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Conference Paper

Social-Economic Aspects of the Regional Development Within Transform Economics - Regional Development in CR After Year 1990

46th Congress of the European Regional Science Association: "Enlargement, Southern Europe and the Mediterranean", August 30th - September 3rd, 2006, Volos, Greece

Provided in Cooperation with:

European Regional Science Association (ERSA)

Suggested Citation: Ritschelova, Iva; Capek, Jan (2006) : Social-Economic Aspects of the Regional Development Within Transform Economics - Regional Development in CR After Year 1990, 46th Congress of the European Regional Science Association: "Enlargement, Southern Europe and the Mediterranean", August 30th - September 3rd, 2006, Volos, Greece, European Regional Science Association (ERSA), Louvain-la-Neuve

This Version is available at:

<https://hdl.handle.net/10419/118341>

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SOCIO-ECONOMIC ASPECTS OF REGIONAL DEVELOPMENT IN TRANSFORMING ECONOMIES: CR AFTER 1990

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Abstract

The process of the economic transformation of the Czech Republic that has been gradually in progress since 1990 is increasingly revealing evident regional differences (disparities) resulting both from transformation processes and from market conditions. To some extent, the government tries to equalise these disparities by means of regional policy, particularly by state support provided for structurally afflicted and economically weak regions. The solution to regional disparities, together with the closely connected problem of balanced development of regions, represents a long-termed process aimed at limitation of the misbalance in mutual relations between economic, environmental, and social pillars of sustainability and economic growth. To ensure the development of regions, one must create conditions for diminishing negative regional disparities, and use the internal potential of individual regions while respecting the principles of sustainable development. The authors of this article gradually characterise the development of the institutional framework of regions, identify interregional disparities, and in conclusion they formulate their view of the expected development trend in the regional structure of the Czech Republic.

Key words: Regions, Disparities of Regions, Regional Policy, the Czech Republic.

1. Introduction

In the period 1948 – 1989, regional development of the Czech Republic was „controlled“ by the central plan and carried out particularly by investment constructions financed by state budget, both by investments in the so-called production capacities and in the so-called non-production sphere (infrastructure and services). In macro-regional proportions, practical equalisation of the social level and standard of living in so-called historical lands (Bohemia and Moravia) and in Slovakia was achieved. This objectively (and very probably unintentionally) created one of the preconditions for the later split of the Czech-Slovak Federation. Industrialisation and urbanisation particularly affected large cities (Prague, Brno, Ostrava, Plzeň) with their surroundings, and the northern part of the territory situated roughly above the line connecting the town of Aš and Ostrava. The landscape was considerably devastated, and the environment deteriorated due to coal mining and power generation in the foothills of the Krušné hory Mountains, and in the regions of Ostrava and Kladno. Nevertheless, some regions could be still characterised as peripheral and underdeveloped when measured by the criteria of extensive development⁶. Such attributes were given to some

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⁶ They were particularly: dynamics of gross production, production of selected products per one worker (inhabitant), capacity of services and infrastructure per 1 inhabitant, share of given region in investment construction, etc. With certain simplification, one can identify a higher weight of the criteria of natural character and only an illustrative character of monetary or financial criteria (so-called commodity-monetary criteria in the terminology of that time).

areas in the territory of the Šumava Mountains, in Southern Bohemia, and in the Českomoravská vysočina Highlands. There also existed identifiable differences between towns and villages in less developed areas.

The system of planning and management of that time, on both the macro- and micro-level, reflected insufficiently innovative trends in techniques and technology in the world, as well as changes in the structure of personal consumption, and in the so-called cultural pattern. Due to this, industrialisation and urbanisation processes had a prevalently extensive character without desirable progressive changes in structure or quality. Undervalued, when not openly neglected, were also the problems of environmental protection. Due to the above-mentioned facts, some socio-economic indicators in the Czech Republic (as a whole and in individual regions) stagnated or even fell when compared with developed countries of the EU.

2. Development of institutional framework in 1990 – 2004

The political changes that occurred in Czechoslovakia at the turn of 1989/1990 were significantly reflected in regional policy, its practice and paradigm. They are the following two changes:

1. **As of the 1st July 1990, regions and corresponding committees⁷ were cancelled** without establishing any new institutions to directly take over the agenda. The constitution of the Czech Republic, adopted at the end of 1992 just before the split of Czechoslovakia, speaks in Article 101 about higher territorial self-government units but these were practically established as late as in 2005⁸ using the revamped name “Regions”. Then, as of the 1st January 2003, the appointment of districts of municipalities with extended competence allowed District Offices to be cancelled.
2. **In 1990, the State Planning Commission and National Planning Commission**, which had been forming and bringing off the government regional policy and development, were cancelled. Then, as the central body of state administration of the Czech Republic for regional matters, the **Ministry for Regional Development was established by Act 272/1996 Coll. with effect from the 1st November 1996**. The Ministry for Regional Development is administrator of the financial means of the state budget intended to ensure the housing policy and the regional policy of the state, including the coordination of activities of ministries and other central bodies of state administration in the state housing and regional policy, including the funding of these activities, in case it does not administer these activities directly. It also ensures methodical information assistance for regions, towns, municipalities and their associations, and it ensures activities connected with the process of their engagement in European structures. The competence in the field of regional support for entrepreneurial activities has been in the sphere of action of the Ministry of Trade and Industry since 2002.

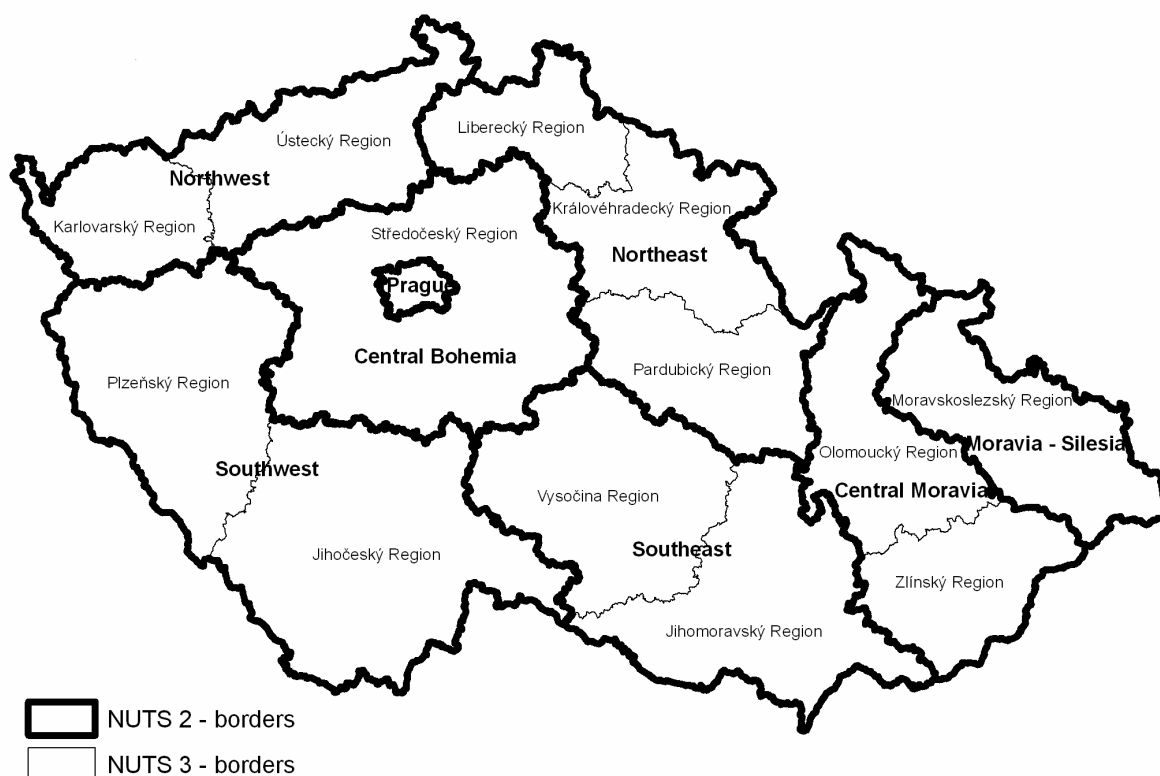
2.1 Current regional structure

At present, the territory of the Czech Republic is administratively divided into 13 regions and the territory of the capital Prague (see map no. 1).

⁷ In delimitation, having been in force since 1960.

⁸ As far as the scope is concerned, these new regions are to a great extent identical with the former „small regions“ that existed in the period 1949 – 1959 and replaced the former system of the country’s lands after February 1948.

Territorial Areas (NUTS 2) and Regions (NUTS 3) of the Czech Republic



Source: <http://www.czso.cz/>

For statistical and analytical purposes and for EU needs, the following statistical units according to NUTS nomenclature pursuant to the following territorial areas were delimited in the Czech Republic:

Level	Usual in the EU	Units in the Czech Republic
NUTS 0	The whole state territory	The whole of the Czech Republic
NUTS 1	Usually the land territory	The whole of the Czech Republic
NUTS 2	Territorial areas	7 territorial areas of the Czech Republic (Central Bohemia, Southwest, Northwest, Northeast, Southeast, Central Moravia, Moravia-Silesia) + Prague
NUTS 3	Regions	13 regions of the Czech Republic (Central Bohemian, South Bohemian, Plzeň, Karlovy Vary, Ústí nad Labem, Liberec, Hradec Králové, Pardubice, Vysočina, South Moravian, Olomouc, Zlín, Moravia-Silesian) + Prague
NUTS 4	Lower units	76 former districts of the CR + 15 Prague districts
NUTS 5	Municipalities	Approx. 6,300 municipalities

Delimitations of regions corresponding with NUTS 2 are also shown in map no. 1.

3. Analysis of socio-economic disparities in regions

3.1 Gross domestic product

Regional disparities in economic performance can be summarily characterised by means of regional gross domestic product indicators – hereinafter called GDP only. It can be seen from Table no. 1 that all the regions (NUTS 3), except for Prague, show a lower value of this indicator compared with the CR average. As far as the regional GDP of Czech NUTS 2 is concerned (per 1 inhabitant in purchasing power parity) compared with the EU average, then (as shown by the data in Table no. 2), except for Prague, all other Czech NUTS 2 are under the level of the EU⁹ average - below 75 %, which is now used in the EU as a „solidarity criterion“.

Table no. 1: Development of the regional GDP (constant prices, 1995 = 100 (in %))

Region	2000	2001	2002	2003	2004
Prague	122,8	134,0	130,8	129,8	136,4
Central Bohemia	119,1	121,5	125,6	128,4	133,5
Southwest	105,5	105,3	108,1	112,5	116,8
Northwest	92,8	90,1	92,9	98,4	102,8
Northeast	104,4	99,9	104,3	103,8	103,2
Southeast	105,3	108,7	111,0	115,6	121,3
Central Moravia	100,5	100,9	102,5	109,0	113,5
Moravia-Silesia	96,1	97,2	98,8	104,1	112,4
Czech Republic	107,5	110,3	112,0	115,5	121,0

Source: CZSO, Regional Accounts 2004

Table no. 2: Regional GDP per inhabitant, PPP, CR = 100, in %

Region	2000	2001	2002	2003	2004
Prague	199,4	210,9	206,5	203,1	201,8
Central Bohemia	97,8	95,9	96,3	94,9	93,6
Southwest	92,1	90,2	91,0	91,5	90,7
Northwest	83,3	80,1	81,4	82,5	83,3
Northeast	87,8	85,5	87,4	86,9	86,0
Southeast	89,7	90,8	91,0	91,5	91,6
Central Moravia	80,9	79,2	78,6	80,3	80,0
Moravia-Silesia	78,0	77,6	77,9	78,7	82,1
Czech Republic	100,0	100,0	100,0	100,0	100,0

Source: CZSO, Regional Accounts 2004

PPP – purchasing power parity

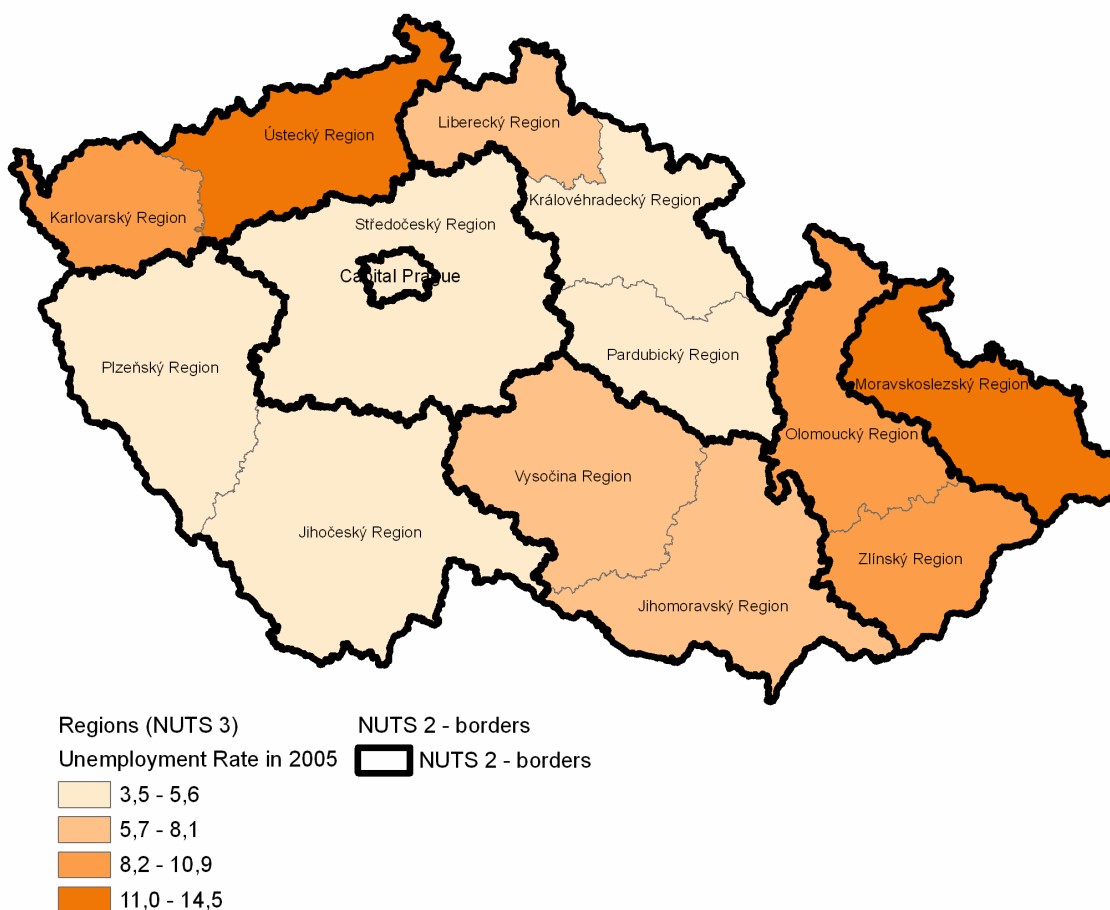
3.2 Unemployment

⁹ Relatively low per capita GDP value in Central Bohemia is probably caused by certain distortion of this indicator for the benefit of Prague.

In the Czech Republic, one of the most significant negative regional disparities is unemployment, which is a big regionally differentiated socio-economic problem.

Differentiation of territorial areas at the NUTS 2 level according to the unemployment rate is less pronounced than at the level of the regions (NUTS 3) and micro-regions, nevertheless from the point of view of this indicator, Moravia-Silesia, Northwest and Central Moravia are considered very problematic territorial areas. See the map no 2.

Unemployment Rate in Regions of the Czech Republic in 2005



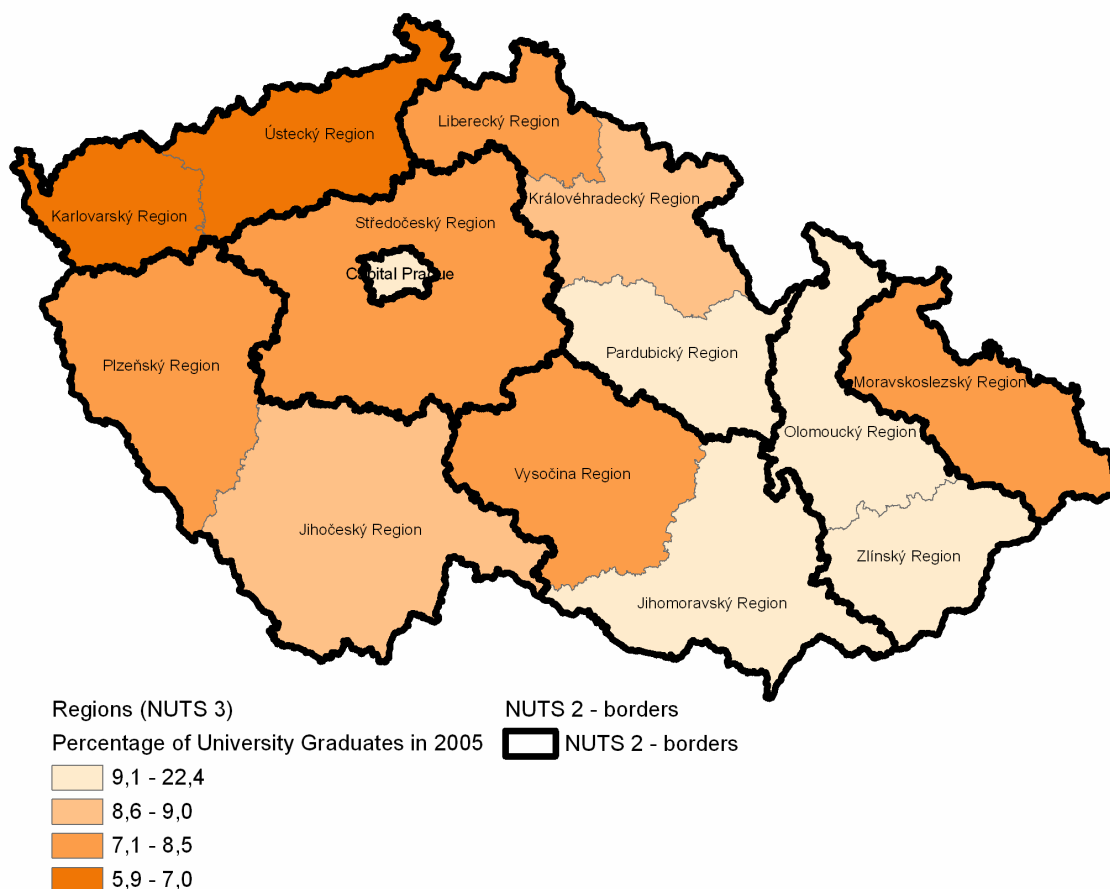
The unemployment rate is above the national average also in the Southeast regional territory. The fall in the number of employees in agriculture was significant particularly in mountainous areas and foothills as well as in regions with a relatively high percentage of this segment, particularly in the territorial regions Southeast and Central Moravia (Olomouc region).

A serious problem, particularly in some groups of inhabitants in given regions, is **long-term unemployment**.

A **low level of regional mobility of labour** connected with a limited offer of flats in places with job opportunities, and worsening transport accessibility ensured by public transport means, can be seen particularly in scarcely populated areas, and in areas with greater distances between municipalities.

Another problem is the educational structure of the population, and a low percentage of university graduates in above-mentioned problematic regions. See the map no 3.

Educational Structure of Population
Percentage of University Graduated in Regions of the Czech Republic in 2005



3.3 Regional distribution of industries

The regional distribution of industries influences the socio-economic situation in individual regions and areas and also has an impact on ties between territorial areas. The current distribution of manufacturing capacities is considerably irregular, both in size and product orientation. Historically conditioned concentration of industrial manufacture of a given character within a limited number of territorial areas increases the risk of further growth of disparities in the form of negative results of restructuring. Within this context, one should mention:

- Significant decrease in production and employment in heavy industry – coal mining, metallurgy, heavy mechanical engineering, and chemicals, which dominated and continue to be the core of the economic structure of territorial areas Moravia-Silesia and Northwest.
- Decrease in production in the textile and electro-technical industry, which resulted in serious impacts particularly in the territorial areas Northeast, and in the clothing and shoe industry with an impact on employment in the Northeast territorial areas, Central Moravia and Southeast.

- Development of a tertiary sector that absorbed a significant portion of workers released from ineffective production. The development of the tertiary sector was intensively concentrated in large cities and agglomerations.

The regional distribution of industries further influences:

- Development of private entrepreneurial activities, particularly of small and medium -sized businesses.
- Quality of human resources (education, entrepreneurial traditions) and local self-governments (orientation to concept approaches, strategic planning, etc.).
- Availability of technical infrastructure in the territory.
- Conditions of the environment, particularly in mining areas with accumulated old environmental burdens – brownfields, and in regions with an unfavourable industrial base structure – Moravia-Silesia and Northwest.

Based on the analysis of the above-mentioned and other indicators, the following 5 types of areas can be identified from the point of view of the dynamics of socio-economic development in the Czech Republic:

Fast developing territorial areas – there exists only one such region – Prague. Capital has a number of comparative advantages compared with other regions: (i) the position of a region being the economic, social, cultural, educational, and politico-administrative centre of the Czech Republic; (ii) developed infrastructure; (iii) the lowest unemployment rate and the highest average wages; (iv) high effective demand.

A high level of education as well as the headquarters of companies located there, positively influenced and are influencing the inflow of direct foreign investment, and have strengthened the position of Prague as the most significant centre of innovative enterprising in the Czech Republic. This region is, and already at the beginning of the transformation period was, extraordinarily orientated to the sector of services. But in addition to this, Prague suffers from transport, ecological and socially pathological problems.

Developing territorial areas - these areas comprise the Southwest and Central Bohemia. The high dynamics of growth of a number of indicators in the Southwest territorial area are influenced by significant factors such as: geographical location, industrial traditions, inflow of foreign investment, and education level. The Central Bohemian territory has several powerful growth centres or even whole districts, both already existing, e.g. Mladá Boleslav, Prague – East, Prague – West and potentially – Kolín, Kladno, and Beroun. At the same time, this territory is an area where services and industrial production directly connected with Prague are developing, for example, the construction of logistics centres, trade centres and research facilities.

Territorial areas with low dynamics of growth – Southeast and Northeast are territories that can be classified in this group. The Southeast territorial area is formed by two differently developing regions – Vysočina and the South Moravian region. The South Moravian region with Brno – its socio-economic centre - is, unlike the Vysočina region, one of the dynamically developing regions. The Southeast territory is formed by three regions. Successful development of the centres of these regions (Liberec, Hradec Králové, and Pardubice) positively influences the performance of the whole territory. Within the whole territory, there exist significant differences at the level of NUTS 3 and in micro-regions.

Territorial areas falling behind – Central Moravia shows some unsolved problems, as e.g. low development of its northernmost and easternmost parts and relatively low dynamics of growth in the Olomouc area.

Declining territorial areas – Moravia-Silesia and Northwest. Such classification of these territorial areas is based particularly on their unsatisfactory economic results, which are not improving, which can be seen from the development of regional GDP (see tables no. 1 and 2). In addition to that, both regions have shown the highest unemployment rate for a long time, and a low percentage of university graduates (see maps no. 2 and 3).

4. SWOT analysis of regional development

Development in individual regions of the Czech Republic showed and still shows different regional economic dynamics. The intensity and scope of changes of individual regions is similarly differentiated. This development was influenced particularly by the spatial differentiation of factors influencing regional factors. The above-mentioned factors were dependent particularly on unequal initial socio-economic conditions, and the location and degree of urbanisation of the given territory.

Unbalanced development of regions and origination of regional disparities as well as possible further development can be recapped by means of so-called „**SWOT analysis of regional development**“.

SWOT analysis of regional development

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • Advantageous geographical position of the CR in the centre of Europe. • Significant socio-economic role of Prague. • Increasing positive role of regional centres in the development of regions. • Significant potential of border regions providing preconditions for the development of certain sectors, e.g. travel movement. 	<ul style="list-style-type: none"> • Except for Prague, regions are falling behind the EU in economic performance. • Significant regional differences in unemployment rate and in its structure. • Insufficient availability of public transport in the regions, particularly in smaller rural settlements and peripheral areas. • Unsuitable connection of regional roads to main European networks. • Worsened availability of public services, lack of jobs and requalification opportunities in rural areas and connected outflow of inhabitants at productive age.
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> • Attractive location and landscape represents potential that could support development of the economy, particularly tourist activities. • Higher use of aid from EU structural funds in 2007 – 2013 for the development of regional economy. • Strengthening the role of big cities as development poles of regions. • Strengthening the role of micro-regional centres as local development poles. • Encouraging development of the internal potential of border regions resulting from the removal of barriers (extending the “Schengen area“, growth of common identity of the inhabitants of border regions resulting from deepening of the integration 	<ul style="list-style-type: none"> • Increasing regional differences in basic socio-economic characteristics. • Increasing gap in the quality of life between metropolitan region and other regions. • Deepening differences between urbanised and rural areas. • High concentration of some industries (e.g. car industry) in certain regions with possible instability of regional economy due to recession in given sector. • Big regional disparity in employment can lead to problem-causing regions falling further behind, which can disturb social harmony.

process) within the framework of the European area.	
<ul style="list-style-type: none"> • Cross-border cooperation within the framework of the purpose of structural funds. • Development of sustainable technologies and entrepreneurial activities in rural areas. 	

5. Paradigm of current regional policy in the Czech Republic

Similarly to other EU countries, the main “leitmotif” of the Czech regional policy is the effort to eliminate and prevent large discrepancies¹⁰ of the socio-economic status of inhabitants of individual regions. The corresponding motivation of politicians, expressed by the terminology of the public choice theory, can be seen as follows: Preventing origination of centres of social unrest resulting in disturbance of social harmony. Determination or identification of the measure of difference (disparity) between regions still being acceptable to society is not a task *solvable ex ante*, and by methods of economic calculation. It is always a matter of political decision, political judgement and prognostic consideration.

Formally, this motivation does not differ from motivation seen under the conditions of a centrally planned economy, but the difference is in the instruments of realisation. In addition to traditional re-distribution of state budget means, it also includes regionally differentiated support for small and medium-sized businesses, purposeful grants and donations usually realised in the form of so-called development programmes. Nevertheless, the purpose of these measures is not the conservation of ineffective regional structures but the opposite, the easier creation of new vital entrepreneurial activities and by this, in many cases, speeding up the restructuring of a given region. „Nevertheless, the basis for regional revitalisation must be activities of specific persons in the given place or area based on local resources. Possible budgetary means intended for structurally more afflicted regions can only have the role of a catalyst“[4].

The set of instruments of current regional policy in the Czech Republic, in addition to the above-mentioned subsidies and donations from EU funds and from CR public budgets, includes a number of other **measures to support entrepreneurial activities at the level of medium and small-sized businesses, and to support foreign investors** (investments) in selected regions. Let us mention only the most significant ones:

1. **GUARANTEE** – Programme of guarantees for small and medium-sized entrepreneurs. The aim of the programme is, by means of advantageous bank guarantees for bank loans, leasing, risk and development capital, guarantees for offer in public tenders as well as guarantees for loans for operations, to expedite realisation of business plans of small and medium-sized entrepreneurs aimed at investment construction, and to increase the competitiveness of these entrepreneurs. The programme was prepared and its administration is carried out by the Ministry of Industry and Trade.

¹⁰ A system of descriptors was suggested for the needs of regional policy as information and arguments for targeted actions to reduce interregional differences [6]. The descriptors are monitoring basic problem areas and are divided into 5 thematic areas: a/ a summarised characteristics of the region – b/ economic potential – c/ human potential – d/ technical facilities in the territory – e/ natural segments of the environment.

2. Incentives for investment for foreign and local investors consisting in promises of relief, reduced charges, levies, etc.¹¹, and the corresponding agenda is ensured by the Czechinvest government agency.
3. Individual ministries and regions ensure design, construction and operation of industrial zones, particularly using abandoned and unused facilities, premises and building sites – so-called brownfields.

In the Czech Republic, various development programmes are used to achieve the objectives of regional policy, which are organised not only within the framework of sectoral ministries, but also in individual regions. The programmes are financed from the CR public budgetary funds, and also from EU funds. It is clear that the implementation of these programmes contributes to the development of regions and to the reduction of regional disparities. Nevertheless, there remains the problem of interconnections and efficiency of individual programmes from the point of view of long-term impacts and synergetic effects. A problematic aspect is also the overlapping of programmes financed solely from Czech sources with those co-financed from EU funds. In the future, it will be necessary to make decisions about how to solve the situation in a way enabling one to use means available from both national and foreign sources as effectively as possible.

5.1 Pre-accession programmes of the European Union

Since the 1990's, the CR administration has concentrated on the creation of conditions for using means from the so-called pre-accession structural funds of the EU in the fastest and most effective way. The Czech Republic has been utilising the following programmes:

PHARE programme (*Poland and Hungary Aid for Restructuring of the Economies*) was focused particularly on projects aimed at the preparation of the institutions of public administration for accession to the European Union. The Czech Republic had been using this pre-accession instrument since 1990. In recent years, a part of every yearly allocation has been devoted to the preparation for receipt of means from EU structural funds in individual regions, and to corresponding institutional preparation. From 1994, the Programme of Cross-border Cooperation (PHARE CBC) was in progress. After the CR joined the EU, the programme was replaced by the Joint Regional Operational Programme.

The SAPARD programme (Special Accession Programme for Agriculture and Rural Development) is a special program for agriculture and rural development. This pre-accession instrument was used by the Czech Republic from the year 2000. After accession to the EU, this programme was replaced by the operational programme called "Rural Development and Multifunctional Agriculture Operational Programme.

The ISPA programme (*Instrument for Structural Policies for Pre-Accession*) was focussed on financing large projects in the sphere of the Environment, and was used in the Czech Republic from the year 2000. After CR joined the EU, the programme was replaced by the **Infrastructure operational programme**.

Community Initiative EQUAL is defined as a programme focused on the support of innovative means for solving existing problematic areas connected with discrimination and inequality on the labour market. The Czech Republic joined Round I in 2001 as the first

¹¹ In the last two years (2004-2005) so-called investment incentives for direct foreign investments amounting to approx. USD 4 billion per year have been provided. These volumes are considered interesting from the macroeconomic point of view. That is why their purposefulness and effectiveness became the subject for discussions among economists of government and opposition parties. (see e.g. Hospodářské noviny, 30. IX. and 7.X. 2005; articles: R. Novák, M. Říman, M. Urban).

candidate country, and the financing is ensured by means of PHARE 2002 and from the state budget of the Czech Republic. Financial means allocated for the Czech Republic from the pre-accession programmes can be used till the end of 2006.

5.2 Programmes of structural funds – after CR accession to EU (i.e. after 1st may 2004)

When joining the EU (as of 1st May 2004), the Czech Republic was provided with the possibility to draw financial means from the structural funds of the European Communities. The structural funds are aimed at reducing the differences in the levels of various regions and removing underdevelopment of the most disadvantageous regions, putting stress on economic and social cohesion of the EU. Structural funds are one of the most significant tools of the regional and structural policy of the EU. They are intended to achieve objectives set by the European Union for the period 2000 – 2006 as follows:

- Objective 1 – Support of development and structural changes in regions falling behind (regions with VAT under 75 % of the EU average).
- Objective 2 – Support of economic and social conversion of regions solving structural problems.
- Objective 3 – Support of accommodation and modernisation of politics and systems of education, requalification, and employment.

Means from structural funds are used for the realisation of so-called operational programmes and so-called community initiatives. Structural funds are the main fiscal instrument of the European Union, and for the time being, there exist the following 4 structural funds:

European Regional Development Fund (ERDF)

This fund was established in 1975, and according to the volume of financial means, it is still the largest of these funds. ERDF sources are financing projects in regions falling within objectives 1 and 2.

European Social Fund (ESF)

Established in 1960, this fund is the main instrument of social policy and employment. ESF concentrates on unemployed youth, long-term unemployed persons, socially handicapped groups and women within all the three objectives of the EU regional policy.

European Agriculture Guidance and Guarantee Fund (EAGGF)

This fund has been operating since 1962, and its sources finance the development of rural areas. EAGGF is divided into two sections. The guidance section supports the development of rural areas, which is reflected in the modernisation and rationalisation of agricultural production. The guarantee section is active in the field of export competences, price stabilisation, etc.

Financial Instrument for Fisheries Guidance (FIFG)

This fund was established in 1994 to ensure financing of the development of maritime regions and the fishing industry.

In addition to the above-mentioned structural funds, the ***Cohesion Fund*** (CF) was established in 1993 as a supplementary fund providing financial means for large capital construction projects in the field of the environment and infrastructure. Only countries with GDP under 90 % of EU average are qualified to receive assistance from this fund.

Problems encountered to a greater or smaller extent by those who implement these programmes can be summarised as follows:

- A slow start due to certain inexperience of both submitting and programme realising parties with this type of programmes.
- Necessary additional staffing to strengthen implementation structures.

- Territorial differentiation of submitted projects.

6. Expected development trends in the regional structure of the CR

In general, one can expect further deepening of the uneven development of economic activities, particularly in urban areas already providing better conditions for entrepreneurial activities, which will further accelerate the growth of regional differences in the demand for labour force.

There can be expected further advantages for regions with important centres of services as Prague and Brno or other centres (Plzeň, Olomouc, Hradec Králové – Pardubice, České Budějovice, possibly Zlín, and Liberec - Jablonec nad Nisou).

On the contrary, disadvantages will accompany regions with concentrated heavy industry, and with lesser-diversified economic bases, particularly in territorial areas Northwest and Moravia-Silesia.

It is necessary to complete the system of transport routes. There are missing routes facilitating “national” mobility and accelerating connections with other European countries. One certain developmental barrier is not only the incomplete “big” infrastructure but also the conditions of 2nd and 3rd class roads forming the relatively dense network. The quality of these roads is a serious problem particularly due to the sources necessary for their maintenance and reconstruction.

One can see three main emerging development axes for the next decade: Prague – Plzeň (Regensburg – Munich), Prague – Northwest Bohemia, and South Bohemia – Ostrava. These development axes will also be the main areas with growing urbanisation and probably with more pronounced growth dynamics [1].

The prognosis for regions comprises also a prognosis of further development of the quality of their environment. Though significant improvements were achieved after 1990, as far as the decrease in emissions of sulphur oxides and solids is concerned, high emissions of sulphur oxides persist in some regions (particularly in Prague and in the Northwest and Moravia-Silesia territorial areas), and the development of road transport is connected with increasing emissions of nitrogen oxides and dust, though the situation is slowly improving also in this sphere. Further improvement of the environment will be financially very demanding, and in addition to it, requirements of the EU will apply at the regional level, particularly the system Natura 2000.

A serious problem requiring an urgent solution is also the great number of old environmental burdens, and the considerable scope of areas affected by mining activities (Moravia-Silesia and Northwest territorial area), regionally differentiated percentages of inhabitants and settlements without wastewater treatment that is slowly decreasing, local deficiency in water supply from public water mains, and high production of waste materials with prevailing disposal by dumping.

7. In conclusion

In this article, we have tried to briefly characterise the current institutional and administrative regional structure of the Czech Republic and the paradigm of its regional policy as well as to show the biggest disparities among the individual regions.

In our opinion, the current instruments of the Czech regional policy comply in principle with the paradigm frequented in the EU, and are compatible with it. Only more time will enable us to evaluate whether and to what extent the accepted theoretico-methodological bases will be verified by social practice and reality.

We think it is necessary to point out that the purpose of the measures of regional policy cannot be and will not be the conservation of ineffective regional structures but the easier creation of new vital entrepreneurial activities that will then accelerate the restructuring of a given region. The basis of regional revitalisation must be an activity of specific persons in the given location or region. Local resources (human and financial) will be required to get more intensively into the game. Nevertheless, financial means from public budgets and structural funds shall mainly play only the role of a catalyst with certain exceptions (investment in infrastructure and removal of long-term environmental burdens).

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