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Czech Exceptionalism? A Comparative Political Economy Interpretation of Post-Communist Policy Pathways, 1989–2004*

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Abstract: This article makes a plea for a more explicitly intentional and political-strategic analysis of post-communist public policy pathways. The author analyses a set of social and labour-market policies implemented in the Czech Republic (pro-active job loss prevention) compared to Hungary and Poland (large-scale non-elderly retirement), and indicates why, far from being fully constrained by structural or external variables or by international pressures, political elites were able to design policy packages that served to reduce anti-reform protests. Once enacted at a formative historical turning point, these early policies fundamentally reshaped the subsequent operational space of post-communist politics throughout the 1990s. They crystallised the distinct pathways of post-communist welfare regimes, and they enabled early, and irreversible, democratic and market reform progress. While seemingly inefficient, and definitely costly in public-finance terms, these policy packages contained a degree of political rationality, as they contributed to the making of the great Czech, Hungarian, and Polish transition success stories, in an otherwise highly heterogeneous population of post-communist transition cases.

Keywords: public policies, political strategy, constrained democratic efficiency, East European welfare regimes, post-communist transformations, path contingency

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> *I consider the transformation of the Central Eastern European region a success story because it established a capitalist economic system within a historically brief timeframe, thereby placing our nations again on the course of development leading towards the main direction of history.*
> János Kornai [2006: 226]

As I write these lines, the Czech Republic has been a full EU member for two-and-a-half years and is fast approaching the twentieth anniversary of the uprisings on Wenceslas Square and the similar popular mobilisations that precipitated the fall of communism. This is a good time to take stock of what we have learned about the public policy pathways taken since 1989. This article proposes a number of theoretical arguments on constrained democratic efficiency, the success (or lack thereof) of post-communist social and economic policy reforms, and, in particular, the political causes and consequences of recent Czech policy pathways as compared to those in Hungary and Poland. In so doing, I present, and further elaborate upon, a number of key arguments set out in my book *Divide and Pacify: Strategic Social Policies and Political Protests in Post-Communist Democracies* [Vanhuysse 2006a]. Consider the following observation, especially in light of the remarkable Hungarian riots of early autumn 2006: Contrary to prior expectations, contrary to earlier democratic and economic reform experiences in the 1970s and 1980s, and notwithstanding a number of high-profile individual cases of mass strikes or protests, the Central European transitions to market democracy have actually been distinctly non-violent and non-disruptive [e.g. Greskovits 1998; Vanhuysse 2004a]. In *Divide and Pacify* I examined the interplay between labour militancy, (neo)corporatist institutions, state policies, and social and labour-market strategies, developing social policy-based explanations for the remarkably limited number of strikes and protests, despite the high social costs of transition. This perspective overlaps with a number of social science research strands, including the Varieties of Capitalism literature, the political economy of democratic transitions and policy reforms, the political sociology of strikes, protests and contention, and the comparative political economy of welfare regimes.[1]

[1] Like much of the Varieties of Capitalism literature [e.g. Kitschelt et al. 1999; Hall and Soskice 2001; Hancké, Rhodes and Thatcher (forthcoming)], *Divide and Pacify* explores different constellations of state policies, labour-market institutions, and unions – but in the novel context of the early post-communist market democracies; which is a hitherto barely explored terrain [see also Pop and Vanhuysse 2004]. The book draws deeply on the political economy of transitions and policy reforms [e.g. Offe 1991, 1993; Rodrik 1996; Greskovits 1998; Vanhuysse 1999; Barr 2005; Hasselmann 2006] and on the comparative politics of contention [e.g. Tarrow 1998; Crowley and Ost 2001; Vanhuysse 2004a, 2006b] and welfare states [for general overviews, see Esping-Andersen 1990, 1999; Pierson 1996, 2001; on pensions, see Myles and Pierson 2001; Vanhuysse 2001, 2004b; on welfare attitudes, see Sabbagh and Vanhuysse 2006a, 2006b; Sabbagh, Powell and Vanhuysse (forthcoming)].

In a nutshell, I argue that social and labour market policies constitute a crucial yet hitherto inadequately explored reason for the comparative success of the Czech, Hungarian, and Polish transitions. To see why, we need to adopt a more explicitly strategic and political lens on post-communist policy design. Emphasising the ways in which welfare state programmes can be manipulated by governments in an attempt to prevent or forestall disruptive mass protests, Vanhuysse [2006a] identified a political strategy that could significantly reduce the capacity of selected groups of job-threatened workers to organise large-scale collective action. As I indicate in this article, over the course of the 1990s, social policy packages consistent with such a thesis have in fact been adopted in Hungary and Poland, though not in the Czech Republic. However, in the Czech case, I discuss a number of ways in which public policies, while seemingly exceptional, have exhibited equivalent elements of strategic manipulation by political leaderships eager to achieve particularly urgent goals – social peace in the polity, as a strong prerequisite for fast progress in reforming former communist dictatorships into liberal democracies and capitalist economies. I conclude by arguing that, when viewed from an integrated political economy perspective, seemingly inefficient policies turn out to have contained a degree of political rationality.

1990 as a critical juncture – or, policymakers did make (fateful) policy choices

> *Economic change ... is for the most part a deliberate process shaped by the perceptions of the actors about the consequences of their actions. The perceptions come from the beliefs of the players – the theories they have about the consequences of their actions – beliefs that are typically blended with their preferences.*
> Douglass North [2005]

In order to develop satisfactory explanations of post-communist policy reforms, it is necessary to simultaneously acknowledge and circumscribe the causal role of 'structure' and 'history' or 'legacy.' Given the strong and pervasive effects of the communist one-party systems and planned economies on Central European societies for over four decades, it would be unwise to dismiss these concepts entirely (for broader perspectives, see Ekiert and Hanson [2003]; Mahoney and Rueschemeyer [2003]; North [1990, 2005]). But we need to move beyond the highly aggregate concepts predominant in the transition literature, such as the novelty of democracy, the presence of tripartite bargaining institutions or demographic variables, rural density, national tax revenues, indebtedness and welfare spending, poverty or income inequalities, to explain post-communist policy reforms. The role of history and structure can be spelled out and theorised at intermediate levels, and as partly subject to manipulation by governments, rather than inherited or invariant beyond strategic action. Political path-dependence theories can be insightful here. But for such theories to have value-added as an explanatory framework, beyond the vacu-

ous claim that history matters, they need to specify two elements as precisely as possible [Pierson 2000, 2004]. First, what was the initial point at which one path rather than another was taken? Second, what were the causal mechanisms that subsequently locked in that particular path once taken? In Central and Eastern Europe around 1989–1990, the first point is unusually clear. The transition to market democracy was an exceptional instance of large-scale social change; a formative historical turning point. At a time when civil society was not yet a strong countervailing force, the first democratic governments were able to reverse the course these societies had taken for over four decades.

One core policy area where there were particularly significant consequences to result from the early choices made is the welfare state in general and pensions in particular. Set up shortly after Second World War, by 1989–1990 Central European pension systems had reached maturity. Between 1960 and 1980 alone, pension replacement rates (benefits/average wages) had already converged to high levels in Hungary (from 32% to 55%), Poland (from 40% to 46%) and the Czech Republic (from 60% to 54%). System dependency rates (actual pensioners/actual workers-contributors) had also increased significantly, from 24% to 43% in Hungary and from 20% to 35% in the Czech Republic [Müller 1999]. However, despite similar legacies and starting points, in subsequent years pension policy pathways in Hungary and Poland rapidly diverged from those in the Czech Republic. Elsewhere I have documented how post-communist governments in the first two cases, but not in the third, provided the legal and financial incentives and the implicit encouragement for scores of working-age citizens to become non-elderly pensioners. Between 1989 and 1996 alone, the number of old age pensioners increased by a mere 5% in the Czech Republic, but by 20% in Hungary and by 46% in Poland. In the same short period, the number of disability pensioners increased by respectively 11%, 49%, and 22%. These figures indicate radical shifts in the lives of many hundreds of thousands of Hungarians and Poles. Additionally bearing in mind that demographic pressures in these societies were relatively mild at the time, these developments in the latter two countries can be labelled 'the great abnormal pensioner booms' of the post-communist transitions [Vanhuysse 2004b, 2006a: 87–89].

From a public-finance viewpoint, these were distinctly sub-optimal policies. Abnormal retirement was doubly hazardous, as it increased the numerator of the pension system dependency rate while simultaneously decreasing the denominator. The number of pensioners increased by respectively 22% and 35% in Hungary and Poland in these seven years, while the number of workers-contributors decreased by respectively 25% and 14% [Schrooten, Smeeding and Wagner 1999: 281]. Existing theories cannot be automatically applied to account for these events. Public choice and political economy theories concur in their explanations of why welfare programs prove difficult to reform or retrench, even when this would enhance aggregate welfare. Serious impediments can be expected to arise if a) losses are certain or concentrated while benefits are less visible or more diffuse, b) the identity of winners and losers is uncertain ex ante, c) voters are more sensitive to losses than to

gains, or d) median voters are elderly or approaching retirement age [e.g. Olson 1965; Quattrone and Tversky 1988; Fernandez and Rodrik 1991; Breyer 1994; Rodrik 1996; Vanhuysse 1999, 2004b]. The 'new politics of the welfare state' literature proposes that politicians face an uphill battle in reducing welfare program generosity while avoiding blame for it [Pierson 1996, 2001]. The political logic behind mature pay-as-you-go pension systems further complicates reforms. When shrinking pools of workers-contributors need to finance large or fast-growing pools of pensioners-beneficiaries under conditions of slow real wage growth, the financial balance of such systems is endangered. However, when switching to fully funded pension arrangements, current workers must simultaneously finance current pensioners and their own future pensions. This transitional double-payment problem presents a strong political barrier to systemic reforms of public pension schemes [Myles and Pierson 2001; Hasselmann 2006].

But while it is one thing to predict that politicians may find it hard to reform or retrench mature pension systems with growing financial imbalances, it is quite another to posit that they will strongly add to the already existing imbalances by *expanding* rather than retrenching the systems – in a period, moreover, of strongly decreasing fiscal revenues [Vanhuysse 2001, 2004b]. However, by allowing hundreds of thousands of working-age individuals to retire within just a few years, the Hungarian and Polish governments did precisely this. They actively *created* a pensions crisis towards the mid-1990s, where there had been none in 1989. A large amount of literature in sociology, social policy, political science, and economic policy has described these developments [e.g. Boeri 1994, 1997a; Boeri, Burda and Köllö 1998; Elster, Offe and Preuss 1998; Macha 1999]. However, this literature heavily underplays the fact that 'the great abnormal pensioner booms' were not a purely exogenous characteristic of the transition. Rather, they involved policy parameters that were still largely at the discretion of governments. Nor do existing accounts explain why pension policies that directly contradicted national financial prudence, international financial pressures, and basic economic common sense, were nevertheless enacted by domestic policymakers [see Hasselmann 2006 for an exception]. For example, Müller [1999: 56] argues that by 1996 the precarious state of external debts and pension finances in Hungary and Poland, but not in the Czech Republic, necessitated systemic pension reforms only in the first two countries. But she provides no convincing causal narrative explaining why finances spiralled out of control *before* 1996 and why they did not in the Czech case. Received wisdom agrees that pension reforms until the mid-1990s 'were slow, piecemeal, and not sweeping enough', and that the ensuing pensions crisis that 'did not stem from population ageing but was transformation-induced.' Others interpret the pensioner booms as essentially unforeseen or unintended consequences of decisions by non-strategic or simply bewildered politicians [e.g. Müller 1999: 71, 150; Schrooten, Smeeding and Wagner 1999: 282; see also Hausner 2001; Spéder 2000; Golinowska 1999].

Such explanations are unconvincing because they too heavily view national policymakers as lacking in the ability to make competent and conscious decisions [Van-

huysse 2004b]. After all, new laws were written and approved by parliamentary majorities to create new legal opportunities for workers to retire abnormally, and sometimes to increase the generosity of benefits. A new law in March 1991 created two additional legal opportunities for early retirement in Hungary. The new pension benefit calculation formula implied that beyond 32 working years workers could gain almost nothing from continuing to work Similarly, the Polish Sejm twice passed new laws in 1990 to ensure that pensioners were better protected from hyperinflation. A quarterly indexation mechanism was first introduced in May 1990. Minimum pensions were increased, while indexation was based on average wage growth. Regulations were similarly introduced in 1991 to allow early retirement specifically for workers who were made redundant, without the loss of benefits [Müller 1999: 66–68; Spéder 2000; Inglot 2003: 222; Cain and Surdey 1999: 158; Czepulis-Rutkowska 1999: 152].

The case of the Czech Republic further indicates why post-communist pension policies were not uniformly dictated by external circumstances or international institutions. Unlike their Polish and Hungarian counterparts, and despite being faced with larger, not smaller, pensioner constituencies at the start of transition, Czech legislators moved to retrench rather than expand their pension system (more on this below). In early 1993, all special privileges were abolished. Retiring early was possible only under two sets of circumstances, both of which entailed a significant reduction of the earnings-related component of benefits. Czechs wishing to retire two years early had to have been on the unemployment register for at least 180 days. Their pensions were then reduced by 1% for every 90 days of pension taken prior to official retirement age, although this reduction was lifted upon reaching the official retirement age. Czechs wishing to retire three years early saw their pension benefits reduced by 0.6 percent for every 90 days, and permanently so [Müller 1999: 132, 146fn]. While early exit mechanisms were somewhat relaxed by the senior incumbent party ODS (Civic Democratic Party) to appease unions and the KDU-ČSL (Christian Democratic-Czech People's Party) coalition partner [Večerník 2006a: 7], these mechanisms were less pronounced than in Hungary and Poland.

How best to assess these divergent, early policy choices? As Douglass North's recent writings on economic change in history have reminded us, the actions and beliefs of the elite political and economic entrepreneurs who shape policy are crucial for understanding the evolution of societies over time. Indeed, North [2005: 3] emphasises that: "The key to understanding the process of change is the intentionality of the players enacting institutional change and their comprehension of the issues". Discussing path dependency throughout history, North [1990: 98–99] also hammers home the point that: "At every step along the way there [are] choices – political and economic – that provide ... real alternatives. Path dependence is a way to narrow conceptually the choice set and link decision making through time. It is not a story of inevitability in which the past neatly predicts the future". The benchmark assumption of non-intentional or overly constrained policymaking is therefore neither a helpful nor a complete and coherent explanation of the social policy packages

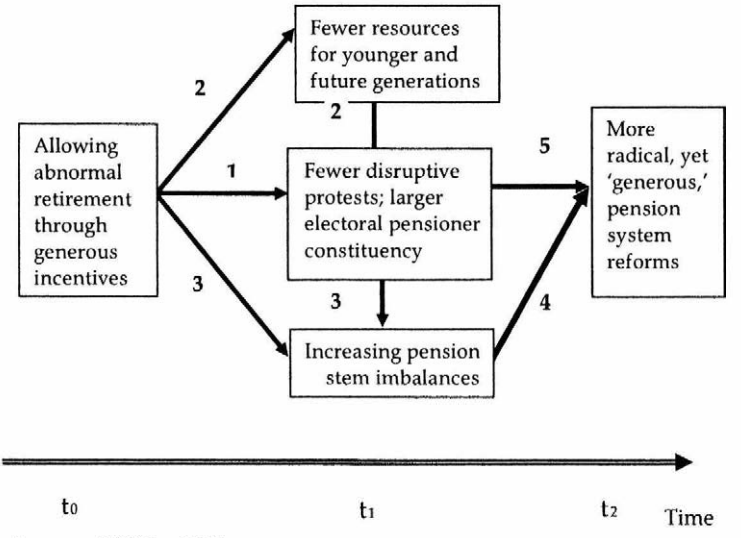
adopted during the extraordinary political juncture of the early 1990s. Existing 'non-political' or 'external' accounts are imbalanced, in that they too heavily impute non-intentional behaviour to post-communist policy-makers – a social-science approach that anyway holds little theoretical appeal in general [Elster 1986, 1989, 1993; Alesina 1994; Rodrik 1996].

Conversely, I argue that after 1989 political elites were able to make purposive decisions *within* the parameters set by external, structural, and legacy constraints rather than being eclipsed by them. Developing a more explicitly intentional and strategic-political interpretation of public policy design, I have suggested that transferring core groups of threatened (and unionised) workers onto welfare programs promised large political payoffs for post-communist governments [Vanhuysse 2006a]. By splitting up of well-networked and formally organised groups of workers, sending some of them onto unemployment benefits and many others onto 'abnormal' pensions – early retirement and disability retirement – the capacity of such workers to successfully mobilise for large-scale strikes and protests was reduced. In part, this was due to the reduced sense of agency and to the less heterogeneous social networks among unemployed and retired people [Gallie, Marsch and Vogler 1994; Gallie, Kostova and Kuchar 2001; Gallie and Paugam 2000]. Both groups tend to have fewer weak ties, which makes it harder for them to the unemployed and pensioners to reach out to actors with different political and social-economic positions and resources in order to organise collective action. In part, workers, the unemployed, and abnormal pensioners, who had until recently worked together in the same workplace and had shared very similar material interests, were now locked into a range of mutual distributional conflicts over scarce, and ever scarcer, state resources. Moreover, during a period of declining living standards, the unemployed and the abnormal pensioners had stronger economic incentives to earn informal private sector incomes – a Hirschman-type exit – instead of pursuing public goods through collective protests, i.e. through a political voice [Greskovits 1998; Vanhuysse 2006b]. Divide and pacify policies were one among many policy paths that could have been taken. But the fact that they were taken in Hungary and Poland, and *not* in the Czech Republic, has had significant political and policy consequences.

Into the 21st century – the path-contingent evolution of welfare regimes

Path-dependence theories can help to explain the *persistent* differences in the larger work-welfare pathways taken by post-communist societies, as once-contingent early policy choices have strongly shaped subsequent social, economic, and political outcomes. Having spelled out how policy choices in the early 1990s initiated particular pathways, the task now is to distinguish the *self-reinforcing* mechanisms that locked in these initial policies in the late 1990s and into the present century. Mirroring Douglass North's views, Margaret Levi [1997: 28] notes that: "path dependence has to mean, if it is to mean anything, that once a country or region has start-

Figure 1. Post-communist welfare regime pathways: the temporal dynamics of early social policies



Source: Vanhuysse [2006a: 105].

ed down a track, the costs of reversal are very high. There will be other choice points, but the entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice". After the initial pensioner booms in Hungary and Poland, but not the Czech Republic, how did the work-welfare regimes of these three societies crystallise subsequently? Figure 1 depicts some causal mechanisms indicating how the choice sets of post-communist policy-makers were constrained and narrowed over time.

As Vanhuysse [2006a: Chapters 5 and 6] spells out in much greater detail, over the course of the 1990s the Czech welfare regime has diverged increasingly from those in Hungary and Poland. In the latter two countries, once many at-risk workers had been allowed to retire abnormally (at *t0*), it was impossible for governments to reverse this exit later. The pension system was now more likely than ever to require reforms in later years (at *t2*). But the wider work-welfare set-up of society was now imbalanced. The new abnormal pensioners depended on state benefits rather than working wages, but they represented less of a disruptive threat. Thus the nature of post-communist politics was altered. More powerful pension demands by over-sized pensioner constituencies could be expected at the end of electoral cycles, but fewer protests occurred in the short run (cause 1). Compared to young or middle-aged households, pensioner households depended to a greater extent on the state for their income. Post-communist pensioners had now become a classic example of a powerful and single-minded voting constituency. The real value of their public pensions formed a common interest that was both easily identifiable and of high

importance. With already existing cohorts of elderly pensioners newly joined by hundreds of thousands of early and disability pensioners, the pensioner constituency's electoral clout was higher than ever. Even if not all pensioners adhered to a single ideology, or voted as a single bloc, or were even represented in single-issue parties or pressure groups, their sheer size could now pre-emptively influence the policy platforms of politicians.

Since fiscal resources were strongly constrained in the transition, favouring pensioners left fewer resources available for younger or future generations (cause 2 at *t0*). At the same time, the transfer of hundreds of thousands of working-age individuals out of the labour market aggravated pension finances (cause 3 at *t0*). Once the pensioner constituency had been enlarged, it was harder than before to retrench pensions (cause 3 at *t1*). Polish governments stabilised pension replacement rates only after first letting them soar during the first, and socially most costly, years. Successive Hungarian governments were only able to stabilise pension replacement rates and did not otherwise retrench pensions. For instance, the Bokros stabilisation package passed by the Hungarian parliament in May 1995 included such measures as the abolition of universal family allowances, a sharp reduction of child care assistance, and large cuts in civil service jobs, but it never touched pensioners [Vanhuysse 2006a: 82–83, 106–107].

After the great abnormal pensioner booms, systemic pension reform was more urgently necessary than ever before (cause 4). But the way in which this could be done was now more strongly constrained (cause 5). In a process that accelerated from 1996 in Hungary and from 1997 in Poland, both countries took steps to draw up and implement comparatively radical pension-system reforms, including a three-pillar system with a large privatised component [Müller 1999; Müller, Ryll and Wagener 1999; Nelson 2001; Hasselmann 2006]. The mere mention of such systemic reforms had been a political non-starter only seven years earlier. At the same time, the abnormal pensioner booms shifted the dominant distributional politics in these democracies away from the template of 'reform protests' and onto a new political template: *the political economy of gerontocracy*, or the logic of *generational politics*, in which public expenditures for elderly generations are made increasingly at the expense of younger generations. I predict that this logic of distributional conflict between generations will increasingly determine future democratic politics in these societies.[2]

Strongly constrained by the much enlarged electoral clout of pensioners, governments now shifted the reform burdens onto the generations of younger workers and future taxpayers, while continuing to favour current pensioners [see also Goli-

[2] For formal models of the political economy of intergenerational politics, see Browning [1975], Breyer [1994], Sala-i-Martin [1992] and Mulligan and Sala-i-Martin [2003]. For empirical evidence and political explanations, see Myles and Pierson [2001], Campbell [2003], Vanhuysse [2001, 2004b], and Sabbagh and Vanhuysse [2006b]. For an insightful analysis of different political and distributional cleavages within Czech society as seen from a middle-class perspective, see Večerník [2004].

nowska 1999; Simonovits 1999; Nelson 2001; Hasselmann 2006]. Thus the move to the new privatised pillar was made attractive by substantial incentives covered by the general budget. The Hungarian Finance Minister even stated publicly that: "there is no critical threshold in this instance. If there will be more entrants, the budget will cover the whole deficit without any fuss" [quoted in Ferge 1999: 243]. In very recent years, the left-of-centre government has put forward the payment of a thirteenth month of pensions. This has been more than a minor contribution to the worrying rise in Hungarian public deficits, which stood at around 10% of GDP by 2006. As with the pensioner-favouring policies of the 1990s, younger generations will eventually have to pick up the bill.

In stark contrast, the Czechs avoided abnormal pensioner booms early on, and subsequently steered away from some of the political dynamics described above. As Večerník [2006a: Graph 1] shows, average pension benefits as a share of gross wages increased only marginally, from 51% in 1990 to 55% in 1991, after which they were sharply reduced, reaching 45% by 1996 and 40% by 2004, keeping them well below Hungarian and Polish levels all along. As a result, Czech pension finances did not immediately spiral out of control (cause 3). However, the absolute size of the Czech pensioner constituency, although it grew comparatively much less in the 1990s, had been larger to start with in 1989 [Vanhuysse 2006a: 120]. Hence the political economy of gerontocracy also kicked in here. As argued above, the sheer size of pensioners as an electoral constituency could – and did – influence the policy platforms of all office-seeking parties, right across the ideological spectrum. Consider the 1992 and 1996 elections. Pensioners voted respectively three and two-and-a-half times more numerously (13% respectively 9% of all votes) than average voters for the single-issue 'Pensioners for Security' Party (HDZJ). Nevertheless, this party did not obtain a vote share directly commensurate with the (still much larger) electoral clout of pensioners [Večerník 2006a: Table 1]. My theoretical hypothesis of uniform and *pre-emptive* policy platform adaptation by office-seeking parties goes some way towards accounting for this seemingly paradoxical observation.

Crucially, regarding pensions, no radical and *systemic* reforms were implemented in the Czech Republic (cause 4), despite strong pressures from the IMF and the World Bank to install compulsory private co-insurance. As Večerník's [2006a, 2006b] insightful analyses show, neither trade unions nor political parties (with the exception of the increasingly marginal Freedom Union) even proposed any radical reforms. Instead, the pay-as-you-go system was retrenched *parametrically*, and mildly and gradually at that. In 1995, a new set of laws from the ODS-led centre-right government set in motion an incremental increase in the official retirement age, which was to be incrementally raised from 53–57 to 57–61 for women and from 60 to 62 for men. Pension benefit replacement rates were set to drop gradually, to 38% by 2010 and to 35% by 2015.[3] In the face of now worsening system-dependency rates

[3] See Potůček [2001: 94–95, 2004: 258–260]. In the same vein, Potůček notes that a State Social Support Act was introduced by the conservative government in 1995, replacing universal

and pension system financial balances, the social-democratic ČSSD politicians, who gained power in 1998, still rejected all radical pension reforms [Večerník 2006a: 9]. The next ČSSD-led government, which took office in 2002, only moved to abolish temporarily reduced pension benefits as an early exit template. And it only did so once early retirement had become a truly massive phenomenon, with one in two new pensioners retiring early by 2002–2003 [Večerník 2006a: 10]. Finally, different economic and labour market policies further set the Czech welfare regime on a radically distinct pathway.

Czech economic and labour-market exceptionalism – or, how to be a proactively social, apparent neo-liberal

Czech governments have not adopted any large-scale early exit policies. But they have had to deal with fewer strikes than their Hungarian and Polish counterparts [Vanhuysse 2004a]. However, this does not mean that large-scale protests were therefore less of a headache for Czech politicians. The regime change in Czechoslovakia in late 1989 was spurred to a larger degree by massive popular protests. Unions set up 6000 strike committees in November 1989 and organised a nationwide two-hour strike on November 27, in which around 60% of the workforce participated. Soon afterwards, the Communist Party started to relinquish its power. Czechoslovak unions also implemented a large-scale personnel revolution that saw 80% of the old functionaries replaced by 1990 [Myant and Smith 1999: 26; Garton Ash 1990: 80–84; Orenstein 2001: 65]. Since the new union leadership was not allied with any of the governing parties and inherited the strongest union confederation in the entire region, it was able to credibly threaten to mount protests against contested reforms. The government initially attempted to pre-empt this by means of restrictive strike regulation. But the unions reacted by calling a strike alert throughout November 1990. Together with subsequent threats of a general strike, this made the government back down entirely. Union rights were extended, a liberal strike regulation was legislated, and unions were invited to participate in the tripartite Council of Social Accord [Bruszt 1993: 66–68].

Unemployment rates provide the key to understanding Czech post-communist policy pathways (Table 1). At around 3% right up until 1996, these rates were not just conspicuously below those in other post-communist democracies, they were actually lower than anywhere in Europe, and second-lowest among all OECD countries [Kabaj 1996: 52]. Czech protest pre-emption strategies differed from other Central

child allowances with a (still relatively) generous income-tested method; a policy direction which subsequent social-democratic governments wanted, but could not, reverse. By 2002, state support for young Czech families had eroded significantly, dropping by 27% for families with one or two dependent children, by 35% for families with three children, and by 45% for families with one child, compared to 1989 levels.

Table 1. Official end-of-year unemployment rate (UE, in %), and active employment policy expenditures (AE) as % of total employment policy expenditures, Czech Republic, 1990–2002

Year	*90*	*91*	*92*	*93*	*94*	*95*	*96*	*97*	*98*	*99*	*00*	*01*	*02*
UE	0.7	4.1	2.6	3.5	3.2	2.9	3.5	5.2	7.5	9.4	8.8	8.9	10.3
AE	n.a.	31	55	35	28	26	21	14	18	25	37	43	44

Source: Potůček [2004: Tables 5-4, 262].

European democracies mainly in their primary target, which was to avoid large-scale job losses and labour market exits. The Czech equivalent of the Polish Balcerowicz programme, the 'Radical Strategy' blueprint paper, was adopted in April-May 1990. The Balcerowicz plan had no social policy section. By contrast, the social policy section of the Czech paper explicitly spelled out a strategy to avoid the immediate bankruptcy of large enterprises: "There must be sufficient time given for adaptation. Otherwise even viable economic potential will be destroyed, creating mass unemployment. Active structural policy must therefore provide temporary protection to viable enterprises, especially through credit, possibly subsidy, and partly also through customs policy" [Orenstein 2001: 74]. The 'Radical Strategy' document furthermore called for a transitional social policy aimed at standing up to 'the risk of extensive unemployment as well as spiralling inflation and a drop in real wages'. This risk was to be reduced by means of 'structural macro-economic policies, labour-market interventions, and welfare policies designed to preserve a social minimum' [Orenstein 2001: 73–74].

To a greater extent than elsewhere, Czech governments aimed at actively creating employment rather than passively compensating for its loss. This has ensured a higher outflow from unemployment to jobs, as stagnant pools of individuals in danger of rapidly becoming unemployable have been 'churned up' [Boeri, Burda and Köllö: 1998]. Whereas total passive expenditures (transfers) and total active labour-market policies (such as training programs and public works) were equal in scale in Hungary and Poland in 1989, by 1993 passive expenditures were respectively five and nine times larger than active expenditures [UNICEF 1995: 60]. The opposite occurred in the Czech Republic, where the passive/active expenditure ratio decreased from 5 in 1990 to 0.5 in 1993 (compared, for instance, to 0.9 in Sweden and 2.2 in France in 1991). Czech authorities set up a network of 77 regional labour offices as early as 1990, in an effort to provide easy access to a wide range of job services such as labour market information and consultation, professional training and re-qualification, and the creation of job opportunities. Altogether, these active employment offices reached 92% of all unemployed persons. In 1992, they created more than 82 000 new jobs, over 1000 places in protected workshops for disabled people, and 25 000 places for community work, and they completed the re-qualification of 14 600 jobseekers [Potůček 2001: 90]. In 1993, the share of active labour market expendi-

tures in Poland (16%) and Hungary (23%) was significantly lower than the OECD average (33%). But in the Czech Republic (55%), it was higher than in the top-ranking Western country, Sweden (45%) [Kabaj 1996: 33]. As Table 1 shows, after a relative trough in the crisis years 1997 and 1998, this early emphasis on active employment policies was only strengthened once the conservative Klaus-dominated governments were replaced by left-wing governments. By 2002, these policies received as much as 44% of all employment policy expenditures.

The heavier policy emphasis on keeping the employed in work and the unemployed employable translated into better results. Between 1992 and 1996, average inflow rates into unemployment were 1.1 in both Hungary and Poland, but only 0.7 in the Czech Republic. The gap was more striking still for outflow rates from unemployment, at respectively 8.1, 6.3, and 22.[4] And of those who did flow out of unemployment, many more actually found jobs in the Czech Republic, rather than leaving the labour force altogether [Boeri 1994]. By the mid-1990s, the share of long-term unemployment within total unemployment, which was below 40% in Western Europe, hovered around 50% (and rising) in Hungary and Poland. It was above 40% in all post-communist economies – except the Czech Republic, although even there it increased markedly towards the start of the 21st century [Boeri 1994, 1997a, 1997b; Ham, Svejnar and Terrell 1998]. Czech strategies to limit early labour market exit and to emphasise active employment policies led to employment rates of older workers that were significantly higher than in Poland and Hungary, at 84% versus 53% and 44% for men aged 50–59, and at 80% versus 46% and 17% for women aged 50–54 in 1996 [Boeri, Burda and Köllö 1998: 13].

Perhaps the most significant dimension in which Czech governments strayed from market reform orthodoxy was their avoidance of the rapid hardening of budget constraints. A key defining feature of communist economies was the pervasiveness, and persistence, of soft budget constraints, induced through state subsidies to inefficient firms, the lax allocation of bank and trade credits, wage arrears, and so on [Kornai 1993, 1999]. After 1989, Czech governments continued to rely more heavily than other countries on wage controls and continued to allocate consumer subsidies, notably for rent, heat, electricity, and transport [Müller 1999; Elster, Offe and Preuss 1998]. More striking still, they considerably lagged behind in hardening company budget constraints and in implementing the corporate governance regime necessary for this task. Between 1995 and 1997, the proportion of bad loans out of total loans distributed by the banking sector averaged at 7% in Hungary, 17% in Poland, and 29% in the Czech Republic. Between 1993 and 1997, government budget subsidies to firms amounted to respectively 5%, 1%, and 8% of GDP (calculated

[4] Inflow rates are the average annual rates of the number of people flowing into unemployment in a month divided by the number of people employed in a month, multiplied by 100. Outflow rates are the average annual rates of the number of people flowing out of unemployment in a month divided by the number of people unemployed in a month, multiplied by 100 (computed from Ham, Svejnar and Terrell [1998: 1119]).

from EBRD [2000: 156, 172, 196]; see also Kornai [1999]). Similarly, between 1992 and 1996, there was a yearly average of 1895 bankruptcies in Hungary and 1000 in Poland, but only 312 in the Czech Republic [EBRD 1997: 87].

Government policies clearly contributed to these differences. For instance, the Hungarian government enacted a new law back in 1991 requiring all enterprises to switch to Western-style accounting principles. A new bankruptcy act instituted severe penalties for company managers who failed to file for bankruptcy after accountants had sounded the alarm, including a 'harakiri clause' that made managers personally liable in civil courts. As has been extensively documented elsewhere, Czech governments adopted a distinctly softer approach from the very start of the transition until at least the end of the decade [e.g. Kornai 1993, 1999; Večerník 1996; Bruszt and Stark 1997; Orenstein 2001; Horowitz and Petras 2003; Myant 2003; Hasselmann 2006]. In October 1991 the then finance minister Václav Klaus, whose hard-nosed rhetoric on the need to create 'market capitalism without adjectives' earned him the nickname of the Margaret Thatcher of Eastern Europe (at least in the West), managed to get a tough new bankruptcy law through parliament. But despite the rhetoric, the law was never put into practice. By spring 1992, it was suspended for one year, after which it was postponed again. Instead, the Czech government pursued a deliberate anti-bankruptcy policy. This included the creation of the Konsolidační banka (Consolidation Bank) to buy much of the old enterprise debt with privatisation receipts, and repeated interventions by the Ministry of Trade and Industry to prevent dozens of large enterprise bankruptcies. And when bankruptcy legislation was finally released from a two-year deep freeze, it was implemented only selectively [Bruszt and Stark 1997: 155; Orenstein 2001].

Czech legislators also avoided bankruptcies by maintaining relaxed and ambiguous standards. As late as 1997, bankruptcy laws only deemed a debtor insolvent if he could not meet his obligations within 'a long period of time' [Kornai 1999]. While the effectiveness of bankruptcy procedures increased over time in all three countries, a smaller share of all filed bankruptcy cases were actually completed successfully in the Czech Republic than in Poland and Hungary throughout the early 1990s [EBRD 1997: 87]. The specific methods used to privatise state-owned enterprises also had important implications for hardening company budget constraints. Hungarian privatisation proceeded by means of sales to individual corporations, which led to clear-cut responsibilities in the subsequent management of privatised firms. In Poland, governments resorted in part to flexible leasing agreements, which allowed companies to pay off the lease with retained earnings. By contrast, as the above-cited literature on Czech reforms spells out in detail, the Czech Republic stood out for the populist character of its privatisation schemes. Public property was privatised through property restitution and free distribution in vouchers, rather than through sales. Given that the vouchers were retained by individuals, they resulted in multiple small owners – hardly ideal conditions for the effective monitoring of management performance [Kornai 1999: 22]. A substantial proportion of voucher assets became concentrated in investment funds run by big banks that

were still state-owned. This preserved connections between formally privatised enterprises and the state, which opened up a channel for subsidies or other soft-budget type protection.

Instead of dealing with the expected electoral costs and protest dangers of unemployment, Czech governments thus adopted a range of strategies to try and altogether avoid mass redundancies. As a result, trust in government and support for economic reforms was higher and less erratic than in neighbouring higher-unemployment countries [Orenstein 2001: 80–81]. Václav Klaus was able to maintain high levels of popular support, allowing him to become the longest-tenured prime minister in Central Europe. Klaus used his reform-leader charisma and his hard-nosed neo-liberal rhetoric to mask a range of policies that were, in their detail, politically 'pragmatic,' proactively social, and at times economically far from orthodox. In so doing, he successfully banked on the fact that 'the public had reason to expect that precisely an ideological figure like Klaus would be least likely to compromise the overall vision with muddled compromise in the details' [Horowitz and Petras 2003: 255].

But given the political constraints and the policy overload they faced, a strategic muddling through was perhaps the most anyone could expect from post-communist policy-makers. Sure enough, this comparative softness would later come to haunt the Czech Republic. Soon after Klaus won the June 1996 elections, a string of high-profile corruption scandals and costly large-scale bankruptcies in the financial sector as well as finance scandals in Klaus's ODS party exposed the responsibility of his governments for the deep systemic troubles and the lack of regulation of the Czech banking sector. They forced Klaus to resign in November 1997, temporarily ending a remarkable eight-year stint at the top of Czech policy-making, during which Klaus's party had been one of the very few incumbent parties in post-communist Europe to win subsequent general elections. Long hailed as a pre-eminent transition success model, the Czech Republic now started experiencing rapid increases in unemployment (Table 1) and it came to be viewed as an example of economic policy failure [Orenstein 2001; Horowitz and Petras 2003; Myant 2003]. In sum, Czech social strategies differed in their detail from the abnormal retirement approach adopted in Hungary and Poland. What they had in common was government-instigated efforts to reduce large-scale reform protests, and a degree of economic sub-optimality, or muddling through [Lindblom 1959]. But what does this tell us about the efficiency and the reform progress in these three post-communist democracies?

Conclusion: democratic efficiency after all? – or, there may be no free lunch, but buying lunch makes you run faster

In light of the macro-economic developments since 1997, as sketched out above, the academic literature is unclear in its assessment of the Czech transition pathway. Theorists writing before the economic and corporate crisis deemed the country to be a case of inclusive democracy in which institutionalised accountability led to fast

reform progress [e.g. Bruszt and Stark 1997]. But subsequent accounts recognised Czech policy reform failures and even attributed these to the long tenure and political dominance of Klaus and his party, which precluded policy learning and the correction of mistakes [e.g. Orenstein 2001; Horowitz and Petras 2003]. At first sight, the policy packages discussed in this article similarly appear to have all the trappings of sheer bad design. The avoidance of stricter budget constraints early on only led to belated macro-financial troubles in the Czech Republic. Sending hundreds of thousands of working-age Hungarians and Poles into abnormal retirement had straightforward consequences for pension finances. Yet it would be unwise to prematurely jump to conclusions about the apparent inefficiency of these policies. At a deeper theoretical level, economists such as Wittman [1989] and Stigler [1992] have built on the Coase Theorem to argue that whatever policies exist (or, at least, persist) in democracies *must be* considered efficient. However, such arguments are flawed at their Coasean core, as they do not incorporate inherent traits of real-life democracies, such as collective action failures, information problems, and principal-agent problems. It is therefore better to use concepts of *constrained* efficiency or *remediable* inefficiency as yardsticks, and to explicitly incorporate the inherently political constraints and motives of democratic policy-makers within any theoretical analysis of their policies [Dixit 1996; Vanhuysse 2002].

As applied to the post-communist policy packages discussed above, enhancing workers' job security or sending at-risk workers into relatively safe retirement, despite its substantial public-financial cost, may also have contributed to policy efficiency by lowering classic hurdles to efficiency-improving reforms stemming from the time-inconsistency of compensation promises [Dixit and Londegran 1995] or from individual-specific uncertainty [Fernandez and Rodrik 1991]. And importantly, we must not lose sight of the fact that successive Czech, Hungarian, and Polish governments, acting in often bewilderingly complex and uncertain policy environments, managed to maintain a high degree of political quiescence in the face of strong grievance levels among the losers in the transition. This in turn provided them with the operational space to quickly entrench the market economy and the formal institutions of democracy, however imperfect these may still be today. I have [Vanhuysse 2006a] therefore proposed the counterfactual argument that without resorting to abnormal retirement policies (Hungary and Poland) or job loss avoidance policies (Czech Republic), post-communist governments could not have implemented initial political and economic reform measures as quickly and as irreversibly as they have done. Buying lunch makes one run faster.[5]

[5] To be sure, a number of other factors also played a role. Obviously, the 'velvet divorce' of the Czech and Slovak lands was one major factor, even though it was a 'short good-bye' [Innes 2001]. Although its role ought not to be overestimated in the early part of the 1990s, the expected accession to the EU has also been both a spur and a straightjacket for policy reforms [Potůček 2004; Barr 2005; Vanhuysse 2006c]. The accelerated reduction of heavy-industry employment, the privatisation of state-owned enterprises and the liberalisation of many domes-

Take economic reforms: countries such as Slovakia, Romania and Belarus considerably lagged behind Hungary, Poland, and the Czech Republic in terms of privatisation and internal and external liberalisation from the early 1990s onward [de Melo, Denizer and Gelb 1997; Vanhuysse 1999]. Moreover, early reform progress led to continued reform leadership. By the end of the last century and into the present one, the Czech Republic, Hungary, and Poland still occupied the top three spots within a sample of eleven post-communist countries with respect to economic and legal transition, economic freedom, and political freedom. And they vied for the top spots together with Slovenia with respect to country risk, press freedom, and corruption perception [Ekiert 2003: 95]. Next, consider political and civic reforms: the Freedom House index, which ranges from 1 (most free) to 7 (least free), indicates that Hungary, Poland and the Czech Republic all experienced significant progress from the mid-1980s to the mid-1990s, going from values of respectively 5, 5 and 6 to 1.5. Countries like Romania (2) and Bulgaria (2.5) had not advanced as much by the mid-1990s, while Belarussians (6) still suffer even now the same lack of political freedom as Czechoslovaks have had over a decade earlier [Freedom House 1997: 6]. Similar results were observed with respect to corruption [Lipset and Lenz 2000].

In sum, seemingly inefficient early social and labour-market policies are likely to have contributed to fast progress in installing procedural democracy and the market economy at a critical historical juncture. Once accomplished, these early successes, if not actually setting in motion a virtuous cycle of further reform progress at least carried these nascent market democracies beyond a certain threshold, below which they would not be able to fall again. In the absence of such early reform progress, a vicious cycle of reform stalling by coalitions of transition losers would have been the more likely scenario. In this light, it is important to remember that today the population of post-communist regimes is extremely diverse. Herbert Kitschelt [2003] notes rightly that there is at present no region or set of countries on earth with a greater diversity of political regimes than the post-communist region. Moreover, the sources of this diversity can be traced precisely to the critical first few years immediately after the fall of communism. The post-communist diversity "came about in the short window of about three years (1990–1993). Since that time, new regime structures have been more or less 'locked in' in almost all polities"

tic economic activities and foreign investment reduced union density levels. Moreover, unions in Hungary and Poland were often in an ambiguous alliance with reforming parties in government, which led them to call for moderation even when it hurt labour interests [e.g. Bruszt 1993]. However, though such alliances were not present in the Czech Republic, union decline was equally pronounced. Czech central union leadership was mainly interested in flexing muscle through calls for national rallies in Prague, but it never got involved in building up local union organisation at the workplace level [Pollert 2001: 20]. More generally, across a wide variety of political-institutional settings, post-communist unions have comprehensively failed to defend material interests of their remaining membership; which is one of the most striking stories of post-communist transformations [Crowley and Ost 2001; Pop and Vanhuysse 2004].

[Kitschelt 2003: 49]. But in the Czech Republic, as in Hungary and Poland, it had become increasingly hard to conceive of major reversals of democracy and the market already by as early as 1996 or 1997. By this yardstick, it could be argued that the free market economy and liberal democracy (at least in its formal and procedural aspects) were fully consolidated extremely early.

With the benefit of seventeen turbulent years of hindsight, such a 'transition complete' message may no longer seem to be all that remarkable today. But it is worth remembering that very few experts were confident about the likelihood of such smooth transition pathways when the Berlin Wall came tumbling down back in autumn 1989. And as Kornai [2006] and I [Vanhuysse 2006a] have emphasised at length, we need to acknowledge the corruption of political and economic elites, the heavy social costs of the transition, and the often alarmingly high levels of popular disappointment and of disillusionment with the institutions of liberal democracy in much of post-communist Central and Eastern Europe. Yet this ought not to make us disregard, let alone forget, the observable empirical fact that the astonishingly fast, complete, and non-violent nature of this latest wave of transitions to democratic capitalism has altogether constituted a great success story – indeed, a historically *unique* move forward for human freedom.

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The Limits of Legitimation. Preconditions for Conflict Resolution by Majority Rule in the European Union

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Abstract: Expanding the domain of majority rule is widely seen as desirable for the European Union. But the functioning of majority rule depends on preconditions that are seldom taken into account. The basic precondition is that overruled minorities accept majority decisions instead of exiting the voting unit. The specific problem of applying majority rule in the European Union is that overruled minorities at the European level are majorities at the nation-state level. By distinguishing between three dimensions of conflicts – content, time and space – the article analyses under what conditions it is possible to expect minorities to accept majority decisions, thus enabling the resolution of conflict by majority rule at the European level.

Keywords: European integration, European Constitution, majority rule, European identity, legitimation problems

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Introduction

The politics of the European Union suffer from both a lack of efficiency and a deficit of democratic legitimacy. Complaints of this nature are widespread [cf. Andersen and Eliassen 1996; Scharpf 1999; Siedentop 2000], as are the expectations that by expanding the domain of majority rule the European Union will become more efficient and more democratic.

Although in sociological theory majority rule is said to have a crucial legitimising effect, as yet barely any in-depth analysis has been made of the limits to the practice of majority rule at the EU level [cf. Simmel 1950]. This is all the more remarkable considering that any attempt at agreeing a European constitution will inevitably have to deal with this problem, and the next round of discussions of the constitution and its introduction will surely have to face it. It is particularly astonishing that scholars advocating institutional approaches to European integration [cf. Bach 2006] have thus far paid little attention to the institutionalisation of majority rule.

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In this article I do not attempt to discuss the problems of applying majority rule in particular European institutions. My aim is to analyse some of the principal problems involved in the practice of majority rule that derive from tensions between the European and the nation-state level in general. My main point is that it is the practice of majority rule at the nation-state level that limits the legitimising potential of majority rule at the European level. My discussion of these limits here addresses an urgent, actual political problem and is also an attempt to integrate a classic sociological topic into the sociology of Europe.

The unanimity requirement for EU decision-making is widely perceived as an obstacle to effective government in the EU. Proposals to introduce majority rule are spurred on by expectations that it holds the potential to override veto positions and thus neutralise national egotisms and accelerate EU decision-making. In contrast to such expectations, the draft Treaty establishing a Constitution for Europe (submitted to the EU Presidency on 18 July 2003) only cautiously expands the scope of majority rule, and the final text (adopted by the heads of state of the 25 member states and the three candidates on 18 July 2005 and signed by them on 29 October 2005) addresses the matter even more cautiously [cf. Vobruba 2005: 65f.]. What can we learn from this obvious contradiction between far-reaching expectations and the cautious implementation of majority rule at the EU level? What are the basic problems of majority rule that become manifest along the way from blue print to institutionalisation?

All possible answers must draw attention to the development of the dominant conflict structures in the European Union and the institutional capacity to manage conflicts politically. Indeed, in modern society majority rule is a classic institution of political conflict regulation. Consequently, a discussion of the limits of majority rule at the European level first requires that the types of conflicts that it cannot resolve be sought out and analysed. In other words, political conflicts that overburden the capacity of majority rule represent a severe test for the social integration of European society. The conflicts I deal with in this article are chosen exactly according to this criterion: My analysis will focus on conflicts that presumably cannot be regulated by majority rule. It focuses on certain conflict lines that are likely to impede the capacity of majority rule to regulate conflict. By formulating the question in this manner, I am linking the problem of social integration to questions of institution building at the European level: on the one hand, the ability to institutionalise majority rule depends on the constellation of conflicts in Europe; on the other hand, majority rule itself is an important institutional precondition for the further integration of European society.

Outvoted minorities have to accept majority decisions. This is the crucial precondition for majority rule's capacity to regulate conflicts and thus to unfurl its legitimising potential. Therefore, the crucial question concerning the limits to legitimation by majority rule is: Under what conditions are outvoted minorities likely to accept majority decisions? To begin I prepare my argument by offering a short outline of the relationship between democracy and majority rule and by analysing col-

lective identities and calculations of interests as two preconditions for the acceptance of majority decisions by outvoted minorities. I then point at the major lines of conflict within the emergent European society. In the next step I describe three dimensions of the conditions for the empirical acceptance of majority decisions. And finally I contrast the results to date with counter-tendencies that are likely to facilitate conflict regulation at the European level. The analysis should provide some clues for assessing the capacity of majority rule to regulate conflict at the European level.

The present state of the relationship between political subjects and the rules of decision-making at the European level is roughly as follows: Important decisions are made either outside democratic legitimacy (European Court) or by unanimity (European Council), and less important matters are decided by majority rule (European Parliament). But that is not what we are concerned with here. As I mentioned above, my aim is not to deal with the problems of majority rule within the institutional design of European institutions but to address some of the questions that precede these problems: My analysis aims at exploring the basic conditions for applying and extending majority rule successfully at the European level.

Majority rule in a democracy

Although historically majority rule predates democracy, it is only in democracies that it unleashes its ability to promote social integration. The term 'democracy' embodies the paradox of the dominion of the people by the people. This leads to the legitimation question: under what conditions are the people likely to accept the dominion of the people? And in the next step this leads to the policy-related question: How can the people govern itself? [cf. Schumpeter 1950; Held 1995: 5ff].

Majority rule is able to resolve the paradox inherent in the term 'democracy' by overcoming the seeming incompatibility between the sovereignty and the subjection of the people [cf. Vobruba 2003a], provided that outvoted minorities accept majority decisions. The crucial precondition for this acceptance is that the outvoted minority perceives itself within the context (and as part) of a unit instead of detaching itself from the majority. Translated into different theoretical language: It is crucial for the efficiency of majority rule within modern democracy that outvoted minorities not opt for a collective 'exit' but acknowledge that their 'voice' has been defeated [cf. Hirschman 1970]. Under what conditions can such acknowledgement be expected?

As a classic institutional means of finding and enforcing political decisions, majority rule lies between unanimity and command. Unanimity entails the high costs of seeking a decision but hardly any costs of its enforcement. Conversely, in the case of commands the costs of seeking a decision are low, but, under certain circumstances, the costs of enforcing it can be extremely high. In contrast to both, majority rule involves mid-range costs connected with seeking and enforcing a decisi-

on. The costs tied to seeking a decision are limited because not everybody, just the majority, must agree. The limited costs of enforcing a decision result from the fact that only the outvoted minority has to be convinced to accept it. What, then, is the basic condition under which outvoted minorities will accept majority decisions? The condition, as classically formulated by Georg Simmel [1950: 240], is "that the unity of the whole must, under all circumstances, remain master over the antagonism of convictions and interests".

A sustainable European identity?

We must first analyse the social quality of what Simmel calls the 'unity of the whole'. What constitutes the social frame within which a defeated group can define itself as an outvoted minority instead of leaving the 'whole'? The traditional institutional frame is provided by the nation-state and by a collective identity tied to the nation-state. Historically, national identities developed (at least in Europe) long before the introduction of universal suffrage. At the national level the problem of the acceptance of majority decisions by outvoted minorities appeared against a background of a well-established consciousness of belonging together as a group. It emerged out of neo-absolutist political structures and pre-modern, traditional modes of thinking. Nowadays, remnants of tradition, customs, and interests combined are what stabilise national identities. In the long-term historical perspective of the structural transition from the traditional to the modern society [cf. Dux 2000], national identities can be regarded as transitional phenomena, but they are nonetheless phenomena with substantial longevity and a high capacity to absorb conflicting interests. With respect to this capacity I shall speak of a 'sustainable collective identity'. According to its logic, short-term losses resulting from solidarity with(in) a national community are acceptable as long as long-term gains prevail, such as emotional security, a certain guarantee of social order, and material advantages.

The constituting process of a collective identity in the modern age cannot rely on the remnants of pre-modern traditions. Therefore, genuinely modern collective identities cannot be constructed otherwise than by referring to interests. In the case of Europe there is empirical evidence that people's attitudes towards the EU are driven by their interests: The degree to which the EU is accepted by the public clearly increases in all member states in accordance with the respective state's net gains from EU funds [cf. Nissen 2006] These results indicate that "utilitarian judgements, not value-related identifications, are related to the European Community. Agreement with membership in the European Union is based on cost-benefit calculations" [Lepsius 1999: 208; *author's translation*]. While carefully steering clear of culturalistic interpretations of collective identity, Habermas [1998] stressed the need for a certain degree of redistribution at the European level as lying at the core of a European identity. But there are hardly any empirical signs of the emergence of 'solidarity with foreigners'. Overcoming distributional rivalries in order to develop a sustainable collective identity [cf. Nissen 2006] is by no means specific to the Euro-

pean Union owing to its technocratic or economic bias. It only appears particular to the EU because at present European identity-building is by far the most visible process of its kind in the modern world.

As data have shown that utilitarian attitudes dominate people's views of the European Union, a common European identity must contain a willingness to accept the claims of other people – in particular concerning redistribution – within the 'whole' (in Georg Simmel's sense). To date the question whether a common European identity implies such a willingness has seldom been raised [cf. Vobruba 2000; Vobruba 2001; Nissen 2004; Mau 2005a], and it has never been linked to the question of the conditions for successfully expanding majority rule within the European Union. Given the present state of the discussion there is no way of assessing to what degree a collective European identity could be chargeable by outvoting. Presumably it is systematically impossible to make such assessments. Nonetheless, the question can also be approached in a roundabout way, as the data indicate that only a few minorities support the transfer of socio-political responsibilities from the national to the European level [cf. Mau 2005a]. The broad acceptance for postponing freedom of movement for labour following the EU's Eastern enlargement in 2004, in order to protect 'national labour' in the fifteen older EU member states [cf. Gerhards 2006], points in the same direction: It is not Europe but individual nation-states that still constitute the social unit to which collective identities refer and that therefore constitute the legitimate redistribution frame. It can thus be assumed that in its current state European identity can easily be overtaxed, in other words, that the European consciousness of mutual belonging provides only weak support for the legitimacy of majority decisions that negatively affect minority interests.

In order to extend the scope of majority rule at the European level it is not enough to rely on an already established collective identity. The application of majority rule and European identity develop simultaneously. There is therefore the remarkable but thus far barely recognised problem of the simultaneity of the development of a European identity and the application of majority rule. If it is true that regulating conflicts by majority rule is an essential part of modern democratic society, then it may be concluded that the core of the dilemma in Europe's future development is the simultaneity of its institution-building and identity-formation.

Legitimation problems

Majority rule and collective identities differ at the European and the national level in another manner. At the national level, decision-making by majority rule is routine, which substantially alleviates the burden of establishing legitimacy. But it is not the procedure as such that establishes legitimacy, thus shielding political impacts from legitimation questions. 'Legitimacy by procedure' [Luhmann 1969] only works as long as the impact of politics does not cause severe dissatisfaction, which results in the procedure itself being publicly called into question. Generally speak-

ing, there tends to be a characteristic difference between political elites and the people on the question of what a political system derives its legitimacy from. Political elites tend to understand the legitimation problem as one of adequate participation in the processes of political decision-making, and thus they take procedural issues very seriously. By contrast, people as opposed to political elites regard the legitimation problem in terms of satisfactory results and in particular as adequate provisions for material welfare. With regard to legitimacy elites orient themselves towards input-criteria, whereas people are interested in output [cf. Scharpf 1999: 21]. Consequently, depending on which of these two perspectives scholars adopt, they conceptualise legitimacy problems either as problems relating to the recognition of persons or as problems relating to the distribution of goods [cf. Habermas 1976; Vobruba 1977; Honneth 1992; Vobruba 1997: 133ff]. Only when politics seriously violate people's material interests and people are lastingly disappointed are they likely to question the rules of political procedure, that is, the input-side, but without abandoning their basic output orientation. This is why recognition motivated by morals is not a substitute for sufficient material welfare as the basis of legitimacy in modern society.

In theory and practice – in the social sciences and in politics – the question of the empirical preconditions of the acceptance of majority decisions at the national level remains implicit. But within the context of the European Union majority rule is not a matter of routine. The problem is its introduction and expansion. Decisions related to procedure are therefore constantly an explicit and prominent subject of political debate within the European Union [cf. Giscard d'Estaing 2002: 9]. Moreover, they cannot be separated from the conflicts concerning political impacts, because procedural questions are discussed in anticipation of the material outcomes that the procedures are likely to produce. In negotiations on the Treaty of Nice, for instance, Spain did not openly defend the advantages it derived from the existing distribution rules of the Cohesion Fund, but it insisted on retaining the procedures involved for changing these rules: Until 2007, any changes to these rules must be agreed unanimously and thus each EU member has a veto-position. By this means Spain succeeded in promoting its interests at the procedural level. Since in most cases it is relatively easy to anticipate the material outcomes of the procedures in question, EU member states are negotiating the expansion of majority rule not as purely a procedural issue but also in terms of the expected consequences and anticipated material results. There is all but a 'veil of ignorance' [Rawls 1971]!

Hypotheses about the acceptance of majority decisions

Georg Simmel made the famous distinction between two constellations in which majority decisions could take place. In the first constellation, the outvoted minority agrees because they would otherwise be forced to accept the majority's will, and in this case the function of the majority decision is "that the minority may convince itself that its actual resistance would be of no avail". [Simmel 1950: 242] This kind of

acceptance is not actually recognition but subjugation, owing to the absence of an exit-option. In the second constellation, the outvoted minority recognises the majority decision as a decision for the social whole. "Here, we have this seeming contradiction, which in reality, however, profoundly illuminates the relationship: that, precisely where a super-individual unit exists or is assumed, outvoting is possible; but that, where the unity is lacking, it is necessary to have unanimity, which in practice, from case to case, replaces it by actual equality." [Simmel 1950: 245] The recognition of a majority decision is only seriously in question if there is an exit-option for the outvoted minority. A majority decision passes the test of legitimacy as long as it does not result in the minority's secession.

Under what conditions can one expect that minorities are likely to accept majority decisions? [cf. Offe 1984] The doubts about the legitimising potential of majority rule can be summarised in the three dimensions of interests it involves, and therefore, I shall distinguish three conditions relating to them: the dimension of content, the dimension of time, and the dimension of space.

A. The dimension of content: Majority decisions are more likely to be accepted the more homogenous the content and strong the interests of all participants in a vote. Therefore, an outvoted minority is less likely to accept a majority decision the more the content and the intensity of its interests are at variance with the majority's interest.

B. The dimension of time: The more clearly the outvoted minority can expect that the majority decision is reversible, the more likely it is that majority decisions will be accepted. Reversibility facilitates the acceptance of a majority decision because it implies a future opportunity for the outvoted minority to become a majority. Therefore, the more plausible the expectation that a majority decision is irreversible, the less likely an outvoted minority is to accept a majority decision.

C. The dimension of space: The harder it is to permanently attribute different interests to regional differences within given borders, the more likely it is that majority decisions will be accepted. Therefore, the more minority interests are clustered within territories, the less likely the chances that majority decisions will be accepted.

The less possible it is to rely on the basic precondition that the social whole, comprising the majority and the minority, is integrated by an awareness of mutual belonging, that is, by a shared collective identity, the more important the above factors are. This precondition is particularly important for the acceptance of majority decisions within the European Union, because in the European Council, where the most important decisions are made, outvoted minorities constitute national majorities.

In this context the crucial question for determining the relevant lines of conflict in Europe is: What conflicts generate interest groups unlikely to accept majority decisions if they become outvoted minorities?

Problems involving the acceptance of majority decisions

I shall deal with the question what kind of conflicts tend to complicate the acceptance of decisions by referring to the three conditions conducive to the acceptance of the majority decisions I mentioned.

A. The dimension of content

If an outvoted minority assesses the quality and intensity of its interests as superior to the majority's interests, it is unlikely that it will accept the majority's decision. One such case is if a minority sees itself as the advocate of 'life-interests', hence claiming to pursue the 'objective interests' of everyone. Another case is when a certain issue represents a minority's existential interests while it only peripherally concerns the majority. It is not unusual to withdraw certain issues from the majority rule precisely owing to this asymmetry in the intensity of interests. For instance, a majority's decision about a minority's right to use its language would never be seen as legitimate by democratic standards. Therefore, in a nutshell, an outvoted majority's rejection of a majority decision is nothing more than their insistence on the protection of minority rights.

Such constellations tend particularly to surface along the lines of conflict between ecological interests and income or employment interests [cf. Nissen 1993]. For decades, nuclear-power plants in particular spur these kinds of conflicts [cf. Offe 1984]. Nowadays similar conflicts have been emerging at the European level: conflicts between inhabitants in the vicinity of planned highways through the Alps and cargo companies; conflicts between countries with and countries without nuclear-power plants; conflicts between interests aimed at harmonising Europe and interests aimed at maintaining national and regional diversities. Further integration and enlargement of the European Union is likely to lead to contradictory tendencies: On the one hand, it will result in a dense network of trans-regional relations, thus increasing the need for harmonisation and compromises. On the other hand, the EU is facing growing income inequality, increasing tendencies towards marginalisation and exclusion [cf. Münch 2006], thus it has to integrate a growing diversity of interests, different perceptions about the importance of the subjects of conflicts and regional specifics [cf. Drulák 2001]. All these differences are embedded in different national traditions, resulting in different interpretations of the importance of national sovereignty in different member states [cf. Heidenreich 2006a]. All these trends will lead to constellations in which outvoted minorities are unlikely to accept majority decisions at the European level.

B. The dimension of time

Basically, the line of conflict within the temporal dimension runs between diverging concepts and contradicting interests regarding the shape of the future. These con-

flicts can be deactivated if political decisions are politically reversible [cf. Gusy 1984: 70f.]. But in many cases, the reversibility of a majority decision cannot be taken for granted. Most observers and all advocates of continued European integration and enlargement perceive it as an eminent historical process. In this view, there is no room for thoughts of reversibility [cf. Milward 2002]. This is why the importance of the conflict line between interests in the status quo and advocates of further integration has thus far been overlooked. Its consequences are difficult to assess. Either outvoted minorities insist on their rejection of any step towards further integration and try to interfere in it. Or outvoted minorities can be persuaded to accept majority decisions aimed at further integration later on. But the precondition for this is the comprehensive success of the further integration and expansion of the European Union, along with the participation of the outvoted minority in this success.

The multi-level structure of the European Union, results in ambiguous motives for opposing a decision: Do people vote against the idea of further European integration or – for totally different reasons – against their national political elites? Such ambiguities of motives provide a wide range of possibilities for ex post interpretations of the results of elections, hence potentially damaging – intentionally or not – the legitimacy of majority decisions. Therefore, it is clear that by proposing an exit clause (cf. Art. I-60), the text of the European constitution is in line with the basic sociological condition for the acceptance of majority decisions. But at present, several political decisions in Europe are in sharp contrast to this requirement. There is a characteristic asymmetry concerning the reversibility of majority decisions that reduces its democratic function to absurdity: There is a tendency to treat majority decisions against further integration and enlargement as reversible as long as a positive – hence irreversible – decision appears. In the perspective of the sociology of majority rule this is an almost absurd practice. Because, given the historical significance and impact of such decisions on all members of society, it would be logical to make such decisions reversible.

In sum, as long as the process of European integration and enlargement confronts outvoted minorities with majority decisions they perceive as irreversible, there remains the danger of non-acceptance, possibly ending up in unregulated secessions. Consequently, the preconditions for successful and sustained European integration is that basic questions of further European integration and enlargement are submitted to qualified majorities and that the European Constitution is equipped with an exit option.

C. The dimension of space

In a certain sense, this dimension is situated crosswise to the former two, because minorities concerned with a dimension of content and minorities concerned with a temporal dimension can also be defined by certain territories [cf. Elkins 1995: 202ff.]. This conflict line tends to follow real or imaginary territorial borders. Its

growing importance is indicated by the increasing number of conflicts, which result in territorially based fragmentations. Most visible examples are the result of affluent regions loosening ties with poorer regions within hitherto integrated nation-states: for instance, in Italy, in Belgium, and – to a lesser degree – in Germany [cf. Vobruba 1997: 165ff.] In some cases these secessionist movements are spurred on by utilitaristic calculations, in other cases they are supported by a revival of particularistic ethno-nationalist traditions [cf. Smith 1995: 51ff.].

The European Union is still characterised by nationally and regionally remarkably varied levels of economic development. In the enlargement process there are two developments that contribute to regional diversity within the EU: on the one hand, the accession of ten new members in 2004 was enough to result in an increase in economic and cultural diversity [cf. Gerhards 2005; Hölscher 2006]; on the other hand, the economic dynamics generated by the accession contribute to increasing regional income differentiation within individual member states [cf. Heidenreich 2006a; Kämpfer 2006], as well as to a popular awareness of these differences [cf. Mau 2005a]. Moreover, the European Union's politics of subsidising the development of regions and districts make such differences politically conspicuous and relevant. Majority decisions concerning questions of (re)distribution are particularly likely to involve interest groups, which belong to and identify with certain territories. We can therefore conclude that the chances of majority decisions being accepted diminish if an outvoted minority: 1) attributes a particular quality and importance to its interests and sees itself as a territorial unit, or/and 2) regards itself as a territorial unit and perceives the majority decision as irreversible.

Of course, the ultimate consequences depend on the constellations of power. Politically weak territorial minorities simply must give in to majority decisions. The more powerful outvoted minorities are – for instance because they are netto contributers to the European Union – the more likely and effective their threat of secession will be. In anticipation of such threat, the outvoting of important minorities is likely to be avoided – another offence to the less powerful minorities, and possibly another reason for them to (wish to) quit the union.

Counterbalance: multiple interests and memberships

My arguments so far have pointed to a sort of 'worst-case' scenario. I have concentrated on factors that result in the non-acceptance of majority decisions by outvoted minorities. This was necessary in order to analyse the basic problems of majority rule at the European level. Nevertheless, I shall finally collect some tendencies that can gradually mitigate these problems. The question is: are there conflict structures developing in Europe to counteract these problems relating to the acceptance of majority decisions? The problems I mentioned are the more likely to appear, the more clearly outvoted minorities evolve into stable interest groups clustered within

a specific territory. The 'flipside of the coin' is that majority rule has a good chance of unfurling its potential as a conflict regulator if stable, territorially clustered interest groups do not develop. These trends also currently exist in European society.

In order to develop this argument, I set out from the assumption that there is a multiplicity of conflict lines – crossing, overlapping, and refracting each other – developing within Europe. What therefore appears as the fragmented structure of the European conflict is caused by two main trends. On the one hand, over the course of progressive modernisation and individualisation there emerge social positions in society with multiple interests: One and the same person is interested in a secure working place and in protection of the environment, interested in earnings from capital and work, etc. [cf. Beck 1986: 121ff.; Müller 1993; Vobruba 1999]. On the other hand, the multi-level structure of the European Union contributes to the fragmentation of the European conflict constellation. This is the European version of a general tendency linked to the trans-nationalisation of society.

Different theoretical perspectives [cf. Held 1995; Luhmann 1997: 806ff.; Holz 2000] describe the increasing trans-nationalisation of society as the decreasing congruency of state borders and the boundaries of social systems. As a consequence of the decreasing congruity of social, cultural, economic and political spaces, borders of such different spaces mutually cross and overlap with one other. "As social conflicts became internal conflicts, built in a network of intersecting border structures, the chances increase of politically overcoming them." [Bös 2000: 452; *author's translation*] The results are unequivocal memberships. With the Maastricht Treaty the European Union institutionally acknowledged and thus consolidated multiple citizenships. "All citizens of the member states of the European union are now citizens of the Union as well." [Faist 2000: 231; *author's translation*]

Multiple interests and multiple citizenships influence the European conflict structure in the same way: They result in contradictions and conflicts that increasingly emerge as the dilemmas of small groups and individuals. If this development becomes dominant, it will undermine all possibilities of unequivocal personal affiliations to stable interest groups, thus reducing the chances of the formation of minorities that oppose majority decisions.

Conclusions

Future European development is vitally dependent on institution building. Institutions are particularly necessary for the regulation of conflict. Majority rule is a widely respected institutional method of regulating conflict. But, as I tried to demonstrate, the capacity of majority rule to regulate conflicts depends on social preconditions. The specific qualities of majority decisions with respect to the three dimensions of content, space and time have a crucial impact on the likelihood that minorities will accept those decisions. As European integration and enlargement progresses conflicts within all three dimensions will increase. A dilemma thus emerges

in connection with further institution building in the European Union: regulating conflicts by majority rule is just as precarious as it is necessary. It is precarious because its capacity is based on social preconditions that are anything but a certainty. It is necessary because without it the further integration of Europe will fail, owing to a lack of efficiency and a deficit of democracy. The stagnation of the institutional integration of the European Union would hinder the emergence of and identification with multiple interests and memberships, hence weaken the social preconditions for successfully applying majority rule. Thus the flipside of the dilemma of European institution building is that further institutional integration both requires and enables the expansion of majority rule within the European Union. The crucial question for further successful institution building and the expansion of majority rule at the European level will be whether the European constellation of conflicts will be dominated by multiple interests and memberships, or whether interest groups will become stabilise and thus be capable of durably resisting majority decisions.

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The Rise of the 'Grand Entrepreneurs' in the Czech Republic and Their Contest for Capitalism*

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Abstract: It is argued in the article that the peaceful transition to capitalism in communist countries was not possible without the co-action of the nomenklatura, whose interest was to transform their informal access to state-owned capital into an authentic 'grand entrepreneurship'. The necessary acquisition of physical capital was achieved by means of mass privatisation schemes in which the nomenklatura took advantage of their social capital and information asymmetries. In the Czech case, there were three social groups competing for a position among the new entrepreneurial elite. The initially large gains of the nomenklatura gradually eroded when new businesses opened to domestic and international competition, where competitiveness depended on endowments of human (entrepreneurial) and economic capital. In the subsequent wave of ownership restructuring, initiated after 1994, the former nomenklatura was partially squeezed out of the tradable sector, which was occupied by better skilled foreign and domestic entrepreneurs. The exiting entrepreneurs converted their holdings into consumer goods, or defected to sectors less open to competition, where the alignment of social capital and bureaucracy persisted. Their position depends now on the pending reforms of public administration and the search for a more efficient social model.

Keywords: entrepreneurship, transition, ownership, forms of capital, social adjustment
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The most important prerequisite for becoming an entrepreneur is the ownership of capital.
[Kalecki 1954: 109]

Entrepreneurs and capital

The communist system of social organisation was indeed a system irreconcilably different from every stream of capitalism [Kornai 1992]. In comparisons of the two systems it is usually the economic approach that dominates over the political and

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the social. The diametrically different roles of capital, private property, factor markets, and competition between enterprises are what distinguish and set the tone of the institutions of capitalism and socialism that exist today.

Unfortunately, in contrast to abstract systems, a superficial observation of reality may lead to confusing conclusions once it is discovered that both systems were mixed [Samuelson 1967]. Therefore, some seemingly similar elements, like the existence of money, wages, private farming, and retail shops in socialist systems, and the existence of state firms or the tricks of relaxing hard budget constraints in capitalist systems [Maskin and Xu 2000], may evoke the idea of convergence. The comparison of real systems requires a multidisciplinary approach. The essential differences in economics should therefore be extended to politics (e.g. to the study of democracy) and also to sociology, which looks at the differences in social structures connected with capital ownership and entrepreneurship.

As the above quotation from Kalecki indicates, it is the ownership of capital that separates entrepreneurs from the owners of the labour force (including managers), who are hired by the former as wage earners. Nevertheless, even though the ownership of capital is a necessary precondition for becoming an entrepreneur, it alone is not enough. According to Marshall and Schumpeter, entrepreneurs are capitalists endowed with the capacity to organise and innovate, thus becoming the agents of constructive destruction as a crucial condition for economic development. According to Eswaran and Kotwal [1989], it is the role of entrepreneurs to act as decision-makers and risk-bearers in relation to capital yield, its reproduction and accumulation. Therefore, entrepreneurs are not merely passive nominal owners of capital (as, for example, some rentiers), but deliberately open their ownership position to the uncovered risk of its loss by allocating it to new innovative ventures.

The definition of an entrepreneur best suited to this study is Leibenstein's [1995] description of an entrepreneur as an agent endowed with capital and organisational, innovative, and managerial skills that allow him 'to make up for market deficiencies'. It is not the 'invisible hand' of the market but the minds of the very visible entrepreneurs who bear the burden of capitalism and extend its frontiers beyond the horizon. The more deficient the markets are, the more it is the entrepreneurs that must bear the toil and risk. Given that transition is characterised by deficient markets, entrepreneurship must be taken as a crucial factor of transition. This devilish 'detail' has been largely overlooked in economics because the assumption has been that markets are perfect and self-enforcing, and the entrepreneur is just a mediator between supply and demand. In contrast to axiomatic economics, management studies adhere more closely to the concept of Marshall and Schumpeter, which treats entrepreneurship as the fourth production factor. Given the markets, competition and private property, it is the entrepreneur alone who is supposed to orchestrate their synergy and generate the growth.

To apply a sociological perspective to this question, we can say that the core of authentic entrepreneurship is the ownership of economic (financial and physical) capital, but accompanied necessarily by cultural (human, entrepreneurial, ethical)

capital, which facilitates the management of economic capital. As an auxiliary complement external to the market system, entrepreneurship can also be sustained by social capital [Eyal, Szelényi and Townsley 1998: 23]. Its role varies according to the market structure. If the markets are perfect, the role of social capital is low; if the markets are riddled with imperfections, its role rises sharply, to the point of incapacitating the market. In the literature, social capital is often referred to as network, relational or political capital. Its association with social hierarchies, politics, lobbies, and vested interests is obvious. In this study the subdivisions of three basic kinds of capital will be considered as synonyms.

The economic theory of specialisation based on the choice of effective inputs, so-called factor proportions theory, is intrinsically associated with the endowments of factors. According to the Heckscher-Ohlin theorem, an economic activity will incline towards efficiency in achieving its productive aims only if it is making more intensive use of a factor that the country is better endowed with relative to other countries [Jones and Kenen 1984]. Some more parallels can be found here. A change in the endowment in some factor (relative to others) is explained by the Rybczynski hypothesis, which implies that such a change will lead to a shift towards the provision of such commodities that use the growing factor more intensively. If applied to the case of high endowments of a country with relational capital (relative to devalued economic or human capital), we should expect a shift to those activities that depend on the use of such capital; for example, to the suppression of market-based competition and to a rise in competition based the mobilisation of bureaucratic clout and the use of crony-networks.

It is the ownership of economic capital that defines an entrepreneur, whose role should be contrasted with that of managers, who possess human capital only. Thus the managers must act as agents, that is, as the labour hired by the entrepreneurs, who act as principals [Pratt and Zeckhauser 1985]. We should also be able to distinguish between two levels of entrepreneurship – big and small. The grand entrepreneurs are thus large owners of capital holdings that employ hired labour, meanwhile the small entrepreneurs are small capital owners, who can just employ their own or their family's labour. From the legal point of view the grand entrepreneurs could be defined as statutory owners of limited liability companies or owners of controlling interest in joint-stock companies.

In this article we will concentrate on the evolution of grand entrepreneurs in a concrete transition country (Czech Republic). We will treat them as the leading social agents of capitalism – the socio-economic elite, in popular parlance referred to as 'the top hundred thousand'. Special attention will be devoted to the processes through which they emerged in the different stages of the Czech economic transition, including the phenomenon of the transformation of the former communist elite into the new elite of grand capitalists.

Kornai [2005] recently came out with one of the most informative studies of transitions. His analysis is unique for extending economic methodology into historical, social and political contexts. Kornai has characterised developments in Central

Europe and China as 'an unparalleled success story', despite the 'many mistakes and disappointments'. It was unparalleled in historical comparison because it was complex (economic, political, social and legal) and internally and externally peaceful in nature, and it achieved its goals with unprecedented speed. In this article we will look at a similar theme of the drivers behind the transition, viewed through the prism of evolving entrepreneurship.

Entrepreneurship and the end of central planning

The fall of communism in Europe is often explained in a journalistic shortcut as a combination of three factors:

a) the total economic collapse in these countries;
b) a political collapse resulting from their surrender to the pressure of US military superiority;
c) civil resistance instigated by the emergence of dissidents as the recognised leaders of the public's craving for free markets and private property.

From the above it can be concluded that the communist system collapsed because of its total entrepreneurial failure, in terms of both economic governance and political governance at the levels of the communist party, the police and the military. That may sound logical given that, according to the strict definition of 'entrepreneurship', no entrepreneurs could exist in a society without private capital ownership. The liabilities of ownership rested with the impersonal State and the personal accountability of communist managers concerned only their wage contracts.

However, the absence of private capital could have been approximated by the existence of 'shadow' (informal) capital ownership under socialism, which allowed the incumbents to appropriate a part of the capital yield. Although such a system worked below economic optimum, its performance was considered 'satisficing', that is, not so low as to cause the system to break down. Historical observations of the period between 1917 and 1989 would tend to support this assumption. In other words, socialist quasi-entrepreneurship allowed the system to survive even the kind of economic and political blows that would otherwise have brought the capitalist system to a collapse.

At the same time, the third of the three factors listed above could be interpreted as a kind of 'entrepreneurial' victory, wherein civic organisation and dissident leadership outperformed the State. This would imply that while the communist system was devoid of entrepreneurship, the skills of entrepreneurship were developing in the communist opposition. Unfortunately, as discussed, for example, by Kornai [2005], this wishful conclusion is counter-factual. The communist dissident opposition was generally marginal – more a symbol of hope than an organised force. Even in its most visible manifestations (like in Poland in the 1980s) it would not have had the strength to overcome the combined forces of internal and external communist power on its own.

Even though the failures of communist economic management everywhere were very serious, the system of its half-blind central command should have been able to achieve political integrity, the supply of basic consumer and investment goods, an influence over developing countries, and a strong military and police deterrent to opposition and secure the continuity of communist rule – provided those were the shared aims of the nomenklatura elite.[1] Surprisingly, it was not the case. The bottom line is that the massive abandonment of the communist economic system cannot be explained as a result of just an offensive onslaught from the trenches of external and internal opponents. There must have been co-action on the other side, too.

What first launched the transition in communist countries were the pro-market reforms, however superficial and non-capitalistic these attempts at goulash communism may have been. These experiments created openings for clandestine progress towards a socialist 'entrepreneurship' at all levels of the economy, including central planning. The nomenklatura was then able to reinforce its long-held status as a class of privileged bureaucrats by conferring entrepreneurial tasks on itself. The 'old guard' of the nomenklatura then gradually resigned, as if it were obvious that central planning, public property, and totalitarian 'democracy' were a dead end [Kornai 2005].

Within two years since the fall of the Berlin wall in 1989 this constellation of domestic strain resulted in an escalating series of political collapses unparalleled in human history. These coups, achieved so easily, were named 'velvet revolutions'. Since the hypothesis that the communist nomenklatura were completely overpowered from without has been rejected, the motives for dismantling communism and the agents behind them must be explained.

I will analyse this contest for control over the reins of economic power from a sociological perspective by examining the social structures of entrepreneurs and test the hypothesis that the communist nomenklatura in managerial positions had a tempting incentive to become the new entrepreneurs. An alternative approach would be to study the changes in political positions, as was done by Machonin et al. [2006: 53–68]. They also contained an element of entrepreneurship. Both perspectives overlap and reflect similar processes and outcomes.

The massive involvement of the nomenklatura in privatisation in all transition countries suggests that it was not by chance. It was privatisation that elevated the nomenklatura to the status of real entrepreneurs, notwithstanding the paradox that it meant they accepted capitalism. This explains why the fight for ownership through privatisation became such an obsession in post-communist economies and why the more natural approach of building an authentic private sector by supporting *de novo* firms, as occurred in China, was not adopted [Sato 1995]. My hypothe-

[1] In this article 'nomenklatura' refers to non-dissident political, economic, and cultural elite under the communist system. We will concentrate predominantly on the economic (managerial) elite, distinct from the political (apparatchik) elite.

sis is that communist governance could not exist without some islands of entrepreneurship and with them the dormant acceptance of capitalism was also present.

Running the communist system required a great deal of entrepreneurship – to survive, its management had to work through and overcome chaotic information about cost efficiency, and the structure of the gluttonous final demand had to be ranked by priorities, which were all in conflict. Managers were therefore required to compensate for many of the market's deficiencies and engage in entrepreneurial behaviour, as described by Leibenstein [1995]. But what kind of entrepreneurship would this be? Baumol [1990] provides a clue, noting that human entrepreneurial activities are present in all societies. The creation of entrepreneurial capital is a part of human nature and it develops in all circumstances, even if its instruments are constrained. The problem different civilisations face, therefore, is to determine under what incentives and in which alternative economic fields (productive, redistributive or destructive) entrepreneurship is to be allocated.

Baumol's classification distinguishes between the Marshallian-Schumpeterian concept of productive entrepreneurship on one hand and its redistributive or destructive alternatives on the other hand. The crucial role is then played by market institutions, which must provide incentives preventing entrepreneurs from getting engaged in redistributive, predatory or destructive ventures. The initial inclinations of early communist 'entrepreneurship' aimed excessively at exploitative, redistributive, and destructive [!] activities were gradually curbed by the post-Stalinist reforms. Therefore, however bizarre the organisation of the communist economies may have been, there was also some amount of entrepreneurship to be found in them, regardless of the fact that the private ownership of capital was strictly limited.

The social structure of entrepreneurship under communism

Motivations towards entrepreneurship in the formerly Soviet-dominated countries have two sets of roots: capitalist and communist. As to the former, Central European countries were able to rely on the cultural principles on which their societies had been based two or three generations earlier. In 1948 Czechoslovakia had the most competitive economy in Central Europe [de Ménil and Maurel 1993; Benáček 2003]. The legacy of capitalism and recollections of self-reliance were most useful in situations where the workers had to resort to moonlighting and bartering to support themselves. This penurious situation was a result not just of the shortage of goods but was also due to the fact that employment in the nomenklatura hierarchies was not open to everyone on the basis of talent.

Also, the national stock of human (entrepreneurial) capital could not be fully used in the official economy, so business skills remained largely outside the nomenklatura, where they were used either in retail trafficking or in an informal system of providing friends with do-it-yourself services or items in exchange for services and goods in kind. The entrepreneurial skills of the shadow economy were often frit-

tered away by high transaction costs on the exchange side and by limited access to technology. Nevertheless, these activities were a valuable form of entrepreneurial training that could be useful once small business was liberalised. Due to internal barriers, which varied in nature between sectors and regions, the legacy of capitalist entrepreneurship in communist countries was spread asymmetrically throughout society. This had a serious impact later on.

The legacy of 'communist entrepreneurship' affected state bureaucrats and party apparatchiks (together the 'nomenklatura'), who also had to invent the most bizarre tricks in order to force the unviable system of central command to perform. It was not altruism, but a motive for achieving their private 'residual claimancy' (i.e. rents), which actually brought their activity close to entrepreneurship. The Brezhnevian style of corporate management required personal initiative and innovation, however absurd they were in both process and outcome. The management of enterprises had two options: either to focus inwardly by pursuing efficiency or outwardly towards negotiations with vertically superior bureaucracies.

Given the known lack of microeconomic rationality in the system of central planning [Hayek 1935], the management of efficiency and innovation could only rely on some rudimentary principles, such as minimising queues, saving on material input and labour, or copying the products and processes used in market economies [Kornai 1980]. As for the outward focus, the objective was to bargain for a softer output plan or a higher quota of inputs. The latter was a sophisticated entrepreneurial treat, where the gains were high, and they could be used to build up of powerful private relational capital [see Bezemer, Dulleck and Frijters 2003; Blanchard and Kremer 1997].

As the opportunities for official (and unofficial) accumulation of wealth widened, socialist millionaires began cropping up everywhere, starting in the 1970s. If this quasi-entrepreneur fulfilled the plan target and showed sufficient loyalty to superiors, he/she received a free hand to exercise power over resources, staff policy, and bonus remuneration in the economic unit he/she oversaw within the hierarchy. On the same horizontal level of hierarchical bureaucratic subordination this manager had the power to collude with other 'partners' to form cartels, information asymmetries and political coalitions, which liquidated potential interference in the production, distribution or planning processes. As it gradually and naturally progressed, central planning evolved into a system in which agents and informal coalitions in the productive lower ranks of the command hierarchy controlled their principals in the upper command of formal subordination [Mlčoch 1990].

The resulting socio-political antagonism caused by different relationships to entrepreneurship can be identified with three social groups. Based on analysis from previous studies [Benáček 1994, 1995], we will refer to them here as 'marketeers', 'nomenklatura' and 'outsiders':

(i) Marketeers: private farmers, repair workers, artisans, tradesmen; catering and hotel staff, cab drivers, foreign exchange touts, greengrocers, used car dealers; shop managers, shop assistants, stock keepers; entertainers, artists, top sportsmen; ad-

ministrators of queues, bureaucrats issuing licences, certificates and permits; crime ringleaders, etc.

(ii) Nomenklatura: directors of companies, their deputies, heads of divisions or financially independent units; paid party apparatchiks, high-ranking bureaucrats at ministries, district and municipal councils; high-ranking officers in army and police.

(iii) Outsiders: people with a low degree of revealed evident entrepreneurial aspirations, active mainly in the 'do-it-yourself' activities. However, there was a large middle-class sub-group with cultural capital among their ranks: doctors, engineers, teachers, computer operators, scientists or clerks, whose entrepreneurial skills could not be used under the communist system.

The mechanism of communism's demise

Even though each of the thirty-one post-communist countries in Europe and Asia had a different mixture of conditions leading up to the transition, the processes in the countries of Central and Baltic Europe converged towards very similar outcomes. The crucial factor in the demise of communist socio-economic organisation can be found in the internal demand for the trinity of freedoms that the communists could not provide:

- civic freedom (like freedom of speech and travel),
- political freedom (democracy),
- economic freedom (free enterprise and private property).

While the communist opposition comprised of the outsiders called for the first two freedoms, it was the communist economic elite that realised the potential for transforming their informal access (quasi-ownership) to state-owned capital into formally legal ownership of economic capital. The instruments for doing so lay in their dominant 'ownership' of relational capital and in the use of their better access to cultural (human and entrepreneurial) capital [Sik 1993]. This kind of development is in line with the concept of capital conversion elaborated by Bourdieu [1985], and later applied in the analysis of the transition of Czech elites [Matějů and Lin 1995; Večerník 1996; Eyal, Szelényi and Townsley 1998]. The public's daily encounter with the surrounding Western culture and businesses, the dual roots of entrepreneurship, and the elite's possession of three types of capital combined to offer the people a vision of transition to all three freedoms. However, in connection with transition each social group had a different target and different prerequisites, though they were all able to agree that some kind of transition should be undertaken and to act in accord.

The role of indigenous elites with entrepreneurial expectations in domestic political shake-outs is therefore obvious. It was essential for maintaining their medium-term objectives that they avoided any violent confrontation of power with other social groups – their potential allies. All of them were aware of that. Thus, with the exception of Yugoslavia, the transition of power proceeded without any large-scale

armed intervention. In exchange, the communist nomenklatura did not lose their access to the processes of privatisation, entrepreneurship and political change in any of the transition countries [Benáček 2001; Winiecki, Benáček and Laki 2004].

The co-action of domestic elites from the ranks of the nomenklatura during the early phases of the peaceful dismantling of communism was essential because elites are more efficient in organising collective action than the loosely organised public. The ownership of human and social capital by the nomenklatura became a valuable contribution: it restrained the risk of economic breakdown and guaranteed a smooth break-through. Thus the transition countries were able to muster new economic leaders very quickly and without losses resulting from internal squabbling.

The strategy of converting the abundant endowments of social capital of the nomenklatura into new endowments of economic capital was a rational one, especially in societies trapped in a situation of 'building capitalism without capital' [Eyal, Szelényi and Townsley 1998]. Economic capital, as a condition of new entrepreneurship, had to be acquired in exchange for something else that already existed: foreign financial capital, domestic human capital, or domestic relational capital. This was the crucial crossroads in all post-communist transitions. The result depended on the bargaining power of these three capitals. Unsurprisingly, relational capital has shown the highest practical operability in almost all initial business encounters. That explains why both the emphasis the new Czech governments placed on large-scale privatisation (e.g. with vouchers or insider sales) and the 'Czech path' of privatisation (i.e. without much competition from abroad) was perfectly compatible with the aims of the nomenklatura.

The communist social system was full of long-suppressed and accumulated conflicts, which had to be addressed to find a new equilibrium. An immediate explosion of these conflicts and any attempt to eliminate the past elite would have unleashed chaos in society for a long time to come. Other transitions in the preceding century, filled with victims and lasting for generations, provided some valuable historical lessons. A peaceful transition has to be gradual, and that made co-action with the outgoing power essential. The whole process of the subsequent social, economic and political transformation could not be achieved by means of revolutionary commands but through step-by-step negotiations at the micro-level. This can be likened to a process of market *tâtonnement*, as described by L. Walras, and to the process of bargaining to settle property rights, as explained by Coase [1960]. It is the quest for reciprocal re-adjustments among millions of domestic agents looking to reallocate their diverse interests and capacities. It would therefore be a mistake if some domestic central authority or intervening external force were to mastermind and dictate the course of these complicated processes.[2]

[2] Such failing examples can be found in the US interventions in Iraq and Afghanistan or in the external imposition of reforms during the German unification. A successful example can be found in China.

Settling local inter-human relationships that had been fettered for decades had to be left to local negotiations in an environment of centrally secured non-violence. Surprisingly, these originally highly improbable gradual readjustments occurred independently in all post-communist countries. It happened despite the myriad of local trials and errors, missed chances and moral compromises that affected nearly everyone and disappointed the expectations of instant 'justice'. It was clearly a strategy of second best that can be criticised for its seeming blindness. Nevertheless, this amazing process of social *tâtonnement*, a social parallel to market clearing, in which the resolution of human conflicts could be fine-tuned gradually and in peace, became, in the end, a strategy more efficient than any exogenous social engineering. As Kornai [2005] pointed out, the transition was, after all, still extremely fast and unprecedented in human history.

The gradual contest for capitalism was the most characteristic feature of the evolution of entrepreneurship, especially in the crucial field of capital redistribution and ownership, where human conflicts were traditionally most violent. Thus the peaceful evolution of entrepreneurship, intertwined with the necessary ownership changes, can be regarded as the cornerstone of post-communist transition. The Czech lessons of the Velvet Revolution and then the 'velvet divorce' of Czechoslovakia are of particular interest in this respect.

The Czech transition was ready for launching long before the external threat from the Kremlin was lifted in 1983. The first signs of it had already emerged in the Prague Spring in 1968. However, news from Warsaw, Budapest and Berlin in the late 1980s was essential to confirm that the local transition would not be isolated. The power-game of triggering the transition and its consequences were thus in the hands of the three groups mentioned above – the marketeers, nomenklatura and outsiders, each of which had their own motives for change. Their entrepreneurial skills and expectations in particular were the crucial factors that drove the transition process [McMillan and Woodruff 2002]. When the window-dressing of central planning and hierarchical subordination finally lost its institutional support at the end of 1989, enterprises and the economy initially barely registered any change: the 'shadow management systems' were already in control of the economy and ready for transition [Benáček 1994, 1995].

We could ask how the nomenklatura 'triggered' the non-violent transition or how the various actors reached agreements over all the trade-offs that had to be resolved? Was there not some sort of deliberate and purposeful planning involved? These questions are incorrect, because they presume the existence of a centralised command. The series of subsequent collapses was not planned in the Kremlin or the White House, just as no central authority masterminded the decline of feudalism and the advancement of capitalism. Evolutionary processes (e.g. the Darwinian evolution or even market clearing) proceeds through gradual adjustments without being guided by any pre-agreed strategy. The abandonment of communism was a spontaneous development in the minds of the masses of agents, including their elites, who realised that change would not expose them to unbearable risks, and

could even bring them new opportunities. Although the transition was tougher and more roundabout in both procedure and outcome than the majority of actors assumed, the basic idea was well founded and easily recognisable to anyone. The 'triggering' could then commence with any major social shake-outs. The fall of the Berlin wall acted like a fuse, its charge being an optimal critical mass, setting off a chain of shake-outs all over the world.

Entrepreneurship in the early stages of transition

As mentioned above, it was the nomenklatura in state monopolies and not the bureaucrats of central planning who were in control of the official parts of the economy and who gained even more power when Gorbachev's *glasnost* undermined the instruments of totalitarian coercion. These national systems were ready for the series of subsequent transitions that occurred once a strong external shock cracked the institutional braces in just one country. There was risk and uncertainty in particular cases, but on the premise of a gradual adjustment and the truce set up through the Velvet Revolution the nomenklatura was not at risk of losing much as a group. The advantage derived from their social capital endowment was unrivalled. The marketeers were in a similar situation: they expected a better deal once their activities were liberalised, having obtained an advantage in the accumulation of financial resources.

The outsiders appeared to gain least out of their initial entrepreneurial endowments, and their gains from the transition were originally associated with higher consumer choice and the introduction of democracy. Here a distinction should be made between outsider elites (cultural and technical intelligentsia) and the rest of the outsiders. The cultural intelligentsia had a jump-start in the beginning, when the mission of building the new institutions of democracy, education and the economy was placed on their shoulders. However, this mission was gradually outshone in importance by other, more practically oriented tasks of property redistribution and the political power struggle once privatisation issues began to dominate the stage after 1992. The initiative in building institutions thus shifted more towards the nomenklatura.

The technical intelligentsia endowed with human capital was offered better entrepreneurial opportunities, even though not immediately in large businesses, since their starting position directed them mostly to the small (self-employed) businesses. For example, 21% of all Czech employees were registered in self-employed businesses by 1993. In 2003 that figure grew to 33.8%.[3] Also in other Central European and Baltic countries the increase in the number of self-employed was high and comparable to the situation in traditional market societies [Selowsky and Mitra 2002]. The growing number of small entrepreneurs must obviously been made up

[3] According to the Czech Statistical Office, Annual Yearbook, 1996 and 2004.

mostly of those outsiders with some endowments of human capital. Although the technical intelligentsia had delayed access to higher positions, its penetration into the ranks of entrepreneurs accelerated after the mid-1990s.

While the outsiders began to catch up with the others, their ascent had another unexpected outcome, as they clashed with the private sector that had already been established under socialism, i.e. with the marketeers. A similar situation was observed in Poland [Winiecki 2000; Winiecki, Benáček and Laki 2004]. The lack of vision and flexibility on the marketeers' part made them unable to withstand the competition from the new business start-ups emerging out of the former 'outsiders', and this caused the old private sector to shrink by 40–75%. A similar observation of constrùctive destruction was reported in other countries [Gábor 1996; Eyal, Szelényi and Townsley 1998]. This suggests the general hypothesis that the socialist marketeers ultimately did not possess adequately competitive skills and relational endowments to make a smooth transition into the ranks of the new grand entrepreneurs.

Unfortunately, there are very few surveys that have studied the structure of Czech entrepreneurs by social group and origin, although some information is provided in a study [Benáček 2007] on the origin of Czechoslovak entrepreneurs who were registered as owners of big businesses in 1990–1992. Their structure was classified according to their highest working position achieved anytime during their careers prior to 1990. The most important findings include:

a) The probability of someone having been a communist bureaucrat and a top or middle management position and being in the emerging class of 'great private capitalist entrepreneurs' is very high (46.3%).
b) Approximately 37–42% of the Czech emerging 'grand capitalists' in 1992 were people associated with the Communist Party.[4]
c) The rate of transition of former low-ranking state managers and supervisors into big new private businesses is very high, forming 44% of the total number of new grand entrepreneurs.
d) Only a small fraction of people (1.1%), who were neither engaged in the communist nomenklatura networks, nor in any formal managerial position, have after three years succeeded in becoming grand entrepreneurs.
e) The chances of outsiders with human capital becoming 'great entrepreneurs' is only 2.5%, which is still below the national average of 3%. However, the probability of such a transition occurring among the group of unskilled outsiders is even lower – at merely 0.4%.

Outsiders were held back in their ascent into entrepreneurship owing to their lack of initial wealth, owing to their exclusion from the power of the crony networks, and owing to the effects of discriminatory processes of adverse selection un-

[4] This estimate agrees with the conclusions of Matějů [1997] and Machonin et al. [2006: 45, 79], where the latter estimate the share of former nomenklatura among the grand entrepreneurs at 36.8% for 1994, without distinguishing between the high and middle ranks.

favourable towards people with high moral principles. However, the outsiders and low-ranking communist managers were not completely cut off from opportunities. They had access to small businesses and self-employment. The pressure from hard budget constraints was stronger these than in large (privatised) businesses, supported by special government policies [Winiecki, Benáček and Laki 2004]. Nevertheless, in the Czech case they made significant progress in efficiency and obtained a high share in the market in the late 1990s, which became a springboard for future expansion to become larger firms.

Other quantitative empirical studies have also looked at the origin and performance of the new Czech entrepreneurs. Matějů [1993a: 86] concluded that being a member of the nomenklatura resulted in 'far higher chances to enter the group of entrepreneurs' mainly due to the role of the network capital accumulated in the past. This was the driving force that triggered the transition and led to the early success of the nomenklatura. Three mechanisms were involved. The first and most important was the comparative advantage of the nomenklatura in terms of its endowment of social capital, which provided it with enough confidence to counter the power of the opposition. Then there was the complementary advantage of nomenklatura in both managerial and human capital. Modern society needed these resources; they were scarce and without substitute.

The third mechanism, albeit a minor one, was the greater wealth (savings) of the nomenklatura compared to the outsiders. This fact was confirmed in another study by Matějů [1993b], in which entrepreneurial success was measured by income levels. A high statistical significance was found for such exogenous variables as income in 1989, accumulated property before 1990, and a person's prior position in the hierarchy of the nomenklatura. Nevertheless, the study also confirmed the significance of factors such as education and professional commitment to the job, both of which demonstrated that the outsiders were not deprived of chances for entering entrepreneurial ranks later. Thus the fulfilment of entrepreneurial visions for a person endowed with ownership of capital of any kind was not beyond reality.

The changing structure of entrepreneurs in the later stages of transition

Since the start of the transition, the Czech government has made the transfer of property relatively easy because more than one-half of all national physical capital was offered for privatisation between 1991 and 1995. That gave an unparalleled boost to the growth of large businesses, which favoured not only those social groups better endowed with social capital but also foreign investors with high financial capital. The path-dependency of the capitalist future on the communist past was not severed abruptly but rather steadily diminished. The competition for property in a situation where information asymmetries, insider trading, moral hazard and weak ethics dominated over economic and human capital could not last forever. The access to property in such an opaque environment was biased, inefficient and pressed

to a discriminatory selection of its elite by a mechanism of adverse selection, explained by Akerlof [1970]. That was a serious social threat.

National development depends very much on the national elite. An adverse selection of elites can undermine the national ability to act autonomously in the world and shift its politics to a sort of defeatist autarchy. It is possible to distinguish between the economic, political and cultural elite in relation to three kinds of capital. In a globalised world, the existence of a strong indigenous economic elite generates the externalities of national leadership able to compete internationally, to confidently uphold national culture, and to resist the ideologies of nationalism, communism and other extreme movements.

In the Czech case, the high-ranking nomenklatura's aim of easily defecting into the entrepreneurial class proved viable from the start of the transition [Možný 1991]. However, there are reasons for its diminishing returns. The basic argument is that while both economic and human capital are of crucial relevance for entrepreneurial performance in functioning market economies, the relational capital, as a factor of market distortion, has a minor role when the economy matures [Eyal, Szelényi and Townsley 1998]. Building capitalism by means of dominant relational capital had the drawback of sub-optimal economic performance. So the progress of the transition in the Czech Republic – establishing a market economy – was detoured by incompetent entrepreneurship, unsustainable property holdings, frauds, profits derived from implicit subsidies, decision-making intertwined with state bureaucracy and market competition impeded by government intervention. The result was the economic crisis in 1997–1999 when real GDP fell by 1.3%. The macro-economic misalignments were not the cause but a concomitant effect.

Most of the property distribution completed in the second wave of voucher privatisation in 1994 was unsustainable and had to be redistributed. This required a subsequent series of Coasian contract renegotiations, whose outcomes were Pareto-improving. A new round of selection started on the markets that had already moved from excess supply to excess demand. All new owners (including the inexperienced or incompetent ones) were consequently exposed to competition with other indigenous entrepreneurs, foreign businesses, and imports. At the same time the share of imports to GDP reached 60% in 1997, while the value of the Czech crown appreciated steadily. Many entrepreneurs saw a bleak future themselves and abandoned their sinking ventures by shifting the costs to someone else. Thus the 'optimum' strategy for failing entrepreneurs became the practice of taking advantage of widely neglected property rights. 'Tunnelling' (i.e. stripping the assets of the company, its clients, banks, or public budgets) became a technique of enrichment compatible (or even commensurate) with their entrepreneurial comparative 'advantages'. The redistributive nature of a large part of the Czech new elite was then fully revealed.

The same logic that determined the selection of the Czech old-new entrepreneurs also meant that the defaults in property rights had to stay, becoming paradoxically a firm part of the game. If the visible hand of the law had been suddenly enforced, the gradual process of peaceful transition would have turned into a vi-

cious crisis. The hazardous laws of relational capital would have to be re-installed as a dominant power, undermining the growing importance of economic capital.

Tunnelling certainly resulted in social losses, but it allowed inefficient entrepreneurs to reap the fruits of access to ownership and transform a part of their windfall economic capital into consumption and speculative assets. Even though a part of their (and the national) productive capital was thus liquidated, some capital was still able to find its way into the hands of new owners, who used it more productively. However, stricter property rights, rules and efficiency-enhancing institutions had to be gradually installed because the demand for them grew in strength. Thus the structure of ownership kept converging to Pareto-optimality by means of Coasian negotiations.

In the Czech case approximately 60% of new grand entrepreneurs were not from the ranks of the nomenklatura and the importance of human capital was not completely eliminated [Benáček 2007]. Entrepreneurially oriented outsiders were also able to acquire the capital relinquished by the initial inefficient owners. When the inflow of foreign investment intensified in 1995, the balance of economic power shifted. In 2002 foreign owners controlled approximately one-half of the productive physical capital in the country. The call for a substantial overhaul of the legal system and judiciary received a boost from the EU requirement that the country adopt the *acquis communautaire* before accession. At the same time the Czech government had to dismantle the system of 'banking socialism', whose bad debts (32% of all credit in 1999) brought it to collapse. Consequently, practically all commercial banks had to be sold to foreign owners. Banks and market competition became the most important instruments pushing for enterprise efficiency.

The process of 'velvet transitions', unique in human history, required at least two stages, each of which had different rules and involved different capital to determine its functioning. This approach is an extension of Eyal, Szelényi and Townsley's seminal idea [1998] that social systems can be classified by the dominance of different types of capital. In the first stage of the Czech transition it was the dominant use of social capital accumulated during communism. In the second stage the dominance was marked by the steady rise of markets requiring economic capital. In reference to Kalecki's maxim quoted at the opening of this article, it was only at this stage that the entrepreneurs were able to acquire the status of authentic entrepreneurs and finally managed to become the owners of assets secured by law. It is worth speculating about whether the transition requires a third stage to reach completion, in which human (cultural) capital would move into the dominant role [Matějů and Vitásková 2006].

More recent studies have reached similar conclusions, confirming that the old-new elite of the former Czech nomenklatura and the marketeers from the first stage of the transition were not always selected on the criteria of the first best. Their position was unsustainable as society moved into the second stage of the transition and the rise of the market, competition and efficiency-enhancing institutions of capitalism. In the Czech case this stage has been under way since 1994 until now. The

new process of entrepreneurial restructuring was marked by the growing importance of economic and entrepreneurial capital. For example, Tuček [2006: 79] reported that during 1994–2004 "the share of the old-new elite sharply decreased". Another study [Machonin, Tuček and Nekola 2006: 544] also concludes: "... the gradual generational change in favour of younger and, in terms of education and/or fresh experience, better qualified cadres: all this ... led in the final years of the 20th century to the downfall of an important part of the economic old-new elite recently discredited in the new environment of society". "A genuine top business elite has emerged in the Czech Republic, one that in principle differs little from its Western counterparts" [Ibid.: 552].

Laki and Szalai [2006] reached a similarly upbeat conclusion, noting that the stabilisation of indigenous grand entrepreneurs in Hungary in the late 1990s is reason to set aside concerns that the transition in post-communist countries may have undermined national integrity by depriving them of the ability to compete internationally. The majority of indigenous grand entrepreneurs of 2005 typically started out as small businesses.

The 1989–2004 transition period was a productive time in the Czech Republic and the country made evident progress in economic and social organisation. The changes in the nature of entrepreneurship were particularly complicated owing to several transitional stages in the acquisition of capital. The sectors of internationally tradable commodities became highly competitive, as it was integrated into world markets. The importance of both economic and human (entrepreneurial) capital significantly increased, as the links between relational capital and domestic hierarchies began to weaken, often to the point of irrelevance. These were replaced with links to international capital, marketing networks and oligopolistic leaders.

Many domestic entrepreneurs that had emerged in the early stage of transition were forced to sell their ventures to international capital and/or exit from the business sector completely [Djankov 1999]. Most of them were from among the former nomenklatura. Nevertheless, the number of Czech businesses, registered as joint-stock or limited liability companies, did not decrease, and all statistics have documented the rising number of entrepreneurs. There are two explanations: new entrepreneurs entered the scene and there was a defection to less competitive sectors, such as internationally non-tradable services, with fewer budget constraints and less competition. Some of these sectors were not forced to leave the stage of no or formal privatisation (e.g. in health care, energy supply or education) and many could continue to rely on help from public budgets and collusion with political parties and state bureaucracy [Matějů, Schneider and Večerník 2003]. The nature of this entrepreneurship does not differ so much from what it was like in the communist period. The role of relational capital is paramount for their survival, leading to deep corruption and practices enabled by too little or too much of regulation.

The oversized government sector and its impotent surveillance over the provision of public goods, which make up approximately 40% of the GDP, became a haven for quasi-entrepreneurship and inefficiency. Like many other European coun-

tries, the Czech Republic is engaged in a process of patching up its social system and postponing genuine reforms. If the Czech society is to avoid slipping into stagnation, it should take the next logical step: institutional changes that open up non-traded and government sectors to authentic entrepreneurship, while retaining regulation over them where the public interest is concerned. Unfortunately, in this case the drivers of change cannot be expected to come from the European Commission, as they did in the transformation of the traded sector prior to EU accession. This time the forces of change must be found inside the country.

As Pejovich has argued [1994], the main objective of privatisation should be seen in creating the free market for institutions and for incentives supporting property rights, that is, in shaping the demand for institutions supporting productivity. From this perspective, the wrangle over capital transfers in 1991–1996 was an unavoidable detour prior to more substantial changes. There were too many vested interests to avoid such a chaotic prelude. It was only in East Germany where the transition was orchestrated from the outside and the attempt at transition without detours turned into a failure. The stage of social *tâtonnement* and that of the subsequent establishment of new market-enhancing institutions cannot be merged. Ultimately, as Loužek concluded [2005], there was hardly any alternative to the government strategy of the Czech transition, even though its many institutional tactics could have been streamlined, thus mitigating the extent of its schizophrenia, frauds and dead ends by providing more rules and information.

The class of elite entrepreneurs has developed gradually. Societies are locked in the flow of history, culture and ideology, and it takes time to disentangle the traps of transition, the evolution of which is an extremely demanding process that cannot be tackled by an 'enlightened' central command. In the Czech case the present evolution of entrepreneurship got stuck two-thirds of the way along. It should continue in the sectors still under the control of the bureaucracy. Reforms of the public sector through the introduction of market institutions and managerial methods drawn from the corporate world would be the natural finale of the entire transition.

Although the transformation of the new EU member countries is reaching an end, the topic of peaceful social transition is still new and has not yet been sufficiently examined. In addition, it is complicated by many local specifics that prevent a universal analysis. Transition processes will continue to occur in many other societies around the world. In another article by this author (see [Benáček 2006]) there was an attempt to apply the experiences from Central Europe to the Cuban potential transition. We could also imagine that new approaches to transition will have to be undertaken in Iraq and that societies of Iran, North Korea, or Afghanistan should consider them, too, and compare such evolution with alternatives based on force. The unexpected economic take-off in China or India cannot be explained dissociated from the gradual strategies to transition taken there. Even the EU-27 should think about implementing gradual but fundamental changes in order to master the transition to viable and effective social governance in its member states.

Conclusion

This article presents an attempt to explain the post-communist transitions as a sequence of logical steps within gradual social processes. They emerged out of the legacies of both pre-war capitalism and the jugglery of communist management. Together these influences became the seeds of entrepreneurial activity and of the aspirations of transformation into authentic entrepreneurship. Three crucial steps were required, which pre-determined the peaceful nature of the transition:

a) The launching of the transition at a moment when the communist elite (nomenklatura) was under no direct external threat and when it had accumulated sufficient social and human capital to be able to withstand the pressure of domestic opposition.
b) The initiation of ensuing processes of gradual social, economic, and political adjustments, offering opportunities to all, where the social (relational) capital of elites could be transformed into the ownership of economic capital. The various forms of mass privatisation without sufficiently performing property rights and economic institutions served that purpose.
c) The re-privatisation process and widespread bankruptcies, when competition was firmly established and solid property rights were in effect and when the advantages in human or entrepreneurial capital over-rode the importance of social capital. Only then was it possible for a competent new indigenous entrepreneurial class to emerge.

The aim here was to use the Czech experience to shed light on why the early stages of transition in all post-communist societies offered so many opportunities to the nomenklatura and why that process was partially reversed later on, especially in the EU accession countries. As a policy recommendation, the transition should refrain from the direct confrontation of adversaries. Instead of some centralised intervention, the conflicts should be re-directed to negotiable adjustments at micro-social levels. A unique combination of gradual change and the rapidly progressing stages of transition, heading towards the creation of new entrepreneurial elites, led society towards a new equilibrium, with fast growth and social order. The lessons from the peaceful, fast and effective transitions in the countries of Central and Baltic Europe, despite their peregrinations and trials and errors in human confrontations enrich the history of the development of capitalism and can be used to contemplate similar transitions in other societies.

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'The Son Has Ploughed', But a Foreign Son. Five Case Studies on Transformation Strategies in Czech Agriculture after 1989*

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Abstract: European agriculture has recently undergone important changes connected with the reorientation of EU policy towards regional, recreational, and land-use subsidies, and owing to the internal divergence in agriculture itself, which has led to large 'industrial' farming companies on the one hand and small, ecological farms on the other. During the period of transformation, the Czech agricultural sector has been forced to confront these changes and full stability remains a long way in the future. Transformation has thus brought both advantages and disadvantages to all the players involved. The former include the existence of large-scale farms, relatively highly skilled workers, and a cheap labour force, which make Czech agriculture competitive on a European scale. On the other hand, Czech attitudes towards work and respect for the property of others are inadequate; production efficiency and quality are low, whereas the expectations of farmers are high. Czech entrepreneurs have opted for relatively strict, unsocial, win-win strategies and understand their business simply in terms of material profit. Conversely, Western businessmen active in the Czech Republic more highly value the long-term profit, social ties and the symbolic functions of agriculture, though that does not mean they would not prefer 'industrial' forms of farming. The main problem of Czech agriculture is thus the absence of family-type farms rooted in their local, social environment, and there is only limited potential for this to develop. Unfortunately, this fact creates the threat of a 'two-speed' European agriculture: the Western model, combining both small and 'industrial' farms, and the Eastern model, focusing solely on extensive large-scale farming.

Keywords: sociology of agriculture, economic sociology; Czech Republic 1993–, transformation, migrations

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A famous Czech folk song from the early modern era voices the farmer's complaint about his son (youth), who when he finishes his ploughing finds he has produced far too little. This article attempts to examine how the 'sons' or successors in control of Czech agriculture are currently performing. How are they managing at a time when the sector is experiencing massive changes owing to the combined effects of the general economic transformation, the ongoing integration of the Czech Republic into the EU, and the changes to agricultural policy? Is Czech agriculture still as conservative as it is made out to be in early literature (especially Bláha [1925]), or highlighted by Haukanes in her two local, micro-studies carried out in the first half of the 1990s [Haukanes 2004]? Or is the 'old' mixing with the 'new' to form a hybrid system in which (transformed) socialist cooperatives have been taken over by new entrepreneurs, both Czech and foreign, and to which European norms and standards have been introduced?

In addition to these questions, the agricultural sector is of special interest to economic sociologists for at least two other reasons. First, it is a sphere greatly influenced by external EU regulations (grant policy, foreign trade restrictions, etc.), in some ways similar to the way in which the former planned economies worked (though with different goals and employing different tools), whereas the Czech transformation period was characterised by a significant reduction in or even an absence of protective state policy.[1] What do 'old' and 'new' mean in terms of Czech agriculture, not to mention the possible pre-communist substrate that may have survived [see Jech 2001: 179–180]? What differences and conflicts of interest have emerged between the Czech Republic and other EU countries in terms of the application of agricultural policies?

Second, Western agriculture has recently become differentiated. In addition to global 'mcdonaldised' 'factories for the "production" of animals' [Ritzer 1996: 106–107; cf. Stone and Downum 1999], there is a growing ecological farming sector, increased land cultivation, and a rise in agrotourism, etc. The planned major restructuring of EU grant policy promises a shift from sector-based subsidies to regional and specific projects or even to small farms as such. The question naturally arises then as to how Czech farmers will face these challenges and opportunities. They do admittedly enjoy certain advantages over their Western counterparts, including large-scale farms, relatively cheap land, in terms both of purchase and rental price, and low labour costs.[2] However, they also suffer from several disadvantages, such as unsolved property rights, low margins, and poor relative efficiency. Has anything changed over the seventeen years since 1989?

Though agriculture has been a small sector for many decades (making up

[1] This statement does not entirely apply in the case of property relations, see below. Their importance has been stressed by Abrahams [1996]; Hann [2003]; Verdery [1996: 133–167]; Verdery [2003]; and others.

[2] Agricultural wages and land costs have increased since the accession of the Czech Republic to the EU [Doucha 2004], though it is not clear whether as a result of the process or the government's socialist policy.

roughly 3–5% of Czech GDP), these and other questions are important research themes for economic sociology or anthropology. Other contemporary Czech studies in this field have exhibited clear limitations [see Nešpor 2005a: 6–12] and have been conducted either by so-called rural or agricultural sociologists mainly for decision-making reasons (e.g. the Research Institute for Agricultural Economics, the Czech Agricultural University), or by environmentally aware sociologists providing research alternatives to the mainstream (B. Blažek, M. Lapka and M. Gottlieb). The former have generally limited themselves to an economic perspective, though there is a growing tendency to reverse this trend [Hudečková and Lošťák 2002]. Conversely, their critics have often yielded to idealised visions of history and paid no attention to the socially embedded nature of the system.[3] Moreover, both 'schools' are circumscribed by the 'magical factor' of sociological thought, overlooking randomness and the specificities of micro-events, as described by Keller [1995: 42–43].

Such perils can only be diminished by compiling more detailed complementary case studies that are oriented towards the micro- and meso-levels of socio-economic behaviour in agriculture, without challenging the importance of macro-studies of economic, legal, social and political aspects. Certain such micro-studies have already been made [e.g. Haukanes 2004; Lošťák 2004; Premusová 1999], but it is clear that this research field has not yet been exhausted. Moreover, though foreign literature in the field is quite extensive [e.g. Hann 2003; Leonard and Kaneff 2002] and includes a number of case studies [e.g. Creed 1998; Thelen 2001; Torsello 2003; Verdery 2003], there is no fundamental economic-anthropological typology that would allow an international comparison.

The author's research assumes that socio-economic behaviour is in general relatively stable or path dependent [cf. Hann 2003: 29], and that implies a certain typology, the verification of which lies with future research. Five case studies of successful agricultural companies with different backgrounds and histories were made by the author in 2004–2005 (businesses established before 1989, the farm of a restituent, and foreign enterprises), and although the methodology used does not enable a comparison with quantitative data, together they provide a relatively in-depth picture and a comparison of different entrepreneurial strategies. The text below focuses on 1) generally describing the development of Czech agriculture in the 20th century; 2) technically characterising the research conducted on this topic, and 3) examining the results of the case studies, i.e. the particular transformation strategies. These strategies are 4) analysed and compared with other accessible data to provide 5) an evaluation of the transformation and Europeanisation of selected forms of Czech agriculture, potential future strategies and the dangers inherent in future development.

[3] Moreover, this kind of committed sociology is often prone to accept aprioristic religious or quasi-religious ideologies; this was especially true for former French sociology of the countryside, deeply influenced by Catholic sociologie religieuse [Le Bras 1955] and later by Marxism [Gervais, Servolin and Tavernier 1972; cf. Jollivet 1986]. In simple terms in the Czech Republic just the opposite change occurred.

Czech agriculture in the 20th century – traditions and changes

The aim here is not to provide an exhaustive socio-historical analysis of the development of Czech agriculture, something that has already been done elsewhere [Jech 2001; Majerová 2000a; cf. Tauber 1965[4]]. However, the most important milestones had such an impact on the perception of Czech agriculture by the state and society that they must be taken into account (the author does not identify all of them in accordance with Majerová [2000b]). The agricultural sector would be in a radically different situation from where it is today if there had not been land reform, the displacement of Czech Germans, collectivisation and finally the post-1989 transformation. The beginnings of the 'socialisation' of Czech agriculture, for example, were unique in that it emerged out of a relatively unimportant agricultural industry that employed little more than a third of the population but which enjoyed surprisingly strong political representation and consisted mainly of small-scale family farms participating in a well-developed market, and cooperatives and other institutionalised self-help entities with a strong tendency towards technological modernisation. These individual characteristics could certainly also be found in other Eastern European countries (including Slovakia),[5] but their combination was specific to the Czech lands.

Czechoslovak land reform after the First World War resulted in the predominance of relatively inefficient small-scale farms, which, combined with a loss of markets and reduced foreign investment, caused a serious economic slump, exacerbated by the inability of many new owners to manage their property effectively. The remedy was found in (political) agrarianism, which provided external protection and facilitated the spread of cooperatives and education in new technology for farmers. With extensive modernisation and political support Czech agriculture quickly recovered, and the only remaining problem was that of insufficient social protection for the rural landless. But given the massive urbanisation that was simultaneously in progress, this was of much less importance than Marxist scholars subsequently stressed. Generally speaking, Czech agriculture performed well during the interwar period and even better during the hungry war years, supported as it was by the order that the German war economy imposed on it and by the nation-wide symbolic identification with rural life and culture.

Further steps towards the nationalisation of property occurred shortly after the end of the Second World War. Almost all ethnic Germans, who had lived in the Czech lands for centuries, were forcibly expelled from their property, as a result of which ethnic, social, and property structures in certain regions were completely transformed (previous land reform had been more or less country-wide). In most cas-

[4] For an international comparison see I.T. Berend [1985: 148–209].

[5] For example, developed cooperatives in Bulgaria and certain parts of SHS (Yugoslavia), Bulgarian agrarian education or technological innovations in Hungary; [see ibid.: 148–209, or e.g. Necov 2006: 71–72, 77–80].

es, those who came to fill in the vacuum in such areas had problems adjusting, not just to their new properties but also to the border regions, the locations in which they now found themselves, and often even to farming itself. Most of these newcomers came from the central regions of the country, motivated by their memories of wartime shortages and by the desire to own property, in other words they lacked a 'heart-felt' connection to the land, while others were Czech emigrants returning from abroad who had to re-adapt to Czech society and their new environment. During this transition period, political resonance was far more important than economic efficiency (pre-war agricultural efficiency was not matched in the respective regions for several decades afterwards), which was exploited by the Communist Party as it oversaw the re-habitation programme. The first steps towards 'socialisation' in 1949, for example, were aimed against existing cooperatives and sought to forcibly transform them into so-called united agricultural cooperatives (JZDs).[6] The former cooperatives, which had differed both in terms of size and the aims they pursued and had played primarily a supportive role, were thus integrated into broad-based economic units.

There soon ensued a Soviet-style collectivisation of property similar to what also went on in other Eastern European countries.[7] Although it was impossible to crank up the 'class struggle' in the countryside, a reduction in the amount of large-scale farming enterprises was achieved through increases in mandatory quotas of products, higher taxes, more restrictions on employing servants (though at the time they were few anyway), and price disadvantages, non-compliance with which was strictly penalised. Occasionally there were cases of property confiscation, forced displacement, or the imposition of so-called national governance of private farms. Nevertheless, in general the farmers were not initially against the JZDs, but in time they became disillusioned. Membership in JZDs began to fall as the state introduced 'higher forms' of JZDs, which reduced private ownership to the status of a pure formality. Hostility towards the 'village rich' was especially brutal at this time. However, the legal and, in many cases, existential uncertainty of private farmers was only one aspect of the violence that accompanied collectivisation; the socio-cultural implications were equally important and involved the lawless nature of the state, the destruction of village autonomy and community spirit owing to the establishment of nominated administrative bodies, poor treatment of the land, and scorn for traditional ownership and even agricultural products. The disruption and eventual extinction of rural traditions was one of the consequences of these changes and led eventually to a devaluing of the social prestige of agriculture as such.

[6] Also established were the so-called state farms, the only other important kind of socialist agriculture units, which covered existing state ownership of forests and research institutes, confiscated the property of the church, the nobility and later the so-called 'kulaks'. In fact, there were no practical differences between cooperatives (JZDs) and state farms.

[7] Poland and Yugoslavia eventually withdrew collectivisation while in Hungary it was balanced by a high portion of private plots, i.e. essentially village 'backyards' that in Hungary produced about two-thirds of all agricultural products.

The 'socialisation' of the Czech countryside was completed during the 1950s. The formal co-ownership of the land controlled by JZDs continued, and, surprisingly, a small number of private farms survived, though their economic and social impact was insignificant. JZDs gradually improved in terms of efficiency, partly due to their amalgamation during the 1960s and 1970s; however, their performance was still far from optimal [Tauber 1965: 66ff]. The 1970s saw the onset of widespread modernisation and the introduction of new technology and management systems, though there was very little change in personnel and per capita efficiency. Agriculture thus had to be heavily subsidised by the state (including hidden subsidies) and a 'silent agreement' was made between the state and farmers, which provided the latter with relatively high social, economic, and cultural living standards, including turning a blind eye to theft of farm property in exchange not for increased productivity but for loyalty to the regime. The realities of socialist policy thus put an end to rural emigration to urban centres (a policy that not long before had been actively encouraged) and helped stabilise the agricultural sector. Although the social advantages led to an improvement in the living standards for practically all agricultural employees, these were counteracted by the economic inefficiency of the sector as a whole. Rectifying this problem was a major challenge faced by the architects of economic reform after 1989.

Transformation brought about a rapid reduction in state subsidies accompanied by a reduction in the number of employees in the sector and a corresponding increase in their economic and social insecurity. Consequently, the Czech countryside was one of the sectors of society most quickly and drastically affected by post-1989 changes, and that subsequently resulted in deep dissatisfaction with the transformation, the overall social impact of which was only limited owing to the small percentage of farmers in society [Majerová 1992: 36; Torsello 2003: 87–91].[8] Surveys at the time emphasised the risks of structural poverty and a consequent increase in hoarding activities and respondents complained about the low rates and dynamics of wages in the sector. Conversely, only 3% of respondents indicated that their work was profitable after the withdrawal of state intervention [Horská and Spěšná 1994, 1996]. At the same time large property shifts were occurring, in part due to restitution (a policy that favoured the property rights of the descendants of former owners rather than those of the current inhabitants) and in part due to the complex transformation of the cooperatives, which in most cases led eventually to the foundation of joint-stock companies.

Major problems emerged owing to the chronic lack of finance in the sector, which put constraints on restructuring, innovation and even the basic functioning

[8] Agrarians' discomfort had led to the formation of seven particular political parties at the beginning of the 1990s, while none of them was eventually successful; later on the Christian Democratic Party took their votes; [cf. Haukanes 2004: 37–40]. The opposite situation took place in the more agrarian Bulgaria, where the socialist sentiments of many peasants deeply influenced the political situation [see Creed 1995].

of market mechanisms, resolved by reliance on barter trade, socio-economic networks, etc. State subsidies were cancelled in the first half of the 1990s, agriculture was not regarded as reliable risk by banks (though they granted many dead loans in other sectors), and foreign investment was banned owing to the policy of economic nationalism [Myant 2003; Verdery 1998]. Elsewhere the agricultural transformation was almost a no-win situation [Verdery 2003], but this was not the case of Czech agriculture; many endeavours failed, but the sections below will provide an attempt to show successful approaches to these challenges adopted by five selected firms.

Research findings

Data sources

Sociological macro-studies have been complemented and/or amended by local and community studies since as early as before the Second World War. In Czechoslovakia, D. Gusti and the Romanian school of sociology were an important influence in this regard, while examples of such research included A. Bláha's study in Velká nad Veličkou, K. Galla's in Sány and Dolní Roveň, M. Hájek's in Neslovice, and Z. Ullrich's in 'rurbanist' villages in the Prague agglomeration. Unfortunately, their legacy was almost lost after the communist takeover and the results of similar research later on was only published abroad [Salzmann and Scheufler 1974]. The development of Czech sociology of the countryside and related disciplines turned to a macro-scope, quantitative surveys, and a strong link to the decision-making sphere. Notwithstanding the fact that case study research (more modern in design) found more than a few exponents in the 1990s, there is no broad agreement on methodology, performance, or the application of results. Certain scholars give preference to a combination of socio-anthropological and qualitative sociological methods [e.g. Lozoviuk 2005: 24–36], which is close to the opinion of the author, while other sociologists emphasise the need to make qualitative methodologies more 'scientific' by drawing direct inspiration from quantitative methods [e.g. Majerová and Majer 2003, 2005].

The case studies were selected in accordance with the most basic findings of economic sociology that different kinds of behaviour largely occur owing to a variety of former experiences, internalised norms and values, and the social capital of both individuals and organisations. Two case studies look at the transformation of Czech agricultural firms sensu stricto, i.e. the transformation of firms established before 1989. One such firm was a large, successfully transformed JZD, representing a 'revolution of deputy-directors', and the second a private farmer who started his business on a piece of land privately owned even before 1989. The opposite extreme was represented by foreign investors, with their knowledge of agriculture in Western Europe, social capital, and personal contacts abroad. Two cases of this type were also selected here: one a large agricultural firm established out of the remains of an unsuccessfully transformed JZD, and the other a family enterprise located on a

grassless plain. The fifth case lies somewhere in between these two types: a family farm owned by a returned Czech emigrant, who brought back with him from the West an understanding of Western socio-economic norms and entrepreneurial strategies, while retaining a knowledge of the Czech environment; he was also involved in the property restitution process. This example is supported by the results of other recent research [Nešpor 2005b]. No complementary domestic example of this type was studied.[9]

Particular businesses were chosen randomly from a selection of five to ten comparable firms for each category, and these firms were selected on the basis of previous research. The firms selected have been in business for at least five years and are economically successful. The aim of this research is not to show the decline or poor performance of those agricultural businesses that selected their production/market strategies badly, though there are still plenty of such firms in the Czech lands [cf. Haukanes 2004: 124–132; Skalník 2004: 113–114], but rather to point out various and distinct positive development strategies. Only those firms able to survive and prepared for future development, in some cases in the wider European context, were selected to be included in the research sample. To what degree the selected cases are representative, or whether any other successful entrepreneurial strategies exist, are matters that must be reserved for future research, probably using different methodology.

Two Czech cases

Two types of socialist agricultural firm have successfully survived the post-1989 transformation: de facto state-owned businesses (JZDs or state farms) or small-scale private farming plots. Below, the first case is represented by Petr's cooperative and the second by Zbyšek's family farm.[10] In 1988–1989 a relatively small JZD hired a man named Petr as its head technologist, which later proved to play a crucial role in the transformation of a relatively small JZD. Previously, Petr had worked for a much larger cooperative, where he had tried to increase efficiency, impose a meritocratic remuneration system, and even to establish dialogue with Western companies. However, a power struggle within the firm forced him to resign, and this small co-

[9] Most of the research conducted to date stresses that the great majority of restituents did not start a business, or if they did, it made no difference to the actors undergoing transformation) [Haukanes 2004: 118–119, 161–162; Jech 2001: 179–180]. 'Czech sons at the plough' were the subject of research in studies by Hudečková [2004] and Lošťák [2004], while specific – yet uncommon – cases of (private) farmers that held out against collectivisation have been studied by Lapka and Gottlieb [2000]. For a theoretical explanation of the absence of pre-communist type of economic culture in the processes of transformation see Skovajsa [2006: 259–260]; on decollectivisation see also Hann [1993]; Thelen [2001].

[10] All personal names are fabricated.

operative, managed by a friend, seemed to offer him new opportunities to further his career. When later on the enterprise was taking advantage of all available subsidies, it actually saw an increase in its production efficiency owing to the restructuring, new production methods (poultry farming), business contacts with Western companies and, last but not least, increased income motivation for employees; all the changes were introduced by Petr.

Consequently, the enterprise was prepared when the revolution occurred in 1989, and it was ready to begin signing contracts with foreign firms as early as the spring of 1990. There was enough revenue not only to complete essential reconstruction work, but also to extend the facilities, with the addition of a new slaughterhouse building, which allowed the firm to become independent of the food-processing industry. The cancellation of planned foreign investment into the firm and the subsequent lack of capital it experienced forced the farm to transform itself into a joint-stock company, with 75% of the stock being bought by a state foreign trade company. Later, when the latter was in liquidation, the stock was bought by the management of the cooperative itself. Property restitution and subsequent problems with too many 'owners' were not an issue in this case because a change in production had left most of the land resources unused. Rapid development, spurred on by a well-managed transformation and the targeting of Western markets, encouraged the company to invest in other local bankrupt cooperatives. The firm was thus able to expand its production, become more independent, and (to a lesser degree) succeed in its aim of selling a certain part of its production through its own distribution chain.

In order to achieve so much it was necessary to motivate the company's employees, and they did so at first mainly negatively, by instilling employees with the fear of losing their job, something that brought them into conflict with local officials. A new human-resources policy centred on hiring younger and more flexible employees and imposed strict penalties for disloyalty. It was only possible to introduce positive incentives once the business had been running for ten years, in connection with an increase in local unemployment and a positive perception of the firm's success. At the same time the company began to decentralise, emphasise personal responsibility at all levels of management, and turn its attention to specific rural values. In short, the success of the cooperative was due to skilful management and the adoption of market principles in advance while still in the socialist regime. Some employees and local administrators had tried, unsuccessfully, to block the introduction of those principles, but they were grudgingly accepted once the results (not just financial) of the company's work became evident.

A private farmer named Zbyšek had also practised a certain form of 'capitalism' before 1989. During the socialist period he was officially an employee at a farming cooperative, but he also worked on his own successful private farm, which proved capable of producing more than enough to meet his family's consumption needs. Owing to this surplus, Zbyšek was accused of engaging in illegal entrepreneurship. Only his social connections saved him from criminal prosecution. In the

new economic circumstances after 1989 he was dismissed from the cooperative, leaving him no other option than to start his own business. Unfortunately, in the first half of the 1990s, his crops failed to yield a satisfactory profit, even though he owned relatively large amount of land and he had certain 'business' experience. The family earnings decreased, thus limiting the farm's further development, despite an urgent need to invest in new machinery (previously he had been able to freely borrowed machinery from his employer). Given that there were no longer any state subsidies and he was unable to secure a loan, his only chance of success lay in hard work and experimenting with new kinds of production (cows and pigs, coypus/nutrias and feeding stock), only some of which eventually proved to be profitable. Nevertheless, market instability also helped Zbyšek.

The collapse of his competitors and of the distribution networks in the relatively inaccessible region where he farmed made him the sole egg-product and sheep-product supplier in a wide radius, while an increasing focus on ecological farming (which he initially chose as a relatively cheap option and later on due to incentives supported by state policy) made expansion possible. In the last few years Zbyšek has been able to add several shops to his business, where he sells a substantial portion of his products. Thanks to specific environmental conditions, these businesses are able to compete with large market chains; it demonstrates the fact that personal hard work and a perceptive knowledge of local conditions (including social networks) can be crucial to success. Although Zbyšek had little agro-technical knowledge and initially had only limited motivation, having been forced to start his business owing to transformation disadvantages that he felt more than most, he has succeeded in building up a prosperous family farm. The vast majority of similar Czech owners of small- and medium-sized properties, which make up roughly 13% of all agricultural businesses in the Czech Republic, have sadly not been as successful, perhaps as a result to specific local conditions or a lower level of personal involvement.

A 'mixed case' restituent

Both cases prove that market mechanisms can be relatively successfully applied to Czech agriculture, but that they generate a kind of 'wild capitalism', comparable to the capitalist competition of the 19th century that so displeased Karl Marx. However, this is not a rule, as the next case demonstrates. Matěj, whose father emigrated to Canada in 1948, acquired his farm in 1993 during property restitution; during the communist period the property had been a non-specialised, unprofitable state farm that employed elderly and unmotivated employees. Fortunately, the new owner was able to take advantage both of the technical and marketing skills he had gained abroad and of his family's reputation in the area as one with an understanding of traditional farming values, such as having a feel for the land, recognising the value of family property and country traditions, etc. – essentially a family with a 'vocation' in the Weberian sense (though fully secular in Matěj's case).

With the help of a considerably overpaid bailiff well informed about local conditions, Matěj introduced a number of radical changes that affected both the workforce and the production methods. Although all the existing staff were given the chance to prove themselves, he imposed the strict rule that if an employee was not capable of doing his/her job (e.g. owing to a low level of education), if the work was not carried out efficiently, or if the employee was caught stealing, he/she would be dismissed. Over the course of the 1990s no fewer than two hundred employees passed through the farm, generally attracted not by occupational esteem but rather by salaries roughly 10% higher than the local average and accompanied by various other benefits. This relatively tough human-resources policy has now resulted in a situation where the current workforce is very appreciative of the conditions in which they work (flexible working hours, relatively high wages, etc.) and the demand for workplaces exceeds the number of openings, but Matěj complains that it is not easy to invest in the development of his employees since staff turnover is still relatively high. It is fair to mention that, despite the overall success of the personnel policy, certain ex-employees are still resentful of what they saw as harsh treatment, blaming their failure on external circumstances, usually the class or national struggle, for their fates. Those who were negatively affected by the transformation are not yet able to acknowledge Matěj's virtues.

Matěj has changed the structure of production. A large piece of land is used for improving plant growth and animal husbandry has been restricted to ecological beef production intended mainly for foreign markets. Prosperity in the field was achieved not just by means of comparable quality and lower prices, but also by 'external' features, such as stately looking buildings. Perhaps paradoxically (and undoubtedly unlike his Czech counterparts), Matěj made repairs to the farmhouse and the surrounding outbuildings a priority, which helped to establish him as a 'serious' and credible business partner, and he ensured that relationships were good with the various arms of local administration. He also managed eventually to improve relations with his Czech partners, with whom, in the 1990s, he had had major problems, and brought them to the kind of level he worked on with his foreign contacts, managing eventually to convince them of the long term mutual profitability of doing business together. Establishing 'old' business values while employing modern production and marketing methods has not only proved to be a successful strategy for Matěj but has also become an example for others.

Foreign investors

The importance of foreign investment, along with the need for initial cooperation with someone with a good knowledge of the Czech business environment, is evident in other examples of foreign agricultural firms operating in the Czech agricultural sector. Generally speaking, there are three such types of farmers: borderland farmers, small-scale family farmers (usually owned by Dutch nationals), and large investors, including former Czech aristocrats who have had their land returned to

them [Nešpor 2005a: 54–58]. The following example, Holland Agriculture, can be placed somewhere between the second and third types.

After acquiring the property of an insolvent cooperative in the mid-1990s, Holland Agriculture solved the problem of restituency claims by acquiring only non-agricultural facilities (forges, machine repair shops, etc.) and it began manufacturing processing technology for vegetable production, intended mainly for export. In 2001, one of the owners employed his knowledge of the Czech business environment to start another business, a consulting company for Dutch farmers entering Czech and Slovak firms. The development of the first company during the 1990s was facilitated by the fact that the owners wasted no energy on solving property disputes or competition problems, but launched a completely different product range which they were able to sell even to former competitors. Holland Agriculture kept on the majority of the former cooperative's employees, to which there were both advantages, such as a quick start and low sector wages, and disadvantages, such as poor efficiency, little interest in the company, and skills deficits. These problems were solved with the help of a Czech co-owner, while the Dutch management concentrated on production and distribution. Holland Agriculture is thus a combination of modern management and technologies with a traditional, family-farming character that includes good relations with other players and the local authorities, something the firm's affiliated consulting company has also managed to achieve.

The final case study relates to the contribution of capital by Dutch farmers to the Kotěhůlky cooperative during the period 1998–2002. The extremely large cooperative had had mixed financial fortunes up to this time, owing to the lack of both capital and clear management strategies. These problems arose after the former JZD was privatised through a management buyout. These new owners lacked the expertise to avoid the pitfalls of the transformation era, such as market instability, corruption, and other illegal practices, and they were unable to motivate their employees. The 'Czech approach' to transformation in this case led to poor business performance, and even subsequent management changes were not enough to pull the cooperative out of the red. At the end of the 1990s, a new, younger management team finally decided to seek foreign investment, though the 'courting' process was cautious on both sides. The new Dutch investors received about 30% of the shares in the company, positions on the board, and a certain amount of managerial power. The new management had simultaneously to familiarise itself with a business environment completely different from the one to which they were accustomed.

A major priority was improving the quality of the Czech managers, and the Dutch were not afraid to dismiss poor performers; new starters were selected by an independent personnel agency. Interestingly, certain projects introduced by the Dutch management had mixed fortunes. Dutch-style vegetable cultivation, for example, was unprofitable owing to the low margins in the Czech lands, but their independent distribution of certain products was somewhat more successful. Foreign shares in the cooperative increased to 80% after merely four years of joint management and were accompanied by a significant reduction in the production range.

Whilst formerly the cooperative grew almost everything, a decision was made to specialise in cereals and one type of vegetable, of which Kotěhůlky had become the biggest Czech producer, and livestock production was also narrowed down. In addition, the cooperative commenced the sale, distribution and maintenance of imported agricultural machinery. According to the foreign owners, agriculture as such is unprofitable in the long run and must develop hand in hand with other, related businesses, which also potentially include agrotourism.

Crucial factors in the transformation process involved personnel policy that included replacing local village employees with people from a more distant town, which caused a major conflict with the local authorities. Already tense relations were exacerbated when the company began charging locals whenever they borrowed machinery, the free use of which villagers had taken for granted during the communist regime (e.g. for building their own houses). Today, most do not question the new rules, but some still find them hard to accept. Some villagers still look back nostalgically on the era when 'community and cooperative was the same thing and everyone helped one another. When it was necessary, they came with a tractor and did it ... Nowadays everything is different, everything has to be paid for' (similar situations also occurred elsewhere; see Creed [1995]). The Dutch investors do feel uncomfortable being regarded as 'usurer capitalists' and are aware of the basic nature of their employees and local family traditions; they feel that they are often more considerate with their employees and business partners than the local people are amongst themselves.

Elements of successful strategies

Path dependency

Meurs' [2001] comparison of the Hungarian and Romanian transformations and Verdery's [2003] study of Transylvania both emphasise that transition depended heavily on previous experience, legislation, relations, institutions and values; there is generally no such thing as a 'market without attributes'. In the cases cited here, those who were successful in the transformation process were those who had had previous experience of capitalism, either abroad or on the edge of what was legal under socialist law in Czechoslovakia. The actions of management were crucial; their technological and contextual (social, economic, or political) views had to be broad and open to change. Even the private farmer Zbyšek had had a form of experience with 'capitalism', while the old management at the Kotěhůlky cooperative failed owing to their inability to accommodate new ideas. On the other hand, foreign entrepreneurs (including returned emigrants) lacked knowledge of the Czech business environment, which was significantly different to the western model, at least during the first few post-communist years. Without substantial help from local colleagues, either from the very beginning (Holland Agriculture) or after some time (Kotěhůlky), these companies would probably not have been able to overcome the administrative obstacles or formulate the right business strategy.

A beautifully renovated 18th-century farmhouse in Eastern Bohemia that now serves as a family home and part of it is rented for cultural projects. However, its owner, a re-emigrant from the West, has not undertaken any agricultural business of his own.

A mere family-farming legacy and the values connected with it, even if combined with good technical skills, would not have been sufficient, during the transition period, to wholly change the business environment; similar, in fact, to the case of returning emigrants to Czechoslovakia after the Second World War. However there are successful cases of 'Kulaks' being returned not just their property but also their former social prestige, for example in Slovakia [Torsello 2003: 97] or Hungary [Miller and Heady 2003: 257–292; Thelen 2003], they are somewhat exceptional [Hann 2003: 12]. The studies cited here emphasise that returns were made impossible owing to the lack of capital necessary for renewal and above all the absence of social and symbolic capital. These resources were not mobilised by the 'kulaks'; they were instead possessed by the old-and-new cooperatives' managers. In such cases, people with no farming tradition, but able to utilise existing social networks and their ties to local markets and political authorities from the communist period were more successful. A subsequent weakening or rupture of ties to the past in the Czech Republic facilitated preferential treatment of the more engaged newcomers.

The problems of Czech cooperatives and state farms were a consequence of substantial stagnation within the sector during the normalisation period. Later, the transformation and privatisation attempted to correct the damage caused by collectivisation, but in many cases, through economic inability and lack of competitiveness, the problems were exacerbated. Cooperatives made up of owners and other participants were required to settle the debts of the property restituents, thus holding back their development, or they had to search for compromises to satisfy the interests of at times hundreds of shareholders, most of whom had no knowledge of agriculture [Majerová 1992: 35–36; cf. Lošťák 2004: 142, 144–147]. With the exception of restituents themselves (Matěj) and small-scale farmers on their own land (Zbyšek), successful firms tried to reduce the number of landowners.[11] Research has demonstrated the emphasis foreign colleagues accorded to land ownership and property relationships during the transformation period [Hann 2003: 2–3, 23–29], though decollectivisation occasionally led to the emergence of a 'non-agricultural peasantry' whose practitioners made hardly any use of the land. Farm husbandry on someone else's land (e.g. owing to the above-mentioned low rents) was one way of reducing the number of legal owners, at least in effect; in the case of Romania, Verdery refers to it as effective ownership [Verdery 2003]. The farmers on someone else's land are, in fact, neglecting the interests of the legal owners, while remaining unpunished.

It must be said, however, that there was never in any of these cases absolute conformity to the rules and terms of the Czech agricultural sector (though they are changing). Some breaking of the rules has ironically been the key to success. Whether by a well-timed entrance to an unknown and potentially risky environment in the case of foreign firms, a reduction in the number of landowners, the use of non-standard management and marketing strategies, the establishment of a network of trust among businessmen, or some other means, the protagonists seem to have gained a substantial advantage over their competitors.

Finances and management

Czech agriculture was inhibited in its progress by a persistent lack of finance, which could be solved through greater personal involvement only in the case of small-scale family farms, and even there only partially (Zbyšek). Former JZDs and state farms tried to solve these problems by means of non-financial agreements that made use of existing social networks, but this 'Czech way' of doing business proved counterproductive owing to widespread corruption. One radical solution was therefore the entry of foreign investors, who were able to take control of the finances and man-

[11] However, research in Russia emphasises the democratising of decision-making, even in situations when almost nothing can be allocated/managed [Perrota 2002: 125]. This is undoubtedly connected with the stronger Russian emphasis on collective values and property, which is absent in other post-communist countries [see also Hann 2003].

agement strategies. Petr tried unsuccessfully to employ this strategy at the beginning of the 1990s and ultimately had to wait for a capital injection from a trade company to solve his financial problems. In the second half of the decade, foreign investment became more of a realistic option, offering not only economic, but also social and cultural forms of capital. The success of certain farms has been due to the large amounts of capital available to foreign investors, while Czech ownership in similar cases has led to long-term inefficiency or even bankruptcy. Eventually, however, improved business conditions allowed the banks to increase investment in the sector and, on joining the EU, agricultural subsidies once again became available.

The characteristics of successful firms include the efforts of management to restructure production, the introduction of technological innovations, and the establishment of new socio-economic relationships both between firms and within them. All the firms had to reduce their range of products or radically change their production programmes, focusing on certain high quality products, which sometimes meant a significant output of non-agricultural products. Only the really large enterprises have been able to introduce a wider production range but have done so only after having previously reduced the range (Petr's cooperative). In this regard caution on the part of the firms is justified, given the various failed attempts in the 1990s to widen a production range, often at Western advice (Kotěhůlky). It can be clearly seen that social capital and technical skills are not easily convertible. Indeed social capital might not work at all when transferred to a different environment.

All the winners, however different their backgrounds, size, and capital opportunities, have had to cope, to some extent, with problems with the distribution of their products as a result of the instability and high profit margins of distribution chains in the mid-1990s. Consequently, there has been a tendency to combine production and distribution, a combination that is only partly similar to Western European practices (Czech firms are trying to establish their own distribution chains). Owing to the lower costs of domestic production, some firms have attempted to expand into western markets, though owing to market overproduction, legal restrictions, or supply surpluses resulting from cheaper imports (e.g. from Poland) they can usually offer only non-agricultural goods or bio products.

Internal and external relations

Firms have tried to formalise their mutual relationships and make them more transparent. Their aim is to entirely abandon illegal practices and the networks that connect economic, political and administrative players, that is, to move on from the 'wild capitalism' era. Western firms, owing to the pressure they exert on the system, provide an example in this regard, as they do with respect to the gradual establishment of networks of mutual trust and long-term reciprocity. However, it is still the case that Czech firms, if they managed to survive the 'wild capitalism' years, are vigilant of their neighbours and hard on competitors. They have no interest in anything

other than purely business cooperation. According to research, "in the opinion of the management of [Czech] firms, cooperation between farmers (and between farmers and processors) is virtually impossible; on the one hand, there is brutal competition between them ..., and on the other, the structure of agricultural enterprises (created during the post-1989 transformation period) is very asymmetrical in terms of resources. Company economic power starts from this point and small companies have almost no chance against their larger counterparts" [Lošťák 2004: 153, 158].

Structures and relationships inside companies are surprisingly similar to those between companies in that all the companies had to cope with low rates of productivity, flexibility and the limited involvement of employees in the firm's business. These problems were addressed through a combination of positive and negative incentives. The winning domestic entrepreneurs were thus in many cases harder and less willing to make compromises than their Western counterparts or returning emigrants. Disloyal employees were dismissed, often as an example to the rest of the workforce, while new employees were attracted by relatively higher wages and by above-standard working conditions and the status connected with agriculture in general and the firm in particular. The process of change in the workforce is still in progress in all the companies surveyed and the key to a successful conclusion lies not only in adequate remuneration based on merit, but also in fostering changes in attitudes towards work and emphasising personal responsibility and a relationship to the firm and traditional professional pride in farming. Owners of successful firms are becoming more and more convinced that such characteristics cannot emerge in an atmosphere of fear and worry; they must become an integral part of the employee's work ethic.

With respect to the recruitment of new workers, it must be admitted that Western European agricultural companies face similar problems to those in the East. There are a whole range of factors that make it difficult for them to attract and then keep young employees, including wage rates in the sector, its traditional nature, and its family-based character. Also, many young people reject farming as a career because of the hard work involved and the lack of entertainment available in the countryside and remote townships. Research shows that recruitment is easier for those firms that have access to good transport connections to nearby larger towns (Matěj's farm and the Kotěhůlky cooperative) and thus are able to attract urban workers, though geographic work mobility is quite low among the Czech population as a whole. Among a certain part of the urban population, those deriving a sense of strong personal satisfaction from this kind of work, there even seems to be a strong desire to work in agriculture, but transportation difficulties and the lack of infrastructure are often serious obstacles. The future improvement of both transport links and general infrastructure is essential not only for employee recruitment but also because of the huge influence it has on the ability of farms to widen production and marketing opportunities and on the growth of agrotourism. However, such activities, along with ecological farming and land cultivation, remain way in the future, and at present they are practised solely by foreign entrepreneurs.

Cooperation with the local authorities and/or other organisations has played an important role in general business development. The 1990s saw conflict between new agricultural businesses and local officials owing to the unrealistic demands of the local administration and owing to the views of local inhabitants themselves, who shared historic notions about the farms being their property and were generally hostile towards new, outside managers. However, these relationships have gradually improved over the last few years, as the socio-economic survival of the countryside is hardly possible without them, and locals have begun to appreciate the fair and transparent behaviour of the new companies towards their employees and their surroundings. In this respect, the town/country dichotomy may also have changed to some extent, boosting the villagers' self-esteem and sense of community; this finding has also been emphasised in research in other post-communist countries [Leonard and Kaneff 2002: 180ff.; Verdery 1996: 127]. Although these kinds of symbolic and social changes in the Czech countryside are still in the early stages, the need for them is widely accepted by both entrepreneurs and local authorities.

Peasant ethos

Almost all of what has been discussed above is evidence of the strong socio-cultural foundations of agricultural entrepreneurship, which is often more important than particular economic strategies. This fact was soon realised by successful business people, especially foreign investors and returning emigrants. It has never meant an absolute acceptance of the habits and social networks that originated in the communist era but rather their gradual transformation. It would be equally wrong, however, to overestimate trust in the impersonal, seemingly automatic market mechanisms stressed by the architects of Czech economic reform. Only those firms and individuals that were able to resist both succeeded. These winners were usually able to connect the need for agricultural-technological and marketing modernisation with the 'traditional' ethos of the farm worker, as defined by Weberian vocational ethics. Although P. Leonard and D. Kaneff [2002: 11] tried to deconstruct this idea as an unreal and carrying urban conceptualisation of village(r)s, the majority of other researchers in this field have emphasised its importance in pre-communist agriculture and the subsequent dismantling of this concept.[12] This study should be included among them.

From this point of view, the transformation of agriculture from vocation to profession should be included amongst the most painful results of collectivisa-

[12] The destruction of a farmer ethos was not caused solely by external factors. Among the external factors one can mention are those that were enforced and those that were not (e.g. modernisation), while internal factors included generation change [Cartwright 2003: 171–188], gender differences [Thelen 2001] and others. The same may be true in the case of the potential future restoration of a farming ethos.

tion (see also Creed [1998: 273]). The Italian Marxist A. Gramsci talked in the same way about the alienation of former owners to their means of production, a fact proved in the current milieu by the low level of interest in property restitution [Hann 2003: 117–142, 171–188]. The reason the economic troubles of Bulgarian agriculture, for example, did not lead to the establishment of private enterprises was not just because of the lack of capital and other difficulties cited by farm workers but also and primarily because of their own inability and their fear of potential losses. Purely utilitarian-economic prevailed over normative-affective arguments [Creed 1998: 246–255]. (The deontological theory of economic behaviour is set out in Etzioni [1995]). This research arrived at similar conclusions, but it also maintains one other conclusion. The difficulties in restoring the social, symbolic and moral dimensions of the farming tradition in the domestic population may be emphasised, but the possibility of importing them does exist. Although the farmer ethos had almost died out in Czechoslovakia, with the exception of a few farmers who benefited from restitution,[13] foreign-based firms seem to have been able to tap into it, while, conversely, the greater part of the domestic agricultural sector has yet to take advantage of it.

Restoring these values is possible in the case of small ecological farms, which are supported by an ethos of anti-modernisation and anti-urban defiance (the spread of which has been discussed by some authors, e.g. Blažek, Librová and others). But it may also be achieved among those city-born new employees at large-scale farms who have been provided with models for this kind of spiritual development. These models may come from Western owners, and the small-scale family farms they own in their country of origin, who were able (and wanted) to adapt to 'industrial' agriculture here without losing this ethos and the values that go with it.

The impact of socio-cultural capital and institutions on business must not, however, be idealised. This research covered only successful firms and even in these cases the resources that could be mobilised out of membership in social, symbolic, status, educational and even national groups could have worked counterproductively or could have been used in a purely utilitarian way, without any regard for other players and social benefits. Czech transformational capitalism often appeared harsher than its Western counterpart, rather like capitalism as seen from the Marxist viewpoint of class struggle. In many cases (e.g. among old-and-new managers, local administrators, etc.), pre-existing social capital obstructed the creation of a new social capital, impeded cooperation between and within firms, and prevented the establishment of positive relations with the civic, social and institutional environment.

[13] They were studied by Lapka and Gottlieb [2000], in case of Hungary by L. G. Miller and P. Heady in Hann [2003: 257–292]. In case of his study of a Slovak village, D. Torsello claimed the existence of social trust, though the 'kulaks' were excluded from it [Torsello 2003: 97–99], but described it mainly in negative terms, as a loyalty derived from fear rather than any internalised ethical norms [Ibid.: 224–225].

Conclusion

The current situation that Czech agriculture is in derives from the various processes at work during the 20th century, including land reform and the substantial changes in the self-esteem of farmers. The modernisation of the Czech countryside and the concept of 'rurbanism', which originated along with it, had certain positive aspects, but were unlike wider European development. That is why these changes should be easily reversed with the participation of farmers themselves. The introduction of collectivisation was accompanied by many obvious ills, but it also created large parcels of land that could later be transformed into modern agricultural companies. A certain amount of modernisation took place during the communist regime and this has continued since the regime fell. However, collectivisation also had unpredicted results. In a society that theoretically upheld social justice, it was impossible to sustain the efficiency of agricultural production, whilst the collectivised system simultaneously diminished the traditional values and symbolic ties of the peasantry.

Post-1989 rectification of the damage, which involved the restitution of property to the original owners, was incapable of bringing about any substantial changes because the vast majority of returning owners were not interested in agriculture. Instead of extensive restructuring and the costly introduction of modern technologies and management styles the situation of farms was worsened by restitution and the abolishment of state subsidies. The Czech government tried to change domestic farming to make it resemble the Western model, but it adopted an unsuitable approach that combined liberal attitudes (no subsidies) and economic nationalist protectionism (a ban on foreign investment and ownership of land). The existing JZDs and state farms, much larger than in the West, which chose to transform themselves, were in the short term successful, but most of them were not able to survive in the new conditions for long and subsequently ran into difficulties. The second half of the 1990s saw an improvement in the situation when the specific 'Czech way' of transformation and purely neo-classical economic policies were abandoned. Foreign investment was allowed into the agrarian sector and a distinct dividing line became evident between prosperous farms and the rest.

Successful business strategies were based on personal and organisational path dependency, the nature of existing institutions, the ability to mobilise resources, social and symbolic capital, and many other external factors (sometimes random). Nevertheless, it must be said that 'successful ploughing' has been the preserve of 'foreign sons', coming either from a non-agricultural background or from abroad (or at least those who found inspiration there). Of course, there are also many cases of successful purely domestic transformations, which in absolute numbers exceed those with foreign involvement, but the relative success of the latter is still thought-provoking. They were faced with many difficulties, including an unfamiliar environment and, in some cases, strong resistance from that environment; so how did they manage to succeed to such an extent? A mixture of technical, managerial and market innovations, combined with 'traditional' farming work and ownership values was the successful strategy. The ethos that lies behind this combination is today

capable of changing Czech agriculture in terms of land cultivation, ecological farming, etc., but the fact remains that this characteristic is still more common among foreign than domestic agricultural companies.

One other fact should be mentioned. Just as farming is differentiated into 'industrial' mammoths, which favour modernisation and rationalisation, and small farms, which prefer local and regional bases, certain shifts have also occurred in European agricultural policy. The extensive subsidies that ensured high employment and national self-sufficiency are slowly becoming a thing of the past as policy is shifting towards a distribution of funds based on a regional principle or in favour of smaller farms (which are more common in the EU-15). At the same time, social concern for biological farming, the countryside, alternative lifestyles, sustainable development and the like are rising, and all of these concerns are in some way connected with the 'traditional' values outlined above. Small-scale family farms that are economically unprofitable may well survive alongside the industrialised giants. Therefore, the crucial question for Czech agriculture (and the Czech countryside as a whole) is whether such a differentiation will take place here or not. It is virtually impossible (and it would be senseless) to try to close existing large-scale farms, but similarly it would be wrong to strangle the growth of small ecological farms in favour of more efficient giants, as unintentionally happened in the 1990s. If that were to happen, Czech agriculture would not be helped by the new European policy. On the contrary, it would contribute to the creation of a sort of 'two-speed Europe', in which the Czech lands would become just a supplier and a rubbish repository, rather than being a respected and equal partner.

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Adult Education in the Czech Republic – Who Participates and Why*

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Abstract: Adult education as a part of lifelong learning is nowadays the topic emphasised in all documents concerning educational policy, employment policy, and human resources development in the Czech Republic. Older empirical data indicate, however, that the participation of the Czech adult population in programmes of adult learning is not very common. The aim of this article, which is based on a special representative survey, 'Adult Learning 2005', is to confront how far Czech reality is from the ideal concepts of 'lifelong learning' and a 'learning society'. The authors pursue three questions: 1) To what extent is it true that education in the Czech Republic is a lifelong affair? 2) Does education of this kind occur on both a formal and non-formal level? 3) Do the Czechs engage in lifelong education, regardless of age, attained level of education, gender, and occupational status? Empirical data reveal that, despite the fact that Czech educational authorities give formal support to adult education, reality 'in the field' is somewhat different. Education in the Czech Republic is still not lifelong; if it exists it occurs mainly within the framework of non-formal education, and only higher educated people and those with some experience in adult education participate in it.

Keywords: knowledge society, adult education, lifelong learning, formal and non-formal education

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Introduction

Many analysts have conceptualised modern societies as 'knowledge societies', in which education has become the crucial element for the advancement of both individuals and societies themselves. Given that societies are also dynamic, it is evident that education must also be made more dynamic. Gone are the times when an edu-

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cation level, once attained, was sufficient for the rest of one's life. Instead, there is a need for more or less permanent interaction between the worlds of learning, work, and living within our life trajectories. It is no surprise that a Canadian study on adult education [Statistics Canada 2001: 5] chose as its motto a statement by Marshall McLuhan, that the future of work would consist of 'learning a living'. Adult education, continuing education, or lifelong learning (as Courtney [1989] has shown, these different concepts mean more or less the same thing[1]) are therefore bound to become a salient feature of modern life in the 21st century.

In this article, which is intended to be descriptive and exploratory in nature, we present empirical results that show who participates in adult education in the Czech Republic, to what extent, and with what motivations. The data stem from a special social survey carried out among Czech adults, and they reveal that, despite the fact that Czech educational authorities give formal support to adult education, reality 'in the field' is somewhat different.

Background context

The agenda of the European Union ranks education and training among its highest political priorities.

> Acquiring and continuously updating and upgrading a high level of knowledge, skills and competencies is considered a prerequisite for the personal development of all citizens and for participation in all aspects of society from active citizenship through to labour market integration. [Eurostat 2005: 1]

As Hiemstra [2002] has shown, there are three main forces that generate an interest in and the need for lifelong learning: the rapidity of social change, the continuous march by many adults towards occupational obsolescence, and a change in value systems. People realise that a full life is possible primarily by maximising individual potential.

Therefore, adult education is of utmost importance, from both a micro- and macro-perspective. At the individual (micro) level, people who do not update their skills and knowledge may be at greater risk of unemployment and thus also of poverty and social exclusion. These potentially negative effects are contradictory to the EU's vision: the Lisbon Strategy demands, among other things, active citizenship and inclusion. At the macro-level, permanent improvement in the quality of human resources is regarded as a key factor in the success of national economies in competitive global markets.

[1] On the other hand, Boshier [2001] maintains that there is a regrettable tendency for scholars and political analysts to use lifelong learning and lifelong education as synonyms. He sees them as different because they serve different interests.

In the Czech Republic there is a shared belief that the Czech population has traditionally always been well educated and equipped with relevant skills. This belief has come close to being a national self-stereotype and a source of national pride. However, comparative data at the level of educational attainment reveal that this view is not entirely accurate; statistical data on educational attainment speak quite clearly: in 2003, 12% of people aged 25–64 in the Czech Republic had tertiary education (type 5B+5A in ISCED terminology), one of the lowest figures among all OECD countries, while in France, the Netherlands, Belgium or Finland, for example, the figure is more than double. On the other hand, it is true that, as far as upper secondary education is concerned, the Czech Republic is above the average: among OECD countries an average of 41% of the population aged 25–64 years attained upper secondary education (ISCED 3A + 3C Short + Long 3B), compared with 75% in the Czech Republic[2] [*Education* 2000, Table A1.1a].

The percentage of GDP allocated to education in the Czech Republic is also smaller compared to other OECD countries (4.5% of GDP in the CR in 2001, compared to 5–7% in other advanced countries). Moreover, owing to the long-term decline in fertility, which has now been in under way for over twenty years, the size of the young cohorts entering the Czech labour market are smaller and smaller.[3] A fact observed by analysts in Canada also applies to the Czech Republic: "[the] economy cannot rely as much as in previous decades on initial education to address the skill needs of the short and the medium terms. In this context, a greater share of the skills adjustment of the Canadian work force will have to be achieved through training those adults who are already in the workplace". [Statistics Canada 2001: 6]

Czech educational documents put strong verbal emphasis on the role of lifelong learning and adult education. The two basic programme documents on how to improve the Czech education system [*Národní program...* 2001], and the Long-term Plan for Education and the Education System in the Czech Republic [*Dlouhodobý záměr...* 2002]) both assert: "the concept of lifelong learning necessitates development in further education (adult education). Not only does it present an alternative way to obtaining education and qualification, but it is one of the main tools of employment policies and the company development strategy." Nevertheless, the Czech Republic has no special educational act devoted to adult education, unlike many other advanced countries. Political support for adult learning is of course only one

[2] With regard to this figure it is important to know that according to ISCED 97, upper secondary education in the Czech Republic includes vocational training schools, which used to have a very strong orientation towards practical skills and had little in common with general, 'academic' secondary education. About 60% of the population used to attend this form of education, while the remaining 40% studied at grammar schools and secondary technical schools.

[3] However, data on demographic development suggest at least one positive consequence, specifically, the opportunity to re-locate resources (both financial and human) to higher levels of the education system and the continuing education of adults. A drop in the number of students by 20% is expected to occur at the level of primary education by 2010; a drop of 15% is expected at the level of secondary education.

side of the coin. The other side is the readiness and willingness of the adult population to participate in adult-learning programmes. If these factors are in poor evidence, then the participation rate will be low, too. If this proves to be the case, a variety of incentives will have to be developed to motivate the adult population to participate in further education.

This problem has already been identified in Czech documents on educational development. They draw attention to the insufficient motivation of the demand for further education (among individuals as well as employers), especially among those social strata and groups in which an increased employment rate is desired most. It is increasingly evident that the path to take is the one based on financial incentives and efficient information support [adopted from *Dlouhodobý záměr...* 2002]. Another problem that has been identified is a lack of initiative and involvement on the part of schools and educational institutions in particular, which ought to be creating an attractive offer of continuing-education products [adopted from Ibid.].

Lifelong learning has some basic features, which will here be mentioned briefly. The first is that education is no longer limited to a certain stage of life – the school-age period – and instead spans an entire lifetime. Consequently, the sector of adult education should expand, as it is designed for those who have finished their formal education. Its relation to initial education, i.e. the traditional schooling system, has yet to be determined, and traditional schools themselves must yet undergo a transformation. Rather than passing on a certain volume of knowledge and skills, the school system's primary role will be to instil the skills necessary for self-study and to provide the motivation, based on an individual's needs, to aspire to the highest level of knowledge and skills possible and for individuals to be able to assume responsibility for their own educational careers.

The second feature of lifelong learning is that it involves not only formal education provided by educational institutions, but all forms and types of learning, regardless of the institution or the environment, be it at the workplace, in the home, or in a municipal context. All learning opportunities as a whole provide scope for multiple and diverse switches between education and employment and for the acquisition of the same qualifications and competencies via different pathways at any time during one's life.

The third feature is that of equal opportunity, guaranteed to everyone regardless of age, motivation, talent, or social status. At this point there is therefore a fundamental shift in the focus of the education system towards accommodating the heterogeneous needs, interests, and talents of various individuals to the maximum possible degree and with the maximum possible differentiation and individuation, and a shift in focus towards enabling the maximum development of each individual and the maximum use of her/his potential. A precondition for fully satisfying the needs of a society in which every members has an opportunity to choose his/her own path in education and to change it during his/her life is that there exist educational opportunities that are available to everyone and correspond to their abilities, requirements, and needs. Access to education must therefore be provided not just in legal terms but al-

so in practice – in terms of a sufficient number of student positions, the diversity of the educational offer, and equal access to education. The requirement of equal opportunities implies, however, much more than just overcoming material barriers (e.g. with the help of a system of grants and scholarships), i.e. overcoming unequal economic status. Handicaps stemming from differences in socio-cultural or health status must also be overcome, and adequate compensatory mechanisms must be applied in order to prevent the education system from reproducing already existing inequalities.

These three features describe the three main concepts contained in the famous Faure report [1972] published by UNESCO: the vertical integration, the horizontal integration, and the democratisation of education systems. If properly applied, they should lead to the creation of what the report called the 'learning society'.

These three dimensions also form the basic focus of this article. Translated into the language of research questions, we shall pursue the following: 1) To what extent is it true that education in the Czech Republic is a lifelong matter? 2) Does education of this kind occur on both a formal and non-formal level?[4] 3) Do all Czechs engage in lifelong education, regardless of age, attained level of education, gender, and occupational status?

Methodology

The results presented in this paper are based on a representative national survey that focused on the factors that play a role in the further education of Czech adults. To the best of our knowledge this survey was one of the first comprehensive inquiries into this issue, which alone is indicative of the limited amount of attention devoted to this phenomenon. The only survey of adult education to date was conducted in 1997 as part of an IALS (International Adult Literacy Survey) study, and partially also in connection with the 'Ad Hoc Module on Lifelong Learning' carried out by the Czech Statistical Office under the auspices of Eurostat in 2003. This article is therefore largely descriptive and exploratory, its aim being to present the basic features of Czech adult education.

The data were obtained in a representative national survey performed on a sample of the adult population aged 20–65 in the Czech Republic. The research was carried out in the spring of 2005 by the prestigious research agency SC&C and its interviewers. The sample was selected using a random statistical selection method (a random walk with Kisch tables). The response rate was 49%, and the final number of respondents was 1413.

In our survey, which was called 'Adult Education in the Czech Republic', we were interested in discovering the various aspects of different forms of adult education. In conformity with the UNESCO definition (1976), we define adult education as:

[4] Although informal education was one of the topics of our survey and data on it are available, owing to the limited scope of this article this topic is not addressed here.

> the entire body of organized educational processes, whatever the content, level, and method, whether formal or otherwise, or whether they prolong or replace initial education in schools, colleges and universities as well as in apprenticeship, whereby person regarded as adult by the society to which they belong develop their abilities, enrich their knowledge, improve their technical or professional qualifications or turn them in a new direction and bring about changes in their attitudes or behavior in the two fold perspective of full personal development and participation in balanced and independent social, economic and cultural development. [quoted from Titmus 1996: 9]

The classification of forms of adult education we used agrees with, for example, 'A Memorandum of Lifelong Learning' [European Commission 2000], and is based on three main categories of purposeful learning activity: *Formal education* takes place in education and training institutions and leads to recognised diplomas and qualifications. It corresponds to education and training in the regular system of schools, universities, and colleges. *Non-formal education* takes place alongside the mainstream systems of formal education and training and does not typically end in the awarding of any formal certificates. Non-formal learning may be provided in the workplace and through the activities run by civil society organisations and groups (such as youth organisations, trade unions and political parties). It can also be provided through organisations or services that have been set up to complement formal systems (such as art, music, and sports classes or private tutoring to prepare for examinations). In sum, non-formal education and training includes all types of taught learning activities that are not a part of formal education programmes. *Informal learning* is a natural accompaniment to everyday life. It corresponds to independent learning that is not a part of formal or non-formal education and training and is instead based on different methods, such as books, computers, learning centres, or educational broadcasting. Unlike formal and non-formal education, informal learning is not necessarily intentional learning, and so may well not be recognised even by the individuals themselves as contributing to their knowledge and skills.

In our conceptualisation of the problem, we were inspired by Cross's influential 'chain of response model', which assumes that participation in any learning activity is not a single act but the result of a chain of responses, each of which is based on an evaluation of the position of the individual in his/her environment [Cross 1981: 125]. Cross's chain contains seven stages or links: self-evaluation, attitudes about education, the importance of goals and the expectation that they will be met, life transitions, opportunities and barriers, information on educational opportunities, and the decision to participate; the model assumes that each stage influences other stages.

However, the conceptual model on which we ultimately based our research (see Figure 1) derives from the socio-psychological theory of reasoned action [Ajzen and Fishbein 1980] and from rational choice theory, based on Becker's assumption that when making decisions about their behaviour people weigh the costs and benefits of that behaviour [Becker 1993]. We believe that people make rational decisions based on the information available to them. The information they have depends on

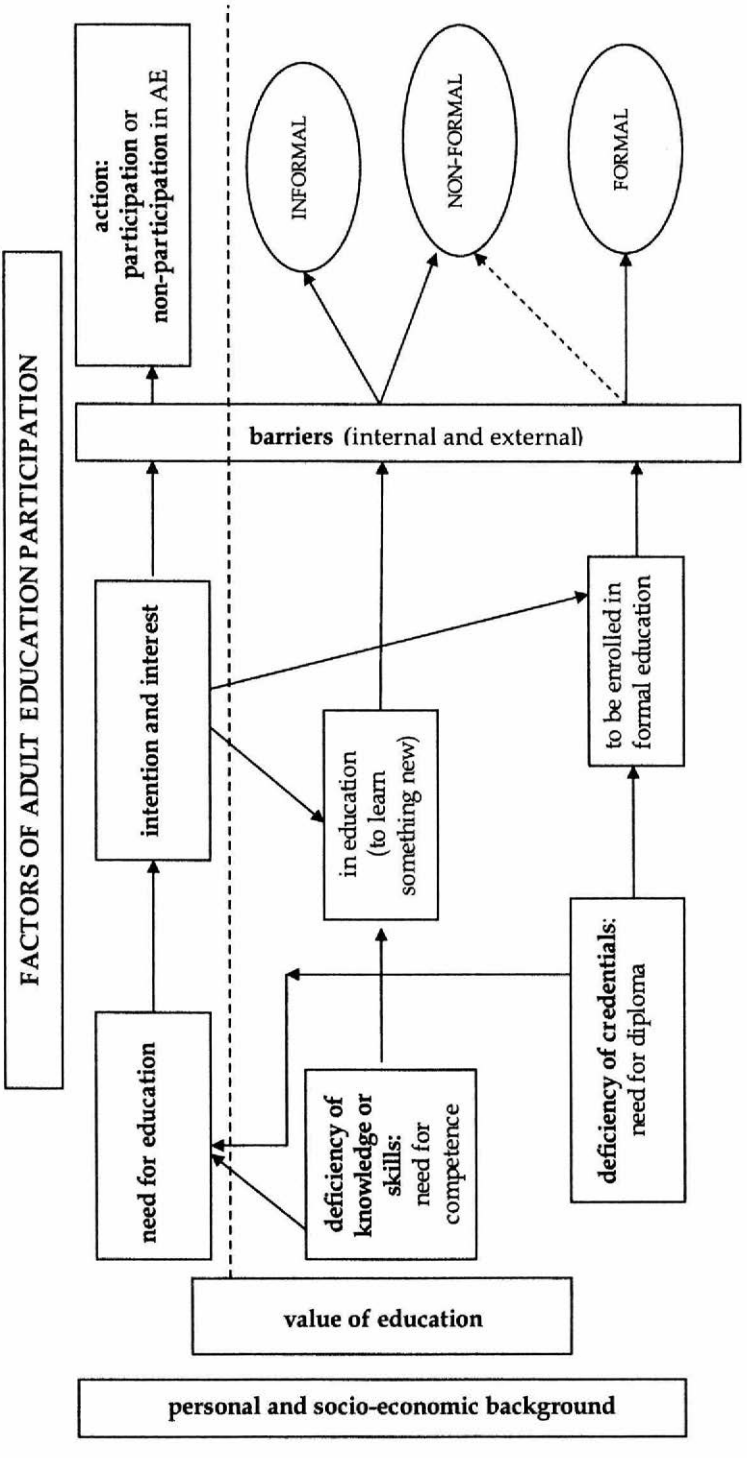


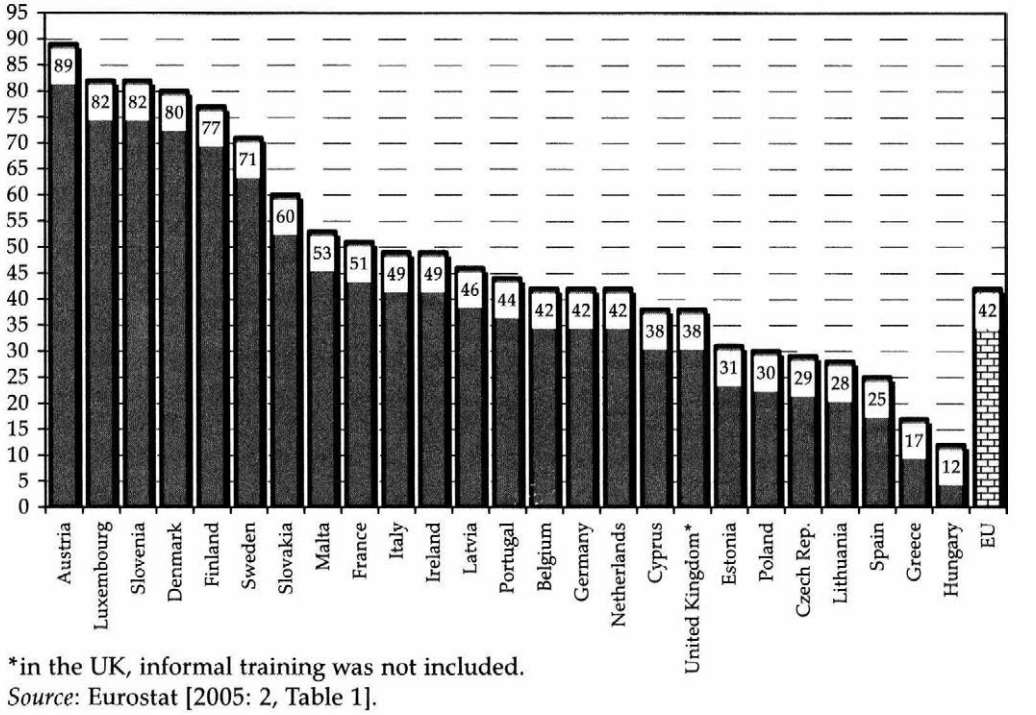
Figure 1. A model of the factors influencing participation in adult learning

a range of factors contained in their personal and socio-economic background and on the value attribute to them. These elements then serve as motives for action. People also weigh the implications of their actions, which is another important factor in their decision-making process. Moreover, people's objectives in taking certain actions are crucial determinants of the actions themselves. Therefore, to understand why people do not continue their formal education or do not participate in informal adult-education courses, in the survey we asked people about their reasons for their decision and about the perceived barriers and constraints.

Results

Before we present our results, let us have a look at the general European picture of lifelong learning. The data come from the 'Ad Hoc Module on Lifelong Learning', a survey carried out by Eurostat in 2003 on representative samples of the population aged 25–64. As Figure 2 shows, 42% of the EU population aged 25–64 had participated in some form of formal, non-formal or informal education, training, or learning activity over the twelve months prior to the survey and 52% had not. The

Figure 2. Participation rate in any kind of learning in the EU 25 in 2003 (population of 25–64 year-olds)



*in the UK, informal training was not included.
Source: Eurostat [2005: 2, Table 1].

Czech Republic belongs to the group of six countries with the lowest participation rate, at less than one-third of the population.

To get a more detailed picture and find out what are the reasons for such a low participation rate, we will now look at our special Czech survey on adult education.

Adult participation in formal education

The first part of our analysis of adult education deals with the participation of adults in formal education. Here we are interested in learning about the educational trajectories of our respondents: whether their participation in adult education was part of an uninterrupted personal educational history, or whether it was rather a return to study again at an educational institution (high school or university) after a pause. To ensure clear results, student respondents who were at the time of the interview enrolled in their first or initial cycle of education were excluded from the analysis conducted for the purpose of this article.

The results show that only a very small proportion of adults go back to formal studies after a break – less than 9% of the respondents in our survey. We can use this fact to infer that the acquisition of formal education in the Czech Republic tends to follow the traditional model: people complete their compulsory schooling, and those who want to continue their education do so immediately. Most conclude studying as soon as they reach 'their educational level', and only a small minority returns to school after some time. Only 3% of respondents with a low level of education (i.e. compulsory nine-year schooling) recommenced their studies after a break, along with 3% of respondents with a vocational certificate, 13% of respondents with secondary school, and 29% of respondents with a university diploma.

This model was observed not only among older respondents but also among the youngest generation, i.e. those aged 20–35 (born between 1970 and 1985). This finding indicates that the traditional life cycle is still prevalent in the Czech Republic: people finish their education first and only then enter the labour market (and embark on their adult lives). This is not good news for modern society, in which lifelong education and a flexible life cycle should be primary [see, e.g., Muffels 1998].

As mentioned above, only 9% of the sample population decided to go back to school after a pause. The reasons for doing so included the desire to study higher vocational education (12%), to obtain a secondary-school diploma (39%), or to obtain a university degree (30%). The primary motivations people had for increasing their level of education were work-related: a desire to improve the job opportunities available to them (53%), or a requirement stipulated by their employer (17%). For 23% of respondents personal development was the reason for enrolling in school again after a break in studying.

Knowing what motivated our respondents to take steps to increase their level of education should also tell us why a major part of them did not continue their education at the secondary or tertiary level. Our 2005 data can be compared with da-

Table 1. Reasons for the discontinuation of formal education (%)

	Adult education 2005	IALS 1997
I had reached a sufficient level of education	27.5	13.4
I had to get a job	16.3	24.5
I wanted to get a job	22.9	20.6
Family reasons	7.4	16.6
I didn't like school	7.0	8.8
I was not successful at school	6.5	3.0
Health reasons	1.1	1.8
I didn't gain admission to the school of my choice	5.4	4.3
I went to serve in the army	2.9	0.6
Other reasons	3.2	6.4

Note: People currently studying were excluded from the analysis.
Source: Adult Education in the Czech Republic 2005 dataset.

ta from the IALS research from 1997, which asked a similar question. The results are shown in Table 1.

In 2005, the most frequently cited reason Czech adults had for not continuing their formal education was that they had already reached their desired level of education (27% of respondents), while 23% of respondents indicated that they had not continued to study because they wanted to get a job and 16% because they had to get a job. This means that getting a job was the reason for discontinuing their studies for 39% of respondents, i.e. over one-third. Another 7% of respondents gave up their education because they did not like school and 6% because they were not successful at school, which means that the school environment was de-motivating and was the reason for discontinuing study among 13% of respondents. Another 7% of respondents cite family reasons and 5% say they were unsuccessful in their attempt to enrol in the school of their choice. The remainder of respondents reported other reasons.

A significantly different situation existed in 1997, i.e. eight years before our research. Significantly more people claimed they had to find a job (25%), while those claiming they had achieved the desired level of education (13%) were fewer in number. Family reasons were another rather frequent barrier to continued study.

If the interval of eight years between the two surveys allows us to make any conclusions, then the contemporary situation seems to suggest that people now tend to make decisions about their educational careers less under the pressure of external circumstances ('I had to get a job', 'I had to discontinue my studies for family reasons') and to a greater degree are responsible for their own decisions ('I had reached the level of education I intended to reach').

In the context of a learning society, the crucial question is: do Czech adults plan to study in the future? Our results suggest that Czech people are not too eager

to return to school in the near future in order to get a formal certificate of education. This attitude was expressed by 88% of respondents. People planning to study – 12% of the sample – tended to be young respondents aged 20–35 (the statistical association for ordinal data is 0.33) and respondents who had reached the level of higher education (association 0.15). Apart from young and relatively well-educated people, that figure of potential students included people who do not regard their occupational knowledge and skills as sufficient[5] and people who believe that improving their qualifications may make a difference for them in their jobs.[6]

We tested a hypothesis that the plan to study would be motivated by a person's sense of a risk of losing their current job or, among the self-employed, a risk of failure. However, that proved incorrect. First, we discovered that the fear of losing one's job or of failure among the self-employed are not common motivations among Czech respondents: 48% of respondents believe the probability of job loss or professional failure is low, 44% believe it a moderate risk, and 8% believe the risk is high. Second, whether big or small, the sense of risk does not motivate people to study. The plan to study was also not dependent on gender, age, or level of education – no such associations were observed. The absence of any connection with age is interesting. Even people over the age of 50, who are at a considerable risk of unemployment in the Czech Republic, did not rate their risk as high significantly more often than younger respondents.

To sum up this section, formal education, i.e. studies leading to the acquisition of a diploma or a certified qualification, as a means of increasing or maintaining one's education, does not attract many Czech adults. This is despite the fact that most universities and higher vocational schools have recently been returning to a system of extramural studies, which had come close to being abolished in the Czech Republic in the early 1990s, and that kind of educational offer has been expanding significantly year by year.

Considering that the Czech adult population shows little interest in formal education, theoretically room should be left for non-formal education. Let us therefore look at whether this is the educational mode that the Czech adult population prefers: a mode that in a way seems easier, is undoubtedly faster, is very current, and is often down-to-earth and easy to make use of in practice. The results that have become available so far suggest that the pressure of the knowledge society has not yet affected knowledge and skills development in any significant way, just as it has not affected people's behaviour in the labour market.

[5] To illustrate the point: as many as 44% of all respondents regarded their level of occupational knowledge and skills quite sufficient in the current situation, and 50% as rather sufficient, while a mere 6% regarded their knowledge and skills as inadequate.

[6] Again, for the sake of illustration, we can note respondents' opinions on the potential change in their job situation if they were to increase their education: 13% believe it would definitely change and 18% think it would rather change, which equals 31% in total; 69% of respondents thought an increase in their educational attainment would for them signify no change in their jobs or occupations.

Czech adults in non-formal education

We measured participation in non-formal adult education using questions about the learning activities in which respondents may have participated during the twelve-month period prior to the interview. We distinguished seven types of non-formal learning activities: 1) job-related courses, 2) foreign language courses, 3) computer courses, 4) personal development courses (e.g. courses in psychology, mental development, and so on), 5) courses on parenting or partner relationships, 6) courses on leisure-time activities (e.g. on how to do certain sports or how to paint, etc.), 7) courses on civic activities (e.g. to understand matters of local administration, to learn about environmental activities, and so on). We also asked about whether the respondents intended to participate in these learning activities in the near future.

The data we obtained (in the survey) show that in the Czech Republic 34% of people attended some kind of course in non-formal education during the twelve months prior to the survey, while 66% of respondents did not take part in any kind of non-formal education. Of those that participated in some form of non-formal education, 18% attended just one course, 10% attended two, and 6% attended three or more. In order to judge whether these figures are high or low, we can compare them with results obtained in similarly oriented research projects undertaken over the past ten years in the Czech Republic, Finland, Canada, and the United States. The figures are presented in Table 2.

We can see that the figures differ considerably – not only in an international comparison, but also between the individual Czech studies. We believe that the differences can be ascribed primarily to different measurement methods. Since the questions were not formulated identically, the methods of measurement were different – the figures are more a reflection of the differences between the surveys than actual differences in participation rates. Let us therefore review the individual methods of enquiry.

Table 2. Participation in courses of non-formal adult education in the Czech Republic, Finland, Canada, and the USA

	Czech Republic			Finland			Canada		USA		
	1997	2003*	2005	1995	2000	2003*	1993	1997	1995	1999	2001
	27%	13%	34%	48%	54%	41%	30%	28%	40%	45%	46%
Population surveyed:	20–65	20–64	20–65	18–64		20–64	17+, regular students excl.		16+		

Note: The data from the Czech Republic were collected as part of IALS in 1997 by the Czech Statistical Office within the Eurostat 'Ad Hoc Module on Lifelong Learning' in 2003 and in our survey 'Adult Education in the CR' in 2005.

* Eurostat Ad Hoc Module Survey

Source: Statistics Finland [2000]; Statistics Canada [2001]; Kim et al. [2001].

Czech Republic:

1997 (IALS): *Have you attended a course or training in the past twelve months? For instance, a course to increase your qualifications, to change your qualifications, a language course, a distance learning course, a course to increase your skills, or any other types of learning?* (Yes or no question)

2003 (Eurostat Ad hoc Module): *Have you attended (or completed) a course of non-formal education in the past twelve months?* (Yes, 1 course; Yes, 2 courses; Yes, 3 courses; Yes, 3 courses or more; No)

2005 (Adult Education): *Have you attended in the past twelve months: work-related courses, foreign language courses, computer courses, personal development courses (e.g. courses in psychology, mental development, and so on), courses on parenting or partner relationships, courses on leisure-time activities (e.g. to learn how to perform some sport or how to paint, etc.), courses on civic activities (e.g. to learn about matters of local administration or environmental activities, and so on).* (Yes or no question)

Finland:

The same wording both years: *Have you participated in training at the following general education institutions in the past twelve months?* (Followed by a detailed list of 19 possible options of adult education) [see Statistics Finland 2000: 7–9].

Canada:

At any time during 1997 did you receive any training, or education, including courses, private lessons, correspondence courses (written or electronic), workshops, apprenticeship training, arts, crafts, recreation courses, or any other training or education? (Respondents were also asked to make a distinction between participation for job or career-related purposes and participation motivated by personal interest.) [Statistics Canada 2001]

United States:

Adults were asked about participation in seven types of formal adult education activities during the twelve months prior to the interview: English as a Second Language (ESL), basic skills education, part-time post-secondary degree or diploma programmes, apprenticeship programmes, work-related courses, and personal interest courses. However, if an adult was pursuing a master's degree on a part-time basis he/she was included in the calculation of the overall participation rate, because their part-time participation in a post-secondary programme is considered adult education. [Kim et al. 2004]

Our results seem to confirm the suspicion that occasional scepticism about the reliability of different international and Czech comparisons is well-founded. What strikes the eye particularly is the difference between the Czech data from 2003 (taken from the 'Ad Hoc Module') and 2005 (Adult Education Survey). Moreover, a similar difference occurred in the case of Finland. The fact that the Eurostat 'Ad Hoc Module' arrived at such a low figure is, in our opinion, due to the brevity of the question it posed, as a result of which respondents were not clearly aware of what kinds of educational activities non-formal education includes. The validity of the figure can therefore be challenged. However, we do regard the results of the IALS research of 1997 and our research of 2005 as valid, and we believe that with some license they are internationally comparable.

In this context, the participation of one-third of Czech adults in at least one course of non-formal education over the past twelve months is a fairly good result.

Table 3. Overall participation in non-formal education in the past twelve months and the intention to participate in such activities in the next twelve months, by gender, education level, age, occupation, job status, and importance of education for success in life, CR, 2005 (%)

	Participation in AE	Intention to participate
Gender		
Male	34	34
Female	34	37
Level of education		
Below secondary	12	12
Vocational	23	29
Secondary completed	49	49
Tertiary	68	66
Age groups		
20–29	42	47
30–39	43	48
40–49	39	39
50–59	32	32
60–65	12	13
Occupation		
Employee	47	45
Self-employed	37	34
Unemployed	19	31
Retired	7	12
Parental leave	25	31
Job status		
Blue-collar, unqualified	27	29
Blue-collar, qualified	31	29
Clerical, sales, service	53	57
Professional, managerial	77	64
Self-employed	38	34
Importance of education		
Low importance	31	33
High importance	43	46

Source: Sources are the same as in Table 2.

Moreover, there has been an upward trend since 1997, which corresponds with the aims of a knowledge society. Czech adults participate in non-formal education less than, for example, Finns or Americans do, but more than Canadians (taking into account that measurement methods were different and the age structure of the sample populations was different).[7] It seems, therefore, that non-formal education does provide a counterbalance to the prevailing lack of interest in formal education among Czech adults, which is certainly a positive observation.

Let us now explore the characteristics of participants in non-formal education in greater detail. They are presented in Table 3, and there we have also included data on respondents' actual participation over the past twelve months and data on their intention to participate in courses and activities of non-formal education in the near future, i.e. in the next twelve months.

We can conclude that there is no difference between the participation of men and women, whereas there is a difference between groups with different levels of education (ordinal association tau-c = 0.39). Courses were attended by 68% of university graduates, 49% of secondary-school graduates, 23% of people with vocational certificates, and 12% of people with a low level of education. Eurostat found the same trend. In the EU-25, the proportion of people with high levels of education that participated in non-formal education was twice as high as it was for those with mid-level education and four times as high as for people with low education [Eurostat 2005: 13, Table 2]. The conclusion Sargant et al. [1997] reached from the results of an adult learning survey in the UK were the same: completed education is the strongest predictor of participation in adult learning.

There were also some differences connected with age (tau-c = –0.22), the participation of younger people being higher. The rate of participation was 43% among people aged 20–29 and 30–39, while older people attended courses of non-formal education less often (32% among people aged 50–59). The highest participation rate was among employees (47%) and self-employed people, and people on parental leave also had a strong attendance rate (25%), while unemployed people attended courses only rarely. As far as different types of employment are concerned, non-formal education was most often pursued by managers and professionals (77%), followed by office staff of all kinds (53%), while unqualified blue-collar workers attended such courses least (27%). The relative importance ascribed to education with regard to success in life plays a role, too: People who regard it as very important participate in education more often than those who do not regard education as a tool for achieving success in life.

[7] The Canadian interpretation of the result is inspiring: "First, with 28% of Canadians participating in 1997, it is clear that adult education is a major sector within education deserving close policy attention. Second, this figure, although impressive, suggests that Canada still has some way to go before it becomes a more inclusive learning society. Third, the results generally support the idea that Canadians invest in education as a means of staying competitive on the job market." [Statistics Canada 2001: 13]

Table 4. Adjusted odds ratios showing the likelihood of adult education participation during the past twelve months and of the intention to take part in adult education and training in the next twelve months, by selected characteristics, CR, 2005

	Participation (adjusted odds ratio)	Intention (adjusted odds ratio)
Gender		
Male	0.00 (ref.)	0.00 (ref.)
Female	1.20 n.s.	1.13 n.s.
Education		
Lower secondary	0.00 (ref.)	0.00 (ref.)
Vocational	1.50 n.s.	1.14 n.s.
Secondary completed	3.47 **	0.80 n.s.
Tertiary	6.27 **	1.42 n.s.
Age groups		
20–29	0.00 (ref.)	0.00 (ref.)
30–39	1.68 *	1.15 n.s.
40–49	1.10 n.s.	0.59 n.s.
50–59	1.05 n.s.	0.73 n.s.
60–65	0.87 n.s.	0.14 **
Job status		
Blue-collar, unqualified	0.00 (ref.)	0.00 (ref.)
Blue-collar, qualified	1.16 n.s.	0.83 n.s.
Clerical, sales, service	1.53 n.s.	2.48 **
Professional, managerial	2.78 **	1.44 n.s.
Self-employed	1.02 n.s.	1.08 n.s.
Importance of education		
Low	0.00 (ref.)	0.00 (ref.)
High	1.09 n.s.	1.33 n.s.
Participation in the past 12 months		
No	x	0.00 (ref.)
Yes	x	18.29 **
Constant	*0.19* **	*0.15* **

Note: n.s. = not significant; * $p < 0.05$; ** $p < 0.01$

Model characteristics for participation:

Chi-square is statistically significant (the data-based model explains the dependent variable better than the constant-based model), Nagelkerke R square = 0.20, the Hosmer and Lemeshow test is not significant (meaning that model data and real data do not differ) and the share of correctly classified cases was 67%.

Model characteristics for intention:

Chi-square is statistically significant (model with data explains dependent variable better than the model with constant only), Nagelkerke R square = 0.50, the Hosmer and Lemeshow test is not significant (p= 0,08) and the share of correctly classified cases was 81%.

Source: Sources are the same as in Table 2.

When we look at the intention to participate in education in the near future, we find the same trends as with past participation. But there are two different figures: more unemployed plan to participate in courses of non-formal education than actually do in reality (31% vs. 19%). By contrast, fewer managers plan to participate in these courses in the future than those who have already participated in non-formal education. There is a logic to both results. Overall, the total number of respondents planning to attend courses of non-formal education was 36%, which is just slightly more (by 2%) than the real participation rate.

One very significant, if rather paradoxical, finding is that people who felt that the level of their knowledge and skills was sufficient for their occupation attended courses of non-formal education more often (46%) than those who felt their skills insufficient (33%). A comparison of people who feel at risk of job loss or failure in self-employment and people who attend adult-education courses produces equally paradoxical results. Those who hardly feel threatened by this kind of risk participate in education just as often (50%) as those who this sense of threat is medium (41%) or strong (47%).

Since the individual characteristics of respondents may be interrelated (e.g. the level of education certainly relates to job status), we should look at their net effect on participation in non-formal education. Since the dependent variable is binary and the independent variables are categorised, the situation is ideally suited to logistic regression. The results are presented in Table 4.

As far as past participation is concerned, the net effect of individual variables has changed, compared to bivariate relations. Education was revealed to have a significant effect: the odds of participation of people with tertiary education are 6.3 times higher than those of people with below secondary education. However, the rather huge differences in the odds ratio with respect to job status, as shown in Table 3, disappeared when the effect of other variables was statistically controlled for. There is a significant effect in one job status category only, namely, professionals and managers, among whom there is a 2.8 times higher chance that they participated in adult education activities in the past twelve months than unqualified blue-collar workers. The adjusted effect of age and of the opinion on the importance of education for one's success in life are almost zero. This model shows that it is actually only people with higher levels of education, professionals, and people in managerial positions whose odds of having participated in adult education activities in the past twelve months are statistically significant.

There is one obvious reason for the difference in the results of the analysis of intentions to participate in the future: the addition of another independent variable – participation in the past twelve months. If we wish to explain the intention to participate in courses of non-formal education in the near future, this variable turns out to be key: the chance that respondents would participate in non-formal courses within the next twelve months, expressed by those who attended such courses within past twelve months, was eighteen times higher than for those who had attended no such courses. The effect of other variables is not significant. Only clerks and

Table 5. A typology of respondents based on participation in adult education over the past twelve months and the intention to attend courses of non-formal education in the following twelve months

	No intention of participation	Participation intended	**Total**
No past participation	56%	10%	**66%**
Past participation	8%	26%	**34%**
Total	**64%**	**36%**	**100%**

Source: Sources are the same as in Table 2.

sales people plan to educate themselves in non-formal courses and training more often than unqualified blue-collar workers (i.e. the reference category) – their odds are statistically significant. The significant effect of education disappeared for intentions to participate and thus plays no role. The effect of age is, quite logically, opposite to what it was in the case of past participation; only the oldest portion of the population is significant. People in the oldest age group (60–65) are 86% less likely[8] to plan participation than the youngest age group (20–29).

The key role of past participation in non-formal education for intended participation in the immediate future is evident even in a simple typology of respondents based on the dichotomy between past and future participation, as shown in Table 5.

The table confirms that the proportion of people who had participated in this form of education (34%) and who intend to participate in it (36%) is almost equal. Moreover, the association between these two characteristics is high (Kendall's tau-b = 0.61); 85% of respondents who had not attended such courses within the past twelve months had no intention of attending them in the next twelve months either, compared to 15% of respondents who intended to do so. Among those who attended such courses, 77% of respondents planned to go on with this form of education while 12% did not. Past participation clearly has a strong effect on intended participation, and a lack of participation in the past predicts a lack of intended participation.

What prevents people from participating in non-formal educational activities?

We have seen above that at present approximately one-third of adults participate in non-formal education in the Czech Republic, and approximately one-third of adults plan to participate in these activities in the near future. This raises the question of

[8] (1-0,0.14)*100 = 86%.

Table 6. Barriers to participation in non-formal education (answers 'Agree' and 'somewhat agree' added together, just as 'somewhat disagree' and 'disagree')

Barrier	Agree (%)	Disagree (%)
I'm too busy at work	55	45
I don't have enough financial resources at the moment	49	51
For me there is no point in participating in courses or training	39	61
I have many hobbies and therefore no time for further educational activities	37	64
I have no time for further education because I have to take care of my children/family	32	68
I'm afraid it would be too difficult	28	72
There isn't enough information available on suitable courses	28	72
I don't think I'm educated enough to participate in further education	27	73
There aren't enough courses.	27	73
The quality of the courses is relatively low	24	76
I cannot participate for health reasons	8	92

Source: Sources are the same as in Table 2.

why the proportion is so low. As Cross [1981] has shown, the perceived barriers to learning can be classified into three groups: a) situational barriers arising from one's situation at a given time (e.g. lack of money, lack of time, lack of transport to the study venue); b) institutional barriers (e.g. inconvenient schedules, lack of appropriate programmes); c) dispositional barriers related to attitudes and self-perceptions about oneself as a learner (e.g. feeling 'too old' to learn, a lack of confidence, tired of school). Various research reports suggest that the strength of such factors varies significantly between countries [Smith 2005].

The barriers that Czech respondents perceive as preventing them from participating in educational activities are shown in Table 6. (Retired respondents were excluded from this analysis.) Respondents most often claimed occupational overload (being too busy at work) – 55%. This barrier was cited mainly by self-employed respondents (75%) and blue-collar workers (66%). Financial reasons were the second most frequent barrier mentioned (49% of respondents).[9] Here, a statistically significant and moderate association with the level of respondents' income was observed: the lower the income, the more frequently this item was cited (Kendall's tau-c = 0.36). The positive message in Table 6 is that barriers like the quality of courses, a

[9] For instance, the cost of programmes was a highly significant reason in the UK. On the other hand, in the USA it is far less important [Smith 2005].

Table 7. Factor analysis loadings of barriers to adult education. Rotated component matrix

Components	1	2	3	4
I don't think I'm educated enough to participate in further education	0,864			
I'm afraid it would be too hard	0,850			
I don't have enough financial resources at the moment	0,505			
There is no point for me participating in courses or training	0,488		0,434	
There aren't enough courses.		**0,869**		
There isn't enough information available on suitable courses		**0,836**		
The quality of the courses is relatively low		**0,614**		
I'm too busy at work			0,777	
I have many hobbies and therefore no time for further education			0,725	
I have no time for further education because I have to take care of my children/family				,730
I cannot participate for health reasons				,661

Note: Extraction method – principal component analysis, rotation method: Varimax with Kaiser Normalisation.
Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0,71, Sig. = 0,001; 64% of explained variance. Loadings smaller than 0.39 were omitted from the table.
Source: Sources are the same as in Table 2.

lack of information, or a lack of self-confidence was mentioned by only about one-quarter of the respondents and thus are not regarded as a significant barrier to non-formal adult education.

With regard to Cross's conceptualisation of barriers, we did not find a similar structure in our data. A factor analysis of our set of barriers produced the grouping in Table 7. However, institutional barriers (not enough courses, not enough information, and the quality of courses) do form one component. On the other hand, situational barriers and dispositional barriers are rather mixed. Moreover, we found a fourth barrier as a factor – too busy with one's children/ family, and for health reasons. In Cross's perspective they would rank among situational barriers, but here they formed a specific factor.

Clearly the reasons respondents have for indicating these statements as important or not may be considerably subjective. In some case they may even distort reality. For instance, to say that the barrier to participating in adult education is a lack of adequate financial resources may sound, from the respondent's perspective and in an interview situation, like a very legitimate reason that in no way damages

his/her reputation. Nevertheless, these expressed reasons are an important source of data, as they communicate a message about how people justify in their own eyes the fact that they are not interested in further education. The reasons reveal the way in which respondents construct their (non)-educational reality.

Conclusion

In the introduction of this article we noted the basic characteristics of lifelong learning and posed three fundamental questions to allow us to describe some attributes of adult education in the Czech Republic. Let us now sum up what our data tell us about lifelong learning and adult education.

Has education begun to be perceived by the Czech population as a lifelong activity or is it still regarded as something engaged in during a certain stage in life, specifically, the period of compulsory school attendance? Our results show that the classic life path clearly prevails among the adult population and including younger age groups. The student stage precedes the occupational and family stages. Only a very small proportion (9%) of the Czech population resumes formal study at a secondary school or university after that stage is terminated; among those who do, most do so to attend university. The primary motivations for returning to formal study are external, particularly occupational, while the desire for personal development is cited less often as a reason. Also, those who neither study nor intend to do so in the near future – and they form the vast majority of the population (88%) – tend to remain unmoved by concerns such as losing one's job, failing to support oneself through self-employment, or other occupational issues. The small group of people who plan to study in the near future are typically young, with a relatively high level of education, and with a desire to improve their skills. The figures for non-formal educational activities, in which one-third of the Czech adult population is involved, are more favourable.

Does lifelong learning comprise more than just formal education organised by educational institutions and include all forms and types of learning, regardless of the institution or environment, in settings like the workplace, the home, or the municipality? Do all learning opportunities form an entirety allowing for heterogeneous and frequent switches between education and work and providing an opportunity to obtain the same qualifications and competencies in different ways throughout one's life? Our results suggest that a relatively large part of the Czech population participate in non-formal education, which could provide a basis for a future system of qualifications and skills acquisition. One-third of the population claim to have participated in one kind of non-formal activity during the past year and one-third of the population are planning to participate in such activities within the next year. It is mainly younger and better-educated people and people motivated primarily by occupational reasons who participate in non-formal education. In this regard interconnection between different learning environments – the workplace, the home, and the municipality – has yet to be established. Therefore, we

reached the conclusion that a great majority of courses attended by adults are related to their jobs, or computers, or foreign languages. (These conclusions derive from analyses that were not included in this paper owing to length constrictions.) All other areas (leisure time, family, public life, etc.) were almost absent among the motivations for their educational activities.

Does learning provide opportunities for everybody regardless of age, interests, talent, or social status? The data do not tell us whether learning opportunities are really available to everybody and to what extent, but we can infer this information from the characteristics of the people who participate in both formal and non-formal education, which suggest that the most likely participants have a good level of education, are young and have already participated in some form of lifelong learning. This is an alarming finding, as it points to a situation where those who are most in need of further education do not participate in it. While it is positive to learn that gender is not a barrier to education, it is disturbing to find that fear of unemployment or of failing to support oneself through self-employment do not play any role. We were also able to identify some subjective barriers. These can be alleged external barriers (lack of finance or lack of time due to an excessive workload or taking care of one's family) or internal barriers, such as doubts about the meaningfulness or quality of the courses or self-doubt ('I'm not educated enough', 'It would be too difficult').

We opened the article with a note about the dynamic nature of knowledge societies and, by association, the dynamic nature of changes in the area of education in terms of both the content and the structure of education systems. This has resulted in changes initiated from above – by competent decision-making institutions – and, most importantly, from below – by individuals, groups, companies, educational institutions, and other institutions, which will have to begin to regard lifelong learning (and adult education) an essential part of life. For this reason we believe that the findings presented here will only be valid for a limited time. Optimistically we may expect similar research to yield considerably more favourable results within as soon as several years: in this dynamic and competitive world there simply is no other option.

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Work Values and Job Attitudes in the Czech Republic between 1997 and 2005*

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Abstract: The article is conceived as a contribution to a critical reading of opinion data and the presentation of ISSP modules on Work Orientations from 1997 and 2005 in the Czech Republic. In the first part, some methodological problems regarding the inspection of work and job values are presented using examples drawn from previous research. In the second part, the framework of systemic transition is set up and hypotheses are presented regarding work values and attitudes from the perspective of gender and age, education and occupation. In the third part, a comparison is made of people's expectations regarding their work and jobs with their perceived fulfilment. In the fourth part, we consider the perceived location of workers between the distant worlds of family and firms and inspect factors of work and job satisfaction. In conclusion, we discuss the role of subjective perceptions in the economy and the question of a 'true' change in values during the transition.

Keywords: work values, job satisfaction, gender dimension, Czech Republic
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In recent decades, the developed world has seen important changes in the area of human labour. Economic activity, originally a matter of terrestrial pain and strain, became a positive behaviour, enriching human life on a mass scale. Post-modern society, according to Ronald Inglehart, replaces the values of survival with the values of security, and unleashes an opportunity for the 'cognitive mobilisation' of workers. The change in the nature of work itself, as well as related work values, is part of a comprehensive cultural change linked to economic development and leading people towards post-materialist values, individual life-styles, and civic participation [Inglehart 1990].

However, at the same time, work has become scarcer, and many people have become worse off as a result of unemployment. In the globalisation process, much

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routine work moves out of developed countries and into poorer countries, where wage costs are negligible. Work that involves intrinsic values of human development is far from a mass phenomenon, and the number of jobs is continually decreasing: "In fact, from being a burden, work has become a privilege" [Dahrendorf 1990: 144]. Paid work has become a basic status-forming activity of Western civilisation. However, it brings not only satisfaction, but also risks, which have a stressful effect on people's lives [Beck 1992; Beck 2000].

Both the positive and negative features of recent developments relating to work are present in contemporary societies, including the transition countries of Central and Eastern Europe (CEE hereafter), the Czech Republic included. The transformation of the economy and society inherited from the communist system generated new problems. There is a deep legacy of relaxed attitudes towards employment, which had previously been obligatory, while the expectations concerning social protection are high. The pressure put on the quality and intensity of work performance is weak, and large sections of the labour force are reluctant to accept work flexibility in a job. While the transformation of the external institutional framework is over, it is still going insofar as the intrinsic characteristics of work and job attitudes are concerned.

There is a considerable difference in the amount of attention paid to such intrinsic dimensions of work and jobs in the 'West' and in the 'East'. In the West, scholars are trying to determine the current qualitative changes in this particular area in relation to a general value change, and whether this involves a change from materialism to post-materialism, from national economies to globalisation, or from social networks to an atomised social web. Important branches of economic sociology and socio-economics focus on studying the social setting of human work [Kallerberg 1977; Yankelovich et al. 1985; Tilly and Tilly 1994; Sennett 1998; Swedberg 2003; Beckert and Zafirovski 2006].

No societal transformation can be accomplished without taking into account value dimensions. As often happens, less attention is given to values in those places where they are of greater importance. In fact, the process of abandoning communism has been overburdened with assumptions about what is the 'natural' (pleasure-seeking) behaviour of people and its alleged 'real' (= economic) base. In steering the transition process, macro-economics preceded micro-economics, the neoclassical approach preceded the institutional one (within economics), economics preceded sociology (within the social sciences), and the description of the assumed 'objective' state preceded any explanation taking into account 'subjective' attitudes (within sociology). In such a sequence, the issue of the value dimensions of real behaviour was almost shifted right off the stage.

In an effort to partially fill in the existing gap in knowledge, this article is conceived as a contribution to a critical reading of opinion data on work and jobs, and the presentation of ISSP modules on Work Orientations from 1997 and 2005. In the first part, some methodological problems regarding the inspection of work and job values are introduced using examples drawn from previous research. In the second part, some hypotheses are presented regarding work attitudes from the perspective

of gender, age and education. In the third part, a comparison is made of people's job and work expectations with their perceived fulfilment. In the fourth part, workers' perceptions of where they stand between the remote worlds of family and firm are considered and some factors of work and job satisfaction are examined. In conclusion, the role of subjective perceptions in the economy and the question of a true change in values during the transition are discussed.

Methodological difficulties and previous research

Any analysis of work values exposes numerous methodological problems. The key problem is that values cannot be indicated directly. 'True' human values, as such, can be identified by means of a complex comparative socio-historical analysis (such as Alexis de Tocqueville's *Democracy in America*). Opinion surveys are also helpful, although never sufficient alone. There are, however, various concepts that can be used to describe human perceptions, and we can therefore at least distinguish between preferences and attitudes on the one hand and values and norms on the other. Generally, the latter are considered more general and durable than the former. For instance, Michael Hechter sees values as relatively general and durable criteria of evaluation:

> As such, they differ from other concepts like preferences (and attitudes) and norms. Like values, preferences (and attitudes) are internal, but unlike values, preferences are liable rather than durable and particular rather than general. Whereas norms are also evaluative, general and durable, they are external to actors and – in contrast to values – require sanctions for their efficacy. [Hechter 1994: 321]

Whatever general framework and definitions of individual categories are set, difficulties surface in the process of collecting evidence. The traditions and socio-economic climate of a country may seriously constrain the calibration of a given value scale. As is often demonstrated on a general level, 'subjective' human happiness does not depend very much on 'objective' well-being [Diener et al. 1993]. The given general framework of values (economic, social, and cultural) and the standard of value judgments in a country are probably more important for forging people's opinions than are the careful indicators of economic performance. National mentalities and the specifics of a regime matter, as do changing reference contexts – this is the case of the transition. How experienced or 'trained' the population is at answering surveys largely determines the consistency of answers, too.

After 1989, people had to re-learn to formulate their opinions freely, with deliberation and in consistent frameworks. In the beginning, they were often asked about issues they have never reflected in their minds. The former routine of mechanical acceptance of everything issued 'from above' in the public sphere was combined with excessive criticism in the private sphere. Firm opinions survived in ar-

eas where people were indoctrinated by an ideology, without any deeper understanding of problems. The differences between the East and the West are particularly salient in those areas.

With regard to *inequality*, in a study based on the 1999 ISSP survey, Marc Suhrcke concluded, "results do confirm the hypothesis of significant differences in attitudes. People living in transition countries tolerate existing income differences significantly less than people in the West, even after we control for the usual determinants of attitudes to inequality and for the actual level of income inequality" [Suhrcke 2001: 25]. As the issue of inequality was the main issue proclaimed by the communist regime, systemic differences are quite understandable. However, the results of a comparison of countries' views on this issue are ambiguous – as the most egalitarian country appears to be Portugal, while egalitarian attitudes in the Czech Republic are equal to those in France.

If we look at other, similarly complex issues, such as *the welfare state*, it is even harder to find connections between the 'objective' state of affairs in a country and people's attitudes – or, from a different perspective, consistent and clear country or regional patterns. This was shown in an analysis of the public's support for different welfare regimes among five Western countries, based on data from the 1996 ISSP module on 'the role of government'. Giuliano Bonoli [2000: 449] found "the way surveys questions are answered can be best understood with reference to norms and values that have traditionally dominated national practices and discourses". It is possible to assume that the same would be found when comparing countries within the boundaries of the CEE region, but the picture would probably be more blurred.

Unlike such 'ideological' issues, the area of *work and job values* is plagued by greater ambiguity. Under the communist regime, work itself was endowed with the dichotomous status of being simultaneously a right and an obligation. As the communist ideology promoted the value of work too aggressively, it was adversely devalued in real life. People learned to prefer components of work other than its prestige and their own achievements through formal labour. More often, primary importance was given to such features as the absence of any supervisory control or less strict working conditions, which permitted less of a work burden and more hours of leisure, allowing time to perform informal jobs or bricolage at home.

Strictly speaking, analyses of work values are somewhat rare, even within the same 'family of nations'. Wolfgang Teckenberg and Michael Bayer [1999] compared the work values of (West) Germans and Italians (distinguishing between the central-northern and the southern regions in the latter) using the 'European Values Study' of 1980 and 1990. They found that while for Italians work mainly represented a channel of social integration, it possessed much more intrinsic values in the former West Germany, where work was and is regarded more in terms of rational criteria, such as a means of income. In former West Germany, the economic sphere of life is more clearly distinguished from family life and leisure. In Italy, work and social life are more mixed, which, as the 1990 data showed, is somewhat similar to the case in Neue Länder.

S.D. Harding and F.J. Hikspoors [1995] also used the 'European Values Study' to compare thirteen Western countries. Based on earlier analytical findings, they were able to distinguish the factors of 'personal development' and 'comfort and material conditions', noting the increasing importance of the former. While Northern European countries 'form the most fertile ground for empowered employees', Southern Europeans ascribe rather more importance to the 'value of comfort'. However, at the same time, 'employees are becoming more demanding of their employers', not only in terms of the wage amount itself, but also in terms of the relationship between individual work performance and reward [Ibid.: 445–448].

As the comparison between East and West Germany suggests, the value of work in the countries of real socialism was higher, but only because of the stronger importance of the workplace's socialisation function [Meulemann 1996]. In this sense, communist countries were similar to the Southern European, less developed nations, where work also has more of a social than an economic function. This aspect in particular was raised by women in opinion surveys in communist Czechoslovakia, where the labour-force participation of women was very high and the weight of the gender dimension in earning disparities was much more important than elsewhere (see below for an explanation).

Márton Medgyesi and Péter Róbert used the 1997 ISSP data to compare work satisfaction in five groups of European countries, grouped and ordered according to descending levels of satisfaction: Scandinavian countries, Western Europe, the EU periphery (Portugal and Spain), less developed transition countries (Bulgaria, Russia), and more developed transition countries (Czech Republic, Hungary, Poland, Slovenia). Subjective variables (the discrepancy between expectations and their fulfilment in individual work characteristics) appeared to be much better predictors than objective characteristics, among which personal income, self-employment, and a supervisory position scored highest [Medgyesi and Róbert 2003].

While Western populations score higher in asking for an independent and interesting job, Eastern countries prefer work rewards and job promotions. While Western populations stick more to the intrinsic values of work (initiative, responsibility, interest, promotion), Easterners prefer the external conditions of the job (pay, hours, vacations, not too much pressure). What people demand from employment is currently better met by jobs in the West than in the East. Consequently, CEE people appear to be less satisfied with their jobs than EU people, first and foremost owing to unsatisfactory salaries [Večerník 2004].

The most interesting case is the two parts of Germany, which, given that the two regions of what was formerly one country (albeit culturally diversified) were separated for decades by a political and economic regime, represents a kind of live experiment. It is therefore surprising that there was no real difference in the respondents' perceptions of work in the two parts of unified Germany in 1998, and their perceptions have not changed at all since 1993. While the objective situation certainly did change, in the sense that there was greater similarity of work-styles and job insecurities, its subjective perception did not change at all [Habich, Noll and

Zapf 1999]. Job satisfaction was also constant during the decade between 1990 and 2000, remaining very similar in both 'Germanies' [Christoph 2002].

The experience of the Czech Republic was different – not stability in this case, but rather a return to previously shared opinions. In the early 1990s the 'capitalist virtues' of self-reliance and the need for personal adaptation spread somewhat, but they were substituted by the population's exaggerated sense of confidence in their own skills and their reliance on the state; simply put, the declared liberal attitudes of the early period were clearly only verbal. The weakening self-assessment and relaxed attitudes of the Czech population are evident in the widening gap between these attitudes and experts' evaluations of various aspects of the Czech labour force, in other words, between the view of the same situation from the inside and from the outside [Večerník 2003].

Nevertheless, the 'history' documented in this article is more recent. Owing to the available data, the story of the transition cannot be described in full length. The first ISSP module 'Work Orientations' was collected in the Czech Republic in 1997, i.e. when the biggest part of privatisation was nearing a close and the labour market had been established. It can be assumed that in the sphere of public opinion the 'learning period' was by that time already over and therefore the data can be regarded as consistent and comparable over time. Nevertheless, regardless of the time span covered by the data, the short story must be situated within the context of the longer history of transition and create a picture of this change.

The explanatory framework

During the period of economic reform in the CEE countries, labour market problems were described with the vocabulary and methodology of mainstream economics. There was little place for examining the human values related to economic behaviour and work. In addition to the primary focus being on the economy, there were several other reasons for this neglect: First, measuring human values is complicated because it is necessary to rely on opinion data. Second, there are no time series on this subject, which would enable comparisons with the communist past. Third, there is no research tradition like economic sociology or social anthropology in the CEE countries that would facilitate this type of inquiry.

In the transition, it was assumed that 'tough' labour market conditions would lead to more demanding criteria and a more intense work performance, and consequently would also help counter the previously social character of work. However, the combination of the kind of experience people were accustomed to from the past and the 'velvet conditions' of the early transition led many people to re-assume a high subjective assessment of their abilities and to leave the responsibility for job security to the state [Večerník and Matějů 1999: 295]. A comparison of the 1991 and the 1999 World/European values surveys showed a considerable decrease in the importance ascribed to both social and self-fulfilling aspects of work in the Czech Republic [Mareš 2001: 77].

Instead of the purely administrative arrangements of labour, transition brings about individual, contractual, and much freer labour relations within a different context. It was a complex process, but when both simplified and put into a more general framework it can be conceived as a transition from the 'basic needs principle', asserted by the communist regime, to the 'market principle' implied by the capitalist regime. This is assumed to be a major qualitative and systemic change, which occurs behind the scenes and is revealed in quantitative shifts described by statistics. The relevance of this explanatory tool, formulated to examine distributions of personal earnings and household incomes [Večerník 2006], could also be applied in the area of work and job related values.

The 'basic needs principle' means that the main focus is on what is necessary for the reproduction of the labour force. This principle was explicitly formulated by Marx as the primary mechanism for rewarding (and exploiting) hired labour by capitalists: presumably, they do not pay for the labour itself, but only ensure the reproduction of the labour force. Wrongly interpreted by Marx as capitalism's base for the production of surplus value (appropriated by the capitalist class), this principle was in reality applied by the communist ruling class. Conversely, 'market principle' is understood to be the forging of closer links between human capital, labour performance and results with rewards and incomes. This highly stylised opposition can manifest itself in various characteristics of workers, although vaguely and unevenly.

The lack of data on attitudes, their historical embeddedness, and the other standard limitation of 'soft' data obviously make this analysis more difficult than an analysis of earnings and income. First, there is no comparative survey from the early 1990s or earlier describing the initial enthusiasm about reforms or before that the situation under the communist regime. Second, it is necessary to take into account the learning process connected with the practice in communicating various opinions, as people became more experienced in answering survey questions consistently. The interview situations in 1997 and 2005 were certainly not identical, but there are no controlling questions to test the consistency of responses. Third, the survey samples are too small to allow a more detailed analysis. If we cannot overcome these limitations, we must at least be aware of them.

Below is an overview of possible changes in the characteristics of workers within the proposed stylised explanatory framework of the systemic shift from the 'basic needs principle' to the 'market principle' (Scheme 1).

In terms of *gender*, adherence to the 'basic needs principle' under the communist regime resulted in women's earnings being conceived as necessary but supplementary to family income. It was not individual performance but the reproduction of the labour force that was important. Therefore, women's work could easily be downgraded – and even entire branches of light manufacturing and administration could be downgraded when the male labour force was transferred to 'more productive' branches. This generated a vicious circle: women received low wages because they worked in 'female' branches and occupations. This did not prevent women from being installed as 'soldiers of labour' alongside men, under the false label of equal rights

Scheme 1. The role of various characteristics affecting work and earnings under two principles (stylised)

Characteristic	*Needs principle*	*Market principle*
The role of gender	women's position is derived from the family, their earnings are supplementary to household income	women's position is authentic, their earnings are derived from the labour market
The role of age/experience	the life cycle is crucial, the wage curve by age is curved, seniority is valued more than education	the life cycle is not important, the wage curve by age is flat, experience is valued less than education
The role of education	education is a public good, there is no reason to reward it, priority is given to manual, productive labour	education is a private good, it brings considerable returns, priority is given to managerial and creative labour
The role of occupation and industry	physical energy and time spent working matter; production branches have priority, the tertiary educated only get what remains	managerial skills and innovation matter; strategic services, finance and applied research have priority
Dependent vs. independent work	no independent work in the CR, only in the informal economy	independent work expands and provides chances for promotion and better earnings; often second jobs

and emancipation. However, their work was regarded as secondary by society and the related expectations from work were moderate and focused on social contacts.

It cannot be said that in the market system the work that men and women perform always has the same status and is treated equally and that discrimination does not exist. The 'needs principle' is also applied under market conditions. According to wage surveys, the gender gap decreased somewhat in the Czech Republic after 1989: In 1988, the average wage of full-time female workers was 71% of that of their male counterparts, by 1996 it had risen to 77%. But in 2001–2005 it grew again to roughly a stable 75% [CSO 2006].[1] Nevertheless, this is only a comparison of averages, behind which women's earnings are much more dispersed. The effect of gender on earnings disparities in fact fell quite dramatically: while in 1988, gender

[1] In 2000, women's gross hourly wages as a percentage of men's ranged between 68% in United Kingdom and 86% in Sweden [Eurostat 2003]. It looks like the Czech Republic is located somewhere in the middle of the range.

alone explained 31% of the variance of earnings; by 2002 it accounted for a mere 10% of the variance [Večerník 2006]. This attests to the accuracy of our assumption regarding the different role of gender under the market regime.

In terms of *age*, the 'basic needs principle' mimics the pattern of family costs over the individual stages of the life cycle. Under the communist regime, only families with children had chance to get a flat. Therefore, the start of a person's economic life and their family life occurred within a very short period of the life cycle [Večerník 1977]. At the same time, seniority was valued more than education. Once the revolutionary phase – with its catchphrase 'youth forward' – was over, being older was considered a precondition for occupying higher positions. However, all preferences tied to age were overturned in the transition – seniority became rather a burden, while a lack of experience could be made up for and accumulated in the market regime. Also, a gap emerged between the start of economic life and family life.

In terms of *education*, there has indeed been a striking and apparent change. Under Marxist doctrine, intellectual and managerial work was not considered 'directly productive' and was regarded rather as just sharing in the yields of manual labour. Under communist doctrine, education was allegedly provided free of charge 'by the working class' and, therefore, all its returns belonged to everyone. Although some differences in earnings between educational levels were maintained, they were small indeed, particularly in pre-1989 Czechoslovakia and even compared to other socialist countries [Večerník 1991]. In the market regime, education is becoming the primary axis, either because, as labour economics asserts, it is a measure of human capital and (as assumed) also of the productivity of labour, or because it is an indicator of other characteristics that we are not able to measure, such as the character of labour and work performance.

Occupation and industry, according to the 'needs principle', matter in terms of the physical energy and time workers are required to invest. Production branches were much better rewarded in the communist regime (being 'directly productive' in Marxist vocabulary) than services were (considered as 'non-productive'). According to the 'market principle', they matter in terms of their productivity, efficiency, and innovation. In this regard the situation started changing rapidly after 1989, although not consistently. In terms of industries, services expanded, but it was particularly financial services that did, while public services were left behind. Health and social services improved slightly, but education and research stagnated for a long time. In terms of occupations, the main change concerned management which became much more important and valued, the higher the more.

There is yet another dimension that characterises the transformation and is of crucial significance for the change in system – dependent vs. independent work. Former Czechoslovakia was more consistent than other CEE communist countries in banning all traces of the capitalist regime and the 'bourgeoisie'. In order to impose complete control over the economy and society, personal creativity and initiative were suppressed – even if they would have enhanced the results of the planned economy. After 1989 the entrepreneurship that was revived was able to draw on var-

ious sources – capitalist roots, the informal economy developed under communism, and the new process of privatisation, in many cases linked to networks and political capital developed under the previous regime. Despite all the barriers to enterprise in the form of bureaucracy, the doors to private initiatives were flung open.[2]

However, reality has differed from the stylised image of a 'free market regime'. In fact, change has been slow, complicated, and not streamlined. Markets are always only partial and imperfect, and their impact is always limited. There are still many deep-rooted patterns, both legitimate (the needs of family reproduction) and not (female occupations). In any case, the effects of assigned characteristics have been weakening, while the effects of achievement characteristics have been strengthening during the transition. This is the story originally demonstrated in the case of earnings and income distribution [Večerník 2001] and which we are now attempting to prove for the area of work values.

Work expectations and their fulfilment

The analysis below is based on sub-samples of economically active respondents from the ISSP modules 'Work Orientations' 1997 and 2005. By coincidence, the first year of data collection was also a year when an economic recession occurred and unemployment began to rise. It is little surprise, then, that work had increasingly come to be seen as 'pain and strain': in 1997, 41% of respondents in the labour force reported that they only work to earn money, while in 2005 the figure was 56%. What is rather surprising is that only a minor change in the character of work is reported during the eight years under observation – one-fifth of respondents in both surveys declared that they engage in hard physical work and the same percentage declared their work to be stressful. In 2005, 39% of respondents reported that they arrive home exhausted, as opposed to 34% in 1997.

The data provide a partial insight into the multi-dimensional and multi-faceted character of work. There are two separate sets of questions to be compared (Table 1). The first set of characteristics concerns the expected quality of work and job, while the second describe the respondent's current job in the same terms. We can see that no tremendous changes occurred between 1997 and 2005 with regard to the desired characteristics of work, especially among men, while women more often expected an independent, well-paid and career-oriented job. In terms of the characteristics of the respondents' actual jobs, only male respondents more frequently reported having well-paid and career-oriented jobs. Women feel stagnation in connection with those characteristics and are less likely to consider their work as interesting for a person and independent relative to their expectations.

[2] The comparative evidence based on the number of days needed to establish a new firm indicates the difficult conditions confronting Czech entrepreneurs. See more about the issue in Benáček [2006].

Table 1. Expected and fulfilled characteristics of work and job (index 0–100)

	Total		Men		Women	
	1997	2005	1997	2005	1997	2005
Expected:						
Security	84.1	83.3	82.0	80.8	86.5	86.4
Reward	69.0	71.8	69.1	70.6	68.9	73.2
Promotion	43.5	51.6	45.0	52.8	42.0	50.3
Interesting job	76.0	72.0	75.5	70.7	76.4	73.6
Independence	54.0	58.2	54.9	58.5	53.0	57.8
Useful job	55.2	57.2	52.6	53.2	58.2	62.1
Average	*63.6*	*65.7*	*63.2*	*64.4*	*64.2*	*67.2*
Fulfilled:						
Security	50.7	46.1	49.3	46.1	52.3	46.1
Reward	19.6	24.3	20.9	29.3	18.2	18.3
Promotion	16.3	18.3	16.6	20.7	16.0	15.5
Interesting job	57.0	52.2	55.7	54.0	58.4	50.1
Independence	60.0	58.0	61.1	60.0	59.0	55.7
Useful job	63.6	65.7	63.2	64.4	64.2	67.2
Average	*66.3*	*61.9*	*65.2*	*60.9*	*67.7*	*63.0*
Difference between expected and fulfilled characteristics:						
Security	-33.4	-37.2	-32.7	-34.7	-34.2	-40.3
Reward	-49.3	-47.4	-48.1	-41.3	-50.7	-54.9
Promotion	-27.3	-33.3	-28.4	-32.1	-26.0	-34.8
Interesting job	-19.0	-19.8	-19.9	-16.7	-18.0	-23.5
Independence	6.0	-0.2	6.2	1.5	6.0	-2.2
Useful job	11.1	4.7	12.6	7.8	9.5	0.9
Sum of differences	*-111.9*	*-133.2*	*-110.3*	*-115.5*	*-113.4*	*-154.8*

Source: ISSP 1997 and 2005. Economically active respondents.
The index was computed from the answers 'very important'=100, 'important'=75, 'neither important nor not important'=50, 'not important'=25, and 'not important at all'=0.

If we compare both views (e.g. hypothetically how well the respondent's job corresponds with their expected values), the highest dissatisfaction is with regard to rewards, followed by dissatisfaction with job security, and dissatisfaction with opportunities for promotion. *Gender* appears here as a variable of utmost importance. While the levels of fulfilment of expectations were about the same among men and women in 1997, by 2005 they had become quite different. The gap between expected characteristics and their actual fulfilment remains about the same for men in

Table 2. The degree of fulfilment of various characteristics of work and job correlated with workers' characteristics (Spearman's rank order correlation coefficients)

	Sex	Age	Education	Occupation	Earnings	Self-employed
1997						
Security	−0.02	0.00	0.17**	−0.20**	0.16**	0.04
Reward	−0.03	0.05	0.25**	−0.25**	0.23**	0.16**
Promotion	0.04	0.03	−0.01	−0.02	0.03	0.08
Interesting job	0.04	0.08	0.10*	−0.18**	0.17**	0.06
Independence	−0.02	0.01	−0.12**	0.03	0.02	0.10*
Useful job	−0.01	0.05	0.00	−0.02	0.02	0.01
2005						
Security	−0.10**	−0.04	0.06	−0.06	0.10	0.12**
Reward	−0.18**	0.06	0.19**	−0.14**	0.36**	0.12**
Promotion	−0.03	0.06	−0.04	0.04	0.12*	0.06
Interesting job	−0.12**	0.04	0.05	−0.08	0.25**	0.08*
Independence	−0.11**	0.00	0.11**	−0.11**	0.18**	0.12**
Useful job	−0.11**	−0.03	0.01	−0.02	0.15*	0.05

Source: ISSP 1997 and 2005. Economically active respondents.

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Note: Spearman's rank correlation coefficients are used on occasions when it is not convenient to assign actual values to variables, but only to assign a rank order to the instances of each variable. It is also a better indicator when the relationship between two variables is non-linear. The same conclusions can be reached using *Kendall's Tau* coefficient.

both years, but there is a considerable increase in dissatisfaction among women. This increase relates to the possibilities for promotion in particular, while the increase in dissatisfaction with rewards, securities, and job interest is also important but smaller.

Although the period of time under observation was short, the change is striking and informative. Evidently, the public awareness of equal rights and opportunities is increasing, and the topic is frequently addressed by the media and politicians with EU policy support.[3] Therefore, it is natural that women increasingly have similar expectations about promotion at work as men. Exploratory factor analysis (not presented here) reveals that, unlike 1997, the structure of the qualities women expect from work resembles that of men much more in 2005, with interesting and in-

[3] Here this refers to EU initiatives and recommendations in the area of the equal rights of men and women, gender mainstreaming, etc. [EC 2005].

dependent work as the core variables. While, for example, expectations concerning rewards are better matched among men in 2005 than in 1997, the opposite is true for women. This corresponds well with the hypothesis that the expectations and requirements regarding the position of women in the labour market are changing and becoming less connected with traditional gender attributes. However, the labour market is responding unevenly, so there are fewer women in standard (full-time and open-ended) and higher positions [Jurajda and Paligorova 2006].

As women's perceptions shift in the direction of higher expectations, which are less often met, the importance of the gender gap increases. While in 1997 the gender gap was relatively negligible in this regard, by 2005 it had become a substantial factor, most strikingly so in the area of rewards, where men and women experienced opposite shifts regarding the fulfilment of their expectations. This supports the hypothesis about the increasing homogeneity of labour values in terms of gender, however much it is thus far an idea rather than a reality. With similar expectations but a lower status, women are increasingly critical of their actual positions (Table 2).

In contrast, *age differences* remained insignificant. This corresponds with the point made above about the decline in the importance of the life cycle and age-related preferences in the 'market regime' compared to the 'basic needs regime' and the decline in the importance of the seniority applied under the communist system. We have only to bear in mind that in this case correlation coefficients have less explanatory power (underestimating the actual effect of the variable) owing to the curvilinear character of careers and their various associations in objective and subjective status. The comparison of 1997 and 2005 reveals a moderate shift from higher satisfaction among older workers to higher satisfaction among younger workers.

Important differences emerge when the data are broken down by *education*, which is particularly significant for attained earnings and independence at work. While these two characteristics maintained their importance in both years, there was a marked decline in the effect of education on obtaining a secure and interesting job. The rise in educational qualifications combined with a not very dynamic economic and occupational structure necessarily produces such an effect.[4] Roughly the same process occurred in the correlations with broad *occupational categories*, although the association between the two variables is rather weak. Earnings rose distinctly in importance and became the most substantial correlate of the fulfilment of work and job expectations.

A separate dimension is the difference between *dependent and independent work*. On the one hand, self-employment or entrepreneurship allows more freedom and incentives for personal fulfilment, but on the other hand, it also entails more problems and stress. Satisfaction with rewards, promotion opportunities, and the

[4] This is what occurs in Western societies. As the share of persons with higher education rises, they increasingly spread over a larger area of the occupational hierarchy, towards filling in the lower ladders. This also affects the returns on education, which start to stagnate or decrease [Večerník 2006].

interest and independence of the work is certainly higher among the self-employed. The main change between 1997 and 2005 concerns, somewhat paradoxically, job security. The reason is that appreciation of a job as secure has decreased generally, but among the self-employed less than among employees. The result is a growing difference between both groups.[5]

As the explanatory power of such key labour market variables as education and occupation is generally decreasing, we can raise questions about the increasing subtleness of the differences in the labour market. Instead of striking dimensions easily accessible for statistics and surveys, the finer characteristics of workers are moving to the fore. Also, 'soft skills' matter, such as adaptability and cooperativeness, but also a capacity for personal development. Gradually the type and quality of school will matter more than the level of education. In all other respects, standard variables are experiencing the same process of decreasing explanatory power as they are in earnings disparities [Večerník 2006].

Work commitment and job satisfaction

The re-establishment of the market regime produced two sorts of people at the extremes of work commitment – the workaholic on the one hand and welfare-dependent persons on the other. The majority of people are located somewhere in between, usually inclined towards taking on less of a work burden and having more time for family and leisure. In both ISSP surveys, most respondents declared they already spend enough time on work and do not have enough time for their family, friends, and leisure. This perceived imbalance between work and leisure time somewhat grew in strength between 1997 and 2005. Provided the use of time was left to the discretion of respondents, in 1997, 11% of economically active respondents would have devoted more time to work, but just 8% in 2005, while 68% would have spent more time on hobbies and leisure in 1997, and 70% in 2005.

The *decline in work commitment* is quite striking. Between 1997 and 2005, the percentage of people reporting that they 'work only as hard as one has to' almost doubled (from 13% to 23%) while the percentage of those declaring that they 'make a point of doing the best work even if it sometimes interferes with one's private life' decreased considerably (from 53% to 37%). Another change occurred in the degree and structure of what determines the willingness to give work priority over personal life. This general attitude among people towards work is in 2005 determined less by workers' characteristics than in 1997, while the previously dominant distinction between employees and the self-employed became almost negligible.

[5] Alena Nešporová suggested here to stress that the majority of self-employed persons in the Czech Republic embarked on their entrepreneurship deliberately, with the expectations of having a better income and more interesting work, unlike in a number of other post-communist countries, like Hungary, where it was done more out of necessity, owing to a lack of jobs.

Since the traditional division of tasks between spouses (the man as breadwinner and the woman as housewife) have become blurred, work and family roles come into conflict, and people have to work hard to reconcile them. Work and family – which interferes with the other more? According to 2005 data (in 1997 no such mirror questions were posed), the interference does not appear that large. Among all employed respondents, job requirements are reported to harm (regularly or often) family life in 12% of cases, while the requirements of the family harm work in 5% of cases. If only respondents with dependent children (up to 18 years of age) are taken into account, the disharmony between family and work is only slightly higher – in 13% of cases work harms a person's family and in 8% family harms a person's work.

Women report a *conflict between work and family* less often than men. They are more ready to cope with both roles than men are, and they do not consider the two to be in conflict. As reported in one survey, in the absolute majority of families it is women who look after the family most: in 40% of families women always perform the household chores and in 47% usually; 38% of female respondents declare they give priority to family 'absolutely' and another 48% 'somewhat more'; among male respondents (when the 'absolutely' and 'somewhat' options are summed up) 39% prefer the family, 33% prefer a balance between work and family, and 22% declare a preference for work [Kuchařová et al. 2006].

The explanation of women's attitudes must be sought in the continuing acceptance of the traditional division of labour in the family, with the main burden on the side of women. Of course, the degree to which a person assumes their family role depends on their current and their desired employment status. It also depends on the real and the potential gender wage gap. In couples with two employees, the gap between the contributions made by husbands and wives to their joint family budgets decreased by 15 percentage points between 1988 and 2002 (measured as the percentage of the wife's wage to her husband's wage; in 2002 it was almost 80%). However, the correlation between spouses' earnings became stronger after 1989: the Pearson coefficient (0.17 in 1988) increased from 0.29 in 1996 to 0.37 in 2002. Conversely, the share of employed married mothers decreased [Večerník 2006].

Regarding employees' *relationships to their employer*, it could be expected – given that Czechs prefer to be employees and to work in big companies or state organisations – that loyalty to an employer would be quite strong. However, this is true only to a small degree: strong agreement (among employees only) with the statement 'I am proud to be working for my firm or organisation' was expressed by 6–7% and moderate agreement by 33–34% of respondents in both years. In contrast to the stability of this opinion, strong agreement with the statement 'I am willing to work harder in order to help the firm or organisation to succeed' decreased from 12% to 7% and moderate agreement from 46% to 42% between 1997 and 2005. As a cross-national comparison of 1997 data showed, the level of loyalty to the employer is (like in other CEE countries) much lower than in Western countries [Večerník 2004].

The declining sense of loyalty towards the employer could theoretically be a manifestation of and coincide with the increasing work flexibility of Czech workers,

Table 3. Job satisfaction, by sex and education (index 0–100)

Education	Total		Men		Women	
	1997	2005	1997	2005	1997	2005
Elementary	68.0	67.2	66.4	74.8	68.6	65.1
Lower secondary	66.0	63.5	66.7	63.1	64.7	64.0
Secondary	71.2	71.8	69.4	71.3	72.7	72.2
Tertiary	74.9	69.8	74.7	71.4	75.4	66.5
Total	69.5	67.3	68.9	67.2	70.1	67.5

Source: ISSP 1997 and 2005. Economically active respondents.
The index was computed on a seven-point verbal scale so that answer 'completely satisfied' =100 and 'completely dissatisfied' =0.

but again in reality this is evidently not the case. The information reported in statistics and sociological surveys reveals that the labour market is not very flexible and in recent years has stagnated. On the other hand, there are various tricky practices, such as informal cash payments supplementing the official minimum wage, engaging self-employed persons, hiring foreigners, and using contracting agencies to provide labour without any obligation on the employer's part. Instead of flexibility in the formal economy, active people balance on the brink of an informal economy seeking additional earnings. This corresponds very well with low level of loyalty to the employer.

Various features and dimensions of work and jobs contribute to overall *job satisfaction* (Table 3). The majority of employed Czechs are satisfied in their jobs, and there has only been a very slight decrease in this indicator despite growing anxiety about jobs and declared increasing job requirements. Nevertheless, work and job satisfaction is a complex indicator, as it can reflect the quality of the job (demands for skills, the amount of personal autonomy involved, the interest and usefulness of the work performed) or the ease of working conditions (work that is not demanding, within fixed hours, not harming family or personal life). It should of course be expected that the 'true' quality of a job will for the most part prevail in the perception of job satisfaction.

A person's perception how well their work satisfies their expectations of having an interesting job providing personal autonomy is what was most closely associated with overall job satisfaction in 1997, followed by job security. In 2005, satisfaction with job security became more important, and other factors somewhat less (Table 4). Yet another change has occurred over time, connected with the abovementioned characteristic of the 'easiness' of work. In 1997, the connection between satisfaction and the general attitude towards work was quite high, being significantly higher among those who see intrinsic values in the job and lower among those who see their job only as a source of income. In 2005, this association fell to one half of its previous value among men, but increased among women. More men

Table 4. Fulfilled expectations of work and job correlated with job satisfaction (Spearman's rank order correlation coefficients)

	Total		Men		Women	
	1997	2005	1997	2005	1997	2005
Fulfilled:						
Security	0.30**	0.33**	0.35**	0.37**	0.24**	0.29**
Reward	0.19**	0.23**	0.22**	0.24**	0.16**	0.24**
Promotion	0.14**	0.14**	0.18**	0.16**	0.08	0.12*
Interesting job	0.46**	0.44**	0.45**	0.50**	0.48**	0.37**
Independence	0.32**	0.25**	0.39**	0.28**	0.25**	0.21**
Useful job	0.27**	0.26**	0.17**	0.25**	0.39**	0.26**
Difference between expected and fulfilled characteristics:						
Security	0.20**	0.21**	0.21**	0.22**	0.19**	0.19**
Reward	0.19**	0.16**	0.20**	0.14**	0.19**	0.18**
Promotion	0.06	0.09*	0.07	0.11*	0.05	0.07
Interesting job	0.28**	0.22**	0.24**	0.27**	0.32**	0.16**
Independence	0.10*	0.09*	0.12*	0.08	0.08	0.10
Useful job	0.07	0.03	0.02	0.02	0.14*	0.05

Source: ISSP 1997 and 2005. Economically active respondents.
** Correlation is significant at the 0.01 level (2-tailed)
* Correlation is significant at the 0.05 level (2-tailed)
For correlation coefficients see the note in Table 2.

than women are satisfied in their jobs, but seeing their job as a source of income only has become a far most important reason for this view.

This shift in the general attitudes towards work helps explain the fact that the degree to which perceived satisfaction is determined by the specific work and job characteristics fell dramatically between 1997 and 2005. While in 1997 the variance in satisfaction explained by the standard characteristics of workers in regression analysis (not reported here) reached 7.5%, the percentage in 2005 fell below 3%. While education still matters (although less), sex and age do not. Even earnings and self-employment have lost most of their explanatory power. Thus, while work satisfaction has remained at almost the same level, its variance in the population cannot be explained statistically any more. It is likely to have completely shifted to an area of more subtle dimensions, which we are not able to measure.

Conclusion

Only some vague tendencies can be reported among work and job values instead of clear conclusions. The gender dimension has come to the fore in work perception and has become at least as important as education. People prefer dependent employment but loyalty to the employer is on the decrease. While job satisfaction remains high, it is increasingly derived from job security and earnings. Overall, the common characteristics tied to workers are losing their explanatory power with regard to work attitudes. However, this does not mean that the world of attitudes has become detached from 'objective' life. Instead, it testifies to the inadequacy of our socio-economic variables, which fail to indicate more subtle levels and dimensions of people's socio-economic status and reasoning.

Here two additional aspects of work values warrant commenting: the question of their role in the economy and the question of a 'true' value change during the transition.

With regard to the first aspect, work values certainly play an important *role in the economy*, but not as simple a role as economists tend to assume. Job satisfaction is a frequent topic of study not only in sociological but also in economic literature [Freeman 1978]. There are many reasons for such an interest: more satisfied workers are assumed to perform better in their jobs, while less satisfied workers are more likely to perform poorly and to abuse any opportunity to reduce their work load, take sick leave, and eventually to leave their job. Work satisfaction is considered the best indicator of job quality. Positive associations between job satisfaction and work performance, stability, commitment, and loyalty to the employer are easy to demonstrate.

There is also a positive correlation between job satisfaction and labour productivity. Production sectors with higher levels of job satisfaction also display higher productivity, as the European Commission study based on the European Community Household Panel (ECHP) proves. There is a gap between highly skilled and elementary occupations. The importance of various personal and occupational characteristics for explaining job satisfaction is statistically significant but weak [EC 2002]. A regression analysis of a German joint 1992–1996 household panel cites workers' characteristics as accounting for 2% of the explained variance in West Germany and 4% in former East Germany. An analysis of a British household panel gives 4% of explained variance as owing to these characteristics [Van Praag and Ferrer-I-Carbonell 2004: 56–58].

From these points of view, the Czech results regarding change over time are rather confusing. While work productivity is higher in foreign-owned companies, that is exactly where the level of satisfaction is lower, as opposed to domestically owned companies. This difference became less pronounced over time, but it still exists. It could be that satisfaction is lower in firms where work organisation and control are tighter, which results in higher productivity but makes things less easy for workers. Between 1997 and 2005, work satisfaction decreased, particularly among professionals, which is the group in which intrinsic work values are concentrated. With regard to the low and decreasing degree to which workers' characteristics are

determining job satisfaction, the variance these characteristics explain is lower in the Czech Republic is even lower than in Western countries.

With regard to the second aspect, whether the change in regime brought about a *true value change* in the field of work and jobs, we must avoid drifting to extremes, such as completely overlooking the change that occurred, or viewing the situations before and after transition as completely different. National value systems appear to be somewhat closed. As Pierre Bourdieu observed: "basic economic dispositions like needs, preferences and propensities – towards work, savings, investment, etc. – are not exogenous, i.e. dependent on universal human nature, but endogenous, i.e. dependent on history, which also represents the economic cosmos in which they are required and re-compensated" [Bourdieu 1997: 51; *author's translation*].

This is partly – although not completely – at odds with the mainstream economic approach of always finding a "set of ordinal preferences so that every action of the history is rational" [Becker and Stigler 1977]. Regardless of the forces of globalisation, national value systems are indeed somewhat closed, and it is difficult for values to truly change. Here, the considerations of Mariano Grondona are very inspiring: "The process of economic development reaches a crisis when a nation passes from one stage to the next. It is at that moment when temptations arise... When a nation is rich, something other than the pursuit of wealth must be present in its value system so that the wealth generated never suffices. This non-economic 'something' may be salvation, survival, excellence, prestige, or even empire: any value that will always be wanting" [Grondona 2000: 44].

Numerous temptations arose after 1989, the main one lying in the immense wealth to be transferred to – relatively few – private hands, mostly on the basis of contacts within established networks. For the rest of the population, the huge and mostly obscure process of the redistribution of property was a signal that it is not exactly hard work, but other personal abilities that determine an individual's wealth and income. The relaxed attitude towards work, inherited from the previous regime, was thus again endorsed and maintained. The widespread critical examination of personal competencies that individuals undertook in the initial phase of transition was soon replaced with exaggerated expectations regarding career and pay, combined with requirements of continuing job security [Večerník 1996].

The social and cultural contexts matter no less than intrinsic values do. Of course, the tradition of self-fulfilment through work is deeper and, simultaneously, the competition tougher in the West. However, despite the continuing differences in work performance between the 'East' and the 'West', there is apparently no barrier between the two kinds of countries regarding what work values are expected and perceived. Work requirements are on average also weakening in the West, except at the extremes of the 'business elite' and the low-skilled 'flexi-workers' represented by foreign labourers. A similar process is occurring in advanced post-transition countries as well, and in the Czech Republic in particular, where relaxed attitudes towards work can no longer be attributed only to the legacy of the communist regime.

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International Social Survey Programme (ISSP)

The ISSP is a long-term international research project that originated in 1983 and is based on international and inter-project cooperation in the social sciences. The number of participants has grown continually and currently rests at forty-one countries. Each year, a survey on one topic is conducted in all the participating countries. At annual working conferences, modules of survey questions are completed and accepted for the following year and proposals for questionnaires for the next year are presented to all participants for discussion. Data files from all countries are brought together, polished, controlled and archived by the *Zentralarchiv für Empirische Sozialforschung* at the University of Cologne (http://www.issp.org).

The Czech Republic has participated in the International Social Survey Programme (ISSP) since 1992. The module on 'Work Orientations' was collected for the first time in September 1997 by the agency STEM (N=1014, of which 505 economically active) and for the second time in May 2005 by the agency SC&C (N=1226, of which 660 economically active). This enables both a comparison across nations (so far only the first round) and over time. The survey contains data not just on opinions and beliefs about jobs and work but also on perceptions of working conditions and job stability. Similarly, it provides information about the workers' sense of loyalty to employers, as well as their willingness to stay in their present job or their intention to seek another job.

Gender and Globalisation: Labour Changes in the Global Economy*

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Abstract: The article focuses on gender aspects of globalisation and global restructuring and criticises the masculine bias of mainstream theories of globalisation. It is aimed at adding a global dimension to Czech gender studies. It looks at the way in which globalisation is gendered and based on gender ideologies, and how global restructuring affects and change gender systems. Primarily economic globalisation is addressed, and the changes in the organisation of labour globally are examined. Global production is dependent on cheap women's labour in the factories of multi-national corporations in the global south. The process of rendering labour more flexible and informal is associated with its feminisation. Care work and migration are also becoming feminised on a global scale. The article also analyses domestic work performed in the United States and Western Europe by women migrants from developing countries. All these processes are occurring within the context of neo-liberal policies and the changing role of states amidst a global restructuring, which needs to be examined from a gender perspective.

Keywords: gender, globalisation, production, domestic work, migration
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Introduction

Theories of globalisation in sociology, economics, or international relations usually leave gender aspects aside. Feminist theorists argue that gender inequalities in the global world are not taken into account [Pyle and Ward 2003]. This is particularly true of Czech theories of globalisation [see Mezřický 2003]. Not only is gender analysis missing in this book, but women are only mentioned once, in the biological context of the global problem of a population explosion. Publications on globalisation by non-Czech authors translated into Czech do not focus on gender aspects either [e.g. Giddens 2000]. However, as Peterson and Runyan [1999] argue, gender is an important perspective in the analysis of globalisation. It identifies global

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agents, characterises state and non-state activities, and creates a framework for global issues and thinking about possible alternatives to globalisation.

The omission of gender from mainstream globalisation theories goes hand in hand with masculine dominance in this scholarship. Bergeron [2001] and Freeman [2001] have shown that in particular macro-structural models, 'grand narratives', and theories of globalisation are masculine. I would argue that this is surprising given that global studies is a new field that emerged in academia several decades after gender studies (at least in the West). Therefore, the reasons for omitting gender must be deeply rooted deeply in social theory in general.

The gender bias has given rise to a dichotomous model of the global and the local: global and related theory is associated with masculinity and being mobile, fluid, cosmopolitan, and modern; while the local and ethnographic is tied to femininity and static, homebound, and traditional characteristics [Freeman 2001]. Marchard and Runyan [2000] criticise the globalisation discourses as gender biased. Some institutions, sectors, agents or processes are valued more (for instance, the market over the state, the global over the local), and these are associated with masculinity. What is characterised as feminine is considered less important. The hierarchies and inequalities are maintained through a strong gender symbolism that makes global restructuring seem natural and unavoidable.

In earlier feminist ethnographies, gender was mostly analysed empirically, focusing on the impact of globalisation on locality and women's lives. However, feminist scholars have recently addressed globalisation theoretically, and Freeman [2001] argues that many feminist studies do address the macro and micro aspects of globalisation.

Publications focusing on gender and globalisation mainly address economic globalisation. Their authors analyse the changes in production, new forms of women's employment, women's activism aimed at improving working conditions, 'care' services or domestic work, and migration. Other aspects of globalisation, such as politics and culture, are examined less. These issues, which are analysed elsewhere, appear to lie outside the discourse on gender and globalisation, which is mostly economically oriented.

According to Marchard and Runyan [2000] and Pyle and Ward [2003] global processes change gender systems, roles, and relations and strengthen gender inequalities, but they are also rooted in a gendered reality and gendered ideologies. Therefore, gender influences globalisation, and globalisation reinforces gender formations. The processes of globalisation are fused with gender ideologies. "Contemporary forms of globalization are themselves deeply imbued with specific notions about femininity and masculinity and expectations for the roles of women and men." [Freeman 2001: 8] But at the same time globalisation processes are altering gender systems and quashing the dichotomies of the masculine and feminine world by bringing more and more women into formerly male-dominated spheres, especially production and migration [Freeman 2001]. Consequently, new forms of femininity are evolving. As Walby [1997] points out, femininity is not defined just by

motherhood or domesticity any more. The participation of women in traditionally male domains on the one hand changes the forms of masculinity and men's roles and on the other threatens men by taking 'their' jobs. The reaction is to try and re-establish traditional patriarchal systems, which can result in increased violence against women.

I want to look at the point where gender studies and globalisation studies intersect. Not just the gender aspects of globalisation are neglected, but, in Czech gender studies, globalisation processes and global society is not addressed. When labour and gender are the focus of Czech gender studies, then all that is ever examined is the Czech situation and the country's experience in the post-communist transformation in comparison with other East European countries.[1] I see this as a limitation, because global processes and neo-liberal politics affect Czech society, too. In addition, it is important to know what consequences these processes have in other locations. Incorporating global issues into Czech gender studies brings up other inequalities for consideration, particularly class and race/ethnicity. These are often neglected, while the differences between men and women, without other characteristics, are usually examined.

In this paper I want to answer the following related questions: How are the theories of globalisation gendered? How is globalisation gendered? What changes affecting labour globally are associated with gender? And, from the opposite perspective, what kind of impact do globalisation processes have on gender systems, relations, and roles? How are women and men affected by globalisation?

The theory of economic globalisation and gender

Stiglitz [2002: ix] defines globalisation as the "removal of barriers to free trade and the closer integration of national economies". Bhagwati [2004: 3] adds to the definition "direct foreign investment (by corporations and multi-nationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology". A definition of economic globalisation put out by the International Monetary Fund [2002] stresses "the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services, free international capital flows, and more rapid and widespread diffusion of technology". The IMF, together with other international institutions, such as the World Bank, multi-national corporations, and the governments of powerful states (G8) are regarded as the major players in globalisation [Mezřický 2003].

Most gender scholars are critical of the '*male*stream' globalisation theories and projects and criticise them for focusing on impersonal flows and not on real people. Feminist scholars especially address the impact of globalisation on women, for ex-

[1] The transition from state socialism to capitalism in the context of globalisation has only been analysed by a non-Czech scholar – True [2003].

ample, analysing the effects of structural adjustment programmes on women's lives [Rai 2002; Starr 1994]. According to these authors, local lifestyles are important because they put a real face on the very remote processes of globalisation. Aquilar and Lacsamana [2004], for instance, put emphasis on material conditions in contrast to flows of information that are stressed in mainstream theories.

A major part of gender scholarship is focused on global inequalities. Gender inequalities in the global world are especially striking: "Women compose one-half of the world's population and perform two-thirds of the world's work hours, yet are everywhere poorer in resources and poorly represented in positions of decision-making power." [Peterson and Runyan 1999: 5] As these authors argue, in the global society, women are excluded from the positions of power, both economic and political. Furthermore, women make up about 80% of all refugees and 70% of the illiterate population. Afshar and Barrientos [1999] argue that the world is ruled by male elites that benefit most from the new global order.

This gendered international division of power, labour, and wealth is not new, but globalisation has increased inequalities between both countries and individuals. The transfer of capital and investment to production in Third World countries has altered the international division of labour, even from the perspective of gender. Export production in the global south and migration to the global north has been feminised primarily owing to globalisation processes.

Gender scholars explain that globalisation in not an inevitable and irreversible process, as some of its proponents argue, and they instead see globalisation as a construct. For instance, Rai sees the problem in the 'naturalisation' and 'depolitisation' of globalisation, interpreting it as "the product of the invisible hand of the global market" [Rai 2002: 9]. Globalisation is criticised for being a predominantly neo-liberal project based on a pro-free market ideology. This critical stance explains why most scholarship on gender and globalisation focuses on the economy, labour, capitalism, and markets and their impact on women.

Women, gender, feminism, and masculinity in globalisation

Most publications on gender and globalisation use the word 'gender' and/or 'women' in their titles; however, those that use the word 'women' focus mostly on women's work and describe how globalisation processes influence women's lives and how it is women who bear the burden of cuts to social spending. This scholarship is usually based on ethnographies focusing on various individual locations in the global production network, migration, and care work; for instance *Women Reinventing Globalization* [Kerr and Sweetman 2003], *Women and Globalization* [Aquilar and Lacsamana 2004], *Globalizovaná žena* (The Globalised Woman) [Wichterich 2000].

Although feminists maintain that women are more negatively affected by globalisation processes than men, they show that not all women are victims of globalisation and not all men are winners. They also analyse the differences and inequalities

among women, based on class, race/ethnicity, and place in the global economy. Many women in the global north are in advantageous positions; they are free from housework and childcare. However, globally this work still rests on women, especially poor immigrant women, who are hired to fulfil these functions in developed countries.

Scholars writing about gender usually address more complex changes in gender systems (e.g. *The Gendered Politics of Economic Globalization* [Ramamurthy 2001]). These authors stress that it is not only important to 'add women' to the theory of globalisation, but the relations between men and women globally and the changes to gender systems as a result of globalisation must also be addressed [Walby 1997]. Benería [2003] argues that just studying women is not enough. Globalisation affects and changes gender regimes; it does not just affect women alone [Kelly et al. 2001].

Globalisation processes create two dichotomous areas from a gender perspective: one is the world of global finance and post-modern individualism associated with Western capitalist masculinity; the other is based on gendered and racial subordination and low-paid, unskilled labour, which is associated with women [Momsen 2004]. Enloe [1990] has pointed out that these two spheres are interdependent. Masculinised domains of global high politics and finance are tied to feminised cheap labour. Without unpaid and low-paid women's work, the global economy would not function. She argues: "keeping women's labour cheap requires vigilance and daily effort. That effort is an integral part of what is called 'international political economy'". [Enloe 1990: 166]

Those scholars that use the word feminism in the study of globalisation usually focus on social change and women's or feminist activism [e.g. Rowbotham and Linkogle 2001]. Some authors focusing on gender and globalisation also write about men and masculinities; however, this scholarship usually remains separate from studies on women and globalisation.

Theorists in the field of men's studies show how globalisation is changing masculinities and how men and masculinities are shaping global processes. Connell [1998] has analysed globalising masculinities using the terms 'neo-liberal masculinity' and 'trans-national business masculinity'. "The hegemonic form of masculinity in the current gender order is the masculinity associated with men who control the world's dominant institutions: the business executives who operate in global markets and the political executives who interact and in many contexts merge with them." [Connell 1998: 16] Connell argues that the hegemonic global masculinities of businessmen and politicians are characterised by a flexible, calculating egocentrism, no sense of responsibility for others, no stable commitments, technical rationality, and open sexuality. This gendered description not only applies to a specific group of men, but also to the institutions in the international arena, such as markets and trade, politics, and neo-liberalism.

Danner and Young [2003] call these two contemporary forms of hegemonic masculinity 'Davos Man' and 'Big Brother'. Davos Man represents global elite business masculinity. Big Brother is militant and surveillant masculinity, re-invented after 9/11, in the era of the global war on terrorism. These two models can be at odds, but they

work well together in both arenas of globalisation: neo-liberal economic restructuring and military dominance and security. Benería [2003] also uses the term Davos Man, by which she means not just businessmen and bankers, but also officials and intellectuals who share a belief in individualism, market economics, and democracy. Rai [2002] in this context uses the concept of 'hypermasculinity' that dominates feminised society.

Kimmel [2003] analyses how the global hegemonic model of masculinity is opposed by local or national oppressed men men who are trying to strengthen their masculinity and support local patriarchal structures. While rejecting globalisation and the spread of Western or multi-cultural values, they try to subordinate 'their' women and relegate them to a traditional social status. Here he particularly cites the examples of the neo-Nazi nationalist movements and the Islamist men of Al Qaeda.

Economic globalisation and women's productive work

Globalisation has opened up markets, but, as Rai [2002] argues, not all markets have been deregulated in the same way. Finances may flow freely throughout the world, but the flow of human labour is restricted. Both of these markets are gendered: the trade and finance worlds are masculine, and the labour markets are now becoming increasingly feminised by the large-scale entry of women into the workforce. "Globally, women own about 1 per cent of the world's property; therefore, they are involved in the globalization process through their access to labour markets rather than through their participation in financial or investment markets. They are the providers of services – sexual, domestic and increasingly as workers in export production – and are employed in lower-paid work; they are not in control of the huge financial and export flows in a globalized economy." [Rai 2002: 98] Women, and poor women in the global south in particular, are entering the marketplace not to seek a profit, but because they are struggling to survive. There has been a significant rise in women's employment in the past fifty years, from 46% in 1950 to 81% in 2000 worldwide, and it has occurred mostly in relation to export production [Rai 2002]. On the other hand, this form of production has led to an increase in the demand for flexible and cheap labour, which is a feminised domain [Afshar and Barrientos 1999]. Flexible and informal labour has been rendered so in connection with its feminisation [Ramamurthy 2001].

The opening up of markets in the global south encouraged multi-national corporations to build their factories there, particularly in Latin America and South-East Asia. The development of the economies in Third World countries is facilitated by a growing export industry, especially textiles and electronics. Mostly women are employed in these 'export processing zones' (EPZs) because they can be paid less than men.

Many authors have shown that multi-national companies prefer women, because they believe that women are best suited to these jobs – being docile, young,

and often from a rural background in developing countries, and they have nimble fingers, are willing to accept low wages, and are patient enough to perform monotonous work [Benería 2003; Renzetti and Curran 2003]. Corporations also benefit from women's lower status, their efficiency, and their non-participation in unions. Pyle and Ward [2003] argue that the global production and trade are dependent on women's labour, both in the formal and the informal sectors. Global actors deliberately use gender stereotypes to their own advantage, as in many cultures women's income is understood as supplementary to that of the male breadwinner. The rising number of working single mothers is not given consideration. Corporations count on the fact that women in poor countries have few other options to earn money. Global production and its effects on labour are an example of how globalisation is tied up with gender and particular notions of femininity and masculinity.

There are about four million people working in export factories in fifty countries around the world, and most of them are young women (this does not include informal work). Momsen [2004] took Malaysia as an example to show how employing young female workers is more profitable for corporations. Young female employees between the age of sixteen and twenty are more disciplined, naïve, and obedient than older women. Also, they are usually not married, which means that their time is more flexible than that of married women with children. In addition, employers can pay them just 58% of men's wages. These women work 50% more hours than women doing the same work in the global north and they receive only 10-12% of their wages.

These are typically low-paid jobs, sometimes below the minimum wage guaranteed by the state, which also means below the subsistence minimum. "The apparel workers who sew a hundred pairs of $100 jeans a day will never be able to afford a single pair", writes Collins [2003: 168]. In addition, the working conditions in factories are often unhealthy or dangerous (no ventilation, unsanitary bathrooms, fire hazards, overtime, piece work, child labour, etc.) and women are objects of sexual harassment and even physical punishment [Featherstone and USAS 2002]. The term 'sweatshop' is used for this type of work. The sweatshop work system originated in the 19th century and was characterised by long hours, pay on a piece rate, and very poor working conditions. Nowadays, it usually refers to a workshop located in a global city like New York. Piore [1997] points out that the comeback of the sweatshop was made possible by decreased unionisation and looser government regulations and controls. In a broader sense, the sweatshop also refers to the EPZs and their unhealthy work conditions.

Although the argument has been made that globalisation benefits women because it increases their employment opportunities and economic independence by giving them their own source of income, most scholars usually note how these advantages have been offset by numerous disadvantages. Women have gained employment, but the feminisation of the workforce is associated with the deterioration of working conditions. Women face problems when they try to combine their jobs with with having and looking after a family [Chinkin 2000; Ramamurthy 2001; Rai

2002; Benería 2003]. Also, outside factory jobs, there are not many other employment opportunities for women; the only other options are usually prostitution or migration to richer countries [Pyle and Ward 2003].

Globalisation processes alter gender systems and relations. Momsen [2004] shows that the traditional gender contract, based on the man's role as breadwinner in the family, is eroding. Not just the relationship between partners is changing, as men and women are changed by increased employment among women, but also the relationship between parents and children is being transformed. In some regions young girls even become the main breadwinner in the family. Increasing unemployment among men forces female relatives to work outside the family. However, their employment does not always guarantee them a higher status in the household. Women are over-burdened by having to occupy two roles, as breadwinner and as the person responsible for the household, while men feel useless and degraded because they sense their dominant position in the household is threatened. In some regions there is a high rate of alcohol abuse and early death among men (e.g. the post-Soviet countries). These changes to gender identities are a source of anxiety for both men and women. The feminisation of work is more a reflection of the weakened role of men than greater economic opportunities for women. Women's paid employment does not automatically lead to social empowerment or gender equality. Even when women work and are successful, this can cause a crisis within the family; and sometimes a woman's independence produces violent reactions from men.

The advent of cheap women's labour has made it possible for many countries in the global south to produce competitive exports. Multi-national corporations are shifting their capital to places where wages can be pushed very low. Freeman [2000] argues that this 'new international division of labour' has been under way since the 1970s. Collins [2003] has shown how the American textile industry has gradually been moving out of the United States to Mexico. In the late 1990s, factories in the southern United States were shut down, workers who had worked there for most of their lives were laid off, and new plants were established in Mexico. However, the garment companies justify their re-location as being based not on the costs of labour but on the purported fact that American women are losing their sewing skills.

This process of re-locating capital is constant. For instance, the first EPZs opened up in Mexico, as one of the first countries to experience them (because of its proximity to the United States), in the 1960s. Later, corporations began to move from the border *maquiladoras* into central Mexico and to other countries, especially in Central America and the Caribbean, and then to the sweatshops in global cities (even in the First World) and even into a subcontracted informal sector [Louie 2001; Aguilar and Lacsamana 2004], leaving women in some of the former EPZs unemployed.

Louie [2001] has documented how women in the garment sweatshops based in global cities like New York and Los Angeles work in even poorer conditions than what are found in the Third-World EPZs. The First-World sweatshops employ undocumented immigrant workers with no rights and force them to work longer. Nor-

mal workers work about ten hours a day, but workers without documents work longer and sometimes during the night. In the United States there are now about 22 000 garment sweatshops, 7000 of which are in New York City alone. The majority of these sweatshop workers are Chinese and Latin American women. The workers whom Louie interviewed "speak bitterly about how working conditions have declined to 19th century levels because of corporate greed, globalization, and industrial restructuring, and how immigrant bashing has hidden their exploitation". [Louie 2001: 20]

Sweatshops are mostly in the garment industry because it is an industry based on intensive manual labour. The technology of sewing remains essentially the same as it was a century ago. Automatic production methods have not been introduced because the changes in fashion styles and types of material occur rapidly. Sweatshops are easy to start up; the subcontractors can be small companies that only have to buy sewing machines. Supervision is based on a piece-rate system, so the workers are paid according to the number of finished pieces of cloth, not hourly wages. This system makes them work faster. Collins [2003] argues that there is little difference between brand-name and generic products. Production of both cheap and expensive clothing takes place within the same factories using the same technology. The only difference is the quality control – high-end production is controlled more, which puts more stress on the women workers, who are forced to sew more quickly and more precisely.

In the documentaries about women working in EPZs (for instance, *The Hidden Face of Globalisation*), despite the fact that their working conditions are unhealthy and unsafe, women are shown going to work well dressed, wearing very clean, colourful, and revealing clothes. An explanation for this behaviour is provided by Salzinger [2000], who examined the phenomenon of sexual harassment at work while studying a Mexican electronics factory. She argues that it is because women are also watched and judged according to their appearance. Women workers are under constant visual surveillance and are observed as sexual objects by their male supervisors. Production is associated with a sexualised form of femininity. Women are monitored, but they also monitor one another. The workers compete among themselves to look better. They have to invest considerable energy into their appearance in order to attract the attention of their supervisors and thereby improve their working conditions and wages.

Corporations seeking even cheaper labour are increasingly using the method of subcontracting. Instead of having their own factories they make agreements with other local firms who run smaller shops or employ women working at home. Balakrishnan [2002] calls this form of work the 'hidden assembly line', because the work takes place in the informal sector where there are lower wages, less security, no labour legislation, no formal contracts, and no social benefits. Women usually work more hours than in the factories and are monitored through piece-work quotas. Subcontractors prefer women with children for this work, because of their limited mobility, strong self-discipline, and their need for any form of income in order

to support their children. Poor women, in order to balance their reproductive role, often accept precarious and vulnerable work [Balakrishnan 2002; Benería 2003]. On the other hand, as Momsen [2004] points out, women with children may prefer this type of job, because they can combine their employment with looking after their children and household in one location.

Subcontracted work at home or in small shops involving family members and neighbours is a form of work in which it is difficult for the workers to organise themselves against exploitative working conditions. Besides the fact that the shop bonds are familial, the workers do not know whom to organise themselves against. They have no information about the corporation that subcontracted their work [Balakrishnan 2002], their employers are usually in a different country, and the big companies just buy the products from the subcontractors and have no responsibility for the workers' working conditions. Women are atomised, working in separate households or in small shops, where it is hard to organise any kind of collective action. However, even in the factories run by multi-national corporations unions are usually prohibited, and if workers are able to organise themselves, the organisations are male dominated and pay no attention to the specific problems women face [Freeman 2000].

Left aside by formal unions, women in EPZs have begun to organise themselves. Collins [2003] gives examples of women's activism in which their organisation is not just centred on the workplace but refers to the wider community. They try to bridge the divisions of work, home, and community in their lives and argue that women are not only workers but also people with other needs. For instance, the Centre for the Orientation of Women Workers in Ciudad Juarez has been organising literacy and health campaigns since the 1970s. Other organisations have focused on reproductive issues, domestic violence, health, and the environment. Through these activities they transcend the boundary between the private and public spheres [Collins 2003].

Louie [2001] describes how Latin American and Chinese women working in New York City sweatshops have organised workers' centres. But she describes another constraint on women's activism in addition to the problems they experience cooperating with unions: the fact that working women also have to look after their children and have barely any free time, and that Chinese women in particular have been taught to obey and not to protest. Activists also fear that they will be fired or blacklisted if they protest. Community-based organisations have helped women workers break out of their isolation, gain new skills, and obtain resources, training, and space in which to meet. Women's activism has led in many cases to solidarity and the empowerment of women.

Women's local activism can be strengthened through cooperation with international movements against sweatshop labour. For example, the Coalition for Justice in the Maquiladoras is active in the United States, Mexico, and Canada. Also, the United Students against Sweatshops has been an influential movement in the United States, and it has been able to help the situation in factories. However, the problem with these international campaigns is that they often portray women work-

ers as victims of globalisation and ignore their agency [Featherstone and USAS 2002]. Benería [2003] warns against 'the women as victims approach' in the study of gender and globalisation. In her view, it is important also to see the improvement in their lives, their increased autonomy, and activism.

As Balakrishnan [2002] and Collins [2003] note, international campaigns may also harm workers. Boycotting products can lead to job losses among women if the factories close and leave the region. Even though women are not paid enough, they at least have some income. Both authors argue that international activists should pay more attention to what the workers need and demand that firms be accountable to the local community. They also argue that while the corporations may show an interest in improving working conditions in the aftermath of protests, they will never be interested in changing their basic goal, which is to increase profit through cheap labour.

Global feminised care work and migration

Two interconnected phenomena, care work and migration, are feminised on a global scale. Care or domestic work performed by women from developing regions in Western Europe and the United States typically involves long working hours, low income – often below the minimum wage – and a high level of abuse and sexual harassment. Immigrant women, some of them illegal immigrants, are preferred over local women in these jobs because they can be paid less and exploited. Studying domestic workers Hondagneu-Sotelo [2001] divided them into three categories: live-in nannies/housekeepers, live-out nannies/housekeepers, and housecleaners (the last of these is the best paid and considered more of a contract arrangement). Domestic work is not regarded as a normal job by either the workers or their employers. There is a social stigma attached to it. It is not well paid because it is performed in the private sphere and is feminised. Parreñas [2001] distinguishes the following types of domestic work: childcare, housecleaning, and care for the elderly. She points out that women migrants in these 'unskilled jobs' often have college degrees, but their income is higher than what it would be if they worked in their profession in their home country. For them, migrating to a foreign country means downward mobility and inconsistent social status. As Sassen [2002] notes, this type of work is not unionised and workers have no rights, such as the right to take sick leave. It is difficult to organise and demand better conditions because the women are isolated in separate households, and they are held back because of their gender and sometimes their illegal status.

In *Global Woman*, Ehrenreich and Hochschild [2002: 17, 22] argue that a global transfer of care and love from the Third World to developed countries is occurring. Hochschild calls this process a 'care drain' and a 'global heart transplant'. Women from poor countries migrate in order to work as nannies and maids for middle-class families in which both partners are working. Migrant women are surro-

gates providing the care that affluent mothers have no time to give to their children. Meanwhile, most migrant women leave their own children at home and may not see them for many years, while they usually just send money to support them and finance their education.

A number of authors have documented the stories of these women, who feel the pain of family separation [Parreñas 2001]. They miss their own children, and the children they care for often become the object of the love they cannot give to their own children. Many children that are abandoned by their migrant mothers are cared for by other family members instead, usually grandmothers or aunts; men do not usually replace absent mothers. Children left behind tend to have emotional problems, are more frequently ill, have no one close to confide in, and many of them have problems at school and are more aggressive [Parreñas 2001; Ehrenreich and Hochschild 2002; Benería 2003].

According to Hondagneu-Sotelo [2001], globalisation has increased the amount of migration among women. Migration flows are directed mostly towards the United States and Western Europe, but also to newly industrialised countries in Asia (such as Taiwan) and the oil-rich Middle East. Most migrant women come from the Caribbean, Mexico, Central America, Peru, Sri Lanka, Indonesia, Eastern Europe, or the Philippines (the Filipino women are described most). The key factors driving migration are wage inequalities and the differences in wealth between regions. Women migrate because of poverty in their home country. As Hochschild notes, "migration has become a private solution to a public problem". [2002:18]

Eastern Europe is a source of domestic labour mainly for Western European countries. The market for a specific type of domestic work – au pairs who are usually young, childless students migrating for a short time – has been growing since the mid-1990s. Hess and Puckhaber [2004], studying au pairs migrating from eastern Slovakia to Germany, argue that, although au pair programmes are promoted by agencies as a cultural exchange, the reality and experience of au pairs shows that this job is just another word for domestic work occurring in conditions similar to those experienced by live-in domestic workers. Au pairs usually expect that they will only have to help out with a few tasks, that they will be treated as a member of the family, and that they will have time to learn the language. However, they are often disappointed and find themselves overwhelmed with a heavy workload, looking after the children and the housework, performing monotonous and boring work, and with little free time, while their use of space, food, and hygiene facilities is monitored and limited. For German parents, employing an au pair is a convenient strategy for balancing work and family duties. However, Willams and Baláz [2005], who have analysed various types of migrants from Slovakia to the United Kingdom, have shown that au pairs benefit from their stay with the host family, and in addition to being able to save some money they most value the opportunity to improve their English, experience life in a foreign country, and raise their self-confidence and independence. By improving their language skills they have better chances of being able to study or start their own business when they return home. Lutz [2002] has

shown how domestic workers from Poland perceive these low-skilled jobs as just temporary solutions and as a transformational tool for future life. According to Lutz, women migrants can be positively considered as 'agents of change' promoting new, international lifestyles.

Women from developing countries are also very important financially for the states that are dependent on the money that migrants send home. According to Ramamurthy [2001], states count on this income as part of their development strategy. "The growing immiserization of governments and economics in the global south is one such condition, insofar as it enables and even promotes the migration and trafficking of women as a strategy for survival." [Sassen 2002: 273] The Philippines are an extreme example. Sassen describes how the country's primary export item is care. Promoting migration of care workers and also sex tourism is a way of dealing with unemployment and eliminating debt.

Not only developing countries in the Third World are dependent on the 'invisible' work of women, but, according to Sassen [2002] and Parreñas [2001], the entire economy of the post-industrial society would be unable to function without domestic servants, nannies, and sex workers. In this context, Litt and Zimmerman refer to a "new world domestic order: in which the increasing domestic and childcare needs in affluent nations are filled by vulnerable and low-paid immigrants from developing countries". [2003: 158]

A pair of combined factors lies behind the migration of women for domestic jobs: on the one hand, it is the poverty in the women's home countries, and on the other it is the 'care deficit' caused by the employment of middle-class women, who are unable or unwilling to care for their own children and elderly relatives [Ehrenreich and Hochschild 2002]. Life in global cities, like New York and London, where there is a concentration of highly educated professionals living in two-career households with children, depends on the services of low-wage immigrants working in restaurants, hotels, households, and childcare. Sassen argues that "women, so often discounted as valueless economic actors, are crucial to building new economies and expanding existing ones". [2002: 256] Hondagneu-Sotelo [2001] also points out that in global cities the inequality between high-end professionals and low-paid workers is sharpening.

There is a link between women from affluent countries and the immigrant women they employ. The fact that nannies and maids are available and are usually cheap enables women from the global north to pursue their careers. As Hondagneu-Sotelo [2001] and Ehrenreich and Hochschild [2002] have pointed out, care work still rests on women's shoulders, only now it is the shoulders of women subordinated by class and race. Men have not started to participate more in domestic responsibilities; their privileges within the family have remained intact [Hondagneu-Sotelo 2001; Ehrenreich and Hochschild 2002]. Not only are men still not caring for children any more than they were before, but countries, especially the United States, are often cutting back on public childcare services.

This is associated with the overall diminishing role of the state amidst globalisation and especially with the end of the welfare state brought on by imposed neo-

liberal policies. Women are particularly affected by cuts in social spending, as it is women who make up for the absence of state social services. As Ramamurthy [2001] and Litt and Zimmerman [2003] argue, it is especially the structural adjustment policies that have harmed women. Starr [1994] has explained how the structural adjustment programmes are associated with loans from the IMF and the World Bank, which, when lending money to developing countries to alleviate a debt crisis, have simultaneously promoted free-market policies and forced developing nations to reorganise their economies by means of privatisation, by opening up the domestic economy to international markets, and by reducing government control. The argument was that capitalist growth would alleviate poverty in Third World countries. Structural adjustment loans have especially been linked to cuts to subsidies for products and services (water, electricity, education, medical care, and public transport). Starr argues that there is a gender bias to these policies, based on egoism, profit-seeking and free market ideology. Women's unpaid work in the household remains invisible to economic theory and policy. However, the assumption is that this unpaid women's work is what will replace the state services that have been eliminated. Poor women especially have to work longer hours than before, both at home and they also seek other forms of employment outside of the household [Rai 2002; Sassen 2002].

Another effect that welfare cutbacks have on women is that women are more often benefit recipients [Pyle and Ward 2003]. The struggle of women to make a living is often the source of more health problems, which are in many places no longer covered by state medical care [Denis 2003]. The shrinking welfare state also affects women in that in many countries they are often employed in social services, and with the cut-backs they are losing their jobs.

Conclusion

Both the theories of globalisation and actual globalisation projects, especially the most influential one – neo-liberalism – are masculinised. It is mostly women who bear the increased burden that results from the diminishing role of the state under globalisation. They have to replace social services when state welfare benefits are cut. Not only domestic work has been re-organised, but globally productive labour has also changed. Factory production has not disappeared but has been globalised. The global economy is dependent on women's labour; both in the global south, where assembly-line export-production zones have emerged, and in the First World, especially in big cities that depend on cheap immigrant labour. Globalisation affects men and women differently; while the global political and corporate elites are mostly men, production, dependent on flexible and precarious employment, is mainly filled with women. The neo-liberal globalisation project exploits gender stereotypes and takes advantage of women's labour owing to the fact that it tends to be cheaper and women are less likely to be organised in unions.

Not only does globalisation profit from gender stereotypes but it also changes gender systems because it leads to migration and new employment opportunities for women on a global scale. Women from developing countries migrate to obtain domestic jobs in the First World. Globally, care work is performed by women, and between women themselves inequalities are growing. Families and gender roles are changing, but not always towards greater gender equality. Globalisation alters gender regimes by re-arranging the division of labour of men and women.

Not all dimensions of globalisation are examined to the same extent, and economic globalisation and changes affecting labour tend to receive the most attention. The political, cultural, environmental, and psychological aspects of globalisation from a gender perspective should be analysed more in future research. I suggest that Czech academia pay more attention to the specific gender effects of globalisation and examine the empirical effects of these issues in a post-socialist country.

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European Journal of Women's Studies

Special Issue:

'Questioning the Secular: Religion, Gender, Politics'

Edited by Barbara Einhorn

Vol. 15, Issue 3, August 2008

Call for Papers

How can we interpret the apparent vitality of various forms of religious observance, particularly in the past decade? Does it signify, as some argue, the failure of the Western development model, which assumed that modernisation, bringing higher levels of education and relative liberation from poverty, would automatically foster secularisation? Alternatively, in the context of the demise of secular ideologies, does religion's revival represent recognition of the need for social cohesion, or fear of the liberal Enlightenment paradigm? Or does it simply reflect the fact that the majority of the world's population still experience high levels of what Pippa Norris and Ronald Inglehart call 'existential insecurity', which encourages recourse to spirituality?

This special issue will explore this process of social change, focusing on the particular ways in which women function as signifiers of religious or secular identities, often through externalities such as the donning of apparel or the manifestation of behaviour considered 'appropriate' by the relevant (usually male-dominated) religious or secular authorities. The journal solicits papers that explore questions about whether religion can be seen as liberating and empowering or repressive in relation to women's rights and status within their particular cultures.

This call for submissions solicits articles on a diverse range of positions and

stances regarding current trends in questioning the secular, whether they focus on Christianity, Judaism, Islam, Buddhism, Hinduism or New Age spirituality, but mainly concerning developments within Europe.

All articles will be subject to the usual review process. Articles should be prepared according to the guidelines for submission in the back cover of the journal and at the worldwide web address: [http://www.lse.ac.uk/collections/ejws] where a more detailed Call for Papers can also be found. Alternatively the Manual of Style is available on request from the address below. Articles should be sent to the Managing Editor of the journal, Hazel Johnstone. **The closing date for submissions is 15 June 2007.**

European Journal of Women's Studies
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Zygmunt Bauman – Recipient of the VIZE 97 Prize for 2006

The world-renowned sociologist Zygmunt Bauman was named the recipient of the Dagmar and Václav Havel Foundation VIZE 97 prize for 2006. He was awarded the prize personally by Dagmar and Václav Havel at a gala event on 5 October 2006 at 'Prague Crossroads', an intellectual and multi-cultural centre located in the former Church of St. Anne in Prague.

photo © Alan Pajer

Janina Bauman, Zygmunt Bauman, Dagmar Havlová, Václav Havel, Miloslav Petrusek, Taňa Fischerová

Introductory Speech by Miloslav Petrusek

The life story of Zygmunt Bauman, a sociologist, philosopher and ethicist of Polish origin, at present living in Great Britain, and of his wife, Janina, would alone take up a separate book that would not only be testimony of the tragedies, peripeteias, and hopes of the 20th century, but also a deep intellectual reflection thereon. For that matter, his wife Janina described her story in a book full of bitterness, disappointment, hope, and belief in humans – a book about which Zygmunt said that,

thanks to it, he came to realise why he has been dealing with all the major topics of our time and what their intellectual and moral keystone is. Bauman's key book *Modernity and the Holocaust* demonstrated for the first time, using consistent sociological means and in a very convincing literary form, the ambivalence of modernity, its intrinsic inconsistence, that is to say, that the holocaust was the result of a unique combination of circumstances, which alone would be ordinary and common, but their effect in conjunction with other factors was historically unprecedented.

Bauman is extremely versatile in his intellectual interests; however, the shock of the 20th century's tragedies is often tacitly present in all his texts. Bauman is a moralist in the best sense of the word, though he would not identify himself as such, if we understand a moralist as not a man with a reproachful pointing finger. He is, however, a thinker for whom the subject of personal moral responsibility has been the central topic, both in theory and life. Consequently, not only Bauman's *Post-modern Ethics*, but also his works devoted to freedom, individualised society, death, and immortality, and even globalisation have followed the same or a similar ethos. In his book on globalisation, which others fill with figures and hopeful forecasts of a happily networked world, Bauman remembers a similar academic globetrotter (while considering himself as one of them after his expulsion from Poland in 1968), Agnes Heller who once wrote, with a sad allusion, 'my home is where my cat lives'. Bauman knows that a globalised world is as equally ambivalent as everything surrounding us; from highways and hypermarkets to body care and so-called ethnomusic, but he knows more: the era of globalisation is also an era in which communication between educated elites and the masses has broken down. Elites have nothing to say to the masses: they have nothing that would echo their own experience and their possible future.

Zygmunt Bauman never ranked among this type of elite; his ability to communicate with others has never faltered. Absolutely indirect but convincing evidence is the fact that Bauman has not only been published in the Czech Republic, but also read – and read and commented on, both read and criticised. He doesn't leave any of his readers indifferent, which is the result of at least two things: what he communicates and how he communicates it. Bauman doesn't convey banalities, because he can present even the most trivial aspects of our lives from an unusual angle, and chooses a literary form that follows in the tradition of the best sociological and philosophical essay writings – of course, he has been influenced by Simmel, but also by the great literature of the 20th century, namely, Kafka, Borges, and Musil; he has made many references to Kundera, he knows Švejk and understands him, and he references Huxley and Orwell, as well as Rabelais and Broch. This may be why he has had little attraction for philosophers that were too eccentric. Bauman has never been interested in academic disputes on how many paradigms dance on the needle point of a single sociology; empty skirmishes dealing with only science itself and not the world, which it was to bear witness to, went past him. To be honest, he went through this stage while still in Poland at the end of the 1950s and nev-

er went back to it. The malicious question as to whether what Bauman writes is not in reality eclecticism that is fed by sources too heterogeneous (e.g. from Lévinas to Senett, and from another point of view from Corbusier to Chagall) is a question irrelevant to Bauman – and by right. His sociology is a sociology of responsibility and election, i.e. a sociology of freedom. Bauman knows better than any other person what limited possibilities sociology has in the current complicated world. That is, he knows that sociology will not clarify for us how life will further develop. It will not assure us of how our efforts to create life knowingly will come out. It doesn't provide us with certainty about how everything is going to turn out. Sociology may, however, facilitate choice, it may show us what we cannot see from our everyday perspective, and thus simplify the decision-making between choices – in other words it offers the possibility of how in the best possible way, though not infallibly, to use the possibilities of freedom, which the future doesn't necessarily have to offer to us.

Let's look at this carefully: it is a freedom that we have and that we must value because it may no longer be in store for us in the future. Zygmunt Bauman, the great philosopher and sociologist of our time, is, however, neither a relativist nor a pessimist. He is a wise thinker tried by life and enlightened by modern science, who offers to us unusual and therefore not always pleasant perspectives on our possible futures. That is to say that he knows better than anybody else that to believe in the possibility of living in the best of all possible worlds, unless we already live in such a world, a big price has to be paid – from the loss of illusions to the loss of human lives. Nevertheless, Bauman's creed is optimistic because it has been based on the belief in man's ability to take responsibility for his own fate and the fates of his relatives into his own hands.

Bauman, the great admirer of the theoretician of post-modern irony Rorty, but also of the great ironists Kundera and Musil, has himself treated with irony the position of a poor or only medium-rich consumer in the post-modern society, who cannot turn from a vagrant into a tourist, because he simply doesn't have the means – it is however a kind, informed, and therefore cautioning irony: 'These defective consumers spoil the fun because they do not lubricate the wheels of the consumer economy and are of no use in this single sense. And because of they are of no use, they are also undesirable and because they are undesirable, they are the natural subjects of stigmatisation and convenient scapegoats.'

The great humanist of our time, a professor and *doctor honoris causa* of Charles University in Prague, Zygmunt Bauman knows that in the 20th century mankind had the worst experience ever with stigmatisation and scapegoats. His analyses of the present are therefore not only extraordinarily valuable from an analytical point of view, but also a warning. Indeed, the voice of Zygmunt Bauman must be heard. The Dagmar and Václav Havel Foundation Vision 97 wants to help make his voice heard by honouring Professor Bauman with the annual award for individuals having contributed in an outstanding manner to the development of mankind and humanistic cognisance.

Acceptance Speech by Zygmunt Bauman

In the April 1992 issue of the Yale Review, Richard Rorty recalled Hegel's melancholy confession that philosophy is, at utmost, its time held in thought. We may add: this is at any rate what philosophy tried hard to do – to hold time, to contain its restless and capricious jolts in a riverbed carved in rock with the sharp chisel of logic firmly held in the hut of reason. 'With Hegel', Rorty suggested, 'the intellectuals began to switch over from fantasies of contacting eternity to fantasy of constructing a better future'. We may add: they hoped first to learn where the riverbed led the time it held and they called it the 'discovery of the laws of history'. Disappointed and impatient with the slowness of the current and the twists and turns of the river, they resolved later to take the decision into their own hands: to straighten the course of the river to encase the riverbanks in concrete to prevent spilling, to select the estuary and lay out the trajectory which the river of time should follow. They called it 'designing and building a perfect society'. Even when pretending humility, philosophers could hardly hide their self-confidence. From Plato to Marx, Rorty suggests, they believed that 'there just must be large theoretical ways of finding out how to end in justice, as opposed to small experimental ways'.

We believe this no longer and few of us would be prepared to swear that they still do, though many seek desperately for ways to cover up the humiliating discovery that we, the intellectuals, may after all be no better at holding our time in thought than our fellow citizens... The discovery that time stubbornly refuses to stay obediently in the riverbed carved by reason, that it would surely tear to pieces any thought container in which it was supposed to be held, that no map has been charted nor is likely to be charted showing its direction, and that there is no lake called 'perfect society' at the far end of its flow – if, that is, there is an end to that flow.

Rorty, for once, rejoices in that loss of the intellectuals' self-assurance and welcomes the new modesty that is bound to follow. He would wish the intellectuals to admit – to others and to themselves – that there is 'nothing in particular that we know that everybody else doesn't know'. He wants them 'to rid themselves of the idea that they know, or ought to know, something about deep, underlying, forces – forces that determine the fates of human communities'. And he wants them to recall Kenneth Burke's remark that 'the future is really disclosed by finding out what people can sing about' – but to remember also Václav Havel's sober salutary warning, that in any given year one will probably not be able to guess which songs will be on people's lips in the year to come.

Yes, recall and remember the words of Václav Havel. We all think of Václav Havel as epitomising the great watershed in Europe's political history. Rorty implies that there is yet more to Václav Havel: his work, and the worldview that enlightened it, may well be thought of as the paradigm for the 'collective imaginary' of intellectuals on which a new sense of philosophy's mission in our post-confidence era may slowly (yes, slowly, there are no short-cuts here) be built. The foundation stone of that mission, as the records of Havel's work would suggest, is hope; and hope, as

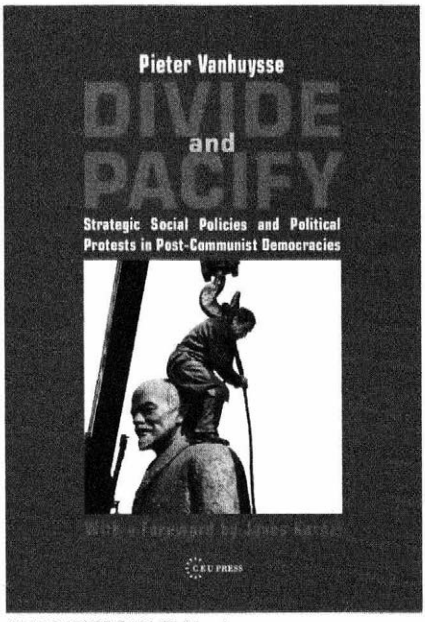
Havel insists, is not prognostication. Hope is anything but certainty. Hope, I would say, does not bind the future, but it makes the future possible and prevents pre-empting yet more future from coming. It gives future a chance that may or may not be taken. Speaking of the Prague Spring and its aftermath, Havel said: Who would have believed – at a time when the Novotný regime was eroding away because the entire nation was behaving like Švejks – that half a year later that same society would display a genuine civic-mindedness... and would stand with such courage and intelligence to a foreign power! And who would have suspected that after scarcely a year had gone by, the same society would, as swiftly as the wind blows, lapse back into a state of demoralisation far deeper than the original one! After all these experiences, one must be very careful about coming to any conclusions about the way we are, or what can be expected from us.

Speaking of 'us', Rorty comments, Havel meant Czechs and Slovaks – but what he said works as well if we take it to mean 'us human beings'. And how right he is. No one can say with any degree of certainty what we are capable of doing and how swiftly (and unexpectedly – for others and for ourselves) we can span the distance between saintliness and iniquity, heroism and cowardice, the heights of solidarity and the trough of selfishness. But we may hope.

Hope is one thing of which we can be sure that it needs to be stubbornly pursued, as it is one human stance that has no valid and worthy alternative. Hoping may – just may – help us to steer clear of iniquity, cowardice, and egotistic self-enclosure; and it will give the strength we need to resist the siren songs of absolute truth, the whole truth, the only and invincible truth... My friend Steven Lukes told me of a seminar to which Václav Havel, in late 1970s, invited him and some others to Prague. Havel had just enough time to open the seminar before plain-clothed police entered and took him back to prison. Who would believe then, Lukes wondered, in a vision of a Prague not much more than ten years away, in which police would no longer be interested in what people gathered around tables to talk about? Well, I suppose that without that seminar, and quite a few other similar traces left on the world by Havel's stubborn hope, it would be yet more difficult to embrace such a belief and for such a vision to become flesh.

As another great Czech, Franz Kafka, memorably put it – as a warning, encouragement, and premonition of Havel's oeuvre: If you find nothing in the corridors open the doors, if you find nothing behind these doors there are more floors, and if you find nothing up there, don't worry, just leap up another flight of stairs. As long as you don't stop climbing, the stairs won't end, under your climbing feet they will go on growing upwards.

This is why the distinction accorded by Vize 97, Havel's brainchild and another lasting trace of Havel's undying hope, is unlike any other distinction of which people like me, hoping against hope to catch our bizarre times in thought, could dream. I am immensely grateful because of all the wondrous ideas and urgent tasks for which that distinction, together with Vize 97, stands. I would only dream of being able to rise to the standards they, and their spiritual Father, set for the intellectuals of our 'world out of joint' and 'times let loose'...



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Recently published by Central European University Press:

Divide and Pacify by Pieter Vanhuysse

Despite dramatic increases in poverty, unemployment, and social inequalities, the Central and Eastern European transitions from communism to market democracy in the 1990s have been remarkably peaceful. This book proposes a new explanation for this unexpected political quiescence. It shows how reforming governments in Poland, Hungary and the Czech Republic have been able to prevent massive waves of strikes and protests by the strategic use of welfare state programs such as pensions and unemployment benefits.

Divide and Pacify explains how social policies were used to prevent massive job losses with softening labor market policies, or to split up highly aggrieved groups of workers in precarious jobs by sending some of them onto unemployment benefits and many others onto early retirement and disability pensions. From a narrow economic viewpoint, these policies often appeared to be immensely costly or irresponsibly populist. Yet a more inclusive social-scientific perspective can shed new light on these seemingly irrational policies by pointing to deeper political motives and wider sociological consequences.

Pieter Vanhuysse obtained his PhD at the London School of Economics. A former fellow of the Institute for Advanced Study at Collegium Budapest and the Higher Education Committee of the State of Israel, he currently holds a joint appointment as Lecturer in Political Economy at the School of Political Sciences and the Faculty of Education of the University of Haifa.

Pieter Vanhuysse ... is a political scientist, an economist and a sociologist in one person. Through his original synthesis of insights from these various disciplines, he shows how an interdisciplinary perspective can help to make better sense of phenomena that appear to be puzzling, or that remain unaddressed, from the point of view of any one discipline. ... *Divide and Pacify* ... suggests that extensive social policies can be politically efficacious strategies, while never forgetting that such measures are needed to alleviate people's suffering in the midst of traumatic social changes. ... the core message of this book is important, and it has a larger relevance across many settings in which democratic governments face the task of implementing costly reforms in complex and uncertain policy environments.

From the Foreword by János Kornai

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Dariusz Gawin, Piotr Gliński (eds.):
Civil Society in the Making
Warsaw 2006: IFiS Publishers, 377 pp.

Once suspected by some observers to be a trendy term that would have its fifteen minutes of fame and then be relegated again to a second-rank position in social-science vocabulary, civil society has instead become an elementary concept for theorising about democracy. Its popularity is not only not waning but, on the contrary, is climbing to ever greater heights. *Civil Society in the Making* is a collection edited by Piotr Gliński and Dariusz Gawin, researchers at the Institute for Philosophy and Sociology at the Academy of Sciences in Warsaw. Naturally it focuses mainly on Polish civil society, but individual articles are also dedicated to civil society in Bulgaria, Romania and Serbia and to European and global civil society. A timely combination, indeed, for a book published on the eve of the accession of Bulgaria and Romania to the European Union, which, in turn, gives increased relevance to the issue of EU membership for Western Balkans countries.

As the book editors rightly point out in their introduction, civil society is a multidisciplinary concept open to disputes and containing an inherent tension between normative and empirical levels of analysis. Correspondingly, the disciplinary identity of contributions oscillates between sociology, political science and political philosophy and most, if not all, combine a normative approach with an empirical one. The volume's sixteen articles are divided into four sections. The first section addresses various conceptual issues in civil society theory. Whereas the second part focuses on the development of civil society at the European and global level, in the third section entitled 'Cultural and Regional Aspects of Civil Society' questions of political culture and civic attitudes in various regions are addressed. The fourth section of the book is devoted to the development of the NGO sectors and the obstacles to their growth in Poland and Bulgaria.

Inevitably, given the ambiguity of civil society as a concept, there is some overlapping of the various themes addressed in the different sections of the volume. For instance, interesting contributions to the controversy about the most appropriate definition of civil society can be found both in the theoretical essays and in the empirical studies. Nataliya Leshchenko makes a strong case for the inclusion of political parties in civil society in the new democracies, where, in her view, the parties cannot be clearly separated from civic movements and civil society organisations because they often perform some of the functions that would fall to the latter in advanced democratic systems. In a remark of interest to Czech readers, she notes that the Czech dissidents were the only ones in post-communist Europe to have adopted what she calls 'a self-effacing stance' (p. 30) keeping a relatively low profile in post-1989 politics. An informed discussion of the definition of NGO sector by Galia Chimiak arrives at the opposite conclusion that political parties should be left out of the third sector, as they aspire to directly participate in government. Chimiak is also arguing for the exclusion of churches from the NGO sector, mainly owing to their undemocratic character (p. 300–301). This view differs again from the balanced perspective defended by the Serbian author Ivana Spasić in her discussion of the state of civil society in Serbia before and after the 2000 collapse of the Milošević regime. Spasić warns against a one-sided and normatively overburdened understanding of civil society, in which only pro-democratic and Western-oriented organisations are admitted, arguing that from a neutral sociological viewpoint non-democratic and anti-democratic civic groups are equally a part of civil society (p. 216). Even if these and the other various views on the scope of civil society and the NGO sector presented in the volume may at first glance appear contradictory, they are in fact justified as a reflection of the complexity of this phenomenon, which is revealed in comparisons be-

tween different societies, and, as such, they provide a solid contribution to improving our understanding of the realities of civil society.

Civil society is studied in the volume from diverse angles and perspectives. Nataliya Leshchenko reflects on the impact of civil society on the social attitudes and values of the society at large in a methodological and theoretical study. She assigns civil society 'an ideational role' (p. 28) vis à vis the wider society and proposes a list of variables and indicators for measuring how efficiently civil society plays this role. Among other things, she also emphasises the need to study moral leaders as the engines of value change in society, a recommendation certainly worth following to avoid the risk of conceiving society as a playground of blind systemic and structural forces.

The contribution by Daria Łucka looks at civil society from the point of view of contemporary political philosophy. The author favours a communitarian interpretation of civil society, which she plays against the liberal position on the one hand, and either the conservative or the social-democratic position on the other. In her view, 'communitarism searches for intermediate, moderate solutions ... it proposes non-ideological, non-extreme explanations, which are close to social practice' (p. 36–37). In Łucka's view, this kind of 'golden mean' offered in the communitarian version of civil society successfully avoids the pitfalls of both the extreme individualism of which liberalism is guilty and the exasperated collectivism to which conservatism and the social-democratic outlook, both in their own ways, fall victim.

The theoretical contribution by the co-editor Piotr Gliński sets itself the difficult task of finding a viable operationalisation of civil society. The author lists nineteen descriptive features of civil society that appear to be mutually reinforcing, even though, as he readily admits, they may at times weaken or even contradict each other. Worth singling out is Gliński's feature number 1 – civil society is a residual social realm situated between small primary groups and big societal structures – and feature number 15 – civil society is the field in which civic virtues are cultivated; a theoretical view on politics similar not only to that of Aristotelians but also to the prominent Polish sociologist Maria Ossowska.

Traditions in political thought about civil society are the point of departure for the study on European civil society by the volume's other co-editor Dariusz Gawin. His analysis of the official EU documents in which civil society is defined and its desired role in EU politics is made explicit reveals the technocratic nature of EU efforts to use civil society as a means of overcoming its famous 'democratic deficit'. The paradox of the EU top-down support for European civil society is conveyed in the Foucault-inspired concept of governmentalisation: in order to be treated as partners, the organizations of civil society must mould themselves into the image of EU institutions and accept the rules of the game of the EU's consultation culture. For this the price they pay is the loss of their original spontaneity and embeddedness in broader society. For Gawin, the EU's conception of civil society is thus heir to neither the Natural Right tradition of resistance to despotic rule nor the tradition of morally transformational civic engagement represented by Havel or Michnik. It instead bears similarity to the Hegelian concept of civil society run by an enlightened 'universal class' of state bureaucrats. There is, however, a second current of European civil society, in the radically leftist youth movement against globalisation. It remains to be seen if the two can become allies on a permanent basis, or only occasionally, as when Western Europe protested against the war in Iraq.

Interesting theoretical insights are sketched out in a brief essay on volunteerism and Polish cultural traditions by Andrzej Siciński. He distinguishes three cultural dimensions defined by the polarities between: *Gemeinschaft* and *Gesellschaft*, Catholic and Protestant churches, liberal free-market societies and communist regimes. Noting that

the *Gemeinschaft* type of social solidarity represented a very strong cultural tradition in Poland, Siciński explains the relative weakness of the *Gesellschaft* civic activism in Poland in the combined effects of factors as disparate as the Catholic tradition and the communist legacy.

The issue of European civil society is addressed again in the study by Sami Makki on the involvement of NGOs in the EU's Common Foreign and Security Policy. The author examines different levels of NGO participation in various policy-making mechanisms in the framework of CFSP, reflects on the existing reserves that could be used in order to increase the role of NGOs, and discusses the ways in which to avoid marginalising the NGOs from new member states in the EU policy-making process. The geo-sociology of global civil society is the subject matter of Paweł Załeski's article, which approaches the arena of global NGOs from the perspective of bureaucracy and public administration theory. The author argues that this approach refrains from either overestimating or underestimating the role of the state, of which both international relations theory and social movements theory, respectively, are guilty, and allows for an objective assessment of the professionalisation of the global NGO sector. He concludes that the apparatus of global governance is dependent on the global non-governmental administrative system that exercises considerable influence over the recipients of its benefits in virtually any corner of the world. A specific phenomenon of global civil society, the anti-globalisation movement, is analysed by Piotr Gliński in a critical study of the movement's inherent contradictions. For the author, the fundamental contradiction between its civic goals and its uncivil and violent practices accords the movement an essentially self-destructive character.

Various cultural and regional dimensions of civil society are illustrated in articles on Poland, Romania, and Serbia in the third section of the volume. Based on qualitative interviews, Anna Wyka's study investigates how Polish NGO representatives interpret the principle of subsidiarity that is explicitly mentioned in the Preamble to the Polish Constitution. The author also looks into the perceived impact of this constitutional principle on social practice. She notes that the implementation of the subsidiarity principle is far from perfect, owing to the 'unhealthy competitiveness' (p. 192) between various levels of public authority, but she sees signs of future improvement in recent changes to the Polish non-profit law and the sector's increasing professionalism. The article by Ivana Spasić offers a well-argued discussion of the situation of civil society in Serbia and of the role it played during and after the fall of the Milošević regime. As noted above, this author is very sensitive to the potential risks of uncritical use of the civil society concept. She rejects not only normatively one-sided, exclusive concepts of civil society, but also the downplaying of the role of the state and of nationalist and religious currents in civil society, while at the same time she points to both the financial and the conceptual dependence of pro-Western NGOs in Serbia on Western donors. In his text on Romanian political discourse, Ovidiu Caraiani discusses the stances taken by nationalist and anti-nationalist intellectuals and politicians in Romania between the 1930s and the 2000s. In the conclusion, he argues for a liberal conception of a neutral state, rejecting the politics of identity and a collectivist-communitarian vision of the state as the embodiment of a shared conception of the good.

The outcome of independent research into the inter-dependency of the use of the Internet and NGO activism are presented by Artur Kościański. Following Bach and Stark's thesis that the path of NGO development in Central and Eastern Europe copies the spread of new technologies, Kościański investigates how the availability of the Internet modifies the opportunities for civic activism and organisation in voluntary associations. Based on the 2002 European Social Survey data for Poland, he notes a higher lev-

el of civic activism among frequent Internet users. However, when assessing the overall impact of Internet technology on the Polish NGO sector, his position is somewhat sceptical: there is a clear digital divide between privileged well-funded, well-equipped and professionalised elite NGOs and the majority of others. Many NGOs have a local focus and therefore little motivation to 'get on-line', and some NGO leaders have resisted the use of the Internet fearing that the new technology would democratise the organisation and undermine their source of authority.

The last section of the book, concentrating on the NGO sector, deals mainly with the situation in Poland. The only exception is the closing article by Iliyana Nikolova on Bulgarian NGOs, based on focus groups and interviews with representatives of the Bulgarian third sector. Their assessment of the overall situation in Bulgaria is a fitting description of the NGO sector in any post-communist country: very diverse, but dependent on foreign donors, divided, without a unified structure, and focused only on immediate partners.

The remaining three articles in the last section of the volume focus on Poland. Piotr Gliński's study uses a rich basis of quantitative data to disclose the dilemmas of development of Polish NGOs. His criticism of a situation in which large portions of government funding for NGOs go to very un-civic sports organisations, an inexhaustible reservoir and safe haven for many communist-era cadres, would undoubtedly fall on sympathetic ears in the Czech Republic. Also his description of anti-civic interest groups and the clientelism burgeoning in local politics is very familiar to Czech readers. Galia Chimiak in her systematic study of the NGO sector in Poland delves into the relationship between civil society and the NGO sector, concluding that 'NGOs constitute one of the media of civil society' (p. 300) and thus deserve to be studied in depth in their own right. After reviewing literature on the emergence of the non-profit sector in general and in post-communist countries in particular, she proceeds to describe the rise of the NGO sector in Poland. Her findings are fittingly complemented by a study authored by Barbara Lewenstein and Hanna Palska that addresses the issue of the stance Polish NGOs take towards political authority. Drawing on Claus Offe's idea of non-institutional politics and Christopher Lasch's thesis on the rebellion of the elites, the authors conducted qualitative interviews with representatives of leading politically active Polish NGOs. They discovered a surprising similarity of views within the respondent group and a general trend to accord the utmost importance to their relations to political authorities: 'their identity as public actors is more influenced by their relations with the sphere of power than the society' (p. 351). This again is an observation that is likely to apply not just to Poland but to all post-communist countries, and the same is true when the authors emphasise the limits of this model of operation of NGOs in society. In Poland, along with anywhere else in the region, the NGO sector as such has failed to build up durable channels of communication with authorities other than old and new friendships, and the support of the wider public is far from satisfactory.

The state of civil society in post-communist countries certainly offers few grounds for feeling confidently satisfied about its progress. But what has not yet been created, fully achieved and completed, can at least be in the making. Galia Chimiak is certainly right in observing that the practice of involvement in non-profit organisations is becoming increasingly embedded in the social structure of Poland (p. 325) and the validity of her claim can be extended to other post-communist societies. The studies collected in the volume support this moderately optimistic view. At the same time they offer positive evidence that the Central and Eastern European civil societies in the making can more than ever before rely on reflexive knowledge produced by local academics.

Marek Skovajsa

Josef Macek: ***How Do We Think? A Survey of the Ways of Reasoning.***
(The posthumous publication of Macek's manuscript, introduced and edited by Vladimír Benáček.)
Prague 2006: The Karolinum Press, 292 pp.

How much energy, faith, and intellectual strength does one need to produce a piece of work like the one in this review after suffering eight years of persecution and another twenty years of exile? This certainly is one of the questions that come to mind when reading the last and as yet unpublished book by Josef Macek (1887–1972) on thinking in the social sciences. As a leading Czech economist, sociologist, and intellectual in the interwar period, Macek first had to renounce his university career during the Nazi occupation and subsequently fled the Gulag by emigrating to Germany, France, and then Canada, and finally ending up in the United States, where for eleven years (1950–61) he was a professor in economics at Pittsburgh University.

How Do We Think? transcends Macek's studies of economics and shifts the frontier of thinking closer to the philosophy of science by attempting to find common features in the methodology of economics, sociology, politics, law, and history. The book seeks to demonstrate how humanity has been moving towards more rigorous ways of reasoning in its proof of statements about facts, values, or logic in the social sciences, but at the same time has been unable to avoid abusing that rigour by succumbing to the temptation to prove the unprovable or to persuade the consumers of ideas to accept ideological statements biased by vested interests. While today there are ethics committees in professional societies, peer reviews, and other devices aimed at guaranteeing scientific accuracy and correctness, Macek, together with thousands of fellow scientists that suffered the atrocities of different totalitarian regimes, experienced first-hand the effects of biased trials and false proof. His thoughts and recommendations against premature judgement and generalisations therefore carry a weight that serious scholarship cannot ignore or dismiss. His book continues to be interesting, inspiring and in many aspects contemporary even today. It is also in a way testimony of how Czech, Central European, and even world thinking in the social sciences evolved.

It was Joseph Schumpeter, a contemporary of Josef Macek, who proposed the idea that instead of concentrating on the argument of the author and the evidence he/she has to support it, in the social sciences it is the way in which these arguments are formulated and defended that may be more relevant. Rather than content, it is the form of the explanation that in the more loosely structured sciences the relevance of the statements rests on. In this, his last manuscript, which he died before completing, Macek concentrated on the culture of persuading the public used by economists, sociologists, politicians, historians, and lawyers. The book looks at the statements that scientists, and even casual observers and moral preachers, claim about societies. How do we prove our ideas? What can be considered as satisfactory proof of their content? Such questions become even more significant given the erosion of trust in objective truths (for example, as was common in the case of the belief in eternal principles derived from god or natural forces) that has occurred over the past 150 years amidst rising relativism and subjectivism.

Macek was a sceptic and strongly influenced by Anglo-Saxon social thought after the First World War. At the same time, having directly clashed with two totalitarian doctrines he was more sensitive to abuses of every kind in the social sciences. Thus the reader can relate to the ideas that Macek puts forth in this unusual book, wherein he draws from his extensive observations of both the history and the controversies of the modern world. He claims that while the world has advanced to unprecedented levels in technology, social behaviour and social

thought do not seem to have advanced at equal speed. As Macek claims, it was not 'the blind forces of nature' that caused the majority of human disasters – most of them have been man-made. Can this be understood in terms of a grand failure of the social sciences? Macek thinks not. Notwithstanding their methodological limitations and the risks of abuse, the social sciences have a positive explanatory power without which societies cannot progress.

This book opens with many interesting 'case studies', which are classic examples of the social thought of sociology, economics, or politics, where values always remain (often implicitly) a part of the argument. The ways in which fallible humans treat their ideas, declared as infallible truths, often turn out to be ineptly comic, despite a history of similar fatuous claims for the last 2500 years. But learning has been subject to progress, both in terms of what we do know and what we do not.

Josef Macek's life has been filled with ups and downs, and he shares the scepticism of his generation, which was massively influenced by the wave of revolutionary thinkers from Central and Eastern Europe. Life in this part of the world at that time provided rich material for social observation. When at the age of 62 Macek illegally crossed over to the other side of the iron curtain, fleeing for his life, he ended up at the University of Pittsburgh, where his ideas brought him to more philosophical cogitation than was customary for a professor of economics. In his view, people strive towards a trinity of aims: wealth, justice, and cognition (truth). They employ fascinating capacities in their effort to achieve them. The methodology of proof is an inalienable part of that quest. In this book he propounds the history of mankind as the fight for truth, where the fight itself is often 'a tilt at the windmills', with rules that are rather opaque and the judges not always non-partisan. When, as opposed to G. Leibniz but in line with K. Popper, we can never be sure that our reality evolves 'absolutely correctly' (e.g. that we live in the best of possible worlds), there is an enormous amount of space for the social sciences to become instruments of human happiness, or conversely for their abuse. Thus the methods of proof remain the quintessence of the social sciences.

Given its objectives (proof of facts, of logic, of values), the methodology of proof has a multitude of means at its disposal, not all of which have an equally strong power to prove. According to Macek, humankind first used analogy to prove (or rather augur) divine orders in the search for absolute truths. He is sceptic about their validity, even though until now such approaches remain a good point of departure for continuing with more robust techniques of proof – such as proof by fact or by consistence with logic or with human values. By accepting the possibility of confronting 'value judgments' (e.g. policies or legal prescriptions) with the methodology of proof, Macek departs from 20th-century mainstream economics. However, there has been rising interest recently in many social disciplines (e.g. in law and economics, axiology or theology) in subjecting value systems to the logic of rationality and discussing their validity as endogenous or optimal entities. This will definitely long remain an open side of all the social sciences.

Macek discusses other approaches to proof by citing numerous examples of the role of experience, statistics, or consensus. Although their methodology and degree of sophistication have progressed enormously since the 1960s (see, for example, econometrics, sociometrics, experimental economics, or data processing), many of their old weaknesses remain unchanged. Then there are two less robust approaches to proof: proof by authority and by tradition. In contrast to the previous, their methodology has hardly changed at all over time and has remained at a rudimentary level. Nevertheless, and quite surprisingly, contemporary social arguments and political decisions still rely heavily on such highly questionable underpinnings.

Proof of dubious value – proof by miracle, sacrifice, martyrdom, death, and silence – are definitely beyond the boundaries of modern science. Surprisingly, as Macek argues, they have not lost their appeal in some areas and many decisions made by otherwise enlightened social agents yield to their absurd implications. Even worse, sophistic proof (i.e. in other words 'proof' by outright lying, by ignorance, or by intentional sloppiness) seems completely unacceptable. Unfortunately, as with the previous example, real life is not resistant to their existence. Many recent scientific techniques of proofs by logic, mathematics or statistics are so advanced and complicated that their error or abuse escape easily the attention of their users. Technological advances and the sciences are neutral to applications. They can be used as much for the progress of humanity, as for its destruction. Thus lying can also be done 'scientifically', as most of us know, not only owing to Winston Churchill's famous dictum that 'the only statistics you can trust are those you falsified yourself'.

How Do We Think is definitely not the last word on the methodology of proof in the social sciences. It cannot mask its mid-20th-century origin or its 1930s-style of writing. Nevertheless, the book addresses many issues of the contemporary social sciences, the limits of validity of their statements, and the critical approaches to them for reducing our exposure to their unjustified claims.

In an age of 'publish or perish', when quantity more often than not outstrips quality, Macek's late-coming volume is unlikely to attract a wide readership. Just as it was when it could first have been published, i.e. in the late 1960s, the book is today still a disturbing piece of scholarship, because it invites us to rethink and reconsider our output before presenting it to a lay or a more scientific audience. While this is often ruled out by time and other constraints, with most of us struggling to meet publishing deadlines and get teaching agendas right, temporarily renouncing premature exposition and looking at it from the perspective of alternative explanations may substantially improve both the form and the content of that output. Those who do read the book and absorb its ideas will hopefully diffuse them in both their writings and teaching, thus helping to keeping alive the intellectual heritage of this great Czech economist *cum* philosopher, while at promoting the endless search for scientific truth and its most appropriate form of presentation.

Macek does not provide us with 'a king's way' of proving our ideas. While his *Weltanschauung* is anything but systemic – and systemism, rightfully understood, and according to the opinion of the author of this article, may indeed be an alternative to avoiding the type of scholarly pitfall, heroic generalisation, or premature judgment of which this book abounds with all sorts of examples – he nevertheless embraces one essential of systemic reasoning: he recommends that one transcend narrow disciplinary boundaries and the exposition of one's own findings into the less familiar terrain of adjacent disciplines with a view to ultimately checking their validity in the light of equally relevant discourses. In the preface to the book there is a reference to Sir Josiah Stamp, a prominent English economist, banker, and lawyer, which Macek has evidently included deliberately. Stamp ascertains that he would rather deal with the man in the street than an opinionated doctor for a judgment in economics, theology, or music, not least because judgment, in his view, is more and more dependent upon common-sense synthesis and the convergence of different attitudes toward life and its qualities.

How Do We Think is not one of those books that should be left to disappear in the shelves as part of a collection of rarities that are never ultimately fully absorbed. The book deserves a place close to the desktop, where it can easily be consulted and is at hand to be re-read again and again.

Jürgen R. Grote

Andrew Roberts: ***From Good King Wenceslas to the Good Soldier Švejk. A Dictionary of Czech Popular Culture.*** Budapest, New York 2005: Central European University Press, 300 pp.

In *Reading the Popular* (1989) John Fiske defined culture as a systematic process of the production of meanings on the basis of social experience. Most members of society have first-hand everyday experience with this process of symbolic production in their interaction with popular culture, as popular culture plays a fundamental role in the construction of identities. In this regard, Parsons has correctly noted that there is no way to clearly separate the study of culture and society. From the perspective of cultural studies, popular culture is part of the process of the production and reproduction of social life and is at the same time an instrument of power and a tool of resistance to power (the emphasis on unmasking political and ideological influences and practices within capitalist society means of course that cultural studies are also highly political).

Popular culture is understood to refer to the sum of various activities and products that reflect the lifestyle of society as a whole and that of its various sub-cultures and the individuals within it (the term is sometimes translated into Czech as 'common culture', as it is synonymous with the entire breadth of everyday experience). Examples of what you might find within the realm of (Czech) popular culture are the protagonists in the most popular TV reality show; a kitchen straight out of an Ikea catalogue; a billboard-size photograph of Richard Krajčo – front man in a Czech band called Kryštof – riding the Pendolino express; a Hugo Boss jacket worn by Karel Gott posing on the front cover of the weekly tabloid *Lucky Jim*; a list of the top-ten restaurants in the Czech Republic, along with their master chefs' fool-proof 'secret' recipes; your neighbour's favourite cologne and his wife's preferred brand of automobile; the ad campaign of a company that makes condoms; the latest film starring Meryl Streep, and so on into an infinity of other cultural references. What is clear in this is that the mass media play a key role in the production and spread of popular culture.

'Popular culture' is not a term that is semantically established and rooted in public awareness or even in its usage within the academic community. One reason for this lies in the fact that the valuation it conveys can be positive or pejorative, but it is also because there are two ways of looking at popular culture: 1) as a culture forced on the public from without, or 2) as a culture that originates among the people, reflecting their traditions and taste.

Cultural studies, a field that began to develop in the late 1960s, takes a primarily positive view of popular culture. In part this is because cultural studies emerged out of the concept of the 'active audience', at the genesis of which was Stuart Hall's model of encoding and decoding and John Fiske's theory of polysemic texts (people generate their own meanings from a text according to the needs of their own identity). Concisely put, the audience is endowed with semiotic power, and based on its interpretative practices and its cultural background it can encode and decode messages – and thus also every product of popular culture – in various ways. Members of the audience are in this case not viewed as helpless victims oppressed by a dominant (cultural or other) ideology, but are instead seen as free beings that have and exercise the right to decode, 'read', and interpret every message in their own way, or as Stuart Hall puts it: in the (producer's) preferred code or in an oppositional or negotiated code. Popular culture is therefore created by meanings that people construct rather than by meanings that we can identify in a message. The production of popular culture may lie in the hands of (global) organisations and corporations, but it is the audience that has control over, creates, and many a time even changes its meanings.

It is within this paradigm of everyday, 'common', 'experienced' popular culture that the American Andrew Roberts is working with his dictionary of Czech popular culture, aptly titled *From Good King Wenceslas to the Good Soldier Švejk*. This author may be familiar to regular readers of the *Czech Sociological Review*, as an extract from the book was published in Volume 39 (6). As Roberts writes in the Foreword, his aim "is not to provide a complete account of Czech history and culture. I am neither a historian nor cultural critic, merely an observer of everyday life. My aim is simply to introduce the reader to a number of concepts – people, places, songs, games, slogans – common in Czech popular culture". (p. ix in Preface) According to Roberts the book could easily be subtitled: 'Things That Every Czech Knows, But No Foreigner Does'. The author has selected over seven hundred such 'things', presented in the dictionary's entries, which are arranged alphabetically in the book and in the index are grouped under thematic headings: Appearances, Art, Celebrities, Children, Cities and Towns, Communism, Consumer Products, Czech Places, Expressions, Folk Traditions, Food and Drink, Foreigners and Ethnicities, Historical Figures, History, Holidays, Home, Work and Daily Life, Language, Literature, Media, Military and Police, Music, Myths and Legends, National Traits, Religion, School, Social Life, Sport, Symbols, and Theater. Following this list and theoretical overture, it is no surprise then to find on a single page entries like *knedlík* (dumpling), Komenský, J.A. and *komunismus* (communism), or *Strč prst skrz krk*, (Stick your finger through your neck), *sudetští Němci* (Sudeten Germans), *svatba* (wedding), and *Svatý Václav* (Saint Wenceslas), or *papaláš* (fat cat), *panelák* (prefabricated apartment building), *pěstitelské práce* (cultivation work), and *pětiletka* (five-year plan).

Roberts' background in political science is reflected in the accuracy of the entries on Czech (and Slovak) history and statehood. Whether writing about well-known historical figures or specific historical periods, turning points or dates, he presents a clear, concise and impartial idea of something that is – let's hope – part of every Czech's mental cultural map. Perhaps the only debatable entry in the History section is the inclusion of *Sametový rozvod* (the Velvet Divorce – the break-up of the Czech and Slovak republics on 31 December 1992), not because it was not a crucial geo-political event in the region in the 1990s, but because this metaphorical reference belongs more to the vocabulary of Czech intellectuals, while 'separation' is the word more commonly used for the event. Other minor criticisms relating to the choice and usage of some terms in Czech could also certainly be found – for example, Czechs use the word *Houbaření* rather than *Houbařství* for their 'mushrooming' pastime, and *Tlachání* (catching) comes across as a somewhat unusual if not actually archaic phrase in the contemporary Czech language.

Looking again at the dictionary's structure, one has to acknowledge that the author has done truly remarkable research in the other areas of Czech popular culture he defines. The parade of figures from Czech theatre, film, literature, and sports is accompanied by a catalogue of customs, traditions, everyday items, and distinctive attributes of various sub-cultures from different periods, and even things bound to be found in the wardrobe of every 'average' Czech. The reader also learns about Czech gastronomic habits and national mythology, plays on words, fairytales, and various phenomena connected with education, the family, predominant ideologies, and other things that the Czechs 'lived through', particularly during the communist period. On occasion a questionable interpretation appears in some entries. For example, it is not clear what is 'mysterious' (p. 156) about foreigners' reasons for liking the Czech speciality fried cheese, and the author makes the unsubstantiated, and thus highly subjective, claim that in the Czech Republic "wine... is even frequently mixed with soft drinks" (p. 179). In these points the author appears to be speaking from his own

preferences and experience, which are otherwise absent from the majority of the 'objective' interpretations in other areas, but that in no way detracts from the quality of the book overall.

The entries mapping the 'cultural' sphere in the narrow sense of the word, that is, the entries informing readers about which actors, bands, books, writers, singers, songs, and filmmakers rank among those most 'popular' in Czech society, is based primarily on production dating from the First Republic and the normalisation period. All the 'schoolbook' authors can be found (here it should be noted that the English translation of Ladislav Stroupežnický's play *Naši furianti* (p. 111) that the National Theatre in Prague uses is 'Our Uppish and Defiant Fellows' and not 'Our Swaggerers', as Roberts translates it in the book). Regrettably, the cultural scene after 1990 is somewhat neglected and sparsely referred to, as is production in the area of mass forms of entertainment and especially TV, but considering the scope of the book it is hard to hold this against the author.

Notably absent from the book, however, is an entry for TV series, though Roberts does write about Jaroslav Dietl, the most famous writer of normalisation-era TV series, and his *Nemocnice na kraji města* (Hospital on the Edge of Town). However, in the Czech Republic and globally there is no more characteristic element of popular culture than the TV series. It and its audiences occupy a central place in academic literature on popular culture, and in recent years the Czech TV series is a phenomenon that has become the object of serious academic attention even in the Czech Republic; the sociologist Irena Reifová and the historian Petr Bednařík, for example, have lectured on this topic both at home and abroad.

There are many ways of looking at Andrew Roberts' book. It is an important empirical contribution to Central and East European sociology of culture, which particularly under the previous regime struggled at the margins of academic interest, and which, not unlike the mythical Phoenix, is only gradually arising anew out of the ashes. But it is also bound to appeal to the wider public, given its wealth of content and easy style (at times perhaps too 'light' for academic taste). And that is its equally if not more important asset – it provides foreigners interested in the Czech Republic with a much broader picture of Czech popular culture than they will every find in a tourist guide, either in human or published form. It also presents an outside look at this culture through foreign and detached eyes, which, regardless of whether the view is amiable or ironic, is enriching to both the observer and the observed. For this reason we trust that it will interest some publisher enough for a Czech translation of the book, making it available to as large as possible a number of the 'observed' – Czech readers. A good accompaniment would then be a translation of a work containing insights on the Czech Republic, Czechs and their culture titled *Gottland*, by the Polish journalist Mariusz Szczygieł, which was published in 2006 by Czarne publishers.

Markéta Škodová

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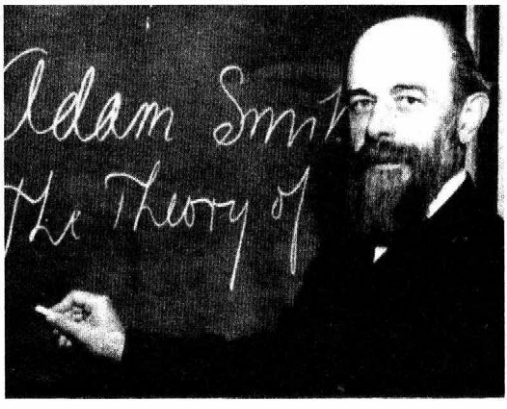
How Do We Think ?

A Survey of the Ways of Reasoning

Josef Macek

Edited from an unpublished manuscript by Vladimír Benáček



The book is an edited manuscript of the last study by Josef Macek (1887-1972), a leading Czech economist, sociologist and intellectual in the inter-war period. This text, written in exile as Professor Emeritus at Pittsburgh University, transcends his studies of economics and moves the frontier of thinking closer to the philosophy of science by attempting to find common features in the methodology of economics, sociology, politics, law, and history. Using numerous examples Macek shows how humanity has moved towards more rigorous ways of reasoning in proving statements of fact, value, or logic in the social sciences, but at the same time has not avoided abusing that rigour in the temptation to prove the unprovable or to persuade the recipients of ideas to accept false statements biased by vested interests.

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