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CROSS-BORDER TRADING IN THE CZECH REPUBLIC

SUMMARY

In this paper I will present the findings of the cross-border trade analysis using mainly the example of the Czech Republic. The perspective I chose is the sociological analysis of mobility caused by the great economic disparities among the countries of the post-communist block. The main theoretical argument is to consider the cross-border trading as a small-scale activity emerging from subsistence peddling and developing into organised informal economic activity. The ethnic patterns of the cross-border trading are the main focus of the research. The future of the research will be to examine the implications which the transition to the market economies has for the increasing role of informal economic activities, specifically trading, in the group of the countries, namely Czech Republic, Hungary and Poland. The wider picture of the phenomenon may bring a substantial evidence that trading has a tendency towards becoming a professional activity, replacing the spontaneous crossing of the borders back and forth and enhance the development of foreign businesses in the region.

KEY WORDS: cross-border trading, Czech Republic, post-communist block, ethnic patterns

KLJUČNE RIJEČI: prekogranična trgovina, Češka Republika, postkomunistički blok, etnički obrazac

I. Background information

The purpose of this project is to analyse small-scale cross-border trading as a specific phenomenon which emerged from the vulnerability of economic situation of the countries under the radical transformation. The subject of my primary concern is *small-scale trading* as one of the informal economic activities which is on the rise in the region.

I would define *cross-border trading* as a special kind of mobility to the foreign country, usually on the short-term basis, with the aim of making financial profits of re-selling or re-buying goods which are of particular consumer need. Under particu-

lar circumstances this mobility may result in short-term or permanent migration. One of the reasons for this is the tightening of the European Union's external borders, which, in return, makes free movements between Central and Eastern Europe fairly complicated. In order to analyse this phenomenon from the sociological point of view I would concentrate on experiences of the small-scale traders going to and from the Central European "buffer zone", especially the Czech Republic.

Three main prerequisites for the cross-border trading are to be distinguished first: political, economic and social. The internalisation of the small-scale trading became possible firstly due to the radical transformation of the political regimes in the countries of the communist block. The removal of the Iron Curtain has eventually led to, so called, new division of Europe. It is no longer a sharp division between East and West but rather between prosperous countries of the European Union and those of the East (by which I mean the countries of the former Soviet Union) which are just forming their market economies and require some period to be recognised. There is also the third block of countries, a "buffer zone", consisting of Poland, Hungary, Czech and Slovak Republics, which is considered to be the region of speedy marketization and democratic transformation. These countries have particularly enjoyed such EU schemes as PHARE, TEMPUS and others, which make them more privileged comparing to the Eastern Europe (Wallace 1995). It is in this political context that the potential of the small-scale trading has to be considered.

The economic reasons for the development of the cross-border trading are to be investigated taking into account the growing discrepancies in the process of marketization of the region. The economic potentials of the countries of ex-COMECON have been initially different. While attempting to reform their traditional centrally planned systems, all of them experienced economic slowdown or decline and the need to restructure production capacity. However, the nations comprising a "buffer zone" at present have never deviated too far from the market mechanisms in their households and economies. The most rapid marketization is taking place in Poland where private agriculture and entrepreneurship have always balanced the shortages in the official economy of the communist times. In Hungary petty agriculture production and private entrepreneurs have been the constituent parts of the second economy and at present form the potential for gradual marketization. While in the Czech and Slovak Republics the transformation to the market economy is hardly comparable to the other countries of the region. Both, agriculture and industry of the former Czechoslovakia were collectivised. The only basis for the market mechanisms were joint-ventures which created favourable conditions for privatisation. (Wedel 1992; Sik 1993; Sik 1995)

As far as the ex-Soviet Union is concerned the relaxation of the planned economy was significantly retarded by the inertial political decisions and economic reforms partly because market rules had almost no basis to operate. At the moment the collapsed economies of the ex-Soviet countries are not able to create any incentives for efficient economic activity. In addition, attempts to stabilisation are accompanied by the hidden costs of the earlier system: hidden unemployment,¹ inflation, environmental disasters and irrelevant capacities.

These economic discrepancies have eventually resulted in a new relationship between East and West, as well as new patterns of consumer behaviour, new forms of privatisation and market relations. What specifically emerged were new patterns of mobility effected by the devastating economic conditions in the East and intensive marketization in the Central Europe. There are some other factors influencing this mobility. High development of transport system among the major part of European countries coincided with less restriction on travel determined the position of the Central Europe, especially the Czech Republic, as a "middle ground" of circulating people, money and goods (Warner 1995). Complementary to this is uncertain legality in the region. It implies that a lot of activities which had previously been illegal such as trading, currency speculation, starting businesses are no longer such. However, those activities still operate informally, evading the tax regulation of the state (Wallace 1995).

Altogether, these conditions generated a specific economic zone bordering on the developed capitalist countries in the West and on those recovering after the command system in the East. If earlier the Central Europe had been the transitory area for different kinds of economic transmissions between the West and East, then at present it is increasingly becoming the ultimate target for opening businesses. An increasing amount of new economic activities are flowing from the East and establishing in the Central Europe as more privileged in terms of Western investments, relaxed legislative policies towards international ventures and relatively stable economic standards. (Warner 1995)

The social reasons facilitating the cross-border trading can be seen in inertia of the governments in response to the growing unemployment and decline of standards of living. Under the conditions of the absence of the state-provided welfare, people are seeking their own survival strategies to provide other sources of income (Roberts 1994). It has always been the case in the Eastern and Central Europe. Although there

¹ Under the phenomenon of hidden unemployment one can imply the situation when people are officially enrolled in the state enterprises and organisations while actually they are on the state loan but without any financial help.

were no markets of labour force, capital or resources, still some niches for market rules existed. When the Czech Republic is concerned these niches were formed through the so-called side jobs and household production, which enabled people to produce services and goods beyond the state control (Sik 1995). While in Poland and Hungary domestic agriculture and different kinds of private exchanges facilitated the appearance of such niches (Wedel 1992; Sik 1995).

To conclude shortly, circular movements between the former communist countries have become a sign of the lack of formal restrictions and liberated travel. Enhanced by the developed transport network these movements represent a social response of people searching for better economic and living conditions.

Having outlined the main reasons for the development of the cross-border trading in the region of my interest, in the Czech Republic in particular, I would like to proceed with the analysis of evolution of this phenomenon. In the following sections I will focus on theoretical framework, aims, methodology and main findings of the research.

II. The evolution of the small-scale cross-border trading

The history of the small-scale cross-border trading can be traced back to the early 1980's. During the 1980's the freedom to travel abroad combined with an arbitrary structure of domestic prices in Poland created a massive influx of Polish "trading tourists" to Germany and Austria. Later, in 1988, 1989 Polish traders started to commute to the nearest territories of the former Soviet Union, firsts to Ukraine, then Russia and Belarus. The more recent movements of the former Soviet nationals to Poland, Hungary and the Czech Republic is basically a replication of this phenomenon. (Korcelli 1991)

There is no need to deny that before 1986's migration within and out of the Soviet borders was under the strict regulation of the Soviet government (Heinrich 1994). However, a certain part of population (political and cultural elites, sportsmen, *peredoviky proizvodstva*,² sailors, employees of the International Tourism Organisations) frequently had opportunity to go abroad. There was a certain network of re-selling of some goods which they brought from abroad. At the same time, unstable economic situation in the neighbouring countries such as Poland and Ruma-

² People who were honoured to go abroad basing on their successful fulfilment of 5 years plans or socialist competition.

nia coursed the inflow of small-scale traders to the former Soviet Union. They normally sold the goods which were in the deficit in the ex-Soviet countries.

But since 1988 travelling abroad began to have a massive character. The inflow of the former Soviet population to Poland was growing from time to time, for example from 1.7 million in 1988 up to 8 million in 1993 (Transit Migration in Poland, April 1994). Along with the purposes of tourism and visiting families, the large majority of newcomers carried on small scale trade. So called, "Russian markets" occurred, where goods such as tools, toys, glassware and etc., rare in the home countries, were offered at comparatively low prices (Korcelli 1991).

Small-scale trading took place in a number of waves. In 1988 the first wave of cross-border traders involved people from the former Soviet Union, mainly Ukrainians, Russians and Belorussians, who started going to Poland. Partly it can be explained by the fact that some of them have relatives in the Polish territory. Under such conditions it was easier to get all necessary documents (foreign passport, invitation, etc.) in order to get through the border. Traders resold electrical goods, cameras, vodka and food. All these goods were underestimated in prices in the home country and could bring incomes enough for buying goods which were lacked or unreachable back home. Those goods were kept for the traders' consumption or resold to friends and relatives. The money motive was not extremely important at first because traders could exchange goods for other scarce commodities back home. Almost at the same time "black-markets" began flourishing throughout the whole territory of the former Soviet Union. They emerged spontaneously and there were no regulations on the small-scale trading activity. Trading activity was additional to the legitimate jobs of traders. In the markets goods moved illegally at prices far above their retail price and in quantities not authorised by legitimate trading companies. (Henry 1977)

The second wave of cross-border traders from the ex-Soviet Union covered Czechoslovakia, former Yugoslavia and Hungary. It fell between 1989 and 1990. It still tended to be an individual travelling but the strategy was slightly changed. It means that the main things taken abroad were money and, sometimes, goods of high value (gold, antiquarian, spare parts for cars and agricultural machinery, etc.) Goods brought from those countries were normally sold at the "black-markets". Due to growing economic crisis in the countries of ex-Soviet Union "black-markets" became the only place to purchase goods of the first consumer need. The prices at the markets were still higher than in the official trading network. A part of the

reason was that small-scale traders had to make living from the money they obtained from trade. Therefore, a money motive became more important than it was at first. At this very stage it can be noticed that small-scale trading was no longer a secondary activity to traders' full-time jobs. On the contrary, the major part of traders undertook this activity as a main job.

The third wave may be marked since 1991 and it still continues. Such countries as Turkey, China, India and The United Arab Emirates are the most popular suppliers of the small-scale trade at present. The main feature of this period is a quite organised crossing the borders, wholesale goods and networks of agents. More than that, at this very stage cross-border trade activity was unintentionally supported by the official or semi-official organisations ("tourist business") which flourished in the territory of the former USSR.³ It is important to underline that "black-markets" trading in consumer goods have significantly changed their profile since 1991. If before they were dealing in scarce consumer goods at high prices, then at present they offer a wide range of goods at prices often lower than in the formal economy. However, a money motive in undertaking trading became even more essential because small-scale trading earns a living for the overwhelming number of traders.

It should be noted here that the waves of cross-border trade need to be considered in their evolution and dynamics. To put in other words, the emergence of each new stage does not necessarily mean that the previous one is weakened. Rather, it is closely connected with the opening of the new markets and profits.

It can be seen from the classification given above that the Czech Republic has been involved in the small-scale trading activity at the beginning of 1990's. It is worth to note that at first this activity was undertaken only by foreigners coming from the Eastern and Central Europe, namely by nationals of the ex-Soviet Union and ex-Yugoslavia. The driving force for them was the lack of regulations on this particular kind of activity in the Czech Republic. At first it was relatively easy for foreigners to open the firm or undertake their own business evading the control from the Czech state. In addition to that the Czech Republic has been favoured for the similar culture and stable economy. Up until January 1994 the absence of the visa regime for the nationalities mentioned above was also an inviting consideration to travel to the country.

3 One could easily obtain the information about the travel agency which helps to get the passport, visa and transportation almost in all countries of the world. In addition to that newspapers' and TV's advertisement gave even details of what can be bought in the country of destination (for example, cars driven from Brussels and Germany).

The following chapter is aimed to theorise about the small-scale trade in terms of theories on informal economy. This will help to get insight into the functioning of the informal small-scale trading with migrants in the Czech Republic.

III. Theory of the research

From the data obtained the case of the Czech Republic may be seen as an opportunity to test some theoretical concepts while analysing cross-border trading. I would suggest to consider cross-border trading activity in terms of theories of “second” and “informal” economies. The main reason for that is the very nature of this activity, namely that small-scale trading is a kind of “income-earning activity unregulated by the state in the contexts where similar activities are so regulated” (see Roberts 1994: 6).

To explain my argument in more detail I will briefly examine the theories of “second” and “informal” economies by P. Harding, R. Jenkins, S. Henry, B. Roberts, J. Wedel and E. Sik. In analysing second and informal economies it is important not to underestimate their national contrasts and similarities. This fact accounts for the diversity of approaches offered by the authors. For example, the first three authors tend to view informal economy in its limited role in the context of a fully developed welfare state (the case of Britain). While J. Wedel and E. Sik are focusing on the creation of the informal economies from the second ones during the transition from communism to a market economy (the case of Poland and Hungary). The attractiveness of these alternatives seems to lie in getting an insight to the nature of “trading” as an economic activity which is inherent for societies in transition as well as for developed societies, although it may manifest different patterns and strategies.

From a wide range of literature on the topic it is logical to assume that “irregular” or “hidden” or “informal” economy has always been a center of arguments while analysing household and economies of Western societies (Henry 1978; Harding and Jenkins 1989; Roberts 1994). As Roberts (1994) points out informal economy of the Western societies includes the activities which are not inherently illegal such as drug-dealing. Informal economic activities are better to define as legal activities which are carried out illegally in order to avoid applicable state regulations.

According to Harding and Jenkins (1989) there are three major factors facilitating the development of the informal activities which I will emphasise theorising

about "trading". To look at the economic dimension first, the demand for the informal activities is highly connected with conditions in the formal sector. For example, the shortage of goods and services, recession of the economy and unemployment which resulted from this may be seen as an integrative reasoning to participate in the informal activities. Usually, economic and non-economic motives go alongside each other in this respect. Among the non-economic benefits of the informal activity one may accentuate freedom, autonomy and flexibility of the work situation.

The second set of factors are singled out as fiscal. It is assumed that the state is entitled to regulate the economy through licensing and taxation. As a rule, the tightening of these regulations essentially leads to the circumstances in which informal economy is considered to be illegal (e.g. non-declaration of earnings and tax evasion).

The last group of factors in addition to economic and political are social ones. Harding and Jenkins (1989) rightly argue that while informal economy takes place outside the state legislation it does not mean that it has no structure or pattern. To explain, in the informal economic activity there are connections between the producers and consumers of goods and services, as well as norms and values which influence the choice of informal work. "Skills are rewarded in the informal economy and the best opportunities are obtained through social networks" (Roberts 1994).

The main argument singled out by British authors is that informal or hidden economy has always been on-the-side of the Western formal economy. However, informal economic activities do not earn a living for people involved. Usually, people undertake informal economic activities not being driven by the motive of money or profit. They are doing it in addition to their legitimate jobs. According to Henry (1977) there are some more important reasons for informal economy to exist. Among them is a development of relationship at the work place and neighbourhood since informal economic activities are governed by rules of reciprocity and mutual efforts.

The preliminary examination of the Western approaches to the informal economy seems to be extremely important for better understanding of emerging informal activities in the societies in transition. The reason is that people in both capitalist and ex-socialist world are common in their response if they face the economic problems. However, patterns and strategies of those involved in the informal economic activities in the post-communist world have to be interpreted in a different context. In this respect theories of Wedel (1992) and Sik (1993) are significant.

To explain this let me introduce briefly the theory of E.Sik (1993). The core of his argument is the changing relationship between first and second economy being

transferred to the formal and informal ones. According to Sik *second economy* are all types of economic activities which fall outside of the control of the state. In the communist times those activities included jobs on-the-side, under-the-counter-selling, smuggling duty-free goods, household production, subsistence peddling, etc.

The second economy during the socialist time was the nearest approximation to the market economy since an individual could make his choice and use initiative to find additional sources of income having a legitimate job at the same time. I would agree with Wedel (1992) that second economic activities in the communist era played only a compensatory or complementary role to the first economy in response to the different types of shortages. As Sik (1993) argues second economy was taking advantage of the inefficiencies and corruption of archaic command economy.

In addition to personal response to the economic hardship there was an institutionalised barter exchange. Socialist enterprises exchanged in services and scarce commodities, chiefly materials and spare parts. All those transactions were not officially recorded and went untaxed. It should be noted, however, that majority of second economy transactions on personal and institutionalised levels went through personal networks. Therefore, quite similar to Western hidden economy, second economy of the communist times was also governed by the rules of mutuality and trust.

Due to the transformation taking place in the post-communist countries second economy has been replaced by informal one. *Informal economy*, as Sik (1993) explains, includes all types of economic activities which are outside of the regulation of the capital. In the post-communist countries the number of economic activities falling outside of any regulation is rapidly increasing. Black labour, black currency market, smuggling, illegal trading, etc. are only several of them. Moreover, informal economy became international because such activities as money-laundering, smuggling and using of immigrant labour are organised through the international networks and channels.

The size of the informal economy increased so that it requires not only full-time participation but also creates a full-time occupational structure. In contrast to the practices of the second economy, informal economic activities are not performed additionally to the legitimate jobs, but become the major occupation for the people involved. That is why informal economic activities tend to be if not the only source of people's income.

Related to this is the issue of income inequality. In contrast to the second economy, informal economy creates greater inequality and regional differentiation. What can justify such diversity is that undertaking of the informal activities is mainly connected with increased risk, competition and responsibility. Quite opposite situation was under the socialist rules. What people used to enjoy then was safe and relatively easy income from uncontrolled second economy. (Sik 1993)

It is interesting to notice that informal activities tend to employ the same habits as the second economy did. It particularly refers to the personal networks and skills which are important in order to conduct irregular work. Naturally that being quite effective during the communist times, personal networks have become coping means at a time of transformation and upheaval. (Sik 1993)

Having briefly discussed various approaches theorising about informal economy in the West and in the post-communist societies I intend to explain cross-border trading as one of the informal economic activities. However, I would argue that the Western approach helps only to delineate the reasons of the phenomena, while to understand the patterns and strategies of informal economic activities in the post-communist societies one should focus on the different context. Namely, small-scale trading as informal activity in the post-communist societies has an increasing importance for people involved in making ends meet. Coping with economic troubles, people frequently have to undertake this activity as their main job, being redundant at their legitimate work places. Moreover, the emerging of market economies exposes small-scale traders to a competition which they previously did not have to face. Consequently, black markets with high prices and scarce goods are replaced by informal markets with a wide range of consumer goods priced often lower than in formal sector. However, the undertaking of the small-scale trading tends to be driven by the money motive. Although, if the small-scale trading is performed as a short term survival strategy then profit tends to be at the subsistence level. While, long-term mobility strategies are likely to be intended to success in a wider society, such as education achievements or high standards of living.

Therefore, the following analysis will proceed mainly from these considerations.

IV. Methodology

1. Aims of the research

The purpose of my research was to explore the internalisation of economic relations which reinforced the mobility to and from the "buffer zone" countries. The Czech Republic has been taken as an example to test some theoretical concepts and demonstrate the experiences of traders going to and from the country.

Viewed in this direction the research was designed to explore the following questions:

1. How the legislation towards the foreign business activities has been developing?
2. In what ways this legislation influenced the foreign small-scale traders?
3. How open-air and street markets have been growing since 1990's?
4. What are the ethnic types of small-scale traders presented in the Czech Republic?
5. What kinds of cross-border trading can be distinguished in the Czech Republic?
6. What are the strategies of the small-scale traders to pursue their activity?

2. Materials of the research

The idea to conduct a comparative research on cross-border trading in the "buffer zone" has been inspired by the comprehensive study of the transitory migration in the Czech Republic (see *Transit Migration in the Czech Republic*, May 1994). It has been carried out since November 1993 in the framework of the Migration Project sponsored by the Central European University, Prague. It takes the form of collecting official statistics and newspaper reports of migration patterns in the Czech Republic (as one of the countries of the buffer zone). Another important resources are interviews with officials from the Ministry of Interior, Ministry of Labour and Social Affairs and Ministry of Economy. The major data were drawn from the in-depth interviews with migrants in order to grasp their life-histories and experiences. Over 200 interviews have been collected so far using snow ball method. All interviews took place in Prague and its surroundings. The interviews were conducted in the languages of respondents and translated into English.

In addition to that Focus group interviews with the university students have been carried out. The aim was to collect the information on Markets and Trading

using the experiences of students from the Central and Eastern Europe back in their home countries. The data were analysed using mainly qualitative methods.

3. The method

It is important to mention why the qualitative methods have been used mainly. The reason to employ the qualitative methods was that the phenomenon of informal economic activities is quite new for the region as a whole, and for the Czech Republic in particular. Survey techniques to measure informal activities are not quite accurate because there is no population from which we can derive a representative sample, implying that major part of informal activities goes being unregistered. Secondary analysis of information from public sources and expert interviews, on the other hand, is extremely useful because it provides us with legislation information and some estimates on the numbers of traders in the country. However, the main source of data is the first-hand information from the people involved in the informal small-scale trading. That is why in-depth interviews with migrants trading in the Czech Republic was the point of departure for analysis of evolution of the cross-border trading, its kinds, ethnic patterns and networks. The readability of the information from interviews has been increased by series of participant observations of the market places and interviews with anonymous informants working as traders during a long period of time. Altogether, the combination of qualitative methods helps to get insight into the nature of informal small-scale trading which still tends to be quite a delicate issue for the post-communist economies.

V. Trading and Markets in the Czech Republic

1. Legislation of the foreign trading activity in the Czech Republic

This chapter shall briefly summarise the main steps which the Czech Government has undertaken for legislating foreign business activities in the country. It should be mentioned, however, that it was not until 1990's that foreigners were put in a special category in terms of the governmental trading policy. It became necessary due to the several reasons.

To begin with, since 1989 the limitations on the establishment of private enterprises, dealing with trading or dealing in goods, were lifted. This niche was quickly discovered by foreigners, who have already settled in the Czech Republic or those who were coming to the country on the temporary basis. Next, the booming Western investments to the region of Central Europe have encouraged a lot of joint businesses. As a consequence a significant number of Western employees followed their companies to the country. Although it is roughly 2% of foreign population nowhere according to official statistics. Other estimates are rising up to 10-15% of foreigners in the country (Warner 1995: 26-32). Next, the growing number of illegal trading, including small-scale cross-border one flowing both from the West and East, required a special governmental policy. Eventually, free trading on the streets, kiosks, markets and shops without the trade license (*živnostensky list*) issued by the Czech Ministry of Economy has been prohibited.

Taking into consideration the factors mentioned above, the following phases in legislation of foreign trading activity in the Czech Republic can be distinguished. Firstly, since 1991 a trade license has been introduced. This document allows any kind of business activity to be undertaken and this includes the establishment of company or firm, dealing in goods and labourers, travel or estate agencies, free lance and individual trading. There are 500 local Trade Offices all over the Czech Republic (Drbohlav 1993). They are responsible for the issuing of the trade licenses, which should be approved by the Ministry of Economy of the Czech Republic.

To obtain the trade license the foreigner should report to the local Trade Office the design of the business and duties it involves. The only document required at this stage is a clean police record, which, surprisingly, should account only for the crimes possibly committed by the foreigner on the territory of the Czech Republic but not at home. According to the Ministry of Economy,⁴ there are no special requirements, of the kind required in Western countries (such as a bank account, quotas in favour of local entrepreneurs, etc.) for running business in the Czech Republic. This might be seen as a measure on the part of the Czech Government to encourage the foreign investment in the Czech economy.

However, differences exist in legislation of individual business and for the establishment of company. The fee for a trade license for individuals is 1,000 Kc (\$38), while for companies starting capital is 100,000 Kc (\$3,900) Moreover, in order to authorise the company it is necessary to prove that founders have corresponding

⁴ Interview with Director of Commercial Activity Department, Mr. Kroupa, Ministry of Economy, 20 April 1995.

professional experience to run the business, whilst for the individual activities there are no special requirements. In addition, to run the company in the Czech Republic, founders should appoint Czech citizen empowered to act for them. Therefore, although establishing a company requires some effort, an individual trade license is relatively easy to obtain.

A trade license, once obtained, is valid for 5 years. At the same time, it is considered to be a basis for stay permit in the Czech Republic for 3 months. The next step is to register the company or individual entrepreneur in the Trade Record, which is in the competence of the District Courts. This almost automatically gives the right to get the stay permit in the country for 1 year and, then, to renew it for the following period.⁵

One aspect of the legislation procedure should be particularly underlined here. Namely that only since 1992 has the Czech Ministry of Economy started to account for the foreign holders of the trade licenses in its statistics. One should explain this by the fact that according to the Czech Law, foreigners, who obtained permanent or long-stay permission in the country, are considered to be the Czech subjects. They enjoy almost the same rights with the citizens, except the rights to vote and buy property. Obviously, this ambiguity allows to interpret Czech belonging in various ways.

According to the Czech Law on employment, only Czech subjects are authorised to deal in foreign labour force. But Czech subjects are not necessarily Czech citizens. This fact encouraged a lot of foreigners with stay permits to bring their nationals to the Czech Republic with the aim to work in the companies they own. Therefore, it enabled foreigners with stay permission and trade license for companies to deal not only in goods but also in labourers. The statistics of the Czech Ministry of Economy shows that 60% of all holders of trade licenses undertake different kinds of trading. Among those, only 2% (18,582) are foreigners. It is estimated that almost the same number of foreign traders may operate illegally.

Having carefully analysed the process of obtaining the trade license one can assume that the laws governing the foreigners business in the Czech Republic are still quite liberal. That is why it may serve as a favourable condition for foreigners to settle in the country temporarily. Further, the legalising of individual business is even less complicated than the establishment of the company. When it comes to trading, the individual vendor is not required to possess any kind of special professional

⁵ Ibid.

certificate. For this reason individual trading is extremely popular kind of business for foreigners temporary settled in the country.

The second phase in tightening the trade policy toward foreigners was the introduction of payment for the place of trading (counter, kiosk, shop). The regulation came into effect nearly at the same time as trade license, in 1991. The price varies depending on the location of the trade outlet. For example, the counter or kiosk at the market place far from the center may cost 300 Kc (\$12) per day, while in the center of Prague it is equal to 1,000 Kc (\$40) per day. The rent of the shop in the area of center may extend to 40,000 Kc (\$1,600) per month. The inspection of the availability of the trade license and payment for the place of trading is in the competence of Economic Regulatory Police.⁶

The third phase of legislation is an improvement of the Czech Taxation Law. In 1992 several important amendments to the Law were inserted. According to those changes traders were supposed to pay every month 10% of their net profits to the Czech Government. Before 1992 all small-scale economic activities went untaxed.

Altogether, all three steps in tightening of foreign business activity have stipulated one more limiting factor. That is the prohibition of unlicensed trading in all trade outlets of the country. In addition, trading in the center of Prague, for example, has been contracted only for a limited number of vendors, mostly selling handicrafts, souvenirs, paintings and jewellery. This decision was made by the local authorities in 1992, but it has not been reflected in any document available for the public.

In spite of this limiting legislation, there has always been a niche for illegal business, including trading. The reason is that the Czech law still allows foreigners to enter the country without prior arrangements of stay and work permissions. One of the most usual ways is to come to the Czech Republic as a tourist and then start to obtain all necessary permissions for undertaking business. Although, new Law on Foreigners' Residence in the Czech Republic is aimed to rule out this possibility eventually. The proposal of the Czech Ministry of Interior and Ministry of Labour is to establish the procedure according to which foreigners intending to work in the country have to arrange all necessary documents in the state of their origin.⁷

In order to show how these legislative steps came into effect in practice let us consider their implementation at the open air and street markets.

⁶ Economic Regulatory Police is a special division of Ministry of Interior which is entitled to control the legality of economic transactions of all kinds.

⁷ Interview at the Department of Foreign Labour Force, Ministry of Labour and Social Affairs, 25 April 1995.

2. Open-air and street markets in Prague

Open-air and street markets selling goods and food were spontaneously emerging in the former Czechoslovakia right after the revolution of 1989. At the very beginning there were no regulations on buying and selling goods at the market and neither licenses for trading nor requirements to pay taxes existed. The biggest markets were situated near the borders of the former Czechoslovakia with the former Soviet Union (Bratislava, Michalovci and Kosice), and Poland (Tessin and Katowice). Within the former Czechoslovak Republic, Prague was the most attractive place for traders, partly because it was becoming extremely popular among European and American tourists as a place for enjoying relatively cheap goods and services. Tourism further stimulated markets of vendors selling souvenirs and development of various services for foreigners.

Since the 1990's the government launched rapid economic and political transformation which significantly influenced the regulation of trading and markets in the former Czechoslovak Republic. Later, the split of Czechoslovakia into two separate states had the most significant effect on the regulation of all business activities, and those run by foreigners in particular.

Due to the fact that the data of the research have been collected mainly in Prague, the following data will describe the open-air and street markets in the city. Under the *open-air market* I will mean stationary market place equipped with kiosks and counters, usually walled in, selling goods, foods and vegetables. While, *street market* can be defined as a place also equipped with kiosks and counters, but not necessarily fixed, and selling mostly handicrafts, souvenirs, paintings and jewellery.

a) "Sparta"

"Sparta" is a big stadium owned by the state and famous for being the home for the Czech national football team. From 1989 till 1992 the biggest market in Prague was situated there. It functioned as an open-air market on Saturdays and Sundays. Those who came there for trading were small-scale traders from Ukraine, Russia and other former Soviet nationals, Vietnam and China. Local traders were not frequent there. Trading activity was not very popular among Czech people, and they preferably were buyers of cheap goods. One trader paid a small fee of 25 Kc (\$1) for the place to stand. At first one

could find goods of different kinds from food to textiles laid out on the ground. Later, during 1990-1991, the market places had been equipped by tables and kiosks. At that time the profitable business for the traders was regular commuting between the countries of the Eastern and Central Europe bringing different goods and food produced in their home countries to be sold in the Czech Republic. Traders tended to convert the profit to hard currency (USD or DM) right at the market place or buy goods to be re-sold back home. The prices at the market were three times less than in the city.

Slowly at first, but at present more rapidly, the regulations have been fortified. Eventually, it led to a decrease in the number of incomers from the Soviet Union because it became not advantageous for them to commute things to Prague. It happened because since 1991 Prague's open-air and street markets started to be inspected by the police. In addition, prices for goods back home were higher than in Prague. It became evident that the expenses would exceed the profits in case the traders decided to commute goods to Prague. That is why they preferred markets in Bratislava and Kosice or some other closer places.

Later, the Sparta market was closed down in 1992. The reasons seemed to be simple. Apparently, this place was intended as a football stadium of the Czech Republic. When the open-market functioned, the authorities of stadium were obliged to clean the territory after traders had left. The main coach of Sparta sport team initiated a campaign to replace the market from the stadium.⁸ Finally, it was decided to move the market outside the center, to Vistaviste. This is the Czech exhibition ground famous for performances and cultural events. Another, probably most important reason why "Sparta" market was closed is that this market has been associated with illegal goods, currency exchange as well as tax evasion.

b) Ongoing markets

At the moment one can enumerate five big open-air markets along with numerous small street ones situated in Prague. Before the limitations on the street trade were enforced, the most popular places for traders were tourist's routes such as Charles Bridge, Old Town Square, Wenceslas Square, Square of the Republic and around the Synagogue. These are still operating, but the things which are allowed to be sold there are mainly art products, souvenirs, paintings and jewellery.

⁸ He sent an appeal to the City Council in order to receive support from authorities in forcing traders to leave the stadium.

Another type of market is that of open-air areas, specifically arranged for selling not only goods but also food and vegetables. Among the biggest are markets at the metro stations Holesovice, Andel and Dejvicka. In addition, there are market at Vistaviste exhibition grounds and "Prague Fair". Those at metro stations function during the week and close at weekends. "Prague Fair" is a traditional Czech market where one can buy rather cheap agricultural products, and since 1990 some kiosks with manufactured goods have emerged there. It functions daily, except Sunday. Finally, since 1992, Vistaviste market is known to be a place for the traders who previously operated at the stadium Sparta.

c) "Vistaviste"

Ever since the market was moved to Vistaviste, the Economic Regulatory Police are always present. It might be explained by the fact that this part of exhibition ground is associated not only with market for goods, but also increasingly with illegal labour and currency exchange.⁹ This open-air market is open only on weekends. In order to enter, the visitor must pay 10 Kc (\$0.4) fee. For trading it is necessary to pay 300 Kc (\$12) for the counter. However, payments in advance are admitted only for one week period, namely on Saturday it can be paid for Sunday and next Saturday. Counters and kiosks for trading are not fixed on the certain person or group but are distributed at random.

Regulations

To pay for the place is necessary but not sufficient to get permission to trade. According to the current rules, a trader should also have a "trade license" (*zivnostensky list*) issued on the basis of stay permit and clean police records. In addition to this it is required to have a "delivery note" (*dodacy list*) signifying where these goods came from (to prove their legality on the way to the Czech Republic) and assortment of goods. These documents are frequently checked by the police. That is why it is almost impossible to be a short-term resident, for example, a tourist, and sell something at the market as it used to be before. This is, probably, the reason why former Soviet nationals are found quite rarely at Vistaviste.

⁹ "Police drive to curb illegal labour", CTK News Agency, Prague, 19 September 1994.

One more restrictive factor for trading are taxes. All traders are compelled to pay taxes on their profits. For this purpose traders are using a double-accounting method. Each trader has two budget accounts. One is for expenses such as gas, transportation costs, etc. Another one is income. Since goods for trading have to be bought from some firm or warehouse, the prices are basically listed in the delivery note. The trader has to indicate also the retail price for goods, but this can not normally be traced either by Economic Regulatory Police, who inspects the market or by tax inspection. This very difference between wholesale and retail prices comprises the net profits of trader on which he/she should pay taxes.

It seems important to point out that the strengthening of regulations at the market place makes other "controlling" groups difficult to operate. For example, former Soviet nationals were controlled by "Mafia" of their own nationality. The traders were approached not at the market, but at the railway or bus stations to which they arrived. They were asked to pay around 1000 Kc (\$40). "Mafia" people were also walking along the market counters with the aim of tracing their compatriots and following them in order to extort money. Since former Soviet nationals do not generally come to the Czech Republic for trade, at least their number is very low, consequently, "mafia" at the market is also not that powerful.

Traders

The traders at Vistaviste are predominantly Vietnamese, registered as firm's workers in Prague, and local people. Their proportion can be estimated as 1/3 and 2/3 respectively. Other nationalities such as former Yugoslavians and Bulgarians can be found there, but not in significant numbers. Former Yugoslavians, for example, are most frequently found selling souvenirs and jewellery at the very center of Prague. They usually have other occupations, besides trading. Chinese traders are also to be mentioned here. For them, trading is the most popular occupation. However, they operate mainly as owners of shops or mediators of wholesale goods for Vietnamese vendors, who temporary have a legal status being employed at Czech factories or plants.

It became a normal practice that besides trading at the market one has to have some other job, because it is impossible to live on money earned for two days at the market. Basically, those who are doing only trading are working during the rest of the week at the other markets in Prague, for example at Holesovice, and for the weekends they come to Vistaviste. For the rest of traders this work at weekends is only a way of providing extra-income to their normal salaries in firms or companies.

One interesting phenomenon can be observed here. Trading seems to be a male business. However, men are more frequently bosses and agents, while women are hired to trade at the market place. One of the possible explanations is that women are more willing to work as vendors for weekends, having the legitimate job for the rest of the week. Independently of gender, sellers hired to work at the market place earn 500 Kc per day (roughly \$20). The average income of street vendors is estimated to be around \$500 per month, excluding taxes.

Another tendency is that trading is becoming a family business. If children are quite young, so parents may provide them with goods and children perform a role of vendors. On the other hand, parents-pensioners quite frequently help their children to sell goods and food at the market. In both cases, the net profit belongs to the whole family.

Goods

The goods which are sold at the markets are brought from all over the world. However, a clear difference exists between goods sold at open-air and street markets. As mentioned above, street markets are located mainly at the tourist's places. That is why the goods sold there are oriented towards tourists, in particular. The street markets offer various handicrafts, paintings, jewellery and souvenirs, while open-air markets cater for a wider range of consumer interests, usually they sell goods and vegetables cheaper than in the city.

At Vistaviste exhibition grounds, for instance, there are chocolates, nuts, sporting and food from Germany, textile and electronics from Vietnam, bags and textile from Turkey, cigarettes from America and also from the Czech Republic, CDs and tapes from Poland or Holland. The policy is that it is prohibited to sell CDs and tapes without copyrights and cigarettes without the stamp of the Czech Republic. For example, on one occasion the police withdrew a whole set of smuggled cigarettes from Vietnamese traders. It is assumed that Vietnamese have their special organisations which are dealing with smuggling of cigarettes and textile to the Czech Republic. For this particular reason the police are very suspicious towards the Vietnamese traders.¹⁰

¹⁰ All information on Prague markets has been drawn from the interviews with foreigners who have started their activities in the Czech Republic 5 years ago as illegal cross-border traders and by now established their companies in Prague. These interviewees have to be regarded as experts, although their names won't be disclosed as a guarantee of confidence.

VI. Comparative analysis of traders

Migrants involved in the small-scale trading in the Czech Republic arrived for a variety of reasons and left their home countries also due to various complicated circumstances. The following analysis will present the main trends and themes, which are drawn from the interviews with traders and officials. It should be noted here that the sample under the study is not representative and all conclusions are of an indicative character.

1. General information

From all 206 interviews conducted for the Migration Project, traders comprise 25% (54 cases). 50% of them are in active economic age, namely 26-35 years old. The sample is 68% male and 32% female. Males from the Federal Republic of Yugoslavia, Georgia, Ukraine and Russia are the most frequently found in the sample. 20% of respondents are followed by their families, the same proportion of traders left their families at home. However, the dominant pattern is single respondents who comprise 40% of the whole sample.

It is important to notice that in comparison to other migrants such as manual or service workers, traders represent the most educated group: 80% of respondents have university degrees.

Almost all respondents began their businesses in the Czech Republic illegally. It was due to the fact that in the 1990's regulations on small-scale trading were not developed, and those who started first took advantage of the uncertain legal situation. Permission for trading was not needed nor were taxes required. The introduction of trade licenses in 1991-1992 significantly influenced traders' businesses. Therefore, during the time when the major part of interviews were conducted, namely 1993-1995, only 30% of respondents managed to legalise their commerce, while more than 50% still operated illegally.

2. Ethnic profiles of traders

Previous research on transit migration in the Czech Republic (Wallace and Palyanitsya 1994) portrayed the formation of ethnic types in migration movements.

It became evident that small-scale trading can also be described differently depending on traders' country of origin. Interestingly, migrants from different ethnic groups have different motives and expectations for living in Prague in general, and for their trading activity in particular. In addition, respondents' previous experience and social background distinctively shape their careers and future plans.

Out of 54 cases, the most frequently occurring respondents are from the former Yugoslavia and the former Soviet Union. The traders from the former Yugoslavia may be well considered as one group, because they have similar motivations to leave their country, and similar expectations for working and living in Prague. However, former Soviet nationals should be viewed separately. This division is essential because it is important to understand that traders from Georgia and Armenia are in many respects similar to the nationals of the former Yugoslavia, being driven from their countries by the effects of lasting war. On the other hand, Ukrainian and Russian respondents are pushed to undertake this business in order to cope with their crisis-ridden economies. Therefore, in order to obtain detailed profiles of traders in the Czech Republic, four groups will be distinguished.

The most numerous group of 30% consists of Ukrainian traders. However, other groups have similar proportions: 20% of respondents are former Yugoslavians, 18% are Russians, and finally, 15% of traders are from Georgia and Armenia.

a) Traders from the ex-Yugoslavia

Most of the respondents came during 1992-1993. They arrived by bus through Hungary, or by plane directly to Prague.

Before visa-regime was introduced, they travelled as tourists. Almost all of them indicated that the Czech Republic was the only country which did not require visa at that moment, which is why they chose to come here. The majority of respondents have previously travelled to Prague as tourists or visited their family members or friends.

Since January 1994 they have to obtain a visa, which is usually issued on the basis of the personal invitation from other migrants from the region who are settled in the Czech Republic. The initial idea to go to Prague emerged mainly due to the existence of the ethnic network. For example, in comparison to other migrants, former Yugoslavians are the best informed about the different strategies for arriving and settling in the Czech Republic. Usually this information is provided by their nationals settled in Prague.

These respondents left their country because of the lasting war there. However, few respondents from our sample gave as their reason for departure the direct consequences of war. More frequently, respondents admit that the war caused a significant deterioration in standards of living and made a decent life to which they were accustomed impossible to continue. Many came from upper or middle class families with high living standards and expenditures. Almost all of them completed their University degrees and had well-paid jobs in their former country. That is why their motives to leave the country can be well described as searching for safe and affluent living conditions.

Although they were aware that it is possible to arrange quite a decent life in Prague, nationals of the former Yugoslavia did not at full consider the Czech Republic as a country of their destination. Canada and United States of America, as well as Holland and Germany were most frequently named as their target countries. However, having arrived to Prague, respondents spent their savings and started to look for a job.

From our interviews it is possible to ascertain that respondents were first offered the jobs of street vendors through their relatives or friends. This was possible because former Yugoslavians present one of the strongest community in the Czech Republic which allows them to use the opportunities of long-stay residence to legalise their businesses. It is not their number which makes this community strong. According to the statistics of the Czech Ministry of Interior there are about 10,000 legal residents from the former Yugoslavia against, for example, 14,000 legal residents from Ukraine.¹¹ But, obviously, former Yugoslavians constituted a highly developed network for recruiting their nationals to the established businesses and legalising their status in the Czech Republic.

At first they worked for bosses of their own nationality, who had already managed to open a network of shops all around the center of Prague. Soon the most successful moved to higher levels of trading, or invested the money from trading into their own projects.

According to our data, this group is running quite an organised business. The most accepted ways of trading are buying wholesale goods from agents¹² or performing the roles of agents for other traders.

¹¹ "Information on Migration on the Czech Republic Territory in 1994", Czech Ministry of Interior.

¹² *Agent* is a person who carries out the trips to the countries-suppliers with the aim to buy a wholesale goods. Usually, agents have prior contacts with suppliers and work in groups. All spot of goods is transferred to the countries where these goods are sold. Then, goods are distributed among vendors or other wholesale dealers. In fact, agents rarely work as vendors.

Among the popular goods for selling are jewellery, silver, paintings, clothes, exotically styled leather. They are brought mainly from Southern countries such as Nepal, Thailand, India and Turkey, etc.

This group occupies the market places at the very center of Prague. Before the limitation on the street trading introduced in January 1994, the majority of traders operated at the Charles Bridge and the Old Town Square. At present, their trading outlets are mainly situated at the Wenceslas Square, Square of the Republic and at the area around the Synagogues.

Because of the tightening of regulations on trading operated by foreigners, the number of illegal vendors decreased notably. For example, only 3 out of 13 respondents indicated that their business is not licensed. The legalisation of trading has eventually led to a decrease in the average income from 20,000 to 15,000 Kc per month (from \$800 to \$600 respectively). One of the explanatory factors is that for occupying advantageous trading outlets along tourists' routes in Prague, the traders were taxed 1,000 Kc (\$40) per day.

These traders do not have to exchange accumulated money (in Czech crowns) into another currency since they are usually temporary (legal or illegal) residents of the Czech Republic.

Altogether, they consider their enterprises as short-term and insecure, although quite profitable. But all respondents agreed that savings from trading may help them to advance their education and job prospects.

In Prague they live temporarily in the apartments rented by their friends or relatives. Those who decide to stay for a longer period rent their own flats, especially if the whole family moved to Prague.

In the long run they plan either to go to the West or continue their education and undertake their own businesses in the Czech Republic.

b) Traders from Georgia and Armenia

Respondents of this group are not numerous but they represent quite an interesting pattern of trading activity. They came to Prague during 1989-1994. Some of them knew about Prague through their friends or had visited the former Czechoslovakia as tourists.

Before visas were introduced in January 1994, they came through Moscow, Ukraine and Slovak Republic or Belarus and Poland by car fairly regularly. Now they use airlines directly from Georgia and Moscow to Prague. They usually come on the basis of invitations from their friends or relatives living in the Czech Republic, since this is necessary in order to obtain a visa.

The reasons for leaving their home countries may be well compared to people from the former Yugoslavia. However, Georgians and Armenians from our sample seem to be more affected by war than migrants from Balkans. Their motives to migrate are reinforced by collapsed economies, hyper inflation, unemployment and worsening criminality.

Like former Yugoslavians, they come from the middle class families and have University degrees.

The idea of migration to the Czech Republic was based on previous visits to the country. As data show, the Czech Republic is considered to be a safe place to live, at least for a while. Most respondents had further intentions to go to Germany and Holland. Being undecided whether they will stay for longer in Prague, migrants of this group arrived alone. However, with the passage of time, they realise that the Czech Republic offers favourable conditions for living and establishing own businesses. Consequently, in their future plans they aim to bring families along.

As regards trading, the respondents rarely work as street vendors. Rather, they are involved in dealing with wholesale goods. It is worth emphasising the fact that their business orientations are strongly connected with their home countries. To put it differently, they extensively use prior business networks in Tbilisi as much as in Ukraine and Russia in order to supply goods for selling in the Czech Republic, Hungary and Slovak Republic. In comparison to all other groups, Georgians and Armenians have been traditionally associated with activities in the second and informal economies throughout the former Soviet Union. They were the first who established joint-ventures in the former Soviet Union and tried to fill the shortages of collapsing economy by trading in goods. That is why it is noticeable that their trading activity covers a much wider range of countries. For these reasons they easily established extensive network to work in groups with their friends or for their partners in the countries mentioned above.

Using their personal savings and partners' money, they mainly transfer wholesale goods from Russia and Ukraine to the Czech Republic, Hungary, Romania and Slovak Republic. Cigarettes, cognac, food, paintings, broach, pins with Soviet sym-

bols are the main assets of their commerce. They drive cars from Germany and the Czech Republic back to the former Soviet countries when they return.

Most respondents operate illegally. This can be explained by the general tendency of these migrants to perceive their living in Prague as temporary, waiting the time when it will be possible to go back home. That is why they are not willing to legalise their commerce.

They sell their goods and exchange money into dollars, or frequently they buy food to bring back home. Although the trading seems to be the only occupation for the time being, the respondents tended not to disclose essential details about their enterprises, details concerning income and future financial projects.

They stay in the apartments of their friends or relatives.

For the future they plan to bring their families to the Czech Republic and stay here for a long time, at least until the situation at home stabilises.

c) Traders from Russia

Respondents of this group came to Prague during the period of 1987-1994.

They travelled through Belarus and Poland, or through Ukraine and Slovak Republic by train or by car.

Russian migrants come on the basis of invitations or tourist vouchers. Both documents are either bought at the Russian markets and tourist agencies, or organised through friends in the Czech Republic. These respondents came from middle class families. The majority of them have University degrees.

Business contacts and friends in Prague stimulated the respondents' choice of the Czech Republic. In addition, a few respondents come to pursue their studies at different Czech Universities.

One of the most interesting observations is that only half of Russian respondents have moved to Prague for temporary living. The other half of this group lives in Russia, but comes to Prague fairly regularly for short periods of time. There are also marked differences with regard to their motives. Those who settled in Prague have left their homes because of being redundant at their jobs in Russia. Another tendency is that they went to the Czech Republic for studies and, after some time, having compared the living conditions in Russia and in the Czech Republic, decided

to immigrate. The second category are those who come to Prague for a short commercial trips, at least once per 6 months. Usually they have well-paid jobs back home and do not want to stay in the Czech Republic for a long period, just to accumulate some capital.

Therefore, unlike traders from the former Yugoslavia and Georgia and Armenia, Russian respondents initially considered the Czech Republic rather in terms of business projects, than in terms of temporary or permanent migration.

They found their jobs individually, sometimes with the help of friends. Russian traders are rarely involved in street trading. In our data it can be seen that respondents settled in Prague are working for some joint-ventures or in Art Galleries. Both are running trading, which is legalised through partnerships with Czechs. On the other hand, regular commuters were selling goods at the Wenceslas Square or at the Vistaviste market. However, the introduction of the trade license in 1991/92 made them change their commercial strategies. There was a clear tendency to shift from individual commuting with goods and money towards group trading, namely, dealing with wholesale goods with a help of the local partners in the Czech Republic, and further afield in Germany and Holland.

The assortment of goods, offered by this ethnic group is quite wide. They trade in caviar, paintings, exotic insects, military peak-caps and soldier's uniforms, cameras, pumps, optics, watches, etc. Car trading became the most lucrative business. Usually, cars are driven from Germany and the Czech Republic through Ukraine to Russia. They bring goods to the Czech Republic and sell them in the local currency. They take back home hard currency or some very exclusive goods such as carpets, Czech porcelain, kitchen utensils, etc.

It is worth noting that while former Yugoslavians, for example, tend to legalise their business through their compatriots settled in the Czech Republic, Russian respondents are much more inclined to collaborate with the Czech partners. With regard to the legality of trading, those who temporarily live in Prague finally end up with the establishment of companies or firms with Czech partners, whereas, commuters still operate without licenses, trying simply to maximise their income by, perhaps, combining small-scale trading in the Czech Republic with a legitimate job in Russia.

The division between settled migrants and commuters is also relevant where income is concerned. Traders working in joint-ventures own around 13,000-18,000 Kc per month (\$500-\$700 respectively). By contrast, commuters may receive the same amount of money for the one transaction.

Overall, Russian traders rate their activity as temporary and risky, although it provides a substantial base for future projects. In Prague these respondents stay in the apartments of their friends, also migrants, or in the hostels where they already have contacts. A few rent their own apartments and live with their families.

The future of their business is dependent on the benefits it generates. As long as trading is profitable it is worth undertaking despite any risk. These traders also hope to open their own businesses at home.

d) Traders from Ukraine

Ukrainian small-scale traders started to come to the Czech Republic between 1992-1994. In comparison to other groups, Ukrainians are the most recent to launch trading activity in this country. One of the possible explanations is that from 1989 up until 1991 the main country for their commercial interests was Poland. Data reveal that almost half of all Ukrainian respondents have previously been engaged in cross-border trading between Ukraine and Poland. Therefore, the geographical shift to the Czech Republic represented a kind of expansion of their businesses. It was also facilitated by the relaxation of exit and entry procedures in this part of Europe.

They travelled mainly through Slovak Republic, usually changing the trains several times, which is cheaper than going directly.

Like Russian respondents, Ukrainians needed only an invitation or tourist voucher in order to enter the Czech Republic and it is possible to buy these documents at the markets in Ukraine and Slovak Republic for 10-15 \$.

The most striking difference between Ukrainians and other groups is that all respondents were jobless back home. This is the main reason why they had to find other sources of living. Unlike other groups, Ukrainians come from lower class families. Only a few of them have University degrees. Therefore, the main asset of their trading activity are relatives and friends abroad, as well as in Ukraine, who may inform them where and how it is better to do trading.

Since nearly all respondents had experience of trading in Poland, they purposefully chose the Czech Republic for the next activity. At the beginning of the 1990's it became much more beneficial to traffic in goods to Prague than to Warsaw. There may be several explanations for this. One is that the cost of transportation was still cheap. Secondary, the economic situation was more stable in the Czech Republic,

which made it easier to maintain the same level of profits generated by trading. Finally, street trading in Prague was not under the control of police. However, the division of the former Czechoslovakia into two states and the regulations that followed after that significantly changed these conditions. One of the main consequences was that Ukrainian traders switched to the markets of Slovak Republic and Hungary, where limitations on trading are still not as strict.

At the time the interviews were carried out, three categories of Ukrainian traders could be distinguished. A half of all respondents are involved in cross-border trading in second-hand Soviet cars. The second category consists of those who managed to find a legitimate job in the Czech Republic and combined it with small-scale trading, just to have additional income. The last category are those who regularly commuted between Ukraine and the Czech Republic to sell goods at the markets.

The data reveal that few Ukrainians settle in the Czech Republic with the aim of doing business. Rather, they undertake short-term trips regularly, once each two weeks for trading at the markets and once each two or three months in the case of cars' trading.

The small-scale traders at the markets normally work in shifts with their relatives or friends, and commute and sell their goods by their own means. Those, who come at the markets, sell vodka, cigarettes, textiles, and food. Back home they bring money, mainly USD, or food and cheap goods bought at the Czech markets from other traders. Their income is very unstable and varies from \$150 to \$300 per one trip.

Car trading seems to be the most lucrative enterprise. The respondents involved in this business drive cars from Germany and Holland through the Czech Republic and Slovak Republic to Ukraine and Russia. They indicated, however, that 5 years ago it was much easier to find a cheap second-hand car for \$500-\$600 in Germany and to sell in the former Soviet Union for twice the price. But at present German car bazaars are exhausted and that is why the car business was transferred to the Central Europe. In Central Europe they are also able to buy many Soviet-made cars which can more easily be sold at home and bought cheaper in the region where they are no longer wanted. The net profit of car traders may reach \$600-\$700 for one trip. Usually, they bring cars to the clients in Ukraine and Russia. As data reveal, it is extremely dangerous to deal with foreign car trading. Since it may frequently lead to the extortion of money from mafia and other kinds of terrorising.

A few words should be said about that part of Ukrainian respondents who managed to get a legitimate job in different Prague's offices and trade at the markets

from time to time. They are selling pictures bought from some Ukrainian artists. Some of them were dealing with illegal currency exchange at the market Sparta before it was closed. The profits they get from trading are not high, around \$100-\$200 per month. Although, it gives them a substantial support in addition to their Czech salaries.

Overall, the data show that Ukrainian traders run their businesses illegally. The reason for this may be that they often are not intending to stay in the Czech Republic for a long period of time. In view of this they do not find it profitable to legalise the enterprise which they consider temporary and unreliable. The most striking observation is that in comparison with all other groups, Ukrainian respondents rate their business as risky and degrading. The reasons they feel this way is probably because almost all Ukrainian respondents experienced humiliations at the custom controls. Several of them have had money extorted from them by mafia. Even though, it seems to be the only way of their survival, they would all be happy to quit trading as soon as another source of income can be found.

With regard to accommodation, Ukrainian respondents stay only for a few days in Prague and usually they rent very cheap rooms for 120 Kc (\$7) per night or spend nights in trains.

They plan to continue trading until it provides enough income to maintain their standards of living back home. The occupation of the cross-border trader itself is considered to be not very respectable amongst this group.

3. Summary of comparative analysis

Having analysed different ethnic groups of migrants running small-scale trading activities in the Czech Republic several interesting conclusions are to be drawn. Firstly, all groups, in various respects, have demonstrated the evolution of the small-scale trade. The trading develops from individual activity to group and, finally, to organised activity.

The first stage, individual, can be described as a process of purchasing goods produced in the home country with the aim to sell them abroad for at least twice the price. Money received from the transactions is spent for consumption and for the reimbursement of the transportation costs. This is the picture of the individual trade in the beginning of 1990's. The recent developments a bit modified its nature. Due to the fact of highly unstable economic situation in the native countries of migrants

individual traders prefer to convert their market profits into the hard currency or to carry foreign currency to the Czech Republic and buy goods with the aim to sell them at home. Earnings from individual trading are used for consumption mainly.

Another kind of trading is a group activity. It functions mainly due to the agents providing goods for selling. The division between agents and traders involves also the performance of different roles. Agents transfer goods or money from the country of origin; they usually have contacts in the countries of transactions and at the customs. On the other hand, traders sell goods at the market places. This kind of trading activity tends to be more formalised in comparison with individual activity. Agents and traders rarely exchange their roles. The assets of the group trade activity are food, goods of wide consumer need, textiles and cars.

The third kind of small-scale trading is an organised trade. It implies even more formalised division of labour between heads of small companies, agents and traders or vendors. It is important to note that moving of small-scale trading into higher levels took place spontaneously. At first, traders were using loans from the state or private persons in order to purchase the wholesale goods to sell abroad. The wholesale goods were transported to the Czech Republic by agents. Finally, local agents were purchasing the goods with the aim to distribute them among vendors. These organised transactions were obviously illegal or semi-legal and eventually they were abolished by the Czech legislation once the law on foreign business activities was adopted. At the present stage, the characteristic feature of the organised small-scale trade is highly developed networks among agents and traders. The fact that both categories have joined the local trading companies and temporarily live in the country should be taken into account. Therefore, wholesale goods purchased by agents in the home country are purposely transformed to the Czech wholesale companies which have to be licensed according to the recent Czech regulations. Then, wholesale goods are distributed among local and migrant vendors.

This classification of the small-scale trading activity has only a tentative character because, in fact, all three kinds of small-scale trading operate concurrently. However, it has its explanatory value when ethnic types of trade are concerned. As our data show, only Ukrainian traders are still extensively pursuing the individual kind of small-scale trading, based on short-term perspectives. Although, trading is their main occupation, Ukrainian respondents mainly do not relate it with the long-run mobility projects, such as investing money in higher levels of trade or joining the local trade companies. For them trading is a short-term strategy with the aim to improve or maintain their standards of living back home. Similarly to them are a half

of Russian respondents who combine small-scale trading with a legitimate job in Russia. Like Ukrainians, they run their businesses individually with the aim to have an additional income.

On contrast, Georgian and Armenian respondents are involved in the group trading. Although they do not plan to stay in the Czech Republic for a long period of time, these traders consider their activity favourable for the future upward mobility but in the native societies. Small-scale trading in wholesale goods is the main occupation for this group. Most of them perform the role of agents dealing in goods throughout the whole region of the Central and Eastern Europe.

The most likely to maintain is the pattern of organised small-scale trade pursued by the former Yugoslavians and that part of Russian respondents who temporarily live in the Czech Republic. Having joined the local trading companies these respondents represent a potential for professional trading activity. Their strategies are determined by long-run perspectives of social mobility in the Czech society through the establishment of their own businesses, investments in the long-run trade projects and high standard of living. Unlike to individual or group traders, those who work for companies tend to legalise their business and to obtain a stable social position. It can be explained partly by their intention to stay in the Czech Republic waiting for the better conditions in the native countries.

Thus, it can be concluded that two main factors are influencing the development of the small-scale cross-border trading in the Czech Republic. One is the economic and political situation in the migrants' native countries, which highly determine respondents' future plans. Another factor, coincided with the first, is the tightening of the regulations of the Czech government towards foreigners living and working in the country. To demonstrate this assumption let us assume who of temporary migrants may form a permanent ethnic-based businesses in the Czech Republic. One of the main determinants for the formation of permanent communities is the limitation of free movements between the native country and the country of temporary immigration. Turning back to the ethnic groups discussed above it can be well observed that Ukrainian and most of Russian traders are least likely to constitute a permanent settlement in the Czech Republic. Although, they are dissatisfied with their standards of living back home and the Czech Republic is favoured for its similar language, traditional political and cultural ties, these respondents are still able to move relatively free between the states. Consequently, they hardly feel a pressure to settle in the Czech Republic on the temporary or permanent basis and the term "mi-

grant" is not applicable to them. They rather represent new migratory movements in the region of the Eastern and Central Europe favourable for the short-time economic investments and making profits.

On the contrary, respondents from Georgia, Armenia and former Yugoslavia are forced to be migrants because the introduction of the visa-regime set them out of their native countries. These people are more likely to settle in the country at the permanent basis. It may be assumed, though, that these nationals will form the potential for the future foreign businesses in the Czech Republic.

VII. Examples of migrant careers

The following migrant careers are drawn from the detailed interviews and illustrate some of the main themes raised in this report. These cases are selected because they represent the typical patterns of the small-scale cross-border trading in the Czech Republic.

Case 1: *A co-director of the Czech joint venture.* This respondent left Russia with the aim to pursue the studies in Prague and remained here having joined one Czech trading company.

Case 2: *An owner of the shop.* This respondent is a Muslim from Belgrade who, doing small-scale trading, managed to advance from a street vendor to the shop-owner.

Case 3: *A regular "suitcase" trader.* This Ukrainian used to come to the Czech Republic for trading regularly on her way back to Ukraine from Poland, where she started to trade almost 10 years ago.

Case 4: *A transit car trader.* This respondent is a Russian from Ukraine trading in the second-hand Soviet cars driven from Germany and the Czech Republic to Ukraine.

Case 1: Russian male, age 25.

This respondent came to Prague to study at the Politechnical Institute in 1992. Previously he was a student at the University in one big academic and industrial city of Siberia. He got married being a student at home and the family started to experi-

ence some financial problems. That time he began buying and selling goods through the network of kiosks emerged in Siberia in order to get an additional income for the family budget. Due to the state student's exchange he contested for the student's vacancies abroad and got selected for 5 years program of study in the Czech Republic:

"I did not have to pay for study and travelling, so why should not I go and have different experience? Economic problems were not the reason for coming here because although I had some problems I did not experience economic pressure to leave."

After few years the respondent learned Czech language and got local friends. He went for the vocation home and found that economic situation significantly worsened. His small child needed high quality food and clothes which were difficult to find:

"Hence, I got an idea to stay in the Czech Republic. I took a break at the University, because I did not have time for both, for business and for studies. I had some friends here and experience of commercial activity. Being informed from acquaintances how to transport things to the Czech Republic 'in a black way' I started to work alone. First, I sold goods at the market called 'Sparta'. It was illegal. I traded in pumps, micro pumps, Soviet watches, caviar and optics."

Once he has been approached by local agents at the market. They were interested in buying of his stuff in a bigger amount. The respondent was also interested in providing of a wholesale goods, because the retail trading at the Czech markets became complicated due to the tightening of regulations. Using personal savings and the loan from a friend the respondent arranged the assortment of goods which agents needed. Soon he was able to return the loan and invest his business from his own profits.

"Later when I accumulated some working capital I started to represent one optic company which was in the Soviet Union as if I was their distributor. For this purpose I registered officially one document in Russia. Actually that document was made in order to be able to transport goods. It said that I was going to the Czech Republic to show models of goods but in practice I had bigger amount of goods. So, it was a semi-legal period of my activity."

The respondent travelled between Russia and the Czech Republic quite regularly, five trips each two months. His Czech partners offered him to open a joint venture, because they were interested in the business with the East more than with the West. By this way the respondent has been recruited to the Czech trade company. The status of employee provided him a legal long-permission in the Czech Republic.

His income completely depends on the profits of the company. Normally he owns twice more than the Czech salary is, namely 20,000 Kc (\$800). But his expenditures are quite moderate, because he has to invest in his business on a constant basis. However, he is able to rent a flat and support his family in Prague. His future plans are fairly optimistic:

“I will continue to work with this company. Everything depends on me, on my abilities. So, I have to work hard. But I am satisfied with my present situation.”

Case 2: Muslim from Belgrade, Federal Republic of Yugoslavia, female, age 26.

The respondent has been living in Prague for three years already. She was born in Serbia, but she is Muslim by her religion. Her parents were very wealthy people and financial situation would never become a reason for her to immigrate. She studied in one of the best secondary schools in Belgrade and later she entered the University, Faculty of Philosophy. During the period of studies she travelled almost all around the world:

“Before coming to Prague I did not have any economical motivation to change the place. But after the war started Serbians introduced really a humiliating law that Muslims could not but any house in Belgrade. Since the outbreak of war I started to feel a lot of contradictions which could not leave me alone. It became literally frightening because in case of Muslim families we never knew when the situation of relative tolerance towards us would change into the situation of the concentration camp.”

But the respondent did not specially plan to leave the country. After finishing the University she got married and the young family decided to spend few months in Prague. They had some close relatives and friends in Prague and that time they did not need a visa to the Czech Republic. They rented a flat and spent the money which they brought from home. But after a certain moment in the development of the situation in Yugoslavia, respondent's husband lost the opportunity to go back home. He was also Muslim but with Bosnian passport. This fact forced them to stay in Prague and look for some ways to settle down:

“The friends of my husband's brother knew a lot of people who were selling silver in the streets of Prague. From the very beginning me and my husband were

also selling on the streets. It was a nice time when you had not to pay anything for the place such as Wenceslas Square or Old Town Square. We were buying jewellery from other Yugoslavians who did regular trips to Thailand. But later, my husband carried these trips by himself. Soon, having accumulated the starting capital we started to provide other traders with the wholesale jewellery, leather, bags in an Oriental style, etc.”

The respondent was describing the kinds of Yugoslavian nationals who are doing business in Prague. There are basically three types of people. The first one is those who came to Prague being already rich. They just moved to another place and have everything what they want. They do not need to start from the very beginning and their business is growing progressively. The other extreme is those living from to day to another day. These are usually the people who are selling on the streets and their money is enough to survive at a particular moment. The type to which the respondent referred herself and her husband is somewhere in between. They do not want to stop at the level of a small business, always investing money for its growth, but on the other hand they are not rich enough to feel themselves independent from the circumstances:

“Recently we opened two shops. One of those is in the very center of Prague. The rent for this place is extremely high, 40,000 Kc (\$1,600) per month, but the profits from it are not high at all because the shop is situated at the very small street. We also had to arrange necessary documents for our business. Taxes which we are paying for the Czech government are quite comfortable to be partly avoided from the one hand and enough to be socially and economically acceptable for the state.”

Her relations with Czechs are very nice. She learned Czech language quickly. But on the level of friendship there is too big difference between Czechs and Yugoslavians. This respondent does not plan to return home in the nearest 10 years. Obviously, her future projects are to build up a stable and high position in Prague:

“I am not against of going to the West but only in case if I would have enough money to buy a good house, in a good neighbourhood, and to be able to send my children to the best college. So, it means that we will stay in Prague and make as much money as possible.”

Case 3: Ukrainian female, age 47.

The respondent was met at one of the Czech market places. She was shopping there, although her main business in Prague was trading at the market. This respon-

dent came from the Eastern Ukraine. Having relatives in Poland she began to travel there in the mid 1970's. She used to buy things in Poland and then re-sell them in Ukraine. In the early 1980's she got some pan-friends in the former Czechoslovakia. From that time she always visited them on her way from Poland. Up until 1992 she combined her legitimate job in Ukraine with a regular suitcase trading in Poland. Then, she left her job in Ukraine at all:

"I am unemployed now. There is no reason for me to keep my previous position in Ukraine. If I worked I would earn may be \$20 or \$25 per month. It is nothing in Ukraine now. So, I am not working for about three years. My husband is also low paid. That is why he has to work at two positions, at the state plant and at the joint building venture. So, the main resource of income in our family is trading in goods abroad."

When the respondent started her trips to Poland in 1970's it was even dangerous because one could be punished for "speculation":

"That was risky business but quite profitable. We had nothing in the Soviet Union that time, no good clothes or other consumer goods. So, I sold the things bought in Poland to my relatives and friends mainly."

Her business in the Czech Republic began fairly recently. She used to come to Prague due to the invitation from her Czech friends. Comparing the situation in Poland and in the Czech Republic the respondent concluded:

"That would not be profitable right now if I sell medicine and vodka or some techniques in the Czech Republic as I used to do in Poland. In Poland the prices for the goods are still high and I do not have to pay for accommodation there, because I have a lot of relatives. In the Czech Republic we operate differently. We buy antiques, medals, icons and sometimes gold in Ukraine and sell them here in Prague to our Czech friend who owns his shop. The trading at the market is complicated now because we do not have proper documents. The profits from trade are not very high, but they are still worth of continuing this business. We also were thinking about buying a car here and selling it in Ukraine. If it is more profitable than trading in goods, we will try to continue dealing in cars."

Nevertheless, the interviewee does not plan to look for any job in the Czech Republic or Poland and to settle in one of these countries:

"We have something in Ukraine but here we have nothing. I think it is too late to start life from 'zero' for me and for my husband. For our children, however, it may be a good idea."

Case 4: Russian male from Ukraine, age 47.

This interviewee has been involved in the car trade for three years already. Previously, he was a taxi driver in Ukraine. This work was quite satisfactory for him until the moment when in 1992 it became almost impossible to get oil, gas and spare parts for cars. Because of that taxi prices went so high that nobody wanted to use this service:

“I earned at that time less than my wife. Her income became the main in our family budget. I have two kids and I do not want them to grow up in poverty, so I agreed to work as a driver for people dealing in cars across the border.”

His first trips were to Germany. Being a professional driver he earned about \$100 and complete provision during a trip. Having made few trips for other people, he began to manage this business by himself:

“After the reunification of Germany it became unfashionable to have a Soviet car. So, the prices for second hand cars fell down. It was possible to buy a car for \$500-\$800 and to resell it in Ukraine or Russia for two or even three times higher price. Now it is easier to get Soviet cars in the Czech Republic or Poland, though they cost not very cheap. That is why we try to check car’s market here, and if it is not reasonable to buy cars here we go to Germany.”

After 8 trips for three years the respondent is quite experienced in going through the German, Czech, Slovak and Ukrainian customs. He enumerated four possible ways to get through the borders: buying a tourist voucher for \$15-30; arranging an invitation through friendship the countries of destination; joining a tourist trip or, finally, going to a “business” trip with the aim to buy a car. Each of those trips may take one week. In addition, it is fairly risky enterprise to drive cars across the border:

“There are a lot of guys who terrorise car traders at the border. Although, they deal predominantly with 'happy owners' of foreign cars. That is why I am not interested in foreign cars, however it would be more profitable to sell them at home.”

The procedure to arrange the trip is not very complicated. Usually, each relatively large car bazaar has a special service helping to deal with necessary documents for these business. Therefore, all transactions are made legally. Although, some facts of trading in stolen cars are also known. Because dealing in cars is quite insecure business traders never travel alone:

“I always travel with few companions. It is more safe. In addition during the trips we have to stay at the railway station or sleep in the car in order not to pay for the accommodation.”

This respondent does not have very clear plans for the future:

“I do not know about my future plans exactly. It becomes not very profitable to manage car’s trade further. There are a lot of people who are doing this business. Probably I will do another one or two trips and than shift to something else. But I am very sceptical about the opportunities to find a permanent job in the Czech Republic or in Germany.”

VIII. Conclusions

I have documented the main features of the cross-border trading as one of the informal economic activity. It was an attempt to introduce a sociological dimension to economic interactions in the process of migration between the Eastern and Central Europe. Being caused by the great economic discrepancies in the region, cross-border trading tends to be a major strategy to cope with economic hardship of the post-communist societies.

The data of the research allow to argue that small-scale cross-border trading represents a new kind of mobility, rather than migration. Most of traders are interested neither in moving to the West, nor in permanently settling in the Czech Republic. Most of them hope to improve or, at least, maintain their standards of living in the native countries. Fleeing war and poverty of the East most people end up with settling in the most quickly developing countries of the former communist nations, instead of searching wealth and security in the West. However, this kind of movements is based on the idea of short-term and short-distance migration tied to trade and economic activity.

Small-scale trading has been developing from a subsistence peddling to the organised informal activity. The speedy marketization and uncertain legality in the “buffer zone”, in the Czech Republic in particular, have created an inviting area for those who sought of immediate profit. At first, trading was thought to be a short-term surviving strategy for the most people involved. It has been combined with legitimate jobs, donating an additional income to salaries. However, as analysis shows, those who managed to accumulate the initial capital and open own businesses tend to

think about trading in a long-term perspective as a basis for education or job projects. Because the collapsing economies and consequences of war have caused small-scale trading to be often the only source of income of people involved. Most of those traders are willing to legalise their businesses. Especially it concerns those for whom the Czech Republic is not only the country of business, but also the country of long-term residence.

Although, small-scale trading is not illegal any more, it is still an informal economic activity as far as a lot of transactions are going untaxed. In other words, a lot of economic operations are not regulated when it comes to income. Due to the weak legislation of the small-scale activities there still numerous ways to avoid paying taxes to the state.

The individual commuting of goods back and forth across the border is still persistent. But it is time-consuming and unprofitable. Moreover, being unlicensed the individual trading has been tightened up by the developing legislation towards the foreign business activity in the Czech Republic. Though, it may be assumed that this type of small-scale trading will cease to exist eventually.

It is important to mention that small-scale economic activities have never been a characteristic feature of the Czech society. However, the internalisation of the Czech economy through the foreign investments have encouraged a lot of Czech citizens to undertake small-scale trading. Having been brought in by migrants this activity is becoming quite popular as additional to the legitimate jobs or even full-time occupation for the local population. This finding may be seen as one of the future prospects of the research. The further research questions to be asked are ways in which foreign small-scale trading influenced the development of this activity in the Czech Republic. In addition, it is interesting to investigate the division of labour, heterogeneity of products and clientship ties between buyers and sellers of different nationalities.

One of the challenging perspectives of the current research is to compare the developments of the cross-border trading in the Czech, Slovak Republics, Hungary and Poland as countries comprising the "buffer zone". The wider picture of the phenomenon may bring a substantial evidence that trading has a tendency to be a professional activity instead of spontaneous crossing the borders back and forth.

Annex 1.

Comparative data about migrants according to their citizenship

Citizenship	Number of interviews	Sex	Age	Education	Family status	Life	Type of trading	Work	Legal status	Future career	Future plans
Ukraine	16	1	2; 3	1; 2; 3	1; 3	1	1; 2	1	1	1; 2	1
Russia	10	1	2	3	3	2; 3	2; 3	1; 2	1; 2; 3	2; 3	1; 2; 3
Serbia	9	3	2	3	1; 2	2; 3	2; 3	2	2; 3	3	2; 3
Georgia	5	1	2; 3	3	2; 3	2	2	1	1	1; 3	1; 2
Armenia	3	1	2	1; 3	2	2	2	1	1	3	2
Belarus	2	2	2	2	3	1	1	1	1	2	1
Bosnia	2	3	2	3	1; 2	3	2	2	2	2	2
Croatia	2	3	2; 3	3	1; 2	3	3	2	3	3	2
Vietnam	2	3	2	2	2	3	3	2	2	2	2
Kosovo	1	1	2	3	1	2	3	2	2	1	2
Turkey	1	1	2	2	1	2	3	1	1	2	3
Kyrgystan	1	1	2	3	1	2	2	2	2	2	2

Sex: 1-more males; 2-more females; 3-equal numbers of males and females

Age: 1-till 25; 2- 26-36; 3- 37-47

Education: 1-secondary; 2-vocational; 3-high

Family status: 1-single; 2-with families; 3-families stay at home

Life: 1-cheap hostels; 2-friend's apartments; 3-rented apartments

Type of trading: 1-individual; 2- grouped; 3- organised

Work: 1-illegal trading; 2-legal trading

Legal status: 1-tourist; 2- self-employed; 3- own business

Future career: 1-quit trading; 2-continue at the same level; 3-open own business

Future plans: 1-go back home; 2-stay in Prague; 3-go West.

Annex 2.

Questionnaire

Description of circumstances: where and how did you find the respondent; was it difficult to begin a talk with him/her; were there any other people present during the talk

Demographics:

age, sex

citizenship, nationality, language, religion

education

marital status

profession at home and here

- What was the reason to undertake small-scale cross-border trading (level of income at home, property, number of dependants, stability of job)
- When they began the business
- Where did they get money for initial expenses
- How long they are in the Czech Republic
- Why did they come for trading to Prague (to the Czech Republic in general) not to other countries of the Central Europe
- How did they come (means of transportation, travel expenses, visas, tourism, private invitation, etc.)
- How long do they normally stay for trading
- Where do they stay (private accommodation, hostels, friends, relatives, etc.)
- How frequently do they come
- Where do they trade their things (which districts of the Prague, which markets)
- What do they bring for trading (goods, food, money, etc.)
- How much money do they make per one trip,
- What do they bring home (goods, money, cars, etc.)
- How do they convert money (what is the main currency)
- Is their business individual or they work with somebody else
 - If yes, how do they get goods for trading

- Did they ever come across with agents and clients
- In which countries trading-goods are produced
- Who are those nationalities with whom they compete at the markets
- What kind of documents do they need to trade legally
- How do they get the documents for trading (police, buying, friends, etc)
- Who check them at the market places (police, people of their nationalities, other nationalities)
- Do they experience any kinds of corruption
- Do they plan to continue trading
 - If yes, at the same scale or changing some strategies (does the profit from trading allow them to achieve long-term goals: education, etc.)
- On what conditions does their future depen (conditions at home, benefits from trading, severing of legislation, others)
- Future plans in general

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Interviews with the Czech Officials:

1. Ministry of Economy, Department of Commercial Activity, 20 April 1995
2. Ministry of Labour and Social Affairs, Department of Foreign Labour Force, 25 April 1995
3. Research Institute of Labour and Social Affairs, 25 April 1995

Focus groups:

1. "Markets and Trading", students from Ukraine, Russia, Lithuania, Estonia, Kazakhstan, Bosnia, Romania have participated, 1 February 1995, CEU, Prague, the Czech Republic
2. "How to investigate open-air markets", students of the same nationalities have taken part, 29 May 1995, CEU, Prague, the Czech Republic
3. "Cross-border trading in Poland", students from Poland, Ukraine, England, Canada and Rumania have participated, 1 June 1995, CEU, Polish Academy of Sciences, Warsaw, Poland

PREKOGRANIČNA TRGOVINA U ČEŠKOJ REPUBLICI

SAŽETAK

U radu autorica iznosi rezultate istraživanja o prekograničnoj trgovini na primjeru Češke Republike. Primjenjena je sociološka analiza pokretljivosti uzrokovane velikim gospodarskim raskoracima među zemljama postkomunističkog bloka. Osnovni teorijski argument pretpostavlja da se prekogranična trgovina, kao mala privredna djelatnost, razvila od kramarenja radi opstanka u organiziranu gospodarsku neformalnu gospodarsku djelatnost. Glavni rezultat istraživanja ukazao je na postojanje etničkog obrasca u prekograničnoj trgovini. Buduće istraživanje bit će usmjereno na implikacije koje prijelaz na tržišna gospodarstva ima u okviru sve veće uloge informalnih gospodarskih djelatnosti, osobito trgovinskih, u ovoj skupini zemalja, naime u Češkoj Republici, Mađarskoj i Poljskoj. Šira slika pojave možda će otkriti čvršće dokaze da trgovina ima tendenciju da postane profesionalna, što zamjenjuje spontane prijelaze i povratke preko granica i potiče razvitak stranih poduzeća u regiji.