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## A Contribution to the Social History of Czechoslovakia 1945-1989

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Praha

**Abstract:** The post-war transformation of society in Czechoslovakia had certain features in common with the corresponding process in those developed countries in the process of building a welfare state, and its declared principles were close to the social policy of the latter. In practice however, social development began to move in a different direction as early as 1945-1948. Those years saw a wide-ranging redistribution of property, income and social benefits and after 1948 the middle classes were forcibly repressed and the intelligentsia degraded. The fear of losing its totalitarian power stopped the system carrying out sufficiently deep-reaching reforms, even in the late 1950s and 1960s. The restoration of the discredited forces of authoritarianism after the foreign intervention in 1968, isolated them from the country's intellectual elite and their social corruption alienated even the majority of the people. Mass corruption and the emergence of new channels of distribution were signs of the collapse of the system. The fact that it proved unsustainable in the face of popular opinion and changes in the world eased the first stages of the post-communist transformation.

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This article is a brief reflection on basic landmarks of the social development which contributed greatly to the emergence, maintenance, crisis and fall of "socialism". All the social sciences are concerned with this in their different ways, in connection with the ongoing social transformation. Economists investigate the functional defects of the system, while sociologists and political scientists focus on the social system of state socialism. Historians are also making a significant contribution to this research.

Historical research has not yet gained a sufficient time distance and also needs a critique of earlier works and sources which bear the mark of their times. This also applies to social history, which used to be a peripheral element in economic and common history and was limited by a narrow view of the social sphere. Independent research into social questions first began at the beginning of the 1960s, when sociology and history became interested in the changes in the social structure of society. In the second half of the 1960s the two disciplines undertook joint research and the results of its historiographical part were published in a number of studies [Kalinová 1967, 1968, 1969a], in a collection of essays in a special issue of the *Revue Dějin socialismu* (Review of the History of Socialism) in 1968 [*Revue...* 1968], and in two larger works [Kalinová 1969b and 1993a].<sup>1</sup> All these works were based on an extensive study of archival material.

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<sup>1</sup>) A major work on the social history of Czechoslovakia from 1918 to the 1960s was prepared by a collective of historians led by Lenka Kalinová and including V. Brabec, Z. Deyl, V. Hanzel, K. Jech, J. Maňák and V. Průcha. Its publication was however halted in 1969 and after some correction and expansion it was only published in 1993 [Kalinová 1993a].

After November 1989 an institutional base for research into post-1945 history was established with the Institute of Contemporary History of the Czech Academy of Science. Since then a mass of documentation has been studied and a number of new works published. The main figures concentrating on the social history as an element of contemporary history are Karel Kaplan [1993] and V. Průcha [1993]. A number of sociologists have also begun to investigate various aspects of the social history of the past decades [Machonin 1992, 1996].

This article aims to contribute to the sociological research of transformation with certain findings from the history of the emergence and development of the social system in Czechoslovakia after 1945, and in doing so it aligns itself with the tradition of collaboration between these two disciplines. Restrictions of space have meant that the article considers only selected areas and periods of social history.

### 1. The First Stage of the Transformation of the Social System 1945–1948

After the second world war, all those countries that had suffered from it set out to change their social systems. The experience of the economic crisis of the 1930s, the sufferings of the war and the subsequent poverty gave people a desire for greater social security as a guard against unemployment and poverty. The renewal of production after the war, the rebuilding of the social and transport infrastructure, and the restructuring of the war economy all required the state to participate in the economy and to ensure a certain level of social protection for the population. This basis corresponded to the basic features of Keynes's model of economic policy.

There was such a pressing need to change the social system that a commission was set up in the United Kingdom during the war, headed by Lord Beveridge, to prepare a plan for its reorganisation after the war. The official aim of the plan was to compensate a population gravely damaged by the war and to create a society that was less unjust than before the war. As with Bismarck in 1878, it was also undoubtedly intended to disarm the radical socialist forces. The 1942 Beveridge Report [Social Insurance 1942] and its comprehensive view of social protection of citizens became the model for the majority of European countries in setting up their social programmes, and it undoubtedly had a certain influence on social policy in Czechoslovakia after 1945. The Czech government in exile was familiar with it (a Czech translation was published by *Knihovna Československa*) and it certainly influenced President Beneš in signing the decrees of nationalisation. In 1945 it was retranslated and discussed by the Czechoslovak Revolutionary Union Movement which was also involved in the preparation of the law on national insurance. [Archiv ÚRO 1945].

The first plan put forward by the Czechoslovak provisional home government (the Košice Government Programme) in April 1945 announced a "munificent social policy", with protection for all citizens in case of unemployment, illness and old age. Although it had been worked out by the communist leadership in exile in Moscow, it had many points in common with the post-war policies of many developed European countries. As in those countries, children's allowances were introduced in Czechoslovakia as early as 1945.

The national insurance law prepared the way for fundamental changes in society. The radical nationalisation begun in 1945, however, had different aims from that which was gradually carried out in many countries of Europe. The latter saw nationalisation in

the spirit of the Beveridge plan, as a move to ensure full employment and as a source of state funds to finance outlays on social measures. These aims were gradually attained in the United Kingdom and other countries, involving a wide-reaching redistribution which marked the rapid development of the welfare state.

The exceptionally painful experiences of Czechoslovakia during the 1930s, when unemployment had been among the highest in Europe (reaching 20% of the total labour force and 32% of industrial labourers, with minimal social support for the unemployed), meant that the majority of people here were convinced that only fundamental changes in society could ensure employment, earnings and social protection. In the climate of the post-war years, the idea of social justice was linked with socialism, which was to divide income and property equitably. This was anticipated by Friedrich A. Hayek, who during the war had warned that the immense dissatisfaction of the post-war generation with the injustice of the existing order threatened to treat poverty with redistribution [Hayek 1990: 160-161]. The image that most Czechs of that time held of socialism is well demonstrated by the fact that Great Britain was seen as one of those countries which was also "moving towards socialism".

At that time it was not only low-income groups seeking redistribution which expressed sympathy with socialism, but this was shared by a part of the middle classes and the intelligentsia. Among agricultural workers this sympathy was based on a desire for land, while for others it grew out of the disillusionment with the betrayal of Munich and the bitter experience of the Great Depression, the occupation and the war. This is documented in many historical sources, including both specialised publications and the works of some of the outstanding writers of the time. The atmosphere is also borne out by the results of the democratic elections in 1946 in which left wing parties gained an absolute majority in the Czech Lands.

The fact that Czechoslovakia fell within the Soviet sphere of influence made it easier for communist leaders to capitalise on and abuse the general social and national radicalisation. This led to a slow move away from the type of social transformation under way in western countries. In 1945 companies with more than 500 employees were nationalised, affecting 61% of all employees. As the power struggle reached its height in 1947, the communist leadership pressed for further nationalisation and the next stage of land reform.

The decisive step towards the levelling of incomes came with the currency and wages reform in December 1945. This reform recalculated prices and wages on a ratio of 1 : 3 with respect to 1937. The wage reform aimed to "eliminate starvation wages", and raised the lowest incomes by an index of 442 and middle and higher incomes by 141 and 106 respectively, without changing the highest group of earnings. The wage reform in 1945 and the subsequent partial adjustments in 1946 created the basis for an earnings structure which lasted for years with only minor changes. Industrial wages were 10% higher and those in the civil service 10% lower than the national average [Kalinová 1996].

The levelling of incomes was supplemented by rationing and price subsidies. The rationing system and the shortage of goods did far more to limit and equalise consumption than did the level of incomes itself. The reduced social and pension differences did not however bring equality of incomes and expenditure. In 1947 many people were existing around the minimum economic living standard, although fewer than in 1937. (In

1947, 27% of the population fell into this group compared with 56% in 1937.) Pensions were also subject to similar levelling, with the very low pensions of manual workers being raised by an index of 502, and those of state employees by 81% [Vývoj... 1965: 164, 167].

The following table shows the redistribution of incomes over a relatively short period (with a certain level of change having already been reached during the war).

Table 1. The Structure of Earnings in 1937 and 1947 (in %)

	1937	1947
Wages & Salaries	53.7	61.3
Of which: wages	25.7	32.2
salaries	14.3	12.2
Pensions (total)	10.1	12.3
Of which public employees	4.9	2.6
Entrepreneurs' Pensions	27.1	21.2
Of which earnings from capital	8.7	3.0

\*) Balance to 100% represents incomes in kind.

Source: [Průběh... 1949].

Even in this period of so-called people's democracy, the share of incomes from wages, salaries and pensions rose at the expense of those from capital and property. Within this, the incomes of manual workers were increased and those of other employees decreased. The nationalisation of mines, banks, insurance companies and industry, land reform and the changes in the employment structure brought major change in the social structure. This was further increased by post-war migration, particularly by the transfer of the ethnic German population, which reduced the population of today's Czech Republic from 10.7 million in 1930 to 8.7 million in 1947. The confiscation of land and land reform in the border areas temporarily increased the number of small and middle land owners at the expense of agricultural labourers and reduced the proportion of "capitalists" from 6% to 3.5% (this category included businessmen with three or more employees). The redistribution process was moving towards the elimination of the lowest groups in society and the weakening of propertied class. The reduction of these two poles meant a strengthening of the middle strata, with 23% small and medium land owners, 48% manual workers and 24% other employees ([Soupis... 1948] and calculations by Vladimír Srb).

The years between 1945 and 1948 saw the preparation of a fundamental change in the system of social insurance, aimed at eliminating the earlier differences between pension allowances for different groups of people. The ambitious national insurance law worked out by experts of social democratic tendencies and passed in April 1948 was distinctly universalist. It provided for the protection of children, mothers, elderly people, and for cases of illness, invalidity, old age, loss of breadwinner etc. It also provided for free education and medical care. In the following years social insurance became an integral part of centralised planning.

The redistribution of property and incomes which radically lessened the former polarised distribution was an important weapon in the struggle of the communist party to gain a monopoly of power. When this struggle came to a head it opened the way for further transformation which began to affect the middle classes.

## **2. Social Consequences of the Adoption of the Soviet Model of Government, Its Crisis and Attempts at Reform**

The seizure of power by a single party in February 1948 (the role of the other two parties in the government became purely formal) greatly shook the former faith of the majority of the population in the possibility of building a just society. The middle classes in particular came to doubt this more and more and this was demonstrated in open opposition to the new rulers. After the coup in February 1948 social policy was used selectively as a means of limiting the social rights of a part of the population.

The first weeks and month after the coup saw some demonstrations of disapproval of the new government. The first open act of disagreement came during those first days in February with a demonstration by students of the Prague universities. They were cruelly punished, first by the police intervention and then by the subsequent screening which ended with the expulsion of 7,000 students, representing 17% of all those at universities. The purge then moved on to other sectors of the population, primarily non-communist politicians and leading workers in both the economy and the political structure and in the public sector. Thousands of professionals were purged out of public life and many others became prey to a sense of fear and uncertainty.

In the climate of the cold war, expressions of disagreement with developments after February 1948 were interpreted as signs of the “intensification of the class struggle”. In accordance with this line and encouraged by the Soviet leadership a “concentrated move against the opposition” was announced in autumn that year. A series of repressive measures followed, including political trials of representatives of non-communist political parties and, after 1950, of some members of the ruling elite. The “purification of public life”, as the mass expulsion of people from management positions and from their jobs was termed, opened up an era of “encadrement” and constantly repeated purges and became a tool of personal politics as one of the foundations of the monopoly of power. It was a very effective means of silencing real or potential critics of the regime. Those who had been negatively screened were excluded from qualified work and generally forced into manual labour, and their very freedom was threatened. This situation created an atmosphere of fear, limitation of political freedom and social rights, first and foremost the right to work and to education, as children of people who had been negatively screened were not allowed to attend university. The screening affected not only individuals but also associations and many of the latter were disbanded after the 1948 coup.

One part of this “concentrated move” was the so called class provision, which was seen as one of the means to eliminate the middle classes. Self-employed individuals did not receive coupons for food and other goods and had to buy them on the open market at greatly inflated prices. This pressure on their everyday lives, together with the general social climate, resulted in a mass movement of small entrepreneurs out of private business. Their work was not replaced and this led to a chronic shortage of services. In 1948-1949 the promised alternative of retaining private farms which applied in Poland, for example, was rejected. By the end of the 1950s agriculture had been completely collectivised, where necessary by force.

The “class-directed cadre policy” helped create power groups even in the lower echelons of power, bringing wide-ranging transfers of people between different administrative and economic bodies. Even though many prominent specialists emigrated after February 1948, there were still many trained technical and managerial personnel who



were able and to a certain extent willing to work under the new conditions. However in the course of a few months almost half of those in top managerial positions as well as hundreds of people in lower-ranking positions were replaced.

Their places were taken by workers coming directly off the shop floor with no, or in some cases with only a few days training. In 1950 30% of those in management positions were former manual workers with only elementary education or vocational training. By 1957 this had risen to over 50%. This headlong replacement of professionals with the “new intelligentsia from the ranks of the working class” meant a devaluing of education and qualified work. This affected all spheres, state and local administration, the army, police, diplomatic service, the press and so on. Unofficial estimates place the number of workers promoted from the production process to leadership positions between 1948 and 1952 at 200,000 [Kalinová 1993a: 108-111]. This upward mobility went arm in arm with the downward mobility of tens of thousands of professions [Kalinová 1967] and a sharp drop in the level of qualifications in all spheres of the economy and administration.

From 1951 there was a gradual application of the Soviet model of central planning which was fundamentally anti-efficient. The shortages that were its fundamental characteristic were the fruit of the behaviour of centre, enterprises and population. In an economy of rationing it was better for firms to maximise their resources and minimise their production (i.e. the so-called reverse mini/max) [Šulc 1993: 98], and this led to wastage and economic inefficiency. The adoption of this model was part of the massive upgrading of the five-year plan in 1951. Czechoslovakia was intended to become the machine shop and arms supplier of the “socialist camp” in the cold war. These plans called for a fundamental restructuring of the economy, with far-reaching social consequences. The high tempo of the development of heavy industry and the high costs of armaments limited the possibility of increasing personal consumption. The extension of free social services meant a rapid rise in social incomes between 1948 and 1953 (i.e. in the so-called social consumption). The share of personal consumption in national consumption fell from 75% to 59% while the share of social consumption rose from 5% to 7%. The massive expenditure on armaments swallowed up 10% of national revenue, more than social consumption. In such a situation even a wide-ranging redistribution could not prevent disenchantment and the loss of illusions even among the privileged groups. The currency reform in 1953 which robbed people’s savings of most of their value gave rise to an outburst of accumulated dissatisfaction. Workers’ demonstrations in Plzeň and in other cities represented a real threat to power [Kaplan 1993].

The crisis situation in 1953 was the first serious warning to the forces in power of the collapse of the “social contract” with their original supporters in society. In that year and again in those following, particularly at the beginning of the 1960s, it became clear that a system founded on promises of social security unlinked with economic efficiency was unsustainable. In the second half of the 1950s the inefficiency of production, the outdated technical development and the poor management became patently obvious. In response to these warning signals and to the situation in the USSR and in neighbouring communist countries, the Czechoslovakia leadership decided on certain changes. Some capital was moved from heavy to light industry and the rate of collectivisation was slowed down. The measures included the introduction of so-called systemization, which meant that requirements for a certain level of education were set. It was supposed that

those workers who lacked such qualifications would be able to gain them through special education.

The wave of criticism of the regime that was roused by the revelation of the crimes of stalinism in 1956 and by the events in Hungary led the rulers to try and silence criticism by announcing a battle against revisionism, a new campaign of encadrement and the abandonment of education requirements for leading workers. Systemization was denounced as “an attack on working cadres”, and as “a move away from the basics of correct assessment of political reliability” ([Kalinová 1993b: 152], see archival sources cited). In October 1957 a new “class political screening” was announced, justified by the claim that “people who are unreliable both politically and from the class point of view are working in central offices under the cloak of their expertise”. A quarter of the 28,000 people in central bodies in the Czech Lands who were screened were moved to lower-ranking posts, to manual labour or forcibly retired. Thousands more in research and educational bodies were also affected (State Central Archive and the archives of the Central Committee of the Czechoslovak Communist Party, 02/2, 217). This purge eliminated thousands of professionals and temporarily silenced criticism of the regime.

The new wave of expulsions of a part of the intelligentsia in science and the economy took place at a time when Czechoslovakia’s technological backwardness had already been officially recognised. (Theses of the Central Committee of the Czechoslovak Communist Party and the Government in 1955). In the second half of the 1950s it became clear that the egalitarian distribution of incomes also played a role in limiting technical development and economic efficiency, principally due to the low level of professionals in comparison with manual workers. Any change to the salary structure required major financial input and considerable courage to override the opposition of less qualified workers. By the end of the 1950s the ratio of salaries of manual workers to professionals had improved slightly to 100 : 134, but with the economic decline of the early 1960s the ratio fell back to its 1953 level (100 : 126).

Throughout the period of state socialism, it proved impossible to change the established salary structure due to opposition from less qualified workers, even though it was more marked than in the Soviet Union or Poland (where it was about 100 : 165). Not only did Czechoslovakia have a greater level of earnings’ levelling, but the general attitude towards the intelligentsia was also worse than elsewhere in the Soviet block. This was noted by the Soviet delegation visiting Czechoslovakia in 1953, which remarked that it had not met such sectarianism with relation to the intelligentsia in any other country [Kalinová 1967].

The crisis in 1953 and the years following was distinctly a social one. The head-long restructuring and the unsustainable rate of growth of heavy industry and employment, together with the rapid transformation of a pluralist political system and a mixed economy to a largely Soviet model of control of all aspects of life in society brought greatly increased tensions in society. The deep-reaching changes in many directions at one and the same time brought major social movement and a change in status for a large part of the population. The expropriation of not only large but also medium and small scale businesses turning their owners into employees attacked the very basis of the functioning of society, eliminating a whole set of management workers in business and social institutions. This broke down such social relations and values as responsibility and initiative at work and stable property relations. The transformation process was linked



with a change in foreign economic and political orientation, which also affected society greatly. The shock when the full depth of Stalinist crimes in the Soviet Union and also to some extent in Czechoslovakia was revealed in 1953, and then again in 1956 to an even greater degree, also contributed to the crisis.

The 1950s saw another decisive stage in the changing of social structure. While the first stage, up to 1948, saw the disappearance of agricultural workers and large scale entrepreneurs, in the following years small and middle-sized businesses also disappeared. Between 1950 and 1961 the number of small and medium farmers fell from 19% to 2.5% of the total population. A new category of cooperative agricultural peasants appeared, reaching 13.2% of the population by 1961, with a similar status to employees [*Historická...* 1985: 424]. Subsequent changes in the relative proportions of the main groups in society were only slight, but their professional and educational composition did change. This contributed to a change in value orientations and attitudes to life of the new generation now emerging. Its members had not suffered the traumas of the 1930s and the war and so expected and actively supported the moves to reform society.

In the 1960s the growing sense of fear declined, partly due to the external situation. A certain lifting of the ideological terror opened the way for a flood of academic and artistic debate in culture and the social sciences. The greatest direct relevance was the development of an economic way of thinking which exerted pressure on the political ruling apparatus. Major economic reforms were drafted and started being implemented. The reforms of the second half of the 1960s had wide support in society, even among less qualified groups. During the Prague Spring, the majority of manual workers joined in demonstrations in support of the reform programme. This process, which was gradually moving further and further away from the original plan of reform socialism, ran aground on the opposition from external forces and small groups of conservative apparatchiks. (There is ample documentation of this process in both historical and sociological literature, including [Machonin 1992] and [Mencl 1993].)

### **3. The Social System in the Period of “Normalisation”**

The interruption of the reform process by foreign intervention was a turning point in people's attitude to the ruling powers. The remaining post-war illusion of a large number of people that it was possible to build a just society had been badly shaken in 1953-56. In the 1960s public confidence in the possibility of reforming socialism so as to introduce greater democracy and economic efficiency had been partially restored. The Warsaw Pact intervention in August 1968 became a lasting trauma on a par with the betrayal of the Munich Agreement.

People found various ways of expressing their opposition to the occupation and the move away from the principles of the Prague Spring. In autumn 1968 there were open demonstrations, with the best organised protest again coming from students, who called a strike against the occupation on 17th November (the anniversary of the Nazi attack on Czech universities). This attitude, together with such related sacrifices as Jan Palach's self-immolation, demonstrated their unwillingness to accept the loss of national independence and the political changes made after January 1968.

The political changes in April 1969 influenced the nature of popular opposition. On the first anniversary of the occupation in August 1969 students and other young people took to the streets but after the violent police attack on all forms of resistance, fear

and resignation became prevalent. Only a few groups of intellectuals began to issue various proclamations and calls to the population to protect the last remnants of the Prague Spring. With Charter 77 the dissident movement concentrated on the fight to protect human rights and freedoms against the political and social persecution of a substantial part of the population [see Otáhal 1993 and 1994]. The new power structures wielded various instruments of persecution to quieten public opposition, from heavy-handed police intervention to political trials of members of the opposition and later of dissidents.

The most effective weapon to break up the opposition forces was once again “screening”. Differences between former protagonists of the Prague Spring reappeared in 1969, when some of them refused to work with the new leaders, tens of thousands emigrated, the majority failed to pass the screening in 1970, and the rest stayed loyal. The ardent “normalizers” took over the media and provided only officially approved information. A wide-ranging screening was then begun in order to purge all areas of social life of “right-wing opportunists and anti-Soviet forces”. A number of careerists capitalised on this screening to gain high recognition from the forces in power and so the opportunity for rapid advancement in their career. Some of the places left open by those negatively screened, as well as a number of newly created posts, were also filled by young people who were politically indifferent.

The attack was directed primarily against both top and rank-and-file workers in the sciences, culture, universities and mass media considered to belong to the “ideological sphere”. Virtually all those working in these fields were expelled and whole organisations were disbanded. In the economy too, as in all areas of social life, the most capable people were stripped of their posts and dismissed. They were forbidden to do any qualified work and many had their passports confiscated and were unable to travel. A total of 326,817 people were expelled from the Communist Party and when non-party-members and family members were included, the number of people deprived of a part of their political and social rights amounted to almost one fifth of the population [Belda 1993: 95-99].

This was the greatest purge in the forty-year development of state socialism which was unique among the communist countries, particularly following the condemnation of such repressions after 1956. When the powers of normalisation ejected a large part of the creative scientific, educational, artistic and technical intelligentsia from public life, it condemned itself to isolation from the nation’s intellectual elite. Those in their middle years at the height of their creativity were worst affected by the purge and the subsequent persecution, particularly in the Czech Lands. In Slovakia a lesser proportion of the population was affected and so some professionals from the Czech Lands sought lower-ranking positions in Slovakia, while a considerable number of Slovaks found better jobs in federal and other institutions in the Czech Lands.

The posts vacated in the purge were filled not only by strong supporters of normalisation, but also by young people who were ready to adapt to the new regime. This interrupted the process begun in the 1960s, when a new generation of more capable professionals had begun to replace the apparatchiks of the 1950s. However, even “normalisation” could not completely halt intellectual progress. Many of those working in the social sciences concentrated on areas that were ideologically neutral. Even under these conditions some people studied new-classical economics and modern sociology, a good preparation for the later transformation to a market system [Šulc 1996].

The stringent suppression of the opposition and the intimidation of other members of the population was not enough to maintain the discredited government, and it had to recreate a system of social corruption to quieten public dissatisfaction. This included a price freeze which was to counter-balance the price rises that had been necessary in 1968. In 1971 the 14th Congress of the Communist Party announced a programme, later confirmed by the government, aimed primarily at the young people they saw as the greatest threat. Moves to support young families were introduced, including special loans for newly-weds, an extension of paid maternity leave until a child's second birthday and an increase in child benefits. With economic growth, normalisation policy could increase personal consumption, at least temporarily, through price subsidies and imports of consumer goods, rather than the urgently needed modern technology. Such moves, however, only postponed the stagnation of the standard of living until the early 1980s.

In the 1970s and 1980s the whole style of life in the country changed. This was partly due to the introduction of a five-day working week in 1968 and a certain tolerance of private activity. These years saw people turning to their holiday homes, private cars and self-built private houses and cooperative flats. To some extent, the regime tolerated this activity in order to turn people away from public affairs and thus de facto supported the spread of the second economy. Moonlighting, bribes, currency swindles, the grey and black economies and the "second society" all spread. This second economy compensated for shortages of goods and services within the official economy and made it possible to satisfy the greatly increased demands particularly of those people who had access to the distribution of goods and services in short supply. This new redistribution contributed an increased differentiation of unofficial incomes and consumption.

In the second half of the 1970s economic efficiency again dropped, as in 1961-63, and the rate of economic growth slowed bringing increased imbalance in the national economy and a negative balance of trade. The restoration of central planning and the low level of adaptability of the economy left little room to adapt to changing times. The abolition of obsolete branch structures and the inefficient energy intensive production was not even socially feasible. The guarantee of work was seen as a guarantee of remaining in a certain post and this inhibited occupational and geographic mobility. Fear of the rising level of social tension was an unavoidable obstacle in the way of the necessary social change.

The distribution processes with their lack of motivation were typical of the command system that had been reinstated in the economy. The slow growth of earnings did not permit the income differences which would have allowed the elimination of former egalitarianism. The ratio between the earnings of manual workers and other employees fell to 100 : 115. Greater income differences were however appearing within the main categories of workers, particularly with the raising of the salaries of top managers and other members of the nomenclatura. In 1984 the salaries of the former were 40% higher than those of people doing creative workers in research and development. In this period the increase income differentiation did not correspond to the achievement principle. There were disproportionate differences between wages in mining and processing industries, between production and public services, between men and women, and between workers of different ages [*Mzdy...* 1988]. In the 1970s and 1980s there was a growing discordance between the complexity of work and the remuneration for it, leading to increased inefficiency. Income differences were a sign of the distribution of jobs and of

status within the governing hierarchy, rather than of complexity of work and performance. The main factors in deciding household income were demographic, being primarily the number of wage earners and of children. The shortage of many types of goods and services led to a growth of alternative channels and an illegal market both inside and outside the state sector.

Comparing the society of the 1960s with the years of “normalisation” the greatest difference was the creation of a new power apparatus with unlimited power, which enriched itself from both official incomes and from those illegal ones gained from the access to various privileges, to various reciprocal services, priority access to supplies and so on. The new “small entrepreneurs” in the second economy probably profited even more, capitalising on the shortage of goods and services on the home market to earn high tax-free incomes. Thus income differences grew but without any relation to performance. This second economy became an organic part of satisfying people’s demands and so also of the growth of national income and consumption. In some professions tips, bribes and so on represented the major part of earnings. The level of illegal earnings was estimated at 10% of declared earnings [Sova 1989: 212].

During the years of “normalisation” the changing relationship between incomes from employment and those from social benefits was another factor which served to lessen motivation. Real wages rose by 14.6% between 1975 and 1985, while income from social benefits rose by 35.6% People’s increasing social ease [Turek 1995: 60] due to the increase in social protection for a part of the population, tolerance of low efficiency and the satisfaction of needs even at the cost of a growing second economy, did not bring the expected support for the ruling elite, but was only a certain tolerance on the part of the silent majority. The growth of corruption and privilege aroused bitter opposition even among less qualified people. The inability of the ruling elite to react even to those changes which were under way in certain other communist countries at the time did much to discredit it particularly in the eyes of the younger generation. The generational shift during the years of normalisation had brought a new dynamism to the social structure. Despite all the limitations the new generation now appearing was better educated than that of the 1960s, with a different set of values. At the end of the 1980s the critical attitude of the majority of the population and the changes in other countries meant that the ruling elite became completely isolated and made their departure from the scene unavoidable.

#### **4. Notes on the Nature of the Social System in the Last Decades from the Point of View of its Transformation**

It is only possible to evaluate these forty years of social history in Czechoslovakia in the context of changes in the systems in other countries. In the first few years after the war the philosophy of the state having a strong presence in the economy was current in all developed countries, including its greater responsibility for providing social protection for its citizens. The new economic situation in the 1970s threw Keynesian theory and then the welfare state itself into crisis. Most countries were successful in adapting to the new situation, albeit at the cost of considerable suffering, particularly mass unemployment. Under these conditions the reapplication in Czechoslovakia of the 1950s system of an inefficient centrally planned economy, political totalitarianism, egalitarianism and inconsistent status was an unsustainable anachronism. However even Hungary and the

other countries which had already begun to reform the existing system could not really cope with the difficult challenge to their adaptability.

Social security was a firm priority in the system of state socialism and for this reason social policy was used as a means of retaining power, particularly in times of crises. There remains therefore the question of what level of social protection was attained in Czechoslovakia in comparison with the developed countries of Europe. This question is all the more relevant because the indicators show that before the second world war social expenditure as a percentage of the gross national product was approximately the same in the Czech Lands as in Austria (about 6%). In Great Britain and Germany the percentage was higher (7.8% and 14% respectively) [*The Cost...* 1960]. According the OECD method of calculating social expenditure in member countries was about 13% of GDP in 1961 and 25% in 1981, compared with 11.1% and 17% in Czechoslovakia. The relative levels in Czechoslovakia and the European Union are similar, with social expenditure in 1991 reaching 26% of GDP in the latter and 23% in Czechoslovakia [*Social Expenditure...* 1985: 21-24].

The structure of social expenditure is equally as important as its overall level. Here Czechoslovakia differed from the majority of developed country in having a lower level of expenditure on pensions (5% compared with 7% in Germany and 10% in France) and a higher level on health care and child benefits. This tendency is also underlined by the so-called measure of compensation for social risk. According to this indicator the level of social risk in health care in 1960s Czechoslovakia was 92%, while in Germany it was 75% and in Austria 66% [Hiršl 1965: 68].

The quantitative values of a share of the social product do not really correspond to the real value of social protection for the population. Because of the lesser economic efficiency this was lower in Czechoslovakia than in those European countries with a developed welfare state. The system of social insurance in Czechoslovakia was however more convenient in many respects than in those countries.

The main difference from systems of social protection in developed countries was that none of the "social states", not even the highly developed Swedish model, had abandoned the market mechanism, but only tried to correct its faults. In the state socialist countries the social system was a fundamental part of the system of central planning, in which the state provided its citizens with social services and employment. Social benefits and services were allotted to citizens and so could easily become a means of manipulating public confidence in the interests of the political authorities. Raising social benefits at a time when they were falling behind rising prices could be presented as a gift from the party and the government. (In developed countries social systems are based on consensus and changes in them affect voting preferences, which was not possible under a totalitarian system.)

The meagre social security gradually provided to all citizens and the equally meagre level of earnings (which meant that it was only due to the high level of female employment that family incomes were adequate) were compensated for by convenience in other aspects: over-employment, tolerance of low efficiency and poor quality of work, cheap accommodation and other inexpensive services (recreation, transport, public canteens, cultural services, etc.). These services were also in short supply, however, and so during the years of "normalisation" they too were prey to corruption and the black market.



The social history of Czechoslovakia before 1989 has undeniably left its mark on both the course and nature of the post-communist transformation. In spite of all the declarations about social security, social expenditure as a percentage of the social product was not very high in Czechoslovakia. Pensions were lower in relation to earnings than, for example, in Hungary. By keeping social expenditure within certain limits the communist leadership in Czechoslovakia had also kept down the level of its foreign debt. The attitude of the public towards changes in the social system is a key question in the post-communist transformation. The first steps in the reform, which included a major reduction in real earnings and social benefits and moves towards changing the comfortably paternalistic universalism to a residual form of social state, were accepted with a certain measure of tolerance. This can be partly explained by the fact, borne out by many international opinion surveys, that people in Czechoslovakia were less nostalgic for “the good old times” than in the majority of post-communist countries, in which communism, particularly in the 1970s and 1980s, was less discredited than in Czechoslovakia.

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