertheless, the details are indispensable to analyses because there are extremely big differences in the structure of economy between the countries as well as regions. As a result, the elementary differences cannot be overshadowed by possible inaccuracies of the data basis in any significant way. It is also right to call structural economic differences as the most obvious consequences of the previous long-term development.

The described methodological problems largely determine the methodology used for a topical assessment. Given its limited comparability and quality of initial data, it is simplified in a fundamental way. In most cases, the characteristics are related to the average of a country and the degree of differentiation is chiefly expressed by citing extreme cases and the relevant variation range (or the ratio of maximums to minimums). Complementing information on the regional model of differentiation is given in the text. The basic picture of spatial arrangement of differences is mainly presented by two charts: the differentiation of wages, and the unemployment rate. It is good to review them in combination, as touched upon.

The scope and change in regional differentiation according to selected characteristics

Although the available information on regional distribution of the GDP in the countries under observation cannot be compared in time and probably it is also unreliable, its account can introduce this analytical part. Thanks to its aggregate nature, the GDP is undoubtedly the most important assessing characteristic. If regional structures, modified within the

individual countries, are compared, one can infer at least some basic features of their internal differentiation:

(i) Increasing regional disparities are common to all countries. But their current level varies. An extreme differentiation appears in Slovakia (although there is the lowest number of regions!), in which the Bratislava region stood at 281.3%, but the Prešov region at a mere 53.5% of the national level in 1997. The maximum in Budapest+Pest exceeded about three times the minimum in the Nógrád megye in Hungary in 1996. The ratio was only slightly lower in Poland, but it was reached as early as 1992. As a result, it is undoubtedly the highest at present (minimum = Suwalki 64.5%, maximum = Warsaw 158.1% of the national average). In the Czech Republic internal differentiation was substantially lower: in 1995 the variation range of the GDP oscillated between 82 (the Jihlava region) and 132 (Central Bohemia and Prague); in 1996 it (the economic aggregate) ranged between 81 (the Olomouc region) and 130 (Central Bohemia and Prague).

(ii) It is certainly not surprising that the position of the capitals' regions is significantly dominant in all cases. As a result, the polarity between the capital and the rest of the country entirely suppresses differentiations of other types. The order of the countries from the viewpoint of the dominance of the capital is therefore similar to the order of the degree of total territorial differentiation; only Prague reaches almost the level of Warsaw and Budapest.

(iii) As far as other factors of regional differentiation are concerned, the biggest role was played by the influence of "lower" settlement hierarchy (this means without the highest center) and the influence of locational attractiveness. However, these factors are not of major importance and do not display obvious regularities, at least not in terms of the current state. From the development viewpoint, the state of affairs is rather different: most "western" regions tend to relatively improve, while most "eastern" regions tend to worsen their position (however, the Polish space is marked with "disorders" in this polarity). A different situation appears in the case of the settlement hierarchy or the level of urbanization of regions. In the case of Poland and the Czech Republic one can observe contradictory tendencies or regrouping in the position of main agglomerations (see also Kortus, 1996). The erstwhile favorable position of mining and heavy industry regions is being weakened, while the position of big centers with a diversified economy, highly developed services and a favorable location (for example Poznań, Plzeň, Györ) is gaining ground.

The cited main features of regional differentiation are also confirmed by data on average wages. The degree of regional differences in these characteristics is substantially lower, first of all thanks to a smaller dominance of capitals' regions. Data on wages are further complemented by data on the unemployment rate. In this case the basic information is summarized in Tables 6.2 and 6.3, and a detailed picture of regional differentiation is given in Figures 6.1. and 6.2.

Tab. 6.2: Regional disparities in average wages

Country (=100)	Year	Maximum region	Minimum region	Maximum/Minimum
Czech Republic	1989	109.0 Ostrava	94.0 Hradec Králové	1.16
	1996	118.0 Praha+Central Bohemia	88.2 Jihlava	1.34
Hungary	1989	117.0 Budapest+Pest	79.6 Szabolcs-Szatmár-Bereg	1.47
	1996	120.4 Budapest+Pest	80.2 Nógrád	1.50
Poland	1989	128.6 Katowice	82.7 Przemysl	1.56
	1997	134.3 Warszawa	82.0 Nowy Sacz	1.64
Slovakia	1989	108.4 Bratislava	95.5 Prešov	1.14
	1996	117.9 Bratislava	83.4 Prešov	1.41

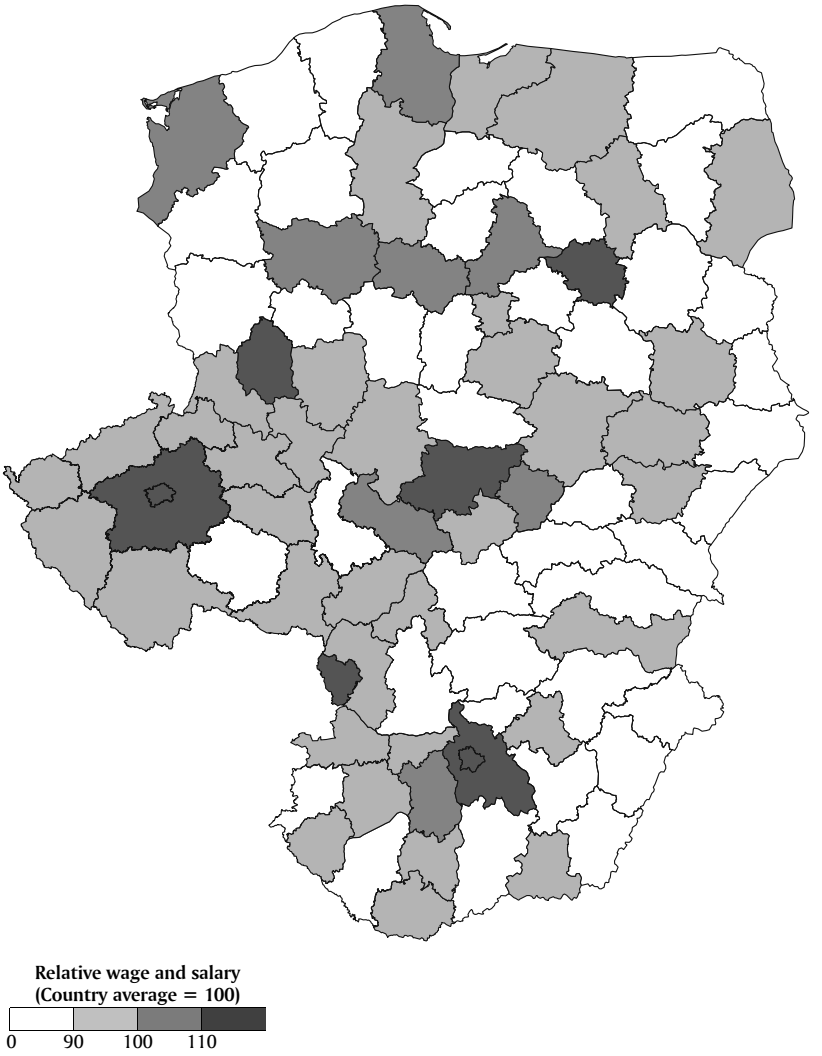
Sources: National statistical yearbooks and internal publications of the statistical offices.

Tab. 6.3: Changes in unemployment rate at regional level

Country	Year	Unemployment rate (%)			Maximum/ Minimum
		Total	Maximum	Minimum	
Czech Republic	1989	4.1	6.0 Ostrava	1.8 Karlovy Vary	3.33
	1998	6.8	11.0 Ústí nad Labem	3.2 Praha+Central Bohemia	3.44
Hungary	1991	7.5	13.7 Szabolcs-Szatmár-Bereg	3.5 Budapes+Pest	3.91
	1997	10.4	19.3 Szabolcs-Szatmár-Bereg	5.4 Budapest+Pest	3.57
Poland	1991	11.4	18.6 Suwalki	4.2 Warszawa	4.43
	1997	10.5	21.2 Suwalki	2.8 Warszawa	7.57
Slovakia	1991	11.5	12.9 Nitra	8.8 Bratislava	1.47
	1997	12.5	17.8 Prešov	4.1 Bratislava	4.34

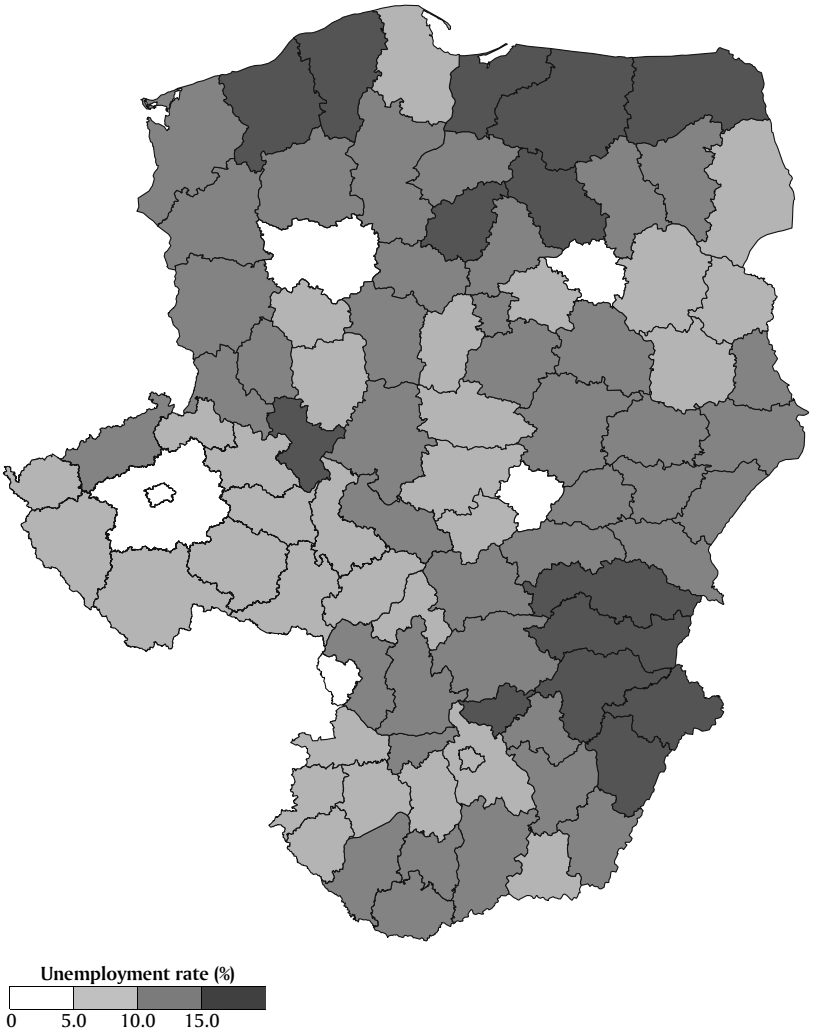
Note: Figures were recalculated in the case of administrative changes.
Sources: see Tab. 6.2.

Fig. 6.1: Regional differences in wages and salaries



Note: Data refer to 1996, for Poland to 1997.
Sources: National statistics for countries concerned.

Fig. 6.2: Regional differences in unemployment rate



Note: Data refer to 1997, for the Czech Republic to 1998.
Sources: see Fig. 6.1.

On the strength of the cited characteristics one can complement the previous description of the main features of regional differentiation. First of all, this provides a different picture of internal differentiation of Slovakia whose extent is evidently substantially lower than it might seem from the GDP data. As regards differentiation in wages, Slovakia is marked with the lowest differences after the Czech Republic. Obviously, there is also a selective orientation of regional development in both parts of the former Czechoslovakia, in which planning under the totalitarian era was most burdened with an equalizing concept. Furthermore, there is a considerable discrepancy between the arrangement of regional differences in Poland on the one hand, and in other observed countries on the other. Poland is typical of a less significant dominance of the capital, which entails a more important role played by further centers (Poznań, Wroclaw, Kraków, the Gdańsk agglomeration and, understandably, also the Katowice conurbation). This reflects to some extent both Poland's bigger size and Warsaw's less advantageous localization. Poland's regional differentiation displays another distinctive feature: a "mosaic" form, which is connected with quite a minor zonalization of the West-East type. Together with the distinctiveness of the previous long-standing development this fact is due to the absence of the external condition of this polarity – the neighbourhood with the advanced West European space. In this sense the erstwhile East Germany forms an undoubtedly important barrier, strengthened at present by still considerable economic and social problems challenged by Germany's "new lands". Especially from the point of view of unemployment, not the eastern zone, but the northern zone (but without the two main Polish ports), seems to be the main problematic region of the country.

Distribution of investments is a vital as well as very sensitive indicator of current tendencies – see Table 6.4. Regional differences considerably vary, more than in the case of the GDP. The highest figures appear in Hungary, the lowest in the Czech Republic. The concentration of investments into capitals is certainly no surprise, but in this case their dominant position is considerably "complemented" with a polarity of western and eastern regions (including Poland). From the macroregional point of view, concentration of investment activities in the area between Budapest and Bratislava or the Austrian border is most evident. In the Czech Republic these are Central Bohemia (Prague plus its hinterland, in which a major concentration appears in the center of the automobile industry Škoda–Volkswagen in Mladá Boleslav), southern Bohemia (nuclear power industry) and the Ústí region (environmental investments). Alongside the principal centers (Warsaw, Poznań, the Gdańsk agglomeration and Szczecin), a vast zone of regions with "above-average values" along the border with the Czech Republic (with the exception of the Walbrzych region burdened with problems) is being formed in Poland. A pronounced differentiation of western and eastern parts in the

sphere of investment activities creates conditions for further intensification of the West-East zonalization in the future.

Tab. 6.4: Regional disparities in investment (per capita)

Country	Period	Region (Country = 100)		Maximum/ Minimum	Others regions above average
		Maximum	Minimum		
Czech Republic	1990–1996	145 Praha+Central Bohemia	64 Zlín	2.27	České Budějovice, Ústí nad Labem
Hungary	1990–1995	201 Budapest+Pest	37 Szabolcs-Szatmár-Bereg	5.43	Györ-Moson-Sopron, Komárom-Esztergom, Vas
Poland	1990–1996	221 Warszawa	56 Zamosc	3.95	Opole, Plock, Poznań, Szczecin, Legnica, Bialsko Biala, Kraków, Piotrków, Katowice, Wroclaw, Gdańsk, Jelenia Góra
Slovakia	1990–1995	217 Bratislava	55 Prešov	3.95	Trnava, Banská Bystrica

Sources: see Tab. 6.2.

The last analytical evaluation is devoted to the structure of economy and its development. However, only the proportions of three basic economic sectors are reviewed. They express the main differences in specialization of both regions and whole countries. Since the differences are really essential, they reflect best the specificities of the territorial units under observation. Although the development of the structure of economies in all of these countries is orientated similarly, the rates of change differ and lead to intensification of structural and economic differences. This is most graphically illustrated by the size and change in the proportion of the primary sector – see Table 6.5. The biggest decrease occurred in the Czech Republic and Hungary (in the latter country the tertiary sector was marked with the highest increase), while in Poland, with its highest share of agriculture, the decrease was only small. Slovakia is close to Hungary in this respect. Just as in most observed phenomena, in the case of the state and development of the structure of economy, too, Poland strongly differs from the other three countries. The almost 30% employment in the primary sector makes Poland fully comparable with a number of developing countries. The proportion reaches 50 and more percent in almost one-quarter of the voivodships with a maximum of 64.2%. The details indicate the large scope of hidden unemployment in Poland. However, first and foremost, they highlight the biggest burden of the Polish economy during the

transformation era, a burden which will be fully revealed at the time when Poland will be entering the European Union.

Tab. 6.5: Changes in sectoral employment and regional disparities

Country	Year	Employed in sector (%)		
		Primary	Secondary	Tertiary
Czech Republic	1989	13.1	48.5	38.4
	1996	5.9	40.6	53.5
	Maximum 1996	13.6 Jihlava	49.0 Ostrava	65.3 Praha+Central Bohemia
	Minimum 1996	2.7 Praha+Central Bohemia	32.0 Praha+Central Bohemia	42.3 Jihlava
Hungary	1990	15.3	38.1	46.6
	1995	8.2	31.8	60.0
	Maximum 1995	16.8 Csongrád	41.6 Zala	69.3 Budapest+Pest
	Minimum 1990	2.3 Budapest+Pest	27.9 Csongrád	48.1 Jász-Nagykun-Szolnok
Poland	1990	29.4	33.3	37.3
	1996	28.1	29.9	42.0
	Maximum 1996	64.2 Zamosc	48.8 Katowice	64.9 Warszawa
	Minimum 1996	4.1 Warszawa	11.2 Zamosc	24.6 Zamosc
Slovakia	1988	16.9	44.2	38.9
	1995	11.6	40.3	48.1
	Maximum 1995	17.7 Trnava	54.9 Trenčín	68.6 Bratislava
	Minimum 1995	3.1 Bratislava	28.3 Bratislava	37.4 Trenčín

Notes: Figures for Hungary in 1995 based on Labour Force Survey. Primary sector i.e. agriculture, forestry and fishery, secondary mining, manufacturing, public utilities and construction, tertiary other branches.
Sources: see Tab. 6.2.

Poland's specific position in the structure of employment is further underlined by the geographical form of the arrangement of structural specificities, especially in the field of the proportion of agriculture. Unlike the regional differentiation of formerly evaluated characteristics (partly with the exception of investments), there is an extremely manifest West-East zonalization in the proportion of agriculture. In this case the described zonalization does not appear in the remaining three countries. Causes of the described zonalization of the Polish space should be searched for both in the previous development and the transformation policy. A general increase in the "agricultural nature" in the eastern direction was based on a long-standing development process, but it was substantially strengthened by the postwar transfers of population and a specific method of privatization in agriculture applied in the socialist Poland. The privatization led to an unusual fragmentation of farms and their technological backwardness. A rapid abolition of state-owned farms in the newly resettled

parts and the transfer of a large number of employees of collapsing industrial firms into fragmented family farms (Weclawowicz, 1996) further deepened the differences in the past years. It is very difficult to change the current state of affairs. There are extremely high numbers of the "future unemployed" with a small social and professional as well as spatial mobility, who appear in the farms with unfavorable geographical position. In this sense the problem of agriculture in Poland seems to be more urgent in political rather than economic terms.

Current tendencies and "European prospects" of regional differentiation – concluding remarks

The transformation of posttotalitarian countries of Central Europe is certainly a unique process with a significant impact on the shaping of regional structures. The differentiation of geographical conditions, specifically the sociogeographical, including locational conditions, is at the same time a vital factor underlying the course of transformation processes. In a number of respects one can speak about an interaction of "internal" political, economic and social transformations of society on the one hand, and "external" (geographical) organization of society on the other. Although the previous transformation development has only been short and still finds itself in the initial stage, a number of common features have surfaced in the interaction of the countries under observation. First of all, they reflect the general importance of basic factors of geographical differentiation: the settlement hierarchization and locational attractiveness. The initial nature of transformation and the surviving deformation with roots in the socialist era are still limiting the "sensitiveness" with which these factors appear. In the case of the settlement hierarchy there is too big a polarization in the role of the highest elements, specifically between the capitals and other elements. This reduction of the settlement hierarchy appears in a strengthened form in Hungary and Slovakia, in which the dominance of the capital is really extreme (see also Nemes-Nagy, 1994, Paulov, 1995). The macrolocational differentiation in the sense of the West-East zonalization only features in a general form. So far it has been hardly manifest in the biggest country, Poland, in which it should be theoretically (given its large size and relatively high physical geographical homogeneity) most developed. In this respect, the distinctiveness of regional differentiation of Poland should be primarily linked with the problematic space of the former East Germany, which includes a so far limited influence of the "western neighbourhood". Furthermore, there is the decisive position of a few big, and with the exception of the "East", evenly distributed agglomerations (see also Chojnicki, et al., 1995, Kortus, 1996). The inherited differentiation in agriculture, the current distribution of investments and

undisputed future revitalization of eastern Germany are very likely to underline the locational zonalization of Poland in the near future.

A number of hierarchical/vertical as well as locational/horizontal "irregularities" of regional differentiation in the observed Central European countries are connected with the role of the third vital factor, which can be called economic specialization. A frequent, though so far not general, relative decline often occurs especially in regions with a disadvantageous structure of economic basis. This is the mining and heavy industry, agriculture and limited diversification of economic activities. This most often relates to the Czech Republic (the Ústí nad Labem and Ostrava regions) and Poland (the Walbrzych, partly also Katowice and Legnica regions). Moreover, in some regions one can see mutual compensation of positive and negative factors. This is exemplified by sparsely populated and relatively agricultural southern Bohemia which enjoys an advantageous position. The same partly goes for agricultural lowlands of Slovakia to which development from overindustrialized basins is being transferred (Bašovský, 1995).

In the light of the above facts it is correct to suggest a gradual deepening, but also refining of regional differentiation in the long run. On the one hand, a selectively orientated regional process will continue, while the deepening of this differentiation will materialize in several degrees, in more variegated forms. The quality of localities and regions themselves (qualification of the workforce, social stability, etc.) will play a bigger role than at present. There will also be a successive diffusion of development impulses from a small number of the current quite dominant biggest centers on the second order and perhaps also third order centers. All of this is to lead to a certain "ramification" of differentiation at lower and more detailed scale levels, which will entail transformation of microregional differentiation. However, the development of macroregional structures will be of greater importance. This will involve an increasing importance of supranational structures. In a number of respects, the development of main centers and the shaping of macrolocational zonality will take place in a new environment, an environment of integrating Europe. The still important role of the state border as a "protection" of national systems of settlement will rapidly diminish. This is why the so far unchallenged dominance of capitals may be weakened in the future. The biggest centers will enter the continental and possibly global competition and they will try to achieve an at least partly advantageous position in the hierarchy of European centers. The function of the capital will naturally continue to be their advantage, but this will be just one of many factors determining their hierarchical position. Attractiveness for foreign capital and for arrival of multinational institutions as well as the position in European transport networks will be equally important.

From the viewpoint of the development of macroregional organization the scale shift of integrating processes to supranational level will lead to a basically increased role of development axes and transport macroinfrastructure. Consequences of this increase will extend into internal differentiations, in which development axes had tended to be of minor importance (apart from some exceptions such as the communication Prague–Plzeň–Nuremberg or Budapest–Györ–Vienna and the corresponding zones or axes). From these viewpoints, the primary strategic importance should be ascribed to the shaping of the axis or zone Copenhagen–Berlin–Prague–Vienna–Budapest, called the second European "banana" (Dostál, Hampl, 1992, Pavlík et al., 1996 – see also Chapter 3). In its southern half the zone is identical with the "boomerang" devised by Polish geographer Gorzelak (see also Enyedi, 1996). But it is quite different in the northern zone (a possible connection Prague–Wroclaw–Poznań–Gdańsk reflects neither the existing nor the planned transport infrastructure nor the intensity of current contacts). The axis Berlin–Poznań–Warsaw–(Moscow) will or it has started to be the second important axis of a European order, although its importance is more political than economic. As regards integrity, it tends to be vitally important for transport rather than regional development since no zone of intensive settlement has been created around the communication. Further axes or transport lines certainly have and in particular will have supranational weight. Let it be cited the connection between Warsaw and Vienna, and the above-mentioned communication Prague–Nuremberg. The future increased importance of the system of the described axes stems not only from their immediate development, and necessarily also a selective function, but, first and foremost, from their communicating, and therefore integrating function. For countries "returning to Europe" it is truly vital. As a result, the preference for investments in the highway network, railway corridors and international airports should become a permanent principle of economic policies adopted by the governments of all Central European countries.

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7

Local And Regional Planning And Policy In East Central European Transitional Countries

Luděk Sýkora

The main aim of this chapter is to review and assess the post-1989 developments in the field of local and regional planning and the policies in four East Central European countries – the Czech Republic, Hungary, Poland and Slovakia. Special attention will be paid to the nature of institutions and programs designed to influence spatial development at national, regional and local levels. Before discussing real developments, there will be outlined a basic approach to the study of local and regional planning and policies in transition countries. The main body of the chapter is devoted to a comparative analysis of local and regional planning and policies. After a brief overview of the communist legacy and transformation policies, attention will be given to territorial administration, national regional policy and planning, policies of regions and local (municipal) development practices.

The framework for analysis: general questions, European context and trajectories for transitional countries

This section is designed to clarify concepts and terminology, and to discuss transitional trajectories in the approach to local and regional planning and policy within the context of European spatial planning tradition.

The institutions and programs of local and regional planning and policies are conceived as activities of the public sector in the field of territorial development. There are semi-public, private and nonprofit institutions which are in different ways involved in regional planning and policy. However, they are not the subject of this investigation. The main dividing line drawn between public and other agencies is given by the nature of their concern. It is the division between institutions focusing on social, holistic, common matters and those designed to promote individual, group, particular interests. While the public sector plays a co-ordinating role, the activity of other institutions tends to be complementary and in the case of transitional countries of East Central Europe often only residual.

There are several ways with which the public sector institutions influence the field of territorial development. Stress will be laid on policies and programs which are explicitly intended to manage or influence territorial development. These activities are included

under the heading of local and regional planning and policy. Various sectoral policies and welfare transfers have important consequences for regional development. However, these are not the subject of investigation in this chapter. The focus is on the way with which governments explicitly approach territorial development within national borders, individual regions and municipalities.

The key agents in the field of local and regional planning and policies are the national government and various local governments. There are two principal questions associated with the discussion of relations between the national and local governments. The first concerns the division of power between the national government and elected governments at lower levels, in other words between the state administration and local self-government. Often, there exists a two-tier local government – regional and municipal – and, therefore, an accompanying question concerns the division of power between the respective levels of local self-government. Second, there is the question of scale which concerns relations between local and regional planning activities at national, regional, district and municipal levels. This field is of course strongly determined by the nature of power relations and division of responsibilities between the national and local governments.

The main interest of the state is a balanced development of the national territory. This involves the promotion of such territorial distribution of activities across the country which will assure similar conditions for the life of all people and at the same time would promote a general increase in the wealth, determined by economic growth. However, there is a bias between these two principles. While the former involves social equality and decrease in regional disparities, it can hamper national economic growth. On the other hand, economic growth requires agglomeration economies and leads to widening regional disparities, thus being in contradiction with the first principle. The governments are thus balancing on the knife edge between the above-mentioned principles, while formulating their local and regional planning and policy priorities and agendas.

The national government's approach to the regional problem involves two basic sets of tools. First is concerned with regional disparities and especially with backward and declining regions and localities. The major government tool in this field is provided by regional policy, which focuses on the reduction of economic and social problems concentrated in particular areas. It is based on the application of rather short-term, responsive programs and projects intended to solve problems which are the outcome of the past development. From the 1980s onwards special growth-orientated programs have been used to stimulate local

economic development in declining areas. Uneven spatial development is also often tackled by the use of transfers within the system of local government budget (equalization policy).

The second approach of the state is based on the promotion of national spatial development in general. The major tool is national and regional planning of the whole national territory as well as particular regions. It is oriented toward future harmonious and efficient distribution of development activities. Its long-term, strategic activity formulates a general spatial framework for future private and public investments (namely in the infrastructure). The regional planning often divides area and settlements into various types according to development priorities. As a result, it promotes the concentration of future development in growth poles and axes.

The approach of the state can be centralist or it can involve various forms of decentralization of the decision-making power to local governments. In the centralist model the local and regional planning and policies are controlled by the state administration with limited powers given to local governments. This does not mean that all the activities are organized by the national government. It can be a hierarchical top-down system which involves national, regional and other local level agencies of the state administration. An extreme form of such system was typical of regional planning under the communist regime.

The state can also transfer many tasks in local and regional planning and policy to local governments. It can have a hierarchical form, when the national government develops the national framework for the co-operation between national and various levels of local governments and outlines basic principles of national territorial development, subsequently binding for planning and policies of regional and local governments. The basic precondition for the development of decentralized system is the establishment of a strong regional government. However, there is always a question of the integration of the national and local government activities and reconciliation of national and local interests. There can also be a full decentralization with very limited involvement of the center in local and regional development planning and autonomy granted to the local government. In such an instance, the overall local and regional planning is very weak and limited to local development policies and physical planning at the municipal level.

The role of regions depends on the system of local government and in particular on the decentralization of power to the regional government. Regions with directly elected governments and granted with many responsibilities can play a very active role in regional development and promote their own interests within the overall development of the national territory. The policy of a region can be very active in promotion against other

regions and bidding for national regional policy and European Union funds. Regional governments take responsibility for the compilation of regional planning documents linked to national concepts of spatial development. Regional plans also make the framework for planning at the lower level of local self-government.

The power of municipalities in local development depends on the decentralization of responsibilities within the system of local government and on the financial strength of local authorities needed to accomplish municipal development and investment priorities. Furthermore, this is tightly linked with the population size of municipalities. It provokes the question of what is the threshold size for viable local governments. The major role of municipalities lies in promoting local interests, attracting desirable activities to their area, bidding for various development funds and in creating a framework for local development through strategic socioeconomic planning and detailed physical planning.

The historical development and current state of local and regional planning and policy in Western Europe can inspire the design of institutions and programs in transitional countries of East Central Europe (ECE). There are two important messages which should be taken from the West European experience. First, there is a variety of approaches to local and regional planning and policy across Europe (Healey, Williams 1993, EC 1994, Newman, Thornley 1996, Balchin, Sýkora, Bull, 1999). No universal or single model exists, which could be automatically transferred to and applied in East Central Europe. Locally specific aspects that emerged through historical development have to be taken into account when establishing the system in each country. Second, despite a wide range of national levels, the European Commission and other European institutions attempt to declare some general principles, which should be adopted by the member states of the European Union. There is a strong pressure toward certain unification which has also to be reflected by the countries that applied for EU membership, if they wish to succeed in the accession. Consequently, East Central European transitional counties have to be sensitive to both sides of the coin – national distinctiveness and European unification – and reconcile these two factors in the actual design of national institutions and programs of local and regional planning and policy.

The formulation of general principles of spatial development at the European level is the subject of ongoing discussions. The major themes in the discussion on differences and common features of territorial planning and policy systems are: (i) the level of centralization and decentralization; (ii) responsive or active programs; (iii) regulatory or discretionary systems; (iv) coherent or fragmented intervention; and (v) strategic/holistic or project-led

approach. While the field of spatial planning is the subject of general discussions, the EU is actively shaping the form of national regional policies through its policy of economic and social cohesion and allocation of money from the Structural Funds. One can agree with Healey and Williams (1993) who say that the EU cannot transform national legal systems and local political cultures by direct intervention, but it can influence their development by debates on its policy and through the application of criteria used for EU funding programs.

Toward which models will be the transitional countries heading? Which features will be preferred by local politicians and which principles will have to be applied due to the EU pressure? The ECE countries had similar starting conditions as the national systems of central planning were quite similar. After the political turn they received freedom which allowed the divergence in nationally specific paths and led to the establishment of local and regional planning and policy systems. However, the pressure from the EU is now stimulating the application of common features, which might lead to a convergence toward more similar national systems reflecting standards applied in unified Europe.

The major questions to be taken up in this chapter ask: How active have been the governments of transitional ECE countries in the development of new postcommunist framework for local and regional development planning and policy? What is the division of power between the state administration and local governments in the field of local and regional planning and policy? How active has been the post-1989 regional policy? Have governments preferred regional policies or regional planning? Have they attempted to formulate an integrated system of national, regional and local development activities?

As the development of postcommunist local and regional planning and policy has been influenced by the legacy of the Communist system and the nature of transition from the centrally-planned to the market system, there will be first a brief overview of this sphere. The basic institutional framework for the development of local and regional planning and policy has been provided by transformations in the local government system, which will be a subject of the next part. Then the attention will be paid to particular fields in local and regional planning and policy. A distinction is made between regional policy (policy of the national government toward regions and localities), policies of regions (development policies of regional governments), national spatial planning (national government concepts of territorial development), regional planning (it includes the activities of both state administration and regional governments in territorial planning at the regional level) and municipal development practices (activity of municipal governments in local development and physical planning). However, the text will be organized in three sections according to

the spatial scale of local and regional planning and policy activities: national spatial planning and regional policy, policies of regions and regional planning, and local (municipal) development practices.

Communist legacy, transition and postcommunist approach to regional development

The Communist centrally-commanded system of allocation of resources was characterized by a hierarchically organized system of national, regional, and local planning. There were the national and regional economic planning, national concepts of settlement structure, and physical planning at the regional, urban, and intraurban levels. In the regional economic planning, spatial goals were managed by the national planning of the allocation of economic activities, labor force and housing. Regional plans were strongly determined by investment priorities of various ministries and presented a top-down approach, based on proposals from ministerial policies. The regional economic planning was supplemented by the settlement development planning, intended to manage the urbanization process. No regional or intraurban policies in the western sense were applied. The role of physical planning was to design a concrete spatial arrangement of objectives declared in economic development plans. It worked especially at the local level. Physical plans designed the macrospatial structure of urban areas, their general land use pattern and especially focused on the allocation of land for housing and industrial construction and transport networks systems. Physical plans at the regional level, which only developed in the 1980s, were directed mainly at the implementation of construction targets, set up in regional economic plans, and the creation of spatial frameworks for investment allocation.

In the first decades, the national economic planning focused on massive industrialization and economic decisions were made on the ministerial basis. This was crucial for regional development. The allocation of investment to new industries usually reflected both the politically championed equalization principle and the economic principle favoring agglomeration economies, especially in the case of the concentration of heavy industry. New industrial plants were established in backward rural areas creating single company towns, in newly established industrial towns and existing industrial centers. Since the 1960s investments in the sphere of production were supplemented by consumption targets, namely in the sphere of housing development and provision of services in the system of selected central places. However, the top-down distribution of funds disadvantaged the lower ranked central places and non-centers. The economic boom of the postwar period ended in the mid-1970s. The earlier political rhetoric which stressed rapid growth was transformed into preferences for qualitative aspects of development, increasing living

standards of population and the consideration of environmental issues. Experiments with decentralizing state power to local governments and the private sector were tried in Hungary (Enyedi, 1990) and Poland, while the Czechoslovak government strictly maintained the principles of central planning.

The basic ideological assumption of post-1989 transformation policies was that market mechanisms will replace the centrally-commanded system in the allocation of resources and that market forces should be the sole principle for the regulation of economic system, including its territorial structures. The introduction of market economy revealed some strong features of regional economies, exposed the weakest regions and increased regional disparities (Blažek, 1996, MERP, 1996, Weclawowicz, 1996, Gorzelak, 1996, Paul, 1995). Economic changes turned traditional industrial strongholds into comparative disadvantages, changed the relation between public and private institutes in favor of the latter, and cities and regions became areas for the location of private investments instead of targets of central state planning (Lorentzen, 1996).

The territorial development reflected burdens inherited from the Communist era as well as the new spatially selective activities of private investors. Inequalities increased with the decline in peripheral rural areas and regions affected by de-industrialization, especially in traditional industrial agglomerations and single company towns, and with new economic activities, often backed by the inflow of foreign investment, developed in capitals, selected regional centers and the western border area along the border with Germany and Austria. The polarization between the capital and other fortunate cities and the rest of territory and the decline of wealth from the West to the East characterize the spatial pattern of uneven spatial development in the 1990s. New demands from market instruments and newly created spatial inequalities have become the basic contextual characteristics that should be reflected within a new spatial planning and regional policy system.

While the removal of Communist institutions was immediate, their replacement with a new system has been a much slower and complicated process. The hierarchically organized economic planning was terminated, regional governments abolished or their powers strongly reduced and the responsibility for local development and physical planning was devoted to newly established municipal governments. Regional development planning and policy have been regarded with suspicion and often seen as conflicting with the desirable free market system.

Territorial administration and local government system

The local government system and the character of relations between the national government and local elected bodies create the basic institutional framework for the operation of local and regional planning and policy. In particular, the level of centralization and decentralization is an important contextual factor which shapes the nature of local and regional planning and policy system. The structure of decision-making can be very centralized, however, and powers can also be substantially devolved to regional and local governments.

In the transition states of East Central Europe, new legislation on local government was quickly approved in 1990. The reform abolished a hierarchically organized system of two-to-three levels of (regional, district, municipal) authorities directed from the center. It established a new system of local government, which is based on the separation of local government from the state administration.

Reforms gave independence and autonomy to municipalities, which became the basic units of government. Municipalities are now legal entities with directly elected assemblies and their governments represent the interests of the local community. New legislation delegated certain rights and responsibilities to municipalities, such as the right to own property, to collect special taxes and fees, to manage their financial resources and formulate and promote municipal development, using municipal development programs and physical plans.

During the first half of the 1990s, the performance of government functions was severely constrained at the middle level. There were established regional assemblies (districts assemblies in the Czech Republic and Slovakia, county assemblies in Hungary and voivodship assemblies in Poland) whose members were not elected directly, but appointed by the regional authorities. Their legitimacy and decision-making power were weak. In the meantime, the regional level became an outpost of the central government.

Since the mid-1990s, there has been undertaken reform in regional and local government systems with a major focus on strengthening regional government. Since 1994 Hungarian counties have been controlled by a directly elected County General Assembly. However, counties can assume only functions which municipal governments cannot perform or refuse to assume, thus only having a subsidiary status (Pálné Kovács, 1993). At present, there is an ongoing discussion about the establishment of larger regions which would comply with European Union territorial structures. In 1997, the structure of 14 regions, governed by directly elected assemblies, was approved by the Czech Parliament. New regions will become operational from the 1st of January 2000. In July 1998, the Polish Parliament approved a

new territorial division of Poland with 16 regions (voivodships) and 308 districts (powiats). The reform introduces a radical decentralization of political power from the national government to regional governments. Regions will be governed by elected regional assemblies and the state administration at this level will be represented by an appointed governor. Polish regions will become operational on the 1st of January 1999. In Slovakia new territorial division was implemented in 1996. However, the territorial reorganization was approved without the establishment of government at the regional level. New regions do not have elected representations. Their governments are strictly subordinated to the central government and only serve the state administration purposes. It is unlikely that the new regional government will be established before 2000. The number of self-governed regions and their spatial delimitation is a matter of discussion. There might be more regions with elected government than in existing regions.

The present system of territorial administration in the Czech Republic consists of two tiers of 77 districts (okres) and about 6,200 municipalities (obec) (for details see Dostál and Kára, 1992, Perlín, 1996). The Czech municipalities with their average size 1,667 are the smallest among the ECE countries. Starting in 2000 there will be 14 regions (kraj) with elected governments. Their population ranges between 0.3 and 1.3 million inhabitants. While municipality is the basic authority for the execution of self-government functions, the bulk of the state administration tasks is divided between 77 districts and about 380 specially commissioned municipalities with delegated tasks of state administration (pověřený obecní úřad).

Hungary is divided into the capital, 19 counties (megye), 20 towns of the county rank (megyei jogú város), 148 towns (város) and 2,905 villages (község) (Hajdú, 1993). Villages are smaller settlements with a population size of less than 10,000 residents. Towns are divided into two categories: towns, and towns of county rank, which must have a population of more than 50,000 residents. The mean population of a county is 524,000 (Surazska et al., 1997) and average size of municipalities is 3,315 (Horváth, 1997).

The territorial administration of Poland which existed since 1975 and consisted of 49 regions (voivodship, wojewodztwo) and about 2,450 municipalities (gmina), has been replaced by 16 new regions (voivodship, wojewodztwo) with elected government and 373 (308 rural and urban, and 65 urban) districts (powiat) since the 1st of January 1999. The municipalities have an average population of 16,000 residents (Strong et al., 1996) and the population of new regions ranges between one and five millions inhabitants (Balchin, Sýkora, Bull, 1999).

Fig. 7.1: Regions in East Central European transitional countries

Poland:
1 – Zachodnio-Pomorskie, 2 – Pomorskie, 3 – Warmińsko-Mazurskie, 4 – Kujawsko-Pomorskie, 5 – Podlaskie, 6 – Lubuskie, 7 – Wielkopolskie, 8 – Łódzkie, 9 – Mazowieckie, 10 – Dolnośląskie, 11 – Opolskie, 12 – Śląskie, 13 – Świętokrzyskie, 14 – Lubelskie, 15 – Malopolskie, 16 – Podkarpackie

Czech Republic:
1 – Pražský, 2 – Středočeský, 3 – Budějovický, 4 – Plzeňský, 5 – Kalovarský, 6 – Ústecký, 7 – Liberecký, 8 – Královéhradecký, 9 – Pardubický, 10 – Jihlavský, 11 – Brněnský, 12 – Zlínský, 13 – Olomoucký, 14 – Ostravský

Slovakia:
1 – Bratislavský, 2 – Trnavský, 3 – Nitriansky, 4 – Trenčiansky, 5 – Žilinský, 6 – Banskobystrický, 7 – Prešovský, 8 – Košický

Hungary:
1 – North-Hungary, 2 – North-Transdanubia, 3 – Central Region, 4 – Northern-Great Plain, 5 – South-Transdanubia, 6 – Southern-Great Plain

Note: Existing administrative regions in Poland, Czech Republic and Slovakia and proposed regions in Hungary.

Since 1996 Slovakia has consisted of 8 regions (kraj) and 79 districts (okres), which have replaced the former administrative division with 38 districts (four regions were already abolished in 1990). There are nearly 3,000 municipalities (obec) in Slovakia, whose average size of 1,845 is only slightly higher than in the case of the Czech Republic. The population of new districts varies from 13,000 to 163,000 (the upper limit is determined by the subdivision of large cities of Bratislava and Košice into districts). The size of regions is rather balanced with 548,000 people living in the smallest and 769,000 in the largest region.

Tab. 7.1: Number of units of territorial administration in East Central Europe

Country	Regional and local administration		
	Regional	District	Municipal[3]
Czech Republic	14[1]	77	6,196
Hungary	19 + 1	-	3,130
Poland	16[2]	373	2,459
Slovakia	8	79	2,825

Notes: [1]from 1.1.2000; [2]from 1.1.1999; [3]population size of municipalities is taken from Horváth (1997).

The development of the territorial administration of CEEC transition countries since 1989 has been characterized by several trends and characteristics. The first half of the 1990s was marked with the centralization of political power to the hands of national governments, decentralization of certain rights to municipal governments and weakening position of governments at the regional level. The establishment of the self-government at the municipal level introduced new principles of governance and the newly elected local representations had to learn – after forty years of totalitarianism – how to play their roles. One of the negative consequences was disintegration of municipalities amalgamated during the communist era, which rapidly increased the number of municipal governments and, more important, established extremely small municipalities with weak governance (excluding Poland). The regional level became a battle field between the ideas of centralization and decentralization, with national governments being reluctant to give up some decision-making powers to regional governments. Often, the fundamental idea of decentralization and transfer of responsibilities from the state administration to regional government was eclipsed by political discussions about the number of territorial units, which mirrored the clash between the proponents of „rational" division of a country and advocates of regional and local interests. In the second half of the 1990s, the establishment of regional government gained a new momentum with the requirements of EU on associate states. However, there is a major discrepancy between the population size of regions in the Czech

Republic, Slovakia and Hungary and the territorial basis of EU structural policies. At present, only Poland has regional government on the size scale acceptable for the allocation of EU regional development assistance.

National spatial planning and regional policy

This part focuses on the approach of national governments to the spatial development in transitional countries. The government usually uses two basic tools to influence the spatial development of a country: regional policy and national spatial planning. It can prefer the use of regional policies to spatial planning or vice versa, use both approaches simultaneously but independently or attempt to integrate them into a coherent system. Which approach to regional issues has been preferred in transitional countries of East Central Europe? Have governments attempted to formulate an integrated system of national, regional, and local development programs and institutions or have they preferred ad hoc, responsive and fragmented policies, based on projects focused on quick and flexible solutions to emerged regional problems?

The system of national/regional economic planning which formed the backbone for spatial allocation of resources within the communist system of central planning was refused with the onset of transformation. Central governments have become overwhelmed with general economic reform at the national level and regional development was not an important issue on the political agenda. However, with the emergence of regional problems central governments started to devise programs aimed at regional crisis management and some programs with regional goals were introduced within the support to small and medium-sized businesses. These initiatives were ad hoc, responsive and uncoordinated and the funds used for tackling regional problems were negligible. This phase can be seen as an embryonic stage of a national regional policy. It originated in the first half of the 1990s and can be characterized as a conceptual shift from regional planning based on holistic principles of public investment allocation to regional policy focused on the solution to particular regional problems.

First attempts to formulate and implement a comprehensive institutional system of regional development policy and planning appeared in the second half of the 1990s. An important factor behind the changing perception of regional policy and planning was the pressure coming from the Association Treaty with the European Union. A new system of regional policy designed according to the basic principles of EU structural policy was accepted. An important precondition for its application was reform of the local government system,

especially the establishment of the self-government at the regional level. The ad hoc responsive programs have been replaced with a comprehensive, hierarchically organized framework of national strategy of spatial development and regional development plans. The late 1990s are therefore marked with a reverse conceptual shift back to the realm of a more comprehensive system, trying to integrate basic characteristics of both regional policy and regional planning.

Although the East Central European countries are now heading for the same destination governed by EU requirements, there were important differences in their approach to regional policy and planning during the 1990s. While the Czech Republic and Hungary put more emphasis on regional policy in the form of responsive ad hoc programs focused on the solution to economic and social problems in particular regions, Poland and Slovakia accentuated spatial planning with attempts to formulate national spatial development concepts and regional plans aimed at complex spatial arrangement of functions and public investments.

In the Czech Republic, a broader concept of regional policy, pursued in 1991–1992 (see Blažek, Kára, 1992, Kára, 1994), was replaced after the 1992 parliamentary elections by a minimalist involvement of the national government in regional development. It was reduced to additional support to small and medium-sized businesses in regions with a high unemployment rate. In 1994 an ad hoc program was applied in four districts with high unemployment. Regional development programs were prepared with Phare assistance for two regions affected by industrial restructuring. Physical planning at the regional level lost its significance and there was no effort for co-operation between the fields of regional policy and physical planning. A major shift toward a more comprehensive system based on EU standards only happened in spring 1998, when the government adopted the Principles of Regional Policy. This document established a framework for the preparation of national and regional development strategies. This development is similar to that of Hungary, where it started two years earlier. Until present, the Czech system has been very centralist and this will only change with the introduction of regional government in 2000.

The evolution of the Hungarian approach toward regional development can be divided into two phases. The period of 1991–1996 was characterized by the use of the Regional Development Fund (RDF) for the support of small rural settlements in peripheral areas through infrastructure development projects (Horváth, 1995). The assistance, mostly through the Phare program, was also channeled to two depressed regions suffering from a crisis in metallurgy and agriculture. The change in the overall concept of regional development

planning and policy has been brought by the Law on Regional Development and Physical Planning, approved in 1996 (MERP, 1996, Horváth, 1998). The Law is designed according to the principles of the European Regional and Spatial Planning Charter and the EU structural policy and attempts to integrate socioeconomic planning (economic and social cohesion policy) and physical planning into a hierarchical system of national, regional, and local development planning and policy. The priorities of regional development planning and policy include the assistance to backward regions and regions affected by economic restructuring as well as the assistance to regions of high priority (development poles). However, the functioning of the system is complicated by the weak role of county governments and an absence of a higher level of regional government which would be in conformity with EU principles of territorial division at the level of NUTS 2.

Since the beginning of 1990s the Polish government has used a package of programs providing support to regions with high unemployment (for details see Gorzelak, 1996). Since 1995 this responsive regional policy is accompanied by a new system of regional and physical planning defined in the Spatial Planning Law of 1994. The central government formulates the concept of national spatial arrangement. At the regional level, the system integrates socioeconomic development planning and spatial arrangement planning. However, because of the nonexistence of the regional self-government, it has served only for the transfer of national development goals, defined by individual ministries, to regional plans. This weakness will be overcome by the establishment of regional government as of 1.1.1999. Poland will be the first of the ECE countries to have regional self-government complying with EU requirements, thus gaining an important advantage.

Regional policy is not well developed in Slovakia (Baláž, 1995). Currently, there is no legal framework for regional development policy. The government has not adopted any coherent approach and the intervention into regional development has only been based on the use of ad hoc programs of regional crises management in districts with unemployment exceeding 20%. In 1998 the Strategy for Regional Development of the Slovak Republic was submitted to the government. The national strategy should be followed by drawing up concepts of economic and social development for individual regions and regional development programs (Rajčák, 1997). Up to now, more attention has been given to the preparation of a national strategy of spatial development (MoE, 1996) and individual regional plans. Government priorities of spatial development at the national level are outlined in the Concept of Territorial Development of Slovakia, whose second version was approved in 1997. The document defines development poles (major urban agglomerations), a hierarchy of settlement centers and development axes. The principles set out in the concept should be reflected in regional

physical plans. Despite the establishment of new territorial division of the country, there is no regional government and regional planning is organized by the state administration. This approach is similar to that of Poland before the establishment of the regional self-government. High centralization of regional development planning and policy in Slovakia and strong hierarchically organized system of top-down decision-making will be only changed with the introduction of elected regional governments.

Policies of regions

In this section attention will be devoted to the role of regional governments and other institutions in the promotion of regional interests and in the internal development of particular regions. The role of regional government depends on the system of local government and in particular on the decentralization of power to the regional government. Regions with directly elected governments and granted with many responsibilities can play a very active role in regional development and promote their own interests within the overall development of the state territory. In the context of lacking elected representations, the representatives of the state at the regional level or ministries of the central government often attempt to substitute for nonexistent regional government. Regional governments use tools for the promotion of economic development of regions to gain comparative advantages. They are also involved in the drafting of regional planning documents, which might be subordinated to national concepts of territorial development and at the same time make the framework for development planning at the municipal level. There can be other agencies actively involved in regional development, which operate simultaneously with regional governments or can replace nonexistent governments.

The reform of the local government system, introduced at the beginning of the 1990s, strengthened the center and the municipalities, curbing the power of regions. The formation of independent policies at the regional level has been severely restricted by the nonexistence of regional government in the Czech Republic, Poland and Slovakia, and relatively weak county governments in Hungary. In the meantime a limited role in regional development has been played by representatives of the state administration at this level, which often attempted to replace nonexistent self-government institutions. Regional authorities could influence the development of regions by claiming funds and assistance from the central government and by helping to organize, create and fund various regional development institutions and programs. This situation is likely to change in the near future in Poland and the Czech Republic with the introduction of regional government in 1999 and 2000 respectively. In Hungary, the Law on Regional Development and Physical Planning from 1996

established a general framework for the co-ordination of spatial development at county and regional levels. However, a complicated web of relations between various institutions can constrain operational capabilities of the whole regional development planning system. Slovakia has the most centralized system of regional planning and policy, whose nature will only change with the introduction of the self-government at the regional level, which is unlikely before 2000.

The situation in the Czech Republic has been determined by the nonexistence of the regional self-government and the negligible interest of the central government in regional development. The approach of the government only changed recently, especially under the pressure of the EU. The change has been mirrored especially by the approval of regional government and the Principles of Regional Policy in 1998, according to which there will be drawn up regional development plans for each of the fourteen newly established regions. Since the regional government will become functional only in 2000, the preparation of regional development plans is now in the hands of the central government (Ministry of Local Development). However, it is expected that this activity will be transferred to the elected representations of regions. The development of regions is also influenced by physical plans at the regional level. Their preparation is organized by the Ministry of Local Development. They usually cover specifically delimited areas which do not conform to territorial administration. Regional physical plans (the Czech language uses the following terminology: physical plans of large territorial units) outline the organization of transport and technical infrastructure and delimit protected environmental zones. They have legally binding parts for the preparation of municipal physical plans. The relation between regional development plans, prepared along the lines of regional policy, and regional physical plans, drafted within the framework of physical planning, is unclear.

Hungary is characterized by a hierarchical organization of national, regional, and local planning, integration between social and economic development planning and spatial planning at the regional level and decentralization of responsibilities from the center to regional institutions. There is no single institution in charge of regional development, but the system operates within a complicated web of institutional relations. Regional development tasks within the county are coordinated by the County Development Council (CDC) which is established and funded by the central government, a respective county self-government, a county chamber of commerce, a county labor council and local municipal associations. This should promote the creation of networks among various county institutions. The head of the CDC is at the same time the chairman of the County General Assembly, the body representing the county self-government. The CDC outlines and approves the long-term

regional development concept of the county, the regional development program of the county and individual subprograms. Another institution involved in regional development is the government of a county. It is in charge of the preparation of physical plans for the whole county and/or its subregions. The county physical plans and objectives of the county regional development concept, which will be binding for municipal governments, are approved by the County General Assembly.

The Hungarian system of regional development planning has created a parallel structure to territorial administration, thus weakening the position of the county government. Another weak point is that the division of country into counties does not correspond to the territorial pattern of NUTS II level, which will be the spatial target of the EU structural policy. The Law on Regional Development and Physical Planning from 1996 allows County Development Councils to set up Regional Development Councils (RDC). Their task is to integrate the development across several counties and the central government strongly argues for regions that would comply with EU priorities. RDCs should devise regional development concepts, regional development programs and regional physical plans. It is difficult to evaluate the future role of Regional Development Councils, which should substitute the nonexistent self-government on the spatial scale preferred by the EU. However, their power will be rather weak and only supplementary to the CDC.

Throughout the 1990s the regional development in both Poland and Slovakia has been the matter of state administration. However, the Polish system was more decentralized, with greater responsibilities transferred to regional authorities, especially in the field of regional physical planning, while the regional planning in Slovakia was tightly governed from the center. In Poland, the old system will principally change starting 1999 with the implementation of newly elected regional governments. The former deconcentration of central state administration to regions will be replaced by the decentralization of decision-making power from the state to regional self-government.

Although regions have been established in Slovakia, there is no elected representation at this level. The absence of regional government is a major obstacle to the coordinated formulation, protection and promotion of regional interests. The territorial development within regions is now influenced by regional physical plans. Because of the absence of elected regional representations, their preparation is being organized by the Ministry of Environment. Until 1997 the central government intended to have 25 such plans, which would fully cover the territory of Slovakia. After a reform of territorial administration was taken, it was decided that there will be only eight regional plans whose spatial coverage will

be in conformity with new regions. There is a question of what will happen if in the future there will be more self-governing regions than the current eight regions within the public service system. Technically, Slovak regional physical plans are nearly identical with Czech plans. No major change can be expected in the centralist Slovak system as long as regions are governed on the principles of state administration.

Together with the center and regional governments there are other agencies actively involved in the promotion of the development of regions. The most important of them are Regional Development Agencies, which have been established in the Czech Republic, Poland and Slovakia. However, the involvement of the state in their establishment, their powers and responsibilities and the nature of their activities varies among these countries.

In the Czech Republic Regional Development Agencies have been established spontaneously by various local institutions, including towns, local businesses and banks, municipal associations, trade unions, etc. The state has not defined their status and there are no general regulations. The RDAs were originally created as institutions for gaining grants, subsidies and other forms of financial help to a region and in particular for institutions that established them. At present, they act mostly as a consulting service for both local governments and the private sector. Their revenues come from the support allocated by shareholders, consulting services and grants from the Phare program. The most active from the six agencies are RDAs in Ostrava, which benefit from the government and Phare support, and developed a strategic plan for 1997–2000, which includes investments and subsidies to regional and local infrastructure projects and dissemination of regional information and advertising materials.

In Poland there are more than 50 Regional Development Agencies. They have been created by the governmental Industrial Development Agency in co-operation with the regional administration and local authorities and with the support from chambers of commerce and industry, local firms, banks and business associations, etc. The state, represented by the Industrial Development Agency, usually contributes to the initial capital, but the agencies should be self-supporting. They should be involved in the preparation of local and regional development strategies, but are rather involved in consulting services for local firms. In some cases they are involved in the implementation of programs within the Phare framework.

Slovak RDAs are established through the foundation Regional Development of Slovakia, created by the central government. The center has initiated RDAs establishment, which is similar to the situation in Poland, but differs from the approach of the Czech government. Slovak RDAs are charged with higher powers and responsibilities than in the Czech Republic

and Poland, as they are involved in co-ordination of local government and various other institutions at the local level. RDAs actively prepare regional development plans. First such plans were made for the districts of Čadca, Považská Bystrica and Žilina.

Municipal development practices

The sphere of municipal development in transition countries of East-Central Europe has been influenced by local government reforms which established the municipal government and granted independence to municipalities, by the disintegration of existing municipalities and the consequent emergence of large numbers of very small, administratively autonomous but economically hardly viable settlements, by the growing financial independence of municipal governments and the decrease in the central state redistribution of finance, and by the changes in the nature of municipal development planning characterized by the shift toward strategic planning and local economic development promotion.

Reforms of local government from 1990 granted municipalities in East-Central Europe relative autonomy and financial independence (Dostál, Kára, 1992, Kára, Blažek, 1993, Grochowski, 1997, Regulska, 1997). Municipalities have a right to own real estate and exercise property rights, adopt the municipal budget, generate own incomes and levy local taxes, establish legal entities and participate in businesses, adopt a local development program (a strategic plan) and approve a local physical plan and thus regulate the development process and environmental protection at the local territory. The main duties of municipal governments include the maintenance of the local road system and public areas, the public transport, water supply and sewage systems management, public order and safety, primary education and municipal housing policy, including provision of council housing.

The local government reforms allowed for the disintegration of municipalities (the Czech Republic, Slovakia) or directly abolished all the mergers of municipalities made during the Communist era (Hungary). The number of municipalities increased by 50% in the Czech Republic (from 4,100 in 1990 to about 6,200 in 1994) and in Hungary there are now as many local governments as in 1949 (Enyedi, 1994). This process led to the emergence of a large number of very small municipalities. About 60% of municipalities in the Czech Republic have less than 500 inhabitants and further 20% has a population between 500 and 1,000 residents. In Hungary, 35% from more than 3,000 municipalities have less than 500 residents. From Slovak municipalities 87% have a population of less than 2,000 residents. These small municipalities have many duties, but only small revenue (Lorenzen, 1996). The self-governments of such small municipalities are usually very weak in both financial and

professional matters and have limited bargaining power in relation to the state government as well as private sector developers. Poland is an exception with municipalities substantially larger than in the Czech Republic, Hungary or Slovakia. There is no municipality with less than 1,000 inhabitants in Poland, while in the Czech Republic about 80% of municipalities have less than 1,000 people.

Tab. 7.2: Number of municipalities and their average population

Country	Number	Average population
Czech Republic	6,196	1,667
Hungary	3,130	3,315
Poland	2,459	15,623
Slovakia	2,853	1,845

Source: Horváth (1997).

Municipalities have the right to establish associations, represented by a common body of representatives to tackle problems that cannot be solved by individual small municipalities. In the Czech Republic small municipalities create associations and establish companies to organize certain tasks, such as collection and disposal of municipal waste or water, sewage and other technical networks construction and management. In Hungary, co-operation for matters concerning legal power, such as granting planning and building permissions, and joint maintenance of institutions, such as schools and social care homes, are also achieved. In Poland over 50 intermunicipal associations have been established for the sake of co-operation in the field of local economy, environmental tasks, etc.

One of the most crucial factors, which limits the possibility to exercise powers given to municipalities by the local government legislation, is the state of municipal finance. Important features of the system are created by the proportion of the municipal budgets in the total government expenditure, the possibility to generate own revenues and the ratio between own incomes and central governments grants, the temporal stability of the system and the magnitude of differences in revenue/expenditure per capita between municipalities. The main trend in the Czech Republic has been a decreased dependence on central government grants and the increasing role of revenues in nationally collected taxes, local taxes and fees and incomes from the sale and lease of municipal property. In Poland more than two thirds of municipal revenues came from own incomes and from the share on central taxes, while the general grant only accounted for 18.8% in 1993 (Surazska, Blažek, 1996). The municipal government expenditure only accounted for 12.3% of the total government expenditure, which was less than in the Czech Republic and developed countries

of western and northern Europe (Surazska, Blažek, 1996). In comparison with the Czech Republic, Polish municipalities have lower per capita revenues and capital expenditures and generally are more constrained in their local economic development activities. Consequently, the power of Polish municipalities is strongly curbed by financial constraints. Alm and Buckley (1994) state that the sovereignty of Hungarian municipalities is mostly restricted by the system of the local government finance. Although local governments can levy local taxes, they usually do not use such instruments (with the exception of local business tax) and remain heavily dependent on the central government for their revenues. In 1995 the normative state support of local budgets in Hungary accounted for nearly 60%. Nižňanský (1997) has found that the Slovak system of local government finance is heavily centralized, with the state government controlling 95% of all tax revenues. Buček (1997) points to a tight budget of Slovak local governments, characterized by shrinking municipal revenues and expenditures (in absolute figures) between 1992–1995.

Czech, Hungarian and Slovak municipalities are also entitled to borrow money and issue communal bonds (this approach has been used, for example, by the capital city of Prague to gain finance for investments in the transport infrastructure). Loan financing and sales of real estate belong to the tools used for covering local budget deficits. Polish municipalities have less freedom. Their economic activities are restricted by limiting municipal borrowing to 15% of the annual budget and by forbidding involvement in economic activities that are not directly related to the provision of public services (Surazska, Blažek, 1996). An important characteristic of the municipal finance from the point of view of local development is provided by the proportion of investments in municipal expenditures. In the Czech Republic and Slovakia it accounts for 35–40% of expenditures. The system of local government finance has often changed (see Blažek, 1994 for the case of the Czech Republic or Buček, 1997 on Slovakia). This has resulted in instability and caused difficulties for financial and investment planning at the municipal level.

One of the most powerful tools for the management of municipal development is physical planning, strategic socioeconomic planning and local economic development strategies. While physical planning has a tradition in Central Europe, strategic planning of socioeconomic development at the local level and implementation of local economic development programs is a new phenomenon. The nature of physical planning at the local level has also substantially changed. The old hierarchically organized system of land-use planning was abolished and municipal areas have become the most important objects and their self-governments subjects in physical planning. The traditional principle of monofunctional zoning has been replaced

by the use of polyfunctional zones. Firms and residents have been invited to comment on drafts of new plans.

The basic local development planning documents in the Czech Republic and Slovakia, defined in the local government legislation, are the municipal development program, which specifies long-term priorities of socioeconomic development. There is also a medium-term physical plan and the municipal budget, which specifies financial and in particular investment allocation in the short run. While the budget is an obligatory instrument for municipal governance and physical plan is a commonly used document, the municipal development programs have only been prepared in some municipalities, especially in towns. There is only a small number of cities and large towns which have approved or are currently preparing municipal development programs (they are often called strategic plans). There are large differences between municipal development programs. While Prague's strategic plan formulates general principles of long-term development in all aspects of urban life (for a horizon of 2010), some other towns (such as Ústí nad Labem in North Bohemia) have prepared short-term (three-year) special plans based on concrete projects aimed at local economic development promotion. Unfortunately, the Municipal Law is the only legislation in which municipal development programs are mentioned and there exist no rules or guidelines for their preparation. Municipalities have to take their own initiative and experiment with the preparation of such planning documents. Up to now, the short-term individual and ad hoc political decision-making was preferred to long-term comprehensive strategies of local socioeconomic development.

The municipal government is the principal authority devising physical planning documentation in the Czech Republic. Physical plans are approved by municipal assemblies. The approved plans are binding for lower levels of planning documents (detailed regulation plans), the drafting of development projects and the decision-making concerning planning and planning and building permissions. The principal physical planning documents exist in the form of a land-use plan for the whole municipal area and a detailed regulation plan for an intrasettlement zone. In the case of small municipalities, land use and building regulation principles are applied in a single plan.

At present, general land use plans are the most common planning documents and many local governments, urban and suburban in particular, have organized the preparation of new land use plans recently. The preparation of physical plans of neighboring municipalities is not coordinated and in suburban and other attractive areas it is often strongly influenced by the pressure from real estate developers. The preparation of new regulation plans for intraurban

zones has been neglected. They are lacking especially for the areas with a high development pressure, such as those in Prague (Sýkora, Šimoníčková, 1994). Unfortunately, local politicians preferred ad hoc decisions to long-term strategic visions of urban development.

In Poland local physical planning at the municipal level is considered to be the basis of the planning system and only local physical plans are legally binding physical planning documents. There are two consequent steps in local physical planning. First, a study of spatial arrangement must be drawn up. It covers all the municipal area, has a form of a general land use plan and is not a legally binding document. Second, legally binding local plans of spatial arrangement are prepared for parts of the municipal area, and have a form of detailed regulation plans. Local plans also include a prognosis of the environmental impact of planned projects. Municipalities are not obliged to prepare a new plan. However, in certain, legally defined cases, for instance when there is a project of national interest located in the municipal area, the municipality has to prepare the plan. If a municipality does not make the plan in such a case, it will be prepared and approved by the regional (voivodship) government.

Polish towns have been increasingly involved in the formulation of local economic and social development strategies. However, the preparation of strategic planning documents is still in its infancy. Gorzelak (1996) argues that limited skills and pressure of everyday matters is an important factor underlying the low involvement of municipalities in local economic development (Gorzelak, 1996).

The city of Kraków can serve as an example of a municipality with a clearly defined development strategy. The basic planning document is the Plan of the Development of the City of Kraków (UMK, 1997). It is a five-year plan, which is annually updated. It consists of three parts. First, it is a five-year Plan of Social and Economic Development of the City of Kraków that specifies priorities in several fields such as health and safety of population, transport, infrastructure, services and trade, spatial management and conservation, etc. There is the second document: the annual Economic Program with detailed specification of priorities for a given year in the transport infrastructure, housing, etc. Third, it is the five-year Program of Finance and Investments, considered as the most important and elaborate document of municipal expenditures. At present, the municipality is preparing a study of spatial arrangement that will serve for the preparation of detailed plans of spatial arrangement (see the next part on physical planning).

Hungarian municipal governments are also being increasingly interested in the possible use of local economic development strategies especially with the aim to attract new businesses

to their areas. The major planning document in Hungary is a usual physical plans, prepared and approved by municipalities and binding for the regulation of the development process in the municipal area.

Due to the common past with the Czech Republic, Slovak physical planning system is nearly identical with the planning in the Czech Republic. A draft of the new Law on Physical Planning, Building Code and Expropriation was completed in 1998. At present, physical plans are the only legally binding documents for territorial development of municipalities.

Conclusions

The development of new institutional framework for local and regional planning and policy in transition states of Central Europe has been influenced by the legacy of the Communist system, transition from the centrally-commanded to the market system, transformations in the local government system, disputes over the new role of spatial planning and association agreements with the European Union. While relative autonomy was granted to municipal governments, the regional level lost some of its significance. This situation changed in some countries only recently (Poland) and in others the establishment of strong regional government institutions is still a matter of ongoing discussions (Slovakia).

In the first years of transition, the regional development was not influenced by any consistent approach of central governments. Transformation policies were in its nature macroeconomic and there was no place for regional planning and regional policy. Intervention in spontaneous development was considered as incompatible with the market system. Regional planning and regional policy were not considered as a relevant policy instrument within the market-based system. In fact, the neglect can be treated as a specific type of policy itself. Some programs were used for regional crisis management in problem areas and individual and uncoordinated programs with regional goals were introduced within the support to small and medium-sized businesses, labor market and agrarian policies. Any clearly specified concept or strategy of regional policy and planning was not formulated and initiatives were ad hoc, responsive and uncoordinated. Furthermore, the funds used for tackling regional problems have been negligible.

The spatial concentration of social and economic problems, the end of the illusion that the invisible hand of market will resolve all problems, the development of new social system to higher complexity and maturity and the pressure from the Association Treaty with the EU have been the basic contextual characteristics behind the first attempts to formulate and implement a comprehensive institutional system of regional planning and policy in the

second half of the 1990s. In the meantime, the absence of a comprehensive national spatial development strategy and a consistent regional policy, changes in the local and regional government system and disputes over new planning legislation created contextual and institutional uncertainty.

In the field of local development planning, there was no national or regional planning concept that would create a framework for the preparation of local physical plans. The very idea of planning has been treated with suspicion and one of the main tasks for physical planners has been to keep planning regulations in operation and defend the legitimacy of the planning system (Hoffman, 1994, Sýkora, 1995, Hammersley, 1997). The current physical planning and development management is characterized by the absence of national and regional spatial development concepts, uncoordinated planning efforts of individual municipalities and by a strong pressure of various developers on weak and inexperienced local governments in attractive and valuable areas. The land use planning at the municipal level and public regulation of the development process was characterized by the preference for ad hoc political decisions to long-term strategic visions. In this situation ad hoc approaches have developed, with local governments applying their own strategies, often incorporating elements from before 1989 (Newman, Thornley, 1996). Most important, the physical planning at the urban level is being supplemented by the emerging strategic planning and attempts to implement economic tools for stimulation and facilitation of local development.

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8

REGIONAL DEVELOPMENT AND REGIONAL POLICY IN CENTRAL EAST EUROPEAN COUNTRIES IN THE PERSPECTIVE OF THE EU EASTERN ENLARGEMENT

JIŘÍ BLAŽEK

Introduction – the challenge of the EU eastern enlargement

Though the accession of the first group of Central East European Countries (CEEC[1]s) into the European Union (EU) seems almost axiomatic, the process is much more complicated and longer than both sides probably expected. The requirements of the EU acquis communautaire are demanding and the practical enforcement of the acquis seems to be particularly difficult. In several aspects, the eastern enlargement is unprecedented in the whole history of European integration (Barta, Richter, 1996), which is given by differing historical experience for several decades, low productivity of economies, a neglected infrastructure, devastated environment on the one hand and a high number of applicant countries and their considerable population size on the other. This will require not only a long and thorough adaptation process of candidate countries, but also politically sensitive institutional and procedural changes, including the question of decision-making within the EU.

In addition, the preparation for accession is proceeding in parallel with perhaps the most ambitious, but also the riskiest EU project – the forming of the Economic and Monetary Union (EMU), symbolised by the introduction of the single currency Euro. The candidate countries will be after their accession obliged to implement necessary measures to meet Maastricht fiscal and monetary criteria and subsequently to join the EMU. This will be possible to achieve only if economies of accession countries are quite healthy and law-abiding institutional frameworks in these countries are functioning properly.

Therefore, considerable and systematic effort is needed to bridge the wide gap separating eastern Europe from EU countries. This chapter will concentrate on the adjustment process in the sphere which is of major importance for both the EU and accession countries – in the sphere of the policy of economic and social cohesion. This policy is among the pillars supporting the whole concept of European integration. Consequently, the EU expenditures on this policy channelled through Structural Funds (SFs) represent the second largest item of

[1] Abbreviation CEECs in this framework stands for Central East European Countries, namely the Czech Republic, Hungary, Poland and Slovakia.

the EU budget after the expenditure on the Common Agricultural Policy (CAP). The aim of the policy of economic and social cohesion is to promote investment activity in underdeveloped regions and thus enhance their productivity and competitiveness in the global environment. The assistance from EU Structural Funds is designed in such a way that its absorption requires considerable effort from both the respective member state and the eligible region(s). While the acquis in the sphere of policy of economic and social cohesion is quite thin, as the EU regulations are concentrating on what should be done or ensured rather than how it should be done, there exists a sizeable body of unwritten (perhaps even "tacit?" see Morgan, 1996) knowledge of acceptable practise. Consequently, even some present member states or their regions are unable to exploit all the resources allocated to them within the framework of EU SFs. Moreover, in candidate countries of CEECs the policy of economic and social cohesion (i.e. regional policy) has been given low priority in the transition process and its practice has sharply differed from the EU approach. Nevertheless, the CEECs over the last couple of years have devoted considerable effort to develop regional policies which would be compatible with EU standards and safeguard access to EU SFs in the future.

The structure of this chapter is as follows. First, before proceeding to the sphere of regional policy and the process of its adjustment to the EU model, the main trends of contemporary regional development in CEECs will be briefly described. Details can be obtained from an extensive list of publications, e.g. from Szul, Mync, 1997, Hajdú, Horváth, 1994, Barta et al., 1997, Blažek, 1997a, Lodkowska, Pyszkowski, Szlachta, 1996, Enyedi, 1990, Hampl, 1996, Kopačka, 1994, Pavlínek, Smith, 1998, Tomeš, 1996, Buček, 1996. In the next section, the current regional policy in the Czech Republic will be observed, a discussion on the rationale behind recent changes in regional policy will follow and persisting problems will be presented. This will be followed by paragraphs focusing on the situation and problems in the sphere of regional development and policy in Hungary, Poland and Slovakia. Finally, some implications of eastern enlargement for the EU policy of economic and social cohesion will be outlined.

Regional development in the Czech Republic and in other Central East European Countries (Hungary, Poland and Slovakia)

Factors of regional development

In CEECs, the current regional patterns considerably differ from those of the late 1980s when the ambitious political and economic transformation began. The transformation has set into motion (or allowed to develop) many various processes in the political, economic and social spheres (see, e.g. Hampl, 1996). At the same time new regional factors came into existence or were strengthened. Two principal groups of the factors moulding the regional patterns

of CEECs can be distinguished: internal and external (though in some cases this division is somewhat blurred). Prominent among the internal factors have been the political and institutional transformation, especially the democratization of society and decentralization of the public sector and the replacement of the system of centrally-commanded economies by a market economy system. Economic transformation consisted in programs of restitution, privatization and opening the economy to the foreign capital. They were supposed to act as tools for restructuring of existing companies and as stimuli for the establishment of the new firms. Despite the fact that in principle the challenge for all these countries has been similar, i.e. to build a democratic society and a sound economy competitive on European and global markets, there were important and sometimes surprising differences among the CEECs according to the scale, depth and timing of basic elements of economic transformation. For example, contrary to former Czechoslovakia which in the 1940s and 1950s nationalized virtually all sectors of the economy, both Poland and Hungary retained some segments of economy in private hands even under the communism regime (especially in agriculture and some small businesses, such as the retail sector). Consequently, privatization and restitution were more urgent in Czechoslovakia than in Hungary or Poland and they were implemented in the situation when there was a lack of any middle class and domestic financial resources. This resulted in the specific method of voucher privatization and consequently in specific problems which are being solved rather belatedly in present days (Blažek, 1999). Well-known is also the distinction between the "shock therapy" approach applied in some countries and a more gradualist pace of economic reform in others.

Transformation processes quickly resulted in a falling industrial output, a plunging GDP and a significant shift in the employment structure from agriculture and industry to the tertiary sector but also to the shadow economy. A considerable part of the redundant labor force as well as part of newcomers on the job market remained unemployed. This was especially painful due to the four decades of existence of only hidden unemployment. The unemployment rate and changes in employment structure become important indicators of adaptability of regions to the new conditions. Interregional differences in these indicators within the CEECs are tremendous, for example the unemployment rate ranging from about 1% in some districts of the Czech Republic to more than 20% in several voivodships in Poland or districts in Slovakia (for more detail see Tomeš, Hampl – Chapter 6).

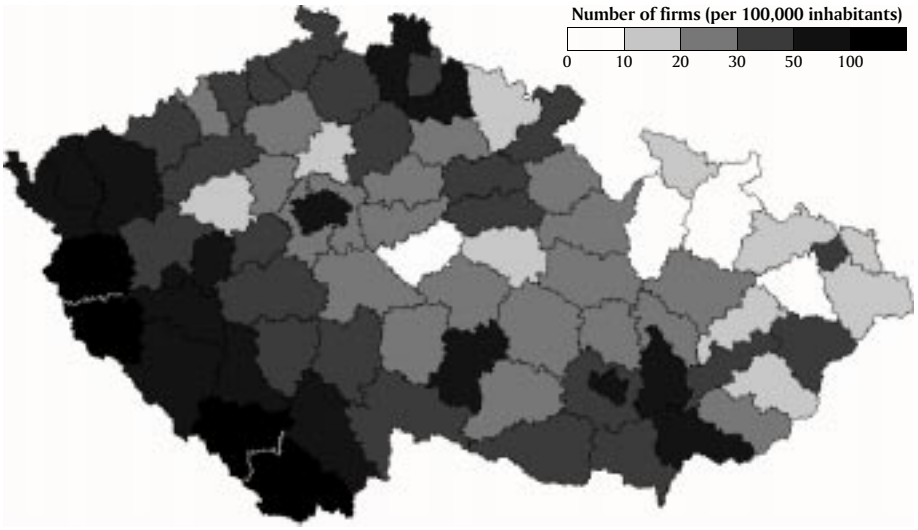
Among the external factors which affected most profoundly the regional patterns of CEECs has been the liberalization of foreign trade pursued under the conditions of a collapsing Comecon market and of economic recession in western Europe in the early 1990s. The resulting shift of the decisive proportion of foreign trade from the East to the West, facilitated

by radical devaluation of currencies, has been well documented in literature. The ability to use existing limited contacts with western partners and to create new ones along with a well-known trademark has been vital for the future of many companies. In particular, plants built under the communist regime within the framework of an industrialization campaign for backward regions and often exclusively oriented toward the Comecon market have been facing severe problems.

The inflow of foreign capital into CEECs is another important external factor. Since the onset of the transformation, Hungary and partially also Poland have chosen a distinctively more favorable policy toward foreign capital than former Czechoslovakia which was rather reluctant to allow or even support the inflow of foreign capital. Obviously, the regional pattern of foreign investment in each of these countries is highly differentiated, reflecting high selectivity of foreign capital among the particular regions according to perceived locational advantages, for example the potential of regional market, economic diversity and geographic position, but also the image of the region. Consequently, foreign capital can easily operate as a leverage widening regional disparities.

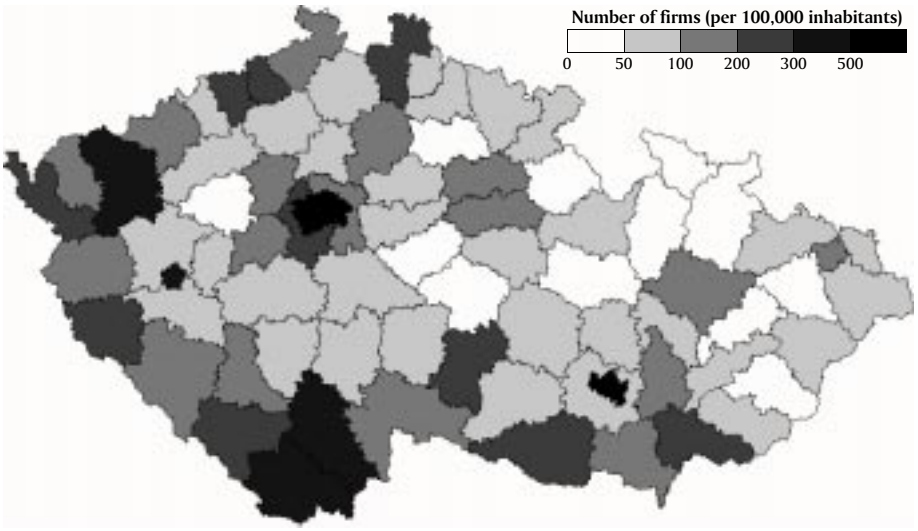
From the regional point of view it is important to distinguish the allocation of foreign investment in the particular sector of the economy. Basically, foreign firms which are active in the tertiary sector can be found most frequently in big cities. In this case, the decision on the location is mostly motivated by the concept of "market penetration" and the use of agglomeration advantages. The foreign firms operating within the secondary sector of the economy are less concentrated into expensive cities because their location is motivated strongly by the "low cost" approach (for more detail, see Dunning, 1994, Uhlíř, 1995). Therefore, the database of foreign firms and firms with foreign capital has been classified according to the economic sector – whether it was secondary or tertiary (foreign investments in the primary sector are almost nonexistent in the Czech Republic). Unfortunately, the available statistics on foreign investments records neither the number of employees nor the volume of basic capital of foreign firms. Therefore, only the number of foreign firms in the districts per 100,000 inhabitants could be used in the analysis. The advantage of this approach is that the regional pattern is not overly dominated by a few large foreign investments whose territorial distribution might considerably differ from location patterns of the majority of foreign firms. The resulting regional patterns of foreign investments in the Czech Republic are provided in Figures 8.1 and 8.2.

Fig. 8.1: Foreign firms and firms with foreign capital operating in the secondary sector in the Czech Republic as in July, 1998



Source: Company register of the Czech Statistical Office, 1998.

Fig. 8.2: Foreign firms and firms with foreign capital operating in the tertiary sector in the Czech Republic as in July, 1998



Source: Business register of the Czech Statistical Office, 1998.

The differences in the regional pattern of location of foreign firms according to sectors are clearly visible. Regional disparities in the intensity of location of foreign firms (per 100,000 inhabitants) existing in the tertiary sector are much more profound than in the case of firms from the secondary sector (coefficient of variation based on standard deviation weighed by the population size of districts is 133.7% for the tertiary sector and 58.8% for the secondary sector). Accordingly, while 60.2% firms active in the tertiary sector are located in Prague and Brno (the two largest Czech cities), in the case of firms active in the secondary sector the proportion of Prague and Brno is significantly lower (only 24.1%) due to the strong concentration of these firms into the zone adjacent to the German border. Therefore, geographic position (closeness to Germany) and the low cost of input (land, premises, energy, wages etc.) are significant factors attracting foreign firms (often medium-sized German firms) of the secondary sector to the border area.

In principle, four basic factors of regional development can be enunciated (Blažek, 1996a):

1) geographic position (in both horizontal and vertical senses, see Hampl, 1996);
2) quality of human resources (in particular education and business activity);
3) economic structure and its diversity;
4) the quality of the environment.

Generally, in all four CEECs these factors are more favorable in regions in the western part of the respective countries and less favorable in their eastern part. Nevertheless, the internal regional structure in each of the CEECs saw its distinctive features created especially by the topography and the settlement structure and by the degree of interregional disparities inherited from the communist era, for example according to Fuchs and Demko (1979), the former Czechoslovakia was a country with a remarkably low rate of regional disparities.

In the future, one can expect an emergence of a new important factor affecting regional development at least in some of the CEECs. This can be called a "demographic factor" and it is related to a surprisingly swift and deep change in the demographic behavior of the young generation, especially a decline in nuptiality and natality. An especially dramatic decline in natality after the collapse of the communist regime was recorded in the Czech Republic (in 1997 natality dropped by 30% as compared to 1990; the underlying factors of demographic changes are explained, e.g., in Pavlík et al., 1997). More important, according to demographic analysis and forecasts, regional differences in demographic behavior are deepening and are expected to be growing also in the future (Burcin, Kučera, 1995). Under the circumstances of extremely low migration mobility of population, mainly caused by a poorly functioning labor market, these demographic changes may have significant consequences for the dependency

ratio, the situation on regional labor markets and the provision of social infrastructure in the future.

Regional disparities

A detailed analysis of regional development trends in the CEECs is provided by Tomeš, Hampl in Chapter 6. Here, an attempt to provide a synthetic view on current regional structure of four selected CEECs countries will be made. The evaluation of regional disparities will be based on four indicators selected on the basis of above described main factors of regional development. Therefore, as key indicators allowing to describe a regional pattern of respective countries have been selected (i) the unemployment rate (a synthetic indicator of the state of health in regional economies); (ii) average wages of employed persons (describing the quality and structure of economic activity in the regions, because the wage level corresponds with the proportion of the private sector, development of the tertiary sector and general success of transformation); (iii) proportion of economically active population employed in agriculture (at the beginning of the transition agriculture employed excessive number of people and rural areas have been facing serious problems in all CEECs); and (iv) the number of foreign firms (this reflects geographical position and economic structure, while attractiveness of regions for foreign capital is an important asset in building a competitive economy). Other often used indicators such as GDP/per head and the birth rate of new firms have been excluded from the analysis as they are unreliable or outdated in one or more CEECs.

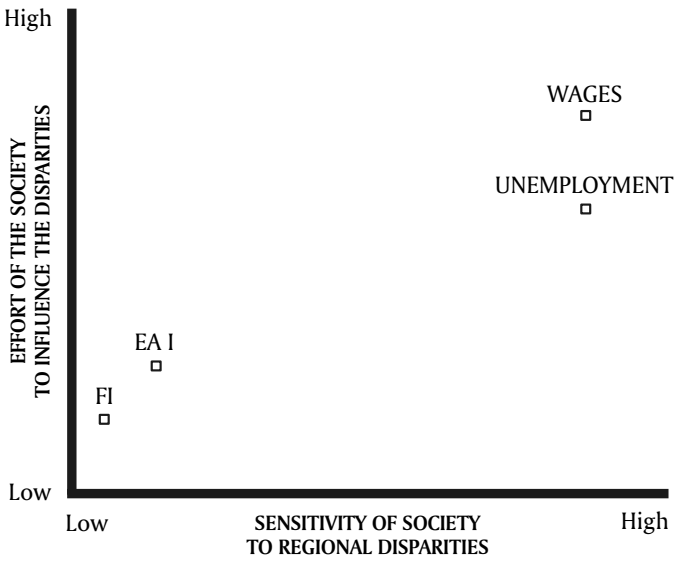
The problem of "objective" measuring of regional disparities is complicated by differing conditions shaping the nature of various indicators used in the procedure. There are important distinctions among different indicators principally according to:

1) the sensitivity of society to the growing particular disparities;
2) the ability of society to influence the growing disparities by its policies;
3) the actual commitment of society to influence regional disparities in a particular sphere (i.e. effort of society).

As illustrated in the Figure 8.3, there are significant differences in the nature of selected characteristics. Societies are quite sensitive to regional disparities in wages and unemployment and are paying considerable attention to their monitoring and regulation. In the case of economically active population in the primary sector and of foreign investment, both the sensitivity of society and effort to mitigate the disparities are rather limited, though some CEECs are offering special regional incentives to foreign investors in selected regions. The

locational decision of the majority of foreign investors coming to CEECs is motivated by more important factors than those provided by regional incentives. However, experience from other countries shows quite high sensitivity of foreign investments to regional incentives (see, e.g. Dunning, 1994). Another important distinction between the selected indicators is that foreign investments (FI) and economic structure (represented by the proportion of economically active persons working in the primary sector – EA I) can be considered as (examples of) factors influencing the remaining two variables – wages and unemployment (the relation in the opposite direction is weaker and less stable). Therefore, it can be expected that variability of the former variables will be significantly higher that of the latter due to the impact of social policies, especially of the fiscal policy in general.

Fig. 8.3: Basic conceptual characteristics of selected indicators of regional disparities

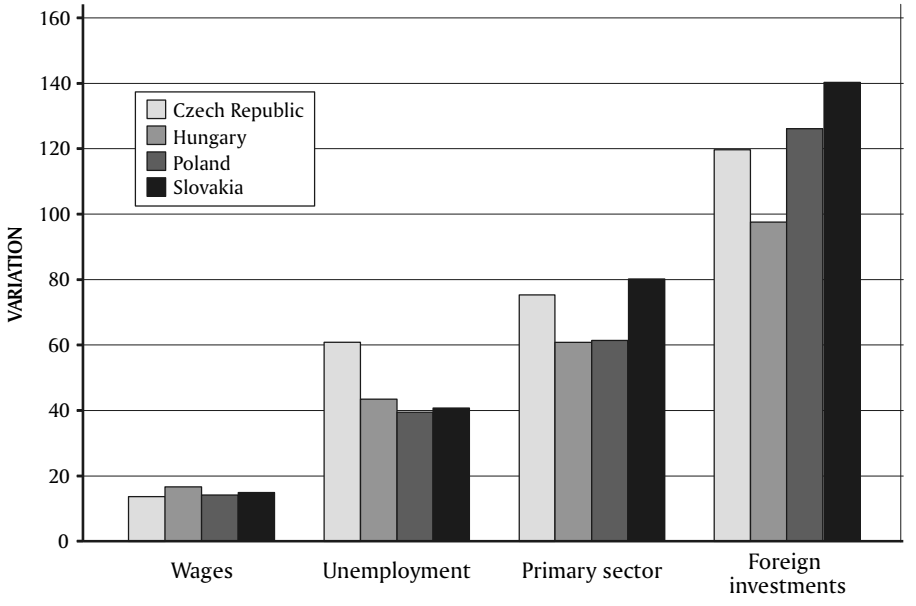


Regional variability in selected indicators for all four countries is depicted in Figure 8.4. Although the number and size of territorial units in individual countries is rather uneven (the Czech Republic: 77, Hungary: 19, Poland: 49, and Slovakia: 38[2]), the Figure reveals several important features. The most important is that the rank of four selected variables according

[2] As indicator of variability there has been selected the coefficient of variation, based on standard deviation weighed by the population size of the regions in order to limit the influence of differences in the number of territorial units in particular countries.

to the rate of disparities is in all investigated CEECs the same. Second, the rank of selected variables according to the scale of regional disparities is in accord with the prepositions stemming from classification of variables as presented in Figure 8.3. The difference in variability between the two types of variables is due to social redistributive policies but also to specialization and complementarity of regional economies. Significantly smaller variability of regional wages than of unemployment was expected and can be mainly ascribed to varying proportion of the population concerned (a few percent of economically active population in the case of unemployment as compared to all economically active population in the case of wages) and to the existence of a national system of wage bargaining. The relatively high regional variability of unemployment in the Czech Republic is due to the construction of the coefficient of variation predominantly given by a low unemployment rate until 1996 (5.2% in December 1996).

Fig. 8.4: Regional variability of selected indicators in CEECs (coefficient of variation weighted by population size of regions)



Regional policies in the Czech Republic and in other CEECs

Response to growing interregional disparities varies in each of the CEECs countries. Thus an almost laissez-faire approach of the Czech Republic to (not only) regional policy sharply contrasts with a considerable effort of many institutes from both public (governmental,

regional and local bodies) and private sectors designed to promote the development of respective regions in Poland. Generally, the strength of regional policy in a particular country is determined by the seriousness of its regional problems and the political attitude of respective government toward intervention in economy and society.

Regional Policy in the Czech Republic

Despite some recent changes, the Czech Republic is still perceived as a country without any comprehensive regional policy. In many respects this view is justified. Until 1996 regional policies had been at the very bottom of the list of governmental priorities. The reasons for this approach of the Czech government were historical and geographical (small interregional disparities within the former communist Czechoslovakia), economic (until 1996 an unusually low unemployment rate of about 3–4%), and political (proclaimed one-sided liberalism, unwillingness to intervene and make any exceptions in market rules). Consequently, official regional policy consisted only in offering a modest support to SMEs (in the form of soft loans) in assisted regions selected in principle on the basis of the unemployment rate (e.g. more than 5% in 1996).

However, this is not the full story. The Czech Republic gradually developed the whole array of different policies with (intended or unintended) significant regional impact which are nevertheless not considered as a regional policy. At the beginning of the1990s, the government pursued though not very frequently the policy of "selective financial restructuring" (i.e. writing off the debts from the communist era) of large companies whose collapse might seriously endanger regional labor markets. Moreover, almost every ministry has prepared some program with important regional impact (Blažek, 1997b). For example, the Ministry of Environment distributes resources from the Environmental Fund to the most polluted regions, the Ministry of Transport supports public transport in rural areas, the Ministry of Agriculture supports farmers in unfavorable conditions or in environmentally protected areas, the Ministry of Labor allocates funds for active employment policy to district job centers according to the unemployment rate, the Ministry of Defence has launched a program revitalizing former Soviet military training areas, the Ministry of Trade and Industry supports along with SMEs also foreign investors through regional partners of its domestic agency CzechInvest. Nevertheless, probably the most significant resources are managed by the Ministry of Finance (setting aside the stabilization function of the whole fiscal policy) by designing the rules for financing local government (municipalities, towns and district offices). A prominent example of the regional impact of financing local government is provided by "the equalization grant" which is allocated to towns and municipalities in the

districts with weak (i.e. below average) tax yields from the personal income tax. The volume of the equalization grant exceeds several times the amount of resources devoted to official regional policy, i.e. soft loans for SMEs in assisted regions (Blažek, 1996b).

The main weakness of this approach is high institutional fragmentation and lack of horizontal co-ordination at the governmental level. This is exacerbated by the absence of self- government at the regional level which should play an important co-ordination role. A modest one-off attempt to prepare more a comprehensive assistance package to the most affected regions was undertaken in spring 1994, when unemployment in several districts sore to 10%, an unprecedented figure was for the Czech Republic at that time.

Rationale behind recent changes in the Czech regional policy

Nevertheless, the attitude of the Czech government toward the regional policy is clearly changing due to internal as well external factors. The most important among the internal factors is a steadily growing unemployment rate, mirroring delayed restructuring and economic stagnation of 1997–1998. Despite the upward trend of joblessness, the unemployment rate still remains relatively low in comparison with the majority of European countries (7.5% in December 1998). In summer 1998, the unemployment rate in several districts (particularly in old industrial regions) reached figures arousing serious concern (almost 15%), while a real labor shortage persists in some districts with an extremely low unemployment rate (about 1% in Prague and in districts of its hinterland and in several other districts). Therefore, interregional disparities are profoundly manifest and even deepening. The second important internal factor has been a retreat from the liberal economic doctrine by the Czech government since the 1996 parliamentary elections and especially since June 1998 early elections when a one-colour Social Democratic minority government was formed. The new Social Democratic government even declared regional policy as an "outstanding priority" in its manifesto. However, only practical steps of the new government can validate this proclamation.

The second group of factors represents the external influences, especially the stimuli and pressure from the EU where the policy of economic and social cohesion is among the key pillars of European integration. The most important example of EU stimuli to Czech Republic to deal seriously with regional development problems are resources from the program Phare. Within Phare considerable attention and resources are devoted to promoting cross-border co-operation with regions in the EU member states (Germany, Austria) and recently even among border regions of EU associate countries. Pressure from the EU is coming in several forms, for example the EU objections against the Czech regional policy were clearly

expressed in the Opinion of the European Commission (1997) on the questionnaire filled in by all associate countries. In this document, the Czech Republic was criticised in the sphere of regional policy for its virtual absence, poor horizontal co-ordination, lacking regional level of local government and lack of devoted resources. As a response to this criticism the Czech government prepared and approved the National Plan for the Adoption of Acquis Communautaire (NPAA), including a section on economic and social cohesion (regional policy). The NPAA contains a list of short- and medium-term priorities and measures necessary to integrate the Czech legal and institutional framework with the EU standard. This includes the preparation of programming documents needed for the future support from the Structural Funds, training programs and pilot projects in selected microregions to learn the administrative procedure of the implementation of SF-type programs.

Recent changes in the Czech regional policy

As a response to these changing conditions the Czech government recently took a number of important measures in the sphere of regional policy.

The first important measure was the decision, taken after the 1996 elections, to form a new ministry – the Ministry for Regional Development – charged along with housing and tourism also with regional policy and co-ordination role in this sphere with regard to other governmental bodies. Gradually, several regional programs were transferred to this ministry (a program for revitalization of the countryside from the Ministry of Agriculture and the regional support of SMEs from the Ministry of Trade and Industry). At the same time, the Center for Regional Development of the Czech Republic was established in order to help implement regional programs, to support regional development agencies and to provide training and information to local and regional institutes.

There was the second important measure in the institutional sphere: the creation of a special working group for economic and social cohesion (regional policy), consisting of representatives of 12 governmental bodies and chaired by the Ministry for Regional Development. This working group is charged with co-ordinating the Czech Republic's preparation for the EU admission in the sphere of economic and social cohesion, e.g. in the preparation of programming documents and institutional structures for the implementation of future regional programs.

Third, several governmental regulations in the sphere of regional policy have been adopted. The most important of them are the New Principles of Regional Policy (passed in April 1998) and the regulations on the Preparation for the EU Policy of Economic and Social Cohesion,

including the involved institutional structures (January and June 1998). The New Principles of Regional Policy are following the basic principles of EU structural policy (principle of concentration, partnership, programming, additionality and subsidiarity), establish the system of national programming documents (the National Development Strategy, the Regional Support Programs, the Regional Development Strategies), specify the co-ordinating role of the Ministry for Regional Development and confirm the governmental support to establishing a coherent network of regional development agencies (RDAs). Several RDAs have already been established during the last four years, often as a sign of bottom-up initiative. However, existing RDAs sharply differ in the size of serviced areas, the number and qualification of staff, the size of their budget, the ownership structure and, perhaps most importantly in the respect they enjoy among other regional subjects.

In autumn 1997, a new constitutional law establishing 14 local government regions in 2000 was approved. New regions have to play an important role in promoting the development of their areas, which is currently totally lacking or stipulated by existing (usually rather weak) regional development agencies.

Present problems of the Czech regional policy

Probably the biggest problems in the sphere of regional policy are still those concerning the co-ordination of regional development measures and programs. When dealing with an acute crisis in affected regions, an ad-hoc form of co-ordination of help is usually sought for. The second serious problem is posed by a persistent lack of resources allocated as part of the official regional policy pursued by the Ministry for Regional Development. The financial weakness of this ministry undermines its enacted co-ordinating role. Therefore, a fragmented approach toward the solution to regional problems still prevails. Accordingly, there is no legal and financial framework for the support to regional strategies prepared as a bottom-up initiative. There is also no National Regional Development Strategy which would provide a comprehensive framework for different sorts of regional interventions, including projects implemented within the Phare CBC (Cross Border Co-operation) Program.

A serious problem in the sphere of regional policy is posed by the lack of qualified people able to prepare and implement projects according to demanding EU regulations. This fact was highlighted during the implementation of Phare Cross Border Co-operation Program. The poor ability of Czech regions to draw up high-quality projects might seriously affect future absorption capacity of the Czech Republic with regard to the assistance offered by the EU Structural Funds.

Another problem is connected with the absence of regional government and even with a possible delay of its establishment. The problem is that the approved constitutional law only defines the number of new regions (14), their centers and areas, but neither their powers nor financial resources. These should be defined by a set of subsequent laws whose preparation has been delayed.

Problem of NUTS regions

Moreover, the new regions defined by the constitutional law are too small to be acceptable by the EU as regions eligible at the NUTS II level. However, it is just the level of NUTS II that is most important from the viewpoint of future assistance from the EU Structural Funds as the whole Czech Republic (perhaps with the exception of Prague) will probably qualify for the Objective 1 status. Therefore, there is a necessity to merge two or three newly established regions into one NUTS II region. It is necessary to stress that the approved regional division of the country into 14 regions is in reasonable accordance with geographic factors. (Perhaps the only reasonable criticism can be raised against disregard to historical land boundaries between Bohemia, and Moravia and Silesia by the new regional boundaries. Nevertheless, the land system was abolished 50 years ago). Consequently, there is a real danger that NUTS II regions will be delineated in order to respect the EU criteria, while these NUTS II regions will have no regional identity. This will be pressing especially in the event that the number of NUTS II regions will have to be smaller than eight. This is the number of regions which existed under the communist era for three decades until 1990. They are still being used for administrative purposes by several official bodies (the police, the Czech Statistical Office, various ministries etc.) and are still remembered by the public. According to Bachtler, Michie (1997) who studied the efficiency of the implementation of SF programs in several EU countries it is the existence of regional identity that distinguishes the best performing regions from other regions.

The Czech Republic is facing similar problems also at the level of NUTS III. Again, the number of Czech districts (77) which are currently the only stable element in the system of regional civil service is too large to be acceptable as regions for the NUTS III level.

The problem of creating the hierarchy of NUTS regions is even exacerbated by the fact that the responsible body for negotiating with the EU or EUROSTAT is the Czech Statistical Office, not the Ministry for Regional Development. Obviously, opinions of these two bodies on this issue partially differ. Consequently, the decision about the hierarchy of NUTS regions has been several times postponed, which creates problems with the preparation for the implementation

of future programs within the framework of EU policy of economic and social cohesion, especially in preparing institutional structures, programming documents and provision of relevant and up-to-date statistical data in suitable regional detail (e.g. GDP).

Co-financing of future EU Structural Funds programs[3]

There is another often mentioned problem with co-financing of future EU SFs programs, also highly relevant to the Czech Republic. According to a proposal by the European Commission, the annual assistance from EU SFs should not exceed 4% of the GDP of respective countries (Agenda 2000). Therefore, given the current situation and prices, the ceiling for the future EU assistance via SFs to the Czech Republic can be estimated to 60 bln. of Czech crowns (CZK) or 1.6 bln. ECU. Provided that a decisive majority or the whole Czech Republic will be eligible for Objective 1 assistance, it can be estimated that the average rate of co-financing from the EU will be about 60–70%. Therefore, the Czech Republic should be ready to allocate to 3 priorities of EU cohesion policy (1. infrastructure and environment, 2. development of human resources, 3. business support) about 35–45 bln. CZK. Though this amount is tremendous (cfr. with approximately 50 bln. CZK allocated to investment in state budget), according to the author's opinion, still manageable. One should take into account also the resources devoted to the investment by the Czech local government (about 55 bln. CZK) and the private sector. However, while globally it might be manageable to find matching funds to EU SFs, the serious problem will be with the required structure of these matching funds. Generally, one can expect no major difficulties in finding resources to co-finance projects of priority 1 (infrastructure and environment) as both state and local government bodies are deeply interested in this sort of investment and especially local governments vigorously invest in this sphere. However, the situation with the remaining two priorities will be certainly different. Neither the local government nor national government allocate significant financial resources to human resources development or to business support. One should also not be overly optimistic with regard to the activity of private sector institutes in these spheres. Therefore, there is a real danger of insufficient budget of these two priorities and consequent cuts in EU support.

[3] In October 1998, the Social Democratic government finally decided about the hierarchy of NUTS regions. According to a government resolution, there will be 8 NUTS II regions (but altering considerably the former regions functioning under the communist regime and still used by many public bodies such as the Czech Statistical Office) and 14 NUTS III regions (i.e. corresponding to new regions with their own government that should arise after 2000. Districts will represent level NUTS IV and municipalities level NUTS V. This governmental proposal was accepted by EUROSTAT in January 1999.

Obviously, it can be easily expected that the Czech side will exert a considerable pressure to gain as much as possible from SFs resources for infrastructure and environment (and there are really good arguments for such an effort given the present state in these spheres), while the EU will insist on a more balanced and more coherent allocation of resources among all the three priorities. Consequently, one can assume strong competition among the projects under priority 1, while there might be problems with finding good projects for human resources development and partially also for business support.

Some solutions to present problems

An important stimulus for the improvement of horizontal co-ordination of regional development measures on central (interministerial) level is a necessity to prepare a high-quality integrated Regional Development Plan (as specified by SFs regulations). The preparation of this document consists of several steps of which of prominent importance is an analysis of present problems in relevant fields, selection of priorities and strategy for their achievement. This requires a great deal of co-ordination as many issues are strongly interrelated and are of a multidimensional nature. In summer 1998 the first draft of the analytical part of this document was prepared. This should be followed by the proposal of priorities, submitted before the end of 1998. On the basis of these documents a consultation process with economic, social and regional partners will start and the Czech government will then decide on priorities for the future Regional Development Plan. Subsequently, the Plan will serve as a basis for negotiation with the EU on the assistance from pre-SFs.

An important method of improving the current practise of regional policy lies in the preparation of a bill on regional development (either as an independent law or as part of a legal package needed to define the powers of new regions with their government). This legislative framework should facilitate both horizontal and vertical co-ordination of regional development measures and programs, provide basis for activities of RDAs etc. The bill on regional development should be submitted to the government in 1999.

Obviously, a strong impetus for active approach toward regional development issues will be represented by the establishment of regions with their own self-government. The establishment of regions will allow considerable decentralization of powers in the spheres like environment and waste disposal, social care and education (secondary schools in particular), public transport and road maintenance, culture, recreation and tourism, etc. Unlike the current situation of regional public service in which there is no institution officially responsible (or even interested in) in regional development, the establishment of regions

will clearly define the responsibility for coherent development of respective regions. The preparation and implementation of regional development programs will be a substantial instrument enhancing co-operation of regional actors and promoting participation and partnership.

Nevertheless, one should not be overly optimistic with regard to the future merits of new regions as their activity will be hindered by several factors. An evident problem will be posed by the lack of money, as financial resources of the regions will be determined by the sum of money currently allocated to the tasks whose performance will be transferred to them by the competence law. Therefore, there will be no additional money for regional development programs, but regions will only have limited space for selection of their own priorities. Second, it will take some time before different actors get used to the new institutional structure and before both the representatives and the staff of new regions will learn their roles. Consequently, one can expect new regions to be reasonably functioning only a number of years after 2000. Nevertheless, the regions will be hopefully functioning well before the accession of the Czech Republic into the EU, which should ease the implementation of regional development programs co-financed from the SFs.

Problems of regional policies in Hungary, Poland and Slovakia in the light of EU enlargement

Hungary

Both Hungary and Poland have a much stronger tradition in the sphere of regional policy than the Czech Republic. In the case of Hungary, relatively modern regional development policy has been pursued since 1971 (Horváth, 1997). It was mostly motivated by the polarization between the capital of Budapest and the rest of the country. However, despite the long tradition of Hungarian regional policy, its basic problems seem remarkably similar to the Czech problems: a traditional dominance of fragmented, partial approaches over regional ones (Enyegy, 1990, Szaló, 1997), a lack of horizontal and vertical co-ordination of regional development measures and programs and a small amount of resources to tackle profound regional disparities, (Barta et al., 1997), lacking overall regional development strategy and the dominance of ad hoc approaches as compared to the solutions to the regional problem (Horváth, 1997), a weak county level of administration and a lacking regional level which might be compatible with EU NUTS II regions (Hajdú,1998), a lack of high-quality projects and other problems with implementation of Phare programs, difficulties with estimation of Hungarian absorption capacity for SFs resources (Ruttkay, 1997).

On the other hand, there are considerable differences between the Czech Republic and Hungary in the sphere of regional policy. For example, Hungary has a better legal framework for regional policy and crisis management (the Regional Development Law respecting the European Regional and Spatial Planning Charter was passed in 1996, though problems with its practical implementation have appeared, Ruttkay, 1997), and since 1992 there is a special Regional Development Fund (RDF) supporting labor market interventions, infrastructure investment and business support in Hungarian backward regions.

In the institutional sphere, too, Hungary has made significant progress. A ministry responsible for regional policy (the Ministry for Environment and Regional Policy[4]) was set up in 1990 already, though the then ministry was rather weak in the sphere of co-ordination (Szaló, 1997). The same year the Hungarian parliament adopted the Local Government Law which abolished the former wide responsibilities of the (19) counties in the sphere of regional development. However, the work of the RDF and its co-ordination with other state funds has proved to be difficult. Consequently, a need to form special bodies on regional level has emerged. The decentralization has been conducted through the Law on Regional Development (1996) which established the County Development Councils consisting of representatives of all relevant regional partners. The County Development Counties has been empowered to formulate regional priorities and objectives, and consequently to distribute 50% of the RDF on projects within their counties. The decentralized decision-making mechanism based on multi-annual regional strategies as well as the whole institutional structure have been clearly inspired by the EU approach toward regional policy. In addition to County Development Councils, Regional Development Councils may be formed at large regions (either by the County Development Councils or by the government). Finally, at the central level the National Regional Development Council plays the role of consulting and co-ordinating body. The council is chaired by the minister responsible for regional development and its membership resembles membership structure of the National Program of the Management Committee for the Structural Funds in EU countries. According to Szaló (1997), the development of decentralized institutional system in the sphere of regional development is the most important part of the 1996 Regional Development Law.

[4] After Hungarian elections in May 1998, the responsibility for regional policy was transferred from Ministry of Environment to Ministry of Agriculture and Regional Development.

Poland

In the first phase of the Polish transformation (before 1991) a clear priority had been given to macroeconomic stabilization and principal reform measures over regional issues (see, e.g. Downes, 1996). Nevertheless, sharp regional disparities between leading and lagging regions called for a serious concern. In particular the huge Upper Silesia conurbation (unparalleled in other CEECs) with an economy based on coal mining and other branches of heavy industry threatened to hinder the very reform process in Poland. It was clear that this particular region and other severely affected regions (often in the eastern part of Poland) require a special approach which would stimulate economic growth. Thus in 1992 a regional policy was considered as part of the government's anti-recession program and also included support to several "engines of growth", for example Warsaw, Kraków, Poznań, Wroclaw (Lodkowska-Skoneczna et al., 1996). Nevertheless, the real support to affected regions has not been substantial.

In 1994 the Polish government approved the "Strategy for Poland" in which regional development issues were connected with a struggle against unemployment and development of rural areas. Next year a basic concept of regional policy was formulated in the form of using regionally differentiated resources and potential in order to accelerate transformation and to soften social consequences. Typically, Polish regional development involves a relatively active participation of the medium-level government (voivodships). According to the Polish law on spatial development, voivodships are obliged to prepare their development plans. The biggest problem with this bottom-up approach is poor quality of programming in these documents and a lacking framework of reference for central-regional relationships. Second, there is the related problem of the procedure of submitting applications for central funds to support regional initiatives. These two issues were addressed in the Principles of State Regional Policy, approved in June 1995. There is another distinctive feature of the Polish approach to regional development: an extensive consultation process (applied e.g. in the case of drafting the "Study on Regional Development") and formation of several special committees and bodies to deal with various regional development problems, for example the cross border co-operation, co-ordination of regional policy, several working groups of the task force, etc.

Poland also has a relatively efficient and active Polish Agency for Regional Development (PARD), founded by the government in 1993 to support regional development initiatives. There are other significant organizations – the National Association of Regional Development Agencies (RDAs) and foundations initiated by Polish RDAs. Currently the membership consists of 48 RDAs and several other institutions. The Industrial Development Agency is an important

shareholder of Polish RDAs. However, the activity of RDAs is undermined by a lack of capital and sometimes even by the lack of understanding of their role in a region (Lodkowska-Skoneczna et al., 1996).

Nevertheless, regional policy in Poland, too, suffers from serious drawbacks. They range from obvious problems with co-ordination or co-operation and evident lack of resources in relation to the scale of regional problems and lack of modern instruments to finance regional development, through practical problems when implementing the program Phare (in spring 1998 resulting in a partial cut of allocated resources) to the weak position of voivodships in relation to other institutes from both private and public spheres and to a lacking overall regional development strategy. However, it is clear that Poland pays considerable attention to regional development issues and has achieved substantial progress in the sphere of up-to-date execution of regional policy.

Slovakia

The problems and execution of regional policy in Slovakia resemble in many respects those of the Czech Republic (see Slavík, 1997), though even under Czechoslovakia the sphere of regional policy was among the tasks of the individual republics and not of the federal government. Similarly to the Czech Republic, Slovakia, too, is currently lacking a coherent approach toward regional development problems, based on an appropriate legal framework and on a national strategy of regional development. However, both the law on regional development and the Strategy for regional development are currently under preparation (the proposal of the Strategy of regional development has already been submitted to the Slovak government by the center for the strategy of development of society, science and technology, responsible for regional policy, in May 1998).

The effort of the Slovak government to deal with regional issues is chiefly motivated by a high and in regional terms profoundly differentiated unemployment rate. Over the last years the Slovak government has been supporting the districts where the unemployment rate exceeded 20%. The governmental help consists in the approval of a support package for each affected district. The support consisted in grants for the development of SMEs, infrastructure, the environment, tourism and protection of cultural heritage. The particular projects were approved by an interministerial commission, and by regional and district offices. The volume of financial sources devoted to assisted districts has been rather modest (e.g. in 1996 only about 3 mil. USD for all nine supported districts). Another form of support to selected regions (both to "engines" and disadvantaged regions) was a governmental help

in establishing RDAs co-ordinating activities of the public service, local government and other relevant authorities. Each RDA was established by a specific governmental decision, and the Slovak state has become a shareholder through the Center for Strategic Development. Other shareholders of RDAs are usually associations of towns and municipalities, district offices, banks, job centers, association of businessmen, etc. Therefore, unlike the Czech Republic and Poland, in Slovakia the RDAs have been established thanks to the government's effort and not as a bottom-up initiative. In this sense the Slovak network of RDAs is relatively coherent.

However, in 1996 Slovakia changed its system of territorial administration by abolishing both old regions and old districts. Instead of three old regions (+Bratislava), three new regions (+Bratislava) were established. Similarly, the former system of 38 districts was replaced with a new administrative division consisting of 79 districts. Therefore, the main feature of the territorial reform was the creation of smaller units (for details see Slavík, 1998). Consequently, the number of districts eligible for governmental assistance has almost doubled (16 assisted districts in 1997). This has made the current approach toward regional policy based on support package for each affected district rather clumsy.

Therefore, new principles of the Slovak regional policy have been prepared. The newly proposed regional policy suggests to base regional policy on the Strategy for Regional Development (prepared by the Center for Strategic Development) and at the regional or district level on support programs prepared by regional or district offices. The Strategy of Regional Development attempts to build a synthetic indicator depicting the achieved degree of socioeconomic development of regions and districts in order to draw up their typology. This is followed by the main body of the proposal included in the Strategy of Regional Development which clearly resembles the structure of EU programming documents as required by the Structural Funds Regulations. The proposed set of regional incentives for a future Slovak regional policy includes all common instruments used to promote business activity (e.g. soft loans, grants, accelerated depreciation, consultancy, support for R&D) but also incentives to increase labor mobility.

Tab. 8.1: Selected information on regional policy in CEECs

Country	Law on regional development and existence of national development strategy	Regional government	Key agents in regional development	Main regional incentives	Number of RDAs[1]
Czech Republic	No – due in 1999	No – due in 2001	RDAs, district offices	Soft loans and subsidised consultancy to SMEs, grants for rural development	3/11
Hungary	Yes	Yes – competence in regional development since 1996	County Development Councils, regional associations of local government	Grants from RDF mainly on infrastructure and on job creation, financial incentives to companies, business zones	6/7
Poland	Yes	Yes – 1998	Voivodships, RDAs	Infrastructure grants, grants for regional restructuring programs, tax relief on investment and training, shortened depreciation, soft loans for SMEs, special economic zones	13/60
Slovakia	No – expected in 1999	Yes – 1996	Districts offices, regional offices, RDAs	Grants on wide range of investment projects implemented through assistance package of the government	2/9

Note: [1]the first figure represents the RDAs which are members of EURADA, the second the total number of RDAs.
Sources: EURADA Management Report, 1997; national regional statistics for respective countries; national legislation on regional policy.

Previous text clearly demonstrates the progress which has been achieved over the last years in developing a new outline of the Slovak regional policy. The progress can be clearly seen especially in the sphere of the preparation of a legislative framework and institution building. Nevertheless, it will be the efficiency and effectiveness of the implementation of future regional development programs that will show whether the recently achieved progress has been sufficient. An important stimulus for further effort is represented by the EU approach toward policy of economic and social cohesion and currently the Phare Cross Border Co-operation program (CBC) which Slovakia could join after the accession of Austria into the EU in 1995.

An attempt to provide an overview of regional policy in CEECs is presented in Table 8.1. The table tries to capture the situation when it comes to the formulation of a legislative basis for new regional policy (existence of a law on regional development and national development strategy), existence of regional government; it identifies the main agents of regional development, lists the main regional incentives and shows the number of regional development agencies and their membership in EURADA.

Reform of SFs for the next programming period 2000–2006 and its implications for CEECs

In the history of European integration there is almost a tradition of making significant changes in EU policies (and especially in the policy of economic and social cohesion) in the time of its enlargement (Begg, 1998). Thus, after the accession of the UK, Ireland and Denmark the ERDF has been created, after the accession of Portugal and Spain the volume of money devoted to SFs doubled and during the last enlargement in 1995 Finland and Sweden succeeded in introducing a new Objective 6, devised to address specific problems in their Arctic, sparsely populated regions. For the next planning period of 2000–2006 the EU has also prepared a reform of Structural Funds. Although there are several motives for the latest reform proposal, it is clear that the impact of the future eastern enlargement has also been taken into account.

The future operation of SFs requires the search for a fragile compromise among net contributors (reluctant to increase their contribution to SFs), main current beneficiaries (afraid of losing a great deal of money or even the eligibility status of their countries and regions) and large expectations from candidate countries. This situation in fact prevents radical change in the policy of economic and social cohesion. Therefore, the proposed future regulation of SFs mostly focused on the simplification of administrative procedures (reduction of the number of objectives and community initiatives, preparation of one integrated program

per region etc.). As far as the most controversial financial matters are concerned, the proposed new regulation insists on a strict application of the 75% threshold for the Objective 1 status. This means that a large number of currently eligible regions will lose their status after the accession of candidate countries with a much lower GDP per capita. Nevertheless, the original idea of top German and French politicians of a swift EU expansion to the East, promising to Poland accession by 2000, proved to be not realistic and accession of the first group of associate countries will be postponed well beyond 2000. Consequently, the fear of present major beneficiaries of losing their "share" in the next EU programming period (2000–2006) is not fully justified. The first round of eastern enlargement will take place probably shortly before the end of the next programming period and consequently new member states will be hardly able to obtain any considerable resources, given the demanding and lengthy administrative procedures of the EU policy of economic and social cohesion. Consequently, the present beneficiaries among the EU member states can expect several years of nearly status quo. The big change they were afraid of will be presumably postponed until the programming period of 2007–2013, when the second round of Eastern enlargement may take place.

Conclusions

The transition has set into motion strong differentiating and selective processes acting at the levels of individuals, professions, firms, municipalities and regions. Consequently, the regional disparities within the CEECs have swiftly increased. This has created a big challenge for regional policies of transition countries. Despite the differences in the rhetoric of senior politicians of particular countries, the regional dimension of transformation was only paid scarce attention among the decision-makers before the mid-1990s. The situation has started to change (in many cases due to the pressure stemming from the ambition to join the EU), but the biggest problems still persist. Though the Czech Republic, Hungary, Poland and Slovakia are preparing or already have adopted legislative and a conceptual framework for regional policy (i.e. the Regional Development Law and the National Regional Development Strategy), the current practice of regional policy is hindered by poor horizontal and vertical co-operation, unsettled plethora of local initiatives, low capacity to draw up high-quality regional projects and small stimulus to co-operation of many agents of regional development. In addition, design and implementation of up-to-date regional policy in all four countries has also been complicated by recent changes or incomplete reform of territorial public administration, especially at the regional level.

The resources from the EU Structural Funds devoted to the policy of economic and social cohesion are one of the biggest immediate benefits that candidate CEECs can expect from their accession into the EU, provided that these countries are well prepared for the implementation on the day of their accession. In the case of the accession countries resources from SFs and the Cohesion Fund will have to fulfil two functions which are at least partially conflicting. On the one hand, the aim of the EU structural policy will be to narrow the gap between the economic productivity of the accession countries and that of present EU members. On the other hand, the resources of SFs should help the least developed regions of particular countries, since the economic and social transformation has sharply increased regional disparities within each of the CEECs. Reconciliation of these two conflicting objectives will not be easy, especially given the increasing emphasis put on the competition for SFs resources among the regions. This underlines not only a need for a differentiated approach toward individual regions within the future programming documents for EU cohesion policy, but also the need for a design of a consistent national regional policy in each of the CEECs, focused on business support, human development and infrastructure. An analysis of the current situation of the regional development policy in the CEECs has revealed some weak points of regional policy in each CEEC. It is in the interest (not only with regard to opportunity for future support from the EU SF) of these countries to eliminate at least the main drawbacks as soon as possible.

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9

Distinctive Features Of Migration In The Czech Republic As Part Of The Transformation Of Central European Countries

Zdeněk Čermák

Introduction

Internal migration of population is undoubtedly among vital regional processes and an integral part of mechanisms forming the geographical organization of society. As a complex process it is actually a general expression of interrelatedness of a whole set of heterogeneous factors. This means that migration is an important aggregate index of regional disparity in the fields of demography, social development, economy or environment. At the same time it is a process which influences not only the total number of population, but also its demographic, economic and social composition. Analysis of migration processes, their forecasting and search for instruments with which to influence them is therefore an integral part of regional policy.

The evaluation of internal migration should be reviewed in connection with other forms of spatial mobility such as international migration, temporary or transient migration or commuting for work, services or recreation. Individual forms of spatial mobility distinguish themselves with complex interrelationships – they closely follow, replace or complement each other. From the evolutionary point of view it should be stressed that there are changes in the presence of individual forms of spatial mobility – the importance of cyclic territorial movements is gradually increasing (Zelinsky, 1971). The development of migration in the Czech Republic and other postcommunist countries in Central Europe was shaped by two basic factors in the 1990s. On the one hand, these are general regularities of migration processes bound to new global development trends which, influenced by essential change in economic and social environment, are increasingly manifest in advanced countries. On the other hand, the role of a major factor is played by the particular character of the countries under observation, both as regards their forty-year communist history, and the current era marked with unique transformation processes.

General principles

The basic development trends of migration are closely connected with general development regularities of settlement systems. In the current, almost completed, extensive stage of urbanization, characterized by both an absolute and relative growth of urban population,

territorial mobility of population was mainly represented by one-way migration from rural to urban areas. The current period of a transition from quantitative to qualitative forms of growth is marked with a completion of "static" territorial concentration of population; urbanized regions with a complex structure are being developed; and a "relationship" concentration with the mobility of population between centers, accompanied with the development of further forms of territorial mobility, is emerging. While in the previous era migration chiefly had a concentrating and selective role, an integrating role is increasingly gaining ground in developed countries at present. The changes are evidently manifested by opposite directions of migration streams, while the proportion of net migration in the migration turnover is shrinking (see Hampl, Gardavský, Kühnl, 1987, Dostál, Hampl, 1994).

The transition from the extensive to intensive stage of the development of settlement systems is specifically reflected in the emergence of a number of new forms in the settlement system. Especially in the past three decades there have been various processes in Western Europe and North America expressed among others by change in the spatial distribution of population. On the other hand, they often do not have a clear and unequivocal orientation. This is, first and foremost, the process of suburbanization which sparks off territorial diffusion of urbanized space and the creation of vast agglomerations and conurbations. In the core areas of these units the population number stagnates and eventually diminishes; by contrast, there is a growth of population in external zones. Further intensification of decentralization tendencies, but on a higher regional order, is caused by the process of de-urbanization which has been rather limited and has not yet appeared worldwide. Decentralization trends of suburbanization and de-urbanization processes are at present confronted with re-urbanization, a process which includes certain elements of selective concentration and which is connected with the rehabilitation of urbanized parts of settlement, especially with revitalization of town centers (see Cheshire, 1995, Fielding, 1989).

In developed countries the whole postwar era distinguished itself with a strong relationship between the scope of migration mobility and economic development. A high intensity of migration in the 1950s and 1960s was to a large extent due to the economic prosperity of that time as well as to a still extensive rate of development. By contrast, the worldwide economic recession triggered by oil crises in the 1970s influenced the lowering of migration mobility which can be observed in a number of countries between the 1970s and the first half of the 1980s. There was a particularly important phenomenon which mediated the relationship between the economic recession and the scope of migration mobility. It was a slump in housing construction with a large impact on commuting belts of metropolises. From the viewpoint of net migration there were long-standing losses in peripheral regions

with a dominance of rural settlement and, more recently, in the regions shaped by old manufacturing branches such as the textile industry, extraction of raw materials, steel making, heavy engineering, etc. Together with the attractiveness of traditional metropolises – not of their cores, but their broad hinterland – there was the attractiveness both of the regions with the development of progressive manufacturing branches and the regions with good-quality environment.

Distinctive features of long-standing migration development in the Czech Republic

The development of migration in the Czech Republic has certain features identical with the outlined general development trends. However, in a number of cases it was affected by a specific political and economic situation after World War Two, when administrative, planning forms of management had a strong, distorting influence. The deformation was perhaps least seen in the case of the development of net migration. A successive lowering of its intensity and, similarly, of the dynamics of the concentration process were in keeping with the completion of extensive forms of the development of settlement. Regional differences in net migration were caused not only by natural differentiation of attractiveness of centers and regions, but also by various problematic preferences (especially in coal mining areas) and the needs to compensate for regional differences in the natural growth of population. There was a more substantial deformation: a successive, relatively continual, lowering of overall migration mobility of population (Table 9.1). Let it be mentioned that an average 3% of population changed the place of residence in the Czech Republic annually in the early 1960s, while the figure plummeted to a mere 2.1% by the late 1980s.

The described tendencies and administrative interference in their course were strongly differentiated in their order and scale. From this viewpoint it is possible to describe perhaps the most significant deformation of the geographical organization of migration development in the Czech Republic: the successive closing of migration processes into the framework of relatively small territorial units, chiefly districts. The planning concepts which chiefly sought an overall equalization of social conditions, and an efficient mechanism of "guided distribution of housing construction" were suppressing the regional selective function of migration and restricted concentration processes into the framework of small administrative units. The highest preferences, the highest intensity of housing construction and the highest intensity of net migration were typical of small and medium-sized towns with 10 to 50 thousand inhabitants during the best part of the postwar period. This was doubly true of administrative centers of districts. The described tendencies eventually also led to the curbed growth of the biggest towns and to the deceleration of metropolization processes.

Tab. 9.1: Internal migration in the Czech Republic 1961–1997

Year	Between districts			Between communes		Share of migration between districts (%)
	Number of migrants	Rate per 1,000 inhabitants	Migration effectiveness	Number of migrants	Rate per 1,000 inhabitants	
1961–1965	174,037	18.0	12.6	287,162	29.7	60.6
1966–1970	158,042	16.0	10.1	265,708	26.9	59.5
1971–1975	149,785	15.1	8.3	267,827	27.0	55.9
1976–1980	143,440	14.0	8.1	260,241	25.4	55.1
1981–1985	130,067	12.6	8.5	229,167	22.2	56.8
1986–1990	129,396	12.5	7.1	228,709	22.1	56.6
1991–1995	103,932	10.4	4.2	195,747	19.5	53.1
1991	116,247	11.2	6.0	217,599	21.1	53.4
1992	111,436	10.8	5.1	212,196	20.5	52.5
1993	106,308	10.3	4.8	200,474	19.4	53.0
1994	94,123	9.1	5.6	176,228	17.1	53.4
1995	91,545	8.9	5.4	172,240	16.7	53.2
1996	86,033	8.3	6.1	164,454	16.0	52.3
1997	87,629	8.4	7.8	167,666	16.3	52.3

Notes: Annual average for a five year period. Without internal Prague's migration. Migration effectiveness = absolute value of net migration divided by gross migration and expressed as a percentage (average for 76 districts).
Source: Czech Statistical Office.

From the viewpoint of specific geographical organization of migration processes the postwar development in the Czech Republic was influenced in the long run by the deportation of the people of German descent and the subsequent resettlement of the borderland. Until the mid-1960s there was another major destination of migration streams: the coal mining areas. However, in the course of further development they gradually turned into emigration units. Traditionally, the western and southern borderland were another area with a migration loss. In the mid-1970s the net migration changed in a number of south Bohemian districts which had had a long-standing migration loss, as their migration attractiveness increased and came second after Central Bohemia during the 1980s. From the late 1960s onwards there was a gradual increase in Prague's natural attractiveness, which culminated in the highest migration gains of the capital in the postwar time in the second half of the 1980s (see also Hampl, Kühnl, 1993, Bartoňová, Drbohlav, 1993, Kühnl, Čermák, 1996).

Current nature of internal migration in the Czech Republic

The distinctiveness of the transformation period, which consists of a transition from the centrally guided and unfree society to a democratic society with a market economy, has been evidenced by the contradictions caused by the necessary correction of previous deformations

and by the effect of global development trends. In the Czech Republic, e.g., the development of metropolization processes was artificially restricted for decades. Unlike the situation in developed countries it may be expected that after a limited time passes, concentration processes will be revived. However, the revival can only materialise if the current barriers to a large-scale housing market are removed. Due to the described barriers, together with anticipated changes the development of the migration situation in the first half of the 1990s has also brought in its train some unexpected facts. Two trends are quite dominant: the decline in the overall migration mobility is continuing and further deepening, while there is also a general reversal in the net migration inside the size categories of communities. Together with this, the migration closeness at the district level is surviving or even slightly intensifying, and the proportion of net migration in the migration turnover of districts fluctuates around low values (Table 9.1).

Migration mobility is decreasing much more in the current period than in the previous years. The number of migrants in intercommunity migration shrank by about 30% between 1990 and 1997. The effectiveness of migration, measured by the ratio of net migration to migration turnover, has also further declined. While the average value of the ratio for districts was 8.5% from 1981 to 1985, it fell to the mere 4.2% between 1991 and 1995.

The falling migration mobility is to some extent compensated by a growing importance of further forms of territorial mobility of population which are not linked to the change in the permanent place of residence. The difference between the real daily and permanently residing population is estimated for Prague at 400,000 people (Čermák, Drbohlav, Hampl, Kučera, 1995). However, the decisive role in the decline in migration mobility has been played by the housing question in the 1990s. On the one hand, this is a problem of legislative frameworks which would create conditions for the existence of a genuine housing market, and a quantitative and qualitative renewal of the housing stock on the other. There has been a dramatic slump in housing construction since 1989. While as many as 60,000 flats were being completed annually in the 1980s, the figure fell to a mere 13,000 in 1995 and 14,500 in 1996. The low numbers of newly built flats are not even sufficient to simply replace the housing stock.

From the viewpoint of total level of migration mobility at the macroregional level there is an obvious difference between the western and eastern parts of the country. While in Bohemia the interdistrict intensity of migration amounts to an average 11.5‰, the figure is only 8.9‰ in Moravian districts (average of the years 1991–1995). The difference is long-standing and it results from some peculiarities in the economic, social and settlement structures.

The regional structure of internal migration in 1990–1997 has started to differ more significantly from the past periods. While from the 1960s onwards the correlation coefficients of five-year average intensity of net migration in 76 districts of the Czech Republic varied between 0.86 and 0.95 in consecutive periods, the value plummeted to a mere 0.04 in the last two periods (Table 9.2). Changes in the migration balance of districts in the southwestern borderland must be called highly significant. In this area, which used to have a continual negative migration balance, there was a decrease of losses and in some cases (the Tachov, Klatovy and Český Krumlov districts) even some migration gains after 1990, especially between 1991 and 1994. By contrast, the region along the northwestern border is at present one of the areas with the highest intensity of negative net migration. It is worth mentioning that there was another increase in migration attractiveness of Central Bohemia, especially in its northern part. Prague's hinterland has been the region with the highest migration gains in the 1990s. In Moravia the Brno agglomeration is among important immigration areas. Most of northern Moravia, first of all the Ostrava-město and Karviná districts, have incurred migration losses. Regional changes in migration attractiveness are influenced by the factor of location (the effect of the removal of the "Iron Curtain" in the southwestern border; the development of the hinterland of the biggest centers), and by the nature of the economic basis of a given area (a negative impact of economic restructuring on migration balance at the foot of the Ore Mountains and in the Ostrava region). The outlined regional changes are also connected with a shift of migration attractiveness towards small towns.

Tab. 9.2: Correlation coefficients of net migration in districts of the Czech Republic

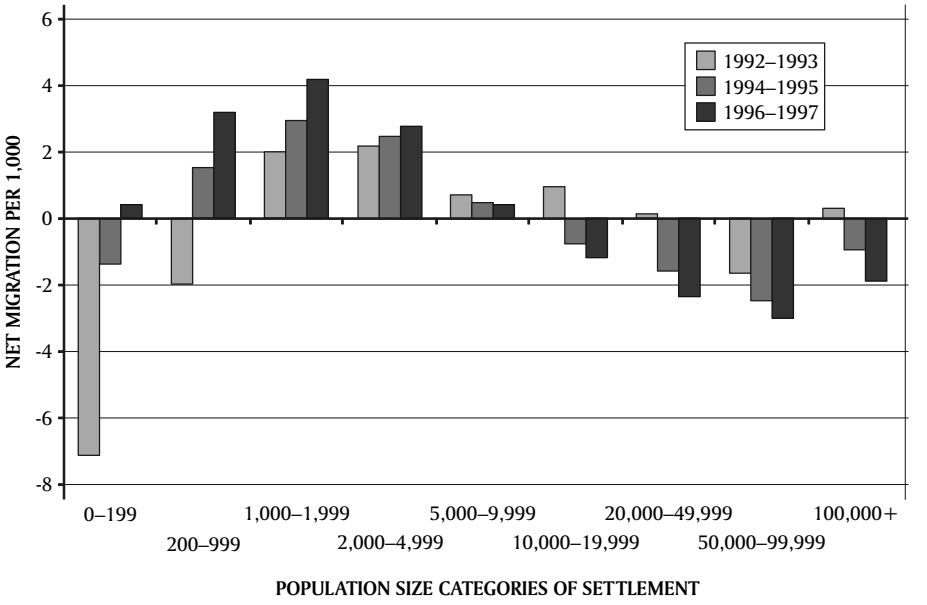
Period	1961–65	1966–70	1971–75	1976–80	1981–85	1986–90	1991–95	1996–97
1961–65	1.000	0.866	0.665	0.600	0.582	0.534	0.007	-0.653
1966–70	0.866	1.000	0.873	0.816	0.794	0.767	0.261	-0.755
1971–75	0.665	0.873	1.000	0.925	0.905	0.872	0.405	-0.719
1976–80	0.600	0.816	0.925	1.000	0.910	0.845	0.440	-0.631
1981–85	0.582	0.794	0.905	0.910	1.000	0.955	0.469	-0.737
1986–90	0.534	0.767	0.872	0.845	0.955	1.000	0.511	-0.762
1991–95	0.007	0.261	0.405	0.440	0.469	0.511	1.000	0.038
1996–97	-0.653	-0.755	-0.719	-0.631	-0.737	-0.762	0.038	1.000

Note: Correlation coefficients (Pearson) was calculated from five-year average intensity of net migration in 76 districts of the Czech Republic between all periods.
Source: Czech Statistical Office.

Major changes have occurred in migration balance and relations between individual size categories since 1989. A gradual increase in migration attractiveness of small towns and villages, and its decline in small and medium-sized towns led after 1994 to a complete

reversal of the traditional model – the size categories of towns and villages with less than 10,000 inhabitants are distinguishing themselves with migration gains, while the categories over this population number have migration losses (Figure 9.1). The most dramatic changes occurred in the 1990s in rural communities (size category under 2,000 inhabitants) and towns with 20,000 to 50,000 inhabitants and over 100,000 inhabitants. Out of the towns with more than 30,000 inhabitants only 8 recorded a migration gain between 1995 and 1997. On the other hand, there were slightly more communities with gains than losses in the size category of less than 2,000 inhabitants in the same period. While an average 113,014 inhabitants moved annually from a smaller to a bigger size category (there were 7 size categories of communities) and 84,375 in the opposite direction in 1981–1983, the streams were about level between 1992 and 1994 (86,729 and 86,628); from 1995 to 1997 more people moved from a higher to a lower category: 79,089 compared to 69,252 (Table 9.3). This elementary reversal in the whole balance of size categories of communities was caused by an intensified difference between the natural attractiveness of settlements and the availability of housing.

Fig. 9.1: Net internal migration by population size category of settlement 1992–1997 (annual average per 1,000)



Source: Czech Statistical Office.

Tab. 9.3: Net internal migration between population size categories of settlement, 1981–1983 and 1995–1997 (annual average)

Size category of destination	Size category of origin							
	0–2	2–5	5–10	10–20	20–50	50–100	100+	Sum
	1981–1983							
0–2	0	-2,993	-4,098	-4,427	-3,605	-2,508	-3,048	-20,678
2–5	2,993	0	-521	-1,074	-2,001	-546	-1,452	-2,602
5–10	4,098	521	0	-213	-1,099	-180	-1,338	1,789
10–20	4,427	1,074	213	0	-640	-727	-1,220	3,128
20–50	3,605	2,001	1,099	640	0	323	-1,413	6,254
50–100	2,508	546	180	727	-323	0	-1,362	2,277
100+	3,048	1,452	1,338	1,220	1,413	1,362	0	9,833
	1995–1997							
0–2	0	-400	82	633	1,406	2,520	3,880	8,121
2–5	400	0	62	260	538	676	953	2,889
5–10	-82	-62	0	63	111	224	197	450
10–20	-633	-260	-63	0	21	38	-48	-944
20–50	-1,406	-538	-111	-21	0	-51	-486	-2,614
50–100	-2,520	-676	-224	-38	51	0	-267	-3,673
100+	-3,880	-953	-197	48	486	267	0	-4,229

Note: Population size categories of settlement – in thousand.
Source: Czech Statistical Office.

The age structure of net migration was marked with negative characteristics of older age groups (over 65 years) in the communities under 2,000 inhabitants and towns with more than 50,000 inhabitants, while this basic picture hardly changed throughout the 1990s. A traditional distribution can be found in the years 1992–1994 at the age of highest migration mobility of 20 to 29 years: there were sizeable losses among small communities, while a positive net migration appeared among cities with more than 10,000 inhabitants. However, in the mid-1990s (1995–1997) migration losses as well as gains on both opposites of the size scale decreased. There was an interesting one can of people at productive age (30–49 years), in which the category of small communities under 5,000 inhabitants (including the smallest villages) had a positive net migration, while the groups of towns above this size had migration losses. Since migration effectiveness at this age surged in the course of the 1990s, this group most contributed to the differences between the whole net migration balances of individual size categories of communities in the period of 1995 to 1996. From the viewpoint of the movement along the size scale of communities, the age groups of 20–29 and 30–49 years had a contradictory one can: while in the former group there was still a dominance of upward movement, a downward movement clearly prevailed in the latter. As

regards the educational structure of migrants, there was still a continuing attractiveness of the biggest metropolises for the people with higher education. But even the biggest cities started losing people with higher education to the benefit of villages with less than 2,000 inhabitants in 1995–1997.

Migration motives are among signs which may cast light on some factors influencing migration between size categories of communities in the 1990s. In general terms, two groups can be selected from migration motives recorded by statistical bodies. In the first group, which includes the change of workplace; coming close to the workplace; study; and marriage, there is a dominance of the traditional model of an upward movement along the size scale of settlements. Quite an opposite picture appears in the case of housing motives; the following of a family members; and other motives. In this group of motives the size category of small towns (roughly 5,000 to 10,000 inhabitants) has migration gains, while the category of the towns over 10,000 people migration losses (Table 9.4). As regards migration for housing motives, there was an increase in migration effectiveness in the 1990s and in this case the absolute value of net migration was highest in comparison with other motives.

Tab. 9.4: Net internal migration between population size categories of settlement by selected migration reasons (annual average 1995–1997)

Size category of destination	Size category of origin							
	0–2	2–5	5–10	10–20	20–50	50–100	100+	Sum
	Housing reasons							
0–2	0	90	458	818	1,044	1,287	2,087	5,785
2–5	-90	0	64	188	269	404	565	1,401
5–10	-458	-64	0	58	126	91	210	-38
10–20	-818	-188	-58	0	-27	61	98	-932
20–50	-1,044	-269	-126	27	0	38	1	-1,373
50–100	-1,287	-404	-91	-61	-38	0	95	-1,787
100+	-2,087	-565	-210	-98	-1	-95	0	-3,056
	Job reasons							
0–2	0	-13	-67	-106	-201	-113	-456	-956
2–5	13	0	-11	-37	-56	-72	-235	-399
5–10	67	11	0	6	-76	-72	-246	-310
10–20	106	37	-6	0	-15	-82	-232	-192
20–50	201	56	76	15	0	-38	-322	-12
50–100	113	72	72	82	38	0	-262	116
100+	456	235	246	232	322	262	0	1,752

Note: Population size categories of settlement – in thousand.
Source: Czech Statistical Office.

The development of migration balance of size categories of communities is marked with a distinctive form of its territorial differentiation. Absolutely biggest migration gains of small communities (under 2,000 inhabitants) are concentrated in the districts which create the hinterland of the biggest urban agglomerations. Out of the 15 districts with the highest net migration in the size group of communities under 2,000 inhabitants, there were 10 districts of this type between 1995 and 1996. Migration losses of big metropolises and the growth of small communities in their hinterland are connected to some extent with the expected development of suburbanization processes. In this field there are certain signs especially in the development of the broader agglomeration hinterland of Prague, Brno and Ostrava. The hinterland of Prague (the districts of Praha-východ, Praha-západ, Beroun, Kladno and Mělník) and Brno (the districts of Brno-venkov, Blansko and Vyškov) for the first time since the 1960s had a positive net migration in relation to the core of the agglomeration in the period after 1993. However, changes in the migration balance of small communities have an increasing impact on a broader and broader area. While in 1992–1994 migration gains appeared among 33 districts in the size category of communities under 2,000 inhabitants, the figure rose to 58 districts in 1995–1997.

Similarities in the development of migration in transforming countries of Central Europe

Migration trends in further postcommunist countries of Central Europe (in this study Poland, Hungary and the Czech Republic) display a number of features identical with the development in the Czech Republic. Despite some differences, revealed, e.g., in the nature of settlement systems or the extent of industrialization given by the long-standing historical development, due to the adoption of the same ideological formula and their application through centrally planned mechanisms there was a successive homogenization of a number of processes taking place in this area in the period following the World War Two. Postwar transfers of population together with the "socialist industrialization" of some regions led to a high migration mobility especially in the 1950s and 1960s. Its intensity reached average annual values between 30‰ and 40‰ among the lowest territorial units. Between the 1960s and 1980s the figure successively fell to as little as 20‰ at the beginning of the transforming era. This trend continued especially in the Czech Republic and Slovakia between 1990 and 1997. Intensity of migration mobility fell by about 30% there. In Poland it dropped by 18%, while in Hungary mobility stagnated at around 20‰.

Identical features can also be observed in the development of migration relations between size categories of settlements. The original one-way orientation of migration streams from rural to urban areas has gradually changed in the course of the 1990s. Perhaps the biggest

number of features identical with the situation in the Czech Republic can be found in Hungary. The migration balance of Budapest has been negative since 1993, while the same has been true for the groups of other towns since as early as 1990. By contrast, rural communities have had a migration gain in the 1990s. Budapest's negative migration balance with its hinterland decisively accounts for its total migration loss (Kok, 1996). In Slovakia, too, the growth of the biggest towns has significantly decreased. While in the 1970s and 1980s Bratislava and Košice were thanks to the annual eight- to ten-percent migration increase among the fastest growing cities in the region, in the 1990s Bratislava's migration growth has amounted to 2–3%, while in Košice it has been virtually nil. In the field of domestic migration, the size category of towns between 10,000 and 100,000 inhabitants displayed a loss in 1995. Migration losses, though minimal, still appeared among communities with less than 2,000 inhabitants in 1995.

A relatively smallest distance to the traditional model of migration balance in size categories of communities appeared in Poland in the mid-1990s. But here, too, one can see a rapid decline in migration gains of towns. While as recently as 1986–1990 the annual intensity of migration growth of towns was an average 5.8%, the figure shrank to a mere 1% between 1995 and 1996. The category of the biggest towns (over 500,000 inhabitants) lost population to the benefit of all other size categories of towns in 1994 and its total migration gain was only safeguarded at the expense of rural communities (Rees, Durham, Kupiszewski, 1996). An onset of suburbanization processes, though with a limited intensity, could be distinguished in all the Central European metropolises under observation (Budapest, Bratislava, Košice, the Upper Silesian agglomeration, Wroclaw, Warsaw, Poznań).

The decisive role in the above-mentioned changes has been played by housing situation. In the postwar era the observed countries were tackling serious problems in the sphere of housing, concerning both the quantity and quality of the housing stock. Even a relatively large-scale housing construction of an extensive type was unable to resolve the problems. The adverse situation even worsened in the first stages of the transformation period. Political and economic changes extended both into the current ownership relations and a dramatic slump in new housing construction. In the Czech Republic an annual 50,000–60,000 flats were being completed in the 1980s, but only 14,500 in 1996. In Hungary the figure fell from 73,000 (annual average for 1981–1985) to as little as 25,000 in 1990–1994 annually, and in Poland from 191,000 (1981–1985) to 101,000 (1991–1995) and 62,000 in 1996. In the Czech Republic, Slovakia and especially in Hungary the decline came to a halt in the mid-1990 and the number of completed flats has been gradually rising, while the downward trend has continued in Poland (Nejdl, 1998). The situation is further complicated by the transformation

of ownership relations. Privatization and restitution of the housing stock in inadequate legal and economic conditions has led in these countries to substantial rises in housing prices on the black market. Due to this, new flats have become unavailable for most of the population. The situation is particularly bad in attractive agglomerations of big cities.

Conclusion

It transpires from the ascertained facts that a number of disparate, often contradictory factors were affecting the development of migration relations in the settlement of the transforming Central European nations in the first half of the 1990s. Changes in the external environment of migration processes – the geopolitical situation, economic restructuring, introduction of democracy, etc. – were taking place with a varying degree of strength and their impact on the nature of migration mobility is ambiguous. The expectation that transformation processes will increase free choice at the labour and housing markets, which will be reflected through migration mobility in the development of settlement system, has basically failed to come true. From the viewpoint of migration mobility the natural attractiveness of big metropolises, suppressed in the past, has virtually no impact. If anything, against the background of further decline in intensity and effectiveness of migration one can observe certain, minor deconcentration processes in the countries under observation. Similar trends – decline in mobility and deconcentration – have been found in a number of West European countries. But their causes differ. This state of affair can be attributed to the differences in the achieved degree of social and economic development in the two regions.

Some signs of suburbanization processes, connected with general development tendencies of settlement systems, are just another part of deconcentration processes taking place in the Czech Republic and other postcommunist countries. Clearly, an unfavourable situation in the housing market is the main barrier to the anticipated development of migration mobility and a decisive factor if the migration balance of size categories of communities is to be really reversed. The negative role is played both by the recession in housing construction and the complicated transformation of ownership relations. A bad housing situation is clearly visible in major towns in which traditional urban forms of large-scale housing construction have come to a virtual halt and the prices of flats have risen significantly. There was a minor decline in individual construction of houses in the hinterland of towns and in the countryside. The migration growth of small communities tends to be more connected with a worsened opportunity to move from these communities rather than with their own migration attractiveness. By contrast, migration losses of big towns are not caused by an increased intensity of out-migration, but by a decrease in immigration streams.

Paradoxically, deformations of migration mobility further deepened in the course of the transformation period. Due to this development, their importance when revealing the natural course of regional differentiation has lowered. Traditional relations between economic regional disparities and destinations of migration streams have been strongly eroded. Barriers chiefly arisen from a deformed housing market are also hampering the movement of workforce, which may have a strongly adverse effect in the transformation period when spatial arrangement of economic activities is being essentially altered. The current migration situation can partly be explained by the ongoing regional differentiation which tends to cause a "pull effect", involving the attractiveness of certain regions, while the discouraging "push effect", often bearing the form of a basic necessity to leave a given area, has only been of minor importance. The lowered importance of migration mobility is also connected with its being logically replaced with other forms of spatial mobility such as commuting for work and services, or temporary migration.

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10

International Migration And The Czech Republic

Dušan Drbohlav

Main objective and structure of the paper

The main goal of this contribution is to very briefly describe and explain the "rationale" which is behind current international migration trends in the Czech Republic, to put the issue into a broader context of political and socioeconomic frameworks. Moreover, the paper presents the latest data and trends in order to thoroughly analyse the most important type of a Czech immigration mosaic – the labour "circular" migrants. As attention is paid to immigrants to the Czech Republic, other than economically-motivated migrants are deliberately more or less omitted[1]. Generally, stress is put upon the current situation (mainly 1996–1998) whereas in some cases the development is also measured over time (during the 1990s). A basic regional unit of the evaluation is a district (77 including the largest cities). Some results are presented by still functioning regions (8), other by newly established regions (14) which will come into force in 2000. As far as analytical methods are concerned, correlation as well as cluster analyses have been used. Results of a stepwise regression are commented on as well.

The Czech Republic and the current international migration trends

It is not surprising that ongoing deep transition and transformation processes in Central and Eastern European countries (CEEc) are also reflected in international migration/mobility patterns. Mainly a newly established democracy, free-market economy models, a re-orientation of interests towards the West and, on the other hand, various socioeconomic conditions and living standards amongst the CEEc have been contributing to really dramatic changes on the migration scene of this region. The important message is that even if many other details are included, there is no "homogeneous" Central and Eastern Europe also in terms of international migration. Interrelated factors of relative political stability, the given geographical position (bordering on the classical western world), and strict migration policies

[1] An analysis of Czechs working abroad is omitted as well. The outflow of Czechs working in Western European developed countries culminated between 1991 and 1993 and, since then, it has been decreasing. Currently, one can estimate that there are 30,000 Czechs working abroad (including unregistered migrants and commuters within the border area – see Drbohlav, 1998b, Horáková, Drbohlav 1998). Despite rather unreliable data sources which are available, it can be estimated that "permanent emigration" Czechs itself is not significant. Anyway, tackling these specific issues lies outside the scope of this contribution.

of the western developed democracies contributed to the creation of a specific migration buffer zone between the real West and the real East (e.g. Wallace, Chmuliar, Sidorenko, 1995). This buffer zone is composed of the Czech Republic, Poland, Hungary and Slovakia – the countries which, despite many problems, have gone through the transition relatively successfully in comparison with many other ex-communist countries and have been able to maintain reasonable living standards (e.g. Garson, Lemaitre, Redor, 1996). Accordingly, they did not become emigration countries. On the other hand, political instability and a very difficult socioeconomic situation in many other CEEc (including the former Soviet Union) are very often a decisive trigger of emigration outflows of domestic population. Apparently, the further the East, the "push" factor is stronger and outweigts the "pull" factor offered by the buffer zone. The socioeconomic conditions, including the labour market situation, relatively liberal legislation, and the "treatment" of immigrants in the respective buffer zone countries seem to be the main enticement for migrants from the "East". In general terms, migration trends among these buffer zone countries in question are more similar than different (except for Slovakia which has very limited numbers of immigrants). This compact area creates conditions for intensive transitory movements, "East-West" cross-border movements as well as massive labour circular (temporary) migration within the region. Migration trends of this buffer zone countries might be summarized in the following way: (i) huge inflows of labour circular migrants; (ii) a variety of migrants; (iii) asylum seekers and refugees – small inflow of foreigners, minimal outflow of domestic population; (iv) stabilization or decline of permanent emigration of own populations; (v) huge transit migration; (vi) significant attractiveness of capitals for immigrants. There is also another strategic common feature: while trying to join the "Western" structures, chiefly the EU at this moment, the given CEEc have step-by-step been harmonizing their migration policies as much as possible with those which one can find in the current Western Europe.

Despite the above similarities within the buffer zone countries, the Czech Republic is an important exception in terms of foreign labour force. Its contingent, regarding registered foreign workers having a work permit, was approximately three and half times bigger than that in Poland and five times bigger than that in Hungary (setting aside quite minimal numbers in Slovakia) (data for 1996 – see Okolski, 1997 and Drbohlav, 1998b). Nevertheless, the differences diminish when taking into account unregistered workers. An estimated tens, (if not hundreds) of thousands of foreigners are irregularly employed not only in the Czech Republic but also in other CEEc (see also Salt, 1996 – according to Okolski, 1997). International labour migration as the most important part of the whole migration mosaic will be mainly investigated within this contribution.

Important factors determining migration situation

Four important factors determining migration situation (including adaptation and integration processes) in the Czech Republic may be pinpointed: supranational dimension, socioeconomic situation, public opinion, migration-related instruments (see more in a specific relation to refugees' integration – Drbohlav, 1997a). Apparently, these aspects are very important and either facilitate the immigrants' entrance, stay and possible integration or, on the other hand, make them more difficult.

1) "Supranational dimension", which includes geopolitical obligations, accessions to international accords, aims to join the EU, and harmonization of the policies and practices with those in Western Europe and the like has been materializing in the migration field. For example, co-operation with international organizations on the individual or institutional level has occurred. The Ministry of the Interior of the Czech Republic, various non-governmental organizations (NGOs) and, to a lesser extent, some other Czech institutions have been partners of the Council of Europe, the European Commission, the United Nations High Commissioner for Refugees (UNHCR), and the International Labour Organization (ILO). It is worthwhile to stress that the frequency of these contacts has been on the rise. Such activities, certainly help improve the atmosphere in the Czech Republic in terms of regulating migration flows and integration of immigrants now and in the future. On the other hand, the harmonization of policies with those in Western Europe leads to more restrictive measures/practices. As a corollary, crossing the border and staying in the country is and will be for (mainly "Eastern") foreigners more and more difficult.

2) The relatively successful economic transformation which took place in the Czech Republic starting the mid-1990s was suddenly and deeply changed in the spring of 1997. An economic disequilibrium and the subsequent belated attempts of the Czech government to combat the unfavourable economic situation by speeding up transformation processes via new "economic measures" led to a deterioration of macroeconomic characteristics and serious problems at a microeconomic level as well. Czech living standards have been following these rather negative trends accordingly, specifically by a decrease in real incomes. In general, the lack of financial means (decreased demand for goods and services) and, specifically, growing unemployment and recession in some industrial sectors, namely the construction, do not provide too much room available for foreign workers as it was before when the economy was booming. Anyway, the restrictive steps taken towards migrants have seemed to be a

result of a strategic harmonization of policies with those in Western Europe, rather than an ad hoc reflection of economic problems or the "a voice of the street".

3) Despite growing economic problems and an increasing number of racially-motivated crimes (see Zpráva, 1997), one could see that anti-foreigner attitudes among the Czech public have slightly weakened (see surveys of the Institute of Opinion Polls, Prague). However, the reactions of the Czech population still bear witness to existing xenophobia. This is exemplified by a poll taken in January 1998: 8% of the Czech population (a representative sample, the Institute of Opinion Polls, Prague) think that people of a different race and skin colour are definitely considered second-rate in the country, 40% think they are fairly second-rate, 32% believe they are rather not and only 14% responded that they are definitely not second-rate (6% could not evaluate the situation). Lack of experience, accompanied by passive attitudes of some authorities, ill-judged statements and activities of politicians, and lenient punishments and sentences compared to the Western world all help feed xenophobia among the majority of the Czech population. In addition, these characteristics help spread extremist activities throughout the country quite easily. On the other hand, it is clear that the signs of extremism in the country have not reached a large-scale dimension thus far and have not resulted in a dangerous situation in any of the Czech regions (Zpráva, 1997). As far as various ethnicities in the country are concerned, the opinion polls indicate that a grudge of Czechs is mainly targeted against the Romanies and people from the former Soviet Union and the Balkan states. People of these regions are very important among registered (including asylum-seekers and refugees) and unregistered immigrants who stay in the country. Very low absolute numbers of refugees in the Czech Republic contribute to the fact that so far this specific type of immigrant population has not been significantly hit by the above problems. Xenophobia and racism are long-standing problems and clearly make the integration of foreigners difficult. Their elimination and prevention are not only a matter of individual responsible bodies, but rather a challenge for the whole society. Apparently, the situation can hardly be improved until sufficient and objective information on various types of immigrants is available to the public.

4) Regarding "migration-related instruments", the following facts are worth mentioning: some measures have been taken to control immigration in the Czech Republic. First of all, laws regulating the entry and presence of foreigners (including asylum-seekers and refugees) have been passed. Furthermore, a number of re-admission agreements as well as some multilateral and bilateral agreements for the employment of foreigners have been signed. The introduction of a state "integration program" for refugees has

also been successfully launched in the Czech Republic. Nevertheless, the current state of the Czech migration policy and practice still suffers from many illnesses. The national migration policy has no clear objectives. There are only two exceptions: (i) the effort to join the EU and thus to harmonize migration policies and practices with those in western European democracies; (ii) the effort to deal with illegal immigration which, however, lacks a general concept, and, willingness, ability and means to implement it. International migration in the Czech Republic has been mainly seen in the light of "defensive" arguments. No general goals have been defined, let alone specific preferences made, as regards economic, demographic, cultural or social diversity. For example, many economic and actually all demographic, cultural and geographic aspects have been more or less omitted. In so doing, a rather negative perception of the international migration issue is evident; its positive effects are more or less ignored or not recognized. Discussion and attention paid to the migration issue in general, and that of foreign labour force in particular, are rare. This highlights the absence of any systematic activity in this field. Various cabinets and parliaments – in many ways the key bodies that can adopt some policy, simply had and have "other priorities" on the agenda. As a corollary, the existing migration legislation is not flexible. The whole "process of change" in this field (new laws, amendments) is stagnating. Furthermore, there is rather limited cooperation between the institutions/ministries which are mainly responsible for international migrants. No coherent and complementary policies with regard to immigration are being practised. There are many shortcomings when monitoring migration movements. "Macro" migration statistics, records and databases are rather poor and dispersed and not compatible with each other. There are problems regarding the classification of data, the ways in which the data are collected in the field, and what, how and to whom it is disseminated. There is a very limited investigation of the problem of international migration in academic and research circles. As a result, there is a lack of in-depth analyses of immigration (at macro as well as microlevels). The characterization of immigrants themselves is insufficient. The "rationale" behind their behaviour and the consequences of inflows at the national, regional and local levels are poorly described and explained. There are very limited attempts to theorize on these issues (for more details see Drbohlav, 1998b). Although there have been some signs of improvement in the field of "migration-related" instruments, there is still a long path to go before a modern and functioning system for dealing with the international migration issue is established.

A brief overview of main migration categories in the Czech Republic

Individual types of international migrants who stay in the country at the present are displayed in Table 10.1.

Tab. 10.1: Important categories of foreigners (migrants and tourists) in the Czech Republic: those who are officially registered and estimates of unregistered immigrants

Migration type; Time	Number	Source
Foreigners staying under the umbrella of short-term stay in 1997	213 mil.	Directorate of Alien and Border Police, Ministry of Interior
Foreigners with long-term residence permits (31.12.1997)	153,516	Directorate of Alien and Border Police, Ministry of Interior
Foreigners with permanent residence permits (31.12.1997)	56,281	Directorate of Alien and Border Police, Ministry of Interior
Foreigners with work permits – Slovaks not included (31.12.1997)	61,044	Ministry of Work and Social Affairs
Foreigners with trade licenses (31.12.1997)	63,529	Ministry of Industry and Trade
Foreigners granted refugee status (1990–1997)	1,489	Directorate of Alien and Border Police, Ministry of Interior
Asylum seekers (31.12.1997)	599	Directorate of Alien and Border Police, Ministry of Interior
Estimate of unregistered foreign workers	100,000–200,000	Author's estimate
Estimate of transit migrants (1993)	100,000–140,000	UN ECE

Notes:
The short-term stay is linked with tourists and cannot exceed 180 days (foreigners crossing the state border of the Czech Republic in both directions). The long-term residence permit is subject to proving the purpose of the stay (such as employment, business, study, therapy, study visit etc.). The residence permit shall be granted for the period necessary to achieve such purpose, but not exceeding one year. Upon a request by the foreigner, the period may be repeatedly prolonged, each time for a period not exceeding one year. This permit is mostly tied to employment activities. The permanent residence permit is granted particularly for the purpose of reunification of a family in cases where the spouse, a person of direct kin or a sibling of an alien had been granted permanent residence in the Czech Republic. Humanitarian reasons or the interests of the Czech foreign policy might also be a reason for granting it. Very often, those who have been granted work permits and trade licenses also must have a long-term residence permit. The work permit makes it possible to be employed, the trade license is reserved for businessmen.

Unambiguously, out of some 400,000 immigrants (about 4% of the national population) the most populous group among both registered and unregistered migrants is composed of "economic migrants". This immigrants' community will be dealt with in more detail below.

About 213 million foreigners registered as crossing the state border in both directions in 1997 demonstrate "openness" in the field of international population movements. Of course, most of these movements took place within a border area and within daily or even shorter trips.

As compared to "economic migrants", the Czech Republic does not seem to be an attractive destination for refugees and asylum-seekers. Although "only" 2,098 foreigners asked for a refugee status in the country in 1997 it was more than, for example, in Italy or Finland in that year. Anyway, only 96 asylum seekers were granted it (the figure has not exceeded 250 persons a year since 1992). As of December 1997, 599 asylum-seekers stayed at 4 refugee camps, another 105 (as of June 1998) in integration centres throughout the country. From those who stayed in refugee camps at the end of 1997, 19% came from Bulgaria, 16% from Afghanistan, 8% from Romania, 7% from Iraq and 6% from Ukraine. Bulgarians and Romanians clearly prevail when taking into account the whole period of the modern immigration history of the country since 1990. In sum, the refugee issue does not pose major problems. As a whole, in the sphere of the integration of refugees into Czech society, a fairly sophisticated, working and generally successful integration scheme, "the state assistance program" was launched in 1994 (see Drbohlav, 1997b, 1998a).

Chiefly the geographical position of the Czech Republic is instrumental in having a huge number of foreigners who are only in transit there. These transit migrants head for the real West while trying to get there as soon as possible. Since 1995 a pressure on the Czech border has been increasing and 27,325 foreigners were detained when trying to illegally cross it in 1997. Generally, it is believed that these detained persons represent between 20% and 30% of those who successfully reached Germany or Austria. Hence, the estimate suggesting more than 100,000 transit migrants in the Czech territory at the given moment and, during the 1990, indeed, does seem to be realistic. Whereas Romanians (13%), Yugoslavs (12%), Iraqis (8%) and Afghanis (8%) dominated amongst all illegal transit migrants who were detained at the Czech state border in 1997, the picture has probably changed since. Because of the uncertain situation in Kosovo, a strong wave of illegal Kosovo Albanian transit migrants, who are on the move towards developed western countries, affected the Czech Republic in the summer and fall 1998. In general terms, many transit migrants travel through Slovakia. Regarding the Czech territory, this probably occurs via Prague, many of them are concentrated in a border area, mainly in its western and northern part. Smuggling migrants has become a very lucrative business throughout the world and the CEEc are not exceptional. It is highly organized, ran in a very sophisticated manner and interconnected with many other criminal activities.

Labour migration

International labour migration very quickly gained a foothold in the newly established Czech market economy. When characterizing registered cases, there is a pool of 153,000 immigrants

who were granted a long-term residence permit and stayed in the country in 1997 (see Table 10.1), for 90% of them the reason was employment and business activity. To gain an overall picture of economic immigrants, one has to add to this number about 200,000 (probably as maximum) foreign workers who stay and/or work illegally in the Czech Republic often just temporarily but usually for more than a few months (e.g., Drbohlav, 1997a). What are the main patterns regarding the economic immigration/immigrants? Below there will be a comment on the "long-term residence permit" at the expense of other migration types because it is in many cases a prerequisite for being granted work permits and trade licenses. Nevertheless, within the more analytical parts of the paper, other migration categories will be dealt with as well.

1) The increase in economic immigrants measured by registered long-term residence permits was enormous – mainly between 1991 and 1996 from 9,000 up to 153,000. During the last two years in question the numbers increased annually by 68% and 27% respectively. A turning point occurred in 1997 when the number only grew by 749 (in absolute numbers; see reasons above). Thus, family-based immigration, i.e., permanent residence permits linked mostly with marriage and family reunion, increased more than the economic grounds for the first time.

2) The capital of Prague is very popular among immigrants. For example, 32% of the total number of economic migrants (those with long-term residence permits) were registered there at the end of 1997[2]. Prague is the largest city in the Czech Republic and, consequently, it is the primary gateway for foreign agents entering the country. It attracts labour migration from underdeveloped regions because it offers better labor and income opportunities, benefiting from the spillover of "internationalisation" as it has become more westernised than any other area in the Czech Republic. Moreover, Prague creates bridges between developed Western Europe and other parts of the Czech Republic and CEEc in transition as well (the concentration of Western immigrants – see more Drbohlav, Sýkora, 1997).

3) A total of 46% of all foreigners with long-term residence permits are concentrated in Prague and the Central Bohemian region (December 1997). Unlike Prague itself, which is losing economic immigrants, the surrounding region is gaining them. North and South Moravia are also important (although as compared to Prague, to a much lesser

[2] However, to have a more realistic picture one has to add unregistered migrants as well. Thus, the current number of foreigners in Prague (excluding tourists) may be about 10% or even more of the total population (see also Čermák, Drbohlav, Hampl, Kučera, 1995).

extent) when measuring the proportion in relation to absolute numbers. In contrast, the mostly rural (not highly urbanized) area of South Bohemia has the lowest proportion (less than 4%). As far as trends are concerned, a growing role of South Moravia and Eastern Bohemia and a decline of North Bohemia is worth metioning (1993 as compared to 1997). In relative terms (per 1,000), the importance of both the Moravian and East Bohemian regions is lower in comparison with other areas.

4) The trend towards "migrant dispersion and diffusion" within the country, is evident[3], as the position of Prague has been weakening and other regions have become more attractive. For example, while the proportion of all long-term residence permits issued in Prague was 45% in 1992, it was "only" 32% in 1997. This is connected with a demand for foreign labour which has been in part satisfied in Prague and also with a successful foreigners' attempt to find a job or a good business environment in other regions of the country. There are some "barriers" on the Czech side that hamper nation-wide needs for immigrants: (i) The professional and qualification structure of the current Czech society does not correspond to the demands of the current Czech labour market; (ii) There are no preconditions of spatial mobility of labour force. There is insufficient capacity for temporary housing, no existing housing market; (iii) There is a little effort by employers to support re-qualification of their employees; (iv) No efficient policy for a integral regional development has been implemented (see Statistická, 1998). The "process of diffusion" and "deconcentration" has also been confirmed by applying a stepwise regression model (at a level of Czech districts) on work permits. The total number of work permits issued was the dependent variable. The model is entered by various independent variables characterizing selected important segments of the geographic, economic, social and demographic reality of Czech districts. While the former analysis (and the data) was related to the beginning of the 1990s (the dependent variable for December 1993 – see Drbohlav, 1995), the latter to the middle of the 1990s (the dependent variable for April 1998 – see Šelepová, 1998). Regarding the former, the quality of the model was fairly good ($R^2 = 0.773$) and apparently confirmed the view that the numbers of foreigners with work permits in the districts of the Czech Republic are clearly related to the urban environment and an "atmosphere", in which the variable "realized investment" played an outstanding role (Drbohlav, 1995). As regards the latter, the model was not able to explain reliably the reality by the used characteristics

[3] The spatial concentration as measured by districts (in 1996) grows logically from the permanent migration (variation coefficient $v_x = 53.3\%$), through the long-term migration ($v_x = 69.4\%$) to the "most specialized" work permits ($v_x = 80.5\%$).

($R^2 = 0.262$) and the relationship towards urban environment itself was not so strong and direct (see Šelepová, 1998). The main message of this latest analysis is that the foreign labour force measured by work permits is active/employed in a kaleidoscopic mosaic of "structurally" different districts (in terms of economic orientation as well as geographic, sociodemographic and other characteristics). It is hardly possible to find some typical "structural and/or zonal features/patterns" which they would share.

5) As far as the ethnic composition of immigrants is concerned, as of the end of 1996, predominant majority of migrants out of the total economic immigrant group were from European countries (81%), while Asia ranked second with its 16% proportion.

A distinction must be made between two very different immigrant groups in the Czech Republic. The first "Eastern", quite populous category is mainly composed of young males with (probably only alleged, see Drbohlav, 1997a) very low educational and skill levels and active in manual, unskilled labour contracts. The second is the more heterogeneous immigration from the "West" that is characteristically made up of more females, children and older persons in comparison with the "East". Typically, the latter community also contains people with a high level of education who are mostly employed in "white-collar" spheres of work (managers, advisers, language teachers).

The biggest immigrant labour force community with long-term permits in the Czech Republic is that of Slovaks (39,500). In fact, Slovaks have special "free rules" under which they can be here[4], hence, for example, 67,000 Slovaks were registered and worked with work permits as of March 1998. The next group is formed by the Ukrainians (38,800) followed by, in comparison with the above two ethnic groups, less important, Vietnamese and Poles. Other communities, as people from Russia, China, Bulgaria, Germany, the USA, Austria, Romania and Croatia, are not so populous. The Chinese (81%) along with Americans, Croats and Russians have displayed the greatest concentration of economic immigrants in Prague. While Ukrainians dominate over Slovaks in Bohemia, the reverse trend is valid for Moravia, where Slovaks make full use of their geographical proximity and formerly developed economic ties, such as those in the mining in the Ostrava region. Traditionally, Poles constitute a significant immigrant minority in Silesia, while the Vietnamese, mostly as small businessmen (street vendors), have lately

[4] Slovaks, unlike any other foreigner, are not supposed to ask for a work permit (in fact, a Slovak can compete on the Czech labour market without "being discriminated" vis-a-vis Czechs; Generally, an alien can take a vacant job provided no other citizen of the Czech Republic is willing to accept it). What they are supposed to do is to only register themselves.

established their businesses in West Bohemia, taking advantage of the main transport corridors connecting Prague with Western Europe[5]. As regards recent developments (1993 as against 1997), there is an "invasion" by Slovaks, a huge increase in the number of Ukrainians, a steady growth of the numbers of Vietnamese and Poles. At present, the less populous immigrant communities of Russians and Bulgarians have started to swell and some groups from the West have slightly increased. However, as it has already been mentioned, the latest development (1996 compared to 1997) is marked with stagnation. This is exemplified by Ukrainians with a long-term residence permit whose number has decreased by some 5,000[6].

It is worth sketching the main "behavioural patterns" which are typical of important labour immigrant ethnic groups on the current legal and illegal Czech labour market. Though somewhat simplifying reality, Table 10.2 summarizes some basic trends. Apparently, no homogeneous, compact pattern is visible. A colourful mosaic of various activities, strategies and mechanisms is demonstrated, while the individual national groups have found their specific sectors, areas and niches in which they are active and have been accepted by the Czech society.

[5] Here it should be mentioned that there was a "deviation" of trade licenses from the mainstream. Vietnamese small businessmen are by far the most populous community (25,000 in 1997), followed by Ukrainians and Slovaks. Furthermore, mainly in the case of trade licenses the place of registration in the country very often does not need to correspond to the "place of activity". For example, it is a well-known fact that many Vietnamese registered in Prague work throughout the country.

[6] As regards work permits for Ukrainians, the decrease was really sharp during 1997 – from 42,000 to 25,000. Besides other reasons (see above) changing passports in Ukraine and decentralization of the registration process in the Czech Republic may contribute to this trend as well.

Tab. 10.2: Important individual segments of immigrant labour force in the Czech Republic (registered and unregistered), 1998 (highly simplified)

Nationality/ region of origin	Form of stay, type of work	Social and demographic structure, social category	Range/ regional patterns
Slovaks	"Permanent jobs", to a lesser extent seasonal jobs, commuting within the border area; heavy industry (mining and metallurgy), agriculture and forestry, construction, light industry and services – within the border area, mainly construction – within the interior; manual workers and qualified workers as well[1]	Manual workers, a wide mosaic of "patterns and strategies"	Ostrava, Karviná and the whole zone bordering on Slovakia, Prague and Central Bohemia, but also some other districts
Ukrainians	Work permits – individual, trade licenses, illegally; manual work, unskilled work; mainly construction but also industry (e.g. food-processing, textile), agriculture	Poor; manual workers, (relatively high educational level deliberately undervalued), young, males; frequent trips to mother country	Throughout the whole country, especially in Prague, Central Bohemia, and large cities
Vietnamese	Trade licenses, illegally; small-scale market busineesmen/sellers; buying and selling clothes and electronics	Quasi-"middle class"	Throughout the whole country, especially in "western" border area – near Germany and Austria, large cities
Poles	Work permits – contracts; manual work, unskilled work; construction, heavy industry (metallurgy, mining), textile industry, agriculture, forestry	Manual workers	Central Bohemia, the whole area of Bohemia and Moravia bordering on Poland
Chinese	Illegally, through trade or business companies; representatives of firms in China and small-businessmen; import, distribution (wholesale) and retail of apparel, shoes and light industrial goods	Strong kinship ties and regional social networks, relatively frequent trips to mother country	Prague
North Americans	1) Work permits, short-term stays; top managers, advisers, employees of multinational and international companies; 2) Illegally[2], trade licenses; lecturers, teachers of English, small businessmen	1) Rich; university-educated, highly skilled, intellectual background; 2) a "mixture of structures"	Prague
Western Europeans	1) Work permits, short-term stays; top managers, advisers, employees of multinational and international companies; 2) Illegally, trade licenses; lecturers, teachers of "western" languages, small-scale businessmen[3]	1) Rich; university-educated, highly skilled, intellectual background; 2) a "mixture of structures"	Prague, a zone bordering on Germany and Austria

Notes: see next page.

Notes:
[1]In fact, Slovaks make an integral part of the Czech labour market even after the split of Czechoslovakia – with no social, cultural and very limited geographical barriers. They are not required to ask for employment in the Czech Republic unlike other foreigners. They are only supposed to report on their employment and to register themselves.
[2]Especially in the case of Western immigrants, frequent unregistered stays seem to be caused, to some extent, by "huge bureaucracy", a demanding and time-consuming process of registration when asking for a long-term residence permit.
[3]Much less unregistered immigrants (in absolute terms) in this category in the Czech Republic as compared to the Northern Americans.

This description is not based on any representative surveys/research. It follows from the author's personal experience, through consulting various experts and through some rather pioneering insights into migration and residence patterns of some ethnic immigrant communities in Prague/Czech Republic (see e.g., Drbohlav, 1997a, Wang, 1998, Chan, 1998). The indicated facts only stress the most significant trends; lacking information does not necessarily mean that, there are actually no clear trends in some specific relation to aspects and given immigration groups. Instead, they have not been tackled or simply detected and widely publicized.

6) How is the international migration at the district level related to the geographic, economic, social and demographic environments? Are there any common international migration features which would tie some districts together and create specific, regionally compact types? These questions are answered below via an interpretation of a correlation matrix and results of a cluster analysis. The following facts are worthwhile to point out.

The international migration characteristics (long-term residence permits, work permits and permanent residence permits for 1996) are relatively closely interrelated with each other (the level of relevance exceeds $p=0.01$) with one exception: no correlation has been found between family-based migration and work permits. On the contrary, the highest correlation has been found between long-term and work permits ($r=0.605$). It is not surprising at all since there is a link between the two variables (to large extent, the former should be prerequisite for the latter). The relationship between permanent and long-term residence permits ($r=0.471$), in other words, between migration realized on economic grounds and that which is family-based has also been detected. It has been proved that there is some "common preference" of certain districts irrespective of migrants' declared reasons. This relationship is obvious despite a fact that owners of long-term residence permits are much more concentrated in Prague than those with permanent residence permits. See below, how this relationship is "specifically split".

Relationships between international migration characteristics and those reflecting the geographic, economic, social and demographic milieu differ by individual migration variables. Regarding work permits, behind which foreign employees are, the relation is generally very weak (see also above the results of the stepwise regression). On the other hand, as far as permanent and long-term residence permits are concerned, ties

have rather clear contours. The both characteristics are correlated with those which represent rather negative social, demographic and ecological climate (e.g., criminality, suicides, abortions, children born within uncomplete families and the like). Nevertheless, regarding the family-based migration these relationships are much stronger and, in some cases, are exhibited via other links (e.g. close relations also to mortality indicators). In regional perspective, this configuration corresponds to, in many aspects "problematic", western and northern border area parts of Bohemia (also typical of a high level of urbanisation, a lower proportion of those proclaiming Czech nationality and a higher proportion of those who were not born in the given regions) and, to partly lesser extent, in some features fairly similar, the Ostrava region. On the other hand, the economically-motivated migration represented by long-term residence permits is more, or exclusively, oriented also towards the environment favouring the entrepreneurial climate and activities (higher wages, more entrepreneurial activities, more highly educated people). Importantly, while family-based migration is not related to the unemployment, the economically-motivated migration growths with decreasing the unemployment rate ($r=-0.327$). The economically-motivated migration stream is also correlated with the most important internal migration flow (of those between 20 and 34 years). No wander, these parameters are, inter alia, characteristic of the main metropolitan centre – the capital of Prague. In other words, in this perspective, the economically-motivated foreign immigration helps propel motors of transformation processes in the most important "poles of development".

Indeed, regional patterns are indicated vis-a-vis the cluster analysis in which the newly established regions are grouped according to the "proximity or remoteness" of their international migration parameters (namely, again long-term residence permits, work permits and permanent residence permits for 1996 – in relative terms per 1,000).

The results (Figure 10.1 and Table 10.3) clearly demonstrate an existence of four basic regional types: 1) Prague, 2) "Moravia" (except for Ostrava region and including "eastern Bohemian" zone), 3) Bohemia (Středočeský region, České Budějovice and Plzeň regions, hence, excluding its border western, northern and eastern parts) and 4) more heterogeneous cluster of Czech western (Karlovy Vary region), northern (Ústí nad Labem and Liberec regions) and eastern (Hradec Králové region) parts and Moravian, Ostrava region.

Fig. 10.1: Clustering of Czech regions into six group by three international migration variables: permanent residence permits, long-term residence permits and work permits (irrespective of a distance between the clusters)

Clear-cut trends have been exhibited when characterizing: 1) Prague as the most attractive destination for all international migration types in question (mainly for economically-motivated migrants) and 2) "Moravian" cluster, which is, on the other hand, very unpopular with all the given migration types. The Ostrava region attracts the family-based international migration while for economically-motivated migrants seems to be of low importance. The largest Bohemian cluster (Středočeský, Budějovický and Plzeňský regions) is attractive for economically-motivated migrants (the figures slightly above the average – see Table 10.3), however, the opposite is true regarding the family-based migration. On the other hand, just this migration type dominates in the Czech border area, while its attractiveness for economically-motivated migrants is not so clear and differs by the two "subclusters" (see Table 10.3). The important facts as to how the individual "international migration clusters" are related to selected important geographic, economic and sociodemographic variables will not be elaborated on. One is referred to Table 10.3.

Tab. 10.3: International migration variables (1996) organized by clusters (grouping of "new regions" within the cluster analysis) vis-a-vis various geographic, economic and sociodemographic parameters, the 1990s

Variable	Cluster						
	1	2	3	4	5	6	Total
	Geographic, economic and sociodemographic variables						
NM	-2.08	1.15	-0.30	0.28	0.32	-0.38	0.18
NM234	3.35	-0.05	-1.07	-0.80	-1.06	-2.49	-0.60
GM	17.35	22.27	19.03	18.63	15.53	16.41	18.11
ABORT	0.85	0.84	0.88	0.88	0.66	0.65	0.77
CRIM	90.50	35.14	44.43	41.18	29.08	41.43	39.57
MORT	69.95	65.71	78.42	70.39	68.29	77.36	70.25
UNEM	0.43	2.77	2.81	4.87	3.99	5.63	3.55
ENTR	3.83	1.11	1.23	1.10	0.99	0.92	1.26
SETTL	0.00	40.42	22.12	26.21	36.73	17.83	29.96
UNIV	19.10	6.67	6.22	6.12	7.04	7.13	7.58
NAT	3.60	3.87	10.70	6.73	2.69	10.25	5.27
DOM	59.60	45.42	39.01	42.82	52.70	50.12	48.08
ENVIR	5.00	2.88	3.58	3.78	2.93	3.72	3.34
	International variables						
PRP	6.70	2.89	7.22	5.82	2.49	5.62	4.25
LRP	43.80	13.33	14.53	9.96	7.01	9.19	12.64
WP	18.14	7.56	4.80	6.26	4.08	2.94	6.16

Notes:
NM – net internal migration, per 1,000 inhabitants, 1995–1996
NM234 – net internal migration of those aged 20–34, per 1,000 inhabitants, 1996
GM – gross internal migration, per 1,000 inhabitants, 1995–1996
ABORT – standardized total abortion, 1995–1996
CRIM – criminal offences of those over 15, per 1,000 inhabitants, 1995–1996
MORT – standardized mortality from external causes, males, 1995–1996
UNEM – unemployment, in %, 1996
ENTR – the volume of tax revenues (in thousands Czech crowns) paid by craftsmen and small businessmen (individuals) per capita, 1995
SETTL – the proportion of population living in settlements with less than 2,000 inhabitants, in %, 1991
UNIV – the proportion of population with higher education, in %, 1991
NAT – the proportion of members of ethnic minorities, in %, 1991
DOM – the proportion of population born in the same settlement unit as they live now, in %, 1991
ENVIR – synthetic index of the quality of environment: weighted average of shares of population living in I.–V. category of environmental quality (the higher the figure the worse the quality is)
PRP – foreigners with a permanent residence permit, per 10,000 inhabitants, 1996
LRP – foreigners with a long-term residence permit, per 10,000 inhabitants, 1996
WP – foreigners with a work permit, per 10,000 inhabitants, 1996

Cluster 1: Prague; Cluster 2: Středočeský, Budějovický and Plzeňský regions
Cluster 3: Karlovarský and Liberecký regions; Cluster 4: Ústecký and Královéhradecký regions
Cluster 5: Pardubický, Brněnský, Jihlavský, Zlínský and Olomoucký regions; Cluster 6: Ostravský region

Conclusions

Within new political and economic settings the international migration has very quickly gained a foothold into the Czech society. The Czech Republic being a part of a quasi-developed buffer zone between the real "East" and the real "West" has become an important transit as well as immigration country. Though immigration mosaic is colourful, both registered and unregistered labour circular migrants significantly dominate over other types. By contrast, an inflow of asylum-seekers and refugees is relatively small and these immigrants have no impact upon the Czech labour market. Now, having a pool of probably some registered and unregistered 400,000 foreigners (not tourists) in its territory the growth of registered economically-motivated migrants which has been very dramatic between 1991 and 1996 has stopped, or, in some cases the numbers have decreased. However, the inflow of unregistered immigrants continues probably without major changes or might be even on the rise (mainly Ukrainians). Generally, immigration from the East has highly exceeded that from the West. From economically-motivated migrants having a long-term residence permits those from Slovakia, Ukraine, Vietnam and Poland prevail. Ukrainians and Poles also dominate when taking into account work permits (for employees), while, by far, Vietnamese are the most important among those with trade licenses. In fact, the immigrants have formed their specific economic ethnic niches within the Czech labour market (see Table 10.2). As for family-based migration, Poles and Slovaks represent the most frequent nationalities.

Regarding spatial patterns a trend of deconcentration of immigrants is evident. The importance of their early destinations represented mostly by Prague and other urban areas has, in part, been decreasing. Apparently, Prague, however, is still very dominating. On the other hand, also more marginal regions begin to attract foreigners and this shift concerns various types of economic migrants. Anyway, simplifying the whole situation in a zonal perspective, the role of the international migration has been increasing in a westward direction.

The relationship between migration realized on economic grounds and that which is family-based has been detected. Nevertheless, there are some important different "subpatterns" which are worth pinpointing. While "work permits" for foreign employees does not correspond to any of the existing historically formed regional patterns that are characteristic of relatively homogeneous, distinctive economic and/or sociodemographic configurations, long-term permits and family-based migration movements have rather "obvious, justifiable, contours". Despite their mutual correlation, the former is more linked with the environment

having fairly good qualities of the entrepreneurial climate and, thus, also logically having more working opportunities (by the way, the low unemployment rate). Thus, only in this case, the international migration corresponds to the most important internal migration flow (of those between 20 and 34 years). The latter is more clearly tied to areas with rather negative social, demographic and ecological climate. Hence, via this migration a trend of strengthening of specificities of these regions might be manifested. Moreover, the concentration of migrants who have come under the family-based migration umbrella and often stay in western, northern and also partly in south-eastern border areas of the country might, in relation to patterns of illegal transit migration, indicate a formation of communities with special interests: namely, to be, in various ways, instrumental in illegal crossings for those foreigners who intend to be only in transit through the Czech Republic. However, that is only a hypothesis at this moment.

It seems that the Czech Republic follows a similar trajectory along with western developed democracies have gone as well. Specifically, when taking huge Ukraine-Czech labour circular migration as an example, one can, to large extent, find parallels in many regions throughout the world. Many "internal patterns" of Ukraine-Czech migration fit quite well into the world trends. Accordingly, theories that originated independently of the ex-communist block might be, to some extent, relevant and useful when explaining some international migration patterns in the Czech Republic and also in other buffer zone countries (see more in Drbohlav, 1997a). Nevertheless, what has to be stressed as well is that because so far there has been a great proportion of "circulators" among immigrants and also too short time has elapsed the standard immigration models in the country have not yet established themselves. Hence, ethnic minorities, for example, have not created so far any significant areas of concentration within cities or regions (regarding housing) and no important ethnic social or political structures have been built which would "unite, unify and organize" new immigrants in the country (see more Drbohlav, Čermák, 1998). Despite existing rather a latent xenophobia amongst the Czech population, immigration has not yet been perceived as a major problem. A Czech labour market that so far has, to large extent, been willing and able to accept foreign labour force contributed to this fact.

Except for the refugee issue, the managing of which is now probably the most advanced and sophisticated within the all CEEc, non-adequate coping with the international migration issue as such corresponds to initial stages of the migration development in the country. Anyway, laxness is hardly justifiable. The current state of the Czech migration policy and practice suffers from many illnesses. Amongst the most important shortcomings one could pinpoint the following: except for not too successful combatting illegal migration and

the harmonization policies and practices with those in Western Europe no general goals, no strategic visions have been formulated within the Czech national migration policy. Logically, other problems spring from these conditions like not "flexible legislation", a limited cooperation between bodies responsible for the migration issues, accompanying problems with statistics and the like (see text).

Within harmonizing Czech migration policies and practices with those in Western Europe, some steps to change generally very liberal attitudes towards immigrants have been undertaking. Besides suppressive and so far not so efficient measurements – such as ban on stay and administrative and judicial expulsions which have already been applied more often now, completely new legislation regulating and, at the same time, restricting the entrance and operating of foreigners in the Czech Republic is being prepared. A crucial change is that one will be obliged to ask for a visa only at given Czech embassies abroad. Hand in hand with these steps further harmonization with the EU policies and practices will continue: for example, the visa policy, the arrangement of bilateral agreements, protection of the state border, establishing information systems and the like. Apparently, this strategy will be mirrored in relation to foreign labour migration patterns in the future (see Drbohlav, 1997c, 1998b).

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