

Title:

The influence of public policy on legal order of Czech Republic during transition

Abstract:

The thesis deals with public policy, its key components and influences on the institutional environment.

The major aim of the thesis was to analyze, what was the influence of public (economic) policy in transition on the creation of rules in the Czech Republic. Who created the policy? How was the policy conducted? What was the role of the rules? What was the international context in that era? What was the influence of these external factors on the development in the Czech Republic.

Other goals of the thesis dealt with the following: availability of suitable tools to analyze transition; key assumptions of public policy; rule making; the role of rule makers.

The thesis does not attempt to describe all relevant approaches from modern economic theory that would be useful to analyze the transition processes. The thesis uses a selection of tools that can help to analyze institutions and rules in society from another view, than does standard legal theory or political science. Use of tools of economic analysis (especially from the area of microeconomics and new approaches of economics) can be characterized as complementary for institutional analysis.

Transition and privatization of state property gave significant power to politicians and bureaucrats. However, they were under influence of interest groups. This collaboration gave rise to specific pieces of law in society. These pieces of law were dependent on other factors, such as previous institutional setting, experiences of individual actors, international environment, election cycles, and engagement of voters.

The thesis deals with issues of public policy. What was the policy of given era; what were its prerequisites; where the policy was aiming. What was its impact on the legal order. Chapter on economics describes economics as a positive science that can be used to analyze specific issues in society. The overview of new directions in economics improves our

understanding of societal issues and shows use of an interdisciplinary approach. Chapter on law aims to characterize the key attributes of law and describe the influence of justice on the institutional structure of a society. The chapter on public policy deals with key factors influencing the creation of public policy. A section on economic policy in Germany illustrates possible lessons for transition in the Czech Republic. Descriptions of other countries show impacts of public policy that is performed well or badly. Further chapter describes the starting situation before 1989 on national and international level. Chapter on transition includes description of specific processes in Czech Republic and an analysis of their impacts. The thesis also includes a short section on the influence of bureaucracy and interest groups on the creation of rules. The last chapter deals with the phenomena of law in Czech society in transition.

The thesis deals with the period of 1990 to 1994. Later development was used for illustration of the path chosen and for evaluation of impacts.

The following hypotheses were chosen:

- Is there a difference between the declared public policy and the really conducted policy?
- What is the influence of politicians on the creation and result of public policy?
- Is it important to build institutions immediately from the beginning of the regime change?
- Is the judicial system rather a fancy than an effective system for rule enforcement?
- Is the freeing of human potential more important than creation of public policy and rules?

The significance and efficiency of an institution can not be analyzed in isolation not considering other influences. The historical and institutional contexts have to be considered, as well. Topic of political cycle and influence of public policy on the legal framework is discussed.

The opinions of shapers of public policy on its form and presentation locally and abroad were different than real steps and their impacts.

Thanks to new sub disciplines the current economic theory gives us many (especially qualitative) tools for analysis of transition phenomena. The most important notions are transaction costs, property rights, incomplete information, problem of use of information in society, economic analysis of politics and entrepreneurial discovery.

The key assumptions for public policy are: historical experience (cultural environment of a country), gap between formal and informal rules, size of local market, current international situation and geopolitical place of the country.

Even if in retrospect we can be satisfied with the development of the Czech Republic, the institutional factors and international situation offered a larger potential for development. International examples, insights from transition processes, use of indices (such as the Economic freedom index) and interdisciplinary approaches are useful both for understanding of past events and to assist with future development. The lessons from recent history should be used for preparation and implementation of current economic policies.

This thesis provides an overview (the tools and analyses) that can be used to understand the phenomena of transition era. Suitable areas for further detailed analysis are: operation of property rights in Czech Republic, influence of registers (especially the Companies register and the Land register) on business, enforcement of law and contractual freedom.

Keywords: transition, public policy, privatization, institutions, legal order.