

Antonín Vaishar, Ph.D.

## MARGINAL REGIONS IN MORAVIA: TRANSFORMATION OF THE SOCIAL AND ECONOMIC SYSTEM AND ITS CONSEQUENCES

### Introduction

In the following contribution, knowledge will be summarised about the course and consequences of the transformation of the economic and social system in two model areas. Both of them located in Moravia, they are marked off by the boundaries of the former court districts of Vranov nad Dyji/Jemnice and Bojkovice/Valašské Klobouky. The analysis focused on the following problems: labour market, demographic degradation, the missing technical infrastructure, housing, community management, the deepening of marginality, conflicts between nature protection and the prosperity of communities, the insufficient exploitation of the existing potential and the state border effect. Among the methods adopted, interviews with mayors or other representatives of all communities involved and inquiry investigations played an important role in addition to processing the available statistical data. The inquiry investigations contain opinions of more than 4000 families with their domicile in both of the examined regions. The processing of results acquired through this investigation still continues, nevertheless preliminary results are available already.

### Course of Transformation

A substantial failure in the labour market occurred in both regions under examination. However, in consideration of the different economic structures, this failure took, and is still taking, a different course, and is being effected by different mechanisms. The economic structure of the region of Vranov nad Dyji/Jemnice is characterised by a large proportion of primary sectors, namely farming (exercised in the borderland area by state-owned farms) and forest management. Being not very significant, industrial plants were engaged in either processing local raw materials, particularly wood, or they have come into existence only recently. Tourism has developed in the surroundings of the Vranov water reservoir. Also the high number of armed frontier guards concentrated on the border as part of the Iron Curtain contributed to generally increasing the purchasing power of local people since their

incomes were higher than those of the "civilians." The first great failure in the labour market (reaching an unemployment rate of about 15 per cent) was due to a dramatic decline in job opportunities in farming, among other things also as a result of the factual liquidation of state-owned farms. Besides, the leaving of frontier guards and the unsuccessful privatisation of the Vranov-based firm of Tesla Holešovice, together with the majority of companies providing recreation services in Vranov, have had adverse impacts on the situation in the labour market. In the area of Jemnice, the situation was initially somewhat favourable since industrial plants were maintained even during transformation. Also farming got on better because cooperative farms had typically gone through transformation more successfully than state-owned farms, and the attempts to establish and develop private farms were also successful to some extent. In the years 1995 to 1997, the unemployment rate in the region was reduced to reach a level of about 7 per cent during the summer season as a result of transferring workers into the sector of services (in the region of Vranov also to recreation services), and as a result of successful attempts to adapt a certain portion of local people to commuting to places located in greater distances from their homes. Another considerable unemployment growth occurred at the turn of 1997 and 1998 as a result of the overall economic situation in the Czech Republic having become worse. The solution to this bad economic situation must be inevitably based upon restructuring industrial production. This time, the region of Jemnice was affected more since its economic structure still remains considerably dependent on industry. In the district covered by the labour exchange office of Jemnice, the number of unemployed persons grew roughly 5-fold for a short period of time, while it grew only 2-fold in the region of Vranov. However, a new and a very unpleasant phenomenon has occurred recently: while unskilled or low-skilled people made up a large proportion of the unemployed earlier, nowadays school leavers and graduates also have difficulties in finding a job.

In the region of Bojkovice/Valašské Klobouky, economy was based predominantly on industrial production concentrated in several small towns. The industrial structure of the area largely formed in the 1930s when subsidiary companies of leading Czech factories of arms were located in this area (as well as in the nearby Pováží — an area along the Váh river) for strategic reasons. The region was also affected by Tomáš Baťa's entrepreneurial activities. Farming was not among economic activities of significant importance during the socialist era either, and local cooperative farms (following, in part, the model of the nearby cooperative farm in Slušovice) oriented toward the so-called subsidiary enterprises. These subsidiary enterprises lead, within the framework of the transition in farming, to the establishment of a relatively dense network of small firms engaged about crafts or industrial production, thus suitably complementing the structure of job opportunities in rural communities. However, the negative phenomenon is that part of agricultural land lies fallow. The region was affected by the conversion of the armament industry, i.d. both that located in the region itself and that located in the nearby Pováží where a portion of the population

commuted to work. The establishment of the state frontier and the following separation of currencies and pension insurance schemes virtually brought the remaining portion of commuting to work to Slovakia to an end. The creation of new job opportunities connected with the establishment of the state frontier is of a significant benefit to some borderland communities, but in the regional context, these new jobs cannot compensate for the overall decline in job opportunities. Another drawback is that the Districts of Zlín and Uherské Hradiště are among areas with the lowest unemployment rate, which disqualifies them from being eligible for some (although very insufficient) measures taken by the Central Government to solve the unemployment problem although their marginal areas suffer from an unemployment rate approaching the level of 10 per cent at present. Given the fact that the economic situation has not stabilised in any of the most significant firms in the model area, it is to be feared — justifiably — that another decline in the labour market will take place in the near future when the restructuring of Czech industry must start.

### Map of the Czech Republic with marked area under study



### Consequences of Transformation

Although unemployment is now felt to be a social problem in a greater number of communities, the number of those in which it is not the case still prevails. Rather, the problem is seen in the fact that the high unemployment rate pushes down the price of

work, particularly that requiring no skills or less skills, to the lowest possible level so that it is then more favourable for large social groups (unskilled workers, women after maternity leave, invalids etc.) not to seek for a job but to live on social benefits. There is no doubt that such situation has adverse impacts on the moral of these workers and their families. In addition, these persons do not pay taxes, thus being not beneficial to their communities in this respect. Another problem resulting from unemployment is that young people leave their communities because they are out of prospects for finding a job in their home region. In practice, this process goes on in the following way: young people who got trained in an occupation or finished school outside their home region try to find a job elsewhere and do not return to their home region. Thus, the demographic situation of marginal regions becomes worse, particularly in terms of quality.

Surprisingly enough, the absolute decline in the number of population in rural communities in the regions under examination slowed down, in some locations it even stopped. It obviously happened because people are bound up with their houses and flats and have virtually no chance to get a flat elsewhere, with some smallest communities in the region of Vranov being the exception. These communities are virtually inhabited by retired persons only, and they degrade demographically in a natural way since the natural exchange of population does not take place in them. In some communities, the situation might be even more favourable if flats for young families were available. Private ownership of the housing stock, supported, in addition, by the sale of municipal dwellings for economic reasons, blocked the current use of flats because of the non-existence of the housing market. Even if the current house-lords die, their property is typically not released for the market at a reasonable price, but it is very often transformed, by the heirs, to a recreation cottage. Young rural families are typically not able to respond to the prices offered to them because they exceed their financial possibilities. The letting of flats is virtually exceptional because lessors fear trouble caused by lessees because Czech legislation does not make it possible to terminate the lease agreement in a simple way. It must be noted that the housing stock in large sections of communities, especially in the region of Bojkovice/Valašské Klobouky, is in a surprisingly good condition and often bears comparison even with urban housing development. The housing stock predominantly consists of houses and buildings built or reconstructed in the 1970s and 1980s, the building works having been carried out, as a rule, in the "do-it-yourself" form or with a substantial assistance of cooperative farms or other firms. This is a great advantage because the current incomes of households do not obviously allow the users of these dwelling units to spend greater sums of money on repairing and maintaining real estate.

In the last 8 years, local governments have made an effort to primarily complete the development of technical infrastructure. In so doing, numerous communities ran into debts. Naturally, completing technical infrastructure is a precondition for prosperity. However, also in this connection certain disproportions occur. Three areas of interest exist in this sphere: prosperity of the community as a whole, conditions for

the life of inhabitants and the environment. It appears that communities have not always set their priorities. Therefore, their behaviour is not sufficiently effective. In general, communications is most important to ensure the prosperity of communities. Owing to the efforts made by TELECOM, the quality of telephone services has improved virtually everywhere in the last time since the most up-to-date means of telecommunication are applied. Unlike communications, the condition of access roads and, sometimes, also local roads, is much worse. This is particularly true of Jemnice, which is cut off from long-distance roads, and faces a catastrophic situation in many respects. This is apparent especially in that part of this region formed by the area of Třebíč. The great distance from motorways is a permanent barrier to prosperity. Communities very often made investments primarily into the standard of living of local people, that is into consumption, by building water mains, sewerage systems, gas networks etc ... Of course, this is all right if it supports, at the same time, the intents to develop certain functions (recreation, housing) or protects the environment. However, efforts to built technical systems disrespecting the size, function and environmental conditions of the particular community are not correct and can result in economic disproportion. In fact, it is a certain alternative to placing priority to local people's consumption over the development of communities. Under certain circumstances, it may be more effective to look for traditional systems of waste management, energy etc., which stand closer to nature, than to make efforts to approach "urban" technological and organisational models.

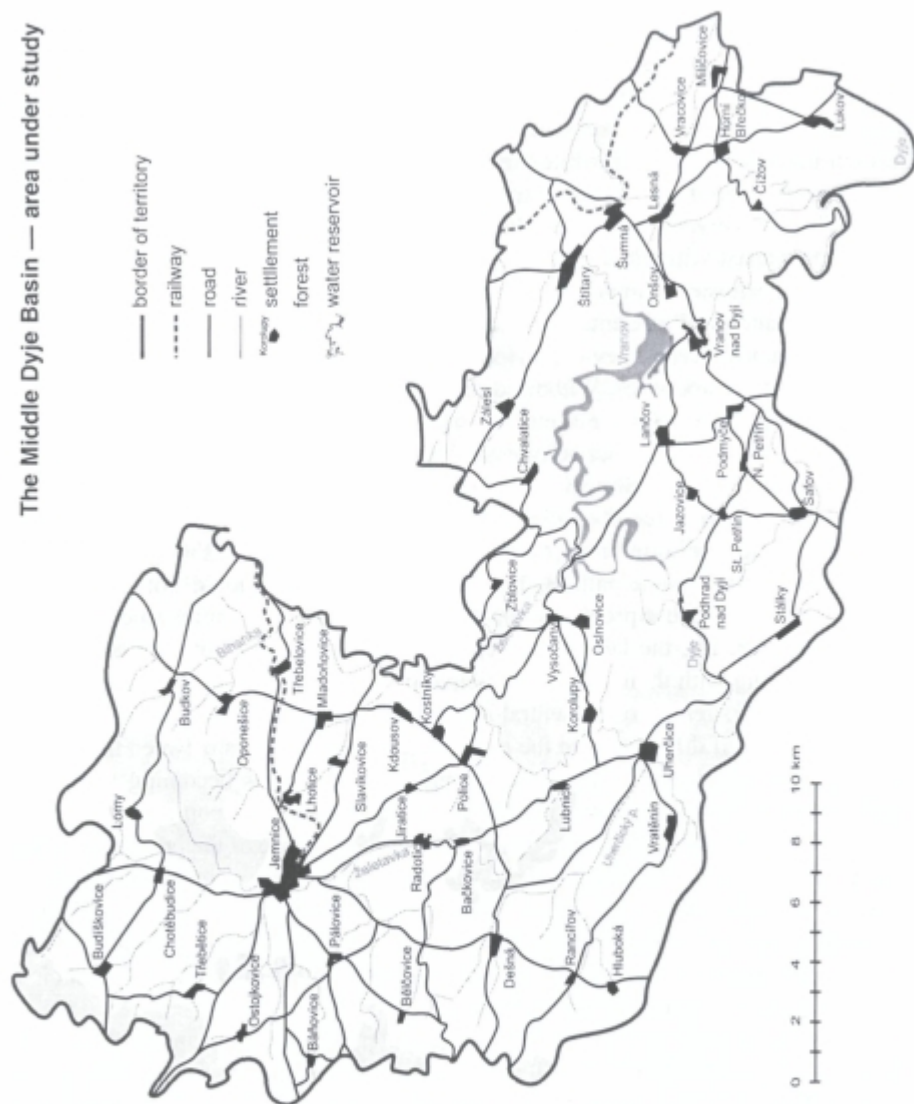


*Barock castle in the Vranov nad Dyjí is situated above the near-vertical gneissic walls of the deep valley of Thaya river (photo M. Hrádek).*

After 1990, an enormous growth of the number of small and very small communities took place, which “tore off” from the former central villages or towns. This happened in both regions but the implications of this phenomenon are much more severe in the region of Vranov nad Dyji whose pattern of settlement is substantially more scattered. However, the situation is now that small villages rejoice at the freedom they have achieved, while the former central municipalities are mostly glad to have been given the opportunity to get rid of the responsibility for remote settlements. This is a very shortsighted policy. It is necessary to realise that small communities cannot exist without central municipalities, in which the inhabitants of small communities can satisfy their needs for services, job opportunities, social contacts, information and the like. Central municipalities can exist without their “hinterland”, indeed, but in many cases they would lose a certain portion of those consuming their services and other activities. Without customers coming from small communities to central municipalities to make use of services provided by these municipalities, the operation of services and other activities might become ineffective. This might result in central municipalities falling down one stage lower in the hierarchy of settlements. Therefore, it is in the interest of all municipalities to solve all problems in the micro-regional context. The solution to problems faced by communities should be logically initiated by central municipalities, but small communities should not avoid close cooperation. It is because problems related to transport services, infrastructure, security, the environment, the labour market etc. can be solved only on the grounds of their cooperating with their central municipalities. The strength of the region is proportionate to the strength of its central municipality, which is true of all hierarchical levels. Similarly, if differences in the economic and social levels between the central municipality and peripheral areas are too great, the region is becoming weaker. It clearly follows from this that it is contrary to the interests of non-central municipalities to require that they develop themselves at the expense of the prosperity of the central municipality. Similarly, it is not beneficial to the central municipality not to be interested in the fate of non-central municipalities located in its “hinterland” when its own development plans are made. This is generally true disrespecting the question whether non-central municipalities are administrative units of their central municipality or they are independent communities.

The marginality of the regions of Vranov and Jemnice has been apparent throughout the history of their existence. All the time, this marginality has been given by their distance from important central municipalities, their location in the borderland area and the absence of transport throughways. However, this remoteness extremely deepened as a result of political events that took place in this century (the establishment of Czechoslovakia, events related to World War Two, the erection of the Iron Curtain, changes in the administrative arrangement etc.). The termination of redistribution processes that have not been replaced by a real regional policy by the Czech Government has given the region the last blow. The opening of the border with Austria manifested itself only locally. In consideration of the fact that the part of the Austrian

## The Middle Dyje Basin — area under study



territory bordering the regions of Vranov and Jemnice is also of a marginal character, it has not fulfilled hopes put in these developments on the Austrian side either. The existence of a single local railway line connecting Moravské Budějovice and Jemnice is endangered, the amount of scheduled bus routes dramatically dropped. In the afternoon hours and at weekends, a large part of the area is not covered by bus service at all. Moreover, the marginality of the area is intensified by the lost of local job

opportunities and by the gradual closing down of schools and other social facilities. Suffering from insufficient transport services, small communities do not create local markets big enough to enable entrepreneurs to survive.

The situation in the region of Bojkovice/Valašské Klobouky is somewhat different. One of the most important tasks for the original pattern of settlement in the area of Valašské Klobouky was to protect the border against invasions from neighbouring countries. The border was a hard barrier, even if not in the current sense of the word. Only after the establishment of Czechoslovakia, the region was given a chance to get rid of its marginality. After 1993, the region of Valašské Klobouky lost this chance, becoming marginal again. In terms of transport, the connection between central and other municipalities as well as the interconnection within the region itself are relatively good even if they are felt to be a problem. Two through-railway lines (the railway of Vlára and the railway Vsetín–Púchov) are interconnected through a connecting railway line forming, together with them, the axis of the region. In terms of road transport, the situation is similar. Larger rural settlements can provide more support to the deficit bus service, developing better local markets to provide job opportunities and services. The remoteness is given, more or less, by the distance from the main central municipalities and by the barrier created by the state border, and is understood as related to the overall prosperity potential of the region rather than to the everyday life of local people. Local governments think that marginality is one of the reasons why outside investors do not want to make their investments in this region. Local people are apprehensive of the moment when Czech Republic will join NATO and the European Union without Slovakia. After that, the Czech-Slovak border will become a border separating two military and economic blocks, making the region, almost literally, the end of the world.

The abolition of transport services is generally understood as a serious social problem faced by the rural pattern of settlement. The causes of this problem are objective because it is impossible to effectively maintain the dense network of public transport services established in the period of centrally planned economy. In this period, rural settlements were considered mere satellites of the centres of job opportunities and services, which made a dense network of public transport necessary since the volume of private transport was very small due to a small number of private cars. The volume of large-scale daily commuting to work and services necessarily decreases, while the number of individual journeys increases. However, the disproportion was also due to subjective factors — there was no transport policy concept in the period which was essential for the privatisation of transport companies (called ČSAD). To measure the efficiency of each individual transport service separately is obviously an anachronism. In the future, the possession of a transport vehicle or the willingness to give up the need for scheduled transport services will be one of the preconditions for making the decision on whether to settle down in this location or not. However, the problem of transport services faced by marginal regions in this transitional period is particularly severe.



## Barriers to Prosperity

One of the important questions is if marginal regions are capable of exploiting their own resources even if they are not very large. Local governments typically dream about a medium-sized or big entrepreneur who would make investments in their communities, creating dozens or hundreds of job opportunities. The question is why the entrepreneur should invest his money just in marginal regions that provide only a minimum of economic comparative advantages. Although we wish these regions to enjoy the impetus of outside investments we think that it is the citizens of the individual communities themselves who hold their fate in their hands. Their future is linked with the development of entrepreneurial activities. It is just the state of business in marginal regions that is not good. This situation has several causes. On the one hand, the conditions for establishing and developing small and medium-sized businesses in the Czech Republic are generally unfavourable: Firstly, because there is virtually no possibility to obtain cheap initial capital, secondly because Czech legislation governing entrepreneurial activity is chaotic and inefficient. This is particularly true of the fact that laws and acts governing relationships between suppliers and customers and those governing ownerships relations are virtually unenforceable, thus being an enormous obstacle to serious business.

On the other hand, many barriers rest with the citizens themselves. The attitude to business must be named in the first place. The inquiry investigations suggest that almost half of the inquired consider entrepreneurial activity to be a means of getting rich quickly. Among other things, this view may be also based on the fact that entrepreneurial activity in the Czech Republic is, in many cases, connected with various scandals and illegal doings which are, of course, presented in the Czech mass media of communication. These people either reject business as unethical or — if they take it up — they very soon pay for their unrealistic ideas. Others are not brave enough to do business and not ready to accept entrepreneurial risks, but they also lack the necessary knowledge and skills, which results, among other things, also from the fact that people with higher education leave these areas. However, the situation is not the same in all parts of the region. It may be said that it is least favourable in communities that were additionally populated, after World War Two, by Czech citizens after the compulsory transfer of Germans had taken place, and whose economic structure largely depended on state-owned farms, as is the case of the region of Vranov. Strongly affected by the so called “employees’ psychology”, these people cannot identify themselves with the idea central to entrepreneurs engaged in services and crafts, namely to serve customers. However, neither the other parts of the marginal regions under examination have a particularly favourable social and psychological microclimate to develop entrepreneurial activity. Nevertheless, the circumstance that, in rural municipalities, one successful and honest entrepreneur is typically enough to get the whole business sphere going because he is able to show a good example, to increase the purchasing power of local people and to offer cooperation to others, is a certain hope.



*Eastern part of Podyjí National Park. Canyon-like valley of Thaya river with Dam of Znojmo (photo K. Kirchner).*

The insufficient development of recreation activities, for which marginal regions typically have good preconditions, is another example of how insufficient the exploitation of local potentials may be. In the region of Vranov, this potential includes particularly the Vranov water reservoir and its hinterland in relation to the scenic beauties of the Podyjí National Park and other attractions provided by architectural monuments, such as the Vranov Chateau, the Bítov Castle and the Town of Jemnice. In the White Carpathians, this potential includes the landscape of the mountainous area enabling summer and winter tourism in relation to scenic beauties of the White Carpathians Protected Nature Area (on both sides of the border) and historical monuments, such as the Nový Světlov Chateau, the ruins of the Brumov Castle and the town of Valašské Klobouky with folk architecture and the surviving folklore. Without overestimating the potential for rural tourism and tourism in general, both being sometimes considered to be an universal remedy designed to ensure the prosperity of marginal regions, we have to state that the existing potential is, by far, not exploited sufficiently. In particular, the services are not complex. Except for the Vranov water reservoir, which is, however, made use of only in the short summer season, and except for some other cases, there is almost no attraction that might capture the interest of visitors in itself. A full exploitation of the recreation potential available in both of these two regions would require that attractions and services be interconnected to create circuits offered to customers as a whole, or that these attractions and services

## The Kunštát area — area under study



be linked with attractions found in the surroundings respectively. The cooperation between communities and entrepreneurs, and the establishment of a privately owned agency that would ensure and coordinate the whole activity would be the inevitable precondition. However, in a period characterised by an extreme individualism and an atmosphere of general mistrust due to the absence of the appropriate legal regulations, there is no suitable social and psychological environment to enable such cooperation.

These two above-mentioned examples can illustrate the very unfavourable situation faced by marginal regions in the Czech Republic. After 1990, this situation became even worse because unregulated market mechanisms always lead to deepening the differences between rich and poor areas. To solve the problems faced by marginal regions, a new approach would have to be adopted. Also a reorganisation of administrative spatial units (districts) would be needed to solve these problems for they can hardly be tackled within the framework of the existing administrative units. One of the reasons is that marginal regions are often found in the contact zones of peripheral parts of districts, and the seriousness of their situation is often distorted by data representing the average values for the administrative unit concerned. Even the large spatial/administrative units (called *kraj* – *kraj*: *the second largest administrative unit in the Czech Republic*) expected to be introduced in the future are not likely to sufficiently solve this situation unless an administrative reform at the level of the district boundaries take place.

## Potential of Prosperity

The chances of the individual communities are different depending on the basic conditions (natural and social resources, the hitherto production and other capacities, the results of privatisation and the clarity of ownership rights, buildings and premises suitable for business etc.), the size of local market, the location of the community in terms of transport and, first of all, human factor. The exploitation of several various functions can be taken into consideration, or their combination respectively, which may occur more frequently. The inertia in the way of thinking of local people speaks in favour of farming, which was formerly the leading branch of economy in rural areas, but the natural and, in particular, the economic conditions (including the distance of markets) are against it. Therefore, farming will be maintained, more or less, as a complementary function, and only in some cases (in the region of Jemnice), it may be an important factor of prosperity, particularly if it is linked to the primary processing of agricultural products.

Processing of local raw materials, particularly wood, or building materials respectively, may be more hopeful, with the same being true of medium-sized and small industrial plants and trades of a craftsmanship-like character. These activities may be galvanised either on the basis of production activities already existing (for example, within the framework of the former “subsidiary enterprises” operating on the former cooperative farms, or in the buildings that have been used for these purposes before), or by revitalising traditions or locating here some kinds of production that were carried out elsewhere. It would be ideal to create a structure consisting of a wide variety of activities covering various sectors because such structure would be more adaptable to changes occurring in the market, and it would also be more resistant against incidental and subjectively conditioned fluctuations. The limits of local markets, especially in the region of Vranov nad Dyjí, constitute a problem.

The development of housing has two alternatives. In the first alternative, the primary focus is on the housing of people employed in other communities (central municipalities). This alternative requires, in the first place, that there be a good transport service to the centres of job opportunities and services. In the second alternative, the housing of people of "post-productive" age and the "second" housing of a recreational character are preferred. In this alternative, priority is given to a quiet environment and a conservative way of life, and is not compatible with development activities. Naturally, all rural settlements have a "housing function" to some extent. This function can be fulfilled if there is an optimum technical and social infrastructure available.

Social services could be essential for some rural municipalities. A quiet environment with a minimum of external disturbances, and a relatively intact landscape create good conditions for the location of facilities, such as old people's and children's homes or a sanatorium. Thus, this may be a way for rural settlements to gain a non-negligible source of job opportunities with a relatively high level of safety for these jobs to be maintained, and with a certain number of jobs for skilled workers. At the same time, the problem of the decaying of buildings, such as small chateaux, farms etc. could be solved. Schools and health centres are part of social services, too. The struggle for maintaining schools is of a key importance for rural settlements because schools not only represent several job opportunities and reduce the necessity for pupils to commute to schools located in other communities, but they also create the intellectual and cultural background of communities.

Great hopes are put in recreation services. In reality, recreation can substantially contribute to the prosperity of communities only in places with good conditions for mass recreation — in our case, the area of Vranov nad Dyji. However, the situation is not ideal here either since the area concerned can be made use of for recreation only during the summer season. On the other hand, conditions for various forms of an undemanding "soft" recreation (family recreation in the form of using summer dwellings, summer and winter hiking, cycle-tourism, rural tourism in general, tourism aimed at visiting new places etc.) are available, to some extent, in all communities. Besides the subjective factor, insufficient infrastructure in communities, only a minimum promotion and the lack of financial means needed to alter houses to boarding houses constitute some problems.

Central villages and small towns to be found in rural areas will develop services for their inhabitants and for those living in their surroundings as well. For non-urban centres, such as Vranov nad Dyjí, Starý Hrozenkov and Horní Lideč, it is particularly important to provide services for their hinterland not only in order that people residing in the hinterland have the necessary basic services available near their homes, but primarily in order that available funds do not leave microregions for more remote towns, thus intensifying the marginality of the regions involved.

In consideration of the fact that both regions under examination are borderland regions, one of their potential functions may include the development of services

related to the crossing of this border. They include, in the first place, the customs administration, the foreign and frontier police, forwarding companies and the personnel serving at the border crossing points, but they also include services related to the making use of the different purchasing power or the different prices in both neighbouring countries. Of these two factors, the latter has developed, more or less, on the Austrian side of the border (Vratěnín), while the Slovak border does not know the development of services of that kind on a greater scale.

### The White Carpathians — area under study



## Conclusion

The process of transition in the Czech Republic is, by far, not finished yet. So far, privatisation has led to the restructuring in the primary sector, services and small-scale industry. The majority of the large-scale industry is still waiting for these fundamental changes. In addition, Czech Republic's anticipated joining the European Union will require that Western European mechanisms be introduced, which will certainly give rise to some problems. Also these changes will be reflected in marginal regions, many of them very painfully. On the other hand, new chances open up for these regions, for example in cooperation with regions found on the territory of the EU Member Countries. The question of how Moravian marginal regions will succeed in coping with the new problems, and how they manage to make use of the new possibilities may be an idea for further research.

## Literature

- Koutný, R., Vaishar A., 1998: Transformation in marginal regions: an example of the Middle Thaya Region. In: Transformation of Society and Changes of Geographical Environment in Europe. Charles University Praha, pp 357–367.
- Vaishar, A., Špes M., Koutný R., Mikulík O., Nováček V., Požeš M., Ravbar M., Zapletalová J., Zupančič J., 1997: New Prosperity for Rural Regions. Moravian Geographical Reports 5, No.1, pp 18–34.
- Vaishar, A., Koutný R., Mikulík O., Nováček V., Zapletalová J., 1997: The Courses of Transformation in Marginal Rural Regions: The Basin of Middle Dyje River. A Case Study. In: Rural Geography and Environment. Regiograph, Brno, pp 135–143.
- Vaishar, A., Hroudová S., 1997: Opinions of Inhabitants on the Social Situation in the Region of Vranov nad Dyjí-Jemnice (SW Moravia). Moravian Geographical Reports 5, No.2, pp 33–43.
- Vaishar, A., Zapletalová J., 1998: Jemnice: the Role of a Small Town in the Present Stage of Transformation. Moravian Geographical Reports 6, No.1, pp 32–42.
- Zapletalová, J., 1998: The Issue of Traffic Remoteness in South Moravia on the Example of the Middle Dyje Basin. Moravian Geographical Reports 6, No.1, pp 2–13.