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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

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\*) 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 at el. [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.<sup>1</sup>

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 Europe<sup>2</sup> - 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:<sup>3</sup>

- 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

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<sup>1</sup> ) 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].

<sup>2</sup> ) The Czech Republic covers an area of 78,864 km<sup>2</sup> and has 10,302 215 inhabitants (1991).

<sup>3</sup> ) 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.<sup>4</sup>

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

<sup>4</sup>) 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 territory<sup>5</sup> 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

<sup>5</sup>) 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.<sup>6</sup>

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).

<sup>6</sup>) 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.<sup>7</sup> 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.<sup>8</sup> 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.

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<sup>7</sup>) 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.

<sup>8</sup>) 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.<sup>9</sup> 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

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<sup>9</sup>) 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.<sup>10</sup> 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.<sup>11</sup>

### *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

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<sup>10</sup> ) 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).

<sup>11</sup> ) 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.<sup>12</sup> 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.

<sup>12</sup>) 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.<sup>13</sup> 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

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<sup>13</sup>) 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.<sup>14</sup> 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:<sup>15</sup>

- 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.

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<sup>14</sup>) 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.

<sup>15</sup>) 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.<sup>16</sup> 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.<sup>17</sup>

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 cultural<sup>18</sup>*

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

<sup>16</sup>) 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).

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

<sup>18</sup>) 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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