

REGIONAL THEORY AND REGIONAL DEVELOPMENT: THE EXAMPLE OF THE ÚSTECKÝ REGION IN NORTH WEST BOHEMIA

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Abstract

The Ústecký region in North West Bohemia has undergone a substantial economic transformation since 1989. This is set against five theoretical frameworks; faith in spontaneous growth from new entrepreneurs, belief that the state must play a major role, the so-called ‘new regionalism’ emphasising networks and contacts within the region, growth machines and the concept of institutional entrepreneurs. These are set against the roles of key actors to establish the processes leading to change. The first and second of the theoretical frameworks appear the most productive. Growth has been biased towards forms that require the minimum of complex relationships between actors and that minimise scope for conflicts between actors. Attempts at more complex forms have brought very limited results. The most general applicable framework emphasises the need for initiators and propagators who may cooperate when it serves clearly defined interests. Recent forms of development have clear limitations and do not appear to lead towards a prominent position as a ‘knowledge-based’ economy.

Key words: Czech Republic, economic development, regional policy, qualitative method

INTRODUCTION

Recent years have seen a strengthening focus on the region as a key arena for economic development. This is supported by EU policy makers and backed up both with statistical information on regional development, with regions thereby conveniently defined by the EU’s NUTS2 level, and with a new and attractive terminology, including ‘learning’ regions, ‘knowledge-based’ regions and more. Indeed, economic geography has been good at creating theories to explain the differing forms

of regional development and these have in turn influenced the EU’s approach. These theories, however, have frequently seemed to explain only parts of development in certain periods in some regions. The story is very different between regions that provide new and innovative technological developments from that in those that share in innovations only by producing what others have discovered. The latter, it can be added, have often undergone very substantial changes in recent years and therefore cannot be regarded simply as stagnant or backward.

The aim in this paper is to contrast what has happened in a Czech region, Ústecký, which makes up half of the North-West Bohemian NUTS2 region, over the period since 1989 with available theoretical frameworks. Three broad conclusions emerge. The first is that no single framework provides an adequate explanation: different kinds of development coexist and are best explained within different frameworks. The second is that the weight of different kinds of development varies over time and space. The ideas of the so-called 'new regionalism' appear to be the least important: whether that reflects weaknesses in the theoretical framework or in development in this particular region remains an open question. The third is that the most general framework requires a search for initiators of forms of development and for the interests that support their implementation. These aspects have often been accorded little prominence in studies of development elsewhere.

The measurement of regional development is necessarily inexact. For present purposes the best quantitative indicator is employment. Indeed, that has often been the clear policy objective. However, available data are not comparable over the whole period of intended study. Labour force survey data are available only from 1994 and figures before that are not strictly comparable. Even for later years, there are important gaps which make it possible to provide only a broad picture.

Moreover, it is rarely possible to attribute employment changes to the activities of single agents. Thus, for example, state activity may provide an infrastructure without which private firms could not prosper. The state therefore has both a direct employment-

creating role (those employed in providing the infrastructure) and an indirect role (enabling private actors to create employment). This makes impossible precise quantitative conclusions on the shares of employment generation attributable to particular actors.

The article is structured as follows. An initial section introduces the region. A following section outlines five theoretical frameworks with comments on their applicability. Subsequent sections look partly at key actors and partly at the results of their activities. This leads to a conclusion on the nature, or natures, of development in the chosen region and on the relevance of the region as a focal point for study. The information and ideas came from a series of interviews with key actors between 2003 and 2008, with organisations represented listed at the back, from participation in conferences on regional development at the Univerzita Jan Evangelista Purkyně in Ústí nad Labem and from the use of readily available published material and statistical data.

PROFILE OF ÚSTECKÝ REGION

Ústecký region, in North West Bohemia bordering eastern Germany and one of the 14 Czech regions created in 2000, is an old industrial area, inheriting an economic structure strongly biased towards the energy and chemical industries. The former accounted for 6.9% of employment in 2006, including coal mining and electricity generation, compared with 2.7% for the country as a whole (ČSÚ 2007a:53-55). The share in manufacturing was the lowest of any Czech region apart from Prague. There has always been some diversity across the region, including agriculture and some tourism, but the main heritage of the

communist period was a narrow industrial base. The decline in mining employment, at the national level from 150,000 in 1989 to 38,000 in 2005 with 8,832 left in Ústecký region in 2006, left a substantial gap to be filled if employment levels were to be maintained. Mining, increasingly open cast also brought environmental damage which was only partially repaired by land rehabilitation.

On most indicators Ústecký region is only slightly below the Czech average. Per capita GDP is in line with others, apart from the exceptional case of Prague with its figure more than twice the level of any other region. The participation rate, when measured to include all economically active, is above the national average (60.5% in 2006 against the average of 59.3%, ČSÚ 2007b). Unemployment has been the most consistent indicator of relative economic difficulties, rising from the early 1990s to peak at almost 18% in 2004, falling to under 14% in 2006 (ČSÚ 2007b), in both cases almost twice the national average. Independent business activity has also been below average, but the share of self-employed plus employers in the working population caught up to 13.2% in 2006, by then not far behind the national average figure of 15.5% (ČSÚ 2007b).

On indicators most relevant to the EU policy of producing a 'knowledge-based' economy, Ústecký region more clearly lags. The share of the workforce with higher education was 7.0% against 13.1% for the Czech Republic as a whole. Research spending was equivalent to 0.35% of GDP against 1.26% for the Czech Republic as a whole (ČSÚ 2007a:11). The share of employment in technologically-advanced industries is deceptively high, due to an electronics factory discussed below.

FIVE FRAMEWORKS

The most straightforward theory of regional development is that there is no need for one, and nor is there a need for any regional policy. That was broadly the Czech government's approach in the early to mid 1990s. There was still scope for sectoral policies, with mining presenting some specific problems, but visible regional differences were small and the philosophy was that the spontaneous emergence of new enterprises would be the engine of new growth. Figures on self-employment and individual ownership suggest that there is considerable merit in this view. Reservations are discussed below.

A second theory attributes regional differences to 'market failure' which the state could, or should, correct by providing financial help to promote infrastructure, or to subsidise individual firms. This could be said to have played a role in Ústecký region with demands for central government help to deal with specially serious economic difficulties resulting from the heritage of mining. There also are arguments that growth in some UK regions, despite the search for the results of 'new regionalism' discussed below, has depended directly on state support and spending, rather than the purely internal forces for regeneration covered below (Lovering 1999). The discussion below points to a significant role for the state in regional development including both direct employment creation and an indirect role in supporting private business activity.

The third theoretical framework to be considered is the so-called 'new regionalism', on which a great deal has been published, both 'for' and 'against'. This sets the focus on regions

as arenas for autonomous development built on contacts and networks, often linking quite small firms (eg Scott and Storper 1992, Amin and Thrift 1994, Cooke and Morgan 1998, Amin and Wilkinson 1999, Maskell and Malmberg 1999). This has had a strong influence on EU thinking, with its emphasis on basing many economic initiatives at the regional level. However, the concepts used are very general, as exemplified by the notion of 'institutional thickness' (Amin and Thrift 1994) which refers to 'a plethora of institutions of different kinds' that interact to create a basis for mutuality, trust and cooperation (Amin and Thrift 1994:14). This refers to a general environment in which development may be successful. It remains to be related to the concrete actions of actors.

Despite a plethora of criticisms for the 'fuzziness' of its concepts and doubts over the validity of claims for its success (eg MacLeod 2001, Lovering 1999, Hadjimichalis 2006a and 2006b, Harrison 2006), 'new regionalism' retains relevance for the framework adopted here. Cooperation between local actors has been important, albeit cooperation around more clearly defined aims and promoted by identifiable actors with clear interests rather than emerging from a vague notion of 'trust'. Indeed, cooperation will be referred to between major employers and trade unions who had sharp differences on some issues but benefited from making common cause on others. The need, then, is to give concepts more operational meaning by identifying those networks that are important rather than looking only for their density in a very general form. That requires taking account of the interests that actors may be representing as they interact.

The fourth theory is the 'growth machine' as formulated for urban politics and sociology in the USA, following the use of the term by Harvey Molotch (1976). Here the focus is on key actors from business and politics who form coalitions to propel forward a city's development. This has been adapted to the central European context (Kulcsar and Domokos 2005; Drahokoupil 2008), but a three substantial differences emerge. The first is the greater importance of actors from outside the region, especially the central state and multinational companies. The second is the weakness of opposition to forms of development, partly because of the absence of rival business groups. Opponents to new investment projects, generally in manufacturing or retail from multinational companies, are typically environmental or some community interests that are relatively easily silenced by a coalition in favour of these kinds of development. The third difference relates to the kind of development under consideration. The 'growth machine' is usually associated with urban redevelopment, changing existing environments and often disrupting many lives. That has not been a major issue in central Europe. Nevertheless, the 'growth machine' approach draws attention to the importance of key actors forming coalitions to further their interests. That has been an important element in development in Ústecký region, although it is also noteworthy that the aims leading to cooperation include social, in the sense of employment creation, as well as the business of profit.

The fifth, and final, theory is that of institutional entrepreneurs (eg Sotarauta 2008), developed from theories of innovation and

change within organisations. Here the focus is on 'product champions' who initiate and press for changes that break the inertia of an existing institutional framework. This is a useful addition to the preceding approaches, but it needs to be extended. The ability to implement an idea depends on political support which depends on the mobilisation of identifiable interests.

The following sections take this forward, identifying elements that can be related to these five theoretical approaches and indicating how they can, in some cases, be combined.

NEW FIRMS

New firms appear from the available data to have been the major source of new job creation, compensating for losses in traditional sectors. This need not always reflect new activities: some were transferred from existing enterprises into new private firms. Nevertheless, activities were in very many cases entirely new from the start. However, the typical small businesses started and remained small, with little effort to grow and certainly little interest in innovation. That is typical of small business in all environments (cf Bhidé 2000), but in other countries there are more signs of a few able to achieve dramatic growth. Moreover, Czech small firms seemed particularly determined at shunning networks and organisations. Chamber of Commerce membership, providing contacts and access to information and advice on business development bringing obvious benefits to firms intending to grow or to influence policy makers, was chosen in 2004 by 0.6% of registered businesses in Ústecký region, or 4.4% of those with one or more employee.

The low level of interest in business development can be illustrated by the impact of state help. This has taken a somewhat uncoordinated form, with programmes from different ministries. The most important have been credit guarantees starting in 1992. These were made more favourable for problem districts, but with little noticeable impact. Indeed, analyses of all forms of state support to small firms, from 1992 to 2002, showed job creation probably of little over 1,000 and very poor take-up in Ústecký region (MPO, 2003). This is not surprising in an old mining and heavy-industrial areas in which previous employment has not provided skills easily transferable into self-employment. Indeed, the relative weakness of small enterprises in Ústecký region has been most marked for industry and least marked for hospitality, trade and repair.

There has been considerable consensus among those offering help or advising firms on the reasons for this low take up. The bulk of small enterprises have shown no interest. Those that have taken an interest faced formal obstacles, for example they had to be free from debts to the state and for some schemes had to show a recent accounting history. They needed to have clear future plans and to make clear commitments for the future. Help from EU programmes appeared particularly intimidating, with tight deadlines and requirements for details on the wider employment impact of a project. That makes sense within a conception of enterprises that cooperate and share information, but proved an obstacle for isolated, individual entrepreneurs.

There have been some small firms, frequently bringing particular technical expertise from

within a former state enterprise, that have tried to grow, but they have faced continual difficulties with access to finance that limited scope for implementing even those innovations that they had developed. That situation may alter with the availability of greater financial help from the EU and with more firms gaining, and in turn offering for sale, expertise on how to apply for the support. This, then, implies making available the benefits of a network, but it is a network deliberately created by public agencies and private firms around a very specific aim.

Small-firm development thus appears as a form of growth that has by-passed the need for institutional support, meaning access to finance and advice, which appears to be the relevant meaning for 'institutional thickness' in this context, but it is a form of growth with clear limitations. A further stage would require a different kind of business mentality, with orientation towards growth and a greater willingness to make outside contacts, and a different environment, with access to advice and expertise and with scope for cooperation among entrepreneurs. Those are conditions that need to be created and that depend on initiatives from key actors.

A natural recommendation would be to create 'institutional thickness' by bringing businesses together, linking customers and suppliers or firms in similar activities (Waddington et al. 2001:164). In UK experience that can be done by a development agency, taking the role of an entrepreneur in initiating activities (ibid:184). That point is taken up below as it seems slightly different from 'institutional thickness' conceived in a vague and general form as a plethora of networks and trusting relationships.

Czech practice has increasingly picked up the concept of 'clusters', following the influence of Porter (1990). The notion itself has serious theoretical ambiguities and shortcomings (cf Martin and Sunley 2003, and Myant 2004). Its application in Czech regions has involved the inward-investment agency CzechInvest bringing together firms in similar activities in the hope that they would benefit from contacts. This received publicity at an initial stage, but the first reports, repeated in subsequent experience, suggest very little benefit and a reluctance from firms to share information with rivals and competitors (Korbel 2003:42-43). Indeed, in view of the context described above, it is difficult to see what more could be expected from an artificial attempt to generate cooperation around undefined specific aims.

THE STATE

The state refers to three different levels, each playing different roles. Central government is responsible for major infrastructure projects, for financing education and other public activities and for a number of projects that can provide direct support to employment. Regional authorities were formed in 2000 and have responsibility for local infrastructure and administration of primary and secondary level education. They have limited financial autonomy (only 14% of expenditure in Ústecký region was nominally free for local determination in 2004 and there was minimal scope for raising revenue independently), but can bring together other local actors and exert pressure on central government. Municipalities enjoyed a continual existence and powers over local development, through land ownership, planning responsibilities and through the ability to

finance, or raise external support for, some local development projects.

Central and regional authorities provide 'hard' infrastructure, especially roads, and have been under pressure for more to improve the environment for inward investors. However, there has been strong opposition from the environmental lobby to completing the motorway link from Prague to Dresden. There has also been opposition to plans for investment to make the river Labe (Elbe) permanently navigable. This project depended on building new weirs at an estimated cost of Kč 6-7 bn, representing about 3% of annual regional GDP. Lobbying in the region's early years, especially by the Social Democrat Vice Hejtman (the deputy to the most senior elected post in the authority) led to backing in the then Social Democrat-dominated government from all except the Minister of Finance. There was strong opposition from environmental groups but, in practice, the cost and uncertainty of benefits were probably enough to rule it out.

As a direct source of employment, the state has remained significant. Employment in non-market services, key functions that span levels of state authority, increased from 19.0% of the total in 1993, below the national average of 21.9%, to 22.8% of the total in Ústecký region for 2006 (ČSÚ 2001:37 and ČSÚ 2007:57). This could also be expected to have an indirect benefit in improving the skill level of the labour force, but that has been unimportant relative to other Czech regions.

In terms of providing a strategy, central governments did not at first place much emphasis on regional policy. A resolution of 30 December 1992 referred to 'instruments in conformity with the market to support the

development of new activities'. The visible outcome was help (CZK 9.3 bn, 1993-5) in running down the mining industry, following threats of strike action and public demonstrations from miners in November 1992. This alone was purely a protection of social conditions with no implications for new development. The dominant conception at the start was that new small business would be the motor for new growth and help came in the form of credit guarantees referred to above. EU pressure, made public with the comment in 1997 that 'the Czech Republic has no regional policy' (MMR 2000:34) contributed to the creation of a Ministry for Regional Development in November 1996 and subsequent EU accession obliged that ministry to develop a more systematic approach. Part of this came to involve giving greater financial resources to regions with greater problems, especially those with old mining industries.

Against this background, the contribution of Labour Offices, part of the central government's apparatus, has been impressive. They were established in 1991 roughly following the German model, but with additional powers to finance job creation. Their support has been spread across schemes for creating jobs in new workplaces, for those who have been unable to find other employment, and for supporting jobs created largely by municipalities for short time periods. The objective is very simple – to create employment – and the application process is not complicated. The total number of jobs created by these schemes in March 2004 was 31,946 for the whole country. There was a bias towards regions and districts with higher unemployment, but also a considerable random element. Ústecký region has done well, with 6,553 jobs

created by 2004, reducing its unemployment rate by 1.5 percentage points. The objective was not support for business development and the impact of these programmes in that direction was therefore not assessed. Nevertheless, they clearly were a help for many kinds of organisation, providing a source of support for those with ideas.

Thus the central state is clearly not the sole leader or major initiator in regional development. It plays a rather fragmented role, creating elements of infrastructure and providing an environment that should be favourable for certain kinds of business, by improving transport links and by enhancing higher education. It also provides help to entrepreneurs, but in a very limited way that assumes they already have clear and realisable entrepreneurial aims. The regional authority has supplemented this role with its own efforts and the formulation of strategic conceptions. However, its resources have been very limited and actions, for example to promote tourism, have been barely beyond the token level. It at least can research problems and propose solutions, which no organ was able to do before. It has tried to combat the isolation of entrepreneurial actors, but with limited results. Much of its contribution has been linked to utilisation of EU funds the impact of which is yet to be fully assessed.

There is little sign here of a US-style 'growth machine'. Its European version, with powerful local politicians and publicly-funded development agencies, also seems to be absent. Indeed, regional development agencies have existed in name in the Czech Republic, but not as coordinators or initiators of new development. The first Regional Development Agency was

formed in Most in 1994, reflecting a desire among municipal actors to find solutions to the region's structural problems even in the absence of a regional authority. It had very limited financial resources and developed into a consultancy organisation providing services to private and public-sector organisations, providing information on EU funding and acting as representative for the inward investment agency CzechInvest until the latter established its own regional branches in 2004, incidentally rebranding itself as an agency also promoting local enterprise. Indeed, the development agency's lowly status was confirmed by the emergence in 1998 of ARREL (Agentura regionálního rozvoje Euroregionu Labe, The Agency for Regional Development in the Euroregion Labe), a rival agency based in Ústí nad Labem which similarly provided consultancy services, including helping the regional authority with key strategic documents.

INWARD INVESTMENT

The poor results from active policies to support small businesses can be contrasted with attempts to attract inward investors. Ústecký region has done well in this, with the per capita stock of inward investment in 2006 74% of the national average level, or 123% of the average excluding Prague which contains head offices of banks and other major foreign-owned enterprises (ČSÚ 2007:27). This process has increasingly depended on forms of cooperation between different levels of the state.

The first inward investors came with privatisation of existing enterprises, but from 1998 governments and local authorities have developed active policies for attracting

greenfield investors. The model was western European practice. The key instrument at the local level in Ústecký region was the use of available land as industrial zones. The cooperating agents required were either a municipality or a private land owner, usually the former, and a foreign company keen to invest. Central government became involved through its inward-investment agency CzechInvest which could channel interested companies towards a location, offering a maximum level of financial support equivalent to 50% of investment costs. Municipalities had to learn how to provide facilities and how to exercise the appropriate 'flexibility' over planning rules. Some, notably the municipal authority of Ústí nad Labem, were criticised by CzechInvest as the boom spread for a low level of initial enthusiasm (*Severočeské deníky* 5 April 2003).

This, then, did not require much 'institutional thickness', but it did require initiators, or at least an initial initiator, to show that the idea would bring results and institutional commitment to see the idea realised. Among the very first was the small town of Klášterec nad Ohří, setting aside an area in 1991. The necessary infrastructure for the industrial zone Verne was completed in 1998 and the first firms were operating in 1999, in some cases moving activities that had already started outside the zone. By 2004 there were 53 jobs in three Czech-owned firms and 1,424 in 11 foreign-owned firms. This can be set against an unemployment level of 1,704 in the town, representing 18.8% of the labour force in early 2004 (www.ssz.mpsv.cz).

There is no accurate register of job creation in industrial zones. For Ústecký region by May

2008 data from the region's web site (www.kr-ustecky.cz) show 28 zones operating with 13,185 employees, equivalent to 3.6% of total regional employment. Not all of these need have been genuinely new jobs, but the great majority clearly were. The data were clearly incomplete, underestimating the total by a considerable margin. Czech-owned firms, mostly small companies serving the local communities, provided 1,889 jobs with an average of 47 per company, strongly biased upwards by one big municipal heating provider. Foreign-owned firms provided 11,296 jobs with an average of 269 employees per company: they were predominantly branch plants of multinational car component manufacturers producing overwhelmingly for export.

The limitations of this form of growth are clear. There is substantial turnover in investors and no certainty of future trends. There is minimal impact on the local economy beyond direct job creation and, obviously, little chance of innovative activities. It can be added that the search for spill-overs from inward investment in east-central Europe has generally shown very little, albeit with some foreign companies maintaining R&D in the Czech Republic (Pavlínek 2004). The kind of investment in branch plants on industrial zones, typical for North Bohemia, is the least likely to bring such benefits. Participation in a European 'knowledge-based' economy amounted to routine and simple activities developed on the basis of knowledge created elsewhere.

The biggest industrial zone, not included in the figures used above, was a converted former military airfield at Žatec. This required various actors to see the possibilities of the site and to

argue for it at central government level. Once that was accepted, there was a requirement for preparatory work, including physical preparation, ensuring transport links and sorting out legal and ownership problems. This was financed primarily from central government and implemented from a group within the newly-created regional office. The final stage was to attract an inward investor. Success was achieved with a Hitachi-Panasonic-Toshiba joint venture producing flat screens and complete televisions from late 2007. The first stage led to 4,000 jobs, with hopes of expansion to 8,000. The assumption was that these would all be recruited locally, reducing the estimated 30,000 unemployment within a 30-minute travel time of the site. However, 75% in the main plant required only the lowest qualification level. Thus, again, the impact of state activity was indirect, attracting an inward investor. The impact of the inward investor was overwhelmingly direct, reducing unemployment for unskilled workers. This, it can be added, was the first objective of the regional office, although there were also hopes of attracting jobs requiring higher qualification levels.

There was very little opposition to these forms of inward investment, although some major projects have provoked resistance (Drahokoupil 2008). One such case occurred in Most. The initial prognosis, when unemployment started to rise significantly in the mid 1990s, was that firms would be difficult to attract to environmentally damaged parts of the district. However, sites were chosen from 1993 and some significant firms eventually came. The problem case was the car component firm Nemak which had been rejected in other parts

of the country as its production was judged environmentally harmful. It was willing to come only to a newly prepared site on unspoilt countryside near Most which the municipality had excluded from plans for industrial development. Kč 170 mn of public money was invested in the site which was sold to Nemak for a nominal sum. The company promised to provide 1,300 jobs. Local opposition, including evidence that correct legal procedures had been flouted, delayed the project, but was met by the powerful and concerted pressure by an 'investment-promotion machine' – the analogy in this context to a 'growth machine' (Drahokoupil 2008) – uniting local business and politicians, which eventually triumphed.

The big differences between regions are shown in the investment projects that may have more substantial spin-offs or create higher-level jobs. CzechInvest data show that business support services and technology centres went overwhelmingly to Prague with a few to Brno. Ústecký region also missed out on large car-assembly plants that create security of permanent employment and require a range of suppliers. The closest to such a project was a new plant by Black and Decker on a site in Ústí nad Labem, starting with 600 employees in 2002 of which 50 were to have higher education. This suggests a relatively low skill level over all, but one that was higher than in the existing employment structure for the region as a whole. There was also a prediction of one indirect job in around 120 Czech suppliers created for each direct one. The state subsidy was Kč 482 mn, meaning a substantial cost of Kč 80,000 for each job created, equivalent to five times the average annual industrial wage at the time.

Thus, to summarise, in terms of job creation inward investment appears to be extremely effective, albeit at a significant financial cost. The internal driving force is the desire to create employment. It carries a financial cost, but it is organisationally very simple with a minimal involvement of complex networks. The idea of industrial zones had to be initiated and argued for, but a successful method of attracting foreign companies was established fairly rapidly and then copied. The businesses that have come typically have little interest in other local activities. Some larger ones do involve themselves in local communities, not least as a public relations role that, apart from other considerations, may ease planning permission for future expansion. In other parts of the Czech Republic inward investors have been concerned at shortages of labour and particularly of skilled engineering workers. That has been less pronounced in Ústecký region. Firms have not needed to import workers from abroad. There have been opponents of some investment projects, largely on environmental grounds. Their impact has been small in the face of a substantial coalition of prospective investors, seeking a profitable location, and local politicians, able to command support around the aim of employment creation.

CZECH-OWNED COMPANIES

The involvement of Czech-owned companies in the local economy varied widely. A number of major firms, particularly those with obscure ownership patterns emerging from voucher privatisation, joined the example of most smaller companies and kept out of local affairs. Generally speaking, a more open ownership structure, including a large or dominant state

share, was associated with more active local involvement, such as membership of the Chamber of Commerce and sponsorship of local activities.

Mining companies have been something of an exception in the extent of their active involvement. The energy sector as a whole was an issue of national government policy and that meant that firms in this sector were continually lobbying the central government and also became involved in issues of local development. Four factors affected the form this took.

The first was the general prospects for coal extraction. Mining had taken an environmentally-devastating form in the years before, and shortly after, 1989, involving the destruction of 32 villages and most of the old town of Most (Pavlínek and Pickles 2000:117). A government decision of 1991 set limits to open cast mining which, if maintained, would mean exhaustion of coal in 2030-2035. However, their complete removal would provide access to coal until 2120, albeit assuming the destruction of two villages and of an oil refinery which would anyway need to be reconstructed within that period. Continuing coal production therefore depended on a central government decision which could favour coal, could favour a switch to nuclear power or could lead towards dependence of imported gas via Russia or to net imports of electricity. Other sources of energy could not realistically fill the gap.

The second was the nature of partial privatisation in the mid 1990s which led to three companies in North Bohemia of which two, employing 8,900 in 2002, were in Ústecký region. Severočeské doly (North Bohemian Mines) was based in Chomutov and had a safe

market with direct links to coal-fired power stations. It could invest in substantial modernisation and had little interest in diversification. MUS (Mostecká uhelná společnost, the Most Coal Company), based in Most, had less secure markets. It suffered a loss in sales to the household market as coal was replaced by gas. It had a direct interest in long-term links with ČEZ, the electricity company, and manoeuvred in the years after 2000 for privatisation deals in both coal and electricity that would make this possible. Conflicts between the companies were at times quite sharp, but they also cooperated in seeking export markets for electricity and in pressuring the government on energy policy. MUS had the greatest potential for long-term production if the limits were lifted and favoured building, either alone or with ČEZ, a new power station. This would only make financial sense if coal could be guaranteed for 50 years. This inevitably required local as well as national lobbying as MUS had to try to persuade local inhabitants to accept the destruction of their villages.

The third relates to the specifics of privatisation. Shares in mining companies were distributed in the second voucher wave from 1994, but with majorities left for the central state and local authorities. Sale of shares by municipal authorities enabled an obscure investment company to gain a controlling share in MUS in 1998. According to government sources, this was a front for the management using the company's own money. This was never proven, but media reports periodically appeared consistent with the claim and the management did emerge after a few years as the owners. However, to ensure full control, and to buy the remaining shares from the government,

the management had an interest in gaining the most favourable public profile.

The fourth relates to the forms of diversification taken by MUS. Land rehabilitation had been an issue before 1989 and became even more important in the 1990s, with mining companies obliged to set aside finance for this purpose alongside some help from central government. MUS took the opportunity to develop land into recreational facilities, a horse-racing track and a motor-racing circuit, projects that had been started before 1989. It was moving towards tourist activities which, as will be argued, depend on cooperation between local actors. However, there was no initiative from within the business community to create a collective voice. That would have to come from elsewhere.

A TRIPARTITE ORGANISATION

Business was weakly organised at the regional level throughout the Czech Republic. In fact, it was only brought together to any serious degree at all in the old industrial regions of North Moravia and North Bohemia. In both cases it required other agencies, representing a more general local interest. North Moravia appeared more successful at first. An association of enterprises was formed in late 1990 and its activities were supplemented by the founding in 1990 of the *Hospodářská a sociální rada ostravsko-karvinské aglomerace* (The Economic and Social Council of the Ostrava-Karviná Conurbation), a broad coalition of municipalities, enterprises, trade union, universities and research institutes convinced of the need for central government help to replace jobs expected to disappear from mining and steel (*Hospodářské noviny* 17 September 1991).

Trade unions were actively involved and shifted the body towards a tripartite conception, mirrored on the tripartite council at national level (P. Hrib, Soudy, 1993, No. 46, p. 10). It devoted efforts to analysing problems and formulating strategic plans, but there was no conception of what economic activities would emerge beyond faith in the 'spontaneous entrepreneurial spirit of the citizens of the region' (Hospodářské noviny 24 September 1993, p. 10).

The first voices from North Bohemia were similarly vague, with studies predicting declining employment in mining and hence the need to find alternative employment. However, there was less cohesion across the region than in North Moravia. A number of firms were privatised by vouchers and became embroiled in internal fights for managerial power which gave them little interest in regional organisation. A few general documents on regional development strategy were produced in the late 1990s, but they did not bring actors together to ensure their implementation.

The initiative for creating, or attempting to create, a greater degree of coordination among actors came from the trade union side. Unions were significant actors in coal mining and had a record of militancy from 1990 around demands for job security, redundancy terms and guarantees of well-paid alternative employment. They were suspicious of privatisation plans that could lead to the uncertainties of foreign ownership: the miners' union leader put the view that 'if the Germans buy it, they will simply shut the mines' (C. Zapletal, Právo 21 March 1998) and won the right to consultation on selection of a new owner. They were happy

with privatisation of MUS in favour of the existing management, indicating no interest in allegations of illegal activities in that respect (C. Zapletal, Právo 10 July 1998). Their influence helped persuade mining companies to promise support to new enterprises and industrial zones during tortuous negotiations over final privatisation from 2002. The union voice, under Social Democrat-dominated governments from 1998 to 2006, therefore pushed mining companies towards a slightly wider regional development role, although their previous preference had been for restricting themselves to their core mining activities. In exchange, unions, with their voice at central government level, were useful allies for mining companies on privatisation into Czech ownership and on an energy policy that would retain the emphasis on coal.

This, then, was not a 'growth machine', but it was a case of specific common interests leading to cooperation. An initiative to formalise this was the launch in May 1999 of the Hospodářská a sociální rada Mostecká (HSRM, Economic and Social Council of the Most District) on the initiative of the trade-union leader and newly-elected senator Richard Falbr. He found partners among 'a few local patriots' who aimed to 'mobilise the important and active citizens living in the region' to create an association that would be 'an equal partner to the organs of state power' in leading the revival of the Most region (www.e-region.cz/hstrm/historie.htm). The first step was to bring together ideas from documents produced in 1998 and 1999 on the region's development into the *Global Revitalisation Plan* for the future North West NUTS 2 region (HSRM, 1999), albeit with a bias towards concern with the

industrial core. It was developed to be in harmony with EU regional policy thinking and was presented to the Ministry for Regional Development in December 1999.

The document favoured investment in infrastructure, promotion of new businesses, inward investment and support to higher education. It also had very specific proposals, including a new industrial zone on the old military airfield site. This did not initiate that idea – it was already in the public domain – but was a major factor in setting a consensus and in persuading central government to give support, leading to a transfer of the site to the new regional authority on its formation. Indeed, the programme as a whole was largely concerned with lobbying central government for specific projects. In February 2002 the central government promised Kč 15 bn (approaching 1% of the region's annual GDP) for redevelopment of old mining land and this helped encourage a spread of Economic and Social Councils in districts across the newly-established region and then also at the regional level, generally around firms that hoped to benefit from associated contracts.

Membership was never more than a tiny fraction of the total number of businesses in a district. The HSRM in March 2003 listed 29 organisations of which 19 were enterprises (against 2,554 enterprises with one or more employee at the time). Others included municipalities and representative bodies. The petrochemical firm Chemopetrol and MUS were both involved, including the subsidiary companies running the motor-racing circuit and horse-racing course. In the case of MUS, a donation to the HSRM of \$250,000 appeared to

be a condition for privatisation terms that favoured the management (Právo 14 May 1999) and the firm spoke for some time of the need for 'a global plan of structural reform for the Most district worked out by employers, the state and trade unions' (Právo 19 May 1999). Chemopetrol was still awaiting privatisation and it too provided financial support. The funds, and other donations, were gradually used up in providing support to small businesses and municipalities in the preparation of applications for central-government or EU support. This, as indicated, had been identified as a serious bottleneck. The activity continued until the exhaustion of the funding provided by big enterprises in the HSRM's early years. With their privatisation completed and then with a right-wing government from 2006, they presumably had less need of this method of winning friends.

Although not conceived as a direct initiator of development projects, the HSRM became involved in a small number which demonstrated its potential as an institutional entrepreneur. The most important related to tourism, for which the prospects did not look good. In February 2002, following an argument that fragmentation across tourism and recreation activities was leading to lost opportunities, the HSRM took an initiative to establish the Centre for the Development of Tourism. This was a theme at successive HSRM Presidium meetings and dissatisfaction with the level of organisation led to the coordinating role falling on one of the four permanent employees of the HSRM. By mid 2003 the association had 18 members and was working towards the first, very modest, step of establishing a tourist information centre. The

chosen method was to try to persuade the town council to provide funding and facilities. This encountered some opposition, but HSRM presidium meetings were public and given coverage in the media. They could thereby exert considerable pressure on any organisation that appeared reluctant to play its part in programmes that seem beneficial to the area's regeneration.

The HSRM also became involved in efforts to create new tourist attractions. The most important was an open-air museum of the mining industry, stimulated by the expectation that all such activities could end in as little as 15 years. The original initiative came for a group of former miners and was taken up by the old district authority. It was propagated vigorously by the HSRM where it became a frequent theme at presidium meetings. Success depended on bringing together finance, an appropriate location, or set of locations, and an entrepreneur to take the project forward. Feasibility studies suggested a cost of Kč 163.5 mn for the first stage of the project with a final direct job creation of 57. Organising initial finance proved possible, with some from local enterprises and some from central government. Initial labour needs were met thanks to support from the Labour Office. Clarifying ownership of proposed sites proved difficult but, again, with a strong voice behind the project, was not insurmountable. It proved more difficult to find 'founders' who would play the entrepreneurial and ownership roles. In the end, despite a previous desire to eschew a directly entrepreneurial role, the HSRM took part ownership in January 2002 alongside a number of other local organisations. Indeed, it might have moved into a more active role in

promoting local development if it had not largely exhausted its initial financial strength.

There is some analogy here to Sotarauta's account of institutional entrepreneurs. Somebody needs to be active in initiating an idea and leading its implementation. Tourism is a particularly relevant case here as it requires cooperation of different kinds of enterprises, each dependent on others to provide a complementary input contributing to an environment that could attract visitors. The task was partly to overcome a widespread assumption that Ústecký region, and particularly the Most district, had minimal prospects for tourism. However, success depended on winning the outcome of political conflict in which prestige and power were important. Individual initiators were only a part of the process.

Despite all this, the final outcome was not very impressive. A tourist information office did open in Most, with much better facilities than in other similar-sized towns, but was used by very few outside visitors. The mining museum finally started operating in 2007 as a museum to reflect the varied working lives and technologies from the region. However, severe limitations on finance meant that it had only ten employees and many significant exhibits could not be displayed. Further delay, it was felt, would arouse suspicions among the sponsors that had already put in contributions. In terms of jobs created, this was far less significant than industrial zones attracting inward investors. At best, it is an indication of the kinds of political processes required to press through more complex projects and also of the limitations to regional development in the

absence of financially-strong organisations able to ensure implementation of ideas.

CONCLUSION

Ústecký region in North Bohemia has not become a 'knowledge-based' region, but it has undergone an enormous transformation since 1989. In terms of the frameworks outlined at the start of the article, the most relevant appear to have been the spontaneous development of small-scale business and the continued provision of employment and essential infrastructure by the state. Forms of growth that require the most complex networks and contacts are largely absent. Institutional thickness thus appears of little relevance in explaining recent experience. The notions of a growth machine and of institutional innovators point to the importance of initiating and pressing for implementation of projects. These are relevant, although it is noticeable that forms of development tend to have been of kinds that face little opposition. Again, the initiation and implementation elements have been relatively simple, although these do appear as the most consistent generalisable features of elements of development.

However, the forms of development apparent over the post-1989 period are unlikely to prove sufficient for achieving a high level of prosperity. If the region is to become genuinely 'knowledge-based', with the ability to generate its own innovations, it probably needs to be able to combine the five frameworks listed above, such that a more innovative environment can be created. That would require active initiation, by 'institutional entrepreneurs' with sufficient political and financial backing, of cooperation between actors both

with others within the region and with actors from outside.

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- www.kr-ustecky.cz, Ústecký kraj, Ústí region.
- www.mag-ul.cz, Ústí nad Labem municipality
- www.mpo.cz, Ministry of Industry and Trade
- www.mmr.cz, Ministry of Local Development
- www.mumost.cz, Most municipality
- www.mpsv.cz, and www.ssz.mpsv.cz, Ministry of Labour and Social Affairs, with links to Labour Offices.
- www.ohk-ul.cz, Chamber of Commerce, Ústí nad Labem

Organisations from which individuals were interviewed, 2003-2008

- ARREL (Agentura regionálního rozvoje Euroregionu Labe), Ústí nad Labem
- Deníky Bohemia, Ústí nad Labem
- Hospodářská a sociální rada Mostecká
- Hospodářská a sociální rada Ústecka, Ústí nad Labem
- Hospodářská a sociální rada Ústeckého kraje
- Magistrát, Ústí nad Labem
- Odbor hospodářství, Ústecký kraj, Ústí nad Labem
- Odbor regionálního rozvoje, Ústecký kraj, Ústí nad Labem
- Okresní hospodářská komora, Ústí nad Labem

Podnikatelské a inovační centrum, Most
 Regionální rozvojová agentura, Most
 Univerzita Jana Evangelisty Purkyně, Ústí nad
 Labem
 Úřad práce, Ústí nad Labem
 Výzkumný ústav hnědého uhlí, Most

Résumé

Regionální teorie a regionální rozvoj: příklad Ústeckého kraje v severozápadních Čechách

Region se v minulých letech stal klíčovou oblastí pro ekonomický rozvoj. Tento trend je podporován politikou Evropské unie a dal vzniknout novým termínům „učících se“ regionů a region „založených na znalostech“ společně s rozvojem nových teoretických rámců. Tyto teorie však mohou vysvětlit pouze části rozvoje v určitých obdobích v některých regionech. Situace se podstatně liší v regionech, kde probíhá nový a inovativní technologický rozvoj, od starých průmyslových regionů, ačkoliv i ty také prošly velice podstatnými změnami.

Článek klade rozvoj Ústeckého kraje v severozápadních Čechách do souvislosti s dostupnými teoretickými rámci. Regionální rozvoj není přesně měřitelný, nicméně jako rámcový ukazatel se používá nezaměstnanost. Ústecký kraj zdědil ekonomickou strukturu ovlivněnou energetickým sektorem, včetně těžby uhlí a výroby elektrické energie. Některé ukazatele jsou typické pro většinu České republiky, ale nezaměstnanost je zde dlouhodobě vysoká. Pokles zaměstnanosti v hornictví nebyl nahrazen vznikem nových firem. Region výrazně zaostává v ukazatelích vztahujících se ke „znalostní“ ekonomice.

Analýza rozvoje byla založena na pěti teoretických rámcích. První zastává názor, že není nutná žádná regionální politika, protože se podnikatelé objeví spontánně; toto tvrzení nepostrádá určitou platnost, ale takto vzniklé firmy jsou jen zřídka orientovány inovativně a prorůstově. Druhý rámec prosazuje roli státu; tento názor se v regionu uchytil a na různých administrativních úrovních došlo jak k přímé (zaměstnanost ve státním sektoru) tak nepřímé podpoře (infrastruktura pro rozvoj podnikání). To však neopravňuje považovat regionální rozvoj za řízený státem. Třetím rámcem je tzv. „nový regionalismus“, který považuje regiony za prostory autonomního rozvoje založeného na kontaktech a sítích. Koncepty používané v tomto rámci jsou však nepřesné. Je nezbytné specifikovat sítě jasněji, například identifikací iniciátorů a protagonistů, kteří jsou často svázáni s identifikovatelnými zájmy. Čtvrtý rámec vychází z pojmu „stroje růstu“ uplatňovaného ve městech USA. Tento rámec vyžaduje adaptace beroucí v úvahu různé typy rozvoje a různé typy konkurujících si zájmů; dominantní formy rozvoje ve střední Evropě se typicky setkávají s malým odporem a regionální družení se spoléhají na podporu zvenčí. Pátým rámcem je koncept institucionálních podnikatelů, který vidí regionální rozvoj jako analogie ke změnám v organizacích. Pokud mají být jeho myšlenky někdy implementovány, musí být tento rámec také rozvíjen tak, aby byla uznána důležitost politiky a společenských zájmů.

Tyto rámce jsou použity k interpretaci chování klíčových aktérů (nových firem, státních orgánů, domácích i zahraničních firem a zástupců společenských zájmů) a k hodnocení určitých forem rozvoje. Růst nových malých firem

vyžaduje alespoň minimální spolupráci v sítích. Snahy o tvorbu klastrů se ukázaly jako umělé a neúspěšné. Stát poskytl infrastrukturu, ale již nepropojil veřejné a privátní aktéry dohromady tak, aby došlo k novým formám autonomního rozvoje. Částečnou výjimku představoval příliv investorů, ovšem pouze s malou potřebou spolupráce mezi aktéry v rámci standardních aktivit. Přináší sice podstatnou tvorbu pracovních míst, ale má malý dopad na znalostní bázi místní ekonomiky.

České firmy hrají různé role. Těžářské společnosti jsou v českých podmínkách výjimečné potřebou aktivních veřejných politických zásahů. Jejich budoucnost je svázána s energetickou politikou centrální vlády. To je nutí hledat místní spojence, včetně odborů, které mají cíl zvýšit zaměstnanost zachování současných míst a podporou místního ekonomického oživení. Ochota spolupracovat, navzdory jiným odlišnostem, vedla k vytvoření tripartity s některými velkými společnostmi nabízejícími finanční

prostředky na podporu místního rozvoje. Tyto aktivity se nejvíce blížily tvorbě komplexních sítí a spolupráce mezi různými aktéry, ale skutečné výsledky v oblasti zaměstnanosti byly mnohem méně působivé než ty vytvořené investicemi do průmyslových zón.

Žádný rámec neposkytuje úplné vysvětlení rozvoje po roce 1989. Z pěti zmiňovaných první dva jsou zcela jasně relevantní a do značné míry jsou na sobě nezávislé. Nový regionalismus je ve své nejjednodušší formě nejméně relevantní. Velká část rozvoje závisí na spolupráci mezi aktéry, ale ne všichni jsou z regionu a důležitou roli hrají iniciátoři, kteří přicházejí s původní myšlenkou, a také aktivní implementátoři, kteří mají jasně definované zájmy a kteří mohou vyhledávat aliance a spolupráci s ostatními aktéry, aby získaly potřebou politickou sílu. To doposud stačilo ke tvorbě nových pracovních míst, ale nepozvedlo region na úroveň očekávanou od „znalostní“ ekonomiky. Ta je závislá na podstatně větší spolupráci mezi aktéry.