

## Czechoslovakia in the Middle of Transition

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**Abstract:** The article deals with the processes of the Czechoslovak transition from a soviet-type society to a democratic and liberal one. The transition is composed of three main, mutually interacting processes: 1. the constitutional change, i.e. the transformation of the political system and state identity, 2. the change of the economic system, i.e. the transformation of the planned economy into a market economy, and 3. the formation of a civil society out of an authoritarian and closed society. The relationship between the three mentioned changes belongs among the main problems of transformation. The coordination, harmonization and sequencing of the three transformations are being carried out without any previous experience and without the possibility of experimentation, or the time for careful testing of different options. The stabilization of the constitutional framework belongs among the preconditions for successful economic transformation. The Czechoslovak transition to a democratic society and market economy is complicated by unresolved problems in the constitutional sphere, i.e. by the unresolved relationship between the Czech and Slovak republics. The definite test of the success of the transition will be the formation of civil society. It is a long term process which will probably last many decades. It is the most complicated and precarious part of the transformation and is hampered by the value syncretism of the population, by efforts to combine opposing rules of social and economic behavior. The success of the transition depends to a large degree on the ability to mobilize the inner resources of the country. The mobilization processes are socially and culturally conditioned ones.

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Most authors commenting on the events in Central and Eastern Europe have arrived at the conclusion that the revolutions of 1989 had an undoubtedly epochal meaning, but at the same time lacked "the pathos of novelty", that, according to Hannah Arendt,<sup>1</sup> belongs among the essential features of modern revolutions. In their opinion these were revolutions without a revolutionary theory, without a historical model and without new goals. In fact, they endeavored to restore the ideals and claims of the Enlightenment, of the American and French revolutions, the Rights of Man and of Citizens and the sovereignty of the people. The political

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<sup>1</sup> For a review of statement stressing the absence of novelty in the 1989 revolutions see the excellent study by Krishan Kumar [1991]. Kumar's paper was delivered at a course on post-communist societies at the Central European University in Prague, 1991.

earthquake of 1989, which certainly changed the world, was labelled by Jürgen Habermas [1990] as a "rectifying revolution", Alain Touraine [1991] considered it the movement of Central and East European societies towards "a normal situation from an abnormal one, which had been imposed on them", and Francois Furet, more radically, as the end of a "long and tragic deviation which had begun in 1917".<sup>2</sup>

Besides this stress on the *return* to traditional liberal and democratic concepts and institutions, the second most frequently mentioned feature of the 1989 revolutions is the fact that they mark the *end* of socialism.

And so, if we leave aside historical subtleties and mild differences in interpretation, most serious observers agree on combining both mentioned features: what happened in 1989 was in fact the end of socialism, and restoration of liberalism and capitalism will follow. The 150 year old rivalry between the two main theories that were the products of industrial society came to an abrupt end, in spite of the fact that for a long time - and even not so long ago - it seemed that socialism represented the winning side. The long-lasting competition resulted in the surprisingly rapid collapse of the communist regimes of Central and Eastern Europe as well as in the Soviet Union, within only two years.

Nevertheless, the experiences from the two years that have elapsed since the revolutions have shaken the validity of the idea that after the collapse of socialism the restoration of liberalism will necessarily follow. Of course, the institutional structures and official ideologies that were an integral part of the socialist ideocracies have indeed disintegrated. In the whole former Soviet bloc, as well as in Yugoslavia and Albania, the three pillars on which real socialism had been standing were removed: 1. the constitutionally guaranteed leading role of the communist party in all spheres of life, 2. central planning as the main instrument for organizing economic life, and 3. the ideological monopoly of Marxism - Leninism. However, as attention is beginning to shift from analyses of the revolutions themselves to issues concerning the further development of the post-communist societies, the original equation - that the defeat of socialism in its struggle with liberalism will automatically and necessarily lead to the introduction of liberal-democratic regimes - appears to be a dangerous simplification. What certainly is valid is the first part; statements on rectification, restoration and the return to liberalism, however, have become mere expressions of hopes - the probability of their realization differs from one post-communist country to the next. At present it seems evident that there does not exist an inner determination of the post-communist countries' development towards a democratic model. To establish permanent democracies in these countries will require a considerable long-term effort, even if some of them have better internal and/or external conditions in this respect. It is nevertheless possible that the post-communist societies may evolve in another direction. They may deteriorate into new forms of non-democratic, though not necessarily fascist, regimes. There exist other

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<sup>2)</sup> Francois Furet is quoted in the Czech edition of Ralf Dahrendorf's *Reflections on the Revolution in Europe* [Dahrendorf 1991: 28].

possibilities: almost imperceptibly there can emerge new forms of authoritarian "quasi-democracies", regimes with strong governments or strong presidents and with dirigist economies, populistic neo-nationalisms or conservative forms of corporatism.

### **The Heritage and the Barriers to Transition**

In hardly any country of the Soviet bloc was the official doctrine after 1968 so devoid of ideas, so sterile and irrelevant for solving any of the important issues of society and state as in Czechoslovakia. Hardly any country in the bloc was so resistant to new ideas in economics, sociology and political science as Czechoslovakia in the seventies and eighties. For instance, during that period not a single book by any western non-marxist author, dealing with one of the serious political or economic issues of the contemporary world, was published. While Polish, Hungarian and even Soviet intellectuals were able to get acquainted with at least the main trends of thought of the outside world, their Czech and Slovak colleagues were deliberately excluded from the international intellectual community. Not even the admirably ingenuous, perseverant and multiform *samizdat* was able to overcome this gap. The result was not only ignorance and lack of information, but also the gradual decay of analytical and theoretical thought and language. As a consequence of this deliberate "Biafra of the spirit" carried out by the Husák regime, even now many of the important discussions on political, economic and social issues going on in Czechoslovakia have a descriptive and rather technical character and do not penetrate into the deeper layers of the problems under discussion.

There exists however another type of barrier in understanding the essence of the transformation which Czechoslovak society is undergoing: this barrier is the product of the very nature and course of the 1989 "velvet revolution". A paradoxical side effect of the smooth, non-violent assumption of power by the democratic forces and of the civil, legal form of the 1989 events, is the illusion that transforming the society from real socialism to democracy will be relatively easy. The non-violent character of the revolution has probably helped the underestimation of the depth, difficulty and time-period that the transformation of the society will need. Though in a sociological interpretation, the situation of Czech and Slovak society can be compared to the situation after a war - and a lost war, for that matter - the stability and continuity of daily routine, the normal functioning of shops, services and the infrastructure during the political revolution, the absence of destroyed or damaged buildings and networks, etc., concealed the radical nature of the starting metamorphosis. They mainly concealed the complexity of the interrelationships between the political, economic and socio-cultural transformations. The leading personalities of the revolution, especially Václav Havel, probably realized within a short time how intertwined the changes were and what the risks of their simultaneity were. After the first parliamentary elections in June 1990 a large strata of the population also began to be aware of the unforeseen complexity of the transformation.

Gradually it has become evident that we face an enormous task: the complete restructuring of an entire society. To build it up on the ruins of a system which was an unsuccessful attempt to combine certain forms of modernity with conservative ideas of the organization of society and with an unprecedented centralization of power. The Soviet type of society was an attempt to create a huge, well-integrated and harmonic *Gemeinschaft*, built on a kind of modern version of Durkheim's mechanic solidarity.<sup>3</sup> This non-contractual, non-conflictual, but in fact also non-cooperative model determined the economic as well as political institutions of state-socialist societies:<sup>4</sup> central planning instead of the market, a centralized and hierarchically organized power structure instead of decentralized and diffused power structures, an ideocracy instead of the competing plurality of ideas.

The societies of "real socialism," including the Czechoslovak variant, were often labelled by their internal and external opponents as strongly bureaucratic. The critics had in mind the considerable power of the party and state apparatus, plus various kinds of rigidity, red tape, the avoidance of personal responsibility and decision making (passing the buck) and the non-accountability of officials vis-a-vis the public.

In fact, however, when using Max Weber's classic criteria, in the socialist societies the properties of modern bureaucratic administration were absent; they were not genuine *Rechtstaaten*, based on rationality and legality; they lacked the "principle of fixed and official jurisdictional areas, which are generally ordered by rules, that is by laws or administrative regulations". They resembled rather certain pre-capitalist societies: "In all these cases the ruler executes the most important measures through personal trustees, table companions or court servants. Their commission and authority are not precisely delimited and are temporarily called into being for each case".<sup>5</sup>

Legal universalism, the clear delimitation of jurisdictional areas and the application of legal norms were substituted often not only in the political sphere, but also in the economy, regional and local administration, education, welfare institutions and many other spheres, by personal contacts, nepotism and ad hoc decisions. This resulted in a vague and non-transparent system of social relationships, combining semi-feudal dependency of a hierachic nature with horizontal local power networks, or with local networks based on the exchange of services, scarce commodities, etc. Moreover, central planning, i.e. the central redistributive system which had replaced the market, was supplemented by local

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<sup>3)</sup> The term *Gemeinschaft* is used here in Ferdinand Tönnies' original meaning, as expressed in his classic study *Gemeinschaft und Gesellschaft* [Tönnies 1887]. The term *Gemeinschaft* stresses "natural", solidaristic community bonds as opposed to contractual ones. By Durkheim's term *mechanic solidarity* is meant solidarity based on likeness and not on the division of labor.

<sup>4)</sup> Most countries of the Soviet bloc have been correctly described by David Lane as "state socialism societies". See [Lane 1976].

<sup>5)</sup> The quotation is based on H. H. Gerth and C. Wright Mills' *From Max Weber, Essays in Sociology* [Gerth, Mills 1947, 196-197].

redistributive systems. And all this was even more complicated by the growing role of the informal economy and the black market. Through this a social system came into being, the unintelligibility of which will keep sociologists and political scientists busy for a long time.

What is of course more serious, is the fact that two generations - and in the Soviet Union even more - of citizens were obliged to conform to such a vague and irrational system. People's functioning in such a system brought about cultural patterns which turned many of the principles on which societies with liberal political institutions are built upside down. Today these internalized patterns of behavior remain probably the strongest and most difficult to overcome barriers on the road to civil society in the post-communist countries.

At this point, a short note on a specific Czech and probably also Slovak problem should be added. The vagueness and non-transparency of social relationships, typical for the societies of real socialism, is further multiplied by the discontinuities in Czech and Slovak history. During the twentieth century, as many as nine different political regimes have taken turns ruling over Czech territory. These nine regimes differed not only in their political forms and content, but also in their concepts of national and state identity. The consciousness of discontinuity and the longing for continuity, for more stable and solid frames, is therefore an essential element of life in this part of Europe. Towards the end of the twenties, T. G. Masaryk expressed this feeling in a well-known remark to K. Čapek: "I think we need some twenty, thirty more years for safeguarding the republic. Afterwards, I am not afraid for it anymore. At that time a new generation will be here, born in freedom. Certainly, that generation won't let anyone take the freedom away".<sup>6</sup> In spite of the discontinuous nature of modern Czech history, there is no doubt that the event called the "velvet revolution" was also a "rectifying revolution". The Czech republic is consciously endeavoring to return to the evolutional trajectory of its modern history, which stresses liberal democracy.

### **The Relationship of the Three Great Transformations**

The rapid and complete collapse of the communist regimes in 1989 was due to the simultaneous disintegration of all their basic levels of decision-making. It is probable that, owing to their nature, i.e. to the strong interrelationship of their individual parts, the communist regimes could not end in any other way. The surprising quickness of the collapse was, for a certain time, a source of great collective euphoria. Its unexpected consequence was, however, the fact that all the post-communist governments were obliged, without having the possibility to prepare matters thoroughly, to make decisions in the three spheres which determine the nature of political systems very quickly: i.e. in the constitutional, economic and socio-cultural spheres. These decisions were to recreate three great regulation systems that would as soon as possible substitute for those which were disappearing. In this situation the burden and risks of decision making were - and

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<sup>6)</sup> See Karel Čapek, *Cíení o TGM* [Čapek 1969: 18].

still are - heavy to an unprecedented degree, mainly because no theory was available for the transition from socialism to open society.<sup>7</sup>

In the first place it was necessary to define and re-define the identity of the state, to specify the citizens' rights and obligations, to decide on the structure of and rules for representative democratic bodies, on the administrative and regional structure of the state and on tens of other issues forming the constitutional framework of all modern societies. In the second place, the old and disintegrating mechanisms of central planning had to be substituted by functioning measures which would lead to a market economy. Within a few months, principles had to be laid for the difficult maneuver incorrectly labelled as economic reform; it is, in fact, a total economic restructuring of unprecedented extent and intensity. Finally, in the third place, the building of a reliable social and cultural framework for the new societies had to be begun - a framework which can be described as civil society. All this had to be done in such a way as to preserve, if not to improve, daily life routine, because an important implicit component in the thought of a large section of the population, legitimizing the revolutions of 1989, was the expectation that they would bring not only freedom, but economic prosperity as well.

Although each of the mentioned three transformations constitutes in itself a very difficult and complex operation, the success of the whole transition depends on the mutual harmonization, sequencing and dosing of the changes not only in the individual spheres, but in the whole system, so that they form a coherent and functioning whole. And this in a situation when, as Claus Offe has well put it: "... there is no time for slow maturation, experience, and learning along the evolutionary scale of nation-building, constitution making, and the politics of allocation and redistribution. And neither are there model cases which might be imitated nor, for that matter, a victorious power that would impose its will from the outside" [Offe 1991: 10].

### **The Importance of Constitutional Transition**

The developments in Czechoslovakia are almost a textbook example of the importance of timely settled basic constitutional agreements for the transformation of post-communist societies. Indeed, the economic reform, the establishment of democratic political institutions and of civil society can be severely complicated or even blocked, if at the beginning of the whole process sufficient attention is not given to the constitutional foundations of the state undergoing such a major restructuring. Such agreements, expressed in a clear and concise legal form, should include the definition of national identity, of territorial, economic and cultural borders, the "competencies" in Czechoslovak terminology, of the existing or existence-seeking units. In this respect the main problem in Czechoslovakia has

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7) The idea of analyzing the Czechoslovak transformation with respect to three regulation systems was stimulated by Claus Offe's study *Capitalism by Democratic Design?* [Offe 1991]. Ralf Dahrendorf [1990] speaks also about "three parallel processes which must develop on the road to freedom". Dahrendorf stresses as the third process the formation of civil society, Offe lays stress on the interaction of the incongruent changes going on in the global transformation and on the dilemma of the simultaneity of the changes.

become the relationship between the Czech and Slovak republics. The relationship between the two macro-regions of the Czech republic, i.e. between Bohemia and Moravia, does not include so many dangers of disintegration, although it also tends to divert attention and energy from economic reform and the building of civil society.

The history of the relationship of the Czechs and the Slovaks, two nations of the Western Slavonic group, would require a separate study. In the context of this essay, however, I would like to concentrate on developments since 1968. In that year, a formerly almost unitary state became a federation of two republics. This was the only realized, and by the Soviet Union accepted outcome of 1968 Prague Spring. The change undoubtedly meant an improvement in Slovakia's status in the state and at the same time weakened the political standing of the Czechs. An external, yet not negligible feature of this situation was the fact that a Slovak - Gustáv Husák - became president of the federal republic and, what was more important, the leading figure in the radically purged Communist Party of Czechoslovakia. A constitutionally unusual system of asymmetric arrangement was established, with, on the one hand, the central federal government and, on the other hand, the government of the Slovak republic. The Czech republic did not have a government of its own, there existed only an unimportant parliament, the Czech National Council. In a similarly asymmetric way all other important institutions were organized. Moreover, the principle of parity was introduced in all federal institutions, in a situation where Slovaks represented only one third of the federation's population. In the economic sphere, the principle of Slovakia's rapid industrialization continued to be applied after the Soviet invasion in 1968; this meant relatively higher investment in the Slovak republic than in the Czech one. During the whole period between 1945 and the end of the eighties, Slovakia experienced an unusually quick process of industrialization and urbanization; differences between the two parts of Czechoslovakia were disappearing. For Slovakia this was a period of great social change, modernization, high mobility and also of an increasing living standard. The situation in the western part of the federation, mainly in Bohemia, was different: Bohemia changed from a core area of Central Europe into a periphery of the Soviet bloc on its westernmost borders. The western part of Czechoslovakia also became an example of an old decaying industrial area, with a stagnating population, an obsolete industrial structure, a very damaged environment and worsening health conditions.

In Slovakia, the Husák regime was slightly more liberal than in the Czech republic and in the years 1969-1989 there was even a certain cultural development, at least institutionally. The latent political tension between the two parts of the federation was suppressed as much as possible by the Soviets themselves, as well as by the local regime installed by the Soviets; yet it continued to exist under the surface.

During the 1989 revolution, Slovakia soon joined Prague in the movement towards democracy, and the common slogan, heard not only in the big gatherings in the streets but also in official political talks was "Strength in unity!"

After a relatively short time, however, i.e. in the first half of 1990, in the ideological vacuum accompanying the collapse of the communist *Supra-gemeinschaft* and its ideology, the situation in Slovakia began to change. A certain part of the population which wants to cooperate as closely as possible with the Czechs and which would even prefer a completely unitary state to a federation, still exists. However, there are more and more Slovaks who, while considering the federation as the most advantageous option, want to change its present form. They have adopted the slogan of "authentic federation". Some of these federalists have gradually shifted to the position of confederalism. Radical Slovak nationalists, whose ambition is to establish an independent Slovak state, have also reemerged on the political scene. They are internally divided into two groups: one, which wishes to achieve independence by constitutional methods (represented by the KDH - the Christian Democratic Movement) and another, which is willing to use non-constitutional procedures as well.

Thus the Slovaks are rather fragmented in terms of constitutional identity<sup>8</sup> and this has brought about the Slovak crisis which is evidently spreading through the whole state. The heterogeneity of the political parties' positions is reflected in the differentiation of political attitudes among the Slovak population. According to representative social surveys (see [Aktuálne... 1991]), made in the middle of 1991, about 13 percent of Slovak citizens support the establishment of an independent Slovak state. A unitary state with the Czechs, with a single parliament, government and constitution, is acceptable for 16 percent of the population. As compared with the situation at the end of 1990, the proportion of supporters of such a unitary state has dropped by 6 percent. The most preferred constitutional form in Slovakia is a dualistic federation of the Slovak and the Czech republics: it has the support of 33 percent of the respondents. 14 percent of the Slovaks supported a trialistic federation (i.e. a state composed of Bohemia, Moravia and Slovakia), 11 percent a confederation, 6 percent the so-called *Bundesstaat*, 2 percent other arrangements and 5 percent were undecided. Studies analyzing the development of Slovak public opinion in 1990 and 1991 point out the characteristic long-term predominance of supporters of different forms of a common state with the Czechs. However, their number has a tendency to slowly decrease.

These data show that Slovak nationalism is rather confused and contradictory. Its motor certainly is the well-known conviction that without its own state a nation is incomplete. But in the Slovak case the question arises: which kind of state? The ambiguity is evident also in other respects. For example, public opinion polls show that a decisive majority (78-79 %) of Slovak citizens stress that the friendly links between the Slovaks and the Czechs should not be broken. At the same time, however, one can observe a growing feeling among the Slovak population that the Czechs do not treat them as equal partners, that in the

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<sup>8</sup>) This feeling is shared by many Slovak politicians themselves. Recently the vice-president of the Slovak National Council, Mr. Ivan Čarnogurský expressed it in the following way "... Slovakia had not problems with the Czechs nor with Europe but with itself". Quoted from *Lidové noviny*, 3 January, 1992.

federation Slovakia is the worse off. A great part of the Slovak population also disagrees with the the economic reform as worked out by the federal government, and requires specific changes. Generally, Slovaks desire the suppression of the power of federal institutions and the strengthening of the power of the national republics. This feature is very important. The Czechs identify themselves with Czechoslovakia, the Slovaks with the Slovak republic. A kind of Czech paternalism may be hidden in this attitude, but most differences, however, are due to the fact that in the building up of the new state, the majority of the Czech society prefers the civic, individualistic principle, and the Slovaks the national and solidaristic one.

So Slovak nationalism is of a specific nature and proves that the analysis of the new nationalisms emerging in the region of the disintegrated Soviet bloc has to respect their plurality. In addition to Gellner's well-known evolutionary typology [Gellner 1983: 88-109] of this phenomenon, it may be useful for understanding contemporary neo-nationalisms to keep in view their relationship to two sociological variables: 1. the degree of economic development of the nation or country, and 2. the power status of individual nations within multinational states.<sup>9</sup> The four field matrix classifying nations as more or less developed, stronger or weaker, enables useful distinctions, e.g. of nationalisms of more developed nations with a weaker status, or on the contrary, nationalisms of less developed nations, but in dominant position, etc. Slovakia belongs to the slightly less developed and at the same time weaker national partners in the federation; such a combination is less explosive than the combination "more developed nation with politically weaker status" (e.g. Slovenia). This typology shows that the Slovak situation differs considerably from that in e.g. Croatia, Ukraine or Lithuania. There, the nationalists did not doubt, for example, that a referendum would bring them victory and wanted therefore to carry it out. In Slovakia, on the contrary, all the nationalist-oriented parties oppose a referendum which would decide whether or not to preserve the common state, because they fear that most voters would refuse to vote for an independent Slovak state. Thus, paradoxically, in the Czechoslovak situation, the senior partner offers the junior partner the possibility of a democratic choice, and the latter refuses to use it.

The Slovak crisis, which is beginning to become a destabilizing element in Central Europe, can be solved in three different ways. In the least favorable case, it can end with the disintegration of the Czechoslovak state into two parts. A somewhat better solution would be the establishment of a confederation, which however risks being unstable. The third and most desirable possibility is a functioning federation. The positive solution of the crisis still has a fair chance, but will need considerable effort, a lot of political tact and ingenuity, a bit of luck, and above all the willingness of both sides to make some compromises.

I have dealt at such length with the relationship between the Czechs and the Slovaks after the 1989 revolution in order to show, by this concrete example, how

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<sup>9</sup>) The possibility of using these two dimensions for a typology of nationalisms was used by the author in an unpublished paper for the UNESCO conference *Europe in Transition: A Challenge for the Social Science*, Santander, Spain 24 - 28 June 1991.

important it is, at the very beginning of the transformation of post-communist societies, to create a clear and reliable constitutional framework, especially regarding the constitution itself. Without such a framework, economic restructuring and the building up of civil society becomes extremely complicated. Now, *ex post*, it can be stated that many problems which are impeding the transition to a democratic society in Czechoslovakia could have been prevented if, in the first phases of the transition, the acceptance of the Charter of Human Rights and some other partial constitutional principles had been immediately followed by the working out of a new constitution.

### **Economic transformation**

Ralf Dahrendorf [1991: 85], when writing on the East European revolutions, used the term "valley of tears" when describing the economic transformation. To pass through this valley will take several years. As compared with the transformation of the constitutional and political framework and with the lengthy formation of civil society, economic transformation presents some specific features.

If, on the one hand, we can take for granted an almost universal acceptance of democratic principles by Czech and Slovak society, as well as the fact that basic democratic institutions have already been installed, that free elections were held, that human rights are being observed and that gradually new non-professional politicians are acquiring experience and skills, on the other hand the situation in the sphere of the second transformation is different.

The economic transformation is not only a valley of tears, but also a battlefield. After the problem of the relationship between the two republics, it is the most controversial and complicated issue in the public life of the country. The economic transformation is a political issue *par excellence*, even its description - let alone its evaluation - is blurred by political and ideological views. According to their various political affiliations, commentators "see" only certain aspects of the whole complex process. There is also another snag. The Czechoslovak economic reform began later than in Poland and Hungary and has been going on for only one year: that is too short a time for a reliable evaluation. The problems can however be better understood if I describe at least in a few words the main ideas of the restructuring and also the effects achieved so far.

The program of transformation was inadequately called a "scenario of economic reform", though in fact it was a blueprint for radical restructuring. It was indeed a victory for neo-liberal economists, who deleted the modifications to the program proposed by economists whose orientation was Keynesian, institutionalist or. reform socialist. The scenario is based on price liberalization, on the liberalization of foreign trade, on the introduction of the inner convertibility of Czechoslovak currency, on macroeconomic stabilization based on restrictive budgetary policy and mainly on a radical change in ownership, i.e. on privatization. Nevertheless, as K. Kuehnel [1990] rightly observed, "the scenario is ... a centristic compromise and gives enough space for critical comments from the consequent liberal point of view..." The approved document does not represent an extreme

neo-conservative strategy, as it is sometimes supposed, and in any case its approach is, similar to the Hungarian one, gradualist.

To the basic philosophy of the scenario also belongs a separation of the economic and social spheres and the removal of what was described as a "economy of indolence" in which state enterprises degenerated into social institutions. This explicit separation necessitates the existence of a strong and relatively dense "social safety net". Part of such a net already existed in the past and new parts have been introduced, which concern mainly unemployment, retraining and homelessness.

After one year of transformation, positive effects can be seen, among them are a relatively low inflation rate (hyperinflation as in Poland or in the former Soviet Union has been avoided), the growth of private savings in banks and savings banks, the relative success of the "small" privatization, the gradual liquidation of some ineffective and ecologically harmful factories, a non-disintegrated domestic consumer goods market, growing foreign trade with hard-currency countries, a satisfactory balance of payments in foreign trade, the slow and moderate growth of foreign debt (among Central and East European countries, Czechoslovakia is still the one with the lowest foreign debt) and, last but not least, a balanced exchange rate for the Czechoslovak crown, the stability of the currency and the creation of the conditions necessary for its future gradual revaluation.

On the other hand, the transformation as it has been carried out up to now and its consequences are of course also subject to criticism - from the left as well as from the right. The left-wing critics - expressed in general terms - point out that the transformation is an excessive burden on the population. Moreover, they refer not only to hardships caused by the transformation, but also to systemic shortcomings. The price increase combined with restrictive budgetary policy has led to decreased demand for foodstuffs and industrial goods and to cuts in investments. On the other hand, expansion into foreign markets has not succeeded to the expected extent. As a result, production is dropping and unemployment growing: the rate of unemployment is 3.0 % in the Czech republic, 12.5 % in the Slovak republic and in some of the latter's districts it nears 20 percent. It is estimated that people have cut by 10 to 20 % their expenses for food, by 25 % expenses for services and by 33 % those for industrial commodities. Real incomes are decreasing faster than anticipated and according to some estimates dropped by one quarter or one third in 1991. Due to the fact privatization is proceeding slower than expected and many state owned enterprises still exist, the abolished central planning must be substituted by some kind of state regulation. Moreover, the super-monopoly structure still exists and its existence considerably modifies the reform process. The monopolistic state enterprises do not properly react to market stimuli and this, along with the other mentioned factors, "transfers" the costs of reform from firms to consumers. The solution is seen in the reduction of restrictive policies and in expansive stimulation of demand.

Right-wing critics point out that "the amount of people's tolerance towards further economic decline is rapidly dropping", but contrary to left-wingers who advocate more state regulation, they warn: "There is a growing danger of economic

dirigism which could again lead to various kinds of political totalitarianism".<sup>10</sup> To foster economic growth, the right wing, besides supporting the consequent implementation of the accepted scenario of reform, calls for the following mistakes and errors to be rectified: the low level of support for the newly emerging small- and medium-size enterprises, the small number of private enterprises (during the privatization only one tenth of the planned enterprises has come into being), the ban on the sale of privatization vouchers, the fearful attitude of politicians, governments and parliament towards foreign capital (which is an expression of combined socialist and nationalist aversions) and the lack of support for the development of the banking, fiscal and mainly legal institutions that would make economic transactions easier and guarantee rights and protection to the new economic subjects. As well, many critics point out that in the transformation program, as well as in the real process, various forms of privatization overlap and the same applies to the process of the restitution of formerly nationalized property, which is colliding with privatization.

Nevertheless, the impartial observer has to say that the restructuring of the economic system does not have the character of a "shock therapy", that social peace is still maintained, thanks to the passable functioning of the tripartite system, which has neo-corporativist features and corresponds to some old Czechoslovak traditions from the interwar period. Paradoxically, social peace is probably also being kept as a result of the revolutionary situation. The economic transformation leading through the "valley of tears" is legitimized by the fact that it is part of the democratic revolution, and by people's awareness that the past system had neither results nor perspectives. People are ready to accept change, knowing that there is no other way to prosperity than that of integration into Europe; they have rationally accepted a rational explanation. Also, thanks to the relatively high standard of living in the households, there is still room to retreat (savings, living in privately owned houses, etc.)

Evidently, the impartial observer also sees the big problems and risks. Among them are the fact that the social situation is deteriorating and the living standard dropping to a greater extent than expected, that the pace of privatization is indeed slow, that the interest of foreign capital is (because of constitutional uncertainties and other reasons) not so keen as was hoped, that for internal and external reasons Czechoslovak firms are finding more difficulties penetrating foreign markets than they were prepared for and that the building up of the financial and commercial infrastructure is lagging behind the need for it.

Less attention is being given to the fact that the political and economic restructuring of post-communist societies is also stimulated or braked by accepted and practised values. Every large change requires the mobilization of inner resources or external support. A large change can be realized either by a group of devoted leaders who conduct - even with the use of coercion - the masses into the promised lands, or by the people themselves internalizing their determination to

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<sup>10</sup>) From the statement of independent economists recently published in *Lidové noviny*, 31 December 1991.

achieve the change and being united by their idea and by inner discipline to accept personal sacrifice. European capitalism at its beginnings presupposed the existence of what was called inner-worldly ascetism<sup>11</sup> - postponed consumption and purposeful economy. This ethos helped to create modern European and American capitalism and liberal society. In one recent discussion, a Czech intellectual used the expression: "Through poverty to affluence". It is to some extent a parallel to puritan philosophy. Even the most perfect and technically best-elaborated scenarios of economic restructuring which do not take into account some kind of motivation for personal sacrifice, some kind of a new restraint, are likely to fail.

Amid a consumption-oriented and a consumption-starved society it would certainly be unrealistic to expect that such motivation could be drawn from the principles which have been summed up as the "protestant ethic". Even so, the willingness to pass through the "valley of tears" has to lean on some support, it must be held and stimulated by something; even if they are pragmatic and worldly motives, they must contain hope, the hope that this society will overcome its obstacles, that in the not too remote future it will reach some level of affluence and will again become a part of Europe.

### **The Transition to Civil Society**

The most lengthy part of the transformation will be the building up of civil society. The concept of civil society has been used in different contexts and its meaning has been in constant change throughout its history. Very often it is understood simply as a social organization of life, introduced by the bourgeoisie and fought for in the revolutions of the 17th - 19th centuries. Sometimes it means the opposite of anarchy or a society not dominated by the church; many authors understand civil society as an organization of social life, in which society is separate from the state and has an autonomous existence. In the latter meaning this concept was used as an instrument by dissidents in their fight against the communist state and has also become a part of the newly emerging democratic movements. To implement it, a rich network of independent institutions and organizations must be formed, which are neither state-directed nor state-controlled, being autonomous social, political and cultural subjects. For that purpose it is indispensable to break the *Supra-Gemeinschaft*, i.e. the idea of an organic merger of society and state into a kind of fully integrated, centrally directed big *Kombinat*.<sup>12</sup>

According to our experience, the prerequisites for breaking down the *Supra-Gemeinschaft* are threefold: 1. institutional changes, 2. changes in the structure and status of social actors, and 3. changes in cultural and behavioral patterns. In Western literature, discussions about this issue stress, in the first place, the institutional level and assume that when the plurality and independence of political

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<sup>11</sup>) The term was introduced in the social sciences by Max Weber in his studies on protestant ethics. See mainly the second part of his study *Die protestantische Ethik und der Geist des Kapitalismus* which is called *Die Berufsethik des Asketischen Protestantismus* (The Professional Ethics of Ascetic Protestantism) in [Weber 1920].

<sup>12</sup>) The term *Kombinat* for the description of the Soviet type societies was used by Ernest Gellner in his essay *Civil Society in Historical Context* [Gellner 1991].

and economic institutions are introduced and a rich network of associations and voluntary organizations are formed, the problem will be almost automatically solved. One of the important experiences acquired during the two years that have elapsed since the 1989 revolution shows that the institutional basis is, an indispensable, but by no means sufficient, condition for creating a genuine and robust civil society. The institutional conditions of civil society must be legally guaranteed and organizationally worked out as soon as possible - and in this respect models from western countries can indeed be very effectively adopted. These measures, however, must be followed by the considerably more complex process of forming a plurality of actors. In democratic societies, the basis of such a plurality, as Alain Touraine [Touraine 1991: 312] has expressed it, should be the relationship between the actors themselves and not only the actors' relationships to the whole society. In other words, the important thing is to achieve genuine social independence from the state, from the nation and even from the rules of the market. Seeking out and constituting the social, cultural and, of course, political forces which will gradually attain independence and balance is the very process that will decide the success of the road to democracy. This process should not include only those actors who represent economic interests. In all post-communist societies it is evident that the transformation will only succeed if a rich network of local, regional, religious, professional, interest, age and other groups and organizations comes into being. This, however, will be more complex and will require a longer time than the setting of institutional conditions.

The most complex part of forming civil society lies elsewhere, however. There exists a deep-rooted inertia vis-a-vis the changes started by the 1989 revolutions in the cultural sphere. Institutions, laws, rulers and actors can be changed, but the cultural and behavioral patterns that took decades to be formed will survive for decades, too. This is exactly the situation in the new democracies of Central Europe. The actors functioning in democratic institutions are often people with old views and habits, with value orientations formed in the past, often with confused syncretic systems of values;<sup>13</sup> one can find among them members from the so-called "old structure", i.e. former members of the communist nomenclature.

Let us however have a look at some concrete facts in Czechoslovakia.

At a fairly rapid pace there have begun to emerge new independent professional, interest and cultural associations, foundations and charitable organizations. New laws are enabling the revival of local self-government, an institution which has, mainly in the Czech republic, a tradition dating from the 19th century, and unions of towns and communities as well as economic regions are spontaneously emerging. As far as political movements and parties are concerned, they are growing like mushrooms: in 1991 their number was about eighty. From several other symptoms it can be seen that the institutional plurality of independent subjects is rapidly spreading. This is, among other things, a reaction

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<sup>13)</sup> One of the best studies on value syncretism by Elemer Hankiss was published in *Deadalus* in the Winter 1990 volume "Eastern Europe ... Central Europe ... Europe." See [Hankiss 1990].

against centralism and state control of all social and cultural activities and one of the most positive features in recent developments.

The more concrete and narrow the interests of the new social subjects are, the easier the emergence of the new institutional units which represent these interests will be. The situation of large and more heterogeneous social subjects is more complicated. One of the historically unusual features of the transformation is the fact that the large collective subjects, e.g. certain social strata such as entrepreneurs, tradesmen etc., come into being thanks to political acts and decisions. This could be described as the shaping of democracy, capitalism and even of their actors by means of political design and political mechanisms. In the past, it was practically always the other way round: political institutions and new mechanisms, formed by revolutions, were the result of the pressures of stabilized collective actors expressing their interests.

To the least easily surmountable barriers against civil society in post-communist countries belongs, as I have already mentioned, the inherited systems of values. A group of Czech sociologists has neatly expressed their content:<sup>14</sup>

1. Society should not be very differentiated and people's living standard should be as equal as possible;
2. One must work, regardless of whether one's work is meaningful and productive;
3. State institutions know best and satisfy best people's needs and therefore people need not care too much for themselves; and
4. The living standard need not be high, provided it is safe.

After 1989 this structure of values began to waver, but its inertia is still considerable. People often "add" new active value orientations to the old ones and want to put them together. This causes many discrepancies, often in the thoughts of the same persons, but also between various sections of the population or between various regions of the state. Most inconsistencies are to be found between the general acceptance of the principles of economic transformation and the views concerning concrete economic measures. So, for instance, according to a Czechoslovak social survey, 38 percent of citizens want the state to fully guarantee and finance a high standard of living for everyone, another 41 percent ask for that from the state at least partially and only 21 percent have enough self-confidence to be willing to take responsibility for their own living standard themselves. 40-46 percent of the respondents request that the state take full responsibility for employment; 47 percent want the state to provide and finance at least basic housing and only 22 percent were willing to assume every responsibility in this respect. As far as health care is concerned, 84 percent of Czechoslovak citizens

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<sup>14)</sup> See the summary of a sociological survey carried out in the Czech city of Brno by Petr Mareš, Libor Musil and Ladislav Rabušic *Sociální změna očima české veřejnosti* (Social Change in the Eyes of the Czech Public) [Mareš, Musil, Rabušic 1992]. The concrete data demonstrating the inconsistencies in the values of Czech population are based on the sociological survey "Československo - květen 1990" [Boguszak, Rak 1990].

thought in 1990 that the state should provide and finance it to the full extent. This high proportion, it must be said, has decreased since, however.

Inconsistent attitudes can be found in other spheres as well. The overwhelming majority of respondents verbally stand for liberal democratic values, including tolerance, but a sociological study from 1990 shows that 75 percent of the respondents do not want to live in a neighborhood with Gypsies, 60 percent refuse to be neighbors of homosexuals and 50 percent refuse Arab neighbors. The deep impact of the past experience of fear, suspicion and intolerance - those integral parts of totalitarian societies - on the Czechoslovak population is also evident when comparing the level of trust among people in this country and in some western countries.<sup>15</sup> The comparison is important, as it becomes more and more evident that trust among people is a necessary cultural prerequisite for democracy. In the Netherlands, in Great Britain, Belgium and Luxembourg 88-90 percent of respondents stated that "people can be trusted", while in Czechoslovakia only 30 percent. This is a serious symptom of a deep disturbance in interhuman relations. To heal this social disease will certainly not be easy and will require time and patience.

### **Evaluation of the Transition**

What then is the situation in Czechoslovakia two years after the "velvet revolution"? Undoubtedly in the political sphere progress can be observed and the country is returning to its democratic tradition. However, the political changes are being accompanied by a deep crisis in the constitutional foundations of the state. The crisis is made more acute by the fact that the consequences of economic reform are hitting Slovakia much harder than the Czech part of the state. As a result of this, more people in Slovakia are dissatisfied than satisfied with the post-revolutionary developments.

The economic transformation which is entering its decisive phase has brought a decline in production and consumption, while maintaining macroeconomic stability and social peace. The transformation is proceeding according to set principles, and is sometimes accused either of excessive speed or of slowness. Quite often it is pragmatically supplemented with measures that "soften" it. If the political support, above all in the Czech republic, is maintained and if, with the help of tripartite agreements and of newly emerging social support institutions, the country succeeds in keeping social peace, Czechoslovakia's economic restructuring will be successful. The success depends to a large extent on preventing an excessive drop in the living standard.

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<sup>15)</sup> The data on West European countries are based on studies carried out by [Inglehart 1990] and data on the Czech population on the survey summarized by [Mareš, Musil, Rabušic 1992: 709].

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