
The Labor Market in Czechoslovakia: Changing Attitudes of the Population

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Abstract: Changes in the labor market are observed on the base of recent surveys from various points of view: 1. the production and utilization of human capital; 2. work incentives and rewards; 3. private ownership and job allocation; 4. work perspectives and unemployment. The transitory period will be very confused. The labor market will be segmented and the development of individual segments will be uneven. Already now, new temporary borderlines are being created. The transformation of the post-communist countries is being carried out in a period when the era of market regulation is over in the West and many securities of the labor market are being eroded. Rather than uniform regulation, the dynamics of individual segments and flexibility in work engagement are needed. The results of our surveys show that the population is not very much troubled and that is aware of the depth of the necessary transformation only to a certain degree.

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The road from state dirigism to a market economy is, among others, the road from state administration of work to the labor market and from state paternalism to individual responsibility. An inevitable consequence of establishing a labor market instead of maintaining fully protected employment is that a permanent labor shortage is replaced by unemployment.

Under the communist regime, the state bureaucracy had absolute control over the labor force, beginning with planning the schooling of future workers and ending with detailed wage tariffs and rules for reward. In fact, the right to work was outweighed by the duty to work for the adult population as a whole. Limited liberty in job choice and the weak relationship between performance and reward produced a lack of interest in investing in human capital and indifference toward the results of work. The forced employment of women necessarily produced not their emancipation, but their overburdening and exploitation with harmful effects for the family. Not work but jobs, not performance but positions, not efficiency but the fulfilment of the administration staff's plans were important.

The administration of labor under the communist regime had several long-term consequences. On the one hand, the large supply of cheap labor supported the technological backwardness of all branches and the expansion of a large bureaucratic system, on the other hand, the utilization of the actual labor capacity of the population was low and has shown a continuing decrease through individual periods of the "building of socialism". Bureaucratic control of the "adequacy of

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qualificational prerequisites" only camouflaged real under- and misuse of the existing human capital. All reforms of the wage system (each heralded as "strengthening the motivational capacity of wage") only conserved income levelling. The status of work has inevitably decreased as the links between ability, performance and reward (in terms of functional arrangement) has weakened or even disappeared.

Economic statistics generally view the labor market as aggregates of employment and unemployment, but we should look at it from the other side, from the viewpoint of its internal problems and tensions. In the process of transformation from a closed (bureaucratic) system to an open (market) system, old habits compete with new rules. Conflicts between old and new tendencies arise, as far as the production and use of human capital, the system of reward, the system of ownership and patterns of employment are concerned. The reality of the emerging market is even further from our theoretical pictures than we are willing to admit. Rather than a unique and adaptable labor market, a fragmented and in many segments very rigid one can be expected in the near future. Important changes are taking place not only in our society: in Western countries also, the erosion of many former securities is occurring or is expected. With a view to this, we can anticipate unrealistic expectations on the part of the population and equally unrealistic promises by some political parties.

1. The production and utilization of human capital¹

Before World War Two, Czechoslovakia (especially its western part) belonged among the well-developed European countries, with a qualified working class and creative intelligentsia. The socialist orientation of both of these social groups was unprecedentedly misused by the communists on their road to totalitarian power in the 1945-1950 period. Thereafter, the population's high level of skill and education was rather a disturbing factor for both political and economic reasons, i.e. as a latent source of discontent and criticism. The pre-war system of differentiated schooling was transformed into an unified one and the emphasis on classical education was replaced by a mixture of ideology and lowest pragmatic skill. Instead of the diploma, the "political sense" of the working class was valued. In the rapidly transformed educational system, secondary education was emphasized over university training. The low percentage of people with higher education represented a specific feature of Czechoslovakia, even in comparison with other countries passing through a period of "real socialism".

The precious heritage of a generally high cultural level, professionalism and work responsibility was systematically destroyed by the regime. Rather than the best workers, the most obedient and willing ones were rewarded, and respected professionals were replaced by freshly trained "working class cadres". The main functions of the family in rearing children were restrained as well, to attenuate or

1) The concept of "human capital" is used here as defined by Becker [1964] or Mincer [1974]. According to it, productivity is produced by individual workers who can increase it by higher education and accumulated experience.

even avoid the inter-generational transmission of cultural capital. Three waves of emigration especially affected the upper classes, but the general cultural level, occupational skills and work values vanished also as a result of the passing of time and normal demographic change. Now at least two generations have been educated by socialist schools and fully absorbed the communist climate of thinking and working, largely benefitting state paternalism, the use of double-talk and pretending to work.

The change in the evaluation of good, creative, qualified work is well indicated by the low prestige professional occupations and intellectual work hold. We can look at the population's opinions from two sides. On the one hand, responsibility and high knowledge are placed among the top criteria for the evaluation of a job's prestige, as one of our surveys has shown (see Table 1). On the other hand, looking at the same data from another point of view, we learn that only 62 % of respondents place "high knowledge" in one of the three top positions and only 57 % of place such importance on "responsibility". One year after the "velvet revolution", public opinion is still very dispersed as far as the criteria for job evaluation are concerned and the position of the main work values does not seem dominant at all.

Other evidence relates to the divorce between school education and job competence, which is continuing in both consciousness and behavior. According to a panel of children leaving elementary school, only a minority of children and their parents understand the importance and interrelation of education and job competence for life success. In the autumn of 1989, competence was an important instrument of success only for 47 % of children, and education was important for only 61 %. The situation has not changed very much since then, as in the spring of 1991 competence was important for 54 % and education for 62 % of children.²

Success in the competitive labor market requires some dispositions and abilities that were methodically suppressed under communism: competence, education, adaptability and mobility. The communist system was based on pragmatic training and having one job for life. In addition to the fact that people are not used to changing their jobs, the shortage of housing also represents a great barrier to the territorial motion of the labor force. The same is true for linguistic ability. Whereas before the war most of the Czech population spoke German or (intellectuals) French, the knowledge of Western European foreign languages is rather poor now, after forty years of compulsory schooling in Russian.³

² The results of the survey "Family 1989" are based on the following question: "What does it mean to you when you hear someone being described as a successful person?" Proposed attributes were: 1. famous, 2. well-educated, 3. rich, 4. competent (able), 5. hard-working, 6. adaptable, 7. popular [Matějů 1990].

³ According to the survey "Transformation of the Social Structure", 17 % of respondents reported having fair or good knowledge of German, 6 % English, 2 % French and 36 % Russian. There is little difference between men and women (in favor of women) and a big difference between the Czech and Slovak republics (in favor of the Czechs).

Unfortunately, it is not possible to examine the level of human capital: there are no clear criteria (educational credentials in post-communist societies are even more inadequate than those of market societies) and there is no chance to test them among the active population. However, sociological inquiries about people's feelings about whether their qualifications fit the new, i.e. market conditions are helpful. According to the survey on "Economic Expectations", only 18 % of people are sure their qualifications are suitable (Table 2). A detailed analysis (Table 3) shows that younger and especially university educated men are more confident than others about their qualifications.⁴ Nevertheless, 23 % of men and 16 % of women with the highest educational level are skeptical about their qualifications. Educational level is also the main factor in the willingness to undertake managerial responsibility or to invest in their own qualifications. The Czech population seems to be more receptive to being trained or working longer, if the work will be better paid.

As a result of past developments, there is an absolute scarcity of highly competent and efficient workers. Instead of unemployment, the unsatisfied demand for good workers and erroneously occupied positions should be considered the main problem and biggest failure of the labor market. The solution lies in motivating investment in human capital, renewing the functional interrelation between competence, performance and reward. Without a doubt, the new, freer space of activity and new incentives could cause an improvement in qualificational levels in a relatively short period. Individuals' initiative might be faster than reforming the educational system and awaiting the real change in the educational level of the population. Nevertheless, forty years of devastation will take a very long time to redress.

2. Work incentives and rewards

The range of income inequality in Czechoslovakia has been extremely small and almost stable over the last forty-five years. The leveling trend started already during the Nazi occupation and continued after 1945, due to the postwar need for reconstruction and the overwhelming influence of socialist ideology. The most important changes, however, occurred during the Stalinist transformation of 1948-1953, when restrictions on the standard of living were closely aligned with militant stress on equalization policy.

All the basic features of earnings inequality established in the initial period of the 1950s were also firmly fixed for the future. In the general pattern of distribution, no real change has occurred over the past thirty years, except for some minor movements in the bottom and top 5 % of workers. Despite the demonstrated (or rather assumed) effort to increase earnings differences

⁴) In Tables 3 and 7, some results of the Anova procedure of SPSS^x are used. In the upper part, deviations from the average in percent are presented. Since individual deviations are adjusted to all other variables they are additive. Coefficients beta are standardized regression coefficients in the sense used in multiple regression: β^2 indicates the proportion of additional variance explained by each factor. R^2 indicates total variance explained by all factors.

according to qualifications and performance, no substantial change in the wage system occurred until the mid-1960s. The reform tendencies of this period were too hesitant to bring about significant changes in the economic mechanism and wage system, however. Nevertheless, there were some attempts to enlarge wage differences and motivate more highly qualified labor, with the result that qualificalational differentials slightly enlarged at the time.

For the 1970-1988 period, we gathered extensive evidence on changing patterns in earnings distribution (Večerník 1991). Whereas the range of earnings distribution remained the same and the gap between men and women has not changed, the lowering of the relative position of 1. higher educated, 2. service- and welfare-sector, and 3. younger workers continued. These patterns and tendencies from the past are unlikely to change rapidly.

In the transition period, contradictory tendencies rather than a consistent development towards greater and more functional inequality might reveal themselves. Considering the range of earnings distribution, it seems to have diminished for a considerable part of the labor market (except the new private firms), due to restrictive economic policy, the establishment and raising of the minimum wage and strict control over the wage fund. Except for the small private sector, earnings inequality remains much lower in Czechoslovakia than, for example, Hungary, Poland or the Soviet Union (Szirácki 1990). Some changes could be brought about by the liberalization of wages which will be introduced in the near future. However, it is a question of which type of characteristics will be strengthened: rather than the role of a person's attributes (especially vertical dimensions), sector, enterprise or regional differences (i.e. horizontal variation) could be strengthened. The exclusivity of the reward level in foreign firms may be reduced but probably not fully eliminated.

Let's take the mentioned dimensions of earnings inequality one after another, and consider their prospects in the near future. From the point of view of education, the labor market is not yet ready to receive and utilize highly qualified work on the one hand, and the workers' actual qualifications do not correspond to the new requirements on the other. Consequently, one can hardly assume that the mechanism for the production of and returning to human capital will be established soon or that qualificalational differences will be increased in the near future. This will only be true for a small number of professionals employed by foreign or mixed firms or by some dynamic domestic organizations. Survey data from the latest period reveal a diminishment rather than an increase in the impact of educational differences on reward, net from other factors.⁵

The continuation of the previous tendencies is seen in the division by sectors. The earnings level of the most important branches in the service sector has not only not increased but relatively even lowered. Education, state administration and health and social services suffer from a shortage of people due to earnings which

⁵) When comparing results of the social stratification surveys from 1984 and 1991, we discover a further fall in the income position of especially the university-educated. The question remains whether it happened before November, 1989, or after.

are significantly lower than in manufacturing industries. On the other hand, banking and some segments of the private sector (retail trade, catering) have seen considerable improvement.

As for demographic divisions, the greater vulnerability of women and young people in the labor market could lead toward an even bigger disparity of earnings between the genders and a further fall in the wage position of younger generations, compared to the "old holders" of economic and social capital.

Without a doubt, significant changes in earnings inequality will come. Two years is too short a time for the transformation of the distribution machine, even in a period of restrictive financial policy. For the economic reform to succeed, the creation and entrenchment of a liberal and anti-equalizing climate (contrary to the consciousness internalized during communist rule) is necessary. The observations of our surveys are a bit confusing in that sense. A considerable (even slightly decreasing) percentage of the population is at least verbally ready to accept a much greater earning differential (Table 4A). A similarly sized, but rapidly diminished part of the population is sure that differences in earnings should be increased (Table 4B). Most people feel that social inequality has increased since November, 1989, and that it is too great for the times.⁶ The "counter-levellers" are mostly young, and well educated people, rather men and inhabitants of cities than women and inhabitants of towns and villages.

For the near future, it is still an open question whether the difficulties inherent in the start of economic reform will maintain or even strengthen the old climate of equalization and attitudes characteristic in a socialist system of "social guarantees". The balance between the welfare state and market incentives and between functional and unjust inequality is very precarious everywhere. It is even more shaky in the post-communist societies where the old communist structure of inequality is trying to reproduce itself and enter onto the new stage of the market economy. The population's views are rather ambiguous in that sense, because people ask for more incentives for market behavior and more social security at the same time. Professionals' thinking has either a market or a social orientation. A synthesizing overview and awareness of the close links between the efficiency of the economic system and the amount of redistribution are still missing.

3. Private ownership and job allocation

Under the communist regime, a huge bureaucratic apparatus ruled over the placement of workers beginning with quotas for different schools and ending with the allocation of workers according to "qualificational requirements" or "political prerequisites". A labor market existed only for a marginal group of poorly qualified

⁶ In the survey "Transformation of the Social Structure", to the question "Do you think that inequalities between people have rather increased or decreased in the past two years?", 44 % of the respondents answered "certainly increased" and 49 % "rather increased". To the question on the characterization of the inequalities, 45 % of the respondents answered that they are "too great" and 41 % "rather great".

job-changers who profited from the labor shortage and were overpaid by managers in order to complete the personnel plans of their enterprises.

This situation has changed, but not very dramatically as yet. The labor market cannot develop too much due to the continuing dominance of the state sector and its priorities. On the one hand, big state firms can pass the costs of their inefficient production on to customers, thanks to price liberalization and enduring monopolies. On the other hand, the state bureaucracy and confusing laws manifest themselves as great barriers for entrepreneurs who have to battle through a jungle of prescriptions on their road toward flexible forms of business. On top of this, networks of former communist technocrats still have great economic power and successfully try to hamper private entrepreneurship, e.g. by distinguishing between private and state firms when selling materials or products.

Also on the side of labor, many workers feel themselves to be better protected against market forces by large organizations and trade unions. One half of respondents answered in June 1991 that a good government has to ensure jobs for everybody. Nevertheless, the rapid increase in the cost of living (55 % in 1991) pushed some workers into the dynamic private sector with much better earnings. This pressure will soon be supported by the first bankruptcies of big state firms. However, for many workers self-employment is only an involuntary solution after being fired from the state sector.

For the time being, the most frequent model of household behavior is a compound of employment in the formal economy and the receipt of extra money from moonlighting or other secondary activities (see Tables 2C and 5). Expecting higher earnings or seeking a better paid job is a dominant variant among individuals' coping strategies. Only 11 % of households see the solution for their financial troubles in private business. This is the least probable solution among five options, following solving the problem within the formal economy, within the informal economy or through employment abroad. In the half-year covered by our latest surveys, the giving of preference to alternative, supplementary or temporary ways (second job, work abroad, private firm) has rather declined.

Changes in property relations are just starting. The overwhelming majority of "private firms" are only the part-time jobs of craftsmen, construction workers, sellers, lawyers, consultants etc. The possession of a business licence has been a condition for employment in many private firms in 1991.⁷ As a result of this, the number of private organizations (over 800 thousand in Czech republic alone) is significantly exaggerated. According to our surveys, 22 % of the respondents between the ages of twenty-five and sixty (or another member of their family) had permission to engage in private business in June 1991 and 25 % in December of that year. One could estimate that hardly one-third of them have basic equipment and are undertaking serious business. It is a promising start, but an essential step will be the so-called "large privatization" of the big state enterprises. However, even greater should be the anticipation of changes arising from workers, like changes in their openness to work mobility, flexible or combined employment, etc.

7) This practice has been hampered by the new business act, in effect from January, 1992.

As it is with greater inequality in earnings, private business also needs favorable public opinion. What is interesting is that acceptance of full freedom for private entrepreneurship has been significantly decreasing over the latest period (Table 4D). One reason might be that whereas at the start of economic reform, private ownership was presented as a panacea for all problems, now people rather feel that it is a necessary but not sufficient condition. Another reason could be that the first successes of entrepreneurs is producing a certain social envy. At the same time, the conditions for private business are estimated rather skeptically (Table 4E). Important laws and administrative and economic institutions are missing or are not trustworthy, credit is rare and the state bureaucracy is not very active in supporting the development of new firms.

Not only consent, but also suspicion and social envy accompanies the new capitalists on their difficult journey. A decreasing but still considerable part of the population desires the maintenance of state control over the economy (Table 4F). However, we can hardly distinguish what part of this desires the realistic requirements of legal regulation of the economy and what part is urging control over the "enrichment" and full protection of labor.

Private ownership and an open labor market are two sides of the same coin. Before the private sector expands, the supply of new jobs will be only sporadic. The increasing diversity of ownership relations and the temporary character of some of them will search for and require a diversity of labor conditions. After forty years of the "obligatory right to work", people must learn to be free also in terms of employment. For most of them, it is a new situation that they never thought they would have to cope with. It is, then, a source of skepticism and fear, especially the fear of unemployment.

4. Work perspectives and unemployment

One of characteristic features of labor allocation in the centrally planned economies was a permanent shortage of labor accompanied (and, surely, produced) by its inefficient or even wasteful use.⁸ Communist Czechoslovakia was the country with the highest employment rate for women in the world. From the early 1950s, women were forced to be economically active not only by law, but mainly by economic necessity. Without two earnings, many households would fall under the subsistence minimum. Similarly, Czechoslovakia was a country with a virtually non-existent private sector, and did not have as important an informal economy, as compared with Hungary or Poland. This increased the dependance of population on centrally administered work and job allocation.

Artificial overemployment, low qualifications and the inefficient use of labor inevitably turn into unemployment, once market criteria are introduced. The rate of unemployment in Czechoslovakia is not dramatic at the moment, but it is very

⁸ See [Oxenstierna 1990] for a comprehensive analysis of the main features of the "labor market" under communism and the paradoxes of the "centrally planned" economy. Czechoslovakia had to adopt the Soviet system as a whole, but its effects were not so fatal due to better starting conditions and work morale.

unevenly distributed (4.1 % in the Czech republic and 11.8 % in the Slovak republic at the end of 1991). The process of the renewal of the economic system, and ownership and the managerial reconstruction of large-scale production, however, has only started.

The possible scope of the unemployment problem is shown in Tables 6 and 7. In December, 1991, only 17 % of the active respondents considered their firms to have good economic prospects and 23 % were sure about the prospects of their occupations (only response "definitely yes" are used throughout this discussion). Due to this, 22 % fear seriously for their employment. Of the population aged twenty-five to sixty, 22 % are willing to work for even a lower wage in order to maintain their jobs, 15 % for the minimum wage and 5 % for a wage even lower than the minimum. The rate of pessimism is positively correlated with age and negatively with education. Personal economic outlook is significantly worse in Slovakia but willingness to be employed for a reduced or the minimum wage is also lower. Peasants are a special group which is skeptical about their firms, but not about their jobs. What is encouraging in this otherwise gloomy picture is that the occupational perspectives, as reported by respondents, seem to be significantly more optimistic in December than in June of 1991. If it is an indicator of greater adaptivity and a more active approach, this would surely be positive.

The future rate of unemployment will be influenced by contradictory tendencies. On the one hand, we might expect a rapid increase in unemployment due to the privatization of big state firms in the near future, at the same time when "social employment" will be considerably reduced. On the other hand, the opacity of the labor market induces an exaggeration of the actual rate of unemployment and the overburdening of the state budget. A considerable percentage (estimated at about 15-20 %) of the officially unemployed have sufficient resources from private activity, the informal economy or personal wealth. The poor acting of revenue offices and institutions of social security make this abuse easy and the intrinsic communist mentality of a paternalistic state serves here as a strong motivation.

The main factor in further tendencies will be the effort and ability of new private entrepreneurs to increase the number of jobs and motivate a rise in the qualifications of their personnel. Until now, new entrepreneurs have not been especially interested in expanding the labor market and, on the contrary, try to avoid paying the payroll tax (50 % of the wage amount) and social security. It has to be said that in the project of economic reform, the employment problem remains only a secondary one and no special scheme was focused on its solution. Nevertheless, some pragmatic measures outside the main "economic strategy" seem to be efficient in braking the rise of unemployment at least in the Czech republic. In spite of these, the ownership transformation of the state sector will call forth the need for a much more active employment policy.

5. Conclusion: homogeneity or segmentation, unity or fragmentation in the labor market?

In the period of transition, there is a lot of naivete about market forces. Through repetition, many people in power have merely changed their vocabulary instead of their reasoning: the "invisible hand of the market" is understood by them as the equivalent of the "iron laws of history" drilled into them by lectures in Marxism-leninism; after the failure of the "soviet model", the "Western model" should be adopted by introduction from above. A mixture of theoretical liberalism and pragmatic control should replace the old administrative allocation of jobs. Two ideas lie behind this: that the labor market is and remains homogeneous (according to neoclassical theory) and it will be more or less regulated (according to reality in the West). In fact, modern economics and sociology have shown that the real market is not homogeneous but heterogeneous. According to the theory of labor market segmentation, it is only the external market (or secondary sector) that is characterized by an open supply/demand play whereas the internal market is treated as "an administrative unit ... within which the market functions of pricing, allocating, and often training are governed by a set of institutional rules and procedures" (Doeringer, Piore 1971:1,2). Between the primary and secondary sectors, the essential differences lie in working conditions, principles of allocation, return on personal investments and rules of promotion.

The division of specific areas under the communist regime might be seen as a counterpart to such segmentation. We witnessed here at least four relatively autonomous distributive subsystems that can be presented in a two-dimensional paradigm: the one dimension reveals the apparent or hidden character of distribution, the other its legal or illegal form (see Figure 1a). Unlike the labor market segments, participation in more subsystems could be multiplied and produce extensive inequalities. From these segments, only the first was statistically observable (cell 1). According to job specification, we can only speculate about the intensity of informal economic activities, i.e. paid work for other people, done very often during official working hours and with stolen materials (cell 2). Very soon, documentation may be gathered to show the official but strictly confidential "fringe benefits" of positions in the party and state bureaucracy to their true extent (cell 3). However, nobody will be ever able to learn everything about the immense flow of money, goods and services from the "people's ownership" into the private accounts of its true keepers and managers (cell 4).

The transitory period will be very confused. The labor market will be segmented and the development of individual segments will be uneven. Now, new temporary borderlines are being created (Figure 1b). The first one is connected with the introduction of small private firms into the hitherto centralized system. In the initial period, there are small private firms established on previous (family, black market, communist) wealth or on entrepreneurial courage and credit. The second one is represented by the introduction of Western firms and foreign capital. In both cases, common relations and forms of reward are broken, unlike in the big firms that are preparing for de-etatization, in which low and equalized wages continue. Whereas the reward policy in state firms produces further equalization

(low wages rise faster than high wages, to maintain the standard of living of the lower-paid workers), small businesses and Western firms introduce a considerable inequality of earnings. Pay differences within individual sectors are certainly lower than differences between them.

The transformation of the post-communist countries is being carried out in a period when the era of market regulation is over in the West and many securities of the labor market are being eroded. At the same time as Western scholars are studying the change of "welfare capitalism" into "market capitalism" and the transformation of a rigid market into a flexible one (Lane 1989), politicians in the post-communist countries are fixated on the golden 1970s and assume they will establish a well protected and universally accessible labor market. In fact, we have to take into account that the labor market in the East might be much more eroded and fragmented than in the West. Such a development is inevitable due to problems on both the supply and demand sides of the labor market. On the side of supply, various conditions will be offered as far as job, employment, reward and other securities are concerned, if the economy will ever start. On the side of demand, thoroughly diverse abilities and activities will be offered, caused by an incalculable mixture of inherited cultural capital and personal work motivation on the one hand, and acquired human capital and actual performance on the other.

In the West, the fragmentation of the labor force is occurring, which is "characterized by distinctive strata with cumulative advantages or disadvantages, the spread of labour insecurities to groups that had grown used to the prospect of a steady improvement. This has been associated with a rethinking about the nature of the welfare state, seen by many as excessively bureaucratic and, worse, in many respects redistributive manner" (Standing 1991: 8). When we put instead of "improvement" stability and instead of "welfare state" paternalism, the situation in the post-communist societies might be described by such terms quite properly.

As the social strata with distinctive patterns of labor security or insecurity, G. Standing distinguishes - among others - the "proficians", "capitalist employees", "flexiworkers" and the "detached stratum" (underclass). Also in the newly "capitalist" Czechoslovakia, we have to expect the emergence of extremely distant groups, despite the democratic traditions and equalizing past of the country. Prewar Czechoslovakia was overwhelmingly a middle-class society, with a negligible great bourgeoisie and an almost absent underclass. Now, there is a high probability that Gypsies will form a separate underclass, that communist political power and wealth will be transformed into new big ownership, or that some participants in the "voucher" privatization might constitute something like a stratum of "capitalist employees". To insist on universal protection of the market in such a situation could become fatal for both the economy and the society. Rather than uniform regulation, one needs the dynamics of individual segments and flexibility in work engagement. The results of our surveys show that the population is not very much troubled and that it is aware of the depth of the necessary transformation only to a certain degree. This is very good for maintaining social peace, but it is less good for radical change in economic behavior.

Tables

Table 1. Standards for the estimation of a job's prestige (%)

Criterion	Rank order		
	1.	2.	3.
1 High knowledge	25.2	22.3	14.4
2 Responsibility	23.6	19.0	14.0
3 Importance for society	20.2	19.1	15.1
4 Practical usefulness	9.8	9.6	10.9
5 Manual difficulty	7.9	5.4	6.7
6 Workmanship, know-how	4.7	9.0	14.7
7 Special talent	2.7	4.6	8.4
8 Scarcity, exclusivity	2.1	3.4	4.8
9 Ease to make money	1.2	1.2	2.9
10 Opportunity to manage people	1.4	3.5	3.9
11 Independence	0.7	2.9	3.7
12 Other	0.5	0.1	0.5
Total	100.0	100.0	100.0

Source: Survey on Social Differences and the Prestige of Occupations, November 1990 (N = 1320).

The question was:

"People estimate the prestige of an individual occupation according to different criteria. Choose three of the following criteria which you consider the most important."

Table 2. Feeling about respondent's own qualifications and willingness to work hard (%)

	Qualifications	Manager	10 hours	Training	Language
	1	2A	2B	2C	2D
definitely yes	18.0	19.6	41.2	36.9	25.2
rather yes	35.7	20.5	34.2	33.8	29.2
rather no	31.5	30.4	14.5	18.5	22.3
definitely no	14.9	29.5	10.1	10.8	22.5
Total	100.0	100.0	100.0	100.0	100.0

Source: Survey on the Economic Expectations and Attitudes, December 1991 (N = 1450, population 25-60 years only).

The questions were:

1. *"Do you consider your qualifications to be pertinent to and sufficient for a market economy?"*
2. *"If somebody were to offer you a job with double earnings, would be you willing to:*
 - A. *take a managerial position;*
 - B. *work 10 hours per day;*
 - C. *train for more than 6 months;*
 - D. *learn a foreign language within one year."*

Table 3. Feeling about respondent's own qualification and willingness to work hard (multiple classification analysis)

	Qualification 1	Manager 2A	10 hours 2B	Training 2C	Language 2D
Mean	18.0	19.6	41.2	36.9	25.2
Adjusted deviations (in % of mean)					
<i>Sex:</i>					
male	2.1	4.4	8.3	2.3	0.3
female	-1.9	-4.0	-7.7	-2.1	-0.3
<i>Age:</i>					
20-29	-4.0	0.6	-0.4	2.4	9.0
30-39	2.3	1.7	4.5	5.6	3.3
40-49	0.9	1.4	4.2	4.0	-1.6
50-59	0.2	-4.1	-9.0	-13.1	-11.5
<i>Education:</i>					
elementary	-7.6	-9.4	-5.6	-11.1	-10.0
vocational	-0.9	-2.4	1.0	-2.6	-4.5
secondary	3.2	7.2	1.8	6.9	8.3
university	14.1	13.7	3.8	19.6	20.2
<i>Republic:</i>					
Czech	0.9	-0.9	4.0	1.7	1.0
Slovak	-1.6	1.7	-7.4	-3.1	-1.9
Coefficients beta:					
Sex	0.05*	0.11**	0.16**	0.05	0.01
Age	0.06	0.06	0.11**	0.16**	0.17**
Education	0.16**	0.19**	0.06	0.19**	0.22**
Republic	0.03	0.03	0.11**	0.05	0.03
R²	0.03	0.06	0.06	0.08	0.09

Source: Surveys on the Economic Expectations and Attitudes, December 1991 (N = 1450, population 25-60 years only). In the analysis, only answers "definitely yes" have been considered.

*) coefficient significant at < 0.005

**) coefficient significant at < 0.001

The questions were:

1. "Do you consider your qualifications to be pertinent to and sufficient for a market economy?"
2. "If somebody were to offer you a job with double earnings, would be you willing to:
 - A. take a managerial position;
 - B. work 10 hours per day;
 - C. train for more than 6 months;
 - D. learn a foreign language within one year."

Table 4. Responses to several statements on earnings, private business and unemployment (% of responses "definitely yes")

	May 1990	December 1990	June 1991	December 1991
<i>A. "It is desirable for really competent people to have a lot of money, even millions."</i>				
Czechoslovakia	38.3	42.9	43.5	37.8
Czech republic	40.3	47.3	49.5	45.0
Slovak republic	34.3	35.2	32.5	25.0
<i>B. "Differences in earnings have to be increased."</i>				
Czechoslovakia	56.5	51.6		41.5
Czech republic	57.8	55.5		46.9
Slovak republic	48.0	43.9		31.9
<i>C. "For your household, extra incomes are important."</i>				
Czechoslovakia		34.4	33.7	
Czech republic		30.1	30.5	
Slovak republic		42.5	39.4	
<i>D. "There must be absolute freedom for private business."</i>				
Czechoslovakia	45.5	41.6	35.6	25.0
Czech republic	49.7	45.8	40.0	28.3
Slovak republic	37.3	33.5	27.6	19.1
<i>E. "Good conditions for private business have already been established."</i>				
Czechoslovakia		2.7	4.4	5.6
Czech republic		2.1	3.8	4.3
Slovak republic		3.8	5.7	7.9
<i>F. "The economy should remain under state control."</i>				
Czechoslovakia	52.6	40.7	38.9	38.8
Czech republic	52.0	39.7	39.0	37.3
Slovak republic	53.9	42.7	38.7	41.4
<i>G. "We have to avoid unemployment at any price."</i>				
Czechoslovakia	6.3	4.9	3.8	4.7
Czech republic	4.9	4.2	3.9	4.2
Slovak republic	9.0	6.2	3.5	5.7

Sources: Surveys on the Economic Expectations and Attitudes of the Population 1990-1991 (Population 25-60 years only).

Table 5. Strategies for coping with household financial troubles (%)

	More money 1	Better job 2	Second job 3	Work abroad 4	Private firm 5
definitely yes	32.6	30.5	21.5	9.9	11.4
rather yes	25.8	30.5	37.6	11.8	13.7
rather no	18.9	20.7	17.4	23.7	25.0
definitely no	22.2	18.2	23.5	54.5	49.9
Total	100.0	100.0	100.0	100.0	100.0

Sources: Survey on the Economic Expectations and Attitudes of the Population, December 1991 (N = 1283 population 25-60 years only).

Question and variants of answers:

"Imagine your family falls into a very difficult financial situation, due to external circumstances. Which of the following solutions would be for you convenient?"

1. *Try to get more money from the job you have.*
2. *Find a better paying job.*
3. *Find a second job, moonlight.*
4. *Go to work abroad.*
5. *Establish a private firm."*

Table 6. Feeling about respondent's employment perspectives (%)

	Perspective of occupation 1	Firm 2	Fear of unemploy- ment 3	Willingness to work for wage lower 4	minimum 5
definitely yes	22.5	17.2	22.5	22.2	15.9
rather yes	35.1	35.0	26.6	45.0	30.8
rather no	29.5	30.1	31.9	19.1	25.4
definitely no	13.0	17.7	19.0	13.7	27.9
Total	100.0	100.0	100.0	100.0	100.0

Source: Survey on the Economic Expectations and Attitudes of the Population, December 1991 (N = 1450, population 25-60 years only).

The questions were:

1. *"Do you consider your occupation to have a good perspective from the point of view of the contemporary changes?"*
2. *"Do you consider your firm to have a good perspective from the point of view of the contemporary changes?"*
3. *"Do you fear unemployment?"*
4. *"If your job were in danger, would you be willing to work for a lower wage than you now have?"*
5. *"If your job were in danger, would you be willing to work for the minimum wage?"*

Table 7. Feeling about respondent's employment perspectives (multiple classification analysis)

	Perspective of occupation		Fear of unemployment	Willingness to work for wage	
	1	2		lower	minimum
	1	2	3	4	5
Mean	22.5	17.2	22.5	22.2	15.9
Adjusted deviations (in % of mean)					
<i>Sex:</i>					
male	3.8	0.5	-2.6	-1.8	-5.9
female	-3.5	-0.4	2.4	1.7	5.4
<i>Age:</i>					
20-29	2.9	-0.5	1.2	-4.9	-2.3
30-39	1.8	0.4	2.4	0.3	0.3
40-49	-0.9	3.6	0.2	-0.1	0.4
50-59	-4.4	-3.4	-4.4	4.6	1.6
<i>Education:</i>					
elementary	-8.7	-4.7	3.1	1.8	7.4
vocational	-1.0	-2.7	1.7	-3.8	-3.6
secondary	2.7	3.3	-1.4	3.0	-0.4
university	19.2	13.7	-11.1	2.0	-3.6
<i>Republic:</i>					
Czech	3.0	1.7	-5.0	1.5	1.2
Slovak	-5.5	-3.1	9.4	-2.8	-2.3
Coefficients beta:					
Sex	0.09**	0.01**	0.06**	0.04*	0.16**
Age	0.07*	0.06	0.06	0.08	0.04
Education	0.18**	0.15**	0.10*	0.07*	0.12**
Republic	0.10**	0.06*	0.17**	0.05*	0.05*
R²	0.06	0.03	0.04	0.02	0.05

Source: Surveys on the Economic Expectations and Attitudes of the Population, December 1991 (N = 1450, population 25-60 years only).

In the analysis, only answers "definitely yes" have been considered.

*) coefficient significant at < 0.005

**) coefficient significant at < 0.001

The questions were:

1. "Do you consider your occupation to have a good perspective from the point of view of the contemporary changes?"
2. "Do you consider your firm to have a good perspective from the point of view of the contemporary changes?"
3. "Do you fear unemployment?"
4. "If your job were in danger, would you be willing to work for a lower wage than you now have?"
5. "If your job were in danger, would you be willing to work for the minimum wage?"

Figure 1. Main dimensions of the distributional system

A) UNDER THE COMMUNIST SYSTEM

	APPARENT	HIDDEN
LEGAL	1 Rewarding by wage system in formal economy	2 Benefits, bonuses and privileges of the "ruling class"
ILLEGAL	3 Rewarding of private activity in the informal economy	4 "Plus-value" from party, state and economic management

B) IN THE STARTING PERIOD OF TRANSITION

	NEW CAPITALISTS	OLD BIG OWNERSHIP
DOMESTIC	1 Entrepreneurship with domestic capital	2 Hired labor in past state enterprises with low wages, higher security
FOREIGN	3 Entrepreneurship with western capital	4 Hired labor abroad or by foreign firms with high wages, lower security

JIRÍ VEČERNÍK has been concerned with the problems of wage differentials and economic inequality for many years, and is the author of many articles and studies on these themes, beginning with a chapter in the volume *Československá společnost (Czechoslovak Society)*, compiled under the direction of Pavel Machonin in 1969. He is the leader of the research group entitled "The Labor Market, Social Politics and Home Economics in the Era of the Transition to a Market Economy" at the Institute of Sociology of the Czechoslovak Academy of Sciences. Among others, he is a member of the executive board of the Luxembourg Income Study and works with other foreign institutions in the area of social policy and economic sociology.

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Surveys used:

- "Social differences and job prestige": November, 1990. Sample: 1320 adult economically active people.
- "Family 1989": observing 15 year-old children in Autumn, 1989, as a panel over for several years.
- "Economic expectations and attitudes of the population": May, 1990; December, 1990; June, 1991; December, 1991. Sample: 1650-1800 adults over 18 (some questions concern also the situation of the household).
- "Transformation of the social structure", September-October, 1991. Sample: 2850 adults.
- All surveys were carried out by the Survey Center STEM at the Institute of Sociology of the Czechoslovak Academy of Sciences, Prague.