

Prague, Tourism and the Post-industrial City

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Great Cities Institute Publication Number: GCP-09-05

A Great Cities Institute Working Paper

May 2009



UIC



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About the Author

Lily Hoffman first met Jiri Musil in the Spring of 1989 when they were both teaching at the New School for Social Research in New York. At the time, Jiri said of himself, that he was being “let out” of the country for the last time before being retired. Intrigued by his lectures, by the photos of Prague, and by discussions about pre-war and socialist Prague, they began a friendship and collegial relationship that has included several co-authored articles. Below you will find the most recent of these conjoint efforts. Hoffman says of these two decades: “I immeasurably broadened my understanding of deep structures and continuities with the guidance of a master urbanist.”

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Abstract

Although urban tourism has been one of the important forces shaping cities during the past few decades, most studies on the transition from the industrial to the post-industrial city focus on the shift to financial and professional services. There are still few studies of the role of tourism in the transformation of urban political economy, social structure and culture (Hoffman, Fainstein, Judd, *Cities and Visitors*, Blackwell 2003). In an earlier article on post-communist Prague, we examined the emergence of tourism as a byproduct of democratization and marketization (Hoffman and Musil in *The Tourist City*, Judd & Fainstein (eds) Yale U Press 1999). This present article takes a broader more contextual view of the role of tourism in the development of contemporary Prague. Looking beyond tourism per se, we argue that the exponential growth of tourism in post 1989 Prague helps explain its relatively smooth (and rapid) transition from industrial to post-industrial or service center city. The specifics of this case address some of the lacunae in the discussion of transition from industrialization. First, much of the “de-industrialization” literature refers primarily to industrial cities. Many cities however, are mixed. Second, there is little or no discussion of the role of tourism in the transition. Third, where tourism is discussed, it is usually, as an urban development stratagem; here it has emerged spontaneously. Fourth, by taking a developmental perspective, we hope to provide a more analytic account of tourism’s impact on social and spatial structure--both regulatory and representational aspects.

Introduction

Although urban tourism has been one of the important forces shaping cities during the past few decades, most studies on the transition from the industrial to the post-industrial city focus on the shift to financial and professional services (Friedrichs eds. 1985, Savitch, 1988, Shaw, 2001). There are still few studies of the role of tourism in the transformation of urban political economy, social structure and culture (Hoffman, Fainstein, Judd 2003).

In an earlier article on post-communist Prague, we examined the emergence of tourism as a byproduct of democratization and marketization (Hoffman and Musil, 1999). This present article takes a broader more contextual view of the role of tourism in the development of contemporary Prague. Looking beyond tourism *per se*, we will argue that the abrupt and exponential growth of tourism in post 1989 Prague helps explain Prague's relatively smooth (and rapid) transition from industrial to post-industrial or service center city as well as its rapid socio-economic growth. According to Eurostat data, in 2006 Prague was one of the 12 most affluent regions of the European Union. Looking at GDP per capita, Prague reached 157 per cent of the EU average GDP per capita.

Furthermore, the specifics of this case shed light upon some of the lacunae in the discussion of transition from industrialization.

First, much of the "de-industrialization" literature refers primarily to nineteenth century industrial cities like Philadelphia in the U.S., Birmingham and Glasgow in Great Britain, Dortmund and Essen in Federal Republic of Germany, or Liege in Belgium. However, many cities are mixed and what is missing are empirically based studies of the role of tourism in the transition of traditional state capitals, especially capitals with a strong industrial tradition as is the case with most of the Central European cities--Vienna, Budapest, Prague and to some extent Berlin.

Second, there is little or no discussion of the role of tourism in the transition. Even in those post-communist countries where the cities went through substantial changes due to tourism --for example, Prague, Budapest, Cracow -- this new factor in urban change is still not sufficiently appreciated (see Hampl, 1999, 2005 , Enyedi, 1998). More generally, urban sociologists have not examined the role of tourism in the transformation of "cities as providers of

the specialized services that have become the moving force in post-industrial economic development” (Shaw, 2001, p. 288). Third, where tourism is discussed, it is usually, as an urban development stratagem and not as an unplanned or emergent accompaniment or consequence of other changes.

The following study examines the role of tourism in Prague’s transition from an industrial capital to a service and tourist city. By taking a developmental perspective, we hope to provide a more analytic and nuanced account of tourism’s impact on social and spatial structure. We offer the following as working hypotheses:

- a) The decline of the manufacturing industry in Prague, accompanied by a decline of jobs in the heavy industrial sector of the city’s economy, was compensated for by the parallel and rapid growth of jobs in services, including jobs in tourism. More explicitly, without tourism, the transition of Prague’s economy from centrally planned to market economy and from a manufacturing to a service economy would have been accompanied by higher unemployment than statistically recorded and probably social unrest.
- b) The specific structure of jobs in hotels, restaurants and other tourism related activities enabled extensive shifts of labor from declining manufacturing industries in Prague, especially from engineering, into the tourist sector. These jobs provided an easy berth for displaced workers (as well as migrants and immigrants), in that many of these jobs were relatively unskilled, low paid, seasonal, and/or part-time.
- c) Although enabling a smoother transition, these jobs create a work psychology that does not encourage the shift towards a workforce with characteristics supporting the transition to an information based society. In this sense, tourism is a relatively conservative economic activity
- d) To the extent that tourism is associated with activities such as prostitution, drug-trafficking, gambling , etc., a specific tourism serving community has emerged, giving rise to new divisions in Prague’s social structure.

- e) The spatial concentration of tourists and tourism services in the inner city, especially the historic core, is dividing Prague into two parts--a tourist Prague and a non-tourist Prague--and engendering a new socio-spatial structure or human ecology of the city.
- f) Prague's smooth transition from "real-socialism" to a market economy and political pluralism, which was substantially enabled by the growth of the tourist industry, was to a large extent a product of the revaluation and revalorization of inherited cultural assets e.g. the city's architectural heritage, musical tradition, art, etc. (Hoffman and Musil, 1999).

This potential was blocked in the past by the communist regime and its formally *closed society*. It should be stressed that only a combination of democratization of the political system, liberalization of the economy and the resultant opening of the borders revitalized the unused cultural potential of the city.

In sum, the growth of tourism in Prague is a product of the interaction between the inherited assets and the contemporary political and economic transformations; it is at the same time an example of rapid but *delayed development*.

1. The specific features of capital cities in East Central Europe

The capital cities of East Central Europe are part of a socio-economic region which can be described as semi-peripheral to Europe's main urban core. This core forms a wide zone that starts in the south east of England, passes through the Low Countries, continues on both sides of the Rhine, crosses Switzerland, and ends in central Italy.

In contrast to the core European zone, East Central Europe had a relatively low degree of urbanization and the urban system that evolved in this region remained relatively weak. Industrialization and urbanization started to change the region later than in north-western Europe and the location of industry also differed. Among the distinctive features of Central European industrialization, we find an unusually high concentration of industry in capital cities

and other administrative centers. Vienna, Prague and Budapest in the Habsburg Monarchy are the best examples of this pattern. At the beginning of the 20th century, these cities were the strongest industrial centers in the region, a pattern which survived in Budapest and Prague, less strongly in Vienna, throughout the whole 20th century (Musil, 2005). The Communist regime in Czechoslovakia explicitly supported industry in Prague. It assumed that keeping the industrial working class in the city would strengthen the power of the party. Radical change in this respect started only after the collapse of the communist regime.

II. A brief history of industry in Prague

Like most large capitals and administrative centers in the Habsburg monarchy, Prague was a city with a strong industrial base. Industrialization started with textiles during the early part of the 1800s, and was followed (after 1848) by the manufacture of machinery. In short order Prague became, after Vienna, the “engineering” center for the whole Habsburg Empire.

By 1871, 56,000 of the 223,000 inhabitants of Prague (25.2% of the total population) were “linked” to the industrial sector.¹ Industrial employment continued to grow during the second half of the 19th century and reached a high point just before World War I. In 1910, 40% of Prague’s working forces, i.e. 110,000, were employed in industry. Machine manufacturing had also become a more important component of the city’s industry, representing 35% of the industrial labor force. During this period of rapid growth, Prague’s largest industrial firms, e.g. CKD (Ceskomoravska, Kolben, Danek), and Ringhoffer, were established.

During the interwar period –1918-38, Prague became the capital of a new state as well as a regional business center and began to change into a more *mixed industrial and service economy* (Ullrich, 1938). But even then, Prague belonged to the category of “industrial/service/and commercial” center, according to the typology used by the International Institute of Statistics in The Hague, which includes cities with 20-50% of workers in services in this category. According to the 1930 census, 182,000 inhabitants of Prague --36.9% of

¹ Austrian statistics included the household of the worker in the industrial group therefore we use the term “linked.”

economically active people--were employed in the industrial sector. Prague thus remained an *industrial* capital in the 1920s and 1930s even as it was becoming a service city. Until World War II, Prague followed a standard trajectory of transition from industrial to service city.

Deviation from the standard urban developmental trajectory started with World War II. The war stimulated the growth of industry, especially the manufacturing of machinery and weapons used by the German army. Although the industry was partly damaged by the air raids, statistical data show a quick recovery after the war. According to the 1950 census, 122,000 people were employed in industry.

Political ideology played an important role in postwar development. The Stalinist concept of industrialization, an essential component of soviet style socialism, was applied in the USSR from the 1930s on, and in Czechoslovakia, from the 1950s. It stressed the growth of heavy industry, especially metallurgy and engineering. The main developments along these lines were in the old industrial regions of the Czech Lands (eg. in the Ostrava region and in Northern Bohemia) and in the new industrial centers of Slovakia, but even Prague was “*reindustrialized*” and the urban developmental trajectory linked to the market economy was distorted.

This meant that after decades of relative retreat during the first half of the 20th century, the industrial sector began to grow again in Prague, and its growth was quite substantial. According to the 1961 census, 190,000 Prague inhabitants were employed in industry. Some authors, who use data for the whole metropolitan area, put the number even higher, at 205,000 (Votrubec, 1964). This means that the absolute number of people in Prague’s heavy industrial sector in the 1960s was higher than in 1930. *Most probably no other European capital city went through such a radical process of reindustrialization.* This unusual shift was accompanied by unusual political actions such as the forced transfer of “politically unreliable” elements, i.e. 50,000 administrative workers from offices into factories. The proportion of people in industry reached 36.7 % in 1961, almost the same level as in 1930, a level not much different than that of the period of classic industrialization of the city at the beginning of the 20th century. The 1950s also marked the highest concentration of machine manufacturing in Prague with over half of the industrial labor force located in this branch of industry. This period was a time of robust expansion for the state’s main manufacturing enterprises, especially CKD. This enterprise,

composed of several state firms , employed 50,000 workers at its peak, and was one of the largest corporations manufacturing machinery in Europe .

Even under socialism, the logic of transition from an industrial to a service society, caused to a large extent by endogenous changes of industry itself (the application of science, technological progress, improvement of management, etc.) started to change the economic base and the social structure of Prague. This was considered to be “dangerous” by conservative and orthodox elements in the Prague Communist Party. Representing the interests of “industrial corporatism” within the political structure of city and country, they felt endangered by the processes leading to the formation of a service economy. A belief in the political “progressivity” of the classic industrial working class concentrated in large factories, which goes back to Lenin’s stress on the revolutionary role of large factories in Petersburg, was an important part of the ideology of Prague’s political elite, almost until the end of socialism.² The clash between change caused by the logic of the transition from industry to services on the one hand, and the conservative orthodox Marxist ideology of the ruling power elites on the other, resulted in a delayed, much slower “retreat” of industry in Prague, than in comparable western European cities, but, nevertheless, it started during Prague’s socialist period.

The changing position of industry in the city in social terms is documented by the decline in the number of people employed in these sectors. Data on economic productivity does not show a similar decline. The sociologically relevant change, in which we are primarily interested, started in the 1960s. The number of people working in the industry declined from 36.7% (190,000) in 1961, to 25.6% (148,530) in 1970, to 23.4% (148. 563) in 1980. But even this decline during the last phases of socialism did not change Prague into a service city. As measured by the structure of employees in the main economic sectors, Prague remained typologically an industrial capital until the end of socialism.

² As an urban sociologist, one of the authors of this study, J. Musil, was a member of the advisory board of Prague’s mayor in the 1980s and witnessed conflicts between conservative and pragmatic members of the municipality. The conservative members wanted to retain the “working class” character of the city by stressing the role of industry, especially the engineering industry, whereas the pragmatics supported education, science, social infrastructure. But even they did not support the growth of tourism.

Post 1989. The transformation of post-communist countries in Central Europe in 1989 is often described as an example of rectification *processes*, i.e. a return to trajectories that were interrupted by decades of communist regimes (Habermas, 1990, Furet, 1990). This is illustrated by the rapid transition of Prague from an industrial capital to a service and tourist city.

Simple statistical data on changes in the sectoral structure of Prague’s economically active population document this shift quite reliably. In 1991, 20% of the economically active people in the city still worked in industry. As noted above, this can be seen as a typological threshold in that cities with less than 20 % of their labor force in industry can be considered “service cities.” The “velvet revolution” in Czechoslovakia brought about this shift. During the decade 1991-2001 there was an abrupt re-structuring of Prague’s economic base. This can be seen by comparing the data for the 1980s with the 1990s. In the 1980s, the proportion of workers in industry declined by 3.4%; in the 1990s the decline reached 7.8%. In 1991, roughly 130,000 inhabitants of the city worked in industry (i.e. 20% of economically active inhabitants). In 2001 the absolute number dropped to 78,000 and the relative proportion to 12.2% of workers (Table 1.).

More recent data, not based on census figures, but on regular (monthly) registration of employees of industrial firms, prove that industrial decline continued in the years after 2001 as well. Supporting evidence also shows an increase in commuting out to industrial locations in the suburban zones of the Prague metropolitan area.

Table 1. Industrial employment in Prague (absolute and relative figures on economically active inhabitants

1871	1910	1930	1950	1961	1970	1980	1991	2001
*56,000	110,000	182,000	122,000	**190,000	148,530	148,563	130,000	78,000
25.2%	40%	36.9%	--	36.7%	25.6%	23.4%	20%	12.2%

* Austrian statistics included the household in the industrial group

**Some authors using data for the whole metropolitan area put the number even higher at 205,000 (Votrubec, 1964).

Given the context of our study, it is important to estimate how many people left industry in the last 30 years and moved to other sectors of the economy. We estimate that this number is 70,500 people, i.e. approximately 11-12% of the economically active population of the city. While it is true that we need to give some credit to “Czech capitalism” for maintaining a liberal social welfare policy during the early 1990s (i.e. general healthcare, collective bargaining, wage floors, unemployment insurance, etc. See Drahekoupil, 2007), the *absorptive capacity* of other sectors of the economy has been overlooked. We suggest that a large part of the labor force moved from their industrial jobs into the growing tourist industry of the city. Tourism thus absorbed a part, but not all, of this originally industrial workforce and the growth of tourism helped to transform the Prague economy without social shocks and tensions.

III. Re-emergence of tourism in Prague

The studies on tourism in Prague most often assume that its contemporary growth is the beginning of a completely new trend. We have examined this assumption by looking at three types of statistics: a) census data on the number of workers employed in key sectors of the tourism industry--hotels, boarding houses, and restaurants; b) the number of visitors to Prague; and c) the number of hotels, boarding-houses and registered beds. While this data is not available for every year, we have been able to put together a statistical picture that reflects the important historical periods and overall trends. Overall, the data confirm that the post-1989 growth of tourism is an example of the rectification processes observable in East Central Europe; thus we speak about its re-emergence.

Employment in hotels, boarding houses and restaurants. Census data on the number of people employed in hotels, boarding houses and restaurants, document that Prague went through the first cycle of tourism growth in the interwar period (see TABLE 2). It is likely that the growth of tourism at that time was caused not only by foreign visitors but by the fact that Prague became the capital city of a new state, taking on new roles as a governmental and business center.³ By 1930, the number of people working in tourist facilities was higher than in any period during the later communist regime (1948-89) and does not differ too much from the

³ There were new ministries, central offices, embassies, representatives of foreign firms, etc.

contemporary numbers. Moreover, there is reason to believe that in the 1930s this number was still growing. However tourism practically stopped in 1938-9 with the beginning of WWII. ⁴

After a brief revival of tourism in the immediate post-war period (1946 -7), the scene radically changed again. Beginning in 1948, with the introduction of a *closed society* by the communist regime, the number of people in the tourist industry declined. By 1980, only 4,107 employees worked in this branch of Prague’s economy; this represents one quarter of those employed in the tourist industry in the 1930s. Thus the official ideology and regime obsession-- that “production” was the only important sector of the economy-- was expressed by the unprecedented decay of this important branch of the tertiary sector.

During the last years of the communist regime, tourism started to grow again, but this was only the beginning of a robust expansion of this sector of the economy. A more radical shift began with the collapse of the communist regime in 1989 and the opening of the country. In 1991, there were more than 9,000 tourism employees; between 1991 and 1999, employment increased to 16,000. The available data tell us that in 2005 the number reached 31,900 and is currently fluctuating between 29,000 and 32,000 employees.⁵

Table 2. Employment in Prague’s Hotels, Boarding houses & Restaurants for selected years

1930	1946-7	1980	1991	1999	2005	2007
*		4,107	9200	16,000	31,900	29-32,000

*Approx 16,000

4 Prague saw new types of “visitors” during the 1930s, among them: Jewish university students from Poland and Hungary who fled due to the numerus clausus laws at their home universities; after 1933 political immigrants from Nazi Germany; and after 1934, from Austria after the fascist coup. Prague became an asylum for journalists, writers, social scientists, as well as for many politicians.

5 These figures refer only to a narrowly defined category of tourism worker in “hotels, boardinghouses and restaurants.” However, there was an enormous growth of people working in related activities such as taxi drivers, airline and terminal employees, casino workers, laundry, catering, information services, tickets and entertainment, travel companies, sexual trades, etc. It is difficult to assess the impact of tourism on the labor market due to the inability to clearly delimit the relevant categories.

Number of visitors to Prague. There is no available data on the number of visitors to Prague during the interwar period. Statistics on visitors only start with 1955. In 1955, soon after the communist regime established itself, the number of visitors to Prague was only 599,000, and not all of them were foreigners.⁶ This coincides with the high degree of repression exhibited by the regime during its early years. During this period, concern with political security led to formal barriers to travel not only with the West but among the countries in the Soviet Bloc. Socialist tourism to Prague consisted mostly of organized tours from other socialist countries, conventions and trade fairs, and a form of political tourism with Germans separated by the wall, meeting in Prague.

Tourism's economic benefits ultimately outweighed political resistance and led to a common decision among the socialist countries to use tourism as an economic tool. Urban-based congress tourism was encouraged along with regionally based spa and recreational tourism. For Prague, this translated into infrastructure development—hotel building, improved transportation, and the renovation of facades in the historic core. During the 1980s, more hotels were built and in 1988, laws enabling tourism development were enacted. Almost half of Prague's top forty-nine hotels, as listed in 1992 guide books, were built after 1945, (Musil and Pohoryles 1993:189-90).

This started to change in the 1980s with an observable growth of visitors. However the real turning points were the first years after the Velvet revolution in 1989, when the number of visitors jumped from 1,330,000 to 2,021,000 per year. Nothing like that happened in Prague's history--perhaps in the history of European capitals. According to the Czech Statistical Office, the number of annual foreign visitors to Prague has currently stabilized at 4,0 million/per year (Právo, February, 19, 2008). Sixty percent of 6.7 million foreign visitors to the Czech Republic visited Prague. The result of this growth of the number of visitors after the collapse of the communist regime is that Prague is at present the sixth most visited city in Europe.

These ups and downs in the long history of Prague tourism indicate that this sector of economy is extraordinarily sensitive to political changes and changes in the security status of

⁶ At that time most visitors were business people.

the destination. Indeed, the annual “number of visitors” is one of the best indicators of the safety of a place.

Number of hotels, boardinghouses, and beds. The data for number of hotels and boardinghouses as well as number of registered beds confirms the results presented above for employment and visitors. In the first phase of the communist regime, the number of hotels was remarkably low. In 1955, there were 56 hotels in Prague, a number which was probably much lower than during the interwar period. The number of hotels stagnated—oscillating between 55 and 64 facilities—over the next 20 years until 1975. From 1975 to the Velvet revolution, there was modest growth in the number of hotels. Prague had 75 facilities in 1990. This changed abruptly after the 1989 revolution, and by 1996, statistics recorded 189 hotels and boardinghouses (Table 3).

Table 3. Hotels in Prague, selected years

1955	1975	1990	1996
56	64	75	189

The data on the *number of beds* in hotels documents even more dramatically the story of Prague’s tourism revolution of the last two decades, as shown in Table 4. The trajectory of this change is similar but not identical to the other trends we have examined: we find an extremely low number of beds in the 1950s; slow growth up through 1985; signs of more robust growth in the five years before the collapse of the communist regime; and an unprecedented leap in the years 1990-99. This rapid growth continued until 2000. In ten years, the number of beds in hotels, increased from 15,000 to over 48,000.

Table 4. Beds in Prague

1990	1996	2000
15,000	38,699	48,000

Comparing the data on beds with data on growth in number of hotels indicates an important feature of the tourism boom: post-communist tourism was accompanied by the

construction of larger hotels than in the past. The restructured political and economic system opened the door to foreign capital and globalized hotel chains which stressed economy of size, modern management and technology. The concept of mass-tourism, which commonly dominates the first phases of the tourist revolution, also contributed to this scenario. But at present, tourism in Prague has taken a new turn. Directed at a more affluent clientele, developers are re-constructing some of Prague's romantic old palaces and 19th century apartment houses into smaller luxury hotels which now belong to the world's top de-luxe hotels (e.g. Hotel Palais ranks fifth and the Riverside Hotel ranks eighth among 100 world class hotels according to the survey "Travellers choice 2006 and 2008").

In summary, the data on tourism show a common pattern that can be described, in part, as a rectification process; in part, as something new. As we have shown, tourism emerged as a growing sector of the Prague economy in the interwar period during the First Republic, as part and parcel of a variety of changes synonymous with a modern capital city. Political instability and war undermined the tourism sector; the former regime curtailed tourism for security and ideological reasons; yet, it began to grow due to its economic potential, even within an extremely authoritarian framework. With the opening of the closed society, the shift to a market economy and political democracy, tourism has had exponential growth.

IV. The impact of tourism on Prague's socio-spatial structure

Most authors writing about Prague's transformation after the collapse of the communist regime stress the impact of the globalization of Prague's economy and the re-introduction of the market economy (e.g. Ludek Sýkora, 1999). Few examine tourism as one of the factors contributing to internationalization of the city and as a rapidly expanding element of the economic base of the city (see, Hoffman and Musil, 1999). But there are still no studies which examine the impact of tourism on the socio-spatial structure of Prague. Most attention has been given to the study of capital investment by foreign companies in trade, finance, accounting, consultancy, real estate development, marketing, and media and on the effects of their location on the city's spatial structure. However it is becoming apparent that tourism is changing the socio-spatial structure of the city in a more radical fashion than most of the aforementioned studies. It seems that there are now two Prague's: the old historical core that has become

‘tourist Prague’ along with some parts of the inner city, and the rest of the city or the ‘Prague of the locals.’

In order to document the importance of tourism as a force shaping the human ecology of the city, it is necessary to sketch out the basic development of Prague’s socio-spatial structure. (For a more detailed analysis see Musil, 1968, 1987, Mateju, Vecerník, Jerabek, 1979). In the mid- 20th century, Prague was divided into three concentric zones corresponding to typical historical stages in the development of European cities. Zone 1 can be described as the inner nucleus of historical Prague which preserved in morphological terms the character of the walled city. This inner nucleus is surrounded by the first inner ring which occupies Prague’s 19th century districts as well as the built-up areas of 20th century Prague. This is zone 2. The second outer ring which includes the outer districts of Prague is Zone 3. Socialism added Zone 4, composed of large housing estates with industrially prefabricated apartment houses, to the traditional structure of a Central European city. This zone was demographically young, socially mixed, and characterized by life-styles that differed from older parts of the city. The post-socialist period after 1989, has added Zone 5, an area of new suburban settlements. Although Zones 4 and 5 are currently undergoing change, they have not been affected by tourism and for the purposes of this study will not be examined.

In the interwar period, the inner nucleus of the city (Zone 1) and the outskirts of Prague (Zone 3) were socially very different. The inner nucleus or historical core was inhabited by old people, non-family households, and young immigrants, as well as by established families of the upper and middle classes, along with Jewish and German minorities. It was socially and culturally, a highly mixed part of the city. Zone 3 at the outskirts of the city was demographically young, dominated by family households, and for the most part, by working class areas. Zone 2 was a zone of high density apartment houses built in 19th and 20th centuries, as well as new family house/residential areas. It was a socially mixed zone composed of affluent and lower middle class households.

Zone 1 started to decline in the interwar period as affluent families started to move out to the newly built villa/residential areas and to the suburbs. This decentralization was the beginning of what some local urbanists refer to as a ‘proletarianization’ of Prague’s historic core, a

process which continued more extensively in the socialist period after WWII.⁷ Small shops, restaurants, cafés were closed and became storage spaces or were left unused. Many parts of the historic core became a kind of ‘historic slum’. The impact of post-communist tourism on this part of Prague is most important. Tourism has almost completely changed this area of the city and, in a way, saved it from physical and social decay (see Hoffman and Musil, 1999).

The new division of Prague into tourist and non-tourist areas is felt most intensely in the historic core and the first inner ring-- that part of the city that attracts visitors with historic monuments and all the natural elements that together with the architecture designated the city one of the UNESCO World Monuments. In the past, however, this ‘tourist Prague’ was also a residential quarter, an administrative center for the city, and the seat of many educational institutions. Now these diverse functions are threatened by new activities, and more specifically by the pace at which residences, offices, and small industries are being turned into hotels, restaurants, galleries, and exhibition spaces serving the visitors. At the same time, the old social infrastructure of groceries, pharmacies, and pubs, is fast disappearing and for those inhabitants who still live there, Prague has become an alien city. Fearing displacement, residents of Lesser Town have been particularly active and have formed an association to save “their home.”⁸

The changing geography of hotels in Prague: concentration in the historic core.

Statistical yearbooks with data on the location of hotels and the number of employees of hotels by districts illustrate the spatial aspects of tourism growth in the city. Comparing the location of hotels in 1994 and in 2005—the period that coincides with Prague’s “tourist revolution,” demonstrates an interesting trend. At the beginning of the period, hotels were concentrated mainly in zones 2 and 3 and the absolute and relative number of hotels in the historic core was rather small (31 hotels and 11.3% from all Prague hotels. See Table 6 below).

7 Although suburban decentralization was a common pattern in 20th century U.S., it was not typical of European urban development. Under the socialist regime, there was a distinctive urban ecology that discouraged growth and conserved the core (Musil, 1968). Large scale housing developments were located at the outer ring to facilitate mass-production methods and the inner city became the home to the elderly, the poor and the Romany minority.

8 Intellectuals in the “Club for Old Prague” lead this opposition.

This situation still reflected the interwar pattern when hotels were located in the inner zones of the city near the railway stations.

Table 5. Hotels in Zone 1 (absolute and relative numbers)

1994	2005
31	153
11.3%	25.6%

The “new” post-1989 tourism, which is based more on cars and air transport and which is stimulated by the historic heritage of Prague, has begun to change the geography of hotels. Over the past two decades, Zone 1 --the historic core that includes Old Town and Lesser Town- - changed into a tourist area with an unprecedented concentration of hotels. The number rose from 31 in 1994 to 153 in 2005 and in relative terms, from 11.3% to 25.6% of all Prague hotels. Most of these new hotels are in historic palaces that served, in the past, for housing, offices, and even for industry.⁹ Due to monument protection regulations, however, there are very few newly built hotels in this zone. The absolute number of hotels in all other zones grew as well, but the pace of growth was much slower than in the historic core. In fact growth rates decline with distance from the core.

Another trend can be observed: that the most expensive five and four star hotels have begun to concentrate in the historic core and inner city (Zones 1 and 2). Moving with them into these two zones we find restaurants, tourist-oriented shops and other related activities. The result is that large parts of this area have changed their social character. It is one of the most extraordinary examples of **invasion** processes observed in an old European city.

The concentration of hotels is also confirmed by data for 2000-2004 on the changing spatial pattern of hotel employees. It shows a growing percentage of hotel employees in centrally located hotels and a decrease in those located in the two outer zones. This is due, only in part, to the opening of better hotels with larger staffs.

⁹ After 1989, foreign businesses were among the first to seek central locations in the old palaces; Many have relocated further out in more technologically usable spaces, and tourism is taking over the inner ring palaces.

Jobs and the mind-set of tourism workers

Along with the division of cities into tourist and non-tourist zones, another question commonly directed at a tourism economy is whether it contributes to the social polarization of the city. We have discussed above the growth of the tourism labor force in Prague. Here we would like to look more closely at its sociological significance.

Analysts have noted the “double-edged” nature of the tourism labor market: that it is easy to enter (requiring few skills), but that the rewards and status are low (Hoffman, Fainstein, Judd, 2003). Thus although Prague’s tourism sector has absorbed a large **displaced** industrial labor force in the post-1989 period, the salaries and status of the majority of these employees makes for a sharp contrast with the growing labor force in the progressive tertiary sector.

Socialist prestige/ post socialist attitude. In addition to issues related to wages and career, the tourist sector in Prague bears the brunt of what we call *reversed prestige*. Under socialism, industrial work was accorded the highest status and services ranked at the bottom of prestige and salary scales. Reversed prestige coupled with the reality of tourism’s relatively low salaries and lack of career opportunities has made for a mind-set at odds with the global culture of the tourism industry. This is documented by news articles as well as interviews with industry officials who cite the negative attitudes of tourism employees as one of the industry’s major problems. Foreign tourists commonly complain about the lack of professionalism of hotel staff and of hostile behavior. Negative attitudes and behavior can also be read as indirect proof of the fact that many of the employees moved from industry into the rapidly growing tourist sector.

Over and beyond negative attitudes, there is a concern that the large population of taxi drivers, hotel, and restaurant workers, fueled by the relatively constant demand for these services and the labor-intensive nature of the work, does little to encourage investment in the types of human capital skills required to support an information based economy and society. Rather, that it contributes to the social polarization of the population based upon income and skills.

In the tourism sector, wages and work are sharply divided; the overwhelming majority of jobs (cleaning, laundry, kitchen work) pay little-- often less than a living wage. Many of these jobs are currently filled by immigrants. A much smaller top tier of tourism workers (eg. waiters in good restaurants) have a significantly better range of salaries and work conditions, and for some, the opportunity to increase income through tipping. These differing levels can be found within one establishment as well as within the sector as a whole (eg. five star as opposed to three star hotels and restaurants).

Since 1996, a top level management sector is emerging, marked by a pre-requisite skill set and academic degrees, good wages, and career opportunities. This tier is increasingly being filled by trainees who enter the field from the many newly minted programs in tourism and hospitality as professionals (Hoffman & Musil, 1999; Hoffman, Fainstein, Judd p. 10). However given the labor intensive nature of the tourism industry (a five star hotel is said to have one worker for every guest), this tier will remain a proportionately small part of the tourism employment sector.

In addition to the issues outline above, the growth of the tourism sector in Prague—as elsewhere—has been accompanied by the rise of related activities such as casinos and gambling, sex workers, money laundering, drugs, organized crime, and casual street crime. These activities, which typically become place-based, give rise to organized citizens groups and complaints about the degradation of streets and neighborhoods. Mass tourism such as weekend outings by groups of British youth give rise to hooliganism and make certain areas off-limits to locals. In comparison to the tightly controlled society that existed under the socialist regime, the post-communist, tourist Prague is, to many, an unruly and unlawful city.

Representational aspects: alienation as well as displacement

Tourism has raised questions of representation as well as the right to the city. To attract visitors one needs to accept rules and phenomena which are neither local nor national but offer a type of standardized cosmopolitan culture which includes chain hotels and restaurants and similar tourism products available at retail shops.¹⁰ At the same time, one needs to

¹⁰ Ironically, there are echoes of this debate in the communist era. For example, capitalism was linked with “cosmopolitanism” and the destruction of national identity. Socialist realism (as opposed to the modern international style) represented a return to elements in the national culture and heritage. Efforts to combine socialism with nationalism in architecture collapsed.

accentuate the specificity of place to attract visitors in an increasingly competitive global market. This has resulted in constructions such as Kafka's Prague and Jewish Prague which raise issues of identity as well as concerns about residential displacement from historic zones.

Take Kafka, for example. No Czech would choose Kafka as a representative of Prague. He wrote in German, not Czech and was a writer living in Prague who expressed the concerns of the times. Ironically, it is Karel Capek who is the Czech writer and expresses the more pragmatic Czech philosophy. Yet Capek, a lesser known figure, is not on T-shirts nor the focus of attention in tourist Prague.

Jewish Prague provides another such construction. The last authentic ghettos existed at the end of the 19th Century at which time urban renewal of the area resulted in the upscaled Pariska or "Parisian" Street. Pariska now features international designer boutiques such as Gucci and Burbury. The only remnants of the original ghetto are the cemetery and the Old Synagogue. The "ghetto" that exists for visitors today dates from 1942 when the Nazis concentrated Jews in the area and, so to speak, "re-ghettoized" the former ghetto.

In this sense both the standardization and the specificity that are part and parcel of tourism development have affected the inner historic zones of Prague most visited by tourists, alienating them from Czech Prague. The net result is that Lesser Town and Old Town—the historic parts of the city-- are losing their "Czech" character.

The Castle is an interesting exception in this scenario. Regulations dating back to the First Republic, prohibited new restaurants or businesses within the castle grounds, thus controlling commercialization. During the Communist era, the area was closed down at 10 pm for security purposes. In addition, the Castle remains a showpiece for the entire country, a symbol of Czech identity and a place where rural Czech bring their children to witness their heritage. Thus it is interesting to note that one sees more Czech people at the Castle during the weekends than in Old Town or Lesser Town, and in St. Vitus Cathedral, which is within the Castle grounds, half of the visitors are Czech.

V. Discussion and Conclusion

Tourism and a theory of transformation

Under the First Republic in the 1930s, Prague had already become a specific type of European capital city, characterized by a mixed industrial and service economy. When Czechoslovakia became part of the Stalinist bloc after 1948, it was subject to its policies of rapid industrialization (although already significantly industrialized). Under this regime, Prague returned to a position similar to the one it held in the 19th century prior to independent statehood, that of a provincial industrial city of the Austro Hungarian Monarchy. This is documented by the unique “double humped” pattern of industrial development in 20th century Prague. One result of these ideologically driven processes was a decline in the service/business sectors.

Role of tourism. While we accept the argument that the transformation represents a return to trajectories observed in the 1930s-- a form of rectification caused by the growth of business services and the act of opening to the West, what is missing from accounts of the transformation from socialist to capitalist society and from industrial to service city, is the role of tourism.

Analysis, even by economic geographers such as Hampl (2005), stresses the concentration of finance and business sectors and gate functions in present day Prague. No one discusses the growth of tourism and its role in these processes. By adding tourism to this discussion and documenting its growth and linkages to other elements of major change, this paper contributes to (a) the theory of transformation from socialist to capitalist society, and (b) deepens our understanding of tourism. We have argued here and elsewhere (Hoffman and Musil, 1999; Hoffman, Fainstein, and Judd, 2003) that tourism is structurally linked to societal changes in politics, markets, society, and space. In this case, tourism absorbed a good part of the displaced industrial labor force, which in turn, made for a smooth and rapid transition. [Not everyone goes directly into financial services or consulting!]

Rectification of trends-- industry/services and tourism

Specific to East Central Europe is a rectification or return to the developmental trajectory of the interwar period, interrupted by WWII and subsequent events. As documented in this paper, by the interwar period industrialization had decreased and the city had assumed governmental functions as the head of a new nation. Thus Prague was already a mixed industrial/business/service city.

We have argued that this holds true for *tourism* as well as business and finance. Tourism in Prague also started to grow during the interwar period as documented by the growth of visitors and hotels; Prague was an internationalizing city in the 1920s and 1930s. Much of this was business and/or official tourism related to the new urban position and functions. Thus tourism was (a) linked to changes in other sectors of economy and politics in this earlier period as well as after communism, and (b) the post-communist explosion of tourism was, in part, a case of rectification or “delayed development” as was the growth of the business sector.

Whose city-- identity and displacement

As noted above, tourism development has raised questions about the identity of place as well as the right to the city. To the extent that tourism has concentrated in the historic parts of the city, residents are being alienated as well as displaced. From their perspective the tourist city amounts to a kind of invasion and results in a competition for identity as well as space.

Prague and the Czech Republic

These processes have not only differentiated the historic inner city from the rest of Prague, but Prague from the rest of the country. Tourism has brought money and visitors to Prague. In a previous publication on post-communist tourism, we noted Prague’s high ranking in studies that affected business location decisions (Hoffman and Musil, 1999). We also noted the synergy between business and gate-keeping functions and tourism. These trends have intensified so that in 2007, Prague is the 12th richest region in the European Union, popular with foreign businesspeople as well as tourists. By some counts, one of five people in Prague is a foreigner.

Socially, this means that Prague differs more and more from the rest of the country. Tourism contributes to Prague’s differentiation and its alienation from other parts of the country both directly and indirectly, by means of tourism’s many multiplier effects. Outsiders accuse Prague of being “Pragocentric,” and for many Czech, it is the presence of foreigners that symbolizes Prague’s difference.

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