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Institute of Sociology, Academy of Sciences of the Czech Republic

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Scope and Mission

The **CZECH SOCIOLOGICAL REVIEW** is a scholarly review open to discussion of all professional and societal problems, sociological theory and methodology, and the dissemination of the results and interpretation of sociological research. Its attention is directed towards the development of the field and its teaching, and at the same time strives to be useful for solving the practical problems of Czech social and economic politics.

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The editors require an original and two easily readable copies, which do not contain the name or workplace of the author, in order that the reading process will be anonymous on both sides. The accompanying letter should contain a complete contact address, including telephone number. Submission of a manuscript to another journal, while it is under review by the **CSR** is regarded as unethical.

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Editorial decisions: Decisions are generally made within one month from the date your manuscript is received at the **CSR** office. If your manuscript is accepted you will be asked to submit your final version both on paper and on a microcomputer floppy disk, either in ASCII or Microsoft Word for Windows, MS-Word 5.x, or 6.0. IBM disks are acceptable. The final version should also include a twenty-line abstract and an eighty-line summary, an alphabetized bibliography and basic information about the author.

Introduction: The Czech Republic on the Doorstep of the European Union

In the years 1992-1993 the Commission of the European Communities, its Directorate General XII, initiated and sponsored the project „East Central Europe 2000“. The aim of the project was to make a comparative assessment and forecast for the four former socialist countries of the so-called „Visegrad group“ - the Czech Republic, Hungary, Poland and the Slovak Republic - to examine developments in those areas and from those angles that would be most relevant for their prospective entrance into the European Union. It was also to locate the main problems of such a development and to formulate policy recommendations addressed to national governments as well as to international organisations. The driving force behind the project was the desire to obtain comprehensive portraits of the countries which are the most recent applicants for EU membership. The project was co-ordinated jointly by the Institute of Human Sciences in Vienna and the Institute for Regional and Local Development in Warsaw, with Grzegorz Gorzelak as the main co-ordinator.

Four national teams were formed and headed by Éva Ehrlich (Hungary), Lubomír Falt'an (the Slovak Republic), Michal Illner (the Czech Republic) and Bogdan Jalowiecki (Poland). A vast number of studies were conducted in each of the countries on 1. economic development; 2. social and political development; 3. development in science, technology and education; 4. regional problems. The studies were summarised in four National Reports [Ehrlich et al. 1993, Falt'an et al. 1993, Illner et al. 1993, Jalowiecki and Gorzelak 1993] and later also by an over-arching Summary Report which covered the East Central European region as a whole [Gorzelak, Jalowiecki et al. 1994]. The condensed studies are presently in different stages of publication.

This issue of the Czech Sociological Review is devoted to the presentation of some of the main outcomes of the Czech part of the „East Central Europe 2000“ project. The National Report for the Czech Republic was taken as the basis and five of its chapters were re-written to be presented to readers of the Czech Sociological Review (those contributions by M. Illner, M. Sojka, P. Machonin, K. Müller, M. Illner and A. Andrlé), while two further contributions were added (D. Drbohlav and J. Musil).

In his article on European integration and disintegration, Jiří Musil opens the series by stressing the role of values and culture in integration processes. In Musil's opinion, the split of Czechoslovakia is a warning against excessive confidence in functional models of European integration and in the spontaneous effect of technical, economic and integrative organisational mechanisms.

In the second contribution Michal Illner attempts to determine who will be the main actors in the international environment of the Czech Republic over the next ten years and what relevance they may have for the post-communist transformation of the country. Special attention is paid to the European Union and to the different criteria of accession to it. There is also a brief enumeration of those characteristics the author considers specific to the Czech Republic in the context of transformation.

Milan Sojka offers a systematic and well documented synopsis of the main elements of the Czech economy, their present state and developmental tendencies. He

describes and evaluates the basic components of the on-going economic reform and their impact. As well as analysing the macroeconomic problems, he examines also the microeconomic changes which he considers to be vital for a successful transformation.

Sojka's account of the economic aspects of transformation is paralleled by a discussion of social and political change led by Pavel Machonin. He sees post-communist social transformation as primarily a change of social structure and as the implementation of meritocratic principles.

In the contribution on transformations in the fields of science, technology and education Karel Müller has managed to condense his comprehensive report into a neat theoretical framework. „Technological infrastructure“ is his central concept and he vividly documents the deep crisis which it experienced before and after 1989.

The regional dimension of post-communist transformation in the Czech Republic is discussed by Michal Illner and Alois Andrlé. They argue that regional structures can be both a barrier to and a potentiality of societal transformation. The legacy of pre-1989 regional development and the regional impact of the post-communist changes are characterised, and the factors of developmental potential of regions are assessed. One of their key observations is that the transformation is likely to re-activate some of the pre-war regional structures.

International migration is becoming one of the significant social problems in post Cold War East Central Europe, and its present and potential future development is discussed here by Dušan Drbohlav. The reader is offered a wealth of data which are not currently accessible and is alerted to the structure and size of the problem.

In this issue we preferred volume and comprehensiveness of information to analytical depth. I hope that the reader will be satisfied with what we have extracted from the „East Central Europe 2000“ project.

Michal Illner

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Europe Between Integration and Disintegration

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Abstract: The article deals with the new phase of the integration processes in Europe which started with the Maastricht contract and with the new impulses necessary for the integration to continue. A critical historical analysis shows that over the last four decades Europe moved toward a heretofore unknown system: a community of co-operating national states with close economic links, technical and even some legal compatibility, similar lifestyles and slowly emerging feelings of supra-national European identity. The concept of European integration was and is founded on a functional model based on neo-classical economic theories and on the reaction to the war experiences. The fact that Czechoslovakia, a federated state, split into two small states can be understood as a lesson and a warning for those who seek the integration of Europe - a warning against excessive confidence in functional models and in the spontaneous effect of technical, economic and integrative organisational mechanisms. The article addresses the role of values and culture in integration processes, the integrative effects of symmetrical economic relations among national states and the existence of genuine feelings of European supranational identity. Greater stress on cultural as well as political affinities would enable the integration processes to continue, while accommodating quite considerable differences in the economies of existing and potential members of the European Union. The article thus implicitly supports the realistic idea of a two or three-speed Europe, integrated, however, as much as possible by political mechanisms and by the acceptance of democratic values and institutions.

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Europe at the crossroads

Once again Europe is in the midst of difficult times and stands at a crossroads. The difficulties result on one hand from external factors such as the collapse of the Soviet bloc and its aftermath, and from the absence of a common policy for resolving acute European conflicts in the Balkans. The second dimension of the difficulties relates to the integration process within the European Union. After decades of progressing towards a more unified Western Europe, the Union now faces the functional and political unsuitability of some of its mechanisms and institutions.

Geopolitical shocks are, of course, only one component of the uncertainty which took hold of Europe after the first feelings of relief resulting from the end of confrontation with the „other Europe“. In interpreting the collapse of the Soviet system, a shift is observable in that current opinions stress worry and uneasiness rather than optimism: „The total, astonishing, and almost completely unforeseen collapse of the Soviet Union leaves us all with a problem, practical as well as theoretical... Has ever a Bastille of an ancient regime fallen quite so easily, with so little resistance? Even those of

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us who never loved this Bastille, nevertheless miss it in a way: we are now obliged to re-think everything, and this is neither easy nor comfortable" [Gellner 1993].

However, the problems in the European integration process cannot be explained only by the collapse of the Soviet bloc and the bipolar power system and even less by the emergence of a neighbouring zone of states undergoing a risky transformation of their entire societal systems. According to a growing number of authors, the difficulties are caused by a combination of external and internal factors. Some are related; some are independent. The stagnation of Western European economies is probably not directly linked to the disintegration of the Soviet bloc, though the high cost of German reunification made the recession there much worse and, as recently stressed by Stanley Hoffman [1993], economic recession makes the largest European countries concentrate primarily on solving their internal problems. The long-term process of mutual opening and interaction seems again to be threatened by a cautious introversion, which is a traditional reaction to economic recession. Most historians of the European integration processes agree that the move towards higher levels of economic as well as institutional unification happened mostly in times of economic growth.

Recent months have shown once more that in difficult periods of the European unification process, an old problem appears: that of the unsettled relationship between the traditional national states and supranational European organisations. The nearly instinctive egotism of the nation-state can be blamed in part for these difficulties. Other contemporary problems, such as insufficient communication between ordinary voters and the central administrative bodies of the European Union, may be more serious in the long term, and deserve to be addressed with new approaches.

One can point out that over the course of the post-war period Europe had to face several such crises - among them the best-known are the oil shocks at the beginning of the 1970s and 1980s - and that they resulted in the reinforcement of the search for more effective co-operation. It would, however, be dangerous to believe that the outcome of such periodic crises is automatically positive and that the trend toward European integration is inexorable. It would be equally dangerous to cling stubbornly to existing theoretical concepts of integration.

Europe after Maastricht and new questions

Although nobody is bound to agree with Ralf Dahrendorf's recent statement [1993] that Maastricht is not the beginning of a new epoch, but rather the end of certain notions, there is no doubt that Europe is facing the necessity to reconsider, in a new way, its planned trajectory into the future - the more so because the evaluation of recent trends is not unanimous in contemporary historiography.

For example, Hartmut Kaelble recently distinguished three interpretations of these trends [1993]. According to the first, after the „golden years“ of the integration project (1951-1957), the move towards unification began to weaken. The slackening of the integration processes is caused, according to Kaelble, by four factors: (1) the end of the bipolar world, (2) the completed modernisation of most European countries, (3) the delicate power balance between the four largest West European countries, France, the Federal Republic of Germany, Great Britain and Italy, came to an end due to the unification of Germany, (4) the revival of nationalism in Eastern Europe and xenophobia in Western Europe.

The second interpretation considers events since 1951 as the gradual but steady formation of a European state whose features are basically similar to those of a classical national state. The European integration is a formation of a European nation-state on a higher level. Several basic elements of a united European state have already emerged: the European Court, the European Parliament, European bureaucracy, and most importantly the European market. This market is more integrated than were the markets of some Western European nation-states in the nineteenth century. Moreover, in the last decades there have been pronounced trends towards similarity in demographic and social structures and lifestyles in individual European states. According to the third interpretation, what has happened in Western Europe since World War II is the formation of a new „supra-national centre“, an unprecedented and unique institution, which is neither a classic sovereign state nor an international organisation or contract. The emerging community of European states differs from a fully developed state in four aspects: it is not a sovereign state in relation to other states, it is not sovereign in internal affairs (no European police, etc.), it lacks the basic elements of a democratic state and, last but not least, there is no European „Staatsvolk“.

A sober analysis of the last forty years of European history shows, however, that economic, social and cultural interaction between the members of the European Union and other European countries has, despite some setbacks, grown constantly. Western European national societies have also become more similar than ever before. Many supra-national legal and political institutions, such as the European Parliament, the European Commission, the European Court and the European Monetary System, have been formed.

If we consider integration apart from these institutional manifestations of European union, and include Central and Eastern Europe in our view of the continent, then in relation for example to the number of sovereign national states the current degree of continental integration is lower than it was during the inter-war period or prior to the First World War. The continent is no longer divided by the Iron Curtain but the sudden absence of explicit barriers has made more clear the effects of the past half-century of European history. In a sense, the present differences between the „two Europes“ are bigger than they were in the nineteenth century; only the utmost efforts and wise policies can help to overcome them. Otherwise post-communist Europe could again degenerate into what Ivan T. Berend [1986] calls the „crisis zone of Europe“, composed of relatively closed, poor and unstable countries.

The recent crises of the European monetary system have, however, indicated that even the Western European unification process is based on relatively precarious foundations. The European Union, with all its complicated machinery, remains a system of co-operating states. As a political institution it has neither internal nor external sovereignty and lacks democratic legitimacy. More importantly, the majority of EC citizens lack a sense of European identity. For the most part, they sympathise with the idea of a united Europe, but at the same time still consider themselves primarily citizens of individual nations, regions or cities. To sum up, the opinion that the process of European integration has after 40 years come to a stop does not correspond to the facts, but at the same time, the past four decades provide no evidence for an explicit tendency towards a supranational united Europe.

The most realistic thesis is that which describes the emergence in Europe - first in its western part - of a heretofore unknown system: a community of co-operating national

states with close economic links, technical and even some legal compatibility, similar lifestyles and slowly emerging feelings of supranational European identity. The new all-European structures are - regardless of their untraditional nature - rather stable and have resisted post-Maastricht scepticism and criticism. Nevertheless, in its present state the European process requires further efforts to invent new stimuli to keep integration moving and to widen the existing conception of European unification.

In order to chart a reliable course for a larger and more heterogeneous and, at the same time, more co-operative Europe, innovative ideas should be developed and realised. As a starting point, the following questions should be answered.

1. Is the explicit or implicit theory of integration, which has up to now been the accepted basis of the European process, still an adequate starting point for the future co-operative development of Europe?
2. Does not the present concept of integration run up against its own limits, set by the accentuation of economic and institutional aspects of integration? Is not the European process of integration beginning to falter due to its lack of „socio-cultural“ focus?
3. Due to the great emphasis which has been laid on the economic, institutional and political aspects of integration, has not the idea of orientation towards a strong decision-making centre upset the balance required in a pluralistic community?
4. Will not further integration be conditioned by more stress on the integration of individual political cultures, on the development of European culture, and somewhat less on building political institutions and bureaucracies? Can Europe proceed further in co-operation without formulating in non-institutional forms, spontaneously through great personalities, its core values, corresponding to its traditions as well as to its present needs?

In the ongoing discussions on Europe and on its future, most conceptions, even after 1989, have been formulated as ideas for the development of a geographically defined Western Europe. For instance, the German „Soziologentag“ in 1990 included a plenary session called „Western European Integration or Disintegration?“ Western Europe's relationship with the neighbouring parts of Europe often remains untouched in discussion. It looks as if, in a strange way, the thesis of the Czech émigré writer Milan Kundera [1984] has come true and as if Europe has accepted his pessimism. This attitude reflects part of the spectrum of political thought within the European Union, which, on the basis of economic realism, considers the Union as purely Western European.¹ Historically-minded Europeans who are aware of the numerous past attempts to westernise Eastern Europe must inevitably feel that Western Europe has lost its drive after having appeared for many decades to those living behind the Iron Curtain as a force aiming at European spiritual expansion and at regaining - both politically and intellectually - the old European space in Central and even Eastern Europe. As a result of this aspiration, corroborated by the western orientation of most dissidents - mainly in Central Europe - the slogan „Back to Europe“ was ubiquitous in 1989 and 1990. Unification with the rest of Europe remains the cherished goal of most people in the post-communist countries.

¹) In this article the term Europe is used in a pragmatic sense, meaning those European countries which already are members of the EU or will enter the union soon, have the status of associate members of the Union or will probably attain it.

I believe that intellectuals from the „other Europe“ could and should enrich the discussion of today's Europe with their experience of multinational states. Even negative experience and analysis of failures can become useful if conceived as tests of certain implicit general theories of integration. In the next part of this study, I will offer some lessons from one such failure: the disintegration of Czechoslovakia.

A lesson from a failed opportunity

Czechoslovakia began its existence in 1918 with the unification of two economically, socially and culturally different parts of the Austro-Hungarian Empire. Ironically, it disintegrated at a time when the Czech and Slovak republics most resembled one another. At the beginning of the 1990s, both featured similar economic and social structures and demographic behaviour, and nearly identical legal, technical and educational systems. Their economic interdependence was very high. Slovakia's level of urbanisation approached that of the Czech Republic.

In spite of these shared characteristics, the state disintegrated. In view of the fact that the theory of European integration is based on the effort to reach an analogous homogeneity - though on a larger scale - the history of the Czechoslovak disintegration takes on new importance. Czechoslovakia's fate demonstrates how the stability and vitality of ideas and institutions are ruthlessly tested in crises.

The integration of Czechoslovakia was based on two successive models. The first, used in 1918-1989, can be described as liberal, the second, used in 1948-1989, as Marxist. In the first Czechoslovak republic, both parts of the newly formed state were integrated on the basis of a liberal conception of Slovakia's modernisation and on the idea of the existence of a unitary Czechoslovak nation. Stress was laid on the development of education and a modern social and technical infrastructure. Masaryk's government believed that an emphasis on education and responsive public administration would best strengthen the chances of democracy and the stability of the state. It also tried to find a balance between centralism and decentralisation. Despite efforts to the contrary, Slovakia remained the less-developed part of the republic, particularly in the economic sphere. To a certain extent, Slovakia's underdevelopment was an effect of the domination of the Slovak market by the more productive Czech industry, which resulted, for example, in the closure of several Slovak metallurgy works. In the 1930s, on the other hand, the government helped build up the modern armaments industry in Slovakia.

By the 1930s, Slovakia's modernisation and democratisation had encouraged the development of a radical nationalist Slovak intelligentsia which supported first an autonomist and later a secessionist programme. These young intellectuals, who had been educated in the new Czechoslovak schools, sought higher social status and increased power, goals for which nationalist politics served as an appropriate vehicle. The Slovak secessionist intelligentsia profited from the absolute weakening of the republic's position following the Munich agreement in September 1938 by proclaiming an independent Slovak state in March 1939. Although this probably would not have taken place without the help of Hitler's Germany and without the disruption of the country caused by the Munich Agreement, the Czechoslovak crisis also had significant internal causes. In any case the liberal model of integration failed to create in the short and difficult interwar period sufficient solidarity between the Czech and Slovak regions. This lack of political cohesion increased the young republic's susceptibility to destruction by external forces.

The second, Marxist model of integration focused on the industrialisation and social modernisation of the less-developed and poorer Slovakia. The goal of this model was to remove economic and social differences between the two macroregions of the country, to build up a stronger and firmly integrated economy and thus to lay reliable foundations for a lasting co-operation between two national communities in one unitary, later on federative state. It has often been stated by foreign observers that the rapid modernisation of Slovakia with the help of the richer Czech part of the state is one of the few successful European examples of the removal of deep regional disparities. There were, however, many flaws in this attempt: some modernisation processes in Slovakia failed to achieve the desired results or to proceed simultaneously. For example, in industrialisation and urbanisation, a wide gap existed between the technical and economic elements of modernisation on one hand and cultural and social processes on the other. Technical and economic modernisation proceeded swiftly, while the Slovak social and cultural structures evolved at a much slower pace, creating tensions, rootlessness and anomie, a seedbed for nationalist radicalism and a generally unstable political culture. Historical analysis, both local and foreign, also points out the latent dangers in differing perceptions of Czechs and Slovaks of mutual contributions to the country's common wealth. Until the summer of 1990, nevertheless, most analysts agreed that the successful modernisation of Slovakia and the economic, political and military advantages of a common state would provide a sufficiently strong barrier to disintegration.

The fact that Czechoslovakia has split into two small states can be understood as a lesson and a warning for those who seek the integration of Europe, a warning against excessive confidence in the stabilising effect of economic, technical and organisational mechanisms. A positive aspect to be drawn from Czechoslovakia's disintegration is a better understanding of the role of mobilising elites in the relations between nations, of the role of values and culture in integration processes, of the integrative effects of symmetrical economic relations among parts of multinational states. The Czechoslovak example provides increased understanding of the role of those institutions which allow people in multinational states to communicate with power centres, thus expanding opportunities for political participation.

The most important lesson to be learnt from Czechoslovakia's failure is the fact that a sufficiently strong feeling of genuine supranational identity never emerged. While many Czechs felt Czechoslovak, the percentage of Slovaks with such feelings was small. This crisis of identity was also manifest in the institutional sphere. For example, compared with the interwar period, when Czechoslovak political parties functioned in both parts of the First Republic, supranational identity was, without exception, not supported after 1989 by a single common Czechoslovak political party. The same applied to cultural and interest associations, with the exception perhaps of sport associations. More details on the failure of Czechoslovakia's integration can be found in my study on Czech and Slovak society [Musil 1993].

The limits of present integration models

Czechoslovakia's disintegration, besides proving that modernisation is an insufficient barrier to the division of a multinational state, has shed light on other issues of integration. The realisation of a lasting and functional international integration requires a deeper and more systematic evaluation of the concept of integration than has been

conducted thus far. Vagueness in the theory and interpretation of international integration results in political difficulties. Contemporary social theory remains focused primarily on national societies or on „society“ in the most generic sense. The traditional focus of sociology, social anthropology and economics within nationally defined societies has resulted in few studies on multinational or international communities. However, some paradigms or concepts from the general theory of social integration, derived in the main from the study of national societies, can, with some caution, be applied to the study of international processes.

The concept of political integration has been studied extensively by social and political scientists, who have produced a rich body of knowledge on the formation of integrated national states [Deutsch 1953; Rokkan 1975; Rustow 1967; Tilly 1975]. Additionally, sociologists and social anthropologists have studied the relationships between different types of integrating processes. In view of present political needs, the most relevant among such studies, both theoretical and empirical, are those which seek to establish conditions conducive to the successful integration of unitarian or federal multinational states. Those few studies which, following the end of the Cold War division of Europe, try to model alternative scenarios of the continent's future are particularly interesting.

Do we need a theoretical re-thinking of the concept of integration in order to overcome the obstacles which have recently appeared on the road to efficient European co-operation? I shall argue that such a re-examination is not only useful but necessary.

When the integration of the European community is discussed in political science or in constitutional law, authors have in mind concrete phenomena, e.g. institutions and mechanisms by which common decisions inside the European Commission, European Council or European Parliament are reached. In economics, similarly, integration is understood as a set of concrete monetary, tax and trade rules valid for all members of the European Union. Disintegration is thus seen as breaking the rules, disturbing agreed-upon mechanisms and institutions.

Sociology, as Bernhard Schäfers [1990] points out, has a somewhat different goal, which has been neglected by pragmatic politicians: it seeks to identify the forces and mechanisms which either stimulate or slow down integration processes in advanced societies. By asking such questions, sociologists try to understand the basis of a feasible social order in a Europe still formed by national states and societies. Other questions posed by sociologists are relevant for the politicians, for example: why is the willingness to give up certain aspects of sovereignty relatively great in some European countries and relatively small in others? Which social groups - classified by age, social status, economic sector, profession, or urbanity - support the restriction of the national state's sovereignty and which do not? What causes such differences?

In attempting to understand the problems of European integration and seeking possible ways out of the current situation, it is of great significance that modern social theory does not understand integration as a one-dimensional phenomenon. Since the publication of W. S. Landecker's article in 1951, a distinction between four aspects of integration has been accepted by social scientists: (1) cultural integration, i.e. the consistency among cultural standards, (2) normative integration, i.e. the consistency between cultural standards and the behaviour of persons, (3) communicative integration,

i.e. the extent to which parts of a society are linked by communication, and (4) functional integration, i.e. the extent of interdependence between such parts.

The relationship and interaction between these four forms of integration is by no means an academic question. Looking for a balance between them - a balance that would correspond to the concrete conditions of the partners entering integration processes - is a never-ending political task.

An historical analysis of the beginnings of European integration, based on the study of fundamental documents and the visions of the fathers of integration - Jean Monnet, Ernst Haas and others - and acknowledging the steps which have already been taken to unify Europe - shows that the model which has most influenced Western European integration is the model of functional integration. More than ten years ago, Stanley Hoffman described this model as being rooted in the theory of industrial society and as counting among its ancestors Henri de Saint-Simon. Another close relative of theories of European integration which have been applied up to now is the theory of modernisation, conceived in the 1950s.

The functional model was subsequently improved by the addition of some elements of the theory of communicative integration. Some authors began to call the resulting adaptation the „functionally transactional“ model. Though its impact is less apparent, the neo-classical school of human ecology has also influenced recent efforts towards European integration. This is evident mainly in Amos Hawley's interpretation [1986], which stresses the key role of transport and communication in the expansion of human communities.

To arrive at a deeper understanding of the contemporary situation of Europe, attention should be focused not only on concrete historical events such as the collapse of the Eastern bloc, but on the limits of the theory and practice of the functionally transactional model.

According to the functionally transactional model, contemporary integration processes and the formation of larger units of co-operating states are a generally necessary part of the development of advanced industrial societies. They represent one of the stages in the formation of politico-spatial areas linked by expanding markets and a growing division of labour. They could not exist without a relatively high level of urbanisation, characterised by the concentration of economic and political power and by a territorial hierarchy. The improvement of transport and communication is a vital part and condition of integration. Moreover, integration in our times depends on the increasing compatibility of legal systems, and on the growing efficiency and penetration of administrations. A certain amount of social similarity, e.g. of living standards, social services, labour codes, etc., in the individual parts of the integrating unit is another precondition of successful integration. Some degree of social and cultural similarity is also considered necessary to the integration processes within this model.

The functional model of integration is a network of processes which include primarily:

- the formation of constantly expanding market territories, in conjunction with the shift from local to urban, regional, national and international markets
- the deepening territorial division of labour and growing specialisation and concentration of economic activities

- the establishment of complementarity and interdependence of cities, regions and states, on the basis of difference and symbiotic competition
- the growth of economic exchange among individual countries
- the direct interaction, specialisation and competition of regions, large cities and metropolitan areas in various countries
- growing mobility of labour among regions and states and an increasing number of mutual cultural, social and scientific contacts
- growing participation in supranational activities and international organisations.

No one has described the essence of the functional model better than Stanley Hoffman [1993]: „It relied on technology as the fuel, and on the logic of the market as the motor of integration: the drive for economic modernisation would lead to political unity.“

The functionally transactional model of integration is based on Weberian rationality. Modern Western capitalist societies, with their norms of property and market relations and stress on contracts, division of labour and interdependence, are based to a large extent on such rationality. Highly productive economies, the rise and growth of science and the successful application of science by means of technology are correlates of the *Zweckrationalität*. The founders and contemporary protagonists of a united Europe have been inspired by this model, which they tried to apply consistently in building up the European Economic Community.

The theory of European integration based on the principles of the market economy and Weberian rationality has, however, reached the limit of its potential. These limits became apparent with the development of industrial societies, which had to face growing demands for popular political participation and for the democratic legitimisation of all kinds of organisational structures. Integration is not only a question of a functioning market, efficiency, organisation and growing interdependence; it is also one of human values, goals and attitudes towards power relations. More than thirty years ago some social scientists had already pointed to these necessary dimensions of integration.

For example, Talcott Parsons [1960] in his article on Durkheim stresses the fact that interdependence is not necessarily integrative, unless accompanied by accepted values which encourage interdependence. According to Parsons, interdependence requires „diffuse solidarity“. Alvin W. Gouldner [1959] showed that functional integration is not automatically bound to have integrative effects. Often relations between constituent parts of a complex social unit are far from equal; some have more power and may exploit others. Such asymmetric situations, if prolonged, create instability. Only an agreed norm of reciprocity, a kind of fair exchange, can make functional integration stable. The work of these social scientists thus links functional integration (based on interdependence) to normative integration.

A discussion of the relations between different types of integration is not an academic exercise; it is a highly political debate. Stress on one or other of the above types or combinations thereof defines the nature of the integration. The nature of integration is perhaps more important than the integration itself.

We can now return to some of the questions which were posed at the beginning of this article.

The Need for Multidimensionality and the Role of Small Countries

The failure of both the liberal and Marxist versions of modernisation policies as applied in organising multinational states, and the available knowledge on the theory of social integration point out that the existing conception of European unification is no longer adequate. It is too deterministic and relies too much on the conviction that a common market, free movement of capital, goods, services and labour, and the introduction of a common currency will automatically lead to deeper political union. It places too much stress on organisational, institutional and technological aspects of integration.

Additionally, existing theory lacks necessary stress on the cultural and, more importantly, ethical aims of European integration. It conceals the potential for asymmetrical relations between the stronger and the weaker partners, and presents the danger of a homogenisation concept of integration. This concept is much more likely to engender instability than a pluralistic concept which takes into account the differing interests and cultures of the individual partners.

The emphasis laid on the formation of a large and unified free market by proponents of European union reflects what must be considered undoubtedly as one of the basic social forces of contemporary European societies. The wider public, with its expectation of rising living standards, agrees with Europe-oriented politicians that an expanding European market is among the few remaining sources of further economic growth.

Parallel to this striving for material well-being are two more culturally significant social factors. The first can be described as „democratisation drive“ and results both from the growing demand for well-educated and well-informed citizens in industrial societies, as well as from uneasiness about uncontrollably large economic and political organisations and about political centralism, thus strengthening the demand for decentralised structures.

The second factor, which is also deeply connected with the structure of industrial societies, is identification with a formal culture, i.e. with the written high culture and other characteristics associated with formal education. The most important medium of formal culture is a stabilised, nationally-defined language.

The ability to participate in this culture, or more precisely the ability for such participation, determines dignity, individual life chances, careers, social status, opportunities to participate in political activities, etc. It is obvious that participation has an integrative effect, and is one of the factors of social and cultural identity in modern societies. Membership in a culturally defined community, i.e. a nation, can nonetheless become, especially in situations in which multinational states are collapsing, a destructive and dangerous political force. Ample proof of such developments have been provided in the four-year history of the post-communist states. Relapses of nationalism in more subtle forms can even be observed today in stable Western European countries. Due to the prolonged economic recession and the crises of the European Monetary System, governments have again begun to concentrate their energy on domestic economic and social problems, and national economic policies are in conflict with the long-term programmes of the European Union. There is a lack of political will to prevent this development. The success of politicians depends, after all, more on the opinion of their national electorate than on their readiness to support integrative measures.

Political will for integration is weak because, in spite of the general public support for the idea of European integration among the Twelve, the people of individual countries do not identify themselves with the rising supranational entity. The institutional system which forms the machinery of the present EU is too complex; most Europeans simply do not understand it. As opposed to sovereign democratic national states, the EU lacks both mechanisms for the continuous popular legitimisation of its decisions and instruments to implement these decisions. Thus it suffers from two deficiencies: those of democracy and power.

Recent developments show not only the inefficiency of European financial and political mechanisms but also the weakness of integration's sociocultural components. Under the pressure of nationally-focused public opinion, rooted in the value systems of individual cultures, governments choose national solutions over supranational ones.

Paradoxically, the European process is facing difficulties due to the fact that it is based on one-sided, utilitarian arguments regarding the advantages of a widening and deepening common market. When the economic engine of integration malfunctions, the lack of consistent cultural focus of the European integration process is revealed. Without formulating the basic cultural values which would orient the European integration, a common European political consciousness and sense of solidarity cannot develop, nor can crises in economic integration be overcome.

It is true that post-war discussions on Europe held by such men as Denis de Rougemont, Karl Jaspers, Julien Benda and Wilhelm Röpke stressed the spiritual „idea“ of Europe and did not pay sufficient attention to practical measures and the formation of „common bases for economic development“. At present we suffer from the opposite syndrome, a lack of discussion of cultural identity and of the values which form the basis of European culture. This failure has concrete and practical consequences in the sphere of economic and political integration as well as in the development of supranational European institutions.

Compared to Latin or North America, Europe continues to be culturally less homogenous. Diversity and dialogue are basic features of European culture. Diversity is expressed not only in different religious, philosophical and artistic traditions but also in a great variety of political cultures. The closer the European countries become due to technical and economic developments, the more they affect each other and the more the individual national communities become aware of their specific cultures. These trends are evolving in spite of the indubitable tendency towards a *Gleichschaltung* of lifestyles, consumption and mass culture. Contemporary Europe is condemned by nature to plurality in national, regional and even local cultures.

Let us however return to the questions that we have posed. The functionally transactional model of integration which is at the core of the European Union's efforts is rationalist and universalist and stresses unity. Its application faces social and cultural barriers at the moment. Culturally and socially oriented models, on the other hand, respect Europe's multiculturalism and the increasing efforts of people from different countries to maintain autonomy in most spheres of life and to retain as much control as possible over the conditions which guarantee such autonomy. These models implicitly stress tolerance. In the spirit of European traditions, their advocates consider homogeneity a danger, a kind of deadening social entropy. Similarity preached by some economists and lawyers can in this view become a trap.

A combination of these two models is probably a safe way to build up a sustainable and appropriate integrative framework for the conditions in contemporary European societies. Economic integration would then continue to form supranational mechanisms and institutions, further strengthening the centralised power structure of the EU, i.e. the European Commission. Progress in this respect would be slower than originally foreseen. The lack of consciousness of European citizenship legitimates the existence of a strong central authority and would thus strengthen the European Council. The Council would increasingly become a typical negotiating body in which the particular interests of sovereign national states are balanced. Even within this institution, the extent of integrative solutions will depend on a committed „European spirit“ within the populations of individual countries.

Recent events suggest, however, that the role of socio-cultural aspects of European unification is also likely to grow. This will imply a move towards a more decentralised integration which will leave the majority of social and cultural institutions under the control of national or regional authorities. This is a concept which is near to Karl Deutsch's [1957] idea of a „non-amalgamated or pluralistic security community“ without a single central authority. In contemporary Europe, such a pluralistic and decentralised organisation of the wider community would better guarantee stability and more effectively avoid serious conflicts than the centralist model.

Three other concrete factors increase the role of decentralised integration: first, in the future, new admittees to the EU will consist mainly of small countries; second, in the long run, the EU is likely to accept the membership of some post-communist countries; and third, due to efforts to liberalise world trade and to keep Europe open and involved in world affairs, interaction and co-operation with other parts of the world are likely to grow.

The Maastricht treaty may be modified or its implementation delayed; nevertheless, we can suppose that the process of enlarging the EU is inexorable. The EFTA countries will become members of the Union relatively soon, most likely to be followed by some Central European post-communist countries. Most of these potential members are small countries. Although there are big differences between the two groups - the first includes some of the richest countries in the world, while the second consists of rather poor European countries - they have some common features related to their size. Their membership may begin to change the relationships inside the Community which have thus far been determined by the balance between four strong partners, i.e. Germany, France, Great Britain and Italy.

Quite naturally the small countries will bring into the Community elements of political culture and behaviour derived from their particular experience. These include primarily:

- the effort to compensate for small size by stressing economic specialisation, perfectionism in some economic activities, and often intensive development of culture and education
- both a lack of power aspirations and resistance to hegemonial policies on the part of other nations
- awareness that their fate depends on satisfactory relations with other countries and their prosperity on successful foreign trade and the capacity to cooperate

- depending on geographic location, awareness of political contingencies and dangers and the need to be flexible.

These attitudes mean that the small countries, in spite of their dependence on external conditions, stress their cultural specificity and support pluralism and decentralisation in the international community. They will always be suspicious of the hegemonial tendencies of stronger countries. Such attitudes have been formed by long term experience which has been abundantly documented by the history of Switzerland, the Netherlands and the Czech lands.

It is currently fashionable to nostalgically re-evaluate the Austro-Hungarian empire, arguing that the Hapsburg monarchy was not a „prison of nations“ but a positive example of a multinational state. Sometimes it is even hinted that the empire could become a model for the solution of contemporary Central European problems. This view, however, does not respect historical facts such as the unequal status of Slovenes, Croats, Czechs and Slovaks in the monarchy and the attitudes of these nations towards the Hapsburg state.

Small countries with the aforementioned political priorities would prefer a looser form of integration than the centralist one. They fear that in spite of their voluntary joining of the Union, the existing institutional framework could manoeuvre them *via facti* into a dependency on a power structure outside their control. It can be predicted that if a large number of small countries are admitted into the European Union, a phase of searching for innovative internal Union structures will begin.

These new structures would be likely to combine a narrower economic and organisational rationality with a wider and pluralistic sociocultural rationality. Only the combination of both rationalities would likely lead to a non-conflicting structure of the Union and to the long term satisfaction of its members. The acceptance of the small EFTA countries will not immediately exert pressure to change economic mechanisms, due to the fact that these countries are rich and can meet the demands of the Maastricht agreement, but some of the EFTA countries such as Norway can request more respect for their social and cultural specificities.

The situation which will arise with the admission of the post-communist countries as regular members of the EU will be more complicated and will require a more laborious admission process. This issue of course deserves special attention. Here we can only mention the main components of the successive admittance of the „other Europe“ into Europe as a whole, and the problems related to it.

The collapse of the European communist regimes in 1989 changed the relationship between Western and Eastern Europe. Countries which not so many years ago were separated by many barriers are renewing mutual relations in all spheres of life.

In many Central European countries, especially in Poland, Hungary and the Czech Republic, trade with Western Europe, as well as intellectual and scientific contacts and the export of Western cultural knowledge, have already increased considerably. These cultural contacts tend, however, to be asymmetrical, as has been stressed by Tomasz Goban-Klas [1992]. Instead of increased communication between people and nations, there is a growing one-way flow of information from rich to poor, from developed to less-developed regions and countries. This results in a distorted picture of the West in the East and vice versa. There is no chance for dialogue because Europe does not speak to Europe: „Europe One“ speaks and „Europe Two“ predominantly listens.

The chance to follow the first, more positive trajectory of integration - and here I revert to my fundamental question - still exists.

Those who endeavour to enter the EU will have to proceed with macroeconomic stabilisation and microeconomic liberalisation, continue privatisation and carry out gradual economic changes. Other important steps are the potential members of the Union's harmonisation with the EU legal system and the formation and stabilisation of democratic institutions [Peter Ludlow 1993].

From the perspective of the EU, the admission of East and Central European post-communist countries requires a clear statement of intention to admit them. Long delays in their admission could be harmful for the EU as well as for the whole continent. The membership process needs to be re-thought. Could it not be realised in several phases involving the admittants in each subsequent phase more intensively in activities of the EU institutions? More radically, could not membership itself be defined in a looser form to enable the formation and functioning of a more pluralistic integration structure?

We should not forget the third and last factor which should be taken into account when adapting European unification to the new world conditions. If Europe wishes to be an open community aiming at enlarging the zone of co-operation and peace, it must accept to an increasing extent the social and cultural plurality of its potential members and, at the same time, retain its inner drive towards a functional economic and political union under this double pressure. Europe's renewal and ability to survive in a quickly changing world order will depend - as it often has in the past - on two things: on balancing its diversity and unity in the cultural and social realms, and on its ability to innovate creatively the political institutions which would mediate between the needs and interests of individual member countries.

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The International Context of Czech Transformation

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Abstract: Transformations in the Czech Republic since 1989 have been to a large degree influenced by the country's external environment. The main actors within this environment are the countries of the European Union, among which Germany is the most relevant for the Czech Republic, the countries of the Visegrad group with Slovakia on top, the Russian Federation and the Ukraine - the two largest successor states to the USSR, Western supranational organisations, notably the European Union and NATO, and multinational companies. External influences are interacting with domestic development in a process where adaptation is taking place on the both sides. This also applies to the relationship between the Czech Republic and the EU. The co-operation and future integration of the Czech Republic into Western European structures cannot be based on a passive adaptive model according to which the new potential members should merely catch up with the EU and its standards. Adaptive changes will have to occur on the Western side as well and new institutional solutions will have to be developed to accommodate new members.

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Since 1989, developments in the Czech Republic, confined during the last fifty years to the Soviet-dominated East European orbit, have again become part of the wider European stage in both the passive and active senses: they are more immediately influenced by what happens in other European countries - both West and East - yet they themselves also contribute more directly to the all-European situation.

The international environment will, therefore, be an important (though perhaps not decisive) factor in the Czech Republic's post-communist transformation and the progress relevant to its integration into Western European structures. External influences will combine with domestic developments in an interaction involving not only those characteristics of the Czech Republic, which constitute the heritage of the recent past and which the post-communist societies of East Central Europe share in common, but also the specific features shaped by its geographic situation, culture and history. Such unique characteristics are influencing the course of the post-communist transformation in the Czech Republic so that it is unfolding in a country-specific way. The same is certainly

*) This contribution is based on Chapter 3 „International Environment of the Czech Republic“ of the Czech National Report submitted for the project, East Central Europe 2000 [Illner 1993]. The aim of this article is to provide general orientation, without going into more detailed analysis, and to locate the main external factors that may be relevant for future developments in the Czech Republic. The East Central Europe 2000 project was sponsored by the Commission of the European Communities and co-ordinated by the Institute for Human Sciences in Vienna and by the European Institute for Regional and Local Development in Warsaw. The final report summarising results for the four participating countries (the Czech Republic, Hungary, Poland, Slovakia) was published by Gorzelak et al. [Gorzelak, Jalowiecki, Kuklinski, Zienkowski 1994].

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true for the other Visegrad countries such that it is more appropriate to speak of a family of transformation trajectories in East Central Europe than of a single model.¹

In this contribution we shall first try to identify both the main actors within the international setting of the Czech Republic who will be relevant for its transformation and what their influence may be. Of these, somewhat more attention will be paid to the European Union and to the different aspects of accession. The second part of the paper will enumerate some of the characteristics specific to the Czech Republic, as compared to other Visegrad countries, which may shape its transformation in a country-specific way.

By focusing solely on actors and, more specifically, on the institutional actors the question of the international environment of transformation has been simplified here. In fact, the international setting of the Czech transformation is much richer structurally, and other types of elements can also be distinguished, such as processes (European economic development, international migration, political change in neighbouring countries) and non-institutional actors (guest workers, refugees, foreign tourists) etc. Several such elements are discussed by other authors in this issue (see contributions by Drbohlav, Musil, Sojka).

Main actors within the international environment of the Czech Republic's transformation

In the development of the Czech lands - a relatively small country amidst the much exposed Central Europe² - external factors have always played an important role. The globalization of both the economy and politics will only strengthen this dependence. During the next ten years, the most relevant actors within the international environment of the Czech Republic will most probably be:³

- the countries of the European Union, among which Germany will be extraordinarily important;
- the other countries of the Visegrad group - Poland, Hungary and especially the Slovak Republic;
- the two most influential successor states to the USSR - Russia and the Ukraine;
- Western supranational organisations - notably the European Union and NATO; and
- multinational companies.

1. The Western European countries

Developments - both economic and political - in Western European countries are becoming the most relevant component of the Czech Republic's international environment. This is consequence of the fall of Iron Curtain in 1989 and of the country's

¹) The role of country-specific features in the transformation of former communist societies has been paid little or no attention by authors who have theorised about the changes, trying to formulate general conclusions about post-communist developments in East Central European countries [Dahrendorf 1990, Offe 1991, Sztompka 1992].

²) The Czech Republic covers an area of 78,864 km² and has 10,302 215 inhabitants (1991).

³) Only the most relevant external actors are enumerated here. Certainly, there are many other international partners who will be important for the Czech transformation.

subsequent reorientation toward the West, later strengthened by the split of Czechoslovakia in the beginning of 1993.⁴

Although it has become customary to stress the low predictability of changes in the post-socialist countries, predicting future developments in Western Europe is not so clear-cut either; hence it presents various possible scenarios with different consequences for the East Central European situation. The most relevant uncertainty here concerns economic development. Economic growth in Western Europe is a necessary condition for its open and supportive policies toward the Visegrad countries, and for sound economic relations between the two. In a situation of protracted recession, inwardly-oriented policies and protectionism may prevail in the West, together with a tendency to leave the Visegrad countries on their own. Xenophobia and right-wing extremism, provoked by massive immigration from the East, may aggravate this situation.

Of the utmost importance is the kind of approach Western European countries will adopt in terms of trade with the Visegrad countries, as well as the availability of capital, technical assistance and „know-how“ for these countries. For example, any massive restriction on imports from the Czech Republic into the EU or any insistence on immediate exposure of its economy to unregulated Western competition would most probably lead to an economic, social and political crisis in the country.

It follows from the geographical position of the country, as well as from its history, that Germany is the most relevant Western neighbour of the Czech Republic as well as its main gateway to Western Europe. Germany has been the biggest single investor in the Czech economy since 1989. Relations between Germany and the Czech Republic, not always friendly in the past, will be among the most important external factors influencing the Czech Republic's prospects for integration into Western European structures. Implicit in this is the as yet unforgotten heritage of World War II: the „German question“ and the repercussions of World War II are still a tangible issue in the Czech Republic and can easily be abused as political ammunition by both left- and right-wing extremists. As seen from the Czech side, the main components of the problem are:

1. The consequences of the expatriation of the German minority from the Czech lands after World War II and the ensuing demands placed on the Czech government by some expatriate representatives.
2. Compensation payments from Germany for Czech war victims and other damages.
3. The culturally-rooted mutual prejudices and stereotypes.
4. The fear of Germany's potential economic dominance in the East Central European area.

The discourse does not include any dispute over the border between the two countries (which has remained stable for the last two hundred years), nor the present-day German minority in the Czech Republic. According to the 1991 census, this minority represents only about 0.5% of the Republic's total population - 48,600 persons - and has been shrinking due, in large part, to emigration. The salience of the „German question“ will

⁴) The separation of Slovakia - the eastern part of the former Czechoslovak federation - increased both the geographic and the political distance between the Czech Republic and East Europe, shifted the centre of gravity of the country westward (see Illner and Andrlé in this issue) and increased the importance of its western neighbour.

probably become (indeed, is already becoming) less and less intense as a result of generational change, unless, of course, it is rekindled due to insensitive or even intentional actions on either side of the border.

The general public views Germans altogether positively. This attitude has remained more or less stable (see Table 1).

Table 1. Czech attitudes toward the Germans 1991-1993
(positive/negative feelings in percent, complements to 100% in every respective pair of data represent other replies)

1991 June	1991 November	1992 May	1992 November	1993 March	1993 November
49/10	46/13	41/12	33/16	39/13	35/21

Source: Public Opinion Research Institute, Bulletin of November 30, 1993

This is a promising situation in terms of its prospects for continuing appeasement, especially in view of the fact that the share of „positive feelings“ towards the Germans increases with falling age. However, things look different once the group in question are not Germans in general, but the specific group of Sudeten Germans, i.e. the German minority expatriated after World War II, their property claims and potential return. Here Czech public opinion has been clearly against any concessions. It therefore seems essential for the further improvement of Czech-German relationships not to centre them on the „Sudeten question“.

2. The Visegrad countries

The four countries of the Visegrad group (the Czech Republic, Hungary, Poland and Slovakia) are the nearest kin in terms of geographic proximity, cultures, intertwined histories and shared experience as Soviet satellites. They were - and partly still are - linked by intensive economic ties. All of them are presently in the geopolitical vacuum created in East Central Europe as a consequence of collapse of the Soviet empire, and all intend to be incorporated into West European structures. Future developments in the other Visegrad countries and relations with them will be of utmost importance for the transformation in the Czech Republic.

Of the three, Slovakia will be the most relevant for the Czech Republic because of the coalescence of the two societies in the past, their mutual economic links, the presence of one country's nationals on the other's territory⁵ as well as mutual cultural and emotional ties. The divergence or convergence of the political systems in the two states and of their economic and social policies will play an important role in the coming years. Any potentially deep conflicts between the Czech and the Slovak states could have devastating effects on their development. Fortunately, the separation of the two republics at the beginning of 1993 was conducted in a peaceful and orderly manner and there seems little probability of such conflicts occurring. There are no disputed territories (with the exception of a few acres) or minorities between the Czech Republic and Slovakia and the few existing disagreements are of a more technical nature. In addition, the attitudes of

⁵) According to the 1991 census there were 315 000 people with Slovak nationality permanently residing in the Czech Republic (3.1 per cent of total population).

the Czechs toward the Slovaks have been definitely positive over the last three years, as can be seen by the data presented in Table 2.

Table 2. Czech attitudes toward the Slovaks and Poles 1990-1993
(positive/negative feelings in percent, complements to 100% in every respective pair of data represent other replies)

	1990 June	1991 June	1992 November	1993 March	1993 November
Toward Slovaks	68/10	61/9	59/9	58/8	62/8
Toward Poles	-	27/22	23/25	34/9	39/12

Source: Public Opinion Research Institute, Bulletin of November 30, 1993.

The relations between the two states and societies need to be carefully developed. The optimistic expectation is that, after having established their status as independent states, the two republics will continue developing intensive co-operation of the kind existing among the Nordic countries and that they will steer together toward EU membership. Such a positive scenario presupposes shared foreign policy interests as well as shared political philosophies. The pessimistic alternative is that the two countries will be drawn into different geopolitical orbits and that their political and economic systems will move in different directions.

The situation in Poland and Hungary and ties with the two countries will also be of considerable importance for the Czech Republic. As the immediate neighbour and the largest of the Visegrad countries, Poland will be the most significant partner. Except for some popular prejudices, there have been no substantial problems in recent relationships with the two countries. Positive attitudes toward the Poles prevail among the population (see Table 2). The old territorial dispute between Poland and the Czech lands, which continued to play a role after the Second World War, seems to have since died out.⁶

All four Visegrad countries have declared their interest both in becoming members of the European Union and joining NATO. It will make a great deal of difference whether their efforts to integrate into Western European networks will proceed as a competitive race or through concerted and co-operative action. For the latter to materialise, a common political will is necessary and any temptation toward hegemony within the Visegrad group or toward outsmarting each other in the efforts of accessing the EU will have to be resisted. Governments in the four countries have been following different policies on this issue (the Czech representation has lately preferred independent action). It will also greatly depend on which of the two models of integration - the competitive or the co-operative one - the EU will encourage. The shared interests and similarities of the recent past should not, of course, obscure indisputable differences among the Visegrad countries, including their different developmental trajectories, and the fact that some of their interests may be dissimilar (see also the second part of this paper).

⁶) This dispute concerned the Těšín (Cieszyn) region with a numerous Polish population in Silesia (northern Moravia) along the present border between the two countries. After World War I, the dispute erupted into a short, armed conflict, ending in 1920 with the division of the region between Poland and Czechoslovakia.

3. The successor states to the former USSR

The largest European successor states of the former USSR - the Russian Federation and the Ukraine - will be another component of the international environment that will influence future developments in the Czech Republic as well as in the other formerly socialist countries of East-Central Europe. The USSR was Czechoslovakia's most important economic partner before 1990 and its successor states still are or could become important markets for Czech goods as well as sources of raw materials for Czech industry. Moreover, Czech producers have acquired experience with this market, and considerable amounts of Czech money have been frozen there as unpaid debts. Guest-workers, mostly Ukrainian ones, continue to come from Eastern Europe to the Czech Republic; their presence can be already sensed on the labour market.⁷ The stream may well grow in the future.

There are also political reasons for Eastern Europe's importance to the Czech Republic's future development. This adjacent region is a potential source of instability that could affect the Czech Republic. Inspiration for domestic extremist groups as well as destabilising waves of refugees might be dangerous consequences of any potential crises in the East. Russia, and to some degree the Ukraine, have economic and foreign policy interests in East-Central Europe that cannot be ignored by the Czech Republic, in spite of its increased political distance from the Eastern European region. Potentially, such interests and attempts by some Russian politicians to reclaim the geopolitical role of former USSR may influence (and perhaps delay, if not limit) the Czech Republic's integration, as well as that of the other Visegrad countries, into Western European structures.

The Czech Republic and the European Union

The most relevant supranational organisation within both the Czech Republic's international setting and its on-going transformation is the European Union. The European Union's relevance for future developments in the Czech Republic is twofold. The EU sets common West European policies (economic, financial etc.) that in many respects define the parameters within which the Czech Republic can act. It is also an institution into which the Czech Republic seeks incorporation and to which it, therefore, tries to adapt.

Since October of 1993, relationships between the Czech Republic and the European Union have been regulated by the Agreement on Association.⁸ The Agreement gives a definite timetable for the steps that will eventually establish a free trade zone between the EU and the Czech Republic. It also represents a framework for the step-by-step integration of the Republic into the EU and for its full membership. In this respect, however, no binding deadline has been set.

⁷) Ukrainians ranked second after Poles among registered guest-workers in the Czech Republic. Their number - some eight thousand in the beginning of 1994 (data of the Ministry of Labour and Social Affairs) - is still modest. It is, however, assumed that more Ukrainians are present without official permission and that the number of in-coming guest-workers will grow.

⁸) This document is almost identical with the 1991 agreement between Czechoslovakia and the then EC which had to be re-negotiated after the country split at the end of 1992.

Attitudes in the Czech Republic toward EU membership

Thus far it seems that a general consensus on the desirability of EU membership has prevailed both among the major political groupings in the Czech Republic and in the general public. Joining the EU is seen as one of the most obvious and undisputed foreign policy goals of this country. 85% of the adult population supported this goal in November 1993.⁹ Among all groups of the population a positive attitude prevailed, with the exception of the extreme left - see below. The „European orientation“ was stronger among the more highly educated, the more affluent and the right-wing. Political and particularly economic arguments - the bolstering of trade between the Czech Republic and EU countries, improved accessibility to West European markets for Czech exports and increases in economic prosperity and the standard of living, were the most frequently mentioned economic reasons for this preference.

Critical voices can be heard from political parties situated at the extreme ends of the political spectrum (both the Communists and the far-right Republicans are „anti-European“). Limited reservations concerning the EU's protectionism, agrarian policy and Euro-centrism were ventured by the conservative parties of the present government coalition.

A large portion of the attitudes toward accession to the EU can still be considered rather intuitive. EU membership is invested with the symbolic meaning of being a final confirmation of the Czech Republic's Western European identity. Little attention has so far been paid to a deeper and more informed understanding of the potential benefits as well as to the costs of entering the EU and of the conditions that have to be met before this can happen. The more concrete and practical aspects of accession have not yet been considered. Obviously, the conditions of accession, if it is negotiated in the future, will strongly influence domestic economic and social life in the Czech Republic and will place many demands and restrictions on it.

It can be expected that a more informed and critical assessment of the potential trade-offs of EU membership will soon find its way into the political discourse as well as into public and professional discussions, as was the case in Austria and the Scandinavian countries. As result of this, more differentiated approaches will likely emerge. The issue will be taken up by political parties, which will use it to profile their programs. The pro-European stance will most probably prevail, but the present almost unequivocal support for entry can hardly be expected to survive. Much will depend on the country's and, indeed, the EU's economic prosperity as well as on the character of the relations that will develop between the Czech state and the EU's member countries.

In this context, mention of attitudes in the Czech Republic toward NATO should also be made. At present NATO is viewed as the only political-military grouping that can guarantee the Czech Republic's security. Situated in the intermediary zone between the NATO area and the Russian Federation, the country cannot single-handedly protect its

⁹) They answered „definitely yes“ or „rather yes“ to the question „Should the Czech Republic endeavour to become a member of European Community?“. The proportion of „definitely yes“ answers was 37 per cent, of „rather yes“ answers 48 per cent. (Centre for Empirical Research, November 2-12, 1993 opinion poll, national representative sample of adult population, n = 1,113).

borders and independence in case of aggression.¹⁰ The present government of the Czech Republic has therefore declared the country's interest in becoming a future NATO member. Public opinion is more divided on this matter: in November 1993, 60% of the adult population supported membership. The share of the positively inclined has increased over the last three years, but the division in opinions has been preserved. Again, it was education, affluence, right-wing orientation and, in this specific case, also age which positively correlated with a pro-NATO attitude.¹¹

Conditions of EU membership

With the exception of the steps leading to the establishment of a free trade zone between the EU and the Czech Republic as a consequence of its association, there are no clear-cut, definite, formally agreed-upon conditions on which the future membership of the Czech Republic in the European Union would be contingent and which could steer pro-integration policies. There are also no deadlines to phase the process. The existence of such firmly-set prerequisites can scarcely be expected, as conditions will change in response to changes in the EU and its policies, and as a result of the interaction between the EU and East-Central European countries. The only available guidelines are the general, qualitative criteria mentioned in the Agreement on Association: political pluralism, free elections, the protection of human rights, the protection of minority member rights (as far as the political system is concerned) and a market economy (as far as the economic system is concerned). This set of criteria can, in our opinion, be extended by another two functionally linked, implicit conditions: the maintenance of social peace and economic efficiency (it cannot be expected that a country with an ailing economy and rent by social conflicts would be a welcome member in Western European structures, even if it could claim to all the necessary democratic and market institutions).

On a more methodological level, three types of conditions relevant for the successful integration of the Czech Republic into Western European structures can be distinguished:

1. Conditions concerning levels of development

It will be necessary for the Czech Republic to attain levels of economic and social development which will reduce the gap separating it from EU countries. This concerns GDP, inflation rates, budget deficits or surpluses, foreign debts, standards of living, infrastructure development, etc. Such levels guarantee that potential members will not become an unacceptable economic and political burden for the Union. In considering this set of conditions, it is however, debatable what the appropriate EU levels are. The

¹⁰) When asked in November 1993 about the potential sources of foreign military danger for the Czech Republic, the majority of the Czech population mentioned the former USSR (34 per cent). Significant to the problematic legacy of the past was the fact that Germany ranked as the second most probable potential source of military risk (13 per cent). (Institute for Public Opinion Research, opinion poll of November 4-10, 1993, representative sample of population aged 15 years and over, n = 802).

¹¹) The following question was asked: „Should the Czech Republic endeavour to become a member of NATO?“ 27 per cent answered „definitely yes“ and 32 per cent „rather yes“ (Centre for Empirical Research, November 2-12, 1993 opinion poll, national representative sample of adult population, n = 1,113).

Union's members are themselves highly differentiated as far as the relevant indicators are concerned, and the least affluent EU countries are not always substantially better-off on some of the indicators than the Czech Republic itself. Furthermore, the Czech public does not seem to realise that accession to the EU may also require a reduction in some economic activities, especially in agriculture.

2. Conditions concerning the direction and pace of development

This set of conditions is of a more dynamic nature, relating to the speed and orientation of the changes which should bring the Czech Republic nearer to the EU. The relevant indicators could be the pace of privatisation, reduction of inflation and of public spending, progress in legislative adaptation, etc. Such criteria guarantee that the changes are oriented toward the expected results within an appropriate time limit.

3. Conditions concerning structural adaptation

The final set of criteria concern structural adaptation, i.e. the modification of existing political, economic, social and even cultural institutions in the Czech Republic, such that they become compatible with those in EU countries. Frequently, new institutions must be created to meet this requirement. Structural compatibility is a precondition for close co-operation among countries within the common supranational institutions of the EU. Structural adaptation is necessary on several levels:

- Normative/legal systems: the compatibility of legislation, administrative rules, technical standards, etc.
- Institutions and organisational structures: the compatibility of constitutional bodies, public administration, courts, police, commercial organisations, taxation systems, welfare provision, civic organisations, etc.
- Infrastructure: the compatibility of telecommunication networks, postal services, transportation networks, etc.
- Culture: the compatibility of political and administrative cultures, of norms and habits related to economic behaviour, of fundamental values, etc. This concerns not only individuals but also institutions.

Of the above three sets of preconditions, structural adaptation is probably the most important. It is an essential precondition of any effective communication, transfer of know-how and of lasting and effective co-operation between the Czech Republic and the EU countries as well as on the sub-national levels. It is here that the widest gap between East-Central European and Western societies has developed during the last fifty years.¹² This is not to say that the conditions concerning levels and pace of economic development are easier to meet. Actually, given the present economic growth rates in the Visegrad countries and the EU, they seem unattainable. However, if anything, structural adaptation is one of the most important factors to the stimulation of economic growth in East Central-European countries so that the convergence of East and West European economies becomes feasible.

¹²) The difficulties arising from structural incompatibilities as well as from unequal developmental levels that may frustrate co-operation between Czech and EU partners were well illustrated by the recent transborder co-operation between the Czech and German regions [see Zich 1993 on „euroregions“]. Incompatibilities seriously complicated this co-operation.

The interactive nature of the relationship between the Czech Republic and the EU

In spite of its obvious asymmetry, the future relationship between the Czech Republic and Western European institutions (including the EU) will evolve as a two-way process and will be shaped by the *interaction* of the partners. In this process, adaptation will occur on both sides. Obviously, much more adaptation is expected from the East-Central European side, but adaptive changes will have to occur on the Western side as well. Indeed, the co-operation and future integration of the Czech Republic into Western European structures cannot be based on a passive adaptive model according to which the new potential members should merely catch up with the EU and its standards. This model is faulty in at least two respects. First, to „buy its ticket to Europe,” the Czech Republic will also have to actively participate in the solution of common European problems, contributing its own resources to this process and taking part in the creation of a new European reality. Material, political and cultural resources will have to be contributed to this effort, including vision, ideas and moral involvement. Second, in order to assimilate East Central European countries, West European structures will themselves have to adapt and to develop new institutional solutions.¹³ Arguing that straightforward enlargement of the EU will not be possible for many years, R. Baldwin recently suggested a potential blueprint for the stepwise accession of the former communist countries [Baldwin 1994].

Besides the EU, additional supranational organisations - notably the International Monetary Fund and the World Bank - have been and continue to be relevant external actors in the process of Czech transformation. Here we can only mention them.

The perspective

The optimistic scenario (not founded on any concrete plans or promises) foresees that within the next five years a free trade zone will be created between the Czech Republic and the EU and the main steps of structural adaptation will be completed. Somewhat earlier, negotiations concerning membership may begin, so that from the year 2000 the Czech Republic may become an EU member. A transitory period may follow, perhaps until 2005 or later, before full membership obligations will be assumed.

Multinational companies

It may seem misplaced to mention multinational companies - industrial, financial and others, along with states and supranational bodies - as components of the transforming Czech society's international environment. Yet such organisations do constitute an important element of this environment, and the largest of them can have a weight comparable to that of governments.

While operating on Czech territory, multinational companies mostly follow personal logic and interests which are independent of Czech or other countries' national interests. They are, therefore, a separate category of external actors - one which is

¹³) The „Partnership for Peace“, designed by the NATO as a form of co-operation with East-Central and Eastern Europe, or the Agreements on Association of former communist countries with the EU are some of the first products of such adaptation.

considerably relevant for the Czech transformation.¹⁴ By importing capital, by investing, employing large numbers of people, by assuming control of the markets, transferring Western methods of management, models of company policies and cultures, by bringing in foreign experts and managers, they influence both the economic as well as the social and cultural dimensions of the transformation. They compete with Czech companies and, being mostly much stronger and more experienced, if uncontrolled, may push them out of the market.

The country-specific background of the post-communist transformation in the Czech Republic

Beside the general background, common to all the former socialist countries of East Central Europe - one consisting of their „real-socialist“ past and their subordination to the imperial interests of the Soviet Union, as well as in a partly shared culture and history - the future development in the individual Visegrad countries will also be influenced by factors which are specific to each of them. Such country-specific factors, having mostly to do with geography, history - economic, political and social -, and culture, may cause divergent national developments in the years to come. They are long-term determinants, resources as well as barriers to future development, exerting an influence which is not easy to escape. It is essential to be aware of them, although it may be difficult to assess exactly how they will work and what their impact will be.

As mentioned above, the country-specific factors interact with the international setting of post-communist transformation - much the same for all countries of the Visegrad Four - to produce different, country-specific results. This is why we considered it necessary to identify them, however briefly, when discussing the international environment of the transformation.

The few selected factors specific to the Czech Republic which we wish to mention here can be divided into two interconnected groups:¹⁵

- Geographical situation and country size
- Heritage - economic, political, social and cultural.

1. Geographical situation and country size

The Czech Republic is the Western-most among the four Visegrad countries. This position is advantageous as it isolates the Czech Republic from the unstable regions of the Balkans and the former USSR and because it creates advantageous conditions for contacts with the EU countries. The advantage of proximity is partly offset by the relatively poor accessibility of the Czech Republic from the Western direction. The Czech basin is rather poorly connected to West European rail and motorway networks. The connecting routes are not numerous and they do not have sufficient capacity.

¹⁴) The largest foreign corporate investor in the Czech Republic after 1989 has been Volkswagen, who took over the formerly, fully state-owned Škoda car production. Defined within the framework of its world-wide operations, Volkswagen's prosperity and corporate policies have had a direct impact on the prosperity of the Mladá Boleslav region in Central Bohemia, where the Škoda plant is located, and is also the main job-provider, even in terms of the wide network of Škoda's subcontractors.

¹⁵) The selection of a society's idiosyncratic features is a rather subjective and ambivalent task. More factors could certainly be suggested by another observer in addition to those enumerated, while the justification of those mentioned could be questioned.

With its ten million inhabitants, the Czech Republic is a small country. Within the Visegrad group, the Czech Republic has about the same population size as Hungary, while Poland is three to four times larger and Slovakia one half smaller. To some degree its size co-determines the role that the Czech Republic can play both in Europe and within the Visegrad group. Development in a small country is more contingent on its environment than in a large one; it is also for this reason that we have paid special attention to the international setting of the Czech transformation.

The fact that since the split of Czechoslovakia at the end of 1992, the Czech Republic is a historically new unit in its present form is perhaps the most outstanding of its specific characteristics. The Czech Republic - until 1993 one part of the Czechoslovak Federation - found itself in an entirely new situation, unprecedented in modern Czech history. The last time that the Czech state existed as an independent country was in the 17th century. The new situation has changed the economic and political co-ordinates of the country as well as its geopolitical situation (see above). For this reason, the future development of the new, independent Czech state cannot be reliably forecasted on the basis of the common Czechoslovak past. In another sense, however, the development of the new, more homogeneous country should be more predictable than that of the composite, conflict-ridden Czechoslovak Federation.

2. Heritage

Economic

The important heritage of Czech economic history is the fairly high level of industrialisation already attained during the second half of the 19th century. The Czech Republic was already an industrial country before the communist take-over. The „socialist“ type of extensive industrialisation did not play such an important role there as it did in the other Visegrad countries. Czech industry is fairly diversified and is spread over much of the country's territory. However, its assets are relatively obsolete, having been insufficiently modernised since World War II. The state of industry is reflected in the state of the environment, which is one of the worst polluted in Europe.

During the communist rule, the Czechoslovak economy was fully socialised (including agriculture, retail trade and services), remaining so until the very last moment of the old regime in 1989: no far-reaching liberalising economic reforms were introduced before 1990, no significant thawing period (with the exception of the „Prague Spring“ of 1968) preceded this year. As a consequence, no stratum of private owners nor any entrepreneurial culture was able to develop. In this respect, the situation in Czechoslovakia was quite exceptional among the socialist countries of East Central Europe. Unlike Poland and Hungary, the economic transformation in the Czech Republic came as an abrupt change after 1989, with the development of the private sector and the new middle class starting from scratch. In 1989, the Czech situation was therefore different from that in Hungary and Poland and the task of economic and social transformation was probably more extensive.

Political

The important heritage of Czech political history is the experience of twenty years of political democracy in the inter-war period (1918 - 1938). In that time, democratic models as well as standards of both political behaviour and institutions were established

which have partly survived in the national memory and can be activated in the present process of transformation as points of reference and symbolic values. It is this which provides democracy with a good chance of realisation.

Especially from the end of World War I, politics in the Czech lands were characterised by the relatively strong position of the left parties, notably of social democracy. Both this and the Munich experience, which, for some time, undermined the credibility of France and Great Britain in the eyes of a large segment of Czech public, facilitated the communists' seizure and retention of power after 1945. The Communist Party of Czechoslovakia enjoyed relatively broad support after 1945 and only gradually lost legitimacy. During the first post-war years the soviet patronage was considered more acceptable in Czechoslovakia than in the neighbouring countries. After 1989, the Czech Republic was the only Visegrad country where the communist party did not formally interrupt its activity. The party enjoys the support (though a dwindling one) of some 4 to 5 per cent of voters. The left tradition should also be considered one of the potential factors of future development. Probably, it will assume the political form of support for the left-centre social-democratic orientation.¹⁶ However, the specificity of Czech political development after 1989 has been predominantly the strong and stable position of the right, expressed in the 1992 election results and repeatedly in the opinion polls. In a recent poll, 41 per cent of the respondents placed themselves on the right side of the political spectrum, while only 19 per cent positioned themselves on the left.¹⁷

Unlike in Poland and Hungary, the anti-Communist dissent was modest in the Czech Republic: it did not involve many activists and never became a mass movement. The communist rule was stricter and did not allow for oppositional or alternative groupings to grow on the perimeter of the official establishment. After the Prague Spring of 1968, no other significant thawing period followed and the collapse of the regime came abruptly in the fall of 1989. Thus, almost no alternative political elites and institutions had been prepared to replace the communist political system. New, inexperienced elites who had to commence their training, stepped into politics. The abruptness of the political change and the absence of trained elites made the task of political restructuring especially formidable in the Czech Republic.

Social and cultural¹⁸

Egalitarianism, which has been a significant feature of Czech political culture may play a role again in the future. During the transformation process, it may complicate the implementation of meritocratic principles and may also constitute popular support for welfare-oriented policies. Sharp differences in social and economic status will probably be unacceptable for large segments of the Czech population. A potentially positive feature of the Czech mentality is its sobriety and scepticism, both of which have

¹⁶) Support for the Social Democratic Party grew in 1990-1993 to reach a stable level of 11 to 13 per cent during the last year. A recent poll indicated 12 per cent (Institute for Public Opinion Research, opinion poll of March 28-April 6, 1994. Representative sample of population aged 15 and more, n = 1,618).

¹⁷) Institute for Public Opinion Research, opinion poll of March 28-April 6, 1994. Representative sample of population aged 15 and more, n = 1,618.

¹⁸) In discussing the specific traits of the Czech cultural tradition, we are on shaky ground and any conclusions should be drawn with caution.

contributed to the rational economic and political behaviour of the Czech population and have made it relatively resistant to political extremism. Scepticism, however, has frequently been associated with narrow-mindedness, provincialism and the inability both to appreciate bold projects and to be motivated by universal values.

Concluding remarks

There is little room for consistent generalisations concerning the influence of international environment on the post-communist transformation in the Czech Republic and on the interactions between external factors and the country-specific features. If any conclusions at all can be drawn, they might be condensed as follows.

Transformations in the Czech Republic will be highly contingent on the external environment. In this environment, the policies of West European countries and the European Union will be the most relevant, with a specific role being played by Germany. The Czech public harbours no strong animosities towards any of the Republic's neighbours - this in itself creates favourable opportunities for co-operation. Furthermore, with the generational shift, apprehensions towards Germany are disappearing from public opinion, and only the Sudeten German problem remains a sore point. The majority of Czech public opinion supports the Czech Republic's accession to West European institutions, but is still not really aware of the practicalities of accession, expecting it to bring gains, without considering the price to be paid. The specific geographic and geopolitical situation of the country and its economic, social and cultural heritage create relatively favourable preconditions for an orderly and successful transformation and political stability, provided that no external shocks occur.

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The Transformation of the Czech Economy - Present and Future Developments

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Abstract: This paper presents the most important results of the report *Czech Republic in 2005: Economic Scenario* which was elaborated within the framework of the project „Central and Eastern Europe in 2005“ sponsored by the EC Commission (DG 12). An analysis of present macroeconomic and microeconomic conditions and the main problems experienced by the Czech economy during the initial phases of its transformation are presented and a tentative forecast of possible development until 2005 outlined. The main macroeconomic trends in GDP, employment and unemployment, inflation and external relations are described and the state of microeconomic restructuring (property rights change, financial and real) is evaluated. Microeconomic restructuring is considered to be unsatisfactory in some important areas, thus creating barriers for further sustainable development. The forecasts are based on overcoming these barriers and are connected with policy recommendations.

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Introduction

In the report¹ summarised in this paper we have tried not to limit our focus to the analysis of the present day conditions, prerequisites and possible solutions of the short run transformational problems; instead we have attempted to present a realistic vision of the „desirable“ future development of the Czech national economy over the next ten years. Creating such a vision may not appear very sensible at first glance due to the number of uncertainties concerning the possible economic, political and social developments in the region. But the main reason for the elaboration of such a „normative“ vision is to stimulate more thorough and precise thoughts as to the necessary conditions to be met, barriers to be crossed and problems to be solved along the development path.

Our analysis and forecasts are based on the assumption that the main transformation processes from the Soviet-type economy to a market one may, in the case of the Czech economy, reach a relatively satisfactory level about 1995-7. By this time conditions for prevailing standard market behavioural patterns should have been established.

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¹) This paper aims at presenting the most interesting results of the report *Czech Republic in 2005: Economic Scenario* which was elaborated in the framework of the project „East Central Europe 2000“. The original Economic scenario was written by the present author, Karel Kouba, Vladimír Nachtigal and Jaroslav Hutař on the basis of background studies which covered the major issues and problems in the Czech economy from the transformation to 2005. The project was sponsored by the EC Commission (DG 12).

From 1997 the private sector should produce the decisive share of GDP, and the national economy should have a structure approaching that of the West European standard market economies. Certainly, some „Soviet-type behavioural patterns“ will only cease to exist due to the process of generational change, and may codetermine the development of the Czech economy for a long time to come, but the „new“ rational market behavioural patterns should prevail at the microeconomic level.

Forecasting under the conditions of contemporary Central and Eastern Europe is certainly a very difficult and somewhat questionable task given the great uncertainties concerning internal and external developments. Under these conditions a quantitative assessment of possible future developments in particular may be of a very tentative character. Econometric methods are not applicable due to the break-even nature of the transformational development and its highly unstable character. Even the task of securing reliable data on the present situation, especially at the microeconomic level, has proved almost impossible.

All over Central and Eastern Europe we may observe a highly uneven development, growing uncertainty, falling output and mounting unemployment and inflation, public budget and debt problems etc. Some positive developments have occurred in certain areas, but as yet we lack positive evidence that the transformation strategies employed might produce satisfactory and sustainable results. The current outcomes of the transitional process in Central and Eastern Europe should even make us think about the necessity of providing better theoretical foundations for the socio-economic reconstruction of this region, as has been proposed by the AGENDA-Group [cf. Kregel, Matzner, Grabher 1992].

Certainly, the transition has important spontaneous dimensions at the microeconomic level, but in order to avoid its becoming a drawn-out process of development requiring two or three generations, the government and parliamentary institutions should play a significant role, especially in restoring the legal order necessary for the normal evolution of markets as well as in the active creation of market institutions and regulatory bodies. The existence of markets and standard market behaviour is a necessary prerequisite for the efficient functioning of a market economy. The lack of effective market structures and of an adequate institutional framework creates the conditions of a relative systemic vacuum in post-Soviet-type economies, such that a relatively high degree of state involvement becomes a necessity if the transition is to be successful.

Considering the macroeconomic development in the region it is tempting to single out the Czech Republic as an example of highly promising development since in the Czech Republic certain macroeconomic data may be even compared to developed market economies. After experiencing some „inflationary bubbles“, following the price liberalisation in 1991 and the introduction of a new tax system based on VAT as of January 1, 1993, inflation was brought under control, and the rate of unemployment has been lower than in most countries. With regard to macroeconomic stabilisation policies it might indeed be called a relative success. On the other hand there was a huge decrease in GDP (especially in industrial production), a decrease in labour productivity, while the many unsolved problems still exist at the microeconomic level.

In the case of the Czech Republic one advantage over the other Central and Eastern European Countries should be emphasised. It has a relatively long history of capitalist

development and industrial traditions which has created the possibility of an easier and less costly transition than is the case with the other post-communist countries. On the other hand, the liquidation of the private sector was more complete than in Hungary or Poland; in this context the recreation of the private sector with the support of newly-born private firms and the privatisation of state property has become the transition's cornerstone.

The transformation strategy of the Czechoslovak Government and, later, of the Czech government

The transitional strategy of the Czechoslovak (and the Czech) government was originally based on the liberal theoretical concept, but given the actual circumstances many practical solutions have been more pragmatic and have not simply respected the liberal theoretical background. The complex problems of restructuring the national economy and the limited degree of market development attained thus far have not permitted the „laissez-faire“ approach which has prevailed in the theoretical justifications of the economic policy in Czechoslovakia since 1991. Indeed a scarcely identifiable mix of state corporatism, social market economy and quasi reactive (ad hoc) policies (usually in the eleventh hour, that is, under extreme pressure) as a response to the social and political pressures has been the reality. There are, however, some signs of a more deliberate and active approach in export promotion (the creation of the Export Guarantee and Insurance Agency - EGAP) and the restructuring of the coal industry. Even some principles of the future agricultural policy have been laid down.

The Czechoslovak government decided to implement restrictive monetary and fiscal macroeconomic policies. Under the conditions of the supposedly low responsiveness of state-owned enterprises, whose reactions were scarcely predictable and lacking adequate institutional frameworks, the government pragmatically linked instruments of traditional macroeconomic stabilisation policy with instruments of incomes policy. An important role in the stabilisation policy was played by the rather „overshot“ devaluation of the Czechoslovak crown, where the nominal exchange rate played the role of „nominal anchor“. The devaluation of the Czechoslovak crown was a necessary prerequisite for the liberalisation of the current account, connected as it was with the so-called internal convertibility of the Czechoslovak crown.

Fiscal policy had a crucial role in the government's anti-inflationary policy restraining aggregate demand. All the government budgets were conceived as balanced, and the aim of reducing the role of government in the economy was observed in reducing the ratio of government budget to GDP.

In 1990 the CSFR government budget ended up with a minor surplus, in 1991, its deficit did not surpass 1.1% of GDP and in 1992, 0.8% (0.5% for the Czech Republic). Unlike in Poland and Hungary, the proceeds of privatisation have been kept mostly outside the government budget. During the period 1990-1992 the ratio of budget receipts to GDP decreased from 57-58% to about 53-54% (for the Czech Republic it should decrease in 1993 to 51%).

With the exception of foreign borrowing the government did not resort to any financing outside the banking sector. The Central Bank has been independent of any instructions given by the central government, and its primary objective was the stabilisation of domestic currency. The central bank was forbidden by law to cover budget deficits by direct credits to the government. Net credit to the government of

CSFR from the domestic banking sector increased from an almost negligible figure in 1990 to a level representing almost 7% of GDP in 1992. The gross debts (domestic and foreign) of the central government of the Czech Republic can be estimated at about 22% of GDP at the end of 1992 (a financial settlement between the Czech and the Slovak Republics has not yet been reached). The debt service of the Czech government is expected to be about 4% of budget receipts in 1993. [cf. Hájek, Kláček 1993].

In January 1993 a new tax system based on VAT and fully compatible with EC, standards was introduced, aiming at broadening the tax base, removing distortions in the old system and making fiscal operation more efficient and transparent. A new social security system (with Health Care Fund, Social Security Fund and Employment Fund independent of the budget) and local budget reforms were introduced as well. Despite these enormous systemic changes in the tax system, the balanced budget for 1993 was achieved with even a small surplus.

The relative success which has been achieved thus far in the field of macroeconomic stabilisation is clearly visible. In spite of the immediate liberalisation of 95% of all prices and the subsidy cuts under conditions of an extremely monopolised post-socialist economy creating a one-off, bubble-like increase in price levels at the very beginning of 1991, the monthly consumer price increases from then until the end of 1992 did not surpass 2%. In 1992 the annual inflation rate reached 11.1% (measured by CPI), which is the lowest figure among all the post-communist countries. A slightly higher rate of inflation in 1993 - about 18.2 - reflects the price level increase due to the introduction of the new tax system based on VAT in January 1993, with a similar one-off, bubble-like increase in price levels at the beginning of the year, followed by moderate price increases up to the end of the year. Low inflationary expectations had favourable impacts on the economy's entrepreneurial climate as well as on rational consumer and saving-behavioural patterns in the household sector.

The external stabilisation of the economy has been reflected in the exchange rate of the Czechoslovak crown which, after the massive devaluation in the end of 1990 (by nearly 100%), remained stable until the beginning of 1993. This stability has been maintained in spite of the widening scope of internal convertibility, the balance of payments and the foreign exchange reserves fluctuations at the end of 1992, which were caused by the expected split of Czechoslovakia. In mid-1992 and prior to these fluctuations, the external reserves reached the highest level of the post-war period. After the split of Czechoslovakia in January 1993, foreign reserves declined amid devaluation speculations. But soon after the dissolution of the federal state and the common currency, the foreign reserves again reached the highest level since 1992. By the end of 1993 the foreign reserves of the Czech National Bank reached \$ 3.8 billion and foreign reserves of the entire Czech banking system reached \$ 6.2 billion.

Some progress - but far less impressive - was achieved within microeconomic restructuring. But due to the large share of state-owned enterprises in GDP formation, the mobility of production factors has thus far been limited. This may be quite clearly observed in the labour market, and is expressed by a very low unemployment rate. However, a satisfactory explanation of these phenomena may only be found at the microeconomic level.

In 1990, the central planning system of the administrative allocation of capital and labour was abolished, but efficient market allocative mechanisms have only emerged

slowly, and may not be sufficient in themselves to rectify the huge structural deformations created by the communist economic system in a comparatively short time span. To a certain extent the Czech economy inhabits a systemic vacuum which, in a reactive and unsystematic way, is filled by government intervention.

After 1989, the natural structure of „entitlements“ characteristic of the Soviet-type economy in Czechoslovakia was weakened and their regulatory ability comparatively diminished. However, the regulatory capacity of central planning was very limited and inefficient, even during the communist regime. Thus L. Mlčoch may be quite right when he states in his background study that the „abolition of the planning system has passed almost without notice“ [Mlčoch 1993: 4]. Nevertheless new legal structures of property rights are emerging hesitantly and are accompanied by many problems, and the regulatory and allocative capacities of market forces have thus far remained quite weak. The markets in the Czech Republic are heavily monopolised and inefficient.

The structural development and modernisation at the microlevel has lagged behind considerably (especially in manufacturing). The industrial structure is changing very slowly while, in fact, the position of primary and low value-added industries has been strengthened. More than 30% of industrial output is still produced in enterprises with over 5 000 employees, reflecting a bias towards large-size companies as a legacy of the Soviet-type economy. Due to a relatively low competition for output in the markets of developed economies, the share of high value-added products in Czech exports decreased during the necessary shift from the CMEA market to Western markets. Nevertheless the reorientation of exports should be considered quite successful.

Changes at the microeconomic level have, until now, not been significant enough to serve as a firm basis for sustainable macroeconomic stability. The creation of strong microeconomic roots for medium-term macroeconomic stabilisation requires at least 3-4 more years. For this reason, even the positive results of the macroeconomic stabilisation policy may not be tenable in the medium run without successful restructuring at the microlevel and responding changes in market agents' behaviour.

Transformational recession² in the Czech Republic

The implementation of a radical economic program aiming at a transition from the Soviet-type economy to a market one, the stabilisation of macroeconomic policies and the collapse of intra-CMEA trade were followed by a steep decline in economic activity from 1990 to 1992 (measured by real GDP and industrial production). However, this development was preceded by a decade of economic stagnation [Klacek, Hájek 1989].

This economic decline or „transformational recession“ is a unique and, to a considerable extent, an unavoidable phenomenon - „an atypical one-off downward adjustment of output on the way from a singularly wasteful, closed economy to a more efficient, open one“ [Winiecki 1993: 7]. It is a multi-causal phenomenon created by a vast number of interrelated factors and external shocks. The depth of the transformational recession also depends, however, on the overall transformation strategy and the nature of economic policy.

²) A formulation employed by J. Kornai to describe the principal difference between the classical cyclical recession in a standard market economy and the one-off recession created by transitional process from the Soviet-type economy to a market one [Kornai 1993: 3].

In 1990, the real GDP of the Czech Republic decreased by 1.2% over the previous year, by 14.2% in 1991 and by a further 7.1% in 1992. This economic decline continued through the first half of 1993, while in the third quarter some faint signals of recovery appeared. This economic decline has been far greater in industrial production, where during the period 1989-1992 the output decreased by 32% [Novotný 1993]. However, the decrease in industrial output is not so large if measured in value-added terms [cf. Nachtigal 1993].

A detailed analysis reveals that during the 1991-1992 period, all elements of aggregate demand declined. The fall in domestic aggregate demand (the sharpest reduction in investments into fixed assets being followed by a reduction in private consumption) was accompanied by the dramatic collapse of the CMEA market (compensated partly by increasing exports to the West European markets, especially to the EC). The sharp transformational recession in the 1990-1992 period, representing on a compound basis more than 22% of GDP, was not, however, accompanied by a corresponding decline in employment. A very low rate of unemployment has been a specific feature of the Czech economy as compared to other economies in transition as well as to developed market economies. This striking difference between the tendencies in the development of output and unemployment cannot, however, last for long and may be explained mainly by the slow restructuring at the microlevel.

The main reasons for the depressed aggregate demand and supply in 1991 were a price jump following price liberalisation in January 1, 1991, the massive devaluation of Czechoslovak crown, and the collapse of the CMEA trade system. These shocks took place within the framework of a tight fiscal and monetary policy aiming at curbing inflationary pressures. Fiscal and monetary restrictions were somewhat heavy-handed given the conditions of high price increases, creating in this way an additional recessionary pressure.

The aggregate demand declined by 22.3% in 1991, private consumption fell by approximately the same amount, and gross fixed capital formation was reduced by almost one third. Aggregate exports fell by 8.2%, but there was a rapid increase in the export of services. Due to the devaluation of the Czechoslovak crown, and an overall decline in economic activity, demand for imports decreased, resulting in a surplus in the current account of the balance of payments.

In the second half of 1992 and in 1993 the co-existence of both the symptoms of recession and some signs of economic recovery become visible. Industrial output fell by 10.6%, (large state-owned enterprises experienced a further decrease in output, while in smaller ones and in the private sector the output rose). In 1992, output in construction increased by 22.0% (this being due mostly to contracts abroad). The upturn in economic activity was located in the private sector, but because of its low share in GDP formation thus far its dynamics were overbalanced by declining trends in the state sector. In 1993, the GDP stagnated, while industrial production decreased further (preliminary data shows a decrease of about 5% with some decrease in construction as well).

The transformational recession is a complex phenomenon in which aggregate demand and supply factors are intertwined. There is no simple aggregate demand stimulation solution because of the very rigid and highly monopolised economic structures in a majority of the state-owned enterprises, which do not respond in a standard manner to increasing aggregate demand. Under these conditions, demand

management of the traditional neokeynesian kind would have inflationary effects and very limited positive effect on aggregate supply.

Inflation

The low inflation rate which is now more or less under control is, apart from the stable exchange rate, the most outstanding feature of the Czech economy when seen in comparison to other Central and East European post-communist economies.

These results were achieved mainly through a restrictive fiscal policy and through an income policy based on tripartite bargaining between government, employers and trade unions. In 1991 the stabilisation of macroeconomic policies succeeded in preventing the one-off price level jump which followed the liberalisation of almost all prices from triggering off an inflationary process. As markets and especially the labour market can hardly be considered to function efficiently during the transitional period, an income policy was temporarily employed to provide a stabilising anchor above and beyond the exchange rate, but its effects and even the necessity of its implementation have sometimes been questioned.

The overall indexation of wages based on tripartite agreement resulted in a 16.4% rise in money wage, but a 24% decrease in the real wage rate, this being due to a high initial price level increase in 1991 (see table 1). In 1992 the wage regulation was partly relaxed and in 1993 it was removed (but from May 1993 the government sought to reintroduce it in response to a large increase in money wages, especially in state-owned enterprises; finally it was reintroduced in July 1993). In 1993 wage regulation became the subject of fierce debates inside the tripartity, with trade unions, employer's associations and commercial banks expressing their disapproval of it.

The pressure exerted on prices by the money wage increase was already present in 1992, when the unit labour costs increased 2.5 times faster than consumer prices (see table 2). These pressures have continued in 1993, and could probably weaken the competitiveness of Czech exports and even domestically consumed goods in relation to imports because of their impacts on costs and the real appreciation of the Czech crown.

Table 1. GDP, Productivity and Wages in the Czech Republic
(Annual per cent change)

	1990	1991	1992
Real GDP	-1.2	-14.2	-7.1
Employment	-0.2	-7.0	-3.0
Productivity of Labour	-1.0	-7.7	-4.2
Money Wage Rate	3.5	16.4	22.2
Real Wage Rate	-5.8	-23.9	9.7

Source: Statistical Yearbook of CSFR 1992 and Reports of the Czech Statistical Office.

The results of privatisation efforts

At the end of 1991 the share of the private sector was about 8.4% of GDP and 10% of employment. But the situation changed dramatically during 1992 and the first half of 1993. According to Czech National Bank estimates, 32% of GDP was produced in the private sector in the first quarter and 44% in the third quarter of 1993 (including

enterprises privatised through the voucher privatisation in the first wave of large-scale privatisation) [see CNB Report 1993: 12].

Taking this into account, we can view the privatisation process in the Czech Republic as having been quite successful; however, some problems connected with the large-scale privatisation remain. The result of the first wave of large-scale privatisation has been more or less formal privatisation (or commercialisation). Efficient property rights structures (especially on the basis of the voucher scheme) may only evolve gradually, and even this evolution may present some dangers (even the possibility of a breakdown in the newly-born capital markets and the denationalisation of some enterprises privatised using the voucher method have been stressed by some authors) [see Mlčoch 1993; Sojka 1992].

„In relation to the privatisation process, there is frequently a ‚privatisation paralysis‘, wherein expectations, and often time and energy-consuming negotiations related to the change in property rights, cause postponement of decision-making in employment, capacity utilisation and investment, or other questions about company restructuring“ [Charap, Zemplerová 1993: 20].

In Czechoslovakia, about 437 privatisation investment funds (PIF), which invested investment points on behalf of individual citizens, have been established in the voucher privatisation process, and 72 per cent of investment points were invested by the PIFs, with important and sometimes still uncertain consequences for property rights structures [see J. Havel 1993, and Sojka 1992].

If we wish to assess the outcomes of privatisation efforts in the Czech Republic, some of the significant, as yet unresolved problems and risks should once again be stressed:

- in its initial stages, voucher privatisation has had the character of a relatively formal privatisation (or commercialisation). As we have just mentioned, an efficient property rights structure may only develop gradually on this basis; in this way voucher privatisation could lead to a significant postponement of restructuring enterprises, thus protracting the inefficient use of „frozen“ resources;
- the restructuring of state-owned enterprises was deliberately left to future private owners (which, in some cases, may lead to the necessity of government support in restructuring them after privatisation and even to the danger of denationalisation). The relaxation of government governance created a situation in which state-owned enterprises have operated in a special environment characterised as a „no-man's land“, an environment between state and private control, which has adverse effects on investment and restructuring processes and causes uncertainty with respect to privatisation. This situation creates favourable conditions for wild privatisation and thus leads to a loss of assets;
- there is considerable uncertainty as to the behaviour of the largest PIFs, with the possible risks of a capital drain of the newly privatised enterprises, the petrification of monopolistic structures and significant difficulties for the capital market which may arise from the necessity of adjusting PIFs' asset holdings and management to the new legal requirements. The largest PIFs experience serious difficulties in executing their property rights over the management and financial restructuring of enterprises in their portfolios.

Due to the shape of the privatisation strategy, in which an important role is played by the non-standard voucher method, the transition from formal private ownership to real governance of firms remains a significant problem, and one which is linked to some significant risks (in the short and medium run, there is the problem of the fragmentation of shareholdings as well as uncertainty as to the behaviour of the 16 decisive PIFs and developments in newly-created capital markets).

Unemployment

The present tendencies encountered in unemployment data (a relatively modest increase in 1991, a decrease in 1992 and a moderate increase in 1993) are the result of the very specific conditions existing in the present stage of the transition process in the Czech national economy. The situation in the labour market and the rate of unemployment are the outcome of a number of mutually intertwined factors. The most important of these being:

- 1) The „pre-privatisation syndrome“ - a behavioural pattern encountered frequently in state-owned enterprises. In this sector, even under changing conditions, we can observe a tendency towards an increase in social over-employment in 1991-1992. Large enterprises with more than 1000 employees have, until now, had the decisive share in output - over 70% in 1992 [Hájek 1992].
- 2) The absent disciplining of enterprises through bankruptcies until April 1993.
- 3) The changes in institutional conditions for granting unemployment benefits.
- 4) The high devaluation of the Czechoslovak crown at the end of 1990 creating suitable conditions for competitiveness, mostly in traditional industries, and helping reorientate Czechoslovak foreign trade to Western markets.
- 5) The increasing economic activity in the private sector, especially in services, construction and transport.
- 6) The growing efficiency of labour offices and active employment policies alleviating the situation, especially for young people.
- 7) The migration for jobs abroad (especially in Western Bohemia).

Due to all the above mentioned factors, unemployment has, until now, been quite low in the Czech Republic; however, some important regional differences exist. As empirical data show, unemployment tends to increase from the western regions to the eastern regions of the Czech Republic. The parts hit hardest by unemployment are Northern and Southern Moravia, with respective unemployment rates of 4.57% and 2.93%, as well as Northern Bohemia with 3.11%. In Prague, the rate of unemployment is about 0.24% while in all other Bohemian regions it moves between 1.89 and 2.76%. These unemployment data are from June 30, 1993, when the unemployment rate in the Czech Republic reached 2.63%. At the end of 1993 the unemployment rate reached 3.2%.

As usual, districts with markedly one-sided production structures are hit hardest, especially the „one-factory regions“ in Northern Moravia, where a rapid increase in unemployment can be expected in the near future (Vsetín and Šumperk districts with an expected unemployment rate of over 15%). In parts of Northern Bohemia and Northern Moravia Gypsy unemployment may become a particularly difficult problem to solve due to their low skills (the Gypsy share in unemployment was 5.6% in 1992).

Foreign trade reorientation

During the first phase of the transformation processes a radical adjustment of trade, services and capital flows began to materialise. This process should implement the shift from the distorted structures, which arose under the Soviet-type economy framework, to standard market-determined patterns of trade and capital flows, reflecting underlying comparative advantages.

As expected, the low competitiveness of higher value-added Czechoslovak goods saw the share of relatively higher value-added products in total Czech exports continue to diminish over the period 1989-1992. The share of finished products fell to about 1/3 and a dramatic decrease occurred in the share of machinery and transport equipment, from 47% in 1989 to 25% in 1992 [see Hrnčič 1993]. At the same time, however, an encouraging trend in exports to the developed market economies began to evolve as a result of the steady increase in finished products since 1990.

Possible future developments

The macroeconomic performance of the Czech economy will depend heavily on the results of microeconomic transition. We expect that the major unresolved problems connected with restructuring and adjustment at the microlevel will be met with adequate solutions, and that around 1995-1997 rational market behaviour of firms and households will prevail. The timing of the „break-even point“, the point at which the private sector, based on newly-born private firms and real privatisation connected with standard rational market behaviour, will prevail, is an important dimension co-determined by the nature of government economic policy and its priorities.

No simple „laissez-faire“ versus interventionist (or liberal versus keynesian) options exist in the transitional economy. The development path, with its potential and required solutions, is very narrow, allowing the government two realistic options: to continue the macroeconomic stabilisation policy at the macrolevel, combined with „reactive“ supply-side microeconomic measures of a somewhat ad hoc character, or to integrate the macroeconomic stabilisation policy with „active“ supply-side microeconomic policies (industrial and regional), aiming at deliberate restructuring and modernisation at the enterprise and regional levels.

The results of these two approaches may differ only in the medium and longer run (the elaboration of comprehensive industrial and regional policies and programmes is time-consuming). We suppose that the active pro-market approach could shorten the transitional process and minimise the inevitable social costs (unemployment, loss of resources, poverty) and risks, thus creating space for greater political and social stability.

In the case of the „reactive“ approach, the break-even point may be delayed until 1997-1998, so that growth rates up to the year 2000 will be lower and regional disequilibrium higher, as will the unemployment rate. In the short and medium term, on the other hand, there may be smaller government budget deficits and a slightly lower rate of inflation.

The „active“ approach may be connected with a more rapid but more even economic development, a lower rate of unemployment, a slightly higher rate of inflation not exceeding 10%, and lower regional differences. On the other hand, government budget deficits may rise to 4-5% of GDP, net exports of goods may be more negative and

foreign borrowing may be used to finance some infrastructural projects (telecommunications, transport networks etc.).

Successful development is greatly determined by adjustment processes at the microeconomic level which should be, in the systemic vacuum existing in the initial phases of transition, linked to a number of supply-side microeconomic policies. These policies should aim for structural adjustment at enterprise, industry and regional levels, and should solve the problems of enterprise restructuring in their financial, organisational and real dimensions.

The restructuring, modernisation and demonopolisation of the Czech economy is critically dependent upon overcoming the entrance barriers to new firms and the exit barriers of firms which exist in our industrial structures.

On the one hand, the microeconomic supply-side policies envisaged may have the character of „picking up the winners“, and, as such, should be connected with a comprehensive system of policies supporting small and medium firms, the elaboration of technological policy and the creation of economic tools to help them materialise. On the other, they should embrace „selecting the losers“ policies aiming at restructuring or weeding out inefficient state-owned enterprises (especially in the initial phase of transition) or helping to restructure large privatised enterprises and industries in crisis. The „selecting of losers“ policy should involve a clear demarcation of border-lines between the private and public sectors, as well as the execution of property rights in the public sector by the respective government agencies. The creation of a comprehensive pro-export and agricultural policy, the foundations of which are being laid at present, is recommended.

The GDP and aggregate demand components

In the short and medium run real GDP is forecast to grow rather slowly as the effects of privatisation on restructuring require time to identify, and the majority of privatised enterprises will only gradually improve their performance. The dynamics of the small and medium private firms are high, but their share is not large enough to have a decisive impact on the dynamics of industrial output. Even in developed market economies growth rate expectations are not very optimistic for the next two years. According to the analysis presented above we expect growth rates of 1.41% in 1994 and 2.62% in 1995. In the longer run - in the period 1996-2000, 2.9-3% and in the period 2001-2005, growth rates of about 2.8% are forecast. Higher growth rates are estimated on the assumption of the prevailing efficient behaviour of firms at the microlevel, increasing efficiency of economic resources on the basis of restructuring, sufficient foreign capital inflow and an absence of internal or external shocks. The growth rates of GDP were estimated with the help of macroeconomic calculations, based on the social accounting matrix determined by a simple computable general equilibrium model [see the Annex of the report „The Czech Republic in 2005: Economic Scenario“, prepared by J. Hutař].

In the gross value added by sectors, a certain decrease in the shares of manufacturing and agriculture, and an increase in the share of construction and services are forecast, as table 2 shows.

Table 2. Gross Value Added by Sectors

	1992	2000	2005
Mining and quarrying	2.8	1.3	1.1
Manufacturing	50.4	45.4	43.2
Construction	8.4	15.0	19.1
Agriculture and forestry	5.1	2.7	2.3
Services	33.3	35.6	34.3
Total	100.0	100.0	100.0

Source: Czech Statistical Office and own calculations based on BS written by Nachtigal, Kláček and Hájek, and on the Computable General equilibrium model application by J. Hutař in the Annex.

Inflation

Single digit inflation will remain one of the most important macroeconomic goals. After 1993, inflation is forecast to be single digit, in spite of some relaxation in monetary and fiscal policies. For 1994 an inflation rate of about 9% is expected.

The average yearly rates of inflation for the period 1992-2000 are forecast to hit around 7.6% (measured by CPI) or 6.1% (measured by PPI) and, for the period 2001-2005, about 6% (CPI) or 5.5% (PPI), as shown in table 20.

The Labour Market

The present tendencies encountered in the labour market in the Czech Republic, with its comparatively low unemployment rate, are a result of the specific conditions of the current phase of the transitional process. The privatisation process should bring about the first wave of enterprise restructuring in the second half of 1993 or, more probably, in 1994. Some effects of the law on bankruptcies can be expected in 1994.

In the medium run, liquidations and restructurisation connected with limiting social overemployment will increase the labour supply and create regional problems. These developments will bring about some positive effects on the labour force's mobility. The first effects are to be expected in light industry in North-eastern Bohemia and some parts of Northern Moravia as well as in agricultural regions. In the second half of the 90s, branches of heavy industry may be hit, with adverse effects concentrated in Northern Moravia (in coal mining, iron and steel production).

The tendencies in the development of the labour market will depend on the inflow of foreign capital (mainly from Germany and the other EC countries) and on the continuing development of the small and medium-scale private sector. An active employment policy will become a very important factor in curbing unemployment, especially at the regional level.

Reconsidering all the major factors determining the developments in the labour market a most probable scenario presupposes an increase in unemployment from 1994, and a continuing increase in the unemployment rate over the next 2-3 years. A fall in GDP should be matched with a possibly delayed fall in employment in the economy as a whole. In the second half of 90s employment, unemployment and GDP should behave in a „standard way“, that is, similar to developed market economies.

In 1994, an unemployment rate of around 6-8% may be expected, with some pockets of unemployment with rates of around 15%. In the medium and long run we can reasonably expect some stabilisation of the unemployment rate, which could be maintained at the level of 5-6%. In case of an „active“ pro-market strategy an unemployment rate of around 4% could be deliberately maintained from 1996.

The employment structure will gradually approach the employment structures encountered in developed market economies. The share of private sector will outweigh the public sector from the mid 1990s, and around the year 2000 we can expect its share to constitute about 70% of the labour force. Employment in agriculture will decrease very rapidly and from the mid 1990s it may be halved. Employment in industry will also decrease, while at the same time employment in the service sector will increase significantly.

Foreign trade

A substantial percentage of Czech exports are resource-based, low value-added products and standard labour intensive and relatively low-skill manufactures. After the heavy devaluations of the Czechoslovak crown in 1990, iron-metallurgy, basic chemicals and similar intermediate products were able to find new export markets relatively quickly, as their competitiveness increased [see Hrnčír 1993: 19, table 14]. The prospect of further increases in the export of these products are only modest, as in these branches international demand is weaker, the competition between developing countries particularly strong and all accompanied by strong pressures in favour of protectionism in response to overproduction and/or unemployment.

The existing patterns of the Czech exports can only change in the medium and long-run in connection with the restructuralisation of the Czech economy, which will bring about an upgrading of production and export structures. This process could create conditions for a recovery of the Czech Republic's share in world markets.

In the short-term the country will have to rely mostly on existing export patterns, with a bias for cheap labour and labour intensive, relatively standardised products. The advantages of low wages and cheap labour as the basis of the country's specialisation and competitiveness must, however be, qualified. The cost and price dimensions of competition are dominant for standardised products. For non-homogeneous, more sophisticated and higher, value-added products, factors such as goodwill, reliability and quality standards, advertising, after-sale service and the capacity to meet special consumer requirements are crucial. The incentives implied in „cheap labour“ are likely to promote a further shift towards lower value-added branches. Such a „regressive specialisation“ can have negative implications, including the risk of a brain drain and an increasing technological gap in relation to the standards of developed countries.

The actual short-term trade patterns differ considerably from the underlying comparative advantages of the country. The Czech Republic has a comparatively high level of human capital. Standards of education, skills and craftsmanship remain comparatively high and, associated with an industrial tradition and a continuing technical know-how, should form the basis for a comparative advantage in skill-intensive and advanced manufactures and services.

In order to exploit this comparative advantage a number of existing barriers must be overcome. Physical capital is obsolete, many firms are undercapitalised, marketing and management capabilities are underdeveloped, many trade and banking services are

either lacking or inefficient. The ability to validate the existing human capital and skills is dependent on the inflow of foreign physical capital and the transfer of Western technology and know-how.

Foreign investments and foreign debt

The increased inflow of foreign capital (implying the inflow of foreign technologies and know-how) is considered desirable and even necessary both to cope with the undercapitalization of domestic firms and to support both the balance of payments and the introduced internal currency convertibility.

During 1990-1992, Czechoslovakia succeeded in attracting the second largest volume of foreign direct investment (FDI) among the ex-CMEA countries after Hungary (\$ 2,122 million). A substantial part of these funds was used just to acquire existing property. (A more detailed analysis of FDI in CSFR is contained in [Hrnčič 1993].) Investments in physical capital and technologies are only expected to gain momentum after 1993.

In the coming period an increasing inflow of FDI in the Czech economy can be forecasted. This inflow will generate increasing imports of equipment and technologies, and, at the same time, should enable the balance of payments to be maintained in equilibrium, thus correcting the likely deficits on the current account.

The gross foreign debt of the CSFR amounted to \$9.5 billion at the end of 1992. The gross foreign debt of the Czech Republic after the split of the federation (at the end of January 1993) amounted to \$8.5 billion. The share of short term debt increased from 57% to 61%, resulting in an increased liquidity of the country. It is forecast that gross foreign debt will fluctuate between \$7-8 billion over the forecasted period.

Microeconomic restructuring and modernisation

The restructuring activities of governmental economic policy should focus on creating suitable conditions for the exit of unviable enterprises (in the public sector via executing property rights, and in the private sector on the basis of the bankruptcy law and its execution. A more flexible court system is necessary).

An ever-growing part of investment, linked with restructuring and adjustment, will be carried out by private firms, including joint-venture companies. It would be unwise for the government to abandon investment decisions in specific areas and withdraw its active influence. Private investment should be promoted in all cases where technological, structural, regional and ecological aspects are involved.

After the first three years of transformation, it has become obvious that the adjustment problems are of such magnitude that it would be an illusion to believe that their solution can be left solely to market forces. The market is still only emerging and segments essential to implement structural changes (capital market, housing and labour markets) are only now beginning to develop. This certainly should not be interpreted as an appeal to return to the discredited forms of structural policy of the past (based on central planning). Rather it is an appeal not to neglect the experiences of other transforming economies [Slay 1993, Landesmann 1993].

A certain balancing between the idea that emerging markets themselves could and would solve major structural obstacles and the practical necessity of solving socially urgent problems linked with restructuring has led to a situation in which certain areas of

structural policy are „underdeveloped“ in comparison to others. As mentioned above, technological policies, export promotion, a clear vision of the position of various sectors, industries and large enterprises should be included under this heading.

Depending on the development of external factors (the prospect of an economic upturn in the world economy in general and in Western Europe in particular, linked with a broader opening of the West European markets to Czech exports) and on the trends in the internal conditions (progress in large-scale privatisation, restoration of economic and investment activities, success in the implementation of a clearly defined structural policy) one could examine the perspectives of structural changes in the Czech industry.

Significant structural shifts at the macroeconomic level can be predicted relatively easily. Some of them started as early as 1989. It is reasonable to assume that agriculture's contribution to GDP will diminish, as this sector continues to employ more manpower than is the case in the developed West European countries (8.3% in 1992). The share of industry in GDP will no doubt also diminish. In 1990 it amounted to 63,0% and, alongside construction, contributed 74,3% in national income formation. At the same time, one can certainly expect a further increase in the share of the service sector in GDP.

A much more complex problem concerns the nature of the structural changes in industry in the period mentioned.

Existing predictions of structural changes in industry cover the period until 1995 and are based on a set of limiting qualifications. One of these forecasts prepared in 1991 is based on two assumptions : 1. radical economic reform will continue and 2. exports to Eastern Europe will be restored [Zeman 1992]. Four scenarios of feasible development were elaborated covering the period to the middle of the 90s. Concerning the feasible structural changes in industry the study comes to an interesting conclusion, suggesting that „it would not be possible to maintain the present over-employment in industry“. It can be expected, the study continues, that the emergence of rational economic behaviour on the side of enterprises during the transformation period will produce significant changes in the structure of industrial production and employment. The most dramatic change would affect the share of non-electrical machinery and mining in the total volume of industrial production, mainly to the advantage of some light industries. In spite of the general increase in labour productivity in all industries during the period analysed, it cannot be expected that labour productivity in Czech industry would approach the level of the developed market economies before 2005 [Zeman 1992].

Any prediction as to what changes the industrial structure of the Czech Republic might see in the period following 1995, could only be very general and highly speculative. As mentioned earlier, some conclusions could be drawn by comparing the domestic industrial structure with the structure arrived at by comparable West European countries towards the end of the 80s. Countries like Austria, Belgium, Denmark, Finland or Sweden could be selected as countries meeting this requirement.

There is no doubt that a large reduction in capacities and employment, not only in steel and engineering, but also in textiles and other light industries will have to be carried out. On the contrary, expansion of capacities and employment in industries like foodstuffs, furniture, printing and professional goods can be predicted with a high degree of certainty.

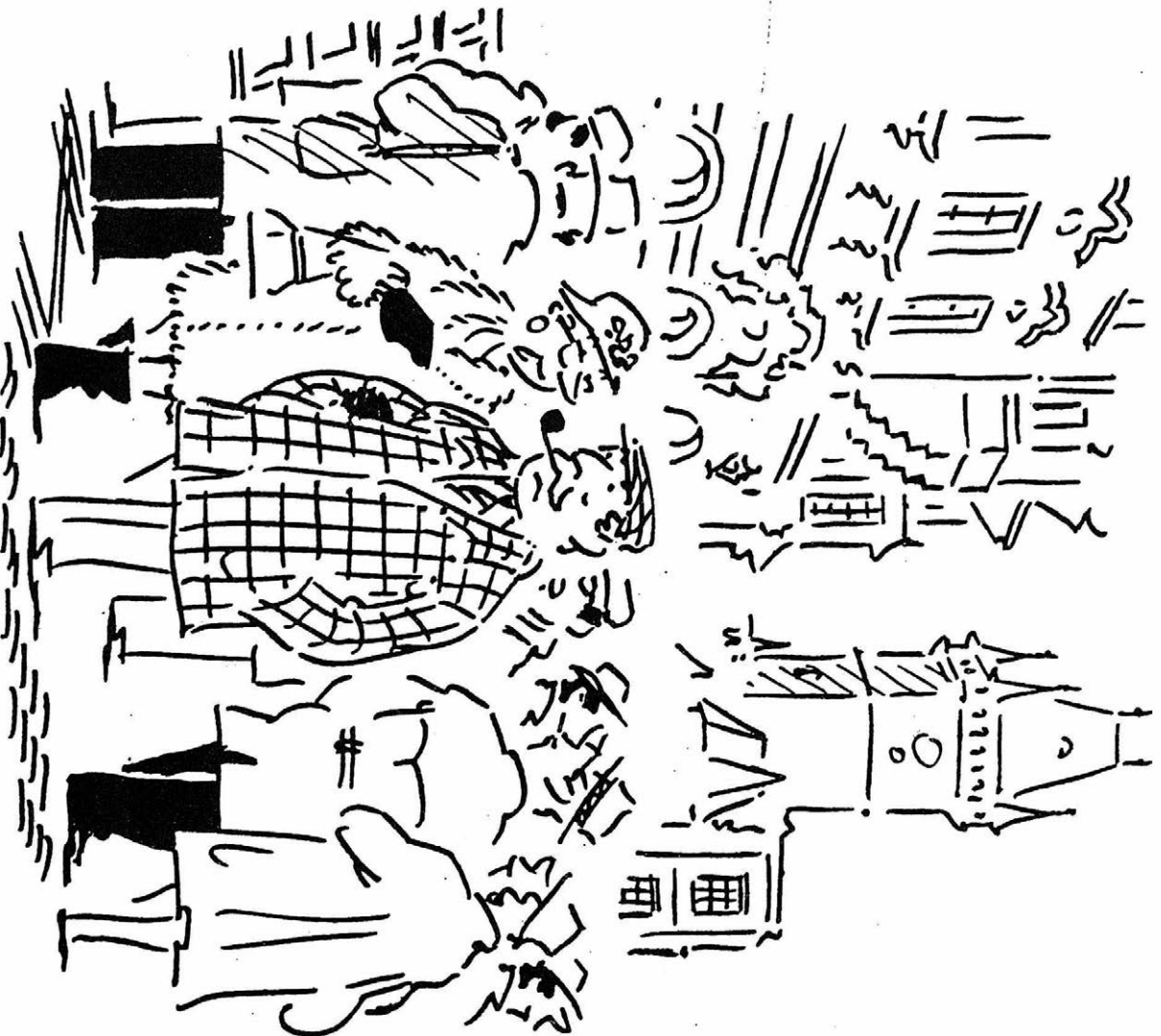
We are fully aware that the industrial structure predicted is very sketchy. Similarly, the answer as to what the specific structure of manufacturing would most probably be by the end of this century can only be very general.

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WHAT'S WRONG WITH YOU, HENRY? ISN'T THERE REALLY ANYTHING YOU'D TAKE A
BUSINESS INTEREST IN?

Science, Technology and Education in the Context of Transformation in the Czech Republic

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Abstract: The article deals with the problems of transformation of science, technology and education (S&T&E) institutions in the environment of economic reform and political change in the Czech Republic (CR). It is based on empirical studies which were oriented at the assessment of changes in the innovation resources of industries, of research capacities in the technological, educational and public frameworks and of problems in the national education system. It attempts to embrace the institutional change not only in its organisational and resource patterns but also in its communicative and orientation potential. Within this cognitive perspective the research results indicate that the liberalisation of the state regulatory system and the strategy of radical economic reform could deconstruct the existing malpractice and mobilise activities with short term effects, but fail to produce new orientation, communication and networking patterns. On the contrary, the reform aims to face the resistance promoted by the rigid sectoralisation of S&T&E as shaped by centralistic regulatory practices, an absence of inter-institutional mediation and by the push of existing productive (research and teaching) structures. The identified structural dependencies of the transformation process are examined from two perspectives. The first attempts to explain their shaping in modernity's push against the autocratic power system in the context of post-war developments in the CR. The notion of reversed modernity is introduced in order to understand both the situation and perspectives of the transformation process within the framework of the present structuration of modern societies. The second perspective attempts to suggest a political approach and measures which will accommodate the transformation of S&T&E within the present economic and political situation as well as the change it may undergo.

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1. The conceptual framework of the study

The aim of this article is to contribute to the discussion on the problems of the transformation in the Central and Eastern Europe countries with respect to the role of the available capacities of science, technology, education (S&T&E) and to the changes in their institutions. The analytical background of the article is based on research the assessment of which intends to suggest measures which could promote the transformation of the institutions in the Czech Republic towards the prevailing regulatory practices in the innovation-oriented, democratic societies of Western Europe.¹

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Accordingly, the comparative analysis method has been adopted,² being focused on the meso-level of the institutions of production (and their technological background), research (and their distribution by sectors) and education (and of HE in particular). The study follows a „structuralist“ approach and avails itself of the evolutionary, historical context. Such an approach runs the risk of failing to identify niches of positive change which may be decisive for institutional change. For this reason the research also comprised expert studies in the selected areas, the aim of which was to describe the barriers, tensions and options of the action at the organisational level and as well as the strategies applied by the key actors.

The assessment of the institutions of S&T&E in a transitional period can only be successful through careful conceptual framing. Such a framework must embrace at least two issues: the growth of functional capabilities (of research, production and teaching) as related to their communicative (evaluative) and organisational patterns; the relationship between scientific, production and educational institutions and their direct or interactive impact on research growth and its orientation. The latter issue also concerns the realm of public policy - of regulatory practices in the fields of S&T&E and public acceptance of these expert and intellectual capacities within existing cultural patterns.

Given that the available concepts are a means of understanding the transformation process in the Central and Eastern Europe countries, relatively little attention has been paid to the issues of scientific, technological and educational power and their role in the transformation process. The prevailing economic concepts presume correctly that in the environment of a monopolistic regulatory regime the capabilities of science, innovation and education are separated from the pull of demand and that the re-establishment of market structures plays a decisive role in their recovery. The promotion of the pull of demand seems to be a correct strategy in view of the corrections of one-sided, push-oriented S&T&E capabilities as shaped in the environment of a monopolistic regulatory regime. But such a concept risks engendering a simplified assessment of S&T infrastructure, its cumulative and interactive nature and cultural background. Namely, it views technology as a sum of artefacts, any of which may be isolated by selective economic pressure and moulded by market assessment as socially viable. Technology is then assessed as socially neutral. The S&T Studies, and in particular the extensive assessment of the social implications of modern technology,³ indicate that the power of both science and technology eventually escapes the control of market institutions, not only because it produces serious externalities but also because it becomes entrenched and embedded in socio-cultural structures [Bijker, Law 1992; Rip 1990]. Any regulatory policy (and political representation) with the capacity neither to understand the social and cultural relevance of technology nor to face the technology push with political and social

²) The comparative perspective refers to the concepts of de-institutionalisation and re-institutionalisation as shaped by the reflections of institutional changes in the Western countries since the 1970s. The analytical data are taken mostly from OECD studies including [Review 1992].

³) The understanding of such a shift in the social and cultural role of technology requires a revision of its definition which itself is a cultural mission, „black boxed“ as it is by formal and informal learning curricula and cultural patterns of expert power. Such communicative barriers will play an important role in the post-communist environment's shortage of communicative infrastructures and of the consolidated economic and social background.

mobilisation loses both its democratic framework and competence since decision-making occurs elsewhere.

Of course, the capacity to balance the push of technology with successful political action and socio-cultural response is a result of the evolutionary adjustments among the economic, political and cultural institutions, which balance the growth of regulatory power (of both the economy and the state) with a cultural one. However, (post-industrial) technology dynamics and their economic and political implications clash with such a regulatory framework, thus overloading the cultural instances with new challenges. The lack of responsive cultural (symbolic) power becomes the limiting factor of balanced social dynamics. H. Jonas pointedly explains that technology has assumed a central position, not only in the growth of our instrumental capabilities but also in the formation of our subjective expectations. Its push reveals the limits of our institutional arrangements and burdens any of our action with tremendous responsibility and ethical claims [Jonas 1984]. In this sense Western culture is a *technological culture*. Any technological design in this environment has essential social and cultural implications and any social or cultural design is mediated by technology [Schwarz 1993].

Historically, the innovative power of technology grew out of science's push and the regulatory role of both the market and of political institutions which had been exploiting mostly their systematic and instrumental power with its universalising implications. Such a framework forms an important part of the technological culture which can be designated as *techno-science*, or a period of primary modernisation [Beck 1986]. In such a technological environment the political agendas were framed by the issues of research growth, knowledge transfer, technology transfer, technology race, technological edges, normative education, production growth, consumption growth, effective bureaucracy and so on. The last decades have witnessed a new aspect in the basic issues of the political agenda for the technological environment: research growth and orientation, technology assessment, formative education, greening industry, smart bureaucracy, intelligent consumption, social mobilisation etc. - the other, now more visible side of technological culture, which could be called *techno-economic* or *socio-technical*, is emerging. There have been extensive discussions concerning how we are to understand and influence the growth of these countervailing parts of technological culture. Various social designs are sought and new risks identified. However, the political and social mobilisation and networking challenged by the changing technological environment, the awareness of both its cultural overloads and the options for legitimate action and the search for new regulatory practices seem to be of crucial importance to the control of technology. The persistence of political agendas from the period of techno-science is counterproductive to the new situation: it creates social exclusion and alienation and undermines the process of social inclusion and participation, without which new cultural agendas and public learning cannot grow.

An effective technology policy for an environment of technological culture is raising some essential questions: how can the technology push and its social entrenchment, producing technological regimes and social irreversibilities, be balanced with cognitive democratic policy, which mobilises the techno-economic and social actors and their networking in favour of democratic authority [Rip 1989]; how can the democratic political institutions escape the trap of becoming instances of a sub-policy which is driven by the unexpected (de-legitimising) implications of technological power

and which thus loses its competence (and credibility) in shaping social expectations and collective aims?

An outline of the evolutionary developments and structural shifts within the modern democratic societies offers a conceptual framework for a comparative assessment of the structural implications of developments in the former socialist countries. From the above-mentioned perspective, they followed the modern path of developments in the sense that they attempted to achieve social and cultural aims by mobilising techno-science. In the name of scientific rationalisation, institutions operating in accordance with competitive and communicative economic and political rationalisation were dissolved. Such a step dismantled the civilising framework of the distribution (and control) of power and opened the way for voluntaristic developments. In the Czechoslovak context such voluntaristic orientation it was possible to follow until the end of the 1950s, as the state was able to exploit the comparative advantage of existing technologies and thus substitute the waning ideological resources with consumption-orientated expectations. After the economic and political collapse in the 1960s such resources were exhausted. Along with the de-centration of the autocratic system, functional (and repressive) considerations began to prevail. The economic and state institutions expanded according to their technical aims without, however, discovering their implication for the cultural and moral (public knowledge-oriented) institutions. The cultural institutions - scientific, professional and educational - were marginalised, lacking public and communicative arenas. New socio-cultural settings were formed alongside the functions of institutions, with their links to the autocratic power centre forcing the traditional inter-institutional communicative links into the realm of informal communication and contracting. The social system was *de-centred into a set of sectors* representing a specific mixture of functional and local (mostly regional and private) aims. The cumulative and interactive capacities of the national technological culture were limited to an informal networking within the fragmented field of techno-science which was far-removed from socio-economic or cultural considerations. Social structuring also stagnated, remaining on a static traditional setting distant from meritocratic and innovative challenges. The modernisation efforts have resulted in a *reversed modernity*, distancing the S&T&E institutions from economic and public issues.

The following analysis will attempt to examine the nature of such sectoralisation within the *national technological infrastructure*. In particular, attention will focus on the analysis of *production research, education research* as well as *research in other public services and practical areas*. Further specific consideration will centre on an analysis of the interfaces of S&T&E institutions, as well as the impact of legitimate *market, state and other cultural (moralising) institutions'* power structures on the social system of research and science. Re-emerging competitive forms of public policy and the rapidly advancing privatisation enable an assessment of both the nature of the challenge issued to the sectoral social setting by the new power structuralisation, and the manner in which de-institutionalisation can be accompanied by the formation of a new institutional setting. For this purpose social studies on inter-institutional penetration, on the role of intermediary communicative organisations [Munch 1991] and on the shaping border lines between the social system of research and the social system of science [Krohn, Kueppers 1987] are of productive analytical value.

2. A brief outline of the Czech technological structure in the pre-socialist era

Historically, the Czech lands have been noted for their well-developed industrial technologies, a result not only of the skilled workforce and organisational capabilities but also of their responsive connections to scientific and educational institutions. The inherited industrial capacities (shaped by the industrialisation process within the Austria-Hungarian Empire) exerted an excessive push upon the national resources. However, the technical (and organisational) capacities and skills were responsive enough to cope with international competition, to make good use of international co-operation and to adjust to cyclic market conditions (especially the boom cycles in military and civilian production); the production structure was extensive, covering the primary and secondary sector industries, the consumer and machinery industries in particular. Research institutions were mostly located within the university system but some of them started to grow within industrial and governmental sectors. Their well-established contacts to world science centres (in particular to Germany) as well as to the national industries helped to balance their orientation with the aims of scientific excellence and of practical relevance. The cultural position of science was supported by a diversified education system, by the administrative competencies and political responsibilities of state; the diversified intellectual capabilities (shaped by technical and humanitarian visions, supported by relevant cognitive cultures and by elites in the political, entrepreneurial, academic as well as other cultural spheres) played a positive role in the growth and orientation of the national S&T capabilities (even if the technocratic and corporativistic visions had a slight dominance). The national technological structure was noted for its developed academic and industrial capacities, as for their interactive relationship and the support of state authorities.

3. The technological infrastructure under state socialism and its decline

The national technological infrastructure has been mobilised by the autocratic political regime in response to the aims of primary modernisation and for the political issues of the techno-science agenda (see para 1). Since the 1970s it has been exposed to the impact of reversed modernity. In terms of funding and scale, the capacities of research, of technologies and of education were extensive and growing, but their marginal utility - in relation to new technological trends and their social implications - has been declining rapidly. The closed regulatory system's limited ability to mobilise the new relationship between technological and social resources has become evident. Indeed, both the economy's and the rigid institutional framework's lack of innovative pull divorced scientific and educational capacities from technical and productive ones and led to a *disintegration of the national technological infrastructure*. The existing industrial technologies were no longer able to ease economic tensions. On the contrary, they became the main cause for the increase in shortages in energy and materials and the depletion of the natural environment. Such technological stability (or push) constituted the reverse side of the autocratic power system, which lacked the means for political and social mobilisation. Its survival depended on a decline in the regulatory power's authority and the mobilisation of the traditionalistic potential of culture.

At the end of the 80s the technological framework could be characterised as *extended sectoralisation*. The traditional interactive potential responded to mostly informal communicative networks while the formal power of the institutions (with their vertical communication and orientation) began to prevail. The social features of such

sector-oriented development emerged rapidly after the liberalisation of the economic and political regulatory systems. They became manifest in the absence of productive border lines and mediation between the institutions (and in the impact of corruptive pressures upon their specific function) as well as in the social resistance shaped by traditional patterns of competencies and responsibilities. No links between science, technology and production are visible; science is claimed (by scientists) to be a part of culture but both seem to be irrelevant to economic and public actors. The perspectives of production, education and state regulatory practices are assessed independent of national S&T structures. However, the liberalisation of the economic political system and the strategy of radical economic reform, have both exposed the deficiencies of the inherited power structures as well as creating the possibility of understanding them and improving the political choices which seek to overcome them.

4. Structural problems of transforming the technological potential of production after 1989

The sectoralisation process of the production system has been shaped by a branch-oriented regulatory system which has resisted the inter-branch networking and prevented the growth of new (post-industrial) production orientations. The industrial structure had been shaped by a tendency to close technical systems favouring a concentration of regulatory power and disregarding the external environment; hence the complexes of „heavy“ industries with heavy or bulk production grew (coal-metallurgy-machinery, raw materials-building construction, agriculture-food processing, crude oil-petrochemistry). The possibility of sustaining technical growth within relatively stable production structures, with easily available sources of funds (including military orders), with low possibilities of utilising specialisation and with a low pull of users resulted in a peculiar system of production logistics: namely the establishment of closed production units with a massive internal consumption of „home-made“ products (engineering consumed a full 60 per cent of its output for its own needs, the corresponding figure for the electronics industry being 50 per cent). The economic transformation is facing considerable problems in the re-structuration of these extensive and „closed“ techno-industrial sectors.

A three-year period is naturally too short to offer a reliable picture of the fundamental economic changes that are expected to mobilise technological development in the emerging competitive market economy conditions. Radical de-construction of the centralistic regulatory system, coupled with a restrictive fiscal policy and the collapse of the East European markets have, to a great extent, blocked the existing growth resources of industries, forcing them to seek alternative avenues for development. Such a situation highlights, among other aspects, the available competitive potential of technological capacities as well as the true nature and factors of their restructuring. In order to assess the technological changes in production, several analytical perspectives have been adopted: the shifts in the industrial branch structure, changes in the innovative behaviour of enterprises and the structure of technology transfer.

Within the changing economic rules (and the declining industrial output) the economic performance of the individual *industries* can be assessed as follows: the branches of power generation and the chemical and paper-making industries have displayed relatively good economic results, followed by the food-processing, metallurgical and glass and ceramics industries, with the biggest slump recorded in engineering and electrical engineering (a change partly attributable to a major slump in

military production).⁴ As far as export is concerned, the key technological driving forces behind its reorientation to the markets of the developed countries primarily include traditional Czech manufacturing (consumption-oriented) industries whose share in the total export has risen from 32.1 to 48.5 per cent. The share of what are traditionally technology-based industrial branches (machinery, transport vehicles, chemistry) has dropped from 52 to 32 per cent. Over the same period, branches of the primary sector - fuels, raw materials and food products - have raised their exports from 15.9 to 19.4 per cent. In the import structure, the share of technology-based (engineering and chemical) industries has fallen from 46.3 to 43 per cent, while the share of other products, raw materials and semi-finished products has risen from 53.7 to 57 per cent [Kolanda 1993].

A microeconomic view of industrial branches also tends to display a considerable degree of dispersal in performance indicators, disclosing different reactions by individual industrial plants to the changing economic climate. A specific framework for evaluating this situation is offered by representative surveys of *innovation* activities [Šetřeni 1991, 1992]. Their results indicate that the impact of domestic R-D, state authorities and of credits on the innovations is decreasing, while the influence of sales pressures, competition and foreign knowledge and technology transfer is growing; the role of larger enterprises remains a significant factor in innovation activity, while the newly-established joint stock companies have manifested weak innovation activity so far.

An analysis of the *international flows of capital and technology* produces controversial pictures. From the perspective of Czech technological actors (assessed with the aid of patent statistics and the balance of technological payments) three activity patterns may be distinguished: (a) a growing interest on the part of the Czech research community in selling research-findings abroad (here the active role of researchers from the Academy of Science institutes and from industrial chemical research can be observed); (b) the active international exchange of technological findings (the leader in this group being engineering, with a 34 per cent share in payments and a 56 per cent share in the national balance of technological payments income), especially in the manufacture of machinery for heavy engineering and chemical industry; (c) the active import of technological findings (primarily the pharmaceutical industry and the crude oil processing industry).

From the perspective of foreign technological actors the capital (and technology) transfer is being directed primarily to technologically less demanding branches (the tobacco industry, glass-making, the production of non-alcoholic drinks, car-manufacturing and the production of transport technology, the food industry, banking and the chemical industry). Furthermore, the changes in the structure of patents granted to foreign applicants attest to a declining interest in technology-based domestic production (except for chemistry). They have retained an interest in the property protection of technology in the fields of medical care, transportation, storage and packaging.

The above-mentioned *divergence in the structure of the technological expectations* of domestic and foreign producers demonstrates their different economic position as

⁴) In 1987, military production accounted for a mere 3.2 per cent of the overall Czechoslovak industrial output and for some 8 per cent of its exports; arms manufacture was, however, concentrated in the spheres of general engineering (70 per cent) and the electrical engineering and electronics industries (12 per cent); in 1992, its volume registered an 80 per cent decline as compared with 1987. See [Bohatá 1992].

stemming from the persisting technology gap between the CR and Western Europe as well as from their competitive relationship, particularly in the production areas of medium level technologies. These are evident in the diverging management expectations of privatised domestic enterprises and potential foreign partners: the domestic management involved expects an easy (and cheap) inflow of sophisticated technology as well as access to the foreign partner's distribution network. It evaluates foreign co-operation as a means of improving production quality, reliability and organisation, and expects the growth of foreign investments - thus it bases its expectations on long-term targets. Foreign partners, on the other hand, are primarily interested in the immediate use of the available capacities of Czech enterprises (making use of both lower costs and sub-deliveries) and are reluctant to voice their opinion on long-term targets: they want to sell technology and know-how on market terms, to evade co-operation which poses the risk of competition and the loss of both markets and company image.

From the afore-mentioned analysis it is obvious that technologically less demanding branches (such as power generation and fuels, metallurgy, food-processing, paper-making and cellulose manufacture) have succeeded in adjusting themselves better to the new conditions than technologically more demanding branches (engineering, electrical engineering, electronics and communications technology), which are now in the grips of a profound crisis. Branches of the chemical industry, and especially those in the petrochemical sector, have managed to sustain a certain dynamism. The applied re-allocation mechanism has been working more towards mobilising available technological capacities than their restructuring in favour of smaller industrial units and of advanced technologies. So far there are no visible actors, frameworks or cognitive perspectives for such a long-term oriented change to the industrial system.

5. Structural problems of the national R and D system in the environment of economic and social transformation

Historically, the national research system followed the German pattern of institutionalisation [Ben-David 1971]: the diverse and interactive patterns of academic and industrial science were balanced by the role of the state in the promotion of public science. Since the 1950s its development witnessed - along with its isolation from Western contacts, massive reorganisation and politisation - an unprecedented upsurge in research capacities and an unparalleled concentration of research potentials in the Academies of Sciences research institutes and in the mission-oriented applied research institutes. At the same time the traditional research institutes of universities and the in-house (intramural) research units of large-scale enterprises were drained. Thus, prominent research capacities were externalised from their traditional functions in the education and production framework and exposed to centralistic and autocratic regulatory manners. In the ensuing development of the national research system this unsatisfactory distribution of research capacities was gradually corrected. The in-house research units of industrial research had been expanding since the 1960s (due to obligatory R and D enterprise funding) while university research was also in gradual recovery (in particular in agricultural and medical science and in the theoretical branches of natural science).

Both the division of academic and industrial research institutions into parallel structures and the inter-institutional barriers could, to a certain extent, have been overcome given substantial central funding. Since the beginning of the 1970s the decline in central R&D funding and the rise of enterprise R&D resources resulted in an increase

in local and institutional research aims and a decline in inter-institutional projects. The national system disintegrated into several social systems with specific cognitive and self-control functions, while the integrative (horizontal) relations became formal and ineffective. The sectoralisation of the national research system brought about a general decline in the level of research activity. According to the ISI database the overall share of Czechoslovakia's scientific output in the world-wide volume of published papers and articles dropped from 1.01 per cent (1973) to 0.88 per cent (1977) and to 0.58 per cent (1985) in the mid-1980s. In the second half of the 1980s this slump continued. In addition, the citation index of Czechoslovak articles during the latter half of the 1980s declined by a further 6.4 per cent (7,900 articles) covering 31 per cent of the overall Czechoslovak publication output registered by ISI. The citation index of Czechoslovak articles amounts to less than a half of the average citation index in the entire data base [Welljams-Dorf 1992]. Of course, the activities of research institutions in favour of research growth were not completely suppressed by domestic economic stagnation and social malaise: the international options were increasing for academic staff; the industrial research staff were able to secure funds through multiple contract research. But the power of research *vis-à-vis* the declining technological capacities and the growing social pressures, environmental among others, was decreasing dramatically.

At the end of the 1980s the institutional structure of the national research system was - in terms of funding and performance - characterised by an increasing strength in intramural (in-house) industrial research, while extramural industrial research and governmental research sectors were stagnating, even if the institutions of the Academy of Sciences were able to raise additional funds from extramural (and foreign) sources (see Table 1).

Table 1. Selected indicators of R and D sectors
(CSFR, 1990, thousands, %)

indicator/sector	Ac.Sc.	HE	Govern.	Ind.Ext	Ind.Int
R and D manpower	18,1	7,4*	28,7	43,1	61,5
ibid in %	11.4	4.6	18.1	27.2	38.7
R and D expenditure in %	9.5	3.1	9.6	77.8	
share in patent ac. in % ¹	19.0	3.0	17.8		50.3
share in patent ac. in % ²	22.9	4.2	14.2		51.4

Source: Statistická ročenka VTR 1990 (Statistical Yearbook of S and T), Praha 1991.
The Role of EC Investment in Promoting R and D Capabilities and Technological Innovation in EEC, Munich 1991.

Remarks: *) estimate of FTE of research and teaching staff at HE
1) technical fields, the share in total number of granted patents abroad
2) industrial fields, the share in total number of granted patents abroad

5.1. Changes in the size and structure of the Czech republic's R and D system during the economic reform programme (1990-1992)

The years 1990 to 1992 saw a marked drop in the sources of R and D funding: state non-investment funds (in current prices) decreased by 65 per cent to 2.6 billion Czechoslovak

crowns and enterprise funds by 26 per cent to 9.6 billion crowns. The drop in funding corresponds to the drop in the number of R and D personnel. Their total number decreased by 44 per cent (down to 60.3 thousand), of which university-trained personnel decreased by 37 per cent (down to 20 thousand). Industrial research institutes were transformed into joint-stock companies, with many of them being included into the voucher privatisation process. The implications of the reduced funding, the responses to it as well as the institutional changes differ according to the research sectors.

In comparison with other sectors, the *extramural sector of industrial research* is undergoing the biggest cutbacks. As compared with 1990, the workforce had been reduced by a full 58 per cent in 1992 (see Table 2). The cuts are, however, fairly uneven, depending on the extent and structure of activities followed by the individual research institutes. Many centres tend to scale down their research by as much as 90 per cent, attempting to cope with their problems by switching over to other activities - consultancy, certification, development, servicing or production. There is an extensive mobility in R&D staff: some teams or researchers - mostly younger and more competent ones - attempt to commercialise their skills as private entrepreneurs (within or outside the institute's framework), with about one third of staff having left the profession in order to pursue other activities.

Despite the drain in qualified personnel and decreasing funding and orders, research organisations have continued to predict that a sufficiently vast market of research findings will be created, thus enabling them to prosper as independent profit-making organisations. They expect to be able to provide technological services (mainly in the form of new approaches and methods) to various manufacturing sectors, set up and develop innovation centres and science parks and are prepared, eventually, to enter a co-operative network of industrial research institutes (to a smaller extent as a competitive situation prevails). All research organisations in this category have been included in the privatisation process, mostly in voucher form, with investment funds becoming their ultimate owners, the latter being focused, however, on short-term profit-oriented aims and do not share the above-mentioned expectations of the researchers.

The *intramural sector of industrial research* is also undergoing considerable restrictions (see Table 2). These reductions are dependent on the prevailing situation in the enterprise involved. In many cases such R and D capacities are transferred into production, in some cases they are simply abolished, some enterprise-based research institutions are trying to privatise themselves, some companies (usually with foreign capital) count with local R&D capacities. In view of the ongoing enterprise privatisation, especially large engineering plants where a major portion of this sector is based, their prospects remain uncertain. The influence of domestic and foreign technological and capital factors is largely contingent. However, their impact gives rise to a selective environment that is likely to affect the re-shaping of the capacities of industrial research to the standards of business enterprise sector (BES). In this context, the prospects for the continued development of the chemical industry's research base seem good; in addition, the machinery industries have preserved their research capacities, while the other industries have mostly abolished their research facilities.

In the *mission-oriented state research* sector the cutbacks in funding and the workforce have not been so radical (see Table 2). Its main actors (especially the Ministry of Health, the Ministry of Agriculture, the Ministry of the Environment and the Defence Ministry) have succeeded, even with reduced funding, in preserving a network of

research centres. In terms of the workforce, the drop amounted to 27 per cent over the three years under review. At the beginning of 1993 this sector employed 14.5 thousand people, of whom 35 per cent worked at the Ministry of Agriculture, 22.1 per cent at the Ministry of Health, and 20 per cent at the Ministry of the Environment. The individual ministries have made efforts to devise selective instruments for organising research and its funding. The selective measures adopted in the mission-oriented research capacities imply the possibility of transferring the research centres from the state sector to the private sphere and to transform those remaining into the public-related, governmental R and D sector.

During the period under scrutiny, the *sector of research institutes affiliated to the Academy of Sciences* of the Czech Republic saw its gross spending decrease by 8 per cent and its overall workforce by 29 per cent (down to 8,500) of which university-trained personnel dropped by 24 per cent (down to 4,000). In 1993 the budgetary cuts continued, with about 20 institutes being closed. Substantial changes were achieved with the restoration of the academic principles in the (self-) organisation of institutes and of the institution as a whole. An increasing proportion of funding is being distributed by means of an internal grant agency. Increased autonomy for the institutes and the utilisation of their international contacts has enabled them to reorganise their structure according to the criteria of scientific merit. New forms of interaction with HE and of knowledge transfer (science parks) are being examined. These are first signs of the transformation of the Academy of Science research institutes into the extramural sector of (strategic) research.

The *university research sector* is also experiencing hard times, with major restrictions caused by shortages in overall research funding. The maintenance of the links between research and education, ties which have been eroded in the past, is now the responsibility of individual faculties and universities which receive block grants according to the number of students. Research funding is, however, constrained by the pressure of spending cuts, as money is desperately needed for elementary outlays. Funding through contract research with domestic partners has also experienced cutbacks. A certain positive role is played by foreign funding (especially TEMPUS) and by the entry of universities into international research networks. Although universities reckon with the resumption of postgraduate studies, as yet there are no clear-cut ideas as to the possibilities and importance either of restoring the relationship between education and research or of the effective training of new research manpower within the HE system. Ways of shaping and promoting a university research sector (as it is known in western practices) have not yet fully evolved. These will probably depend on the prevailing conditions at the individual universities and on their capacity to establish links with the other research sectors.

Sweeping changes have also occurred in the realm of *research policy*, in the structure of competencies between research institutions (sectors) and the executive, legislative and political branches. The previous regulative forms have been dismantled (governmental competencies of the Academy of Sciences and the Ministry of Technology) and new forms are being sought. The changes have mostly occurred within the „sectors“ and concern the legislative, organisational and funding issues; the funding procedures exploit the competitive forms (grant system, project funding) in the growing scale. The role of government in the co-ordination of research is focused upon (a) the distribution of the decreasing state R and D funds to the institutional support of the state-owned research institutions (mostly via ministries) as well as to the grant agencies, and

(b) the privatisation of state-owned research institutes. No other co-ordinative activity on the part of the Government in the selective promotion of research fields according to economic and social priorities is expected. It is argued that such selective pressures will only be formed by the new actors which grow out of the de-etatisation and the privatisation process and, furthermore, until such an environment is a reality, no explicit research policy (of government) can be productive.

Table 2. The distribution of R and D manpower by research sectors
(CR, in thousands, %)

indicator/sector	extram. ind. R+D	intramur. ind. R+D	govern. R+D	AS	Univ. R+D ^a
total R+D manpower	11.8	23.7	14.5	8.5	5.5
decline (1992/1990, %)	-58	-43	-27	-29	-36
share in total (%)	18.4	37.1	22.6	13.3	8.6

^a) FTE (estimate)

Source: Czech Statistical Office, internal sources of institutions, surveys of research sectors.

6. Structural problems facing the development of the Czech republic's education system

Before World War II the evolutionary and differentiated educational system, as was formed in the Czech lands by the industrial challenges, could attain balanced proportions of teaching (training) and educational missions, and adapt the supply of educational capabilities to public demand. Such educational traditions enabled the continuing growth of primary education, while also attaining the demand for education by selective capacities of secondary and higher grade education (HE) to be absorbed, hence keeping the level and output of the education system under control. The selective capacity was initially maintained by the close relationship between university education and university research, by productive links between secondary education and HE and, finally, by public (and economic), regulatory support of educational establishments. The differentiated education system was strong enough to capitalise on national cultural power (and to transform the cultural patterns - under the impact of the national elites - into formative educational power), even if it assumed the bureaucratic regulatory practices of the Austro-Hungarian Empire.

During the socialist reconstruction, far-reaching changes were effected in Czechoslovakia's education system. The education system, with its state support, was able to satisfy the growing interest in education which, generally speaking, emerged in the post-war era. However, the etatistic and ideological nature of the education system prevented its coping with the extending practical role of education; it was unable to balance its training and educational roles, its supply and demand dimensions, its formative and normative aims. Accordingly the education system became not only bureaucratic and disintegrated in social and functional terms, but diffused in its formation of the identity of the educational estate. The professional skills and identities were reproduced without a productive cultural framework. The educational institutions lost their cultural power while the cultural patterns were reproduced without learning instances and capabilities.

In the 1980s, the contradictions in the growth of the education system became manifest in its stagnation - both in size and performance - and in its social disintegration (sectoralisation). In particular the *sector of higher education* was ill-affected by these structural changes. The external factors - the underutilisation of HE qualifications - played a crucial role. About one half of college graduates were unable to find a job corresponding to their field of study, with the ensuing mobility transfers signalling, more or less, a decrease in acquired specialisation [Čermáková, Čermák, Kuchař 1993]. Furthermore, the initial shifts in the employment of HE manpower from the industrial branches to the non-industrial ones could not be met with a productive educational response. Since the 80s, the growth of HE has been marked by saturation trends producing university-trained graduates at a level of 100 to 120 per 10,000 inhabitants - approximately half of the amount in advanced countries. The share of university admission in the 18 to 19 age group was kept at a level of 15 to 16 per cent. This represents half the level of the advanced countries. The absence of a communicative network between HE and secondary schools undermined the rational evaluative criteria in the education system as well as the rational ground of the educational expectations of the population. Hence the growth of secondary education and apprenticeship training (see Table 3) was open to the influence of local interests and political aims.

The transformation of the HE system has been influenced by several contradictory trends. On the one hand, the legislative steps re-established the faculties' traditional academic autonomy and operational freedom, including the transformation of the regional faculties into independent universities. On the other hand, public pressure on HE, manifest in the dramatically increased demand for HE in new patterns, cannot be met with responsive action on the part of HE. On average, 50% of HE applicants (significantly more in the social sciences) cannot enter their preferred field of study. The applied regulatory framework does not offer an effective framework for HE establishments to cope with the demand and its new structural patterns. The HE system's resistance to change and its weak regulatory practices indicate a limited social space for promoting the substantial cultural shift within the education system.

Table 3. Distribution of Employment by Level of Education
(CR, in %)

	1983	1989
basic education	30.4	25.1
apprenticeship training	37.8	39.9
secondary education without matriculation	4.6	3.3
secondary education completed by matriculation	20.3	23.2
higher education	6.9	8.2

Source: Centre of HE Studies, Prague 1990.

The recent developments in the *secondary education* sector also reflect the local reaction of the education establishments to the changing environment. Apprenticeship training centres have lost their previous state support and enterprise funding, and are seeking either to raise their training status or to be active in technical services. Some secondary vocational schools have been granted the competence of bachelor's training, absorbing some aspects of HE demand and, capable of being more responsive to the educational demand, have begun to compete with the established HE institutes. Secondary education

is also experiencing a considerable growth in private schools. These changes are undermining rigid sectoral structures, allowing for the re-establishment of the productive interfaces both within the education system and its social environment.

The *basic education sector* has also been granted increased autonomy but can hardly capitalise on this due to funding shortages and because structural social patterns - the low social status of schools and their teaching staff, the decreasing interest of men in this profession and the stringent administrative control and bureaucratic organisation - have shaped basic education thus far. As to basic education, the reproductive power of the autocratic power system's cultural patterns has formed the strongest roots (in both the formal and the informal way) while resistance to its bureaucratic practices has been relatively weak. Hence, its transformation faces serious internal deficiencies with both the productive links to other education sectors as well as the lack of diversified and consolidated public influence, its agencies and patrons, proving detrimental.

7. The political agenda for the transformation of the national technological infrastructure

The above analysis indicates a set of trends common to the changes being undergone by the institutions of production, research and education: (1) the changes in the regulatory environment have brought about a substantial decrease in the scale of their capacities. In the production field, it explicitly concerns the total output (of about minus 20%), in research it is even more pronounced (of around minus 50%) with education also at minus 50% (but only in relation to the growing HE demand, which, in absolute terms, is stagnating). Some of the more excessive capacities, which were a result of the nature of autarchy regime and administrative regulation, have been eliminated. However, in some industrial branches (heavy industry), the scale still exceeds a size reasonable to available resources, while, on other hand, the size of the education system is considerably lagging behind that of developed countries; (2) together with economic and political liberalisation, the de-etatisation of the regulatory system has helped both extend the range of choices enabling people to act according to their own programs and re-establish the autonomy of institutions by means of democratic and meritocratic rationale; the criteria for internal scientific assessment have been re-established; production prospects are now assessed in terms of market considerations; in the education system the need for the authority and responsibility of teachers and of the education establishments have been accepted; (3) together with the tight monetary and anti-inflationary policy the rapidly advancing privatisation is determining the power of price regulation and shaping the framework of economic calculation; the push of de-etatisation and the pull of emerging market orientations have stimulated an extensive occupational and professional mobility within the private sphere: a significant number of experts from the examined institutions have left their occupation and begun business partly within their former profession and partly outside it; the existing S&T&E institutions are being drained of their skilled and younger manpower. The chosen approach of economic mobilisation has initiated massive *re-distributive changes in the available (human and material) capacities between the state and private sectors*: skilled manpower, in particular, is moving to and shaping new centres of power (investment funds, banking, private firms, marketing & consultancy agencies).

However, the radical and formal approach of the economic reform has also revealed the society's social disintegration, its sectoral patterns and the weakness of communicative and orientation capacities. The regained autonomy and freedom of action

has allowed the *capitalisation* of the existing local capacities and positions in the regulatory system; it is, however, also the source of both the *institutional resistance* to external pressures and the *closure* within the existing institutions and their available capacities. The competitive environment and monetary orientation - born, to certain extent, of the economic reform - could affect the orientation of individual actors to transcend the existing attitudes and institutional patterns, but also strengthen the public power of the existing (even if drained) institutions. On the one hand, the potential for change is weak given institutional uncertainty, on the other hand an institutional power based on the appropriated resources is resistant to change (offering certainty but corrupting personal initiative). Co-operative trans-sectoral activities primarily occur in accordance with the appropriated technological and informal networks, promote the perspectives of large-scale enterprises and limit the options of the reform-oriented political actors to establish a competitive environment and flexible production structures. The academic and governmental research sectors are still protected by the state budget while the privatised industrial research sector is disappearing. The continuing production networks and monopolies can transfer their issues to the newly-established market and banking institution with ease. In addition, the social milieu of communality could prevail over the push from competitive, meritocratic and liberal principles in the evaluation of activities.

The prevalence of closure and „black-boxing“ features over the open and competitive approach can also be observed in the arena of public reasoning. The need for a communicative assessment of different rationalisation strategies arises in the confrontation and closure of some evaluative perspectives (e.g. the environmental ones), thus reducing the arena of political discourse and public learning.

Even if some local capacities of S&T&E have been mobilised by the economic reform (e.g. the competitive advantage of traditional technologies, the professional skills for consulting and training activities) the use of the national technological infrastructure's capacities for transformation processes is partial and low. Indeed, the employment of the existing technological structure will be marked by the need to maintain large-scale organisational units, as well as by pressure on capital resources, the implementation of Fordist management and organisation methods and by the difficult adaptation to social and environmental requirements. Within this framework, the policy will continue to be forced into the role of a sub-policy, overloaded with the social implications of these structures and pre-occupied with the redistributive task of lacking resources. The social milieu will then be more responsive either to technocratic or populist visions. Such a political, economic and social framework cannot exert productive pressure on the transformation of the technological infrastructure to the modern environment.

There is no simple response to such a situation. It is a unique historical context with institutional change perplexed by a contradictory challenge: both to re-found the basic power institutions for a competitive economic and political environment in a situation of structural dependencies, and to face the pressure of modernity (with its new technological challenges, social claims and political agenda). The reality of the radical economic reform in the Czech Republic thus far indicates that both missions are not easily reconciled. The re-foundation of market actors and institutions produces *short-term effects* through the capitalisation of available capabilities but *deconstructs the infrastructural networks* (indeed exploits cultural potential without reproducing it). A limited (principle-oriented) policy could mobilise new economic actors and resist the

corrupting pressure of inherited structures. However, it is not in a position to identify either the productive but conflicting aims or the niches of new developments, and is unable to shape more reliable rules and institutional arrangements for *growth-oriented strategy*. There is no other solution to this situation than the extension of both the political system to more participative practices and the political agenda to the long-term oriented issues of social change. Of course, there are also many risks and various options [Machonin 1993] of the extended and more active, top-down political approach: in particular a closure of political perspectives by existing imbalances in the distribution of power. However, it might be possible to form an arena for the assessment of various perspectives, within which the most acceptable one would be discovered and public issues and institutional changes given acceptable shape. Such an approach will also create a space for identifying the political agenda for the transformation of S&T&E institutions, for the assessment of their role in the socio-economic transformation and for the formation of a productive national technological infrastructure.

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Social and Political Transformation in the Czech Republic*

PAVEL MACHONIN**

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Abstract: The most apparent recent social change in the Czech Republic is the emergence of a new class structure. A large percentage of the population began their private activities in small business, while a part of them managed to become middle-scale entrepreneurs. During the privatisation of the large companies, realised mostly by the voucher method, different groups competed to achieve positions in the top economic elite. Analyses of social mobility and of the factors of the income distribution have shown that the following groups have a higher chance of being successful in the ongoing social de-equalisation: the younger generations, better-educated people, managers and private entrepreneurs and those former Communists who left the party after the political changes in 1989. These social processes are being accompanied by a gradual change in the political elite. In this field, the most successful are the younger middle-aged, new political activists pushing through the radical liberal economic reform. In spite of the clearly right-wing character of the ruling coalition, a democratically acquired social consensus exists for the time being, although some signs of social and political polarisation are visible. In the near future, two main alternatives of development are possible: a) the continuation of the liberal democratic reforms (whether it be a conservative, centrist or left democratic variant or a compromise combination of them is of less importance) and b) a populist and authoritarian interruption of the transformation processes (be it a radical leftist or rightist variant). The realisation of the first alternative is not only desirable from the point of view of joining the European Union in the foreseeable future, but also more likely given both the objective and subjective conditions within the Czech Republic.

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Post-communist societal changes are indisputably substantial and therefore also complex. They cannot be reduced to mere economic transformations, nor even to a simple combination of changes in economics, technology and education. Some crucial shifts in the social and political sphere, such as the installation of democratic political institutions

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and a reversal in the beliefs of numerous groups of people, can be considered the preconditions of the global societal changes. Some other social and political processes, such as the emergence of a new social stratification and of corresponding work-motivation, or of liberal forms of behaviour, can be seen rather as the inevitable consequences of a large number of accumulated changes within the society as a whole, but more especially in the economy. Many of them, as, for example, the assertion of meritocratic principles as the basis for social justice or the creation of space for freedom of opinion and action, count among the crucial and highly-rated goal qualities of the presupposed „better future“ in the former state socialist countries.

Since a political system can clearly be conceived as the most important sphere of institutionalised social structures, it invites the treatment of both social and political problems in the one paper, as, for instance, in the thematic study on social and political spheres written for the purposes of the project ECE 2000 [Machonin 1993b]. (Here we will emphasise the problem of the exchange of the political elites which seems to be an important factor in the changes in the social structure.)

We know quite well what kind of social and political system we are abandoning. However, the crucial questions remain: Where are we going? What will the nature of the emerging new society be? Which social forms will carry the development over from yesterday to tomorrow?

On a prior occasion [Machonin 1992: 125-133; 1993a: 2-7], we discussed extensively two possible theoretical and methodological approaches to looking for answers to these questions. Both the advantages and the inadequacies of the rather normative „transition approach“ and the more realistic and empirically based „transformation approach“ were pointed out. Our conclusion stated a preference for the concept of social transformation and its corresponding methodology. That does not mean that normative elements should be fully neglected in considerations of the future of the Czech Republic. Any social prognosis which attempts to predict stages of future development has to apply some elements of the teleological or normative imagination. This is particularly important in the case of this study as its primary task consists in defining the inevitable or preferable social and political characteristics with view to a particular end, i.e. joining the European Community in an historically short period.

1. Changes in the social structure

We conceive the post-communist transformation as a far-reaching historical change of social structures. Our consideration of the characteristics of the state socialist social system which operated in the Czech lands from 1948, on the reasons for its collapse and the social forces engaged in the events of 1989, and on its legacy, still strongly influencing the course of the social transformation, have recently been published in this journal [Machonin 1993c: 231-249]. Thus, we can focus our attention immediately on the changes that occurred in the Czech society in the first phase of social transformation, i. e. between November 1989 and the beginning of 1993.

What has really happened in the life of Czech society over the last four years, a period which has proved so rich in crucial political shifts? The presentation of evidence concerning the changes in technology, science, and education was the subject of a special thematic study under the auspices of ECE 2000. [Müller 1993] However, two points in this field which proved important for social changes should be given brief, but explicit, elaboration here. First, the Czech lands' civilisation and its cultural position behind the

advanced European countries, typical of the state socialist countries in Europe and forming a part of the „legacy“ of the old system clearly influencing the present situation [Machonin 1993c: 242-244], is so substantial that it simply could not have been overcome in four years. This consideration is important to the characteristics of social structure such as the obvious survival both of the inherited „over-industrialised“, and therefore conservative, branch structure of the national economy which underwent minor alterations as well as a high share of the manual workers among the labour force (still about 54% of all employees) [Data 1993]. Secondly, from our point of view, it is highly questionable whether in this short period, full of dramatic political events as it is, even the basic institutional presuppositions of further civilisation and cultural progress have been created. It is almost certain that in areas such as science, education, health services and culture that, because of the lack of financial resources and of sufficiently prepared projects, they simply did not come into being; nor has much been done in the sphere of technological progress.

Leaving aside the economic changes that are the subject of a parallel economic study [Sojka et al. 1993] (but keeping in mind their social consequences), we will start with a step „in medias res“, i.e. with an analysis of the emergence of a new class structure based on the differing positions of people within the system of the ownership of production means or other economic capitals. Plainly put, we are talking about a renaissance of class relationships in the original Marxist sense. This type of class relationships was administratively abolished during the second half of the 1940s and in the 1950s in both Czechoslovakia's republics. At the end of the 1980s, besides a small group of surviving elderly individual peasants, only about 65,000 self-employed people worked in communal services, accommodation and the like with official permission [Přehled 1993: VI]. In the „second society“, of course, in many both officially acknowledged or simply tolerated forms including the „gray economy“ and home-work, many people prepared for the future expansion of private enterprise when political conditions would allow for it [Machonin 1993c: 237-238].

This expansion started in 1990 in five principal forms: a) „small privatisation“, involving mainly retail trade and services; b) restitutions partly concerning small enterprises in different branches, but mainly houses and land; c) that part of the so-called „large-scale privatisation“, in which conventional privatisation methods were used; d) the founding of new, predominantly small, firms; and e) that part of the „large-scale privatisation“, in which the voucher method has been applied.

The social consequences of the first wave of privatisation - based mainly on forms a)-d) - evolved quite rapidly. Current statistics [Přehled 1993: VI] state that on September 30, 1993 the total number of administratively registered private entrepreneurs amounted to 1,191,000. (This figure means that the number of self-employed grew 18 times in 3 3/4 years.)

From other statistical data we can follow the number of persons employed in the private sector and the dynamics of both entrepreneurs and employees in greater detail.

Table 1. Dynamics of the private sector in the Czech Republic in the first wave of privatisation

Category of enterprise	Number of employees per firm in 1992	Indices (1990 = 100)	
		1991	1992
Individuals	1.04	315	804
Their employees		369	1843
Companies	14.03	172	457
Their employees		500	1667

Source: [Machonin 1993b: 20; Tuček 1993a: 19]

The statistical data encompass four different enterprise types. In most cases, the registered individual entrepreneurs have another primary economic activity and the private undertaking is performed only as a part-time activity. According to our calculations, once this group is subtracted, the total number of registered self-employed drops to approximately 500,000 people (more than 10% in our stratification survey from April, 1993). [Data 1993] Among them, the majority represent people working, individually or with the assistance of one or two people, as small tradesmen or craftsmen. Only a small proportion of them belong to the emerging group of medium-scale entrepreneurs, while only a very small number of domestic and foreign entrepreneurs have large amounts of capital. Private enterprise is mostly concentrated in four branches: manufacturing, construction, business services and the retail trade. Generally speaking, services and commerce dominate in comparison to material production. (Thus, the privatisation process is contributing to desirable changes in the branch structure of the economy.)

As far as the voucher method - a hitherto prevailing method of privatisation of large enterprises - is concerned, its significance during its first phase seemed to be more psychological and political. It is likely that only a minority of the millions of people who have or will get the very cheap vouchers will become shareholders in the current sense of the word.

Of course the voucher privatisation caused immediate changes in the legal forms of capital ownership. Economically active respondents in the stratification survey in April 1993 declared the following ownership structure of organisations in which they were employed: state owned 60.5%, communal 2.7%, co-operative 6.6%, in the process of privatisation 2.8%, post-privatisation 7.9%, private from beginning/domestic capital 15.9%, private from beginning/partly foreign capital 1.7%, private foreign capital 0.5%, other 1.4% (It is quite possible that some respondents did not even notice that their firms were „under privatisation“) [Data 1993]. For the time being, the voucher privatisation has mostly led only to the first steps in the direction of the crucial changes concerning the real disposal of economic sources. In spite of the economic statistics declaring the majority of the GNP as being produced in the private sector, the process aiming to change the formal large-scale privatisation acts into practically-operating, private decision-making is in its initial phases.

We believe that at the present time, a battle is going on, the outcome of which will decide which of the following groups will be successful in obtaining the decisive positions in individual former state enterprises (now formally privatised joint-stock companies): the privatisation investment funds (an unexpectedly strong by-product of the

voucher privatisation disposing of 72% of the investment points in the first wave [Havel 1993: 15] and with approximately 60% in the second), in most cases with their background in financial capital; domestic financial capital directly; the present managers; present or former state bureaucrats, eventually professional politicians; foreign capitalists and/or managers; or some outside lobbies of multifaceted character, often combining people from the other groups. The financial capital, in its manifold institutional form and with its well-known monopolistic tendencies, seems up to now to have been the likely victor in this battle. Probably only limited space will remain both for the medium-scale entrepreneurs who emerged in the first wave of privatisation as well as for the groups of shareholders recruited from amongst employees. In any case, the battle is not yet over and the sociological characteristics of the future large-scale capitalists in the Czech Republic are still unclear.

The sum of the enumerated processes represents an analogy of the primary accumulation of capital and a renewed creation of classes and subclasses of large- and middle-scale capitalists, small entrepreneurs, and eventually also of employees involved in enterprise on a part-time basis. While in general, the process is moving relatively rapidly, the crucial changes - the emergence of a relatively large middle class and particularly that of a capitalist economic elite - are only in their initial phases. It is not yet clear how long this will take; what obstacles it will meet; what part of the economy will remain in the hands of state; what the forms of co-existence of the diminishing state and the growing private sector will be; how intensively and in what forms the state will intervene in the formerly state-owned privatised sector; and what the social profile of the new classes will be.

At this point, it should be noted that the process of primary capital accumulation and the emergence of new classes based on private property in this country is not only asserting itself in pure and „noble“ forms: during the last four years many fortunes have been made by illegal and/or immoral means. A certain role has been played by the laundering of money acquired partly in the communist past, partly in recent years from both domestic and foreign sources. In addition to this, there are also illegal foreign currency manipulations; tax swindles; smuggling and other criminal activities; abuse of power positions for personal enrichment; corruption and many methods of accumulating capital in an undercapitalised country. For a sociologist, the main point regarding these issues is not a juridical or moral condemnation of indisputable social facts. Another question is important: how will people who acquired their capital by such means uphold the meritocratic criteria of qualification, performance and lasting market success in subsequent periods with a normally functioning and legally controlled economy? What will the share of people with these kinds of „qualifications,“ in the new classes of private proprietors be? What sort of behaviour can the other social classes and the democratic state expect from them?

From the empirical basis which has been briefly reproduced here, by extrapolating with some qualitative limitations (most importantly, the lack of disposable capital and appropriate skills) and with the help of analogies with the pre-war situation, Tuček [1993a: 24-26] made an estimation of the expected development of class structure based on ownership relations. His figures were repeatedly corrected with, among other sources, the data from the stratification survey in April 1993 [Data 1993].

Table 2. The expected development of class structure based on ownership in the Czech Republic in %

Class category	1993	2005
Middle-scale entrepreneurs*	0.5	2.5
Small entrepreneurs**	9.7	13.5
Members of co-operatives***	6.6	5.0
Employees in the private sector†	23.2	55.5
Employees in the state sector†	60.0	23.5

*) The large-scale entrepreneurs will represent only a very small number and are therefore not included as a separate category in this table.

**) Including private farmers.

***) Although the final destiny of the co-operative sector is not yet certain, the economic reality leads to the conclusion that it will be necessary to count on its prolonged existence.

†) The estimate of the share of private and state (including communal) sector is based on a radical alternative of privatisation outlined by economists. [Sojka et al. 1993: 64].

The expectation sketched in the table is based on a rough estimate and has an illustrative function. On the other hand, we sought to be realistic in our estimation of the future, particularly as far as the percentages of the entrepreneurs are concerned. And exactly this circumstance turns our attention to the obvious fact that only a minority will be able, in the end, to form the core of the new classes, the existence of which will be based on private property. The large majority of the population will remain in the ranks of both non-manual and manual working people. The overwhelming majority of them will ultimately be employed in the private sector, while only a minority will work in the co-operative sector, eventually in the remainder of the state sector. Once the younger population abandon their illusions as to the possibilities of rapid enrichment for all, the main problem of the future will arise: what will the relationships between the proprietary classes and the rank and file working people be like? Will they once again become the permanently conflictual relations solved by the „class struggle“, or can they be handled in the civilised form of a social partnership in a democratic society? A great deal depends on the solution to this problem, since employed people will, in any case, form the majority decision-makers in democratic electoral voting.

As in other countries, the problem of class relations will be somewhat eased by the objective differentiation within the group of employees. This aspect is better reflected by the schemes arising from neo-Weberian class concepts. Using data collected in the early 1990s, Tuček [1993a: 26-28] made an estimation of the development in this particular field, which has been corrected by taking into account the figures from the 1993 stratification survey [Data 1993].

Table 3. Expected development of the refined class structure in the Czech Republic in %

Class category	1993	2005
Higher professionals	9.9	12.5
Lower professionals	16.0	15.0
Routine non-manual	15.7	15.5
Self-employed with employees	2.6	4.0
Self-employed without employees	7.6	12.0
Manual supervisors	2.2	2.3
Skilled workers	16.0	16.2
Semi-skilled and unskilled workers	25.5	18.5
Farmers and agricultural workers incl. manual members of agricultural co-operatives	4.5	4.0

This illustrative table presents a realistic picture of the possible changes in the character of work and qualifications, showing a large decline in the manual labour-force among employees from 54% in 1993 to 48.8% in 2005, which would represent a substantial step towards the modernisation of both the economy and the educational structure in the Czech lands.

Class changes represent only one of the important aspects of the social hierarchy. Another is connected with the concept of social stratification. Stratification is conceived of here as the congruence of several important partial social status hierarchies, particularly in education and qualifications, in occupational positions, in income and wealth. The level of such congruence, i.e. of general social status consistency, is a crucial indicator of the level of assertion of meritocratic principles in the analysed society.

What do we know about this issue in the Czech lands? First, we have a precise partial analysis in one of the background studies [Matějů 1993]. On the empirical basis of longitudinal research, data on parents of randomly selected eighth graders (from 1989) were collected at the beginning of 1989 and in the spring of 1992. In this way, important social status indicators of a part of the middle generation (those aged 40-50) have been revealed, enabling some generalisations to be made concerning this group. Having used a series of sophisticated methodological instruments, the author of the background study comes to the conclusion that the post-communist transformation in the Czech lands is leading to a growth in inequality, particularly in terms of income. Two upward mobility channels are important: private entrepreneurship, both full-time and part-time, and political or bureaucratic careers. The two main factors improving chances for upward mobility are tertiary education and prior membership in the old „cadre“ structure which has previously accumulated social, political, and perhaps also economic capital at its disposal. From this, the author concludes that the transformation is substantially increasing the role of traditional meritocratic criteria in determining one's position in society and that this process will significantly reduce status inconsistency typical to state socialism. On the other hand, he notes quite strong tendencies in those who profited most from the communist regime to convert political and social capital accumulated in the course of the communist era into economic capital and power under new conditions. This process may not be always compatible with the overall tendency of the society towards increased meritocracy and universalism. As has been already stated, a similar danger for

the progress of meritocracy may be connected with „illegal and/or immoral“ methods of acquiring economic capital, regardless of the political appurtenance of people thus engaged. Otherwise, these two phenomena overlap in practice.

Data characterising another aspect of mobility changes in the years 1988-1993 on a sample of all economically active people are also available [Data 1993]. In our case mobility on a nine degrees scale of work complexity constructed by Machonin, Tuček and Kuchař is analysed on a representative sample of 2687 respondents. On a five degree scale created for statistical reasons (in order to obtain sufficiently frequented categories) seven stability / mobility patterns were identified by cross-tabulations with some important variables.

Table 4. Social identification of the economically active, stable or mobile in work complexity (1 = the highest, 5 = the lowest) in %

Mobility/ stability	Gender	Age	Education	Self-emp- loyment	Communi- st Party
A. Upward to 1,2 5.3	M 59.6	-30 19.1 30-40 39.7	Tert. 23.4 Sec. 39.7	Yes 42.4	1988 22.0 Excl. 4.3 Left 89+ 19.1
B. Upward to 3,4 4.3		-30 20.4	Elem. 20.5	Yes 30.0	
C. Stable on 1,2 22.5	M 58.2	50+ 26.7	Tert. 35.1 Sec.		1988 19.6 Excl. 4.5 Left 89+ 15.9
D. Stable on 3,4 42.9	M 56.8		Voc. 62.9	No 85.9	Non- Comm. 88.7
E. Stable on 5 15.7	F 59.9		Voc. 52.4 Elem. 40.5	No 87.3	Non- Comm. 92.3
F. Downward to 2,3 2.9	M 68.5		Tert. 41.1 Sec. 49.3	Yes 46.5	1988 31.5 Left 89+ 23.3 1993 8.2
G. Downward to 4,5 6.4	F 51.1	-30 17.0 30-40 41.5			1993 6.3
Total 100.0	M 54.0 F 46.0	-30 11.2 30-40 32.2 50+ 20.1	Tert. 13.5 Sec. 29.2 Voc. 45.2 Elem. 13.5	Yes 13.0 No 87.0	1988 13.9 Excl. 2.9 Left 10.3 1993 3.2

Compared with the analysis of the sample limited to the middle generation, these data show that the factors influencing the upward mobility operate with less intensity among the population as a whole. In spite of the highest probability of upward mobility and

retention of the previous higher positions for the tertiary educated, their participation in the upward movement to the higher degrees contributes only 23.4% of all moving in this direction, while that of the secondary educated 39.7%, and even that of qualified workers 32.6%. The meritocratic tendency seems to be only very slight. In addition, not only tertiary, but also secondary educated people have the possibility of above average upward mobility. Chances of upward mobility among the tertiary educated are attended, at the same time, with chances of the same group of downward mobility paths (equally as in the case of new entrepreneurs and young people). Some slightly better position of males could be expected, although this might become a factor stimulating the feminist movement in the future.

The most interesting finding is the relevance of differentiation in the positional and mobility chances among Non-Communists and different groups of Communists. The data show that the assumption of using social, cultural and economic capital accumulated in the old regime in favour of the Communist „cadres“ is valid above all for those former Communists (not obligatory „cadres“) who proved their high adaptability by an open abandonment of the previous political and ideological orientation and, apparently, by endorsing quite contradictory orientations. As the examples of the groups F and G show, former and particularly present Communists also participate to a higher than average extent in downward mobility.

In spite of all the mentioned reservations, the analysis of the „fresh“ data in principle corroborates the conclusions of Matějů concerning the stimulating roles of higher education, self-employment (small-scale entrepreneurs are represented more than in the sample average) and the formerly acquired political capital in individual careers typical for the first phase of the post-communist transformation.

Another way to reproduce the historical changes in social stratification is through the comparison of statistical or sociological data collected toward the end of the communist era with data collected on newly created representative samples during the first phase of the post-communist transformation. The first attempt on these lines has been presented in one of the background studies for the project ECE 2000 [Večerník 1993a]. The author compares official Microcensus data characterising income distribution in the year 1988 with the results of his surveys (based on quota sampling) that were carried out in December 1991, June 1992, and January 1993. After careful statistical analysis he comes to the following conclusions: a) in all the indicators of income used, i. e. individual net earnings, net household income and per capita income, there was a remarkable increase in inequality between the years 1988 and 1993, particularly favourable to the top tenth; b) as far as factors determining income differentiation are concerned, the significance of traditionally strong demographic factors such as gender, age and number of family members have remained dominant thus far. Behind this, both the earnings inequality of educational levels and of various types of ownership are increasing. The percentage of variance unexplained by statistical and sociological variables is, however, intensifying at this particular time. This phenomenon can be interpreted as a consequence of the emergence of new, non-traditional factors connected with the market economy. Thus, for example, the importance of segments crystallising around dynamic sectors such as foreign trade, banking, the automobile industry, catering, etc. is coming into force.

In order to contribute to the discussion concerning optimism or scepticism in respect to the increasing role of education in the course of the transformation, we will use a third additional source [*Data Stratification* 1993].

Table 5. Multiple Regression of Earnings in 1984 and 1993
(Values of Beta Coefficients)*

1984**		1991***		1993†	
Gender	0.50	Gender	0.38	Gender	0.34
Age	0.21	Education	0.16	Education	0.25
Education	0.20	Managerial position	0.16	Self-employment	0.18
Managerial position	0.17	Self-employment	0.16	Managerial position	0.17
		Age	0.07	Father's education	0.07
1993 Males		1993 Females			
Managerial position	0.21	Education	0.35		
Self-employment	0.20	Self-employment	0.18		
Education	0.20	Managerial position	0.15		
Father's education	0.09	Age	0.08		
		Father's Education	0.07		

*) Earnings have been transformed into logarithmic values.

**) [*Data* 1984], N = 1459.

***) [*Data* 1991], N = 1090.

†) [*Data* 1993], N = 2858.

As the table shows, the influence of demographic factors on the distribution of incomes, very strong under the egalitarian state-socialist system, has actually declined in the course of the transformation; however, that of gender remains the strongest factor, even at present, while that of age is still significant among the female population. The influence of managerial positions is relatively high and stable, particularly among men. The „explanatory power“ of formal education (in all three cases closely correlated with work complexity, and therefore not included in the analysis) declined in 1991 in comparison to the 1980s and is increasing at present, particularly amongst the female population. The new factor of self-employment, i. e. the emerging nucleus of the classical class structure, has become one of the significant factors determining the earnings distribution among both men and women. Its connection with „meritocratic“ factors such as education and work complexity is thus far questionable; however, as the mobility analysis provided above has shown, it does not exclude future development. The crucial problems the character of the ongoing de-equalisation remain unsolved for the time being and will only be solved in the future.

Regardless of the possibility of varying interpretations of disposable data, it is quite clear that the differentiation in incomes increased in the first phase of the transformation, particularly in the years 1992 and 1993. Parallel to this, it is obvious that a deep differentiation in the amount of fortunes emerged as a relatively new phenomenon. All this occurred against a background of rapid decline in the average standard of living in the years 1990 and 1991, this being connected with the first steps of the economic reform and with important new phenomena on the international scene (the split of the East European market, a new wave of world recession and, subsequently, the split of Czechoslovakia). In 1992 and 1993 the standard of living rose gradually, as the

figures concerning incomes show. By a recalculation of data from current statistics [Přehled 1993: VIII], we obtain the following indices of real incomes: 1989 100.00; 1990 98.77; 1991 74.25; 1992 78.64; and for the three quarters of 1993 approximately 82.93.

During this same period, the gradual character of the economic reform, the development of the private sector, and the active employment policy of the government has contributed to maintaining the level of unemployment at an incredibly low level for the time being [Večerník 1993b: 16-29]. Furthermore, different indicators of poverty reveal that the relative amount of poverty in the Czech Republic compared with the situation in other European countries has thus far remained low [Večerník 1993b: T. 6]. It is one of the main consequences of the careful social policy of the Federal and Czech governments in recent years, as has been described in [Večerník 1993b].

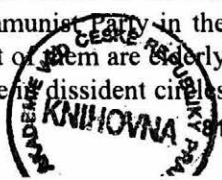
A very important aspect of the social changes are the changes in their perception, i.e. in attitudes and value orientations accompanying the objective developments of class structure and stratification [Tuček 1993b; Hampl 1993; Machonin 1993b: 32-36]. As these questions are not the focus of this article, we will limit ourselves to summarising the new knowledge gained in this field.

Considering all the data collected in surveys on attitudes and public opinion it seems likely that a growing minority of about 25-40% of the adult population in the Czech Republic has developed which actively supports the privatisation process (partly through personal engagement in it). More than half acknowledge the capitalist, i. e. the class character of this process, and a majority, ranging as high as two thirds, of the population tolerate such changes. At the same time, the remainder regards privatisation with some suspicion, with a large majority declaring themselves for some state intervention in the economy, at least in the form of control over private enterprise. Besides some polarisation of the society on this issue, one can also clearly see the residue of the somewhat inconsistent opinions of a great number of people who still wish to combine the real or assumed advantages of both capitalism and socialism in the spirit of state patriarchy and egalitarianism. The pro-reform attitudes are much stronger in the Czech lands than in any other post-communist country, a fact which will facilitate the further progress of the post-communist transformation as an objective process.

2. The exchange of the political elites

All the changes in the Czech political sphere that have occurred over the years 1989-1994 have led to the installation of a parliamentary democratic system in place of the old totalitarian one. There is no doubt that these changes have been based on a step by step exchange of the political elite, with some elements of circulation [Szelényi, Treiman 1991]. (This is, however, not the case with the economic and cultural elites, where the tendency to continue the careers started in the communist system is much stronger.) In the first period of transformation (until the first democratic elections in 1990, the „government of national understanding“ excluded only obviously compromised people of the old regime from the political elite and allowed many former Communists and functionaries of the non-communist „National Front“ parties of the 1980s to take part in political life, particularly within state administration.

The position of the old political „cadres“ weakened with the return of reform Communists from the 1960s who had been excluded from the Communist Party in the year 1970 and, as a rule, had been persecuted by the old regime. Most of them are elderly and have not returned to the Communist Party. Especially those active in dissident circles



have taken advantage of the opportunities available in the renewal of political life, and have participated in parties or movements across the political spectrum. From the very beginning of the political changes a very important and, in many respects decisive, role was played by the non-communist wing of the dissent. A section of this group, also mostly elderly, have prolonged their political activities in various political parties and movements (except the Communist Party) or as independent politicians. Most representatives of both wings of the dissent reached the zenith of their political careers in the second period of transformation (until the second free elections in 1992), in connection with the Civic Forum government. The present Czech president, Václav Havel, continues his political activity primarily as a symbol of the moral values typical of the dissent.

Even during the pre-electoral campaign of 1990, a new wave of zealous political activists emerged. At that time, they belonged mostly to the younger middle generation, and came from all parts of the Czech Lands. As a rule, they had not been active in dissent, nor had they been persecuted by the old regime, but felt tied to their careers and to the further improvement of their standard of living under communism (in the „second society“). They sought a decisive break in the lines of continuity with the reform attempt of the Prague Spring and a new era of development that would give them and their contemporaries enough space. Fascinated with the life-styles of advanced Western countries, they willingly accepted the advice and slogans of a group of somewhat older neo-liberals who had only partly been engaged in the anti-Communist dissent. They first joined the Civic Forum, becoming its candidates in the parliamentary and local elections. A number of them were oriented toward upwardly mobile careers not only in politics, but also, simultaneously, in the economy. This new sector of the political elite gradually strengthened, won the battle concerning the character of the economic reform, formed the basis of the new right-wing parties, and managed to win the elections in 1992 in the Czech lands. Simultaneously, a similar generational shift occurred in the ranks of the democratic left and in the small centrist parties, a highly likely occurrence also in some extreme right-wing parties and to some extent also within the Communist Party.

The most significant part of the political elite of dissident origins which participated in the November 1989 „Velvet Revolution“ remained faithful to its original centrist humanist and liberal democratic conceptions. However, against the background of rapid social and political differentiation, their somewhat abstract and vague slogans were not accepted by the voters. In the 1992 elections, the electorate did not support the Civic Movement and, in fact, excluded most representatives of this group, including the former reform Communists, from the political elite, thus leaving the Movement without parliamentary representation.

The generational shift within the political elite was accomplished later with the decision of the Czech parliament not to give those already-elected members of the federal parliament from the Czech lands seats in the yet-to-be-created second Chamber - the Senate. Only a relatively small group of older experienced people now operate as prominent figures on the political scene. Their active role in politics is connected mainly with their positions in the Czech government and the leadership of political parties and coalitions.

As result of these processes and against the background of ongoing social and political polarisation, a real exchange of political elites occurred. They now comprise mainly people who belong neither to the ruling nor to the oppositional political elites

from the communist system. The former Communists now participating in politics, did not for the most part belong to the real political elites of the old regime. They are simply using the social and cultural capital accumulated in lower positions within the Communist system for careers in the present system.

Further development in political elites will depend mainly on the recruitment of young people and on their political attitudes. For the time being, attitudes favourable to the liberalising changes in the relatively small group of young political activists seem to prevail. The future will depend on the success or failure of the transformation process as a whole and on the dominant mood among the young generation in connection with this.

The main consequence of the hitherto mentioned political processes has been a significant shift in power. The political monopoly of the Communist Party was replaced by the democratically-elected, moderately right-wing government. It includes the representatives of four right-wing parties. In addition to the extreme Communist left and the extreme right, the democratic left (above all, the Social Democrats) and the small centrist liberal democratic parties have also not been included in the ruling coalition, and remain in opposition. The shift in political power is crucial and indicates that, in fact, the transition from a totalitarian to a pluralist democratic system has been completed in the Czech lands.

The existence of a democratic coalition on the one hand, and of a democratic opposition on the other, indicates that the system of parliamentary democracy in the Czech Republic is doing quite well. It has shown, even in moments of extraordinary clashes, a sufficient ability to achieve, pragmatic and compromise solutions where necessary. In spite of its radical economic programme and political rhetoric, the right-wing coalition government has shown, on many occasions, that in practice it employs more gradual approaches based on delaying the resolution of conflictual problems, thus allowing for inevitable social and political compromises. Although both in reality and in the attitudes of the population some differentiation and even polarisation is occurring, for the time being a democratically-acquired social consensus on major problems does exist in the Czech Republic.

3. Further developments

Keeping in mind both the international empirical and theoretical „provision“ of models for future development in countries passing through qualitative societal changes analogous to ours [Machonin 1993a: 4.2.; 1993b: 56-62], we will now try to formulate the main types and subtypes (alternatives and variants) of possible future social and political development, given the objective and subjective conditions of Czech society.

If we take into consideration all the specificities of Czech society, we can remove the following items from the list of possible trends for further developments in the post-communist countries:

- a) the reconsolidation of the state socialist system with, at most, only minor alterations;
- b) an authoritarian and populist solution for the problems connected with the eventual, resumption of the extensive industrial development;
- c) the installation of an authoritarian and populist regime of nationalist, racial or religious character;
- d) a jump into the post-industrial and/or so called post-modern era without accomplishing the main modernisation processes, including those of the meritocrization of the social

and economic relations and the rationalisation and democratisation of the political and administrative systems;

e) the restoration of economic and social relationships that had already been overcome before February 25, 1948.

The reason for reducing the list of possibilities by these items is provided on the one hand by the apparent absence of conditions that would enable and/or require similar solutions, and on the other by the absence or presence of only very faint signs of the existence of objective or subjective trends heading in these directions.

One cannot absolutely exclude the possibility that, as a consequence of the substantial changes in international relations, some elements of these „unrealistic“ trends could be introduced the Czech situation under pressure from abroad. The experiences of the years 1918, 1938, 1945, 1948, 1968 and 1989 witness the fact that, as a rule, major European or world shifts in power cause very deep changes in the Czech lands. However, the present situation does not indicate a tendency to a significant change of that kind within the time horizon of our prediction.

With the elimination of these types of future development that simply do not fit Czech conditions, some „realistic“ ones remain that correspond with the Czech specificities and, therefore, find some basis in the existing objective and subjective trends described by our previous analyses. Thus we can speak about existing trends or tendencies, models for the future, the social and political actors who aim to push through changes in corresponding directions, and finally about the different programmes and strategies of the actors. We term all of these phenomena here „social and political“, as each of these tendencies and strategies have their own social background, represent the interests of certain existing or newly emerging social groups and both propose and attempt to assert a definite model of social arrangements. At the same time, each stimulates the existence and activities of differing social movements and associations - among others, political parties - applying ideologies, programmes and strategies, partly already elaborated in the past, either in foreign or in domestic conditions. Political parties are trying to obtain or maintain political power in order to realise their programmes. In view of these complex interrelations, we can give the possibilities for future development simple names that can be drawn from the international vocabulary of political science and/or political practice, having in mind not concrete political parties or movements, but rather principal ideological and political orientations. Each of these has, at the same time, a certain social background and social and economic programme.

According to previous analyses [Machonin 1993b: 43-49, 67-75], the following possibilities for the future social and political development of the next decade exist currently in the Czech lands:

- a) liberal democratic changes with conservative modifications;
- b) liberal democratic changes with welfare state modifications;
- c) liberal democratic changes „without attributes“;
- d) populist changes combined with leftist authoritarianism;
- e) populist changes combined with rightist authoritarianism.

These are the principal Czech possibilities for the very near future. Now we must evaluate the probability of their realisation. In order to do so, we will use both election results and the data from public opinion polls as well as our knowledge of the social and

political differentiation of the Czech population and of their corresponding attitudes. According to this evidence, with their emphasis on the role of state order, the conservative liberal democrats, have the greatest chance of asserting themselves in the Czech Republic in the very near future.

The expected heightening of social conflict in the further stages of economic reform - the continuing real privatisation, the emergence of classes based on significant differentiation in fortunes and incomes, bankruptcies, increasing unemployment and continuing economic recession - may, in the slightly more distant future, strengthen tendencies toward the welfare state and social democratic modifications to liberal democratic development. This kind of development would correspond to the ongoing polarisation of the society. In comparison with the chances of the conservative right and their allies on one hand and those of the social democrats and their potential allies on the other, the chances of the centrist „pure“ liberal democrats (not to speak of the chances of the extreme left or right) are substantially lower.

If the leading political forces of the government face this situation calmly and do not react by abandoning their tried and true gradual and compromise solutions, and if the socially-oriented forces use democratic means and social negotiations as the main instrument of solving social conflicts, then social peace could be preserved, even in such conditions. A possible by-product of this scenario would be a certain strengthening of the political centre.

If the ruling political structure is not able to avoid the temptation of employing undemocratic measures (e. g. under pressure of radical rightists from within their own ranks), and the social democrats and their allies use populist approaches (abandoning liberal democratic principles), then radicals on both the left and the right will strengthen their positions, social conflicts will intensify and the social and political centre will become weaker still.

Which of the objectively given and subjectively more or less distinctly expressed social and political tendencies (alternatives and variants for future development) are desirable for the Czech Republic with regard to its admission to the European Community? The crucial point in answering this question is the selection of criteria for justifying the options.

The collapse of the communist system was largely connected with its inability to continue the modernisation of Czech society and satisfy the needs of the population in terms of freedom, living standards, life-style, level of civilisation and culture and rational administration. Therefore, in our desire to join the European Community, we have to look for a social and political system that will facilitate a gradual rise to the level of the modern, advanced European societies in all these parameters. The main qualities of such a system must be contrary to the outdated principles on which state socialism was built. The new society requires a pluralist democratic system with a rational administration instead of a totalitarian and bureaucratic system. It requires an effective, meritocratic system of work compensation and job allocation in order to stimulate the performance of both individuals and enterprises in the markets for goods, services, capital and labour. Hence, the post-communist transformation requires democratisation and meritocratisation as its two functionally-connected major directions of development. Only the balanced implementation of both can improve the population's quality of life and help in securing a better position for the Czech Republic in relation to advanced Europe.

Unlike the advanced, economically and socially stabilised and balanced Western societies, under the Czech conditions of deep and rapid social change, in which there has been a serious delay in meritocratisation as compared with democratisation, the danger of conflict between these two processes exists. Such a conflict could lead to the misuse of democracy to block meritocratisation through populist measures, or to ill-conceived undemocratic (i. e. authoritarian) ways of implementing radical economic change as an end in itself, and against the will of the majority of population.

It is a very narrow road leading to balanced progress for both democracy and meritocracy: the road of a well-conceived and cautious policy based on the continual renewal of democratic social consensus for the progressing economic changes. This policy is incompatible with either left or right populism and authoritarianism, both of which could only lead to a restoration of totalitarianism and egalitarianism, regardless of the differences in slogans and rhetoric. Such an orientation of development would lead to a prolongation of the societal collapse in civilisation and culture.

From this point of view, the five „realistic“ possibilities for social and political development open to us two major alternatives: a) extremist populist and authoritarian solutions that do not lead to substantial societal change (the radical leftist and rightist approaches merely being two different variants of this alternative); b) the three other tendencies that all are relatively democratic and lead to the progress of meritocracy which, in reality, means drawing closer to the European Community. From this point of view it is not so important which of the three variants of the second alternative (the conservative, centrist or welfare-state version of liberal democratisation) will win in the next or subsequent elections and assert itself in the social reality. In the end, the voters will decide according to their experience of the achieved social changes and the subjective performance of the political parties and leaders in question. In addition to this, neither the objective nor subjective, neither the international nor domestic conditions of the post-communist transformation in the Czech lands are hugely accommodating of widely differing solutions that would really lead to the preferred end of joining the European Community. This is likely the reason why in practice many political subjects choose step-by-step and compromise strategies that are not fully compatible with their own ideologically defined goals. One could even say, after considering all the difficulties awaiting us, that a compromise combination or even a combination of the strategies based on the three mentioned social and political orientations would be useful for the Czech Republic.

If, from this view-point, we evaluate the two possible and more or less probable paths of development in the global, social and political situation of the Czech Republic as outlined above, we can only formulate one recommendation, based on our analysis. The more goodwill in maintaining social peace and achieving a consensus among the democratic social and political forces, the more likely the Czech Republic's progress will be in a direction favourable for admission to the European Community, the more likely will be the decisive defeat of the forces pulling the country back and the more successful the real post-communist transformation of Czech society.

PAVEL MACHONIN led a team that in 1967 carried out the first representative sociological survey on social stratification and mobility in Czechoslovakia. (The results of the survey were published in 1969 in the book Czechoslovak Society.) After an enforced break in research activities, he returned to his work at Charles University in 1990. At present, he is working at the

Institute of Sociology of the Academy of Sciences. His main research field is the ongoing social transformation of Czech society. He has published a new study Czechoslovakia's Social Structure on the Eve of the Prague Spring 1968 (1992) as well as a number of articles in the Czech Sociological Review.

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WHAT'S SURE'S SURE. IF YOU KNEW WHAT THE „BUTTERFLY'S WING EFFECT" WAS, YOU MIGHT EVEN THANK ME.

International Migration in the Czech Republic and Slovakia and the Outlook for East Central Europe

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Abstract: The contribution is devoted to the international migration issue in the Czech Republic and Slovakia (Czechoslovakia). Besides the contemporary trends, the international migration situation is briefly traced back to the communist era. The probable future scenario of international migration development - based especially on migration patterns that Western Europe has experienced - is also sketched, whilst mainly economic, social, political, demographic, psychological and geographical aspects are mentioned. Respecting a logical broader geopolitical and regional context, Poland and Hungary are also partly dealt with. Statistics are accompanied by some explanations, in order to see the various „faces“ of international migration (emigration versus immigration) as well as the different types of migration movements namely illegal/clandestine, legal guest-workers, political refugees and asylum seekers.

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1. Introduction

The aim of the first part of this contribution is to describe and explain recent as well as contemporary international migration patterns in the Czech Republic and Slovakia (and the former Czechoslovakia). The second part is devoted to sketching a possible future scenario of international migration development. In order to tackle this issue Poland and Hungary have also been taken into account.

In spite of the general importance of theoretical concepts and frameworks of international migration (i.e. economic theoretical and historical-structural perspectives, psychosocial theories and systems and geographical approaches) the limited space at our disposal necessitates reference to other works that devote special attention to the problem of discussing theories¹ [see e.g. Bach-Schraml 1982, Wood 1982, Drbohlav 1993].

However, although contemporary theories of international migration are not of direct significance to this contribution, they are given partial and indirect consideration.

A completely new situation emerged in the Central and Eastern European countries after the collapse of the communist regimes in the late 1980s and the beginning of the 1990s.

The new reality reveals a relative similarity in international migration patterns within the above-mentioned countries, since migration itself mainly springs from political, economic and social factors. Moreover, from the sociocultural, geographical,

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¹) The issue is a rather „hot“ one, also because of the questionable applicability of contemporary international migration theories to international migration movements from and within Central and Eastern Europe.

demographical and ecological points of view (which constitute other important migration determinants) these countries are more similar than they are different.

What, then, do Poland, the Czech Republic, Slovakia and Hungary share in common with regard to the international migration issue? In the case of these countries practically all the former restrictions and barriers regarding international population movements have been abolished.² These countries border on the „classical“ Western World. This, connected with the socio-economic and political transformation, will probably mean that besides the migration of their own citizens westward, noticeable immigration movements will occur. Viewed from all perspectives this trend is fairly evident nowadays. Thus, these countries have, to a certain extent, operated as a migratory buffer between the „real West and the real East“. They are often labelled as transit countries. Some of the immigrants, however, have also stayed longer on these „transit territories“ for pragmatic reasons.

2. The recent history of international migration in the Czech Republic, Slovakia (Czechoslovakia)

After the Second World War approximately 2.3 to 2.8 million Germans were transferred from Czechoslovakia. Chesnais [1992] states, for example, that 1.57 million Germans left the country in 1946. This exodus was only partly compensated by the reimmigration of the Czech and Slovak citizens who had left because of the war. These moves account for about 200,000 persons.

The second mass emigration followed the political events of February 1948 and saw a loss of about 250,000 people in the years 1948-1950.

The third mass exodus occurred in the wake of the political situation of 1968 and continued in tandem with the resulting „normalisation“ process; a figure of 200,000 emigrants, though high, is an accurate estimate. According to the former Federal Ministry of the Interior there were about 70,000 emigrants in 1968-1969. In addition, the estimates for the following two decades (1971-1980, 1981-1990) suggest there was an exodus of about 50,000 emigrants for each of the two periods (see also table 1). Chesnais [1992] states, for example, that „only“ 15,380 Czechoslovak citizens arrived in Germany as asylum seekers in 1981-1989.

In contrast to illegal migration, the data on „legal net international migration“ published by the official statistical bodies ranges between 1,000 and 3,000 per year for the whole of Czechoslovakia. The only exception was at the end of the 1960s when the net international migration officially reached a level of almost 8,000 per year. Between 1981-1989 there were officially 25,746 emigrants (77% for Europe) and 12,171 immigrants, that is, a 13,575 net migration loss [Marešová 1991].

Stated briefly, Czechoslovakia lost around 500,000 people from 1948 to 1990 due to international migration.

Reasons for emigration were mostly political and economic. Some people could no longer bear the anti-democratic and totalitarian regimes, others were dissatisfied with

²) As far as access to „hard currency“ and a visa policy - an important means of controlling travel abroad in the past - are concerned, nowadays a citizen of the Czech Republic can obtain „hard currency“ to the amount of 12,000 Czech crowns a year and can travel without visa to any European country (except for Albania, Andorra, Gibraltar, Turkey, Cyprus and Serbia) and Montenegro and stay there for a minimum of 30 days.

their general standard of living. Very often, the bureaucratic decision-making of authorities concerning housing, working, travelling or a total disillusionment in the political climate resulted in emigration. Emigration itself was a serious act involving the rupture of all family ties and social networks. There was almost no way back (emigration was considered a criminal offence and was followed by the confiscation of possessions, and sometimes the persecution of relatives); there seemed little reason to hope for a democratic and „prosperous“ future for the country.

Table 1. Illegal Emigration from Czechoslovakia according to Various Data Sources (1981-1989)

	A	B	C	D
1981	6,050	6,365	-	7,276
1982	6,180	7,007	-	6,903
1983	5,462	6,401	-	5,793
1984	4,882	4,352	3,895	5,051
1985	5,007	4,644	3,997	5,226
1986	4,457	4,493	3,105	4,696
1987	5,054	4,320	4,110	5,061
1988	4,737	4,960	4,865	4,792
1989	5,053	6,776	4,920	5,515

A - Unpublished materials of the former Federal Ministry of the Interior.

B - „Statistická ročenka kriminality“ 1983-1990 („Statistical Yearbook of Criminality“).

C - „Ilegální emigrace z ČSSR, ČSR a SSR podle krajů v letech 1984-1988 a okresů v roce 1989. Praha, FSÚ 1990 (dle podkladů FMV)“. (Illegal Emigration from CSSR, CSR and SSR by Regions in the Years of 1984-1988 and by Districts in 1989).

D - Unpublished materials of the former Federal Ministry of the Interior - according to the registration of exit visa permits.

Source: [Uhlíř 1993] (Abridged).

Examining official statistics, it is possible to glean some basic personal characteristics amongst emigrants [Srb 1990]. One can assume that most of them (about 80%) were active (with an average age of 35) and were predominantly more skilled than the average, blue-collar worker or professional. The ratio of men compared to women was around 2:1. During the 1980s it was clearly indicated that the metropolitan and urban population was the main driving force behind emigration.³ It seems that geographical positioning was an important factor, to the effect that the population of districts close to or bordering on the

³) The relationship between illegal emigration from the Czech Republic and various geographical, economic, social and demographical characteristics was investigated by means of a stepwise regression analysis by the Czech districts in the period of 1981-1983. The resulting model based on all 17 independent variables accounted for a substantial degree of variance ($R^2 = 0.78$, $p = 0.05$). Thus, it explained the causality and conditional aspects of the emigration fairly well, while confirming a close link between emigration and highly urbanised areas. The variables such as the share of people working in agriculture (the standard regression coefficient $SRC = -0.339$), the share of people living in urbanised areas ($SRC = 0.406$), the divorce rate ($SRC = 0.445$), the environmental („natural“) quality ($SRC = -0.451$) and the „centrality“ ($SRC = 0.174$) came into the equation.

East-West border zone (e.g. Karlovy Vary, Cheb and Sokolov) emigrated much more often than others.

Western European countries, especially Germany, but also traditional immigration regions such as the USA, Canada and Australia were likely targets for emigrants from Czechoslovakia. Unfortunately, a regional picture of legal/official emigration provides insufficient information for establishing the truth concerning illegal movements (table 2).

Since the beginning of 1993 former internal migration movements between the two parts of Czechoslovakia have become international, this being a result of the creation of the two independent subjects - the Czech Republic and Slovakia.

It is perhaps worth mentioning the difference in intensity of the illegal emigration between the Czech and Slovak Republics. While the population ratio between the two republics was more or less 2:1, the ratio of illegal emigration was about 4:1 in 1968-1980, and somewhere between 2 and 3:1 in favour of the Czech Republic in 1981-1989 (estimated according to the internal data sources of the former Federal Ministry of the Interior).

Table 2. Legal Emigration from Czechoslovakia according to Country of Destination (1981-1989) - Selected „Western“ Countries and Continents

	1981	1983	1985	1987	1989	1981-1989
Europe	3,048	2,584	1,684	1,830	2,004	19,729
Germany	1,264	982	481	619	936	7,301
Greece	482	445	232	201	159	2,998
Austria	194	151	142	207	161	1,455
Italy	103	106	90	104	128	982
Sweden	71	77	50	46	66	564
Switzerland	73	54	40	53	81	503
France	64	71	46	41	40	458
United Kingdom	65	41	43	37	49	426
Asia	135	303	204	84	75	1,592
America	295	251	252	283	324	2,505
Australia	93	103	77	93	130	786
Africa	142	114	106	30	34	799
Total	3,733	3,404	2,399	2,337	2,590	25,746

Source: [Marešová 1991] (Modified).

As far as internal migration movements are concerned, there were rather substantial flows from Slovakia to the Czech Republic in the first half of the 1950s, altogether about 33,000 people a year (the counter flows were about 21,000 - [Häufner 1984]). The numbers were 16,500 and 10,300 a year for the period of 1965-1969 [Häufner 1984]. Over time this migration has continued to diminish, with the net migration loss for Slovakia falling to approximately 3,500 in the 1970s and 1980s [Dzúrová, Rychtaříková, Drbohlav 1992]. For the years 1991 and 1992, official net migration rates represent 1,010 and 4,917, respectively, in favour of the Czech Republic.

Prior to the split of Czechoslovakia, there was some indication of mass movements, including the gypsy population, from Slovakia to the Czech Republic. For

the time being, however, such expectations seem to be exaggerated and one can only wait for more accurate data.

3. The current migratory situation

A completely new era in the migration process started in the 1990s. The state actually observed universal human rights and embodied a freedom of movement in various forms in its legislation. In addition, the 1951 Convention and the 1967 Protocol relating to the Status of Refugees were passed (and ratified by the President in October 1991). Various levels of co-operation with organisations dealing with international migration has been accomplished - e.g. with the United Nations High Commissioner for Refugees and the International Organisation for Migration. It became possible to abolish visa duty (within Europe) as well as to conclude several agreements on employing Czechoslovak citizens abroad. Negotiations are continuing, especially concerning the „asylum seeker“ issue.

Migration movements have also continued since the „Velvet Revolution“. The precise statistical recording of emigration is very difficult. In 1990 and 1991 there were officially 4,980 and 3,237 emigrants from Czechoslovakia (preliminary data). About 83% of them emigrated from the Czech Republic.

In 1990, the main target areas were Germany (1,261), Switzerland (742), Australia (430), Canada (389) and Austria (334) [Marešová 1991]. This data is likely to be an underestimate because it does not cover all illegal „economic“ and long-term emigration - not to mention illegal shorter stays - nor does it include some of the movements of those with real intent to stay in the West.

Legal (official) post-Revolution immigration is a fairly interesting and relevant phenomenon for analysis. In the course of time - from 1990 (table 3), through 1991 to the first half of 1992 - increasing numbers of immigrants 3,282, 7,392 (preliminary data) and 4,851 (preliminary data) respectively, show that Czechoslovakia offers an attractive environment for settlement. This concerns perhaps mostly people of Czech or Slovak origin (nearly 60% of the all immigrants in 1990), including the „false immigration“ connected with the restitution process.⁴

3.1. Illegal immigration

Illegal „economic“ rather than „political“ immigration is another feature of the contemporary migration situation. Various sources suggest that at the end of 1992 from 150,000 to 200,000 migrants were staying illegally in the former Czechoslovakia [e.g. Soldiers 1993, *Interni* 1993] - as compared to about 41,000 foreigners who were officially granted permission to stay either for a long-term period or permanently [Marešová 1993]. It is estimated that about 40,000 of these illegal immigrants were citizens of the former Soviet Union [*Interni* 1993]. These were accompanied by others both from Central and Eastern European countries and from the Third World. Only a minority of these immigrants applied for refugee status (see below). For most of them, the Czech Republic and Slovakia serve as intermediate stations on their journey to the West. According to the latest data from the Czech Ministry of the Interior altogether

⁴) Returning property confiscated under the communist regime in the former Czechoslovakia is confined only to persons who live permanently in the territory of the Czech Republic or Slovakia. Sometimes this prerequisite is overcome by living on the territory „de jure“ rather than „de facto“.

32,759 illegal attempts to cross the Czechoslovak border were recorded in the first 9 months of 1993 (nearly 93% of them tried to enter Germany). Most of these failed migrants came from former Yugoslavia (52%), Bulgaria (13%) and Romania (12%). However, the number of successful emigrations is likely to be many times higher.

Table 3. Official Immigrants Who Came to Czechoslovakia in 1990 -
Breakdown by Personal Characteristics

To the Czech Republic	2,338
To Slovakia	944
Czechs by origin	1,430
Slovaks by origin	432
Males	1,865
Females	1,417
Active	1,840
Dependent	980
Retired	459
Basic education	709
University-educated	690
Age:	
0-14	309
20-49	2,136
60 and over	428
Coming from	
Europe	1,928
Germany	471
Soviet Union	358
Poland	274
Austria	186
Yugoslavia	158
America	500
USA	205
Canada	169
Asia	310
Australia and Oceania	99
Africa	84
Total	3,282

Source: „Pohyb obyvatelstva v Československu“ (1992). Praha: Federální statistický úřad. (Yearbook of Population Statistics).

Nevertheless, some of the illegal immigrants have remained longer in the Czech Republic or Slovakia. A number of them work illegally, with some engaged in dubious activities.

A „legislative solution“ to the problem of illegal immigrants is contained within the „cascade policy“ where those who were not accepted by Germany, for example, could be „cascaded“ onward through Slovakia to their respective countries [*Refugees* 1993]. However, this policy depends on co-operation and re-admission agreements between the countries involved. As for the Czech Republic, such agreements came into effect with Austria (1992), Slovakia and Poland (1993) and with Romania (1994). The signing of further agreements, namely with the Ukraine and Hungary can be expected soon.

Negotiations on the key agreement with Germany are under way. Other Western countries should also participate.

3.2. Guest-workers

The Czech Republic and Slovakia are trying to regulate the numbers of labour migrants in their countries. At the same time they are also attempting to legally control - through bilateral or multilateral agreements - the possibility for their citizens to work abroad.

Since the beginning of the 1990s, the number of foreign workers legally employed („relics“ of the former regime) has sharply diminished in Czechoslovakia (table 4). While there were 95,450 foreign workers registered at the end of 1990 (most of them from Poland - 54,813 and Vietnam - 33,970 - [Marešová 1991]) only several thousand remained in the beginning of 1993 [Interní 1993]. Official contracts signed in the past with former communist countries could not be extended and workers were obliged to return to their home countries. However, some of them have remained on the basis of individual work permits or trade licenses, while others try to go westward illegally.

Table 4. Ethnic Structure of Foreign Workers in the Territory of Czechoslovakia (1991-1992)

	1991 (31. 12.)	(%)	1992 (30. 6.)	(%)
Poland	16,777	56.2	7,168	49.5
Vietnam	9,808	32.9	5,483	37.8
former Yugoslavia	1,899	6.4	1,307	9.0
former Soviet Union	308	1.0	193	1.3
Bulgaria	279	0.9	106	0.7
Hungary	283	0.9	96	0.7
Mongolia	151	0.5	37	0.3
Romania	136	0.5	28	0.2
Cuba	100	0.3	24	0.2
Others	100	0.3	52	0.4
Total	29,841	100.0	14,494	100.0

Source: [Marešová 1994].

Several „new“ official agreements have been concluded between Germany, Poland, the Czech Republic, Slovakia and Hungary; new agreements have been established concerning topics such as the „guest-worker“ issue in general, the regulation of border workers, specific sector recruitment of manpower and the quota of those working on a contract basis [Hönekopp 1992]. Thus, with regard to Germany, there is some possibility of a rather limited number of Czechs and Slovaks (1,400 in 1993) being legally employed there as a means of increasing their skills and language abilities. Other possibilities are linked to inter-firm co-operation (mostly construction or craftsmanship), to seasonal work (mostly construction, agriculture and services - see table 5) or to regular commuting across the border zone (within an area of approximately 50 kilometres) [Marešová 1991].

At the same time, there is a weekly, even daily and mostly „illegal“ movement from the Czech Republic across the Czech-German and Czech-Austrian borders. With the present exchange rate, the earnings, though considerably less than the domestic ones, are

very lucrative for Czech workers.⁵ It is estimated that such movement may represent something around 16,000 commuters [Marešová 1993]. Even given the necessity, it will, however, be very difficult to access the real numbers of these migrants until the German and Austrian bodies are willing to co-operate by, for example, releasing the appropriate data. The socio-economic structures of some of the districts or cities in border areas seem to be affected by this exodus, not to mention the losses inflicted on the Czech Republic by income-tax evasion or „false unemployment“.

Table 5. Seasonal Workers - Czechs Who Obtained Work Permits in Germany from April 1991 till the End of July 1992

Total number of applicants	20,959
Males	17,287
Age: under 20	2,313
21-30	6,937
31-40	6,319
41-50	3,930
51-60	750
61 and over	138
unidentified	572
Sector and branches:	
agriculture and forestry	3,452
restaurant sector	3,231
construction	7,900
other	6,376

Source: [Marešová 1994].

Note: The total rose to nearly 41,000 by the end of June 1993.

Worthy of note is the fact that the Czech Republic itself has become a rather attractive workplace. Out of the more than 77,000 legally staying foreigners (either on a long-term basis or permanently) in the Czech Republic at the end of 1993, about 28,000 were provided with work permits and a further 10,000 with trade licenses (preliminary data from the Ministry of Work and Social Affairs and the Ministry of Economy). Most of them came from the „East“. Besides those who work legally, the number of illegal foreign workers is probably mushrooming. The number of workers coming from the advanced Western World has thus far been limited. They are mostly experts and advisers

⁵) Regarding contemporary earnings of Czech seasonal workers in Germany, it is worth mentioning the results of Horáková's study [1993]. Based on a sample of 27 respondents she informs us that their monthly earnings range between 400 DM and 2,880 DM (from about 7,000 Czech crowns to about 50,000; with an average of 28,000 Czech crowns), whilst the lowest earnings went to unqualified young girls who work only as baby-sitters or au pairs. By contrast, the average monthly nominal wage of a person employed in the sectors of the Czech national economy was 5,809 Czech crowns for the second half of 1993. The minimum wage was 2,200 Czech crowns.

working for foreign firms and companies as well as English teachers staying for predominantly shorter periods.⁶

3.3. Refugees and asylum seekers

Refugees and asylum seekers constitute a new migration feature in the Czech Republic and Slovakia. As early as November of 1990 a bill concerning refugees was passed by the Czechoslovak Parliament.⁷ The Ministry of Interior is responsible for dealing with this issue.

In contrast to other types of migration, statistics in this area seem to be quite reliable. However, the „objectivity of the data itself“ is affected by many migrants who misuse the refugee status under the guise of political reasons, when in fact they are merely looking for a better environment in which to live. Thus, about 50% of asylum seekers who have applied for official refugee status in the former Czechoslovakia „disappeared“ before their applications were investigated⁸ [Interní 1993]. They sought or still seek the opportunity to reach a Western European country. The same is characteristic of those whose applications were rejected by the official bodies.

All in all, about 90% of those seeking refugee status in Czechoslovakia did not intend to stay. Even those who were granted this status do not want to stay [Sýkorová 1993].

Altogether 4,859 asylum seekers passed through refugee camps in Czechoslovakia between July 1990 and November 1992 [Sýkorová 1993]. In November 1992 alone, 445 people were officially seeking refugee status and staying in refugee camps [Sýkorová 1993]. Sýkorová's [1993] analysis sheds light on some more detailed characteristics pertaining to asylum seekers (table 6).

In this period as a whole, the majority of asylum seekers came from Romania (48%), Bulgaria (20%) and the former Soviet Union (18%). The percentage of those coming and officially seeking refugee status from the Third World countries was very low. As for composition by sex, almost 75% were males. This is also valid for the three main source countries. 65% of those from Romania, 61% from Bulgaria and 47% from the former Soviet Union were staying in the camps for periods of up to four months. The percentage of those staying longer than one year ranged from 5% (Bulgaria) to 9% (Romania).

⁶) What is interesting, however, is that according to some unofficial sources there are more than 20,000, mostly young North Americans, residing in Prague. Although temporary, their stays last generally for a longer period of one year.

⁷) According to the law, refugee status is granted for a five-year period. A foreigner can be granted the status on the basis of his/her well-founded fear of persecution for reasons of race, religion, nationality and membership to a particular social group or adherence to a particular political opinion. Humanitarian reasons can also be taken into account when granting the status. The status guarantees „equal treatment“, that is the enjoyment the same rights as domestic citizens with the exception of the right to vote, conscription and some aspects of employment and property ownership [Marešová 1991].

⁸) According to the refugee law, applicants for this status are obliged to stay in camps until their applications have been investigated and processed.

Table 6. Asylum Seekers Who Passed through Refugee Camps in Czechoslovakia between July 1990 and November 1992 by Selected Countries of Origin and Sex

	Male		Female		Structure by Sex (%)	
		(%)		(%)	Male	Female
Afghanistan	64	1.9	27	2.2	70.3	29.7
Angola	183	5.5	33	2.6	84.7	15.3
Bulgaria	641	19.4	251	20.0	71.9	28.1
Iraq	44	1.3	23	1.8	65.7	34.3
Yugoslavia	56	1.7	40	3.2	58.3	41.7
Pakistan	9	0.3	0	0.0	100.0	0.0
Romania	1,648	49.9	529	42.1	75.7	24.3
Soviet Union	500	15.2	308	24.5	61.9	38.1
Vietnam	138	4.2	34	2.7	80.2	19.8
Zaire	23	0.7	12	1.0	65.7	34.3
Total	3,306	100.0	1,257	100.0	72.5	27.5

Source: [Sýkorová 1993] (Abridged).

Among the 440 asylum seekers in the camps in November 1992, 37% were from the former Soviet Union, 28% from Romania, 12% from Bulgaria and 8% from Yugoslavia [Sýkorová 1993]. Thus, in comparison with the general picture based on all asylum seekers passing through during 1990-1992, the most contemporary data revealed the shift towards an increasing number from the former Soviet Union. In addition, more women (over 40%) and younger people (33% between 0 and 19) were registered.

All in all, there is quite a clear indication of what has been discussed above: „asylum seekers“, individual males or even whole families, try to escape westwards as soon as possible with „economic“ motives tending to dominate, sometimes being interwoven with political ones. According to the questionnaires filled out by every person going to the camps, the pull of the traditional immigration countries such as Canada, Australia and the USA, highly exceeds that of Western European countries and the rest of the world as the target areas [Sýkorová 1993]. However, the reliability of these statements is questionable.

Altogether 920 asylum seekers (about 19%) were granted refugee status in the former Czechoslovakia from the mid 1990s until the end of 1992. The attempt to curb the inflow of asylum seekers during that time is rather evident.

The latest figures on foreigners seeking refugee status in the first half of 1993 revealed that of the 359 new applicants, 75% came from the former Soviet Union. Nearly 65% of them were Armenians. About 24% asylum seekers have been granted refugee status in this period. Thus, the state accept well-founded reasons (especially war) for fleeing the mother country.

4. What can be expected in the future? Possible scenario

The past and current situation in Central Europe as well as the experience of Western European development can serve as a suitable platform for pinpointing some features and formulating a possible development scenario as regards international migration in Poland, the Czech Republic, Slovakia and Hungary. However, in doing so, one must keep in mind that to foresee the future of such a complex phenomenon is a highly

difficult, even hazardous, task. There is absolutely no certainty, only the probability that such a scenario will be realised.

First, it is necessary to formulate some of the prerequisites predetermining the environment of the scenario to come. Of course, they are in fact again only presumable, even if obvious, predictions:

- 1) The current political and socio-economic development is „irreversible“.
- 2) Despite various difficulties the future political and socio-economic development towards prosperous democratic societies with market economies will be fairly smooth and will go hand in hand with a close co-operation with Western European countries in particular.
- 3) The negative consequences of the possibly unfavourable political and socio-economic development in Eastern European countries (including the former Soviet Union) will not have a catastrophic impact upon the countries in question in the future.

We will briefly outline the probable migration picture of the above four countries for approximately the next decade. After emphasising the common features we will present the probable migration patterns in the Czech and Slovak Republics.

As the four countries of the Visegrad group are, economically and politically, fairly stable, there is absolutely no inclination of a mass exodus of emigrants from this area. In addition, „the peak phase of emigration seems to have already passed“ [Korcelli 1992]. Thus, the two very important factors determining emigration are likely to be almost out of the question.⁹ However, unless the overall living standards in the given countries come closer to those of the West, there will always be that temptation „to eat sweeter fruits“ abroad.

The demographic and ecological parameters of these four countries - another set of important migration („push“) determinants - are unlikely to trigger emigration, although in some cases they cannot be completely ruled out.¹⁰

⁹) Deep-seated economic and social inequalities in the quality of life seem to be the main determinants for general international migratory movements. A second main determinant is the complex factors connected with political instability, political oppression, persecution, lack of freedom, eviction, civil unrest, or even wars and battles, especially on ethnic and religious grounds.

¹⁰) Generally there has been a „deterioration of demographic parameters“ as one proceeds from Poland, over Slovakia, the Czech Republic to Hungary. Hence despite projected ageing and declining fertility factors and thus a growing likeness to the Western demographic behaviour, „according to most scenarios the proportion of 20-64 year olds in Central and Eastern Europe shows a significant increase, especially in the first decade of the next century“ (including Yugoslavia, Bulgaria and Romania, - [Hablicsek 1992]). This fact could perhaps have a slight influence on international migratory patterns, especially in Poland.

Appalling environmental degradation in the given countries could propel migration, be it more often within the specific country than abroad.

With regard to the environment, „the difference between the longest and shortest life expectancy was 3.48 years for women and for men even 5.02 years“ by district in the former Czechoslovakia in the second half of the 1980s [Džúrová 1991]. „It is in the context with quality of environment in relevant regions“ [Džúrová 1991].

It is also likely that the possible demographic „pull“ migration factor (attracting people from Central and Eastern Europe as well) - the demographic ageing of Western countries which results in an inability to meet the demands of their own economies¹¹ - will be restrained by restrictive migration policies. Western countries will „protect their own population“¹² and will mobilise their own resources. Nevertheless, the total impermeability of their borders seems wholly unrealistic.

Indeed, there are other factors easing East-West European migration contacts: for example, geographical and cultural similarities, historical ties, existing social networks (especially to Poland), similar climates, the possibility of relatively cheap travel and a great deal of information on possible target areas.

One can assume that the propensity to emigrate will be higher in the case of Poland where emigration is linked to national history: „the people of Poland have been unable to put down roots in a specific country, as they have been affected by territorial changes and moves over the centuries, giving them a strong tradition of mobility, which may make them more likely to leave“ [Chesnais 1992]. In addition, there is the large Polish diaspora in the West, which is potentially beneficial to those Poles considering emigration.

The trend „to stay at home rather than emigrate“ is confirmed by both the current and the past migration situations as well as by some of the public opinion surveys such as that of Hungary [Szoke 1992]. „Hungarians prefer to stay, irrespective of the country's troubles“ [Szoke 1992].

The Czechs and Slovaks also seem to be deeply rooted and prefer to stay in their own countries (see below).

These conclusions are more or less in accordance with the opinions of 63 experts on migration issues from all over Europe who have taken part in a „Delphi“ survey dealing with the topic of international migration between Eastern and Western European countries.¹³

Future westward outflows from the given countries will probably be more short-term, and increasingly linked to bilateral and multilateral agreements or exchange programmes.

With the growing co-operation between the West and East there will be a decreasing „necessity“ to emigrate „for ever“ from the East. This co-operation requires a

¹¹) „Demographic trends and labour force projections indicate that by the year 2000 employment in the EC member states is likely to have risen faster than labour force growth, causing labour supply shortages. The most recent estimate, for example, envisages a contraction of the European Community's labour force by 5.5% - from 145 million in 1990 to 137 million - in the next three decades“ [Ghosh 1992].

¹²) It seems very realistic that immigration in Western Europe will continue to be a highly selective process. „Doors“ will likely only to be opened for some of the more highly educated people, for family members of labour immigrants who came in the past and for specific depleting labour force types.

¹³) Research on this topic is being compiled by the author of this contribution under the auspices of the Catholic University Leuven - see table 7.

minimum human presence „to guarantee the authenticity and quality of the relationships“ [Chesnais 1992].¹⁴

Further moves to the West will comprise of high-performance students and specialists from the capitals and larger urban areas. Although at present there is a continual exodus of intellectuals this may decrease in the future. State intervention in response to this cannot be completely ruled out.

It is likely that more qualified and active people who often commute or those seasonally involved in services, agriculture and construction or in other „deficit branches and sectors“ in the West will also be on the move. This means that some of the border regions will become rather important.

However, despite increasing organised and legal flows of people and in spite of the evident restrictive migration policy of Western European countries, the illegal flow of workers towards the West is likely to continue, although in the course of time the numbers will decrease.¹⁵ It will not only be intellectuals but also unqualified people and those who yearn for adventure. Citizens of other Eastern European countries as well as those from Third World countries are trying and, despite various restrictive methods, will enter the Western World with the help of the transit buffer countries in question.

All bear witness to the fact that especially males (but, for example, in the case of illegal circular movements more and more females) and younger adults constitute the majority of those who migrate.

Germany, followed by Austria, seem to be the most popular targets by far for emigrants from the four given countries (see also table 7). Nevertheless, Benelux, Italy, Denmark and, to a smaller extent, perhaps Sweden, Switzerland and France are likely to become more involved. On the other hand, Portugal, Spain, Ireland and the United Kingdom seem to be more or less „out of reach“. There are also traditional immigration countries such as the USA, Canada and Australia. They will continue to serve as the countries of destination for a rather limited number of people (with perhaps the exception of Poland). On the other hand the traditional immigration countries could become more attractive targets for those migrants using Central Europe merely as a transit area.

In the meantime, it seems the mutual migration circulation among the countries in question will increase.

As far as the psychological aspects connected to emigration are concerned, negative consequences, with perhaps the exception of „dual morality“¹⁶ [Okolski 1992],

¹⁴) Japan, by way of example, had about 83,000 people working in various firms all over the world in 1988 [Russell-Tietelbaum 1992].

The further development of contacts between Eastern and Western Europe „should give rise to greater human mobility and to the establishment of networks of people from the West in the countries of Eastern Europe (examples being engineers, technicians, teachers, administrative staff and businessmen) and, conversely, by East European nationals (such as students, research workers and managers) in the countries of the West“ [Chesnais 1992].

¹⁵) It seems that despite any state intervention in the form of restrictive policy and the curbing of immigration, the „pragmatic attitudes“ of Western employers welcoming and taking advantage of the very cheap immigration manpower will continue to exist.

¹⁶) Okolski [1992] singles out migrant workers, who very often experience contradictory situations when living in the West as opposed to living in the East, examples of this being regular versus irregular work; discriminatory treatment versus preference; living and working in

will be limited. This is a result of those more short-term moves which do not include separation from their families on one hand or integration and assimilation on the other.

In the course of time the given countries themselves will increasingly become immigration targets. According to the migration „law of succession“ [e.g. Korčák 1969] that has become operational since the artificial barriers were demolished, Third World immigrants will probably enter Central and Eastern Europe on a larger scale. In addition, other Eastern Europeans, especially from Romania, Bulgaria and some republics of the former Soviet Union, will likely join inflows to Central Europe. However, there is some indication that at least some of the four countries in question (including perhaps the Czech Republic) will further curb immigration through restrictive policies. Nevertheless, the excess numbers that already exist will split into two parts: those who will seek the simplest and shortest way of reaching the real West and those who either have been rejected by the West or will be „satisfied with the territory“. On the other hand, some opportunities for legal work will presumably exist for immigrants. Those will mainly depend upon the economic situation of the particular country.

The host societies will have to face immigrant problems similar to those of the Western European countries - including, for example, rising xenophobia and racism and the potential immigrant ghettoisation in some of the large cities.

Looking at it from an „economic and political“ point of view it does not seem realistic that Poland and Hungary will support the immigration of large amounts of Poles and Hungarians by origin and currently living in other Central and Eastern European countries as ethnic minorities. Nevertheless, one can assume that a rather noticeable number of them, especially Poles from the former Soviet Union and perhaps Hungarians from Romania, are likely to reach their motherlands.

Poland, in contrast with the other countries in question, will further develop contacts with its large Western diaspora. This will result in further return migration.

Everything mentioned should more or less touch the Czech Republic and Slovakia in some degree. Nevertheless, some more concrete comments concerning these countries are valuable.

1) Czechs and Slovaks seem to be deeply rooted in their own country. Although there is a tradition of emigration there are, however, factors curbing the numbers of those leaving their respective countries. First, there is the not altogether unrealistic hope of a „better tomorrow“. Secondly, people were and are even more tied to their own country.¹⁷ Thirdly, there is a heritage of the last forty years in which nearly all aspects of „personal activity“ (a very important factor to emigration) were subjugated. Fourthly, this typical of the Czech mentality in particular not to solve a situation „directly and drastically“.

humiliating conditions versus displaying „millionaire manners“; operating in an irregular situation versus aspiring to the status of a respectable citizen.

¹⁷) It is worth mentioning in this context that in 1991 flats in family houses represented 41% and 50% of the entire number of flats being used as domiciles in the Czech Republic and Slovakia, respectively [Kučera 1992]. In many cases the effort (work, money and time) required to build such a house may mean that people are perhaps more emotionally tied to their property and place than in other countries.

Table 7. Calculated Burden of International Migration on the Given Countries in Absolute Terms over the Next Five Years

	Mean*
<i>Immigration to Western from Central and Eastern Europe</i>	
Germany	1.38
Austria	2.21
Sweden	2.81
France	2.96
Italy	3.08
Finland	3.10
Switzerland	3.28
Benelux	3.31
Denmark	3.54
Greece	3.55
United Kingdom	3.68
Norway	3.74
Spain	4.04
Portugal	4.35
Ireland	4.62
<i>Emigration from Central and Eastern into Western Europe</i>	
former Yugoslavia	1.66
Albania	2.30
Romania	2.32
Belorussia, Ukraine, Moldavia	2.50
Poland	2.60
The rest of the former Soviet Union	2.69
Bulgaria	3.06
The Baltic republics	3.47
Slovakia	3.48
Hungary	3.93
The Czech Republic	4.09

*) Respondents were to rank the countries according to the calculated burden (in absolute terms) of the immigration/emigration flow: ranking from one to six - very high to very low.

Source: Preliminary results of a Delphi study on international migration between Eastern and Western European countries. The research is being conducted under the auspices of the Catholic University Leuven. 63 participants have taken part in the first Delphi round. Politicians and officers as well as top scholars, especially sociologists, economists, geographers and demographers from all over Europe (37 from Central and Eastern Europe) constitute the participants dealing with the migration issue.

Nevertheless, it is likely that in the next ten or fifteen years there will be a slight - as opposed to a great - net international migration loss per year in the settlement migration of both of the countries.

2) One can assume that for various reasons (e.g. the disadvantageous economic structure, the „relative immaturity of the political arena“) Slovakia is not likely to go through the transition process as „easily and quickly“ as the Czech Republic. Yet,

despite the rather obvious process of socio-economic equalisation between the two republics after the second World War, differences in the standard of living, even if slight, do exist.¹⁸ The discussion thus far bears witness to the continuing migration loss from Slovakia to the Czech Republic. After the initial „derangement“ this loss could reach, at least in the foreseeable future, a slightly higher level than in the 1980s.

- 3) A high return of immigrants cannot be expected. It seems that people who emigrated from Czechoslovakia in the past are fairly well-settled in their host societies and may have family commitments there. Furthermore, since the Revolution, political mistakes have been made which would have discouraged rather than persuaded the emigrants to return to their home countries.
- 4) The transformation process is likely to influence the regional picture of internal migration movements which may follow, in particular, the changing „economic micro and mesoclimate“. Besides the capitals - Prague and Bratislava - Western Bohemia seems to have rather promising prospects in terms of pulling capital and people, including those coming from the West. In addition, almost the entire zone bordering on the Western World, considered in the past a periphery, should benefit from its geographical position and, thus, from circulating and „enriching“ mutual movements.

If, however, due to the collapse of the transformation processes, political upheaval, civil wars and the like, the development as a whole does not respect the four above-mentioned prerequisites to some degree, one may also expect disorderly and huge migration outflows from the countries in question.

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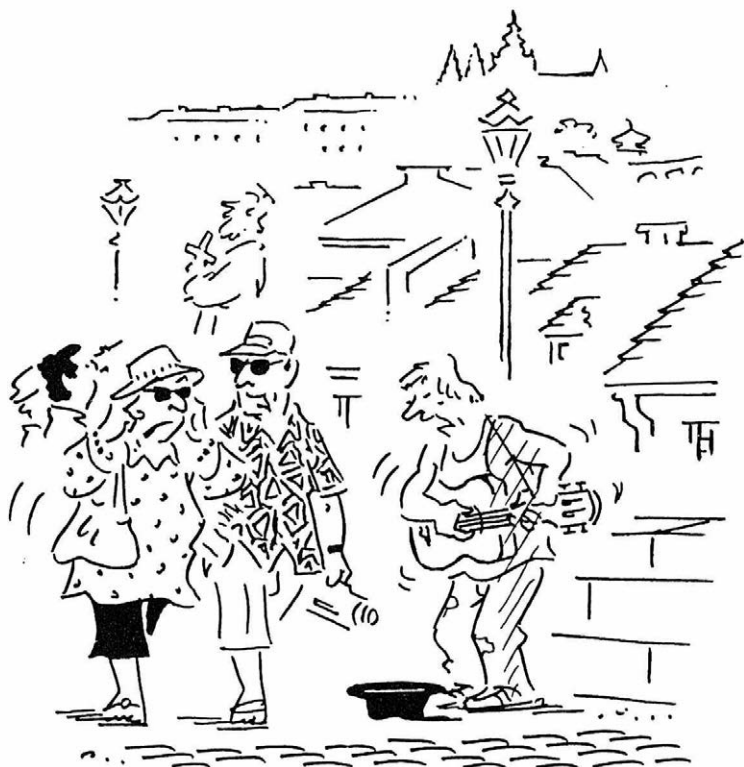
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¹⁸) According to the Czechoslovak Census of March 1991, the selected facilities of households were as follows: an automatic washing machine (46.1% in the Czech Republic versus 34.2% in Slovakia); a colour television (58.9, 48.9 respectively); a personal automobile (45.7, 38.5) and weekend-house or cottage for relaxing (12.2, 5.4).

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YOU SEE NOW, PRISCILLA? THERE'S NO PLACE TO EMIGRATE TO.

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

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

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

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

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Three levels of regional organisation of the Czech Republic will be distinguished in this paper: districts, of which there are 75, regions, of which there are seven¹ plus the capital Prague, and lands (Bohemia and Moravia with Silesia). Only the districts at present exist as political and administrative units. Regional governments were abolished in 1990, but regions still function as administrative areas of different governmental agencies. While lands formally ceased to exist in 1949, they have partly survived as cultural entities as well as in the historical memory of segments of the population. Regarding regional organisation of the country (see Figure 1).

Figure 1. Territorial division of the Czech Republic



Note: The boundary between Czech and Moravian regions does not fully correspond with the historical boundary of the two lands

The following set of issues will be examined:

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

¹) Central Bohemia, South Bohemia, West Bohemia, North Bohemia, East Bohemia, South Moravia, North Moravia.

The heritage of regional development under „real socialism“

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

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

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

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

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

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

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

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

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

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

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

The regional impact of the changes after 1989

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

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

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

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

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

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

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

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

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

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

2. The impact of democratisation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. The impact of the restructuring of economic activity

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

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

Selected issues of regional development

Demography and the settlement system

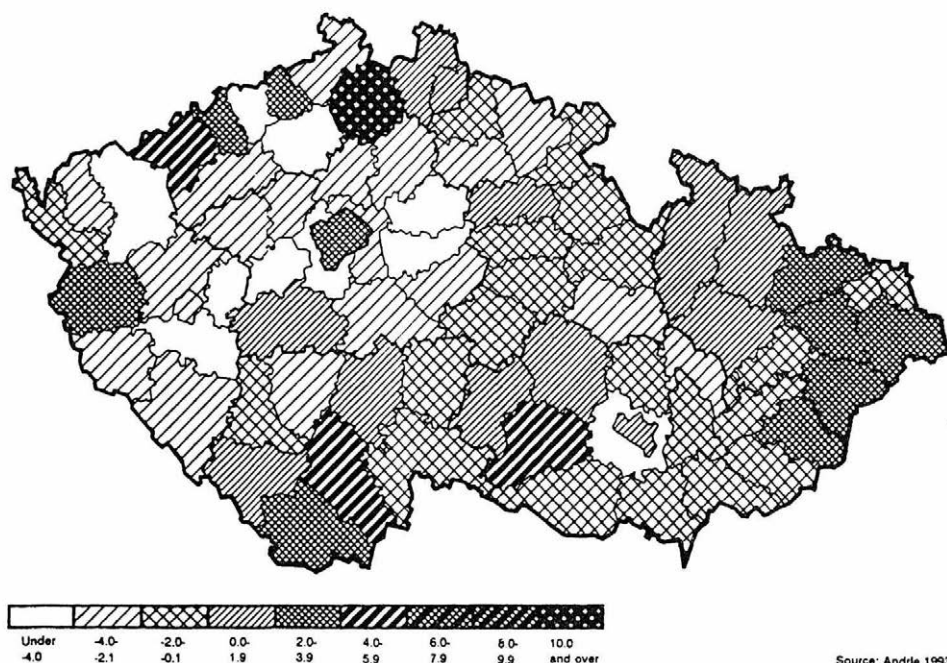
The population of the Czech Republic has grown only slightly over recent years and will reach a point of stagnation in the near future. A population of about 10.3 million will then be maintained, unless there is a massive influx of foreign immigrants [Burcin et al. 1993]. It is spread unevenly across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

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

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

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

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



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

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

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

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

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

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

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

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

The economy and the labour market

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

north Moravia ranks second after Prague such that the distance between first and second place is smaller.

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

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

Source: Population census 1991

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

The agricultural regions (in south and south-west Moravia as well as in south and west Bohemia) are facing the consequences both of the reductions in agricultural production and of the decreasing demand for agricultural labour. It has been estimated that there are some two hundred thousand excess workers in the agricultural sector [Staněk et al. 1993]. This will almost certainly affect the nineteen districts that have more than 20% of their labour force involved in agriculture (data for 1991). The majority of them form an almost consistent belt extending along the south border of the Republic from south Moravia to west Bohemia. Some of these regions are already among those with the highest unemployment rates¹¹ - see Figure 3.

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

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

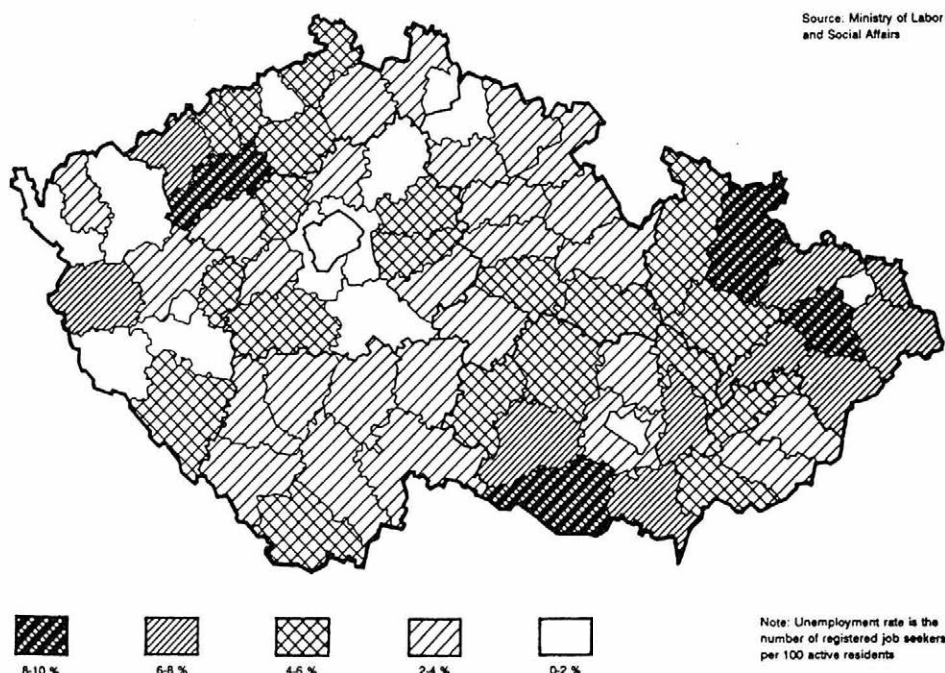
¹¹) In the agricultural districts Louny and Tachov in Bohemia and Třebíč, Znojmo and Břeclav in Moravia, the unemployment rate exceeded 6 per cent in February 1994.

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

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

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

Figure 3. Unemployment (unemployment rate) in February 1994



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

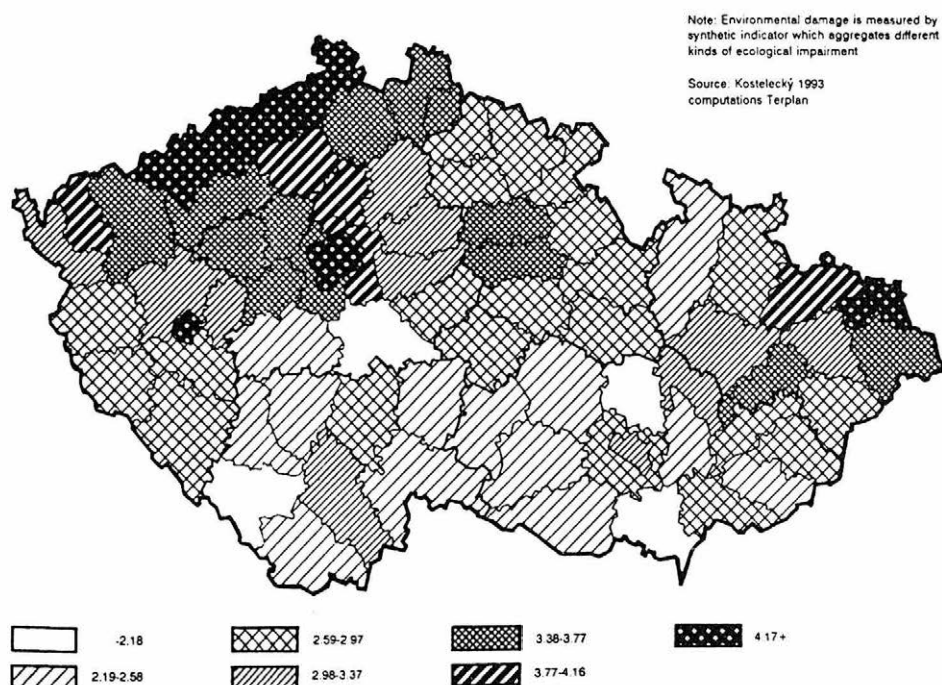
unemployment: regions with low qualification levels are west and north-west Bohemia, followed by north and south Moravia. The lower qualification-higher unemployment syndrome is obvious and may be a source of major social problems in the future.

The environment

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

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

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



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

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

The political profiles of the regions

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

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

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

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

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

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

Centre: Civic Movement, Liberal Social Union

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

Extreme left: Left Bloc.

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

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

Trans-border co-operation, the „euroregions“

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

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

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

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

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

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

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

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

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

The regional potential for transformation

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

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

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

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

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

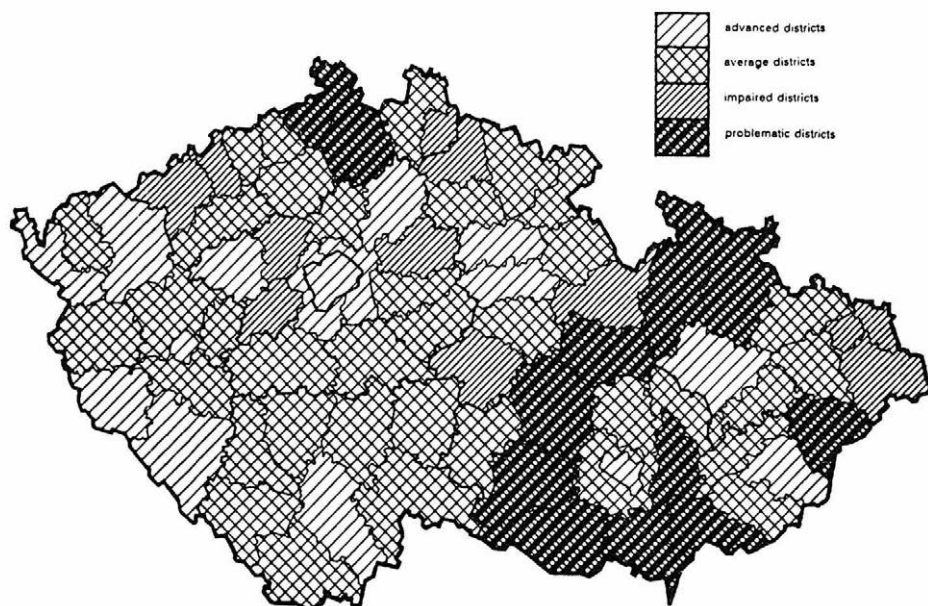
The global developmental potential of the Czech districts is indicated (with obvious circumspection) on the cartogram Figure 5. The districts are divided into four categories:¹⁴

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

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

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

Figure 5. Global regional potential by districts



Note: See text for explanation
Source: Andrie 1993

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

Conclusions

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

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

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

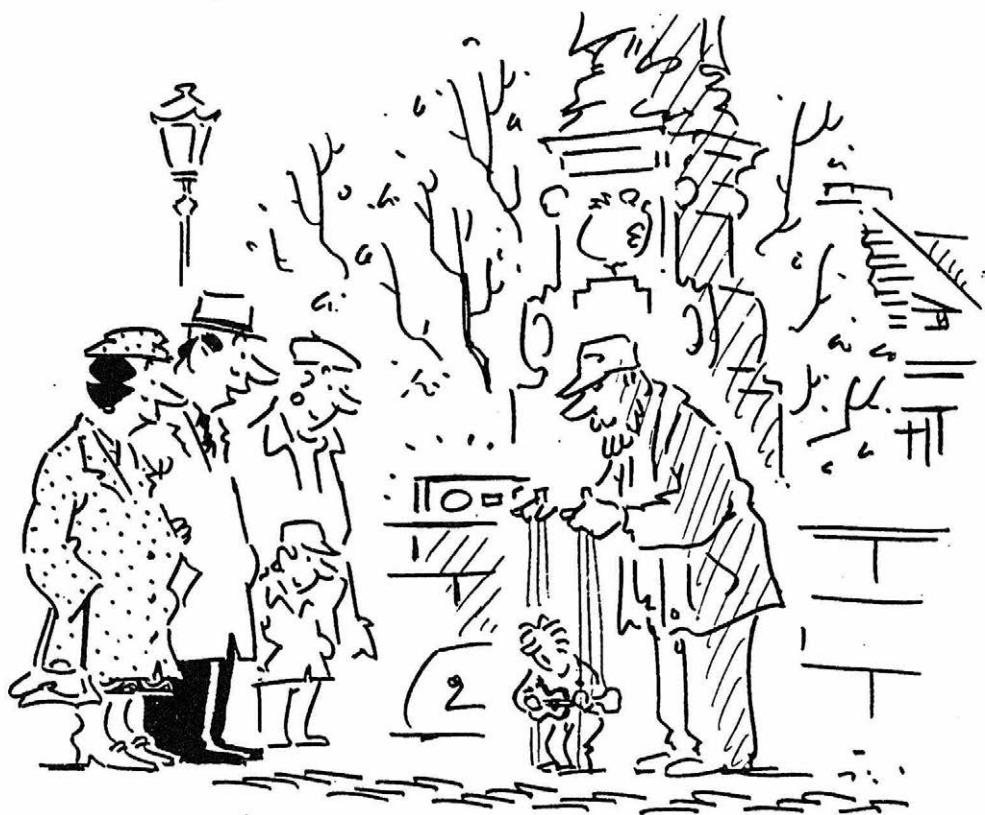
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AREN'T YOU TEMPTED TO GET INTO POLITICS LIKE SOME OF YOUR COLLEAGUES DID?

T. G. Masaryk: Juvenilia. Studies and Articles 1876-1881

Prague: T. G. Masaryk Institute 1993, 170 p.

Tomáš Garrigue Masaryk's *Juvenilia* form the sixteenth volume of his *Collected Writings*, whose publication the T. G. Masaryk Institute begins with this collection. As we learn from Jiří Brabec's article „Eighty Years of Vain Attempts at Publishing Masaryk's Collected Writings“ [*Masarykův sborník* 8 (1993)], this will be the third, fourth or fifth attempt, depending on what we consider as comprising the Writings. It is the fourth well-conceived attempt and the third in the post-war era, the others taking place in 1945, 1968 and 1992. Once again it has been decided to publish the „complete“ Masaryk, but in two parallel printings, the larger one (seventeen volumes) presenting the basic Masaryk and the smaller being composed of collections of the minor works. Volumes 12-14 (*Russia and Europe*, including the manuscript third volume), volume 18 (*From the Beginnings of Atheneum*), volumes 31-33 (*Speeches from the War*) and volume 36 (*The Paths of Democracy*) are already prepared for publication. It is certainly true that sociologists are waiting more for Masaryk's other writings, such as *Modern Man and Religion*, *A Handbook of Sociology* and above all for *Suicide*, but since we have already waited one hundred years, waiting yet another year is of no great significance... But what if it is?

Today Masaryk the sociologist finds himself in a different context, and the era itself demands (if Masaryk is to continue to be considered a relevant personality) and makes possible (if he is to be better understood) another, substantially different reading of him. Finally someone has had the courage to say this aloud! František Kautman in a review of Masaryk's *Juvenilia* writes the following: „independent of the personage of the author, his thoughts sound very modern -- or, more exactly, post-modern.“ [*Literární noviny* 1993, number 51-2] Similarly, Eva Hartmann argues, in a different connection, that Masaryk was not the only one to analyse the European world and its crisis at the turn of the century,

and therefore „would it not serve to judge him in the context of his times, in no way isolated like some kind of pure, rare phenomenon?“ [„Old-New Meditations on TGM.“ *Tvar* (1993) number 11.] This particularly struck me when I read Masaryk's juvenilia, *Modern Man and Religion* and Václav Černý's comments on these writings. It is necessary to read Masaryk in the same way Simmel is read today (perhaps by Frisby), or Durkheim (perhaps by Mestrovíč) or Weber (perhaps by Krasnodedski) -- as a thinker of whom it is said, „the *fin de siècle* tore apart his beliefs and marked him indelibly. It determined his entire life's thought in that it provoked him against himself in a life or death struggle.“ [J. L. Fischer „Duše umdlené a bojovné.“ *Masarykův sborník* 4 (1930). 177.]

Today we know that the crisis, whose thinker -- as Zdeněk Nejedlý keenly underlined -- Masaryk was, was the beginning of the same crisis that we are living through today in undeniably even more dramatic forms than Masaryk and his contemporaries, and which we reflect upon in vague, although generally useful, terms. The feud between scientism and interpretism, the yearning for exactitude and the awareness of its elusiveness, the need for a unified view of the world and the suspicion of its impossibility, but also the tension between visible and even measurable progress and the foreboding of an apocalyptic end -- all of these are observable in Masaryk's first works. The editors correctly argue that this volume is not really juvenilia in the true sense of the word, because the published texts are the result of the work and efforts of a man of around thirty years of age (the same as the Marx of the *Manifesto*). However, what makes them *de facto* juvenilia are two circumstances concerning their origin: 1) Masaryk wrote them in Vienna, therefore outside the Czech social context, and 2) he wrote them in a bitter struggle with the Czech language. Czech was not Masaryk's mother tongue, as he grew up in the linguistic context of southern Moravia-Slovakia, and was educated in a German environment and studied other languages intensively. The Czech of his juvenilia is a mix of consciously learned literary Czech, general Slavisms,

Russian and Polish allusions and contemporary (but less frequently used) Germanisms. We should not forget this moment: Masaryk's *rhetoric*, which we know so well from his later writings, his apodiction, his distaste for long and complex sentences -- these are all frequently not the result of some plan, but simply a definite, specific linguistic disposition.

From a „Masarykological“ viewpoint, almost everything essential has been said about his juvenilia, not least thanks to the polemic between J. L. Fischer and Zdeněk Nejedlý in 1932. At the time of the publication of the first two volumes of Nejedlý's biography of Masaryk, for example, J. L. Fischer argued convincingly enough that in the era in which Masaryk wrote his juvenilia (namely the study *Plato as a Patriot*), he had still not read Comte authentically, that Brentano's formative influence on Masaryk was substantially greater than the assumed influence of Comte, that „Masaryk's Plato is non-Platonist through and through,“ etc. [cf. Fischer, J. L. „Přehled masarykovské literatury jubilejní.“ *Sociologická revue* 3.1-2. 67ff.]

The fundamental question that strikes the reader when perusing Masaryk's *Juvenilia* today is predictable and entirely justified: Is there any reason to read them today? As a document of its times, as evidence of Masaryk's intellectual maturity, as a contribution to the creation of a Czech national sociological school, the answer is clear: absolutely. As Popperesque „objectivised knowledge“ [*World* 3], meaning as a collection of texts at the level of an anthology from the young Weber or Durkheim (not even to speak about Marx), as instruction in sociology itself, however, it should only be read with broad-mindedness and from a bird's eye perspective. Not even from this point of view would strict rigidity be fully in order, however. For example, Masaryk's *Plato as a Patriot* is certainly a dated work, but Masaryk's struggle to achieve a sense of proportion between what is indisputably acceptable in Plato and what is questionable discussion (what Popper ultimately identified as elements of totalitarianism -- and Masaryk

knew about them!), definitely bears witness to the perceptiveness of Masaryk's thought. Even the most negligible thought is prototypically Masaryk: „Without a science of morals there can be no sociology!“ In all the juvenilia Masaryk introduces sociology into the public consciousness, Comtean sociology -- „the science of the social being and life of nations, humanity“ -- whose calling is to be an exact science that makes it possible for us „to put our arrangements for the future and the present into effect.“ It is to Masaryk's eternal credit that sociology quickly became an organic part of our cultural and even our political life, and it is only to be deplored that the interest on Masaryk's investment was not paid - not by far.

Fundamentally more serious (in terms of subject matter) than *Plato as a Patriot* are Masaryk's reflections contained in the study *On Progress, Development and Culture* (by culture Masaryk means civilisation), in which at least two still relevant theses are formed. The first concerns the relativity of progress: Masaryk does not deny progress, but seeks its criteria in and for various areas of social life and arrives at the conclusion that the development of culture is in fact incongruent, such that every generalising statement about progress is problematic. The second thesis ties the idea of progress to the notion of the growth of human needs („all progress is nothing more than the awakening of new needs and the desire to satisfy these needs“), which is an idea that we know well from Marx, and as his central idea no less (in passing -- Masaryk's first reference to Marx was made as early as 1877). Masaryk, however, is not satisfied with the claim that „every satisfied need cries out a new need“ (Marx), but, on the contrary, shows how the impossibility of satisfying some needs immediately to the necessary and desired extent leads „to a universalised distaste for life.“ This is based on „hollow and immoral needs, which cannot be fulfilled.“ From this it is only a short step to Masaryk's obsessive theme: suicide -- „reason does not suffice for culture,“ etc. Masaryk closes his reflections, in which we sense undertones expressively Durkheimian, by arguing that we know that

there is progress (in Masaryk's aphoristic formulation, filled with multiple meanings, progress is „the slipping away of evil from the world.“) but we don't know its laws. Here, Masaryk points to and anticipates something that will only later develop in the systematic criticism of modern civilisation -- and obviously not only in his work.

Masaryk's conception of social atomisation is of general sociological interest („society is a collection of the same forces, the combination of people is not chemical but, we could say, physical: we are never allowed to lose sight of the individual and to enter into a pure abstraction of society; for a certain person suffers, not, however, abstract society.“) Masaryk worked with Comte's law of consensus, which became the *Leitmotiv* of Emanuel Chalupný's life work. The idea of progress in Masaryk was only worked out in outline in Karel Galla's work (which is still rigorous today), and the thought of the reduction of needs as a *sine qua non* has lived on this planet and has been a common theme since the 1960s. In the theme of the survival or destruction of human civilisation is Masaryk identifies two aspects: in the aspect imported from Darwin's theories (some higher species that Masaryk called *superanthropos*, which already coexists with us, although we still know nothing about it, and will force us out according to the law of survival of the fittest), and a more general evolutionary aspect („beings bound to the Earth, we depend to a high degree on fate, which fills itself with this planet. Science tells us that the Earth travels for itself;“ etc.) In this connection, Masaryk also exposes the problem of moral relativism (in a dated and, on its merits, somewhat comical polemic with Funck about the future of Pan-Slavism) again in a context that could and should have something to say to us: „Funck does not differentiate moral good from material good, he doesn't differentiate national economy from sociology appropriately, which to him (as we already know) is social morality; his moral science is therefore similar to a balance sheet with „income“ and „expense“ columns. Whereas material goods commonly have relative values, as means to a certain end, moral good

has an unconditional value, a value in and of itself... Funck calls for our era to deny itself many needs, to do its best to work and to simplify its exorbitant needs. But what is frivolous or vain?“ So, then, again *nil novum sub sole*?

I will disregard the wholly dated Masaryk texts (but, then again, what isn't somehow paradoxically „timeless?“) How much attention does Masaryk devote to the problem of *Hypnotism or Animal Magnetism*? After all, don't we also, live in a time of parapsychology, alternative science, the occult and uncontrollable Eastern meditation techniques? This is a list in which the absence of „animal magnetism“ is merely an oversight.

In brief, we find in Masaryk's juvenilia the majority of his later „great themes“ *in nuce*: the theme of suicide, the relationships between sociology and politics, economics and morality, the individual and society, the social uniformity given by law and free will, the classification of sciences and, obviously, the whole internal feud of the Comtean tradition of sociology as a „positive science“ with the philosophically, and evidently correctly, understood diagnosis of the era (which was by means of exact sociology only graspable with difficulty). Nejedlý is certainly right, and is supported in this by J. L. Fischer, when he states that „the formulation here is often incomplete, even naive, and neither is the argumentation the most direct.“ [J. L. Fischer, op. cit.] In the main, the tone of Masaryk's juvenilia supports Patočka's thesis that „the entire scientific thinker's field, modern sociology, grew largely as a reflex to the danger, even to the perceived pathological character, of the earlier development of industrial civilisation.“ [Patočka, Jan. *Kacířské eseje*. Praha: 1990]

One final note: already in the juvenilia we meet what we will continually see in Masaryk -- the build-up to conceptions, the form, the undertones, the unfinished ideas. Not even in the juvenilia does he give us any answers to the ranks of explicitly formulated questions, because the promised successor volumes simply never came to be. So it was with *The Handbook of Sociology*, with *Russia and Europe*, and with the *Concrete Logic*. In

this respect Masaryk is jokingly compared to his first biographer, Zdeněk Nejedlý. It is as if by his actions he sought to validate Chalupný's famous hypothesis on the „Czechoslovak national character,” with its so-called „anticipatory nature.” According to Chalupný, just as the stress is always on the first syllable in the Czech language, so in life we Czechs begin everything with a great

build-up to the event and rarely see it through with any rigour. We can only hope that this hypothesis does not hold for the publication of Masaryk's *Collected Writings*, which has been begun for the third time, in by no means the worst way, with the publication of his *Juvenilia*.

Miloslav Petrusek

Jaroslav Krejčí: *Society in a Global Perspective*

Praha, SLON 1993, 59 p.

Jaroslav Krejčí, Professor Emeritus at Lancaster University in Great Britain, engages the exciting and complex subject of comparative civilisations in his new introductory guidebook, *Society in a Global Perspective*. In it he attempts both to examine the manner in which cultural, political and social relationships are arranged around the world and to point the way to a theoretical understanding of the differences and, more importantly, the similarities in the way that the world's societies are organised. This short book, while raising anew questions that have intrigued scholars for over a century, does not and indeed, because of its length, cannot come to a complete answer, and should be seen as primarily a guide to further reading and a stimulus for further thought.

Professor Krejčí's erudition is brought to bear on the history of the subject in the essay's first part, which discusses the major theorists of societal organisation and categorisation. Ranging between the vision of the socio-economic foundation of society in Marx and Toynbee's cultural conception of civilisation, he describes the ideas of Max Weber, Alfred Kroeber, Pitirim Sorokin, Talcott Parsons, Georges Gurvitch and Michael Mann, among others. While this allows him the opportunity to summarise many important theoretical frameworks and suggest a substantial amount of primary reading for students interested in the topic, it ultimately fails to excite the reader about the subject at hand. This is partly due to the length of the section; only twenty-five pages are allotted for the discussion of

some of the greatest and most influential minds of the preceding century. Given this, there are an inordinate number of lists of categories that various thinkers have utilised in their attempts to come to grips with the subject. Krejčí's all too brief summaries would likely leave the uninformed reader confused, and the informed one wondering why certain elements of, say, Marx's theories are stressed (the class struggle) and others ignored entirely (ownership of the means of production as a hallmark of societal differentiation.)

The second half of the booklet is more interesting and well argued. In the confrontation between the two predominant ways of viewing the development of humanity, socio-cultural and socio-economic, Krejčí stands firmly on the side of the former. While recognising the importance in the modern era of industrialisation and urbanisation, which would seem to make consciousness subordinate to position in the production process and living environment, he argues that „from a higher vantage point” the dependence lies elsewhere: „Industrialisation is unimaginable without a series of inventions and innovations which in their turn were due to a substantial change in many people's mentality and value orientation.” [34-5] He then proceeds to name the eight interconnected complexes that he sees as composing the main issues of social life: 1) human nature, both biological and psychological; 2) the natural environment, both animate and inanimate; 3) the level of production and technology; 4) style of life and art; 5) ideation, i.e. views and values; 6) distribution of work and effort; 7) distribution of income and wealth; and

8) distribution of power and influence. He strikes a cautionary note in relation to these, noting that depending on which of them stress is placed, the results of analysis may differ greatly in scope and value.

Concomitant to his emphasis on the sociocultural view of human development, Krejčí opts for the term „civilisation“ (borrowed from Toynbee) to describe the units of his analysis. Here he alerts the reader to be on guard against the value judgements that can arise from a biased use of this term. Consistent with his cultural emphasis (which is shared by this reviewer) he believes that an „individual civilisation can best be identified by particular sets of ideas of what is considered to be true and desirable, in brief, by a world-view,“ whose construction can be seen in three essentially Kantian dimensions: cognitive (what we know), normative (what we are supposed to do), and transcendental (what we hope for). [39] The identifying marks of individual civilisations' world views can easily be found in external manifestations, such as religious texts or master institutions. The most important, however, Krejčí finds lying more subtly: in the „interpretation of the human predicament,“ defined as „the sense that people make of their life and... the phenomenon of death, which is the only certainty of everybody's life.“ [42] The importance of this particular construction for Krejčí can be seen in the comparative and analytical subject of his most recent book, *The Human Predicament, Its Changing Image*. (London: Macmillan, 1993)

His cultural and psychological bent reveals itself again in the manner in which he views human collectives ranging in size from families and kinship groups through larger ones such as classes and nations. Here he again places stress on the less visible marks of collective life experience, subordinating the observable ones (such as common household, language and workplace) to self-image and subjective consciousness of group identification. „Consciousness“ is the key word here for Krejčí, as his two examples amply illustrate. First, he observes that even Marx recognised that the working class needs to be conscious of itself before it can act on

the world stage (and notes that the attempt to create a *consciousness* of solidarity built on common social structure in the former Eastern Bloc failed miserably.) Second, he points to the power of nationalism to penetrate the social fabric (again noting its power in the former Eastern Bloc.)

When viewing the structural component of societies, Krejčí warns against oversimplifying the complex nature of societies and regarding social structure as the key to their understanding. He argues that it is crucial to recognise that „More often than not the structure of society is a conglomerate of various systems each operating according to a different set of rules.“ [48] His examples of present-day Britain (with its parliamentary democracy, market economy, monarchy and welfare state practices working alongside one another), feudal Western Europe (especially in the often conflictual relations between the various states and the Roman Catholic Church) and even the USSR (with the existence of pockets of autonomous culture and pervasive bartering and black market dealing) amplify this point particularly well.

In conclusion, Krejčí discusses the importance of religion and ideology on the one hand, and technology on the other. He argues that religious beliefs are not necessarily an indicator of social structure and arrangement, and that one must always be aware that modern ideologies are often offered as an *ex post* justification for the way society is already organised. The power of technological advance, he argues, should never be underestimated, although its link to particular socio-economic and socio-cultural configurations cannot be taken for granted. Technological innovation, he concludes in a remark that summarises his view of the importance of human consciousness, is one more example showing that „it is first of all the change of people's mentality and value orientation which can achieve a breakthrough on a significant and comprehensive scale.“ [59]

Many of Krejčí's observations in this second half of his short book are worthy of further reflection and elaboration, and the reader is left wondering why he was limited

(or limited himself) to so few pages for such a complex topic. Perhaps it would have been wiser in this respect to have devoted the essay solely to his own ideas and abandoned the attempt to present 150 years of sociological and cultural critical commentary as an introduction, and, instead, to provide a bibliography for further reading. Similarly, due perhaps to spatial restraints, rather than involving himself in the complexities of a particular point, he moves on after warning against oversimplification, or letting one's biases slip into one's analysis or acting on

incomplete data from the past or other geographical regions. The book is peppered with phrases like „on the other hand,” and especially „we also have to bear in mind.” This detracts from the power of Krejčí's argument, as does his style in general, which gives the impression that these are only the lecture notes of a powerful mind and wise and humanistic scholar whose more carefully considered and fully elaborated views we would like to hear.

Bradley Abrams

The Institute of Sociology of the Academy of Sciences of the Czech Republic in 1994

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Director: Michal Illner

The Institute of Sociology of the Academy of Sciences of the Czech Republic is an independent institution with a focus on theoretically relevant sociological analysis of Czech society. The Institute was established in 1990 as the second sociological institute of the Academy. The first institute led a brief existence from 1965 until 1970 when, with the commencement of the so-called „normalisation“, it was abolished for political reasons. In the following pages we will introduce the Institute's present research programme, its major scientific achievements in the last year, its publications and infrastructure. The information corresponds to the situation as in May 1994.

The research program

The Institute's present research programme centres on the sociological understanding of the post-communist transformation in both its general and country-specific characteristics. The following aspects of this transformation are analysed:

- *Changes in the political system.*
- *Social aspects of the economic transformation.*
- *The transformation of the social structure and the changes in social stratification.*
- *Local and regional aspects of social and political transformation.*

Current research projects

The Institute's program for 1994 comprises thirteen research projects:

1. The institutionalisation of interests: the birth of Czech civil society

The aim of the project is to identify the interests emerging in the Czech society, and the degree of their articulation and representation, to determine divergent or convergent interests, and to identify the

feasibility, within the institutions, of representing them.

Project director: Lubomír Brokl

2. The labour market, income differentiation and social policy during the transformation period

The aim of the project is to conceptualise the relationships between the labour market and social policy within the functioning of households, and to analyse the dynamics of households' adaptive or defensive reactions to economic transformation.

Project director: Jiří Večerník

3. Research on social stratification and the social dynamics of Czech and Slovak society in the period of post-communist transformation

The aim of the project is to assess the specific shape of social stratification in Czech and Slovak society and its historical development. The sociological survey on social stratification and mobility is part of an international comparative research project.

Project director: Pavel Machonin

4. Changing social and economic inequality and social policy in transformation

The project aims at interlinking the authors' research on social and economic inequalities within a single research agenda and to draw temporal and cross-national comparisons of research data.

Project directors: Petr Matějů and Jiří Večerník

5. The recruitment and circulation of elites in the Czech Republic from a comparative perspective

The project aims to conduct a survey of the old and new economic and political elites and to assess the principal factors explaining mobility between them.

Project director: Petr Matějů

6. The position of the female labour force inside and outside the labour market

The aim of the project is to identify the specific attributes of the „women's labour force“, the causes and implications of the gender gap, professional goals, the particularities of specific jobs, qualifications,

income gaps, careers, of equal opportunity, and protectionism.

Project director: Marie Čermáková

7. Industrial relations and the political orientations of employees and entrepreneurs

The project aims to ascertain the relationship between patterns of political orientation and preferred types of organisation, between managerial and participative activities and between the social sources of relevant attitudes and the socio-economic position of the actors.

Project director: Jan Vlášil

8. The political culture of local communities

The main goal of the project is an analytical investigation of the local political culture, political participation, and community power structure during the process of transformation. The investigation is being conducted in several towns in the Czech Republic.

Project director: Zdena Vajdová

9. The Czech borderland within the process of the European integration (social aspects of change of the Czech-German borderland)

The project aims to identify social and cultural changes within those regions of the Czech Republic neighbouring with Germany that are connected with the intensification of cross-border relationships. Investigations will be conducted on either side of the border.

Director of the project: František Zich

10. The deformation of normative and moral structures in pre-November Czechoslovakia as influenced by police repression

The project aims to analyse the social situations of those people exposed to repression by the political police of the communist regime in order to develop a typology of such situations and to investigate their moral aspects.

Project director: Alena Vodáková

11. The demographic behaviour of the population of the Czech Republic during the social changes since 1989

The project aims to analyse the demographic behaviour of the Czech Republic's population in connection with

family development and the transformation of society after 1989.

Project director: Libuše Fialová

12. A monograph on Max Weber

The aim of the project is to write an original Czech study on Max Weber's methodology and on his theoretical system.

Project director: Miloš Havelka

13. LINDA - a method for the numerical and graphic presentation of relationships in a data matrix

The project aims to extend and complete a version of the computer program LINDA for Windows.

Project director: Jan Řehák

Research projects completed in 1993

In 1993, after several years of strenuous work, an editorial group with many external collaborators and headed by Alena Vodáková, completed the *Dictionary of Sociology* (in Czech). Social science concepts, methods, schools and national sociologies are covered in this major encyclopaedic achievement, the first of its kind in Czech literature. The dictionary now seeks a publisher.

A team headed by Petr Matějů completed three years' study on the *changes in social stratification in Czechoslovakia*. Research findings suggested the increasing importance of meritocratic factors in social mobility and, at the same time, the conversion of the political and social capital of the former communist cadres into new economic positions. The findings are underpinned by five surveys conducted during 1991 - 1993, two of them trans-national.

The party system, parliaments and the 1992 Czechoslovak parliamentary elections were studied by a research group supervised by Lubomír Brokl. The project provided a wealth of information on the new political system that emerged in Czechoslovakia after 1989.

Conflict and consensus within the privatisation of Czech enterprises was the subject of a research project completed by Jan Vlášil and Irena Hradecká. An interesting finding was the general absence of deep social conflicts during the privatisation of industrial

enterprises and the ability of the parties involved to accommodate emerging tensions.

In 1993 the Institute supervised an extensive research project, the Czech section of *East Central Europe 2000 project*, its Czech part. A comprehensive complex of forty three analytical and four summarising studies was co-ordinated, all in English, assessing the present situation and the potential future development in the Czech Republic (economic, political, social, regional, in technology, science and education) until the year 2005, *vis-à-vis* the future accession of the country to the European Union. Michal Illner directed this project.

Historical demography was enriched by a valuable *data base on population development in Czech lands from the 16th to the 19th century* compiled under the supervision of Ludmila Fialová.

Jan Řehák and Pavel Mánek prepared a *monograph on causal models in the social sciences*, soon to be published, and proceeded with the further development of the PC program, LINDA.

A significant part of the Institute's research activity comprised of *policy-oriented studies*: The Centre for Environmental and Social Studies, a relatively autonomous unit within the Institute, which operates on a grant from the Rockefeller Brothers Fund, completed a report concerning *social aspects of urban renewal in Teplice*, a city in north Bohemia. The study, prepared with the assistance of mostly British urban researchers, was presented both to the municipal authority and civic organisations along with policy recommendations. Lubomír Kotačka was responsible for the project. In much the same vein, another regional expertise dealt with *ethnic relations (mostly the problems of Gypsies) in north Bohemia*. This project was directed by František Zich.

A series of projects was completed and research reports provided for the Ministry of Labour and Social Affairs of the Czech Republic, dealing with *social policy problems*: the *regional differentiation of social problems* in the Czech Republic was analysed by Tomáš Kostelecký, Marie Černáková researched the *social situation of Czech families*, Jan Vlášil

and Irena Hradecká *social and wage problems in small and medium private businesses*, Jiří Večerník the *labour market and wage control*.

Publications

Two professional journals - *Sociologický časopis* (The Journal of Sociology, a quarterly in Czech, founded in 1965) and, since fall 1992, the *Czech Sociological Review* (a biannual) are published by the Institute. They constitute the main professional journals for Czech sociologists, the latter being the only Czech sociological periodical available in any foreign language. Several recent issues of the two publications were monothematic, focusing on the split of Czechoslovakia, issues of social policy, social stratification, while others presented contributions made by particular sociological institutions. At the beginning of 1994 there was a change of the editor-in-chief: after four years in this position Jiří Večerník, who created the present format of both journals, resigned and was replaced by Miloš Havelka.

The Institute's bulletin *Data & Fakta* (Data & Facts, in Czech, ten issues annually since 1994) provides brief reports on new data coming out of the Institute's research projects. Recent issues dealt with the regional differences in social problems, the attitudes of the Czech population in a border region toward the Germans, the attitudes toward local politics and with attitudes toward the trade-unions. The bulletin is distributed mostly among media and decision-makers. Jitka Stehlíková is its editor.

Working Papers (printed in English) or their Czech version *Pracovní texty* is an irregular series of papers, research reports and larger studies of the Institute's members and teams, submitted mostly for discussion in the professional community inside and outside the Institute. Marie Černáková chairs the editorial board.

Annually, the Institute publishes the *Yearbook of Historical Demography* edited by the Committee for Historical Demography, an inter-institutional body of demographers. The Institute also sponsors the periodical *Sociologické aktuality* (Sociological News, in Czech, ten issues per year) - an independent

journal addressing current social problems and reporting on events within the sociological community in a manner accessible to the general public.

Educational activities, seminars, conferences

The Institute is a non-university research institution. However, its staff is involved in teaching at institutions of higher learning (Charles University in Prague and other tertiary schools), and students participate in the Institute's research projects. Within the framework of the Institute there is a committee which evaluates the doctoral dissertations in sociology.

Since the beginning of 1994 the Institute has organised regular seminars for both internal and external participants where research findings and projects are presented and discussed. Two international conferences organised or co-organised by the Institute are scheduled for 1994: one on social and political development in the four countries of the Visegrad group and the other on new legislature in Central Europe.

Cooperation

It is the Institute's policy to participate in cross-national comparative research projects. In 1994 the Institute is taking part in the projects *Social Stratification in Eastern Europe After 1989*, *Luxembourg Income Study*, *Social Costs of Economic Transformation*, *Local Democracy and Innovation*, *East Central Europe 2000*, *Demographic development in the Czech Republic and in France*, and the *International Social Survey Program (ISSP)*.

The Institute encourages the participation of foreign scholars and university students in its research activities. In 1994 the Institute is hosting a number of foreign students and scholars for longer or shorter time periods. In 1993 the Institute established a more permanent co-operation with a National University in Buenos Aires which entails the supervision of its East European Studies program.

At home, the Institute co-operates with the universities (joint research), with the

Czech Statistical Office, with the Ministry of Labour and Social Affairs of the Czech Republic and with several municipal authorities. On various occasions the Institute has provided expertise and consultation for governmental bodies and for the Czech Parliament.

Staff and organizational structure of the Institute

The Institute currently employs 49 people (including 2 part-time and 5 students) of whom 38 are engaged in research. The research section of the Institute comprises temporary research teams which are established with the purpose of taking part in specific research projects of a limited duration of usually two to three years. The teams have considerable autonomy in selecting work methods and tools and in using research grants. One of the teams is located outside Prague in the northern Bohemian regional centre, Ústí nad Labem.

Technical Facilities

The Institute is equipped with technical facilities for data storage, processing and transmission. Hardware includes personal computers, mutually connected to an internal network and externally linked to INTERNET, as well as an optical disk. Acquisition of a UNIX workstation is planned for 1994. Software includes several versions of SPSS as well as other programs for data analysis, data bases and graphics. MS WORD programs are mostly used for word processing. The Institute is the Czech national co-ordinator of the academic license for major statistical software SPSS (Statistical Package for the Social Sciences) and provides consultation to users from other research and pedagogical institutions.

The Institute has a printery which produces its publications, except for the two professional journals mentioned above, and provides everyday printing and copying services for Institute's teams and members. The program for desk-top editing is available and is used in the preparation the publications.

The Plenary Session and Congress of the Masaryk Czech Sociological Association

The plenary session of the *Masaryk Czech Sociological Association* took place on Friday, December 10. The report on the Association's activities was presented by the current President, Professor Miloslav Petrusek, who, elected in January 1990, has held the post for two terms. The report, published in the *Sociologické Aktuality* (Sociological Actualities), evoked a luke-warm discussion by the relatively meagre plenum, despite the number of pressing questions to be dealt with: a matter of particular importance being that the new mail-vote elected leadership should involve the wider sociological community, especially young sociologists, in the activity of the MCSA. This necessitates both a change in the nature of activities and, perhaps, a general redefinition of its function and both its intrasciential and social vocation.

The *Masaryk Czech Sociological Association* congress took place at Charles University the following day. At the plenary meeting, entitled *Společnost v pohybu* (Society in Motion), there were stimulating papers by Jiří Musil (CEU) on the integrative and disintegrative processes in Europe, Michal Illner on the social aspects of the transformation at regional and local levels and Martin Potůček on social policy changes in the new Czech state. Among other participants in the discussion was the doyen of Czech and Dutch sociologists, a distinguished, regular guest and active participant of the postnovember life of our sociological community, Prof. Ivan Gaďourek. Prof. František Zich then made an interesting observation on the neglected aspects of transformational processes, with Hynek Jeřábek and others contributing to the discussion that followed. The final paper of the plenary meeting was presented by Josef Vavroušek, who examined the problematic role of value orientations in solving the ecological crisis. Professor Musil's paper is to be published in *S-obzor* (Sociological Horizons), Potůček's in the Czech Sociological Review, while Vavroušek's contribution has already been published in

Literární noviny (Literary newspaper) (1993, No. 5).

The afternoon session comprised of three sections: the theoretical section chaired by Prof. Petrusek, in which the topical issues of the development of contemporary sociological theory, including the so-called postmodern challenge, were discussed, the section on social transformation chaired by Pavel Machonin and the methodological section by Hynek Jeřábek. The papers presented were for the most part of high quality and great interest and despite the original pessimistic assumption, there were too many participants seeking active participation for the time available. This shows that such meetings are indeed necessary and that the exchange of views in a friendly, tolerant and critical atmosphere binds and enriches the life of the sociological community. The following points should not, however, go unmentioned: 1) Although they had been invited, some prominent Czech sociologists were absent, the standard of the congress seeming perhaps too „neighborly“ for them (the content and the character of congress refuted this assumption); 2) the participation of others invited was prevented by influenza. In most cases, apologies were made, thus belying the rumours that the Brno sociologists boycotted the congress; 3) the facilities at the faculty of social sciences, inspite of a symbolic fee, were nonetheless far from well-heated and there was no on-going service. It would be worthwhile to have some student participants for the obvious benefits for them as well as for organizational reasons. On the other hand, we were delighted by the Prof. Josef Solar's letter, in which he not only wished us well, but also offered us a wealth of valuable information, the letters of apology from our Slovak colleagues (Krivý, Bútoras', Szomolányiová, Schenk), but, above all, the personal appearance of the scientific secretary of the *Slovak Sociological Association* Zuzana Kusá, and Dilbar Alijeva's active participation in the theoretical section - her contribution *Makrosociologické nostalgie současné sociologie* (Macrosociological Nostalgias of Contemporary Sociology) is to be published in

the *Sociologický časopis* (Sociological Review).

The pleasant, professional and diligent manner in which the congress ran fuels our hope that the *Masaryk Czech Sociological Association* is far from lacking prospects. In

resigning, the current President wishes all members pleasure in their work, enough time, good will within the Association and much inspiration for the new leadership.

Miloslav Petrusek

The Session of the Section on Social Transformation at the MČSS Congress

The proceedings of the session on social transformation was dynamic and of great interest. In his preliminary address, Pavel Machonin reviewed the relative success of the attempt to create a map of contemporary society according to macrostructural quantitative research on social structure as well as peoples' attitudes and similar research in the areas of both economic sociology and the sociology of regions and localities. However, despite the significance of electoral behavior analyses completed, he did draw attention to the findings' insufficient empirical grounding in the area of political sociology. Although the first steps of more complex, interdisciplinary projects, including *Europe 2000*, were considered positive, Machonin also warned against reducing the investigation of the transformation into the macrostructural empiric-analytical approaches. He advocated the most comprehensive cooperation with microstructural, biographical and genealogical research, and with the assets of branch sociologies, insufficient as they are at present. It is his wish that sociological theory should participate more fully and more systematically in the transformation study as a specific example of social change. Similarly, he saw no tension between the prevailing, so-called alternative approaches to society, but rather a complementary and cooperative relationship. The problem of social transformation has become a significant common theme in the research and discussion activities within Czech sociology. It may bring us some international success if we are able to maintain an objective approach in the best sense of the term, meaning an academic approach both in research and debating style and that we combine the traditional Czech

imagination and skill with continuing study, diligence and achievement.

In the first part of the discussion, Michal Illner presented both the qualities and difficulties of interdisciplinary cooperation and prognosis, illustrating this with reference to the realization of project *Evropa 2000*. J. Alan identified the typical transformation phenomena, including, above all, the role of marginal groups, thus contributing to the theme of the differences and possible directions of mutual influences between the traditional and alternative concepts and methods. J. Kabele criticized the inherent weaknesses of macrostructural quantitative research, which have prevented us from recognizing the emergence of the new social climate as was made possible by qualitative, narrative methods. J. Krejčí from England and I. Gad'ourek from the Netherlands also participated in this discussion. The chairman and some other participants again encouraged the idea of cooperation among the various approaches to the reality of the transformation, as for example, with regard to marginal groups.

Later in the discussion, the participants illustrated the usefulness of the meeting of the different research areas and levels: with presentations of the research on university students' attitudes to the transformation process (Šafránková), the sociology of privatized enterprises (I. Hradecká and J. Vlášil), and the regional sociology of the frontier (F. Zich). M. Čermáková presented information on the results of empirical research confirming the hypothesis as to the rather negative influence of the initial phases of the transformational process on the status of women, for the time being well accepted by the female population. Vacek suggested that the inhabitants' value orientation has not yet undergone drastic change and that the existing

social conciliation is based on the assumption that there will be no further deterioration in the worker's status. In response to this, the chairman suggested new ways of investigating value orientations, which might enable us to recognize some of the most significant changes in people's attitudes (this, while still acknowledging the existence and importance of transitional illusions and adaptive mechanisms). During the course of the discussion, Vacková acquainted the plenum

with J. E. Purkyně's philosophical legacy which she considers to be of continuing relevance.

The lively character of the discussion and the considerable interest value of the topics presented, invited reflexions as to the possibility of dealing more methodically with the problems of social transformation as with the common problem of the various sections in the Czech Sociological Association.

Pavel Machonin

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