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CHOSEN INFORMAL INSTITUTIONS AND THEIR SPATIAL IMPLICATIONS IN THE CZECH REPUBLIC

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Abstract

The article deals with abundant relations between chosen informal institutions and regional development in our country. It is argued that frequently used macro-view that perceives the country as one unit disregards the inner spatial economic disparities that may weaken the economic stability of the Czech Republic.

Key words: informal institutions, territorial identities, regional development, regional disparities, macroeconomic view

1. Introduction

Last three decades witnessed a true resurrection in the realm of institutions and institutionalism. It became apparent that both formal and informal institutions represent the important factor influencing numerous economic processes. North (1990) perceives the institutions as the formal and informal framework of political, economic and social interactions. According to him, the major role of institutions consists in reducing the uncertainty by establishing a stable structure to human interactions. In any case, quality institutions minimize the transaction costs that correspond to frictions in physical systems and facilitate the running of economic systems.

Contemporary theories on regional economic growth reckon not only with traditional economic factors but also with non-economic ones. The latter do not have economic character but they bear abundant economic implications and contribute to the formation of something that might be called 'aggregate competitiveness' of states, regions and localities. The fact that non-economic phenomena usually cannot be quantified directly and exactly, frequently leads to their omission. However, numerous institutional economists, economic geographers and regionalists rightly claim that inclusion of these institutional factors in the thoughts about economic growth and development enables us to use holistic approach against one-sided success of reductionism. It is thus only hardly surprising that institutional conceptions currently constitute one of the most dynamic streams of spatial sciences (Lee and Wills et al, 1997, Bachtler and Turok et al, 1997 or Blažek and Uhlíř, 2002).

The main aim of the article is to show the affinity between informal institutions and local and regional development in the Czech Republic. The above mentioned issue is stated only seldom however it cannot be ignored since informal institutions represent internal basis of external activities of the population. Informal institutions in the Czech Republic seem to support rather national than regional level of the perception of economic issues. However, if regional disparities are not present in official materials it does not mean they vanish.

2. Applicability of Institutionalism or towards the Spatiality of Institutions

Institutionalism turns out to be insufficiently normative in view of economic-political needs. These needs have been traditionally polarized by 'liberal-interventionist' axis. Institutionalists emphasize that it is not correct to build universal theories and economic-political paradigms.

According to them, it is always necessary to consider specific context delimited by given time and space. In comparison with neoclassical or Keynesian economists, their policy recommendations often proved to be very useful from practical point of view (see for instance Blažek and Uhlř, 2002 or Nelson, 1998).

Recommendations made by institutionalists typically concern particular steps and gradual interventions that can modify the direction of the economic evolution in the long run. Politicians often complain that institutionalism does not pay sufficient attention to macroeconomic – and socially most sensitive – indicators, such as unemployment or inflation.

When analyzing the economic growth and development, institutional explanations proved to be very successful. Processes of economic growth and development – as well as interregional or international inequalities in this sphere - can be often accounted for by the identification of specific institutional arrangement and constellation of both economic and non-economic elements and processes that led to them.

In contrast to other economic streams, institutionalists draw on the reality just by means of multidisciplinary perception of life. Not surprisingly, institutional theories are increasingly applied in political science, sociology, psychology, regional science, geography and last but not least, economics itself. There is a growing consent, that many economic phenomena can be satisfactorily explained just by socio-psychological background of individuals or the whole milieu. It concerns the whole spectrum of economic phenomena that range from the behaviour of firms, via creation and diffusion of innovations and new technologies, towards the formation of interregional or international economic disparities.

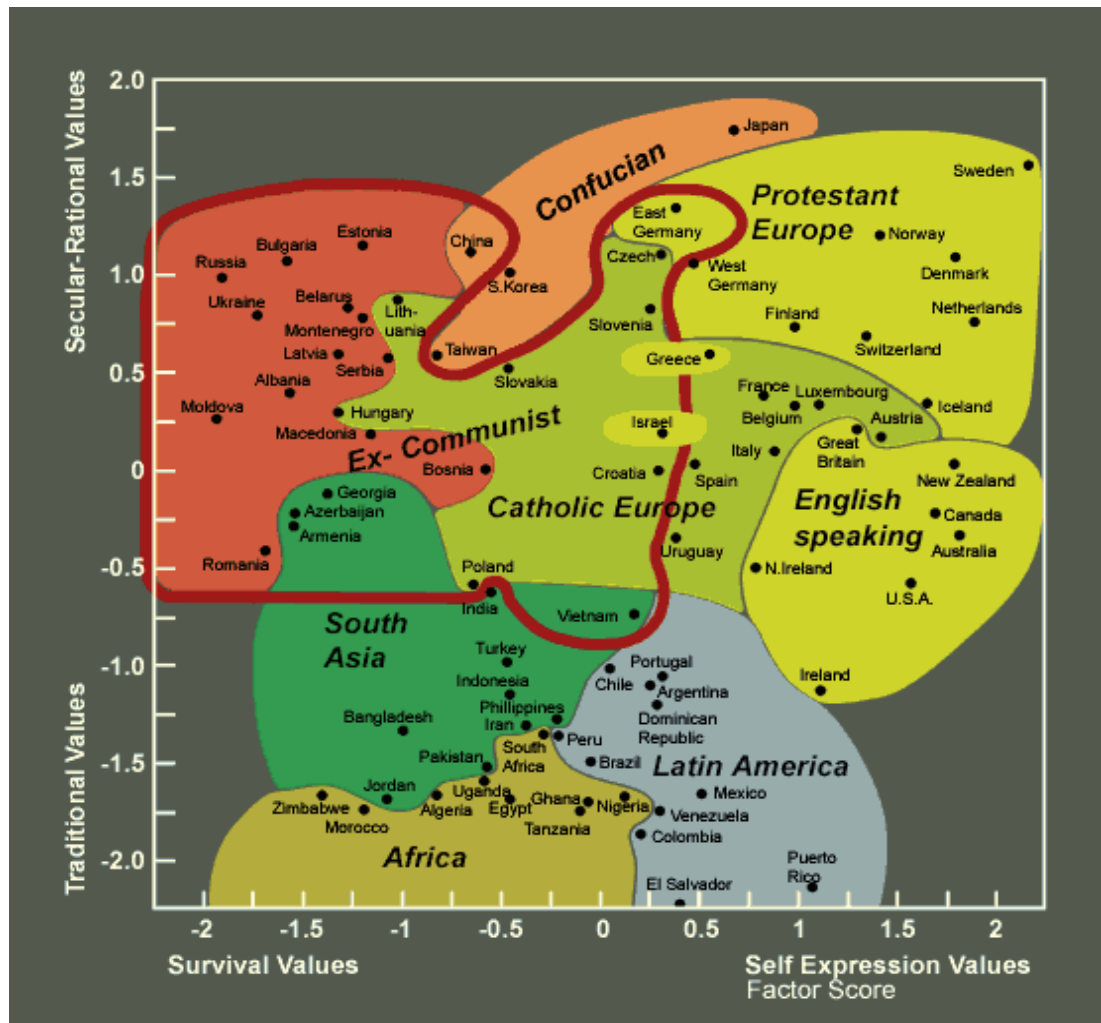
As indicated, rather than a paradigm or doctrine, institutionalism constitutes the way of economic thinking, which is realistically connected with given context, time and space (as well as prevailing economic-political doctrine). Therefore, some institutional elements are mixed with Keynesian or even Neo-Marxian conceptions on the one hand and some of them, mainly the modern ones are in compliance with currently vogue neoliberal conception on the other hand.

From spatial point of view, it is only hardly surprising that institutionalism influenced numerous theories on spatial growth and development. This process could be contemplated namely after World War II. Unfortunately, this fact is largely omitted in post-transitional countries, such as Czech Republic. The stage of socioeconomic development, in which afore mentioned countries find themselves, literally calls for the application of institutionalism in spatial analyses.

Immense spatial differentiation of informal institutions, which create the framework of this article has been confirmed for instance by The Inglehart values map, which provides us with the basic overview of values in different cultures (see also Figure 1)¹. As it can be seen, the

¹ Inglehart carried out four surveys between 1981 and 2002 in the framework of the World Values Surveys that were designed to provide a comprehensive measurement of all major areas of human concern, from religion to politics or economic and social life. They represent over 85 percent of the world's population in 81 societies. The results are compressed into the picture with two dimensions: traditional/secular-rational and survival/self-expression values. The traditional/secular-rational values dimension reflects the contrast between societies in which religion is very important and those in which it is not. Societies with traditional values have also high levels of national pride, and a nationalistic outlook. The second major dimension of cross-cultural variation is linked with the transition from industrial society to post-industrial societies, when an increasing share of the population in rich societies has grown up taking survival for granted. Thus, priorities have shifted from an

Figure 1: Inglehart Values Map



Source: <http://www.mindspring.com/~dbholzel/maps.html>

outcome of the above mentioned research is represented in simplified form that might be called the value globe.

3. Territorial Institutions in the Czech Republic

It is natural that forty years lasting socialist system affected or more precisely deformed also the informal institutions of Czech and Slovak population (see for example Geršl, 2005). Naturally, territoriality represents one of the most relevant components of human lives. At the same time, there exist connections between public and private spheres and territoriality.

During socialism, everything connected with the sphere of 'private' was strongly suppressed. Finally, the imbalance between private and public sectors manifested itself in desperate efforts to protect everything that remained private and the general philosophy of people could be

overwhelming emphasis on economic and physical security toward an increasing emphasis on self-expression and individualisation.

expressed as follows: the things that are behind my threshold do not belong to me. Generally speaking, public and private spheres constitute complementary and tantamount components.

Consequently, it is only hardly surprising that the consciousness of local or regional development as an integral part of public affairs was in contrast to the situation in developed countries almost negligible. This dismal situation was further multiplied by ubiquitous central planning, which virtually eliminated the notion of territorial development. In this socialist milieu isolated from world developmental trends, people were obviously barely able to realise the importance of local/regional development for the improvement of their living conditions.

Territorial identity plays rather relevant role in this context (see also Sucháček, 2005). It can be generally delimited as a positive relationship of the individual to the territory he or she is living in². Essentially, territorial identity also reflects the readiness of the population to act on behalf of the given territory.

One cannot omit that people belonging to particular region are bound to the territory by interests, emotions and feelings. In that case we can delimitate the territory according to seemingly hidden layer of (common) interests and emotional ties. This concept does not hide its finality, but comparing to the cultural identity it is much more concrete as particular area has finite borders that meet the borders of another territory. A great advantage is that in comparison with traditional regionalistic and geographical approaches that are often artificially created we concentrate on inherent, inborn characteristics³.

Table 1 provides an overview of territorial identities in Central East European countries. Territorial identity can be measured at different territorial ranks. For the purposes of our article, it is of importance to concentrate namely upon the local and national level. As it can be seen there is strongly differentiated picture of both local and national identities in Central East European countries, which is also in compliance with other differentiated institutions in individual countries.

We can find an intriguing discrepancy between national and local identity in the Czech Republic. While the country has the weakest local identity among all Central East European countries (2.21), the national identity is one of strongest (1.11) in this group of countries.

As already indicated, during the socialistic era, regional or local problems were silently swept under the carpet. After 1989, when strong centralization of public administration afflicted virtually all spheres of life, the discourses concerning local or regional development were artificially suppressed either by the governing bureaucracy or by media. National identity consequently served as a certain substitute for suppressed local and regional identities.

² This seemingly vague idea of territorial identities is in discordance with traditional regionalistic and geographical approaches towards territories. Regions are perceived as complexes of socio-economic and natural elements, processes and their interactions. Spatial rank differentiation expresses the relations between regions at various qualitative levels. The common denominator of these research approaches is that they describe real elements and processes that are both qualitatively and quantitatively measurable and thus concentrate primarily upon material elements and relations. This does not mean, however, that immaterial territorial structures do not exist at all.

³ There are the possibilities of measuring the interests, feelings and emotions related to the territory. This would be worth to make the empirical research in order to verify whether there is for instance the correlation between the number of the members of Parliament at the state level originating from certain region and the amount of investments directed to their region considering the total socio-economic weight of the region. This constitutes unquestioned challenge for further researches.

Naturally, promoting national identity and weakening local and regional identities principally advances the centralisation of the country and is supported by central authorities. Thus, the introduction of self-governing regions was postponed many times in the Czech Republic. It was argued that self-government endangers the national unity⁴.

Table 1: Local and National Territorial Identity in Central East European Countries⁵

Country\Territorial Identity	Mean Local Identity	Mean National Identity
Albania	1.71	1.08
Bulgaria	1.27	1.33
Czech Republic	2.21	1.11
East Germany	2.06	1.46
Estonia	1.65	1.30
Hungary	2.06	1.05
Poland	1.53	1.16
Romania	1.31	1.09
Russia	1.34	1.37
Slovakia	1.53	1.20
Slovenia	1.79	1.13

Source: Plecítá (2004)

However, territorial identities tell us nothing about national pride. In every nation, national pride is related to the national achievements and failures. In case people bear true emotional ties in relation to their country, they are proud of their nationality. In the Czech Republic, the mean national pride reached 1,92⁶ (see also table 2).

The survey showed that Czechs belong among these nations in Central East Europe, who express the lowest national pride. At the same time, it is worth to remind that Czechs have one of the strongest national identities. Apparently, when regional and local problems bother people, they can be only hardly satisfied with the state of the whole country and cannot be proud on their country. In other words, the national identity serves a shelter (to a great extent an artificial one), under which the doubts about country's development are hidden. Hence, we can contemplate the dichotomy between the level of national identity and the level of national pride in the Czech Republic.

As Plecítá (2004) underlines, national pride is low in the countries experiencing discontinuity of states, regimes and economic systems. The historical experience might be the source of low national pride of Czech population. Moreover, correlation analysis showed that national pride is significantly correlated with the satisfaction with the development of democracy, satisfaction with the development of economic situation of the country and last but not least the evaluation of justice in the present society in the Czech Republic. National identity in the Czech Republic thus in essence represents empty construction, which is not fulfilled by national pride.

⁴ An interesting description of the gloomy state of spatial (un)consciousness in transitional economies can be found for instance in Bachtler, J. - Downes, R., - Hughes-Helinska, E. - Macquarrie, J. (1999).

⁵ Categories that expressed the intensity of particular territorial identity were as follows: 1 – yes, definitely, ..., 4 – no, definitely not.

⁶ The national pride was measured generally by the agreement with the statement: 'I am proud to be [country nationality]'. Categories were set as follows: 1 – agree strongly, ..., 5 – disagree strongly.

Table 2: National Pride in Central-East Europe

Country	Mean National Pride
Albania	1.34
Bulgaria	2.02
Czech Republic	1.92
East Germany	2.22
Estonia	1.79
Hungary	1.64
Poland	1.58
Romania	1.52
Russia	1.84
Slovakia	1.88
Slovenia	1.43

Source: Plecítá (2004)

In the light of previous paragraphs it is only hardly surprising that economic performance of the Czech Republic is typically evaluated only from the macroeconomic standpoint and regional economic issues are treated as something redundant or even idle. Obviously, macroeconomic view is of great importance nevertheless it would be imprudent to neglect or even ignore the fact that national economies are actually composed of individual regional and local economies. In case that insufficient attention is devoted to profound economic differentiation within the country, there exists the real threat in the form of centrifugal tendencies endangering the stability of the whole country⁷.

4. Conclusion

The article showed that territorial identities in the Czech Republic are driven by well-known institutional rule expressible as 'history does mater'. Czechs belong among these nations in Central East Europe, who express the lowest level of national pride and on the contrary, country's national identity is one of the strongest in Central East Europe. In case that insufficient attention is devoted to the solution of local and regional issues, the population can be barely satisfied with the state of the country as a whole. Subsequently, Czech national identity represents empty fabric, which is not fulfilled by national pride. Naturally, this situation affects also the low consciousness about local and regional development within the country. Profound economic discrepancies that occur in the Czech Republic are usually erased by macroeconomic evaluations of the economy. But since every economy is created by functional interconnectedness of its individual regions and localities and not by their mere existence, the future raises numerous hardly solvable question marks. Two-speed or even multi-speed economy with the peril of the formation of isolated depressed regions and namely localities within our country is one of possible future scenarios.

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⁷ Kern and Sucháček (2007) depicted the whole chain of unfavourable socioeconomic impacts of afore mentioned situation.

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