

Zlatica Zudová-Lešková, Emil Voráček et al.

Theory and Practice of the Welfare State in Europe in 20th Century



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of the Welfare State**
in Europe in 20th Century

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INTRODUCTION

ZLATICA ZUDOVÁ-LEŠKOVÁ, EMIL VORÁČEK

Theory and Practice of the Welfare State in the 20th and the Early 21st Century

Introduction to the Work and its Goals

When trying to briefly and generally characterize the main features of evolution of human society at the beginning of the second decade of the 21st century the huge role of the three great challenges strongly influencing the modern world must not be omitted. The first one is globalization, which has apparently affected the whole planet. The other two result from the demographic changes taking place in the world, namely the aging of society, mostly in industrialized countries, and the emerging social changes producing subsequent changes in social policy that are usually referred to as “new social hazards”.¹

In spite of their simple characterization these challenges have strongly influenced with their dynamism all processes taking place in human society in the past and the present centuries. They include also the phenomenon of welfare state as a social and political concept.² Nevertheless: “[...] *welfare state continues being a state as a specific political institution of society; it constitutes a social phenomenon sui generis*”.³

During its existence the welfare state has seen far-reaching transformations.⁴ Its transformation is today, and not only in connection with the globalization processes, an inevitable part of all political discourses taking place in Europe. Some even believe that postindustrial societies are already “*beyond the welfare state*”.⁵

¹ Christopher PIERSON, *Beyond the Welfare State? The New Political Economy of Welfare*. Malden, Polity Press 2006, pp. 201–221.

² See: Vic GEORGE and Paul WILDING, *Globalization and Human Welfare*. Basingstoke, Palgrave 2002.

³ Miloš VEČEŘA, *Sociální stát: východiska a přístupy* [The Welfare State, its Starting-Points and Approaches]. SLON, Praha 2001.

⁴ As demonstrated by the large literature, the most important being the following works: Thomas Humphrey MARSHALL, *Citizenship and social class, and other essays*. Cambridge University Press 1950. Peter E. HENNOCK, *The Origin of the Welfare State in England and Germany, 1850–1914: Social Policies compared*. Cambridge University Press 2007. Derek FRASER, *The Evolution of the British Welfare State: a History of Social Policy Since the Industrial Revolution*. Palgrave Macmillan, 2009. Walter I. TRATTNER, *From Poor Law to Welfare State. A History of Social Welfare in America*. 6th Edition. Simon and Schuster, New York 2007.

⁵ Ch. PIERSON, *Beyond the Welfare State?* p. 201.

The transformation process became apparent and inevitable already in the 1970s and 1980s when a number of emerging problems could be observed that were closely related to the existence of the welfare state as in practice more or less successfully implemented, mostly in a number of West European countries after World War II. Simultaneously with the need to transform that institution critical voices could also be heard. The welfare state as “*a concept of government in which the state plays a key role in the protection and promotion of the economic and social well-being of its citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life. The general term may cover a variety of forms of economic and social organization...*”⁶ is being questioned as was its existence already at the turn of the 19th century. On the other hand, however, many experts, including the Czech sociologist Jan Keller, ask how and under what conditions this model could work at all and what was or has been its contribution. Keller’s answer to that question is as follows: “*The passionate critics of the welfare state typically fail to reflect on the reason why such an incompetent, totally ineffective, disproportionately expensive, quite dysfunctional, or – to put it simply – even tragicomic institution had come into being. Even less they ask what would happen if the welfare state were really damped down as radically, consequently and irreversibly as they suggest*”.⁷

In the period of increasing decline of the Soviet-type political systems in Central and Eastern Europe at the turn of the 1980s the welfare state model constituted a principal and generally successful institute of rational approach to addressing the social question in modern industrial society that was based, on the one hand, on the reality of free market economy and, on the other hand, also on the spirit of social solidarity in democratic liberal states. Simultaneously, however, a number of critical and even irreconcilable voices could already be heard concerning the scope of social policy as practiced in the period of transformation of totalitarian political regimes to liberal democratic ones. The critical remarks referred mostly to the previous views predicting an end to the welfare state or its unfeasibility, as expressed by Fridrich August von Hayek, an economist, philosopher, and primarily advocate of classical liberalism as early as the 1920s.⁸ His theory of ideal liberal democratic state, as opposed to Lenin’s concept of constructing socialism in an undeveloped country with centrally

⁶ *Welfare state*. Britannica Online Encyclopedia.

⁷ Jan KELLER, *Soumrak sociálního státu* [The Twilight of the Welfare State]. SLON, Praha 2005, p. 9.

⁸ Fridrich August von HAYEK. *Profits, Interest, and Investment, and Other Essays on the Theory of Industrial Fluctuations*. G. Routledge and Sons, Limited, 1939. Same, *The Road to Serfdom. Text and Documents – The Definitive Edition*. Edited with a Foreword and Introduction by Bruce

controlled and planned economy and with social policy preferring the working class, seemed to be historically justified.

In the meantime, some more years then elapsed from the disintegration of the Soviet Union, the reverberations of the Soviet “real socialism” vanished, and most of the rapidly globalizing world seemed to be developing – with some exceptions – along the way described earlier by Oswald Spengler⁹ and Francis Fukuyama¹⁰ in their theses on the end of history. With the following evolution at the turn of the 20th century, however, another dramatic change occurred that was due not only to the globalization and the series of economic recessions, but with the declining wave of democratization also to the increasing trends towards political systems with authoritarian features. In addition, the huge influence of environmental disasters must also be taken into consideration, as human society is fully responsible for them and therefore must (or should, in the least) become aware of their consequences for the phenomenon of existence in all its forms.¹¹

Of course, there were some more social phenomena requiring a transformation of the welfare state concept and their significance should not be underestimated. In the whole world, and particularly in Europe, growing dissatisfaction can be observed with the disintegrating phenomena in society, with its atomization, deregulation of social interrelations, social consensus, and with the decline of social cohesion in society. Different questions are raised, such as what actually holds society together, and the scope of the welfare state is increasingly criticized. At the same time, however, the voices from beneath calling for its conservation keep increasing. All the positive notions of postindustrial and postmaterial living possibilities seemingly produce minimum reverberation only in the world where liberal trends were spreading before. The atomization of society has been progressing so dramatically that the individual seems to be separated from his fellow, both of them being exposed to the free game of forces existing in the free market of social chances. Society is becoming increasingly differentiated and socially polarized. Institutions that were highly coherent and integrating in the past are now losing their political support, they cease to exist, and exhibit

Caldwell, 1944, 2007. *The Constitution of Liberty*, 3 Vols. London: Routledge and Kegan Paul 1960.

⁹ Oswald SPENGLER, *Der Untergang des Abendlandes. Umriss einer Morphologie der Weltgeschichte*. Band 1: Wien 1918, Band 2: München 1922. Also: *Zánik Západu* [Decline of the West]. Academia, Praha 2010.

¹⁰ Francis FUKUYAMA, *The End of History and the Last Man*. Free Press 1992. The first Czech edition: *Konec dějin a poslední člověk* [The End of History and the Last Man]. Rybka Publishers, Praha 2002.

¹¹ Jan PATOČKA, *Přirozený svět jako filosofický problém* [The natural world as a philosophical problem]. Praha 1936. Also: *Kacířské eseje o filosofii dějin* [Heretical essays on philosophy of history]. Praha 1975 (samizdat), 1990.

a number of deficits that can hardly be corrected. It appears that it is necessary to reconsider a wide range of components in the life of society and, in particular, to reflect their interaction in every context.

More than thirty historians were involved in the research project “*The welfare state, its theory and practice in Europe in the 20th century*”, which was part of the research plan of the Institute of History of the Academy of Sciences of the Czech Republic (further referred to as HU); the team included specialists in economic and social history, political scientists, sociologists, lawyers, and economists from a number of European countries, namely Great Britain, France, Germany, Russia, Austria, Slovakia, and naturally also the Czech Republic. Many of the team members were leading researchers in their particular field. The result of their cooperation is a highly interdisciplinary work. The large team of participating authors required very good organization and precise delimitation and coordination of particular topics, including working sessions and common presentation of the results achieved in the meantime. The project managers endeavored to cope with the task both thematically and chronologically so as to produce a rather comprehensive study providing the reader with a comprehensible view of the emergence of the welfare state concept in the 19th century, its evolution in the 20th century, its peripetias and problems, and also the discussion on the crisis of that concept.

Of course, not all the key moments could be dealt with that were related to the evolution of modern industrial and postindustrial capitalist countries, and/or of those that following the disintegration of the Soviet bloc became capitalist again within the process of their transformation. In fact, this was not the goal. A large library of welfare-state related works already exists including studies into its theoretical genesis and its practical implementation. A number of excellent comprehensive works on its emergence and evolution, including detailed structures are available, and there are also comparative studies on the particular welfare state concepts, including encyclopedic works, such as a large welfare state encyclopedia that was published in Oxford.¹² It is therefore necessary to ask a very simple question: Why do we raise this topic again? We are convinced that the phenomenon of welfare state has been and will undoubtedly be fully justified in human existence and that seeking its variations requires evaluating its past evolution while focusing on the Central European Region, which is the area that the present work actually concentrates on.

While coping with the above task we had first to ask some broader methodological and/or conceptual questions, starting with the problem of definition of the very phenomenon (or just term). It is apparent that we cannot refer to one

¹² Francis G. CASTLES, Stephan LEIBFRIED, Jane LEWIS, Herbert OBINGER, Christopher PIERSON, *The Oxford Handbook of the Welfare State*. Oxford, Oxford University Press 2010.

type of “welfare state” only, as this phenomenon, as can be proved, saw dramatic changes in the 20th century that were due to the particular evolution in different countries, societies, and cultures. Following the Second World War it established itself as a specific institution in Western Europe in different forms and types.

A simple and quite logical question arises in this connection: Has work on the project produced anything new? And we have to state again that the bibliography of scientific literature related to the project in question is extremely large and sometimes incomprehensive. In western and other countries a great many approaches to the “welfare state” phenomenon appeared. Naturally, these concepts often changed dramatically in the course of time and under the influence of historical circumstances. Also the policies of the governments working with that institute were changing and so were its interpretations, as we shall see in a detailed historiographic explanation in the first part of the work. Nevertheless, a full description and evaluation of the whole complex would require much more long-lasting, and probably also mundially oriented research. However, our approach had to be rather modest in goals and we have paid more attention to the processes taking place in the development of welfare state concept compared to the development in the Czech Lands, and we are also going to discuss the processes taking place in other Central European countries. It was not our aim to encompass the whole history of the welfare state from its very beginning, which is also due to the huge amount of literature that is available in English, French, and German. We aimed at providing a narrower view of this phenomenon, particularly in Central European countries, but in a more general context. Simultaneously, we also endeavored to cover a territorially broader field of research, namely the whole European Continent, wherever required by the topic and as much as our research capacities allowed it.

On the other hand, we are well aware of the fact that research into modern social history apparently does not rank among the priority topics in the Czech Republic belonging to the sunny side of historical research, among those that have been in the foreground of interest of historians since the Velvet Revolution of November 1989. The phenomenon of welfare state has naturally been in the focus of interest of sociologists, and partly also of political scientists as well as some economists, and has been regularly studied in connection with the questions of social policy.¹³ But it certainly is not an as important topic as it would deserve, in spite of the fact that the social and socio-political problems after the

¹³ See comprehensive works written by Czech social researchers, such as: Libor MUSIL, *Vývoj sociálního státu v Evropě* [The welfare state in Europe and its evolution]. *Čítanka z historie moderní evropské sociální politiky*. Doplněk, Brno 1996. Martin SMUTEK, *Sociální stát. Úvod do studia* [The Welfare State. Introduction to the Study]. Gaudeamus, Hradec Králové 2005. M. VEČERA, *Sociální stát: východiska a přístupy*.

first years of euphoria that arose during the 1989 Velvet Revolution and in the post-Revolution period constitute an extremely important topic as was, parallel to it, the welfare state question, which is closely linked to social policy. And the knowledge of this fact motivated also the management of the understaffed HU research team in determining the topic and subsequently dealing with it and preparing the present collective monograph, which has the ambition of becoming a worthwhile contribution to the research into the welfare state. It is certainly unnecessary to say that we considered this fact a great challenge. We decided therefore to make the work available also to a broader readers' public outside the Czech Republic by publishing it in English.

The present monograph was intended to help explain the reasons of emergence of the welfare state and also to evaluate the roads of its evolution leading to an explanation of the significance of this phenomenon in the context of the universal dynamical and contradictory political developments in the world in the 20th century. The way to achieve the final goals and results of the work was far from being easy, and we have to admit that in spite of the great efforts some topics deserving due attention could not be fully covered and treated.

Current research into the welfare state includes also some additional aspects that ultimately could not be avoided. The current discourse on the welfare state is largely distorted, particularly in the mass media, namely in the Czech Republic, where the communication via mass media constitutes a principal factor influencing the life of all members of society. On the one hand, the welfare state needs to be modernized while, on the other hand, the available means to materialize this requirement are rather limited. However, this does not necessarily mean that the welfare state is now "passé" or that its future consists in a kind of "curtailed or minimal welfare state".

The welfare state phenomenon must be viewed and treated in an interdisciplinary way; actually, no other way is feasible. Viewed in the context of political science it can be said that the welfare state emerged as a third way between capitalism and socialism and thus made it possible for the political society to avoid both the self-destructing trends of capitalist economy and the threat of dictatorship on the part of communist parties whose policy was based on dogmatically applied Marxism and its offspring, Marxism-Leninism. In those days this seemed to be a "bright resort" that was considered a great achievement by many people. Nevertheless, due to the development of global capitalism and the emergence of new rightist movements in the 1970s and 1980s the welfare state got into an impasse and was strongly criticized. The attacks against it were coming from three directions. Firstly, the Keynesian type of economics and its methods of market regulation by means of state power were rejected; secondly, the redistribution of wealth so as to provide citizens with public services within

the welfare state was abandoned; and thirdly, the corporatism and bureaucracy of the welfare state serving the institutionalization of social conflicts were criticized.

The welfare state phenomenon constitutes currently one of the key political topics in Europe whose roots go back to the 19th century to become an important agenda mostly in European industrialized countries in the latter half of the 20th century. This does not mean, however, that it has always been fully accepted. The research and its results have revealed, as the editors' team believe, the utmost significance of this fact and, simultaneously, also the complex problem of its further development depending on the transformation of society and economy in Europe and in the whole globalized world.

The Problem of Definition and Terminology

First of all, some problems of terminological nature should be mentioned. The scope of the term "*welfare*" (well-being, but also social security) has never been precisely defined or clearly justified; its use is not unified and in the future its "*definiendum est definiens*" will not be clearly specified, either. The term itself was only slowly accepted, and some other variations were also used. In Anglo-Saxon countries, particularly in Great Britain, such terms as "societal state", "societal service state", "social security state", "full employment state" as well as "welfare capitalism" were applied.

They were, in general, characterized as: "1) *social welfare*, which broadly refers to the collective (and sometimes sociable) provision or receipt of welfare; 2) *economic welfare*, which usually describes those forms of welfare that are secured through the market or the formal economy; and 3) *state welfare*, which refers to social welfare provided through the agency of the state"¹⁴ Definition-related disputes over this term have always been quite intense, as proved by the large discussion that has been summarized, e.g., in the works of Richard M. Titmuss,¹⁵ Bruce Q. Madison,¹⁶ and a number of other authors. In the present book we use in the Czech language mostly the term "sociální stát" (sociable state), although in that language the term "stát blahobytu" is used as the linguistically closest alternative to the English term "welfare state", or in German "Wohlfahrtsstaat" and "Sozialstaat". In the German-speaking region the term "Wohlfahrtsstaat" acquired the current form of "soziale Marktwirtschaft" after 1947. However, not all

¹⁴ Ch. PIERSON, *Beyond the Welfare State?* pp. 9–10.

¹⁵ Richard Morris TITMUSS, *Essays on the Welfare State*. Allen and Unwin, London 1963.

¹⁶ Bruce Q. MADISON, *The Meaning of Social Policy*. Croome Helm, London 1980, pp. 46–68.

German social scientists have identified themselves with this combination of terms.¹⁷

There are some more questions relating to the welfare state phenomenon. The closest to objective reality is in our opinion the characterization of the welfare state developed in a comparative monograph by Arnold Heidenheimer and Peter Flora in 1981, who considered the welfare state a “general phenomenon of modernization” resulting from the two main modernization processes: the boom of capitalist market-based economy and the development of political mass democracy within the confines of sovereign national states.¹⁸

The Danish sociologist and political scientist Gøsta Esping-Andersen, who has largely contributed in his work to the research into the welfare state phenomenon and whose works have become classical in the meantime, repeatedly reflected on its unambiguous definition. Still, he stated rather ironically that “*a remarkable attribute of the entire literature is its lack of much genuine interest in the welfare state as such. Welfare-states have been motivated by theoretical concerns with other phenomena, such as power, industrialization, or capitalist contradictions; the welfare state has generally received scant conceptual attention. If welfare states differ, how do they differ?*”¹⁹

Nevertheless, in his above quoted work he formulated the basic characteristics of the welfare state: “*A common textbook definitiv is that it involves state responsibility for securing some basic modicum of welfare for its citizen. Such a definition skirts the issue of whether social policies are emancipatory or not; whether they help system legitimation or not; whether they contradict or aid the market process; and what indeed, is meant by ‘basic’?*” And this is where he comes from when evaluating the particular generations of comparative studies on the welfare state.²⁰

Jakub Rákosník, a Czech social historian,²¹ has also joined the discussion on the welfare state theory. He accepts the literature existing outside his country, critically reviews it and, in accordance with it, he comprehensibly interprets four basic characteristics of the welfare state. The first one, called institutional, is impartial and avoids any relevant quantitative determination. Its brevity is evident: “[*welfare state*] *The institutional arrangements through which the state provides money, goods, and services to its citizen. This concept is usually used to refer*

¹⁷ T. H. MARSHALL, *Sociology – The Road Ahead*. In: T. H. Marshall (ed.) *Class, Citizenship and Social Development*. 2nd ed. Garden City, Anchor Books, New York 1965.

¹⁸ Arnold J. HEIDENHEIMER – Peter FLORA, *The Development of Welfare States in Europe and America*, Transaction Publishers, London 1981, pp. 22–23.

¹⁹ Gøsta ESPING-ANDERSEN, *The Three Worlds of Welfare Capitalism*. Princeton University Press, New Jersey 1991, p. 18.

²⁰ *Ibid.*, p. 19.

²¹ Jakub RÁKOSNÍK, *Sociální stát jako kategorie výzkumu historické sociologie* [The Welfare State as a Category of Research in Historical Sociology]. *Historická sociologie*, 2009, No. 1, pp. 66–69.

to main institutions of the postwar welfare settlement: the National Health Service, the social security system, the state-funded education system, the state role in the provision and funding of housing, and state personal and social work services".²² He admits that its too big generality is a weak point of that characteristic. "The welfare state concept would thus fuse with any form of social protection for the population that is provided by a body endowed with ruling power. This would eliminate the qualitative and quantitative progress that has been achieved in Europe since the end of the 19th century, and later also in other parts of the world".²³ The normative characteristics refer mainly to qualitative differences, such as those related to a clearly defined political goal. This aspect has been apparently best expressed by Thomas H. Marshall in his concept of civil, political and social rights. "The very base of the welfare state is social citizenship".²⁴ Some four decades later this concept was criticized by the Swedish sociologist Göran Therborn who also developed a quantitative formulation.²⁵ In spite of being aware of some shortcomings of this definition, Rákosník agrees with the conclusions of Gøstu Esping-Andersen from Denmark who generally stresses the quantitative point of view: "Social scientists have been too quick to accept nations' self-proclaimed welfare state status. They have also been too quick to conclude that if the standard social programs have been introduced, the welfare state has been born".²⁶

When trying to summarize and formulate broader characteristics of the welfare state taking account of the above viewpoints, we may use the words of the Czech sociologist Miloš Večeřa, namely: "The state in which democratically organized power through social legislation and through the work of state authorities and institutions

1. Guarantees a basic income of each individual and family at the subsistence level,
2. Provides social benefits making it possible to prevent, reduce or overcome the social hazards of potential social events (such as illness, injury, or unemployment) in order to ensure an adequate level of social security and social sovereignty of the individual,

²² John BALDOCK, *Social Policy, Social Welfare, and the Welfare State*. In: John BALDOCK – Nick MANNING – Sarah VICKERSTAFF, *Social Policy*, 3rd edit. Oxford University Press 2007, p. 30.

²³ J. RÁKOSNÍK, *Sociální stát jako kategorie výzkumu*, p. 67.

²⁴ Ibid. For details see: T. H. MARSHALL, *International Comprehension in Social Science*. In: T. H. Marshall (Ed.), *Class, Citizenship, and Social Development*, pp. 47–48. Same, *Sociology – The Road Ahead*. Ibid., p. 33.

²⁵ Göran THERBORN, *The Ideology of Power and the Power of Ideology* Goteborg 1980; Same, *What Does the Ruling Class Do When it Rules?: State Apparatuses and State Power under Feudalism, Capitalism and Socialism*. NLB, London 1978. Reprinted as Radical Thinkers Series, Verso 2008.

²⁶ G. ESPING-ANDERSEN, *The Three Worlds of Welfare*, p. 20.

3. *Provides public social services (particularly in the field of education and health care) at due level to all individuals irrespective of their social status*".²⁷

Viewed quite generally, the welfare state comes into being as a tool of society's solidarity with its poor members depending on the particular conditions in each country. The Czech sociologist Jan Keller describes its functions very clearly as "*an interpreter that has been able to translate between the languages of economy, social welfare policy, and culture*".²⁸ The American political scientist Herbert P. Kitschelt provides a very short formulation of this link between the economic and the social aspects: "*The welfare state protects its citizens against the uncertainties of the market-based economy*".²⁹ The English historian Asa Briggs defines the welfare state and its need from a different point of view: "*A welfare state is a state in which organised power is deliberately used (through politics and administration) in an effort to modify the play of market forces in at least three directions – first by guaranteeing individuals and families a minimum income irrespective of the market value of their work; second, by narrowing the extent of insecurity by enabling individuals and families to meet certain social contingencies (for example sickness, old age and unemployment) which lead otherwise to individual and family crises; and third, by ensuring that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of social services*".³⁰

However, the welfare state does not only mean a universal level of social security. It also includes an extension of the democratic rights of citizens from the political to the economic and social field.³¹ This attribute, in addition to others, was absent in the Soviet-type concept which, contrary to what is said above, eliminated the most important elements of the social security project. That is why it could not match with its strictly centralized and hierarchically organized decision-making "*via the transmission levers – state authorities and politically subordinated organizations*"³² the welfare state standards.

The system of people's democracy as an intermediate stage between the revolutionary seizure of power and the completion of socialist construction failed to tend to social peace. Quite on contrary; e.g., through a change of social insuran-

²⁷ M. VEČEŘA, *Sociální stát: východiska a přístupy*, p. 28.

²⁸ J. KELLER, *Soumrak sociálního státu*, p. 11.

²⁹ Herbert KITSCHELT, *Partisan Competition and Welfare State retrenchment. When Do Politicians Choose Unpopular Policies?* In: Paul Pierson (ed.), *The New Politics of the Welfare State*. Oxford University Press 2001, p. 265.

³⁰ Asa BRIGGS, *The Welfare State in Historical Perspective*. In: Christopher Pierson, Francis G. Castles (eds.), *The Welfare State. Reader*. 2nd ed., Polity Press, Cambridge 2006.

³¹ Lenka KALINOVÁ, *Společenské proměny v čase socialistického experimentu. K sociálním dějinám v letech 1945–1969* [Social Transformations in the Period of Socialist Experiment]. Academia, Praha 2007, p. 138.

³² J. RÁKOSNÍK, *Sociální stát jako kategorie*, pp. 65–79.

ce it forced the self-employed persons “to support the collective forms of economic activity and become a tool of restricting and suppressing the capitalist elements”.³³ This means, among other things, that health care, which was free of charge as guaranteed by law since 1950, did not cover the self-employed persons. Thus, the democratic civil rights were restricted, which was opposite to the democratic model of welfare state.

The welfare state has been an integral attribute of any democratic law-based state particularly in the last half a century. Since the end of World War II most of the political scientists and other theoreticians of humanities have believed that one of the indispensable conditions of working democracy is a secured certain level of the standard of living preventing any abuse of the election mechanisms by populists or extremists at any pole of the political horizon.

The views of the welfare state have changed in the past three decades, and even its importance for the protection of democracy has been questioned. We cannot agree with any thesis thus conceived. Such statements can be rejected by saying that “it is the poorest classes that mostly tend to xenophobia, so that fighting poverty means also struggling for a fair type of democracy and not for its type that creates walls before the poor”.³⁴

Welfare state typology

Those authors who made an attempt of creating a typology of the welfare state had to cope with a number of problems due to the different conditions and the different level of social and economic development in the particular periods of evolution. This was also reflected in the complex development of typologization of the welfare state. The most outstanding types included the Bismarckian welfare state, the Anglo-Saxon type, and also the above mentioned Scandinavian model. These models differed from each other in their institutional structure ensuring the welfare state while each of them was based on a different tradition of industry and labor market evolution, and each of them also addressed the problem of high unemployment in a different way.³⁵

³³ Proposal made by Minister of Labor Protection and Social Care Evžen Erban at the meeting of the Social Political Council of the Central Committee of the Communist Party of Czechoslovakia held on 7 November 1950. L. KALINOVÁ, *Společenské proměny v čase socialistického experimentu*, p. 141.

³⁴ Marcin KRÓL, *Soumrak sociální demokracie [The twilight of social democracy]*. In: Listy, Internetversion. www.listy.cz/archiv.php?cislo=043&clanek=030407, (downloaded on 10 May 2013).

³⁵ Martin RHODES, *A New Social Contract?: globalisation and West European Welfare States*. European University Institute, Robert Schuman Centre, Brussel 1996, p. 10.

Today, the typology suggested by Gøsta Esping-Andersen in 1990 is generally accepted.³⁶ Before starting to analyze it critically we must ask how the author arrived at it. His typology resulted from a large-scale international project of comparative research on the existing welfare states that started at the Swedish Social Research Institute in 1981. Its reason was the low level of reliability of the existing classical comparisons of public social expenditures.³⁷ “[...] *almost all countries dominated by a people’s welfare approach have developed earnings and work-related schemes to complement the usually modest benefits awarded by the flat rate universal plans. In short, every country today presents a system mix*”.³⁸ In his endeavor to develop a typology of the welfare state the author starts from the rate of de commodization (a term developed by him, Esping-Andersen) and from the variations of social stratification, the most significant in his opinion being the level of the principal “welfare” programs, particularly those that were related to the old age, illness, and (un)employment (thus, he deliberately reduces the definition of the welfare state so as to be able to measure it in terms of quantity and make comparisons, with the starting premise of freeing the individuals from their dependence on the market).³⁹ Based on this inductive judgment the author established the indexes of selected social programs and, after recalculation, the general welfare level of the population. Thus, he developed a “ladder” by means of which (and with the application of additional judgments) three different groups (or ideal types) of welfare state can be distinguished not only in terms of model, but also in terms of geography:⁴⁰

³⁶ G. ESPING-ANDERSEN, *The Three Worlds of Welfare Capitalism*. The genesis of welfare state typology is dealt with from the historiographical point of view by Jakub Rákosník in his monograph mentioned in the first part of the present publication.

³⁷ *Ibid.*, pp. 48–49.

³⁸ *Ibid.*, p. 49.

³⁹ “*The process of de commodification refers in the welfare states mainly to the worker as manpower in the labor market. With the emergence of the labor market manpower became merchandise offered by the individual in the market. This merchandise (commodity) is valued and distributed according to the law of demand and supply. Human needs become merchandise, too. Thus, as a result of market globalization the standard of living of a worker and his family became dependent on the cash nexus resulting from the participation of the individual as a market commodity in the labor market. Human labor force, however, is an imperfect market commodity and man cannot be simply delivered to the tender mercies of the market (of which even the liberals were aware); moreover, this was in a situation when the industrialization process had disintegrated the functionality of traditional social functions. Thus, the commodification of manpower required the emergence of modern social policy and welfare state.*” M. VEČEŘA, *Sociální stát: východiska a přístupy*, p. 73.

⁴⁰ G. ESPING-ANDERSEN, *The Three Worlds of Welfare Capitalism*, p. 52. See: Table 2.2 The rank-order of welfare states in terms of combined de commodification 1980.

- a) “The social democratic, inspired primarily by the Beveridge model of England and by the Swedish system in the interwar period of time (implemented particularly in Scandinavia and in the Netherlands);
- b) The patriarchal, or conservative, implemented mostly by Christian-democratic parties that were inspired by the Bismarckian model, and by certain features of the authoritarian regimes in the interwar period of time as well (implemented in West Germany, France, Italy, and Japan);
- c) The liberal (e.g., USA, Canada, Australia). There is a question, however, whether this is a welfare state in the very sense of the term”.⁴¹

Gøsta Esping-Andersen added later a 4th type, called South European.⁴² The Danish sociologist and professor at the University Pompeu Fabra in Barcelona classifies Great Britain, though with some reservations, as belonging to the conservative model. These reservations were well described by the Czech sociologist Libor Musil in the 1990s: “*The social policy of Great Britain corresponds to the characteristics of what is referred to as a liberal model of the welfare state with its traditional unwillingness to grant social benefits at a level that might undermine the citizen’s interest to rely on his/her own earning ability. As opposed to the liberal model the social benefits have been universally granted and the medical service fees have been cancelled since the end of World War II*”.⁴³

Naturally, the application of particular tools and institutions of the welfare state model depends both on the local tradition and, primarily, on the political decision taken by the political élite: “*The systems, initially very different, slowly converge by adopting elements and even whole segments of different systems*”.⁴⁴ Therefore, concepts like “*convergence welfare states*” or “*welfare mix*” can often be found in professional literature.⁴⁵ Although some authors accept that “mixing” of particular instruments and institutions of the welfare state model, we believe that some relatively significant limitations do exist in this respect that are due to the traditions of each particular country. These limitations and the relevant discussions have been put in a very comprehensive way into their broader context by one of the leading Czech specialists, Libor Musil.⁴⁶ It should not be ignored in this connection, either, that even in the conditions of economic transformation the conservatively conceived full acceptance of the standard traditional instru-

⁴¹ Ibid. Of the recent works: Gösta ESPING-ANDERSEN (with Duncan Gallie, Anton Hemerijck, John Myles), *Why We Need a New Welfare State*. Oxford University Press 2002.

⁴² Same, *Social Foundations of Postindustrial Economies*. Oxford University Press 1999.

⁴³ L. MUSIL, *Vývoj sociálního státu v Evropě* [The Welfare State in Europe and its Evolution], p. 10 (Footnote 2).

⁴⁴ Martin POTŮČEK, *Sociální politika* [Social Policy]. SLON, Praha, 1995, p. 39.

⁴⁵ Ibid., p. 39.

⁴⁶ L. MUSIL, *Vývoj sociálního státu v Evropě* [The Welfare State in Europe and its Evolution], pp. 12–24.

ments of the economic system and market mechanisms cannot take place and that there are some limitations due to the evolution of the particular society and to its traditions.⁴⁷

When explaining the differences in the concept of *social welfare* the English sociologist John Baldock, author of a number of monographs devoted to social policy, suggests a kind of compass putting the family background, market, and state in relation to their geographical situation described as West – East and North – South. He also deals with the mechanisms of interrelation between the three factors: “*But it reminds us that in poor, southern societies the family and community are most important in the production of social welfare. Western countries, particularly the United States, have been associated with a greater use of the market to provide welfare, while eastern European nations, particularly before the collapse of communism, made greater use of the state. In choosing to develop social policy in a particular area, politicians and administrators always face decisions as to the respective roles of the market, the state, and the family in achieving their goals*”.⁴⁸

Detailed analyses of the particular types of welfare state are well described and evaluated in professional literature, and some contributions have also been made in a few works of Czech authors, mostly sociologists dealing with the problems of social work.⁴⁹

Periodization

Very complicated, and even vexed is also the determination of particular periods in the genesis of welfare state concepts. We shall concentrate here on Europe and its immediate surroundings. The periodization of welfare state evolution in Europe has been generally accepted in relation to the state’s social policy and can be divided into four phases. We are not going to discuss the older historical attempts made in the past and aimed at helping poor and socially weak people and those in need. Still, we cannot skip the medieval idea “*of a Christian duty to charity, while more honoured in the breach than in the observance, reflected a view of the nature of the welfare which was quite different from the maximizing individu-*

⁴⁷ See, e.g., statements made by Prime Minister Václav Klaus during the economic transformation implemented by him in the Czech Republic in the 1990s.

⁴⁸ J. BALDOCK, *Social Policy, Social Welfare, and the Welfare State*, p. 22.

⁴⁹ L. MUSIL, *Vývoj sociálního státu v Evropě* [The Welfare State in Europe and its Evolution], pp. 31–252. Most recent work: M. SMUTEK, *Sociální stát. Úvod do studia* [The Welfare State. Introduction to its Study]. Gaudeamus, Hradec Králové 2005.

alism of the advocates of liberal capitalism".⁵⁰ With all due respect to the work of Adam Smith we cannot avoid reminding that the Scottish philosopher, who was also a founder of modern economics, was very critical of the mercantilist doctrine which, however, defined a comprehensive view of the state, economy, and security: "*Under this mercantilist doctrine, the state was seen to have an active role in the promotion of national prosperity and a responsibility for the labouring poor, as the principal source of national wealth*".⁵¹ Discussions on the state's role in social security were far from being harmonious. While at the turn of the 18th century outstanding personalities, such as the philosopher Immanuel Kant were opposing in the spirit of the German Enlightenment any social and economic activity of the state, Gottfried W. F. Hegel in his work "*Základy filozofie práva*" (*Foundations of the Philosophy of Law*) believed that the state was not only an expression of the notion of freedom, but that it – together with family and society – constituted an instrument of ensuring life. Hegel derived the necessity of state intervention in the social sphere from the rapidly progressing industrialization, accumulation of capital, and growing number of citizens living below the subsistence level. He believed that such interventions would make it possible to cope with the contradictions of developing bourgeois society, secure the existence of every citizen, and prevent revolution.⁵²

A change in the system-based solution to the social question occurred later, in the beginning of the 19th century, as theoreticians agree, with the emergence of modern industrial society. One of them is also an important German researcher in social history, Jürgen Heinz Kocka, who speaks about the beginning of a period of "*industrialization and globalization*".⁵³ The industrialization process was closely linked to that of urbanization and "*brought about a fundamental change not only in the division and organization of labor (labor ceased to follow the natural rhythm and individual freedom of the speed of work; the style of labor as well as its division changed, and a labor market emerged) [...]. Step by step, the market of goods, land, and labor formed as the main principle of society organization*".⁵⁴

In Central European countries it is instead of the "*welfare state*" the term "*social state*" that is generally used and the origin of which goes back to Germany's Chancellor Otto von Bismarck and his concept of social policy introduced in

⁵⁰ Ch. PIERSON, *Beyond the Welfare State? The New Political Economy of Welfare*. p. 106.

⁵¹ *Ibid.*, p. 107.

⁵² Georg A. RITTER, *Der Sozialstaat: Entstehung und Entwicklung im internationalen Vergleich*. Historische Zeitschrift, 1989, Beiheft, Band 11, p. 13.

⁵³ Jürgen Heinz KOCKA, *Geschichte des Kapitalismus*. C. H. Beck Verlag, München 2013, pp. 78–84.

⁵⁴ M. VEČEŘA, *Sociální stát: východiska a přístupy*, p. 56.

Germany in the 1870s. Let us make a brief review of some of its main aspects. The rapid growth of industrialization and of capitalism based on free competition brought about a rapid politization of society and development of workers' movement. The workers, whose work became a commodity, were confronted with conditions that the individuals were unable to cope with. They could not find a job because of many reasons, such as old age, illness or employment accident – and there were many in that initial phase of capitalism – or just because of the lack of available jobs. “*In continental Europe as elsewhere, these situations gradually came to be recognized as and named – social risk*”.⁵⁵ In their endeavor to protect themselves against such hazards the politically thinking workers started organizing in some locations and establishing some autonomous protective institutions that copied to some extent the mechanisms that had existed since the Middle Ages and that were known as guilds, or under another name. Special organizations were founded that were called “*friendly societies*” in England, “*Hilfskassen*” in Germany and Austria, and “*Sociétés de secours mutuelles*” in France. Also some entrepreneurs were interested in the existence of their employees. In some cases, however, higher wages failed to prevent excellent workers from quitting and a “*work accident instance system*” had to be introduced.⁵⁶

Unlike the above, however, the term “*l'état providence*” (providence state) used in the francophone milieu has a broader meaning and implies a total care of man, from the cradle till his/her death. The providence state was supposed to substitute with its certainties for the uncertainties of Divine providence. Consequently, it is also a form of secularization: the state is supposed to ensure what in the past only God could provide. It was also intended to substitute for the medieval charity work of the Church.

It is the political élite of Germany and Austria-Hungary that made the first attempts to stabilize the living conditions and situation of the working class and to reduce the growing social tension in the “*Pyramid of Capitalist System*” by introducing a gradually developed social policy. Nevertheless, their action was also due to the strong pressure from the rapidly developing workers' movement and the political workers' parties, such as the social democratic and socialist parties that were viewed at that time by the political élite as hostile to the state.

Such approach was slowly spreading not only to Central Europe, but also to Scandinavia, England, and even to the United States. “*What was specific to Continental Europe though - especially in Germany, France and Belgium, and to a les-*

⁵⁵ Bruno PALIER (ed.), *A long Goodbye to Bismarck? The Policy of Welfare Reforms in Continental Europe*. Amsterdam University Press 2010, pp. 35–36.

⁵⁶ For details see: François EWALD, *L'Etat providence*. Grasset, Paris 1986.

ser degree, Austria and the Netherlands or Italy and Spain – was the type of social protection mechanism chosen and of the political context in which they were expanding thereafter”.⁵⁷ Step by step, a model was developed that was later, particularly after World War II, called the welfare or social state. This phenomenon culminated in the 1970s.⁵⁸

The introduction of social insurance became a widely applied indicator of the welfare state development and thus also of its beginning. In addition to it, a growth of public social expenditures can also be identified with the beginning of the welfare state. Public insurance against employment accidents was first introduced in Germany in 1871, health insurance also for the first time in Germany in 1883, and an old-age pension scheme was implemented six years later.⁵⁹ This period is also referred to as the “*curtailed welfare state*” due to its limited effect; still, it should be born in mind that this model constituted primarily a political tool of bourgeois elite against the mobilizing workers’ movement. Bismarckian Germany where it was for the first time implemented and where its particular institutions and tools were gradually introduced was a country with rapidly developing industry and with an authoritarian regime.⁶⁰ The “*curtailed welfare state*” was mainly used as an instrument of political power against the growing organized workers’ movement.

The concept of a state ensuring a fair standard of living and social participation for all citizens based on a non-distribution policy resulted from discussions and political disputes taking place in the latter half of the 19th century. A number of critical views appeared at that time in relation to the social system, which itself had seen fundamental transformations in the latter half of the 18th and the first decades of the 19th centuries. They were reactions both to the existing structure of particular social communities and to the radical theories of a fair social system based on the ideas invented by ideologists of the international workers’ movement. Academic socialism, represented – among others – by the German economist Gustav von Schmoller, was using the term “*Wohlfahrtsstaat*” and, as opposed to English liberalism, demanded that the state enable all people to enjoy more the fruits of civilization, primarily in connection

⁵⁷ B. PALIER (ed.), *A long Goodbye to Bismarck?*, p. 36.

⁵⁸ For general overview see: F. G. CASTLES, - S. LEIBFRIED – J. LEWIS – H. OBINGER, Ch. PIERSON, *The Oxford Handbook of the Welfare State*. Oxford University Press 2010.

⁵⁹ Peter FLORA (ed.), *Growth to Limits*. Vol. 4, De Gruyter, Berlin 1987, pp. 144, 210, 433, 559. A. J. HEIDENHEIMER, P. FLORA, *The Development of Welfare States*, p. 83.

⁶⁰ Little known is the fact that this model of curtailed welfare state, or its initial idea was strongly influenced by the social policy of the French King Napoleon III. Details: Asa BRIGGS, *a Welfare State in Historical Perspective*. European Journal of Sociology, Vol. 2, Issue 2, December 1961, pp. 221–258. Here p. 22.

with the rapidly progressing industrialization and urbanization.⁶¹ These concepts reflected two different approaches to the social question and to its solution, of which either was based on different conditions of development of free market economy.⁶² The term “*Sozialstaat*” was mostly referring to the complex of Bismark’s reforms in Germany, particularly in the field of social and health insurance, all motivated with the apparent effort to prevent the threat of socialist revolution.⁶³ Nevertheless, it should be born in mind that the term “*Wohlfahrtsstaat*” that was used by both academic socialists and German historians dealing with the 19th century history included also a number of measures against the liberal economic policy followed by governments in the 18th century (including grain price control).

The theory and practice of the welfare state at the turn of the 19th century was also influenced by ‘progressiveness’, a political attitude advocating advantages, changes, or state reforms through government action. Progressiveness (as manifested in Europe in the progressist movement, or later in classical liberalism and progressive democratism) mostly occupied the central place between the conservative and the reactionary theories.

The Catholic Church, too, contributed to the reflection of deep social contradictions in the society of industrial capitalism with its social doctrine, and so did also the Protestant Church as well as undoubtedly the discussions taking place between the churches (or between churches and political entities, or between churches and the state), and between the political Christian movements. Discussions on the nature of the welfare state were also taking place in the Jewish religious communities (e.g., William Temple).⁶⁴

The following phase, covering the period from the end of World War I to the end of World War II (1918–1945), is characterized by the efforts of many European states to improve the situation of lower social classes. After World War I efforts can be observed that were aimed at implementing different welfare state concepts, more or less successful and more or less deep, in a number of European countries. We cannot avoid in this connection the Italian efforts to imple-

⁶¹ For details see: Birger P. PRIDDAT, *Die andere Ökonomie. Über G. v. Schmollers Versuch einer “ethisch-historischen” Ökonomie im 19. Jahrhundert*. Metropolis, Marburg 1995.

⁶² EUCHNER, Walter – GREBING, Helga – STEGMANN, Franz Josef – LANGHORST, Peter – JÄHNICHEN, Traugott – FRIEDRICH, Norbert, *Geschichte der sozialen Ideen in Deutschland. Sozialismus – Katholische Soziallehre – Protestantische Sozialethik. Ein Handbuch*. Hrsg. Von Helga Grebing. 2. Auflage, Verlag für Sozial Wissenschaften, Wiesbaden 2005, p. 727nn.

⁶³ For short review see: G. A. RITTER, *Der Sozialstaat: Entstehung und Entwicklung im internationalen Vergleich*.

⁶⁴ William TEMPLE, *Christianity and Social Order*. Penguin Books, London 1942. Same, *The Church Looks Forward*. Morehouse-Gorham Company, London 1942.

ment the “*Stato sociale*”.⁶⁵ The welfare state concepts in Italy were developing from two very different political systems: the liberal one, which followed the unification of Italy in 1861–1922, and the fascist regime (1922–1943). “*The different political background, however, did not exert any major influence on the schemes of institutionalization of the social protection of citizens*”.⁶⁶

A great contribution to the practice of the welfare state was made by the Scandinavian countries as expressed in the Swedish notion of “*Folkhemmet*”.⁶⁷ The term played a certain role in the programs and political activities of the Swedish Social Democratic Party, primarily in the period 1932–1976 when it was the ruling party. The specific problems of that neutral country (particularly the dramatic decline of birth rate, high emigration, etc.) brought about non-standard solutions. The economist Gunnar Myrdal who, together with his wife Alva, published a book on the population crisis in 1934, strongly engaged in the then discussions.⁶⁸ The debate eventually produced draft solutions that then became parts of the Swedish welfare state.

The welfare state in its theoretical and practical form was also present in France in the concept of “*État providence*”,⁶⁹ whose roots were going back to the mid-19th century, but also in the Iberian Peninsula in the notion of “*Estado del bien estar*”.⁷⁰

An important example of the welfare state concept in Central Europe was Czechoslovakia,⁷¹ and also Austria.⁷² We shall pay more attention to this topic later on. The efforts made to carry through a social doctrine in Poland cannot be

⁶⁵ Gösta ESPING-ANDERSEN, *I fondamenti sociali delle economie postindustriali*. Il Mulino, Bologna 2000. Wil A. ARTS e John GELISSEN, “*Tre mondi di capitalismo di assistenza sociale o più? Un rapporto avanzato*.” *Giornale di politica sociale europea*, Volume 12. Salvia, Londra 2002. Francesco RIMOLI, *Stato sociale*. In: *Enciclopedia giuridica treccani*, Roma, 2004, XX.

⁶⁶ B. PALIER (ed.), *A long Good Bye to Bismarck?* p. 157.

⁶⁷ <http://en.wikipedia.org/wiki/Folkhemmet> (record of 8. 10. 2013).

⁶⁸ Alva MYRDAL, Gunnar MYRDAL, *Kris i befolkningsfrågan*. Stockholm 1934. Allan C. CARLSON, *The Swedish experiment in family politics, the Myrdals and the interwar population crisis*. New Brunswick, New Jersey 1990.

⁶⁹ Jean-Jacques DUPEYROUX, Michel BORGETTO, Robert LAFORE, Rolande RUELLAN, *Droit de la sécurité sociale*, Dalloz-Sirey, Paris 2005. Francois-Xavier MERRIEN, *État et politiques sociales: contribution à une théorie “néo-institutionnaliste”*. In: *Sociologie de Travail*, 32 (3), 1990, pp. 267–294.

⁷⁰ B. PALIER (ed.) *A long Good Bye to Bismarck?* pp. 183–201. Gerald SEIBOLD, *The Social welfare systems of Spain and Austria*. Books on Demand, Norderstedt 2008.

⁷¹ Alfio CERAMI, *Social Policy in Central and Eastern Europe. The Emergence of a New European Welfare Regime*. LIT Verlag, Berlin 2006.

⁷² OBINGER, Herbert – TALOS, Emmerich, *Sozialstaat Österreich zwischen Kontinuität und Umbau*. Eine Bilanz der ÖVP/FPÖ/BZÖ-Koalition. Verlag für Sozialwissenschaften, Wiesbaden 2006.

ignored here, either.⁷³ After becoming an independent country by the end of the World War I, a number of social bills were passed in Czechoslovakia, such as those on unemployment benefits, eight-hour working time, pensions for war-disabled persons and for surviving dependents of the fallen soldiers. Attention was also paid to the consequences of poverty and a well organized social health care system was established.⁷⁴ In the following years “*a health insurance reform started and disability and old-age insurance of workers in the private sector was introduced. The start of Great Depression in the early 1930s hindered an extended introduction of social insurance against all major social risks covering a wider range of insured persons*”.⁷⁵

The dictatorial and authoritarian regimes in Europe, resulting from the deep social contradictions in the preceding period of time that had been undoubtedly generated by the World War I, were also making use to a large extent pragmatically and also deliberately of the welfare state concept. Construction of a social utopia in the Soviet state, which pretended to be socialist, was one of the variations. We cannot ignore here the genesis of the welfare state concept in the Nazi version and in similar versions all over Europe.

At the same time, however, a very intense intellectual discourse was taking place in Europe that necessarily and logically reflected the evolution in great European countries, particularly in the Soviet Union, while steadily responding to the specific problems of European developments. Nevertheless, the most important milestone, economically conditioned, in the theory and practice of the welfare state was the Great Depression at the turn of the 1920s and the subsequent World War II.

The notion of “*welfare state*” is in the Anglo-Saxon world mostly put in connection with the end of World War II and naturally also with the partial adoption of the suggestions that had already been summarized by Lord William Beveridge (1872–1963) during the war. His program was preceded by a number of social measures taken by the British Government in the years 1940–1941, when the British Isles were facing an immediate danger of attack and occupation by Nazi Germany. Cheap breakfast and free milk were provided to pupils, obligatory vaccination was introduced as part of the new healthcare measures,

⁷³ Bob DEACON, *The New Eastern Europe: Social Policy, Past, Present and Future*. SAGE, London 1992.

⁷⁴ The founder of social medicine in Czechoslovakia was Prof. MUDr. František Hamza, who established the first sanatorium curing children's tuberculosis in Central Europe situated in the small town of Luže, East Bohemia, in 1901.

⁷⁵ M. VEČEŘA, *Sociální stát: východiska a přístupy*, pp. 59–60.

wide-spread hospital care became available, bills on old-age and widow's pensions were passed, etc.

The Beveridge concept was developing over a couple of decades and its inventor, in his position of Director of the London School of Economics and Political Science, had participated as early as 1911 in the preparation of the Insurance Bill that was approved by the British Government and that provided for the first insurance against unemployment in the world. Its complex system of social insurance was inspired by the measures taken by Franklin Delano Roosevelt, the thirty-second President of the United States, in 1935. The author of the name, however, was London's Archbishop Richard Temple who had used the term "welfare state" when delivering a sermon.⁷⁶ The term "welfare" refers to a wide range of social measures, including health care, social insurance, and social services. In the United States, however, it refers almost exclusively to social benefits. Nevertheless, the term can be viewed as an English equivalent to the Czech concept "sociální politika" (social policy). Based on the evaluation of the results of and the experience with the above measures William Henry Beveridge, Professor at Oxford University, started preparing a more comprehensive plan upon request of Winston Churchill's Government. In his project submitted in 1941 and published in 1942 he speaks about "freeing man from poverty", meaning a guarantee of regular income to everybody, irrespective of his/her current situation, creating a unified, simple, and centralized system covering all the population.⁷⁷ His work and results were discussed in a number of works.⁷⁸ *"The Plan for Social Security is put forward as part of a general programme of social policy. It is one part only of an attack upon five giant evils: upon the physical Want which it is directly concerned, upon Disease which often causes that Want and brings many other troubles in its train, upon Ignorance which no democracy can afford among its citizens, upon the Squalor which arises mainly through haphazard distribution*

⁷⁶ For details of the genesis and translation of "Welfare" in to Czech: M. VEČEŘA, *Sociální stát: východiska a přístupy*, p. 23.

⁷⁷ William H. BEVERIDGE, *Report on Social Insurance and Allied Services. Cmd. 6404, H. M. Stationery Office, London 1942*. In Czech: *Plán sociální bezpečnosti [Plan for Social Security]*. Excerpt from the Beveridge Report. Translation and notes added by Dr. Jiří Fischer. Politická knihovna "Čechoslováka", London 1942.

⁷⁸ W. H. BEVERIDGE, *Report: Social Insurance and Allied Services*, London 1942. For detailed information on this author and his work see: Janet BEVERIDGE, *Beveridge and His Plan*. Hodder & Stoughton, London 1954. Brian ABEL-SMITH, *The Beveridge Report: Its origins and outcomes*. Blackwell Synergy. In: *Social Security Review*, Volume 45, Issue 1–2, Page 5–16, January 1992. Also: Jose HARRIS, *William Beveridge: a Biography*. Oxford University Press 1999. Nicholas TIMMINS, *The Five Giants: a Biography of the Welfare State*. New Edition, Harper Collins 2001. The first Czech author having thoroughly evaluated the project of W. Beveridge was Martin POTŮČEK, *Sociální politika [Social Policy]*. SLON, Praha 1995.

*of industry and population, and upon the Idleness which destroys wealth and corrupts men, whether they are well fed or not, when they are idle!*⁷⁹

The period following the World War II until the late 1970s (1945–1980) can be viewed as the most successful one, its characteristic features being as follows: “*The role of political factors in the construction of a welfare state is declining in favor of the economic development, but the influence of Social Democracy on its construction still survives*”.⁸⁰

The process of practical implementation of a complex of social measures and the use of British experience in the field of social policy found much reverberation in other West European countries, particularly in France. “*We can say that not only all countries with a long-term social democratic government start building a welfare state, but also countries where social democrats were not in the government at all, or for a short time only (Germany and Italy prior to 1989)*”.⁸¹ This period is therefore sometimes referred to as a “*golden age of the welfare state*.”

In the United States, the *New Deal* policy introduced by President Franklin D. Roosevelt’s Administration to foster America’s economy and – in particular – the Social Insurance Bill passed in 1935 stabilized the society shaken by the Great Depression. After the war, however, the measures implemented in Europe were not further developed there. There were many reasons for this, the most important being that fact that “*unlike Europe, in the USA democratization preceded industrialization. As a result, the key role in policy from the very beginning was not played by the conflict between labor and capital, no strong social democratic party emerged, and no strong demand for seeking an alternative to the free-competition capitalism existed there*”.⁸² In the strongly individualistic political culture of America there was no strong politically organized force, no workers’ movement struggling for the institution of welfare state. Due to the high share, or to the strong constant inflow of immigrants it was extremely difficult to explain to the American citizens, who had mostly passed through the American “*mel pot*” one, two, or three generations earlier and had alone to cope with extremely harsh conditions, why they would have to pay with their taxes “*pensions and unemployment benefits to those who had nothing in common with them*”.⁸³

⁷⁹ W. H. BEVERIDGE, *Report: Social Insurance and Allied Services*, p. 170.

⁸⁰ Stanislav HOLUBEC, *Evropský sociální stát a jeho kritikové* [The European Welfare State and its Critics]. Pražské sociálně vědní studie, Sociologická řada SOC–003, Praha 2005, p. 6.

⁸¹ *Ibid.* Details in: David SASSOON, *One hundred Years of Socialism: The west European Left in the Twentieth Century*. New Press, London 1996, pp. 137–166.

⁸² S. HOLUBEC, *Evropský sociální stát a jeho kritikové*, p. 7.

⁸³ *Ibid.*, p. 8. Even today we can see how many difficulties President Barack Obama’s Administration has with its health care reform in America.

With the 1973 oil shock and with the failure of the Keynesian system of economy control the golden era of the welfare state ended.⁸⁴

The current stage of evolution, which started after 1980, is closely linked to the beginning of a conservative revolution. The phenomenon of welfare state has been widely criticized, mostly by the rightists, and due to the long economic recession of 2009–2013 the governments have systematically curtailed and reduced it. *“Due to a number of factors, starting from the oil shocks over the fall of the Soviet bloc to the globalization processes, ageing of the population, etc., a crisis of its legitimacy started mainly in the eyes of the middle classes (like the payers’ revolution in the United States) followed by an open attack against the welfare state on the part of the right-wing political parties, large corporations, and supranational social institutions. The political conditions of an attack against the welfare state were created with the election of Margaret Thatcher and Ronald Reagan early in the 1980s. Still, many people are not sure whether their strong antisocial rhetoric was really accompanied by real antisocial policy”*.⁸⁵ This phase can be also called a period of welfare state reconceptualization, meaning seeking a justification of this institute under the new conditions. There is no doubt, on the one hand, that this period is characterized by a reduction of social programs, search for new mechanisms of the welfare state, and reformulation of its general content, while on the other hand the problem has become a strongly political one, which seems to evoke a return to the very beginning of the problem.

Welfare State in the Post-Soviet, Post-Socialist Space?

Naturally, the phenomenon of welfare state should not be reduced to social policy only, as it is often the case. Having accepted this premise, we can even admit that the welfare state existed also in the Soviet Union as early as the 1930s. Of course, not only the governments with a democratic political system, but also the authoritarian, dictatorial regimes pursue a social policy. Nazi Germany is a good example of this. Nevertheless, there is one more problem, as already mentioned above. After the implosion of “real socialism” in the Soviet Union and in the Central and East European countries a number of new doctrines and interpretations of the welfare state concept emerged in that part of the world. And it is in that region, and particularly in the legal successor to the Soviet Un-

⁸⁴ Peter FLORA, *Growth to Limits: The Western European Welfare States since World War II*. Volume I, Walter de Gruyter, Berlin 1986.

⁸⁵ S. HOLUBEC, *Evropský sociální stát a jeho kritikové*, p. 8.

ion, the Russian Federation, that works can be found that simplify the whole question and that equate the welfare state to social policy.

As far as we know, their authors are mostly graduates from the State University – School of Economics in Moscow, such as Yaroslav Kuzminov, Yegor Yasin, and also the administrative head of the Federation of Independent Russian Trade Unions, Vladimir Kamenetsky, and others.⁸⁶ To put it simply, they are advocates of the bureaucratic and liberal interpretation of the welfare state suggesting that its evolution phase achieved in the mid-1990s “*can be referred to as a stage of liberal welfare state*”.⁸⁷ No wonder that the term “*welfare state*” appears in Paragraph 7 of the Constitution of the Russian Federation passed on 12 December 1993 stating that such institution already exists in Russia. Logically, a number of works appeared in Russian professional literature that critically deal with this simplified optics. Qualified research into the welfare state and social policy is available in the works of specialists of the Institute of Europe and of the Institute of Comparative Political Science, Russian Academy of Sciences, as well as in other scientific institutes. An outstanding specialist among the many authors is Alexander F. Khramtsov.⁸⁸

A number of other views can be observed in the Russian milieu that are related to its strong state-bureaucratic tradition and that also considerably influence the Government policy. A very clear, yet critical view is that of the director of the Institute of Globalization Problems (IPROG), Mikhail Delyagin: “*It should be admitted that in addition to the liberalism of half-educated reformers and successful businessmen (who like liberalism as a religion of those who are strong and who waive any responsibility for the weak) Russia is enchanted by the prevailing, no less terrible spontaneous liberalism of bureaucracy. The ‘apparatchik’ chooses liberalism as the only doctrine that justifies and praises as greatest wisdom his laziness and ignorance, as the only doctrine that does not attempt to cure the inefficient state administration and that converts him into a fetish and an inevitable natural phenomenon*”.⁸⁹

Some Russian authors speak even without enough foundation about a beginning of the liberal welfare state.⁹⁰ There are destructive and increasing attempts to reformulate the welfare state and to minimize it, so that ultimately it some-

⁸⁶ Cf.: *Koncepcija socialnogo gosudarstva Rossijskoj Federacii*, Moskva 2004, p. 115.

⁸⁷ Sergej KALASHNIKOV, *Funkcionalnaja teorija socialnogo gosudarstva*. Moskva 2002, p. 80.

⁸⁸ Alexandr F. KHRAMTSOV, *Socialnoje gosudarstvo: Rossija i jevropejskij opyt*. Institut sravnitelnoj politologii Rossijskoj akademii nauk, Moskva 2005.

⁸⁹ *Mir Rossii*, No 1, 2000, pp. 120 –121.

⁹⁰ S. KALASHNIKOV, *Funkcionalnaja teorija socialnogo gosudarstva*. p. 80. The work is critically viewed particularly by A. F. KHRAMTSOV, *Socialnoje gosudarstvo: Rossija i jevropejskij opyt*. Institut sravnitelnoj politologii Rossijskoj akademii nauk, Moskva 2005, p. 19.

times becomes its caricature. We should not forget, however, that the welfare state and social policy, too, have some limitations that cannot be exactly determined. We mean that the activities of different social networks should help those who are in real need, but that they should not undermine the stimuli motivating the citizen to work (if he/she is physically able to) and not to live on the account of other people. This is a problem of social transfers, which should be primarily in conformity with the market conditions and thus prevent a destruction of the motivation to work and/or to undertake ventures. This question alone is very complex and cannot be described or defined with a few words.

As to the long-term trends of welfare state evolution since the 19th century, social policy can be characterized as a part of the response to the challenges of developing industrial society, within the context of planning and regulating the social matters in a scientific way. This said, we can methodologically arrive at a comparison of the two main variations of social policy: the democratic and the neo-corporatist. The western model of welfare state has historically beaten the model that was established in the Central European socialist countries and that disappeared with the decline of the Soviet bloc; nevertheless, it is apparently heading to a serious crisis in the context of changes taking place in the Fordian industrial society during its transition to a society based on electronic services and globalization.

Current State and Critical Views of the Welfare State

With the development and increasing role of the welfare state reaching the political area its critical views have been naturally increasing, too. It is little known that Gunnar Karl Myrdal, an important Swedish economist and politician mentioned above and a 1974 Nobel Prize Winner, pointed both to the potential and to the limitations of a further development of the welfare state concept, and also to some weak points in its foundations as early as the 1950s.⁹¹ He summarized his lectures held at Yale University in the United States in 1958 in a book entitled "*Beyond the Welfare State*"⁹² that was published two years later. Myrdal was aware of the many limitations that were going to play an increasing role in the evolution of the welfare state, and reflected on how they might be coped with. However, he did not focus specifically on the welfare state, but on the trends and the

⁹¹ He was awarded the Nobel Prize for his contribution to the theory of money and to the theory of economic fluctuations, and for his analysis of interdependence of economic, social, and institutional phenomena.

⁹² Gunnar MYRDAL, *Beyond the Welfare State. Economic planning in the welfare states and its international implications*. Methuen, London 1960.

place of planning work in it. He considered this topic in the context of the interrelation between planning and democracy. Therefore, he extended his reflections by comparing the principle of planning and the methods of social policy both in the democratic world “*Democratic Welfare State*”, and in the Soviet Union, the Soviet Bloc, and also in the developing countries: “*In this transitional phase of the development towards the more perfect democratic Welfare State, while coordination and planning are becoming gradually more thorough, under the pressure of the continually growing volume of intervention, both by the state and by collective authorities and power groups beneath the state level, it often happens that the people confuse planning with direct and detailed state regulations. [...] We assume further that, as planning proceeds, it will be seen to be in line with the ideals of the Welfare State to delegate, wherever it is safe and practicable, responsibility for detailed public regulations to local and sectional collective authorities instead of having them carried out by means of direct state intervention*”.⁹³ Of course, Myrdal did not mean criticism in the sense of reducing the welfare state policy, but promoting it.

A typical feature of the welfare state in its initial phase was its ambiguity or, to put it simply, an effort to protect the market system against its own negative impacts. “*Hidden behind the doubts over the desirability, funding, and function of the welfare state is the displeasure of the Right believing that this institution curtails too much the market, and the indignation of the Left being convinced that this institution serves too much the market*”.⁹⁴ As the welfare state was constituted as a complex institution, there have been naturally disputes at all levels over its nature. The neoliberal criticism from the Right aimed mainly at the economic matters: “*Actually, no one has ever proved that capitalism without the welfare state would really be a working model, and when viewed more closely, the rightist criticism exhibits many weak points of both theoretical and empirical nature*”.⁹⁵ The theoretical level, however, includes one problem that the rightist critics can only hardly manage. They require a maximum reduction, or even a total removal of the welfare state without having developed any theoretical concept guaranteeing further existence of the democratic system with market-based economy, but without the welfare state. Claus Offe, a Marxism-oriented German political sociologist who is also known for his critical statements on the process of transformation towards democracy taking place in Central European countries, particularly on their social and economic policy, considered in the mid-1980s the neo-

⁹³ Ibid., p. 67.

⁹⁴ J. KELLER, *Soumrak sociálního státu (Twilight of the welfare state)*, p. 15.

⁹⁵ Ibid., p. 16.

liberal vision of restoring a healthy type of market-based economy (etc.) “a politically impotent daily dream of some ideologists of the old middle classes”.⁹⁶

We could also speak about a typology of welfare state criticism; this, however, would require an additional study. We shall therefore use here a division that is in our opinion the most relevant one. The sociologist and former long-time director of the Max Planck Institut für Gesellschaftsforschung in Cologne, Jensen Albert, makes a distinction that is rather different from the traditional one. He calls the neoliberal and neoconservative arguments sharp criticism of the welfare state, while criticism from the third-way positions or social liberalism is referred to as a soft variant.⁹⁷ The neoliberal arguments are based on the premise that where there is a strong welfare state there is a high rate of unemployment. The neoconservative view is much sharper: “*The unemployed are often not employed due to their own laziness. Research has shown that the opinion that they do not work because they do not want to refers to some 3% of the population able to work, which to our current standard means less than one third of the unemployed*”.⁹⁸

Contrary to that, the main critical argument of the radical Left is that “*the welfare state has never been able to eliminate poverty or social inequality. International comparisons show, however, that poverty and inequality in the strong welfare states are the lowest in the world.*”

The whole range of such critical views and arguments in the sense of the question “*do we really need the welfare state yet?*” was considered by Gøsta Esping-Andersen, Anton Hemerijck, Duncan Gallie together with John Myles in their report for the European Union,⁹⁹ whose extended version was then published in a separate monograph.¹⁰⁰

The collective monograph *Theory and Practice of the Welfare State in Europe in the 20th Century*. Consists of six parts. In Part One named “*Views of the Welfare State*” an attempt is made to provide a detailed review of the historiographic research into and the interpretations of the welfare state starting with

⁹⁶ Klaus OFFE, *Contradictions of the Welfare state*. The MIT Press, Cambridge 1984, p. 152.

⁹⁷ Jensen ALBERT, *Hat sich der Wohlfahrtsstaat als soziale Ordnung bewährt?* In: Mayer, K. U. (Hg.) *Die beste aller Welten? Marktliberalismus versus Wohlfahrtsstaat. Eine Kontroverse*. Campus Verlag, Frankfurt am Main/ New York 2011.

⁹⁸ S. HOLUBEC, *Evropský sociální stát a jeho kritikové*, p. 11.

⁹⁹ The above authors collaborated on the work: Gøsta ESPING-ANDERSEN – Anton HEMERIJCK – Duncan GALLIE – John MYLES, *A new Welfare Architecture for Europe?* Report submitted to the Belgian Presidency of the European Union. Final version, September 2001. Recent fundamental work: Anton HEMERIJCK, *Changing Welfare States*. Oxford University Press 2013, particularly pp. 51–85 and 373–398.

¹⁰⁰ Gøsta ESPING-ANDERSEN (with Duncan GALLIE, Anton HEMERIJCK, John MYLES), *Why We Need a New Welfare State*. Oxford University Press, Oxford 2002.

its definitions, which are many and cover various fields of social life of different width, as has been stressed above in this Introduction. The first topic dealt with in that part is an assessment of the theory and practice of the welfare state in historiography and a formulation of the basic conceptual frameworks forming historical representations of the welfare state as a transnational phenomenon. As already mentioned, there are many typologies of the welfare state and many catalogs of its definitions in current scientific literature, while only few historical conceptualizations are available. We tried therefore to present a review of those that in our opinion are substantial and to explain the factors determining them.

A political and economic viewpoint allows us to view the welfare state as a third way between capitalism and revolutionary socialism. When attempting to deal with this topic through the prism of practical macroeconomics we must not forget that the economic view of the public sector and of the welfare state (social transfers) is traditionally based on the role of public incomes and expenditures in controlling the aggregate demand. However, using the public incomes and expenditures for this particular purpose can only be efficient in a closed model of economy, since when the economy opens the macroeconomic stabilizing and stimulating function of public incomes and expenditures declines, as can be seen in the last decades. Consequently, the construction of social transfers should be as market-conform as possible, so as to prevent a destruction of the working and/or entrepreneurial motivation. These aspects are closely examined along selected particular lines of welfare state development, namely liberalism, social democratic type, and reform socialist regime as a third way.

The welfare state interpretations are dealt with in connection with the state of social justice and sustainable governance in the OECD Member States (*Organization for Economic Co-operation and Development*) in the past decades, the best facts in our opinion being as follows. The welfare state can be briefly defined as a political regime in which capitalism is curbed by a democratic government so that the market allocation of goods in society is regulated by the state in favor of social justice. In spite of the many differences between the welfare states existing in Europe some common features are observed that can be defined as follows: First, it is a Keynesian type of economy or its modification where the market mechanism is corrected by the state in order to provide macroeconomic stability for economic growth and to implement the ideas of social justice. Second, a public-service state where the liberal law-based state is extended to include also social and/or other rights, such as those of ethnic, cultural, or ecological nature. Third, a classical concept of liberal parliament-based democracy putting the governance in the hands of the educated and wealthy élite that changed du-

ring the existence of mass democracy so that parliament politics remains in the hands of the political élite groups, but these are legitimated for governance owing to the competition of political mass parties struggling for power, and there is also off-parliament politics participating in the political decision-making process, mostly through mass interest-organizations of the working people (trade unions). Naturally, it cannot be denied that the welfare state and the employment rate are closely interrelated and that the welfare state exerts immediate influence on the formation of social conflict axes, as Gøsta Esping-Andersen put it in his meanwhile classical work in 1990.¹⁰¹

Based on large research the essential challenges are analyzed that come from different areas, such as globalization (growing immigration, etc.), economic field (fiscal crisis of the state), social factors (decline of social solidarity, changing individual preferences), demographic trends (ageing of society), or growing wealth inequalities. These trends are then compared by the authors with the political reform capacity of particular West European states and with the programs of local political parties.

The welfare state has seen a number of metamorphoses and transformations since its beginning in the sense of deliberate and systematically followed government policy. When the challenge to capitalism coming from the Soviet Union had disappeared, a dramatic development started with the European welfare state concepts being reformed under the pressure of liberal concepts coming mostly from the United States and of a totally different social policy coming from China. The specificity of the Russian milieu as another very important and huge geopolitical entity exhibiting incredibly deep transformations made a number of Russian scientists seek other views of the welfare state concept in the 20th century. These include also the work of Vladimir I. Vernadsky, a scientist and thinker, author of the theory of “biosphere” of international renown who, however, is less known for his research in the field of theory and practice of the welfare state viewing it as a key component of the transition between democracy and dictatorship. His work was directly confronted with the beginning and development of dictatorship in the Soviet Union.

Part Two of the collective monograph bearing the title “*Theory of the Welfare State, Origins and Genesis of the Concept, Characteristics and Development of the Discussion up to the Present—Day Views of the Welfare State. Interrelation of the Welfare State and Democracy*” is devoted to political and economic reflections on the state’s role in the economy under the conditions of global crisis. The primary point of view is the economic one, but attention is also paid to the

¹⁰¹ Gøsta ESPING-ANDERSEN, *The Three Worlds of Welfare Capitalism*. Princeton University Press, New Jersey 1991, p. 221.

evolution of social discussions on the welfare state and its roots, including some current views of that problem. Unlike the research work done in other countries, such as Germany, little attention has been paid in the Czech Republic to the welfare state concepts within the Christian social doctrine, or to the views of Czech Christian socialists in the 19th century.¹⁰² The reverberation and influence of particular philosophical streams, namely of the “ultramontane” view (its representatives are sometimes referred to as social romantics), and also of the social realists and the corporate-reformers, were quite strong in the Czech milieu as early as the 1890s. All the three concepts manifested themselves also in the Czech Catholic milieu, which has not been sufficiently and deeply investigated in this respect yet. The eventual winner of this competition proved to be the realistic movement represented by the Czech Christian socialists, organized in Christian socialist parties in Bohemia, Moravia, and Silesia, and in the Czechoslovak People’s Party, whose moderate wing was represented by the circles around Jan Šrámek.

The period covering the 19th century is further developed in Part Three called *“Attempts to Implement the Welfare State in Europe between the World Wars and Their Critical Social and Political Analysis.”* a dramatic milestone in the topic whose role must not be underestimated was the World War I with millions of dead people and with fundamental changes in viewing the world that increased the deep differences in the ideological efforts to cope with the consequences of the war. They also reverberated in the deeper perception of social questions. It is not only political philosophy that makes us pay due attention to the question of social stability, which is strongly affected if the state and/or society tolerates apparent unfair distributions. Logically, this brings about a growth of social anomy that may produce strong upheavals in the very political system. Of course, social instability does not have strong effect on the economy only, but also on state expenditures. The problem consists in the fact that if the state fails to invest in an improvement of the social situation of its citizens, it must on the other hand invest the same funds to increase the repressive components, such as police, army, and prisons. Poverty and polarization of society certainly fail to strengthen the social order and they produce a breeding-ground for crime. The polarization of society led to attempts of the political élite to stabilize society by reinforcing the authoritarian power tools and forming an authoritarian state, as it was the case of Hungary, Poland, and Romania.

¹⁰² See also the large work on the evolution of social thought in Germany: Helga GREBING (Hrsg.) *Geschichte der sozialen Ideen in Deutschland. Sozialismus, katholische Soziallehre, protestantische Sozialethik. Ein Handbuch.* Klartext Verlag, Essen 2000.

Special attention in this block is paid to the increasingly isolated island of democracy in Central Europe, Czechoslovakia (as opposed to Austria), and also to the social concepts of the groups of Hungarian political émigrés who had fled to Czechoslovakia. Forming a strong social policy exhibiting the features of welfare state construction in Czechoslovakia between the two world wars was a matter of interest of all political parties and an important role in this matter was also played by the large and influential trade unions.

Part Four "*Reflection of the Welfare Idea in European Authoritarian Regimes and Dictatorships*" goes into the little known and rarely studied question of reflections on the welfare state in the Czechoslovak territories occupied by Nazis in 1939–1945, including the ideas of resistance representatives both inside the country and in exile in London or Moscow.

It deals with the plans and program discussions, and also with the economic and social reforms constituting a political and to some extent also legal framework within which the discussions were taking place, including those in the liberated territories of Czechoslovakia. The welfare-state-related discussions in occupied territories were naturally held under the conditions of totalitarian regime. Of course, all the political and ideological movements in exile were more or less waiting for the end of the war and for the liberation of Czechoslovakia so that "the people at home" could have a say on this matter. An important positive impetus to the discussions on extending the welfare system after the war was the first program of social reforms featuring state interventions in the Keynesian spirit (mostly in the policy of employment and social security) in Great Britain as contained in the Social Security Plan presented by an outstanding liberal politician and thinker, Lord William H. Beveridge, on 20 November 1942.

Part Five "*The Welfare State – Ways to Its Implementation in Post-War Europe. Continuity and Discontinuity of Thought*" goes into the welfare state concepts developed during the World War II, but implemented later on, under the conditions characterized by a shift "to the left" and thus totally different from those of the late 1930s.

After World War II, socialist parties came to power in a number of western countries while Eastern Europe was exposed to a growing pressure from the Soviet Union, supported by the local Communist parties. Representatives of the West European key states, particularly Great Britain and France, hoped after World War II that in collaboration with other socialist parties of Northern and Western Europe they would be able to follow a third way between the capitalism of American type and the Soviet Communist system. These plans, their course and evolution as well as the radical change following the outbreak of the Cold War have been paid due attention here. However, after the start of the Cold War

in mid-March 1947 it turned out very soon how different the welfare state concepts were in such fields as social policy, rate of socialization, and economic policy in the West and in the East.¹⁰³

We have focused here on a comparative study of the key features of the welfare state in Central and Eastern Europe, including their differentiation. This differentiation existed in spite of the forced sovietization of programs taking place in those countries. Contrary to all expectations, however, the differences in the economic level of those countries failed to diminish in the coming decades, which also brought about different social policies. Later on, in the 1980s, the increasing economic problems largely contributed to the fall of the real socialism regimes, to the abandonment of the social systems, and to the uncritical adoption of western models. Society in those countries was not prepared to a dramatic growth of unemployment, changes in social policy and, consequently, significant changes in the hierarchy of values of the population, or to growing contradictions between generations. At the moment of disintegration of the system of real socialism it turned out, namely in the case of Germany's reunification, that a strong social policy, such as that in the former German Democratic Republic (GDR), showed also a number of positive features. In spite of that representatives of the "new GDR" (de Maiziere government) and of West Germany were unable during the reunification talks to arrive at an agreement on unification as a combination of West German standards of living and East German social standards. It is not simply to understand differences between the West European system of welfare state and the East European social policy concepts. Therefore, the main features of the 'welfare state' under state socialism are outlined in this part and the outcomes of early restructuring to welfare states in the countries of East and Central Europe are compared to the position in older EU members.

Due to the globalization pressure it was also the welfare state system in West European countries that necessarily underwent transformations. As shown in this part, the welfare states as developed in Central and Eastern Europe are less established than those that were built in Western Europe earlier. Still, the neoliberal movement, extremely strong in the post-communist countries including the Czech Republic, could achieve during the twenty-year period a reduction of the low direct income taxes, often using the word "reform".

Potential reform of the welfare state system is the topic dealt with in the closing Part Six which is entitled "*The Welfare State Crisis of 1990s. Transformation Challenges and the Modern Welfare State*" and which outlines the situa-

¹⁰³ Donald SASSOON, *One Hundred Years of Socialism: the West European Left in the Twentieth Century*. I. B. Tauris, London 1996. For details see chapters 9 and 10, pp. 209–274.

tion in the 1990s and the following evolution. It concentrates on the consequences of the welfare state crisis by the end of the 20th century and on the challenges that it is now confronted with. The word “crisis” is often used today; though, some authors apparently fail to believe that it really is a crisis of the welfare state.¹⁰⁴ These authors, such as the Czech sociologist Martin Potůček,¹⁰⁵ believe that it is the whole system that has entered the state of crisis.

The assessment of what the welfare state was like is also linked to the question of its further potential development. Jacques Rupnik, a French political scientist of Czech origin, is rather pessimistic in his recent essay about the further development potential of the welfare state of “European type”. He believes that “under the globalization pressure the welfare model is decaying and everybody knows that either we succeed in reforming it, or we shall have to choose between the American and the Chinese models”.¹⁰⁶

The theoretical structure of the welfare state system is closely connected with a number of additional factors, such as social justice and fair government as conditions enabling efficient reforms. It is apparently here that the secret of the long-term political success should be sought. Nevertheless, the influence of external factors must not be ignored, such as the economic ones and the ability of large countries to better cope with such factors, including their greater influence in the European Union. Still, as stated in this part, smaller and homogeneous countries possess better conditions to achieve the reform goals than their larger, heterogeneous counterparts. The papers in this block are mostly devoted to the situation and to the development potential of the welfare state in small and medium-size countries in the center of Europe, and comparative views of the social democratic programs in the Visegrád Four countries are primarily presented. A positive feature is the fact that in spite of a number of difficulties related to the processes of economic transformation much attention was paid to the welfare state values in those countries when these values were passing through a crisis in Western Europe. Special attention is paid again to the situation in the Czech Republic, particularly to the contradictions between the social and political reality and the efforts aimed at developing the human potential. An undisputed advantage is the fact that the author of this part personally engaged in the move-

¹⁰⁴ The word “crisis” was used also by Václav Bělohradský in a short essay whose title was borrowed from T. G. Masaryk. See: Václav BĚLOHRADSKÝ, *Naše nynější krize* [Our Current Crisis], *Právo*, 7. 9. 2013, p. 17.

¹⁰⁵ Martin POTŮČEK, *Cesty z krize* [The Ways out of the Crisis]. SLON, Praha 2012.

¹⁰⁶ Jacques RUPNIK, *Evropa na rozcestí* [Europe at a Crossroads]. *Unie podle modelu Kandinskij: dělicí čáry a koncentrické kruhy*. In: Salon. Literární a kulturní příloha *Právo*, (836) 29. 8. 2013, p. 8.

ment criticizing the government for its social policy and its attitude to develop the welfare state.

It is impossible to come here to any final conclusions given the rapid changes taking place now, as repeatedly stressed in the closing part of the Work. The transformations of post-industrial societies (particularly in the western part of Europe) are really arising very fast. We certainly did not intend to make any short-term or intermediate prognosis; on contrary, our aim was to help better know the past of the welfare state concept in Europe.

It is up to the reader to judge the result of our work.

Postface

The preparation of the present Work was far from being easy and included a number of phases. The basic theses were discussed in 2010–2011. The project team “*Theory and Practice of the Welfare State in Europe in the 20th Century*” met in Prague in mid-November 2011. Then, the individual studies were thoroughly discussed with their authors, and based on this discussion the texts were gradually harmonized in 2012–2013 so as to comply with the general aim of the monograph. Simultaneously, a large and long discussion between the editors and the authors was taking place, also in view of the need to translate into English the non-English texts, which prevailed.

The editors made every effort to include in the publication manuscripts as harmonized as possible with the texts of other authors. Unfortunately, some of the invited experts unexpectedly withdrew from the project and their texts could not be compensated for to match the general concept of the project. In spite of all efforts, some differences also remained in the nature, form, didactical presentation and thematic balance of particular parts, which is due to the particular personalities and, in particular, to their different views of the topic. The editors have deliberately conserved these differences in opinion, so that the reader can see and judge them.

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Our thanks go first to the Institute of History of the Academy of Sciences of Czech Republic, which is responsible for the long-term conceptual development

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The Work could not be completed and prepared for the press without many collaborators who helped us, actively and professionally, often beyond their standard duties, and we owe them our sincere thanks.

The publishers and editors express their gratitude also to all co-authors for their contribution. We know that only in close cooperation with them we could achieve our goal: submitting the Work to the curious, yet very critical reader.

Technical remark

The text supplied by Prof. Wolfgang Merkel was reprinted with minor modifications from the publication “*Measuring Social Justice and Sustainable Governance in the OECD*”, in: Bertelsmann Stiftung (ed.): *Sustainable Governance Indicators 2009. Policy Performance and Executive Capacity in the OECD*, Gütersloh: Verlag Bertelsmann Stiftung, pp. 187–215 (together with Heiko Giebler).

We owe our gratitude to the Bertelsmann Stiftung and the publishing house Verlag Bertelsmann Stiftung for their consent. And we also express our thanks to Mrs. Gudrun Mouna of the Wissenschaftszentrum Berlin für Sozialforschung, who kindly cared for all formalities related to the reprint permission.

PART I.

Views of the Welfare State

Historiography of the Welfare State in Transnational Perspective

In my study I shall focus on the stages of research into the history of welfare state. Due to the limited size of the paper and in view of the inexhaustible quantity of literature I cannot but leave out some – or rather most – of the fundamental works. I did not intend to present here a commented bibliography on the history of welfare states, but rather to formulate the basic conceptual frameworks constituting historical representations of the welfare state as a transnational phenomenon.

Every historical research necessarily requires firstly a precise definition of its object, which is here the notion of welfare state,¹ and secondly, so as to avoid a more or less random phenomenistic collection related to what the historian initially defined as welfare state, a subsequent theoretical scheme predetermining the sources, events and circumstances that will be considered important and/or relevant for the construction of causality in the story of evolution of the welfare state. To put it simply: As long as historiography is expected to only provide an answer to the question – let us paraphrase here its founder, Leopold von Ranke – “what actually happened?” and just provide a chronological description of events, the role of conceptualization is relatively limited, although even in this case one may ask why the author considered among the quantity of events just this or that particular one to be important and not another one. Historiography, however, is expected to provide answers of a different type, namely “why did it actually happen?” In that case the particular conceptualization acquires a rather fateful significance because it predetermines the causality structure of the story being written. Of course, it may happen that the author revises his conceptualization according to the sources studied, which is in fact quite normal because this conceptualization is always in relation to the studied sources a priority matter.

While there are huge numbers of welfare state typologies and definition catalogs available in current literature relatively few lists of historical conceptualiza-

¹ The definitions were analyzed in another work and four main types of them have been distinguished: normative (T. H. Marshall), quantitative (G. Therborn), sociological (Ch. Pierson), and institutional (J. Baldock). For details see Jakub RÁKOSNÍK, *Sociální stát jako kategorie výzkumu historické sociologie* [The welfare state as a category of research within historical sociology], *Historická sociologie* 2009, No. 1, pp. 66–69.

tions can be found. Historians mostly reflect such questions only within their particular research without feeling a need for creating any systematic and representative reviews of individual approaches. The scientific disputes over the conceptualization of history of the welfare state refer in our opinion to two argumentation lines:

Firstly, if society in the spirit of systems theory is viewed as a complex, structurally differentiated social system, the disputed question is the determining role of particular subsystems (especially economic, cultural, and political) in the formation of welfare state. Such question, for instance in reference to the German model, can be in practice formulated as follows: Does the German welfare state provide a primary answer to the structural problems of industrialization as evoked by the earlier research of Harold Wilensky, or is it rather a consequence of the long patriarchal tradition and reforms “from above” in the milieu of Prussian bureaucracy, as evoked by Gerhard Ritter in his works, or is it primarily connected with the emergence of workers’ political mass movement and with the position of social democracy in the political system as follows from the work of some researchers, such as Sheri Berman?²

Secondly, the controversy is related to the traditional dilemma of sociological theory consisting in the interrelation between structure and action. As to the Swedish model of welfare state the question could be formulated as follows: Was its form predetermined rather by the structure of political system, as suggested by Gøsta Esping-Andersen, by the consensus of independent farmers and organized workers, which is the basis of Peter Baldwin’s explanation, or was of utmost importance the intellectual production of members of what is known as Stockholm Economic School (Bertil Ohlin, Gunnar Myrdal, and others) who had strongly influenced the public opinion in the 1930s as evoked, e.g., by Allan Carlson in his book on the genesis of Swedish family policy in the interwar period?³

Philip Abrams made an attempt in 1983 to formulate the general typology of historical approaches stressing the above controversial conceptualization lines. He divided the historical approaches to the welfare state in four groups:

² Harold L. WILENSKY – Charles N. LEBEAUX, *Industrial Society and Social Welfare*. New York 1965, pp. 339–343; Gerhard Albert RITTER, *Entstehung und Entwicklung des Sozialstaates in vergleichender Perspektive*, Historische Zeitschrift 243, 1986, No. 1, pp. 1–90; Sheri BERMAN, *The Social Democratic Moment: Ideas and Politics in the Making of Interwar Europe*. Cambridge 1998.

³ Gøsta ESPING-ANDERSEN, *Three Worlds of Welfare Capitalism*. Princeton 1990; Peter BALDWIN, *The Politics of Social Solidarity: Class Bases of the European Welfare State, 1875–1975*. Cambridge 1992; Allan CARLSON, *The Swedish Experiment in Family Politics: The Myrdals and the Interwar Population Crisis*. New Brunswick 1990, pp. 95–120.

The first approach is referred to as *enlightenment theory* and is characterized by the assumption that the growing agenda of social policy and the provision of minimum standard quality of life is primarily a result of the propagation of ideas of “enlightened”, progressively thinking philosophers stressing the social responsibility of the state for the welfare of its citizens. Its weak points are probably the individualistic perspective concentrating on “great history makers” and the inability to adequately explain why some reform ideas could be implemented while other ideas could not.

The second approach is referred to as *necessity theory* and is based on quite opposite premises. The welfare state is viewed here as the necessary outcome of transformations of the economic and demographic structure of society. The main imperfection of this approach is the inability to adequately explain the differences in the welfare state structure in different countries.

The third approach is a compromise referred to as *action theory* stressing the experience of historical players, namely the way they reflect the structure-related social problem in society and the way they translate this experience in competing suggestions for practical politics. Therefore, they focus particularly on the study of cleavages splitting the civil society into partial, relatively closed segments.

The fourth approach is called by the author a *power theory*. As its name indicates, it introduced into the historical explanation the notion of “power” – “the fact that what any particular group of people get is not just a matter of what they choose to want but of what they can force or persuade other groups to let them have”.⁴

No matter how useful Abrams’ review may seem, some imperfections can still be observed. First, this typology is rather outdated and cannot reflect the later stimuli of historical research. And second, it is one-sidedly oriented, since the author wanted to legitimize a greater effect of the power theory in historical sociology compared to the other approaches.

In view of the plurality of potential criteria for the categorization of particular streams I have leaned in my previous texts upon a little different concept than Abrams’. The historiography of welfare state can be divided in three main streams:

⁴ As an example of this approach that he clearly prefers to the others he mentions Frank PARKIN and his book *Class Inequality and Political Order* of 1971. For more information see Philip ABRAMS, *Historical Sociology*. New York 1982, pp. 8–17; similar reviews are also available in Elmar RIEGER – Herbert OBINGER (Hrsg.), *Wohlfahrtsstaaten in entwickelten Demokratien: Herausforderungen, Reformen und Perspektiven* (Einleitung). Frankfurt – New York 2009; Stephan LESSENICH, *Soziologische Erklärungsätze zu Entstehung und Funktion des Sozialstaats*. In: Jutta Allmendinger – Wolfgang L. Mayerhofer (Hrsg.), *Soziologie des Sozialstaats – Gesellschaftliche Grundlagen, historische Zusammenhänge und aktuelle Entwicklungstendenzen*. München 2000, pp. 39–71.

(1) *modernization paradigm*, (2) *conflictual paradigm*, and (3) *revisionist perspectives*.⁵

Stress in the modernization paradigm (1) in historiography is typically laid on research into the structural differentiation of social system. The effects of differentiation, namely the emergence and relative emancipation of particular sub-systems, brought about structural problems that were as of the 1840s at the latest generally summarized in the notion of *social question*. The emergence of welfare state in this concept was primarily due to the rapid growth of industrial production and, consequently, to the transformation of society. Reinhard Bendix, one of the leading American sociologists in the heyday of the classical modernization theory in social sciences during the 1960s, stated explicitly in this context that modernization meant primarily a growth of the welfare state in industrial societies of the world that provided in different ways a platform to settle disputes between social groups with conflicting interests.⁶

The determining macrostructure attracting the interest of historians in this respect was the capitalist production system. A classical example of this approach is probably the work of Gaston Rimlinger of 1971 describing long-term trends in the evolution of welfare state in Europe, America, and Russia,⁷ or that of Harold Wilensky who in 1975 explicitly wrote: “Over the long pull, economic level is the root cause of welfare state development, but its effects are felt chiefly through demographic changes [...]. With modernization, birth rates declined, and the proportion of aged was thereby increased. This increased importance of the aged, coupled with the declining economic value of children, in turn exerted pressure for welfare spending. Once the programs were established they matured, everywhere moving toward wider coverage and higher benefits. Social security growth begins as a natural accompaniment of economic growth and its demographic outcomes”⁸. Similar structural perspective is also typical of the famous comparative monograph of 1981, edited by Arnold Heidenheimer and Peter Flora, who

⁵ Due to the great plurality of revisionist approaches a common “paradigm” can hardly exist. In my previous works I used to indicate a larger number of approaches. To make it better understandable in the conference paper I reduced their number to the minimum. For details see Jakub RÁKOS-NÍK, *Sovětižace sociálního státu – Lidově-demokratický režim a sociální práva občanů v Československu 1945–1960* [Sovietization of the Welfare State – the People’s Democratic Regime and the Social Rights of Citizens in Czechoslovakia 1945–1960]. Praha 2010. Similar method of dividing the interpretation paradigms in historiography is also applied by Gregor STEINMETZ, *Regulating the Social – The Welfare State and Local Politics in Imperial Germany*. Princeton 1993.

⁶ Cit. from Nils GILMAN, *Mandarins of the Future: Modernization Theory in Cold War America*. Baltimore 2003, pp. 16–17.

⁷ Gaston RIMLINGER, *Welfare Policy and Industrialization in Europe, America, and Russia*. New York 1971.

⁸ Cit. from Susan Reed HAHN – Adrienne M. JAMIESON, *Comparative Social Policy*. Berkeley 1985, pp. 8–9.

believed that the welfare state was a “general phenomenon of modernization” resulting from the two main modernization processes – the rapid growth of capitalist market-based economy and the development of political democracy for masses of population within the framework of sovereign national states.⁹

The above examples reveal an apparent trend toward reductionism stressing structural factors as opposed to the volitional action of players. These are obviously the reasons why the modernization theory has lost much of its previous attractiveness for current welfare state historiography. Its universalistic ambitions and stress on the structural perspective of explanation are hardly compatible with the culturalistic orientation of current social sciences and the growing interest of historians in the subjective perception of historical events on the part of their players. Still, we should not forget one of the fundamental positive contributions of the modernization paradigm to historiography that consists in stressing the common features of societies with different cultures and/or political systems, which is particularly useful in connection with the research into welfare state functions in the bipolar world of Cold War.

The concept of progress is immanent in the classical theory of modernization and the welfare state constitutes in this view a way promising to overcome the contradictions produced by the preceding crisis of the modernization process, which is sometimes referred to in literature as the first crisis of modernity meaning the transition of limited liberal modernity of the 19th century to organized modernity of industrial societies after World War II (Peter Wagner).¹⁰ This phenomenon acquired dynamism in the 1890s as the process of capital concentration accelerated, state and municipal social policy expanded, socialist (and sometimes also conservatively oriented) mass parties emerged instead of the previous parties of notables, and classical liberalism started slowly declining with the extension of the right to vote. The next stage was the World War I and the unprecedented level of state intervention in economy and in private life when under the flag of patriotism the entrepreneurs, the trade unions and the state collaborated with each other in governing society in the global war conflict. The interwar era produced the experience of deep instability in the post-liberal regime (following the 19th century liberal order) and the search for alternatives in different forms, such as Stalinist Communism, Popular Front, fascism, National Socialism, or New Deal, with all these regimes sharing trust in salvation through a higher level of organization of the social system. Each of these political regimes promised also a higher level of social security for the population.

⁹ Arnold J. HEIDENHEIMER – Peter FLORA (eds.), *The Development of Welfare States in Europe and America*. London 1981, pp. 22–23.

¹⁰ Peter WAGNER, *Soziologie der Moderne: Freiheit und Disziplin*. Frankfurt am Main 1995.

Albert V. Dicey, a classic of British social historiography, believed a hundred years ago that the typical feature of his era was the transition from individualism to collectivism, putting the beginning of that transformation in Britain in the late 1860s.¹¹ Historians reproached him later largely for simplification and too much schematism in dividing the 19th century in England in three parts: in the first third of the century the Tory Conservatism had a dominant position in the public opinion; in the second third the Bentham type of liberal individualism prevailed; while in the last third the socialist collectivism emerged. We may not share his periodization; anyway, he points to an important process starting in the last third of that century. While Dicey spoke about the coming of collectivism and Wagner about the first crisis of modernity and the beginning of a higher level of organization, Michael Freedden believes in his recent book that the 19th century bequeathed to its follower two spiritual possessions meaning the conditions of a welfare state: enforcement of the concept of society as an organic comprehensive unit (unlike the atomistic individualism of classical liberalism) and recognition of the state intervention as a permanent tool of inner policy.¹² Freedden's approach constitutes another important trend in the historiography of welfare state that has not been paid adequate attention here due to the lack of space: his perspective of viewing the welfare state mainly as a product of the European spiritual evolution in the meaning of Abrams' above-mentioned first interpretation approach.

The *whig narrative* constitutes a dangerous radicalization of the modernization theory. Although this concept came initially from the British milieu, it is now generally used in historiography. It explains the teleological interpretations legitimizing our current order while historiography is expected to formulate the progressive linear line of evolution enlightening the genesis of the order. The political instrumentation of such application of historical narration to legitimize the current order is quite apparent. An example of whig narrative can be seen in Thomas H. Marshall's famous concept of three evolution stages of human rights of 1950: from the civil rights in the 18th century through those in the 19th century to the recognition of social rights in the 20th century as a basis of *social citizenship*. This concept of citizenship in compliance with the normative definition of the welfare state constitutes its substance.¹³ An example of this in historiogra-

¹¹ Albert Venn DICEY, *Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century*. Indianapolis 2008 (first edition 1917).

¹² Michael FREEDDEN, *The Coming of the Welfare State*. In: Terence Ball – Richard Bellamy (eds.), *Cambridge History of Twentieth-Century Political Thought*. Cambridge 2008, pp. 8–9.

¹³ See Adrian WILSON – T. G. ASHPLANT, *Whig History and Present-Centred History*, *Historical Journal* 31, 1988, No. 1, pp. 1–16; Michael MORAN, *Crisis of the Welfare State*, *British Journal of Political Science* 18, 1988, pp. 397–414.

phy can be seen in Schweinitz's history of English social policy of 1943 in whose conclusion the author, apparently overwhelmed with enthusiasm over the publication of Beveridge Report, wrote: "*The same state which in 1349, with the Statute of Laborers, proclaimed its intention to restrict the liberty of its workers, and which as recently as 1834 offered relief from distress only in an atmosphere of threat and punishment, now in the midst of war gives attention to an official recommendation for a national minimum based upon a system of universal social insurance. The people of England in their long pilgrimage have come at last to the top of the hill called Clear, whence they can see opening before them the way to freedom with security*".¹⁴

(2) Parallel to the modernization theory in the latter half of the 20th century an alternative narrative of the history of welfare state was developing: the conflictualistic theory based on the axiom that the nature of society consists in a conflict between groups deriving from the fact that some groups profit from the existing social order much more than the members of other groups. Societies are based on contradictions and every social differentiation inherently contains an inequality of power. Although the most famous version of conflictualism is probably the Marxist theory, it should not be identified exclusively with Marxism.¹⁵ Conflictualism supposes that the welfare state in its particular form results from the configuration of power among social groups at the time of its formation and from the political conflict of these groups. The accent of class conflict provides the historian with an important advantage meaning that he can successfully cope with the unrepeatable conditions of a particular society that emerged at the time of formation of the basic welfare state structure. The key element of this perspective of research into the evolution of welfare state is an analysis of the politics and functioning of the intermediary system (system of interest mediation). Of utmost importance in this respect are particularly the extension of the right to vote and the emergence of socialist parties and centralized trade unions. The historian concentrates then on the main *cleavages* inside the particular societies and on the specific key features of social stratification, including the power potential of different social groups.¹⁶ Examples of this widely spread approach can be seen in works of the above-quoted authors, Peter Baldwin and Gregory Luebbert;¹⁷ the latter strongly stressed in his work of 1991 on the potential of

¹⁴ Karl DE SCHWEINITZ, *England's Road to Social Security*. New York 1943, p. 246.

¹⁵ On the existence of conflictualism of different political color see, e.g., Kenneth D. BAILEY, *Sociology and the New Systems Theory: Toward a Theoretical Synthesis*. New York 1994, p. 19.

¹⁶ Christopher PIERSON, *Beyond the Welfare State: The New Political Economy of Welfare*. Cambridge 1998, p. 29.

¹⁷ Gregory LUEBBERT, *Liberalism, Fascism, or Social Democracy: Social Classes and the Political Origins of Regimes in Interwar Europe*. Oxford 1991.

fascism, socialism and liberal democracy in the interwar period also the potential of conflict and/or consensus of social classes in the questions concerning the creation of tools for a welfare state. The Czech historian deserving special attention for his application of Marxist conflictualism as an analytical tool is Jan Janák who wrote a monograph in 1970 on the roots of social administration in the old Austrian Monarchy.¹⁸ Irrespective of the fact that conflictualism radically opposes the modernization theory, both approaches share one common handicap: the stress laid on structural factors, which in case of conflictualism means reducing the historical causality to a mere structural system of interest mediation.

(3) The revisionist approaches that have been developing since the 1970s have only one thing in common: they critically oppose both the modernization theory and the classic conflictualism focusing mainly on the conflict between social classes, and they accentuate those questions of research that the two paradigms mentioned above have been unable to convincingly explain, or have simply failed to raise such questions. I shall focus here on three characteristic streams that more or less polemically oppose the above-mentioned two “classical” conceptualizations.

First, it is the *historical and anthropological* perspective that instead of studying the structural system aspects concentrates on the everyday reality of welfare state and on its reverberation in the life of particular allowance beneficiaries. It is the real living man that has been somehow ignored in the structural system perspective and that comes now to the fore in research work.¹⁹ Unlike the determinist view of the structures that fundamentally predetermine man's behavior the revisionist concept is dialectical; the structures are viewed as a tool and simultaneously as a result of human interactions. They are reproduced by the players and at the same time transformed by them through their action. The players cannot exist without structures that shape the conditions and also limitations of their action, while the structures cannot exist without the players, who realize them or transform them through their action.²⁰ Examples of such perspective can be seen in Lynn Hanney's book of 2002 on social policy in Hungary

¹⁸ Jan JANÁK, *Příčiny vzniku předlitavské sociální správy* [The Genesis of Cisleithania's Social Administration]. Univerzita J. E. Purkyně, Brno 1970.

¹⁹ For the turn in the 70s, see Georg IGGERS, *Dějepisectví ve 20. století: Od vědecké objektivitě k postmoderní výzvě* [The Historiography in the 20th Century: From Scientific Objectivity to the Postmodern Challenge]. In: Lidové noviny, Praha 2002, pp. 91–110.

²⁰ William SEWELL, *How Classes Are Made: Critical Reflections on E. P. Thompson's Theory of Working-Class Formation*. In: Harvey Kaye – Keith McClelland (eds.), *E. P. Thompson's Critical Perspectives*. Philadelphia 1990.

under the Communist rule²¹ or in the analysis of social policy in Germany between the two world wars available in David Crew's work of 1998.²²

Another revisionist approach is that of *gender history*, which – unlike the conflictualism stressing the class conflict – focuses on the conflict between sexes. While the modernization theory viewed the welfare state primarily as an institutional structure ensuring citizens' emancipation, the gender history contrary to that concentrates on an analysis and demonstration of cases where modern social policy played a determining role in strengthening the patriarchal relations. A suitable topic in this respect was obligatory insurance (both of the Bismarckian and the Beveridgian types) which, on the principle, preferred men, who owing to the higher rate of their employment constituted a majority of the insured persons. Thus, insurance meant primarily a stronger position of man as a breadwinner in the household. Women were assigned the social care (of the poor) tasks, which are characterized by their stigmatization and client-dependent position. Of the large number of historians, both male and female, we wish to mention here primarily Gisela Bock, Pat Thane, Susan Pedersen, and Theda Skocpol.²³

The third approach consists in the concept of *governmentality* that is usually ascribed to Michel Foucault. In his lecture held on 17 March 1976 Foucault spoke about two types of power that had emerged in the seventeenth and eighteenth century. The first type was referred to as 'disciplinary power' and concentrated on the individual's body, focusing on the "*techniques by means of which the power was taking care of individual bodies trying to increase their useful force by training, drill, etc. In addition, the techniques of rationalization and strict power economy were applied whose costs were supposed to be as low as possible owing to a comprehensive system of supervision, hierarchies, inspections, documents, and reports*". During the latter half of the eighteenth century another type of power emerged, the non-disciplinary one, which was referred to by Foucault as "bi-power". While the first type was oriented at man as an individual, the other one focused on the collective mass of bodies. This is where the roots of modern social policy can be found. It aims at controlling the birth rate, death rate, level of

²¹ Lynne HANNEY, *Inventing the Needy – Gender and the Politics of Welfare in Hungary*. Berkeley 2002.

²² David CREW, *Germans on Welfare: From Weimar to Hitler*. New York 1998.

²³ Gisela BOCK, *Zwangsterilisation im Nationalsozialismus: Studien zur Rassenpolitik und Frauenpolitik*. Opladen 1986; Pat THANE, *Foundations of the Welfare State*. London 1996; Theda SKOCPOL, *Protecting Soldiers and Mothers – The Political Origins of Social Policy in the United States*. London 1992; Ann ORLOFF – Margaret WEIR – Theda SKOCPOL, *The Politics of Social Policy in the United States*. Princeton 1988; Susan PEDERSEN, *Gender, Welfare and Citizenship in Britain during the Great War*, *American Historical Review* 95, 1990, No. 4, pp. 983–1006.

hygiene, of medicine, etc. Accidents, diseases, various anomalies – “it is for these phenomena that biopolicy will establish not only auxiliary institutions (which actually have already existed for a long time), but also much subtler mechanisms, economically much more rational than the previous rough and massive aid full of gaps mostly linked with the church. Much subtler and more rational mechanisms of insurance, individual and collective saving and security will then emerge”.²⁴ Thus, the population turns into an object of increased regulation, the main instruments of which being often those tools that we identify with the welfare state.

Instead of the established *whig*-type of viewing the welfare state as a means of human emancipation this perspective appears to be a new (and more perfect) form of application of power to the individual and/or the population. The main players in the 19th century were philanthropic, mostly non-state activities. And these defined by means of their tools the normative distinction between the good (normal) citizen and the bad one. Those who had been excluded from the community of normal citizens were then subject to a wide range of educational discourses and practices aimed at normalizing such phenomena within the framework of governmentality. The twentieth century does not constitute any qualitative change in this matter; only the administration of power is transferred to the state bodies while amateur philanthropy turns into professional social work.²⁵ In this Foucaultian prism the government in the meaning of governmentality does not constitute the state structure only, but embraces also all those complex forms by means of which the people and the whole generations are controlled and administered, including such units as family, school, workplace, etc. This approach offers a wide range of research opportunities, although analyzing the particular branches of social policy is preferred to analyzing whole welfare states.²⁶

Although in view of the reasons explained in the introductory part of this paper a convergence of the conceptualizations of welfare state history can hardly be expected, I still consider their brief revision useful at least for our own professional self-reflection. This plurality of approaches shows us that rewriting the sources studied by us is not the alpha and omega of the historian's work. We sometimes choose quite deliberately and programmatically a certain type of conceptualization, no matter if it appears useful for our research (which is a better case) because of pragmatic reasons or if we select it according to our political

²⁴ Michel FOUCAULT, *Je třeba bránit společnost* [Society must be protected]. Praha 2005, pp. 217–219.

²⁵ Gail LEWIS, *Race, Gender, Social, Welfare*. Cambridge 2000, p. 32.

²⁶ See Greg MARSTON – Catherine McDONALD (eds.), *Analysing Social Policy – A Governmental Approach*. Cheltenham 2006.

inclinations. We are often not aware of them, because they are largely determined by our education and professional training, and we naively believe that we indifferently examine sources that because of being carefully studied by us will reveal the true story of the past.

The Welfare State as a Third Way between Capitalism and Revolutionary Socialism

The welfare state can be briefly defined as a political regime in which capitalism is restricted by the democratic government so that the market allocation of goods in society is regulated by the state with regard to social justice. This general description where the word ‘regulated’ does not mean ‘planned’ will be the starting point of our contemplations which apart from a conceptual analysis will focus on the historical contexts of development of the welfare state as we believe that the evolution of the welfare state in Europe cannot be appropriately studied without the historical and social contextualization of capitalism unless we want to restrict ourselves to some abstract theoretical models proving at the most their theoretical premises without being able to say anything meaningful about the recent political history of European countries. Our endeavor to conceptualize capitalist modernization in the different milieu of European national societies makes it possible to better explain the breakdown of some democratic regimes in the interwar period and then, after the World War II, to appreciate the stabilizing role of the welfare state in its different versions that helped the different national societies of Western Europe to cope with their specific social and political conflicts produced by the capitalist modernization and to realize within the law-based state a beneficial connection of capitalism and democracy in the name of social justice.¹

¹ Sheri Berman speaks in this connection about “*the story of how capitalism and democracy were rendered compatible*” and points to the difference between the first and the second half of the 20th century concluding that in the latter half both combined together so that “*we now see them as inextricably linked and as the necessary and sufficient preconditions for social stability and progress*”. (Sheri BERMAN, *The Primacy of Politics. Social Democracy and the Making of Europe’s Twentieth Century*. Cambridge 2006, pp. 1–2). As early as the first half of the century, however, a transformation of relations between the market, society and state occurred that enabled this connection. Yet, the result was far from being what the liberals had initially advocated, namely the biggest possible field of action for the markets and individual rights, and also from what the communists had longed for: the end of capitalism. She states therefore quite convincingly that “*the ideology that triumphed in the 20th century was not liberalism, but social democracy*”. In our study we follow a similar argumentation, yet we add that this occurred under the flag of third way, and we dare not maintain, either, that the welfare state would have been an exclusive triumph of social democracy. There were apparently more ways leading to the welfare state in the 20th century; nevertheless, one can agree that the way paved by reform socialists was in many respects trend-setting.

1. Pure capitalism versus its contextualization

There is nothing democratic in capitalism itself. Even the theoretician of “pure” market society F. A. Hayek believes that capitalism itself has no specific purpose, that it is just a spontaneous order of rules ensuring collaboration of people having different interests. Market society, as he puts it, is not held together by common purposes, but by abstract rules of conduct, which is but a “schedule” of property rights or a definition of who owns what and how he can legally transfer it to other people. Market society thus viewed is considered a self-regulating mechanism enabling people to realize their own interests with minimum intervention on the part of other people.² This economic cooperation neither presupposes a democratic government nor leads to it. Hayek’s political thesis is purely liberal when he maintains that the market order will best develop under the conditions of maximum freedom; this, however, becomes questionable when the political milieu is taken into consideration in which the current Chinese capitalism blossoms. It is important to make clear what is meant by ‘freedom’, and if ‘freedom’ has its democratic sense.³ Hayek’s potential political argument is focusing on the rule of law, which is becoming here a “political” correlate of the rule of market. Admittedly, the rule of law in Hayek’s view is also an abstract spontaneous order codifying the property rights and maintaining the existing system of commercial relations. Potential common political contents, purposes and values are then just added and/or deducted, aggregated and de-aggregated from the boscage of private interests of individuals. We miss in this picture a space for political collective action and namely for democracy, as democracy means the possibility of political collective action consisting in the participation (in the broadest meaning of the word) of many citizens in a common “enterprise”.

Democracy, no matter how specified it is, always denotes a self-rule of citizens, which like in the classical old times means that a large number (of people) rule, so that there is not only one or several of them. Nevertheless, as political rule always means a hierarchical relation between the superiors and the inferiors, between the rulers and the people, there is a question of how the phrase ‘large number of people rule’ should be understood in representative govern-

² Friedrich August von HAYEK, *Právo, zákonodárství a svoboda* [Law, Legislation and Liberty], kap. 10, Tržní řád. Praha 1991; Friedrich August von HAYEK, *Law, Legislation and Liberty*, 2 – The Mirage of Social Justice. Chicago 1976.

³ Hayek prefers the negative concept of freedom, which is in many respects insufficient. See Milan ZNOJ, *Od negativního liberalismu k demokratickému populismu* [From the Negative Liberalism to Democratic Populism]. In: Milan Znoj – Jan Biba a kol. (eds.), *Machiavelli mezi republikanismem a demokracií* [Machiavelli between Republicanism and Democracy]. Praha 2011.

ments where the power is always in the hands of a minority (elite). The theory of democracy needs therefore to explain such collective notions that are used in statements like ‘a quantity (of people)’ participate in political action, are engaged in decision-making, or share power. Therefore, it should be emphasized that the modern era has extended our notion of participation with the concept of representation; as a result, we accept the idea that the quantity (of people) need not rule directly, but they may be represented by the government. Of course, in democracy the representation of citizens cannot exist without their participation. Consequently, we can think about how participation can be integrated into representation.⁴ Therefore, the welfare state must interest us also regarding how it can accommodate these democratic notions.

2. Countermovement against capitalist modernization according to Polanyi

Hayek’s market society where only depoliticized rule of law is considered is actually a “true” model that in fact has never been in existence. As a matter of fact, the markets cannot work only “automatically” between private persons, but they always work within a broader social and political milieu. Karl Polanyi describes in his famous book “The Great Transformation” the processes in which market capitalism gradually “seized” and “consumed” social and political institutions whose content was initially non-economic. He begins with the argument that in pre-modern societies the markets were but a supplement to the established forms of economy, and when they highly developed in Europe in the period of mercantilism they were administered by the state; the latter, however, endeavored to achieve self-sufficiency by political means both inside, in relation to agriculture, as well as outside in international trade, and the market development was determined by regulation. As Polanyi says: “*The economic system was absorbed in the social system, and whatever principle of behavior predominated in the economy, the presence of the market pattern was found to be compatible with it*.”⁵ The idea that the markets could regulate themselves regardless their social and political milieu is a later invention of the liberals who put the agriculture, labor organization and state into the service of market dynamism arguing that it

⁴ See e.g. the so called second transformation of democracy in: Robert Alan DAHL, *Demokracie a její kritici* [Democracy and its Critics]. Praha 1995. In representative democracy there is therefore no space for Rousseau’s strict dictum: Where I am represented I do not participate. There is a wide range of literature devoted to the concept of representation in democracy, of key importance being the book by Hanna Fenichel PITKIN, *The Concept of Representation*. Berkeley 1967.

⁵ Karl Paul POLANYI, *The great transformation*. Boston 2001 [1944], p. 71.

was a way to welfare.⁶ Karl Polanyi considers the ideal of self-regulating market a pure utopian dream and contrary to that points out that the efforts to realize it brought about a collapse of European civilization in the first half of the 20th century. He explains that disaster by means of what he calls “*a double movement*”. The first movement is the above mentioned dynamism of market society in the liberal sense. The countermovement was protecting society against the consequences of capitalist modernization. This was not, as he puts it, a mere defensive, but rather a “*reaction against a dislocation which attacked the fabric of society*”.⁷

Polanyi speaks about a breakdown of European civilization having been faced with dramatic options of further development of which he mentions socialism and fascism. We would like to show another moment that after the two great wars the double movement eventually produced the welfare state, which has proved positive as the democratization of capitalism through the emergence of the welfare state has largely contributed to the further development of European civilization in the 20th century. Absolutely, the collapse in the early 20th century mentioned by Polanyi cannot be considered a democratization in any sense of it; rather we can say that it was a collapse of the liberal order under the conditions of tantalizing capitalism and the rise of mass politics spreading in Europe which gave rise to a new democratic imaginary.

The essential moment of that process became the resistance to capitalist modernization coming from several sources, of which not all can be viewed as ways to the democratic welfare state. Donald Sassoon, who has thoroughly studied the century-long history of socialism which was certainly one of the sources of resistance to capitalism, mentions three forms of resistance; these should be

⁶ The self-regulating mechanism (or the invisible hand) is a thesis that became generally accepted as late as the 19th century. When looking at its origin we cannot ignore its older liberal origin and also its theological sources. This is evidenced by the influence of puritanism on John Locke's thinking. The individual following his own interests without breaching God's will has every reason to believe that he does not hinder His plans in the world, but quite on contrary that he participates in those plans and spreads His glory, His greatness and welfare on the earth and in heaven. See John DUNN, *Measuring Locke's Shadow*. In: Ian Shapiro (ed.), *John Locke, Two Treatises of Government and a Letter Concerning Toleration*. New Haven 2003.

⁷ K. P. POLANYI, *The great transformation*, p. 137. Clearly: “*Our thesis is that the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness. Inevitably, society took measures to protect itself, but whatever measures it took impaired the self-regulation of the market, disorganized industrial life, and thus endangered society in yet another way. It was this dilemma which forced the development of the market system into a definite groove and finally disrupted the social organization based upon it.*” Ibid, p. 3–4.

considered rather ideal types that in practice may overlap in different ways.⁸ First of all it was the resistance of traditions relying on the social, economic and cultural structures established prior to the start of capitalism and surviving parallel to it. Secondly, capitalism was opposed later by the member countries of what was called “the socialist camp” which, following the model of Bolshevik Russia, set out on the way of centrally planned communist modernization mostly in industrially less developed countries. The third source was the bulk of socialist and communist parties in Western Europe that strived for a restriction of capitalism in their countries via political regulation while – as he puts it – “*dreaming of its end*”.⁹ Thus, the notion of resistance to capitalism becomes multifaceted, which is quite logical as there were quite different forces that put the counter-movement against capitalist modernization in motion. Nevertheless, it would be wrong to believe that capitalism was nevertheless following its own way being just deviated by these historical movements. We should always bear in mind in such considerations that “pure” capitalism alias Hayek’s market society is a theoretical model without any social or historical content and purpose and that in fact has never been in existence. In practice, it has always developed itself in certain social and political contexts; this means that capitalism is always to some extent limited, regulated, and shaped by the opposing institutions as pointed out by Polanyi.

This argument is also stressed by Sassoon,¹⁰ but two points are to be mentioned in relation to his classification of resistance sources. Firstly, apart from the tradition-oriented forces there have always been forces in progress which were able to thematize the failure of liberal capitalism in the early 20th century and which cannot be identified as socialism with its anti-capitalist dreams, and certainly not as communism with its anti-capitalist practice. By saying this I mean the transformation of liberalism towards social liberalism; the latter discovered the social question and started thematizing the inequalities of capitalist modernization. And secondly, quite unsatisfactory is the division of socialism into western and eastern just by distinguishing between the socialists and the communists where the first ones were merely “dreaming” of the abolition of capitalism while the other ones liquidated capitalism in practice with the use of the state and political power. Of course, there were fundamental differences between them, but we might wish to consider them also from the conceptual point of view, namely by considering the differences between the socialists and the communists instead of relying on their more or less geographical location.

⁸ Donald SASSOON, *One Hundred Years of Socialism. The West European Left in the Twentieth Century*. London 1996.

⁹ *Ibid.*, p. 758–759.

¹⁰ Particularly when considering what regulation is. *Ibid.*, p. 759.

3. The failure of liberalism: from LibLabism to social liberalism

As a result of the countermovement against capitalist modernization as mentioned by Polanyi various regimes emerged in Europe between the two wars of which some can be labeled as antidemocratic, if the feature of antidemocratic wave in Huntington's sense is ascribed to that era; however, we should rather speak about non-liberal regimes since all of them were due to the search for new ways of political protection against capitalist modernization after the institutions of classical liberalism of the 19th century had failed with the emergence of mass democracies early in the 20th century, particularly after World War I.¹¹ Under the conditions of mass democracy non-liberal regimes emerged in Europe at that time, but also the liberal regimes was undergoing transformation. Gregory M. Luebbert developed a thoughtful theory of those regimes. He distinguished between liberalism, fascism, and social democracy with that regard; he also mentioned briefly the conservative dictatorships of traditional type, but without exploring Communist Russia.¹²

The failure of liberalism in the interwar period is explained with regard to social and political conditions when discussed by Luebbert against the background of the hegemony of LibLabism. His explanation can be summarized as a statement that the liberal order survived where the liberals could rely on a majority of society constituted by the urban middle classes and supported by the workers. That is why it was the working class that bore the stabilization burden of liberal democracy during the Depression years as the urban middle classes

¹¹ Europe seemed to witness a victory of democracy after the World War I, which was also one of Masaryk's leading ideas serving to legitimize the regime in our First Republic. However, this "victory of democracy" soon started being eroded and regimes that can hardly be considered democratic were established in the continent. At first glance these dramatic transformations in Europe between the two world wars can be in general referred to as an antidemocratic wave, which is what Samuel HUNTINGTON believes when describing in his book *The third wave: Democratization in the Late Twentieth Century* (University of Oklahoma Press 1991) several global waves of democratization of which each followed an anti-wave, the first one being in his opinion the emergence of authoritarian regimes in Europe after World War I, such as, in particular, the fascist Italy. Nevertheless, the different ways of their establishment prevent us from believing that there was one coherent antidemocratic wave following a democratization one. Already Polanyi's reflections concerning the double movement of capitalist modernization producing different political regimes after the great failure of European liberal civilization show that a finer view of the political dramas in interwar Europe is needed. This is important for our study in order to see how the different types of social and political conflicts leading to the constitution of different political regimes brought about different ways to the welfare state in Europe after World War II. Thus, we can learn more about the reasons why several types of welfare state should be distinguished in Europe.

¹² Gregory M. LUEBBERT, *Liberalism, Fascism, or Social Democracy. Social Classes and the Political Origins of Regimes in Interwar Europe*. Oxford 1991.

were able to restructure their alliances so as to successfully resist the socializing claims and proposals of workers. That is why liberal democracy could survive in these countries within the established economic and political structures even at the time of destabilizing economic depression.

Luebbert sees the cause of the defeats suffered by the working class in the fact that LibLabism was actually the source of its political weakness. Trade unions found their speaker in the Liberal Party, so that they were able to politically articulate their claims. Nevertheless all this proved to be an obstacle in an effort to achieve a higher level of their own organization and unity resulting in their fragmentation and weakness. Luebbert also attributes this fragmentation of workers' representation to the low level of class consciousness of workers, given their local, company-level, and regional deeply anchored identities. No wonder that the trade unions were unable to make use of their own power under the hegemony of LibLabism, and thus gradually lost their "achievements", particularly those in the field of wages from the time after World War I. The LibLabism-based governments relied on the premises of liberal order and tried therefore to maintain the stability of their currency by means of deflation policy; they opposed the socializing proposals submitted by trade unions to regulate the labor market and, in general, were reluctant to seek any new political mechanisms of managing the distribution of goods in society. LibLabism offered the workers an important stabilization alliance with the liberals, but Luebbert points out that this alliance proved harmful for them in the hard times.

We can agree with Luebbert in that the stabilization of liberal democracy between the two world wars was taking place within the limits of what is referred to as LibLabism, but there was also an ideological transformation of liberalism going on as even some liberals, such as John M. Keynes studied the failure of the liberal order in the 1930s and suggested new political mechanisms to manage market economy. Instead of LibLabism it is therefore better to speak about a socialization of liberalism, as the social alliance of the urban middle and workers' classes was to be politically implemented within a different institutional framework than that suggested by LibLabism when advocating the liberal order. Nevertheless, social liberalism failed to be largely accepted between the two wars. It was only after World War II that it proved useful in building a welfare state in the societies with strong liberal tradition.

Thus, we find out that we should not only speak about the failure of liberalism, as its transformation was also taking place. Social liberalism made it already possible to partly accept socialist requirements that had been rejected by liberals in the interwar period. In that period LibLabism declined and the workers' claims and socializing notions were rejected, but the decline was not fatal because it was the then experience that the majority coalition of bourgeois middle

classes and workers was restored after World War II and a number of decisive measures were taken to create a welfare state in its social-liberal version. The transformation did not only include economy where the state regulation of market mechanisms in the Keynesian concept was implemented, but also the liberal concept of a state of law committed to social rights was introduced and a policy started that in both the parliament and off-parliament form could publicly articulate the social claims of broad middle classes.¹³

4. Social democratic regime

Luebbert points to the radicalism and orthodox Marxism of socialists in the countries where later fascism came to power, while putting aside Russia with its Bolshevik revolution and Communist regime, although it was the key question for both. But Luebbert is right that it was the Communist regime that was initially based on an alliance of urban workers' groups and low peasants' classes that were radicalized in their opinions and attitudes by the military mobilization and were thus more apt to accept the radical socialist ideology as presented by Lenin's Bolshevism. He is also right in that the regime of social democracy was fundamentally different because it was based on the coalition of the urban worker's class with the middle classes in the countryside. Luebbert convincingly shows the social and class differences in political coalitions that became the basis of particular regimes, but he does not mention the ideological transformations that were also at stake and without which the establishment of political regimes cannot be satisfactorily explained. This is particularly apparent in the difference between the emergence of the social democratic regime and that of the communist one.

¹³ In these three levels the ideological transformation liberalism became established to produce a social type of liberalism. This became an important support of the welfare state after the war as it was able to theoretically justify the concept of social market economy as well as that of social rights developing the civil and political rights by requiring that everybody in the given society must obtain owing to the political mechanisms the same rights and sufficient opportunities to be a full member of the community and that the class inequality must be eliminated through citizenship. T. H. Marshall speaks in this connection about "industrial citizenship", so that the state by granting social rights to all citizens makes it possible to overcome the inequalities that are produced by capitalism and that classical liberalism failed to thematize. (Thomas Humphrey MARSHALL, *Citizenship and the Social Class*. Westport, Conn 1973, c1963). John Rawls, in his famous theory of justice as fairness puts into harmony the liberal principle of equal rights with the social requirement to eliminate unjust inequalities. Both theories can be considered key welfare state theories in the spirit of social liberalism. (John RAWLS, *A Theory of Justice*. Mass, Cambridge 1971).

The history of the Bolshevik revolution in Russia demonstrates quite clearly how important it was which ideological version of socialism was eventually accepted by the workers' class. Revolutionary Bolshevism introduced in Russia the Communist regime that applied the Marxist concept of class struggle between the bourgeoisie and the working class also to the villages. It took some time to consolidate the Bolshevik regime, which was accompanied by a civil war, but it cannot be ignored that the victorious social class coalition that stabilized the regime was the alliance of urban working classes with the largest peasants' groups radicalized by Lenin's doctrine of class struggle and committed to the political vision of a new economic order. Bukharin mentions a typical range of identifications that characterize well the regime by stating that the Bolshevik regime is a dictatorship of proletariat, which is a new type of proletarian democracy and which in Russia has the form of the government of soviets, workers, soldiers, and peasants constituting a vast majority of people in that country. In this view the soviets embody the Communist version of a new economic, social and political order being controlled, of course, by the Communist Party as their leading and organizing avant-garde. The soviets, as he puts it, must be in the new conditions after revolution transformed from an instrument of achieving power to that of its execution.¹⁴ Contrary to that, all attempts of the Communist parties in the West European countries having an important agricultural sector to utilize the radicalized peasants' classes in the country for the class struggle in cities totally failed. The situation in Russia was quite different, but even there a social coalition was available to stabilize the new communist regime, but it was not possible without ideological transformation of marxism. Therefore, attention should be also paid to the ideological transformations in order to explain why the regime of social democracy exhibits non-liberal as well as anticommunist, yet democratic features.¹⁵

Luebbert primarily concentrates on the failure of LibLabism between the two wars and stresses the success of the workers' movement in the non-liberal re-

¹⁴ See Nikolay I. BUKHARIN – Evgeniy A. PREOBRAZHENSKY, *Azbuka kommunizma* [Cyrillic Communism], No. 6, Sovetskaya vlast [Soviet Homeland]. Moscow 1919.

¹⁵ It is therefore questionable whether we can speak about a way toward the welfare state in times of the communist rule. The necessary, but not sufficient condition would be a rejection of the class struggle concept and a reform socialist accommodation of the market order whose signs can be seen in Khrushchev's reforms and later, when the "sharpening of class struggle" postulate was replaced with the "Soviet people" concept; nevertheless, in international relations the "class" confrontation continued, although moderated by the concept of "international détente". If the welfare state is viewed as a third way between capitalism and communism, we cannot speak about a Communist welfare state. The Communist state can hardly be compatible with the concept of socialism where capitalism is democratically moderated. There is neither Communist welfare state nor a fascist Welfare state unless they fail to accept the democratic moderation of capitalism.

gimes of Western Europe that he puts in opposition to the decline of trade unions in liberal countries in the twenties; nevertheless, he underestimates the conflicts that Russian Bolshevism brought about inside the socialist movement. On the other hand, the case of Scandinavia and interwar Czechoslovakia shows that the social democratic regime could succeed only if the working class had abandoned the revolutionary socialist claims and adopted a program of national emancipation in socializing version. This argumentation has been quite convincingly confirmed by Sheri Berman in her book *The Primacy of Politics* mentioned above.

For a socialist coalition including the middle classes in the country it was necessary to abandon the Marxist orthodoxy in many fundamental points concerning the class struggle, economic determinism, and participation in political rule. The social democratic concept of coalition with cooperation between classes could obviously be shared only by socialist parties that had passed through the ideological transformation from orthodox Marxism to reform socialism. Without that transformation they could not discover the democratic charm of party competition within a society exhibiting a plurality of values; otherwise, they could hardly accept an active role in parliament politics and even participation in government. Sheri Berman goes into details of those discussions taking place in the socialist camp and convincingly shows that the transformation was successfully completed first of all by the Socialist Democracy of Sweden which thus became a model social democracy building a welfare state already in the interwar period. The above-mentioned ideological transformation made it also possible for socialist countries to accept the liberal concept of a state founded on the rule of law as an institutional framework of the party-based competition for political power between different classes and social groups where the civil rights would be extended to include also social rights provided that state endeavored to solve the social question.¹⁶

¹⁶ It is important in this respect to insist on distinguishing democracy and dictatorship. Decisive is particularly the polemic between Vladimir I. LENIN (*Proletarskaya Revoljutsia i renegat Kautsky* [Proletarian Revolution and the Renegade Kautsky]. Moskva 1918) and Karl Johann KAUTSKY (*Die Diktatur des Proletariats*. Vienna 1918), whose sharpness was equivalent to the importance of the matter in question. Kautsky went in this polemic beyond the boundaries of orthodox Marxism and joined the camp of reformist socialism like Austrian Austromarxists despite the discussions about 'integral socialism' and a new socialist international of all socialists; their constant condition was, however, a democratization of the Bolshevik regime (see Michael R. KRÄTKE – Otto BAUER, *Die Mühen des Dritten Wegs*, *Zeitschrift für Sozialistische Politik und Wirtschaft* 98, 1997). We can therefore speak about democracy in relation to the social democratic regime although it is considered non-liberal, but not in the case of Bukharin's proletarian democracy, which in spite of being viewed as a rule of broad layers of Soviet people was in fact based on the dictatorship of a political elite uncontrollably claiming to represent not only the proletariat, but also the peasantry, and in fact all mankind including its future.

Sweden was undoubtedly a model country showing the way toward a welfare state in the social democratic regime. Arguably, one can agree that Czechoslovakia was a similar case. The Czech Social Democracy became politically established from its foundation in the late 19th century independently of the national liberals of bourgeois type and in the period of ideological transformation most of its representatives shared the ideas of revisionist Austromarxism. Moreover, upon the creation of independent Czechoslovakia the revisionist character of Social Democracy deepened as its leaders adopted the program of national independence. Social Democracy, together with the National Socialists and mainly with the Czech Agrarian Party, became then a political representative of the social class coalition stabilizing the new political regime. The Agrarian Party formulated the political requirements of the middle agrarian class independently of the bourgeois liberals from its foundation at the end of the 19th century on. Thus, it was possible after the creation of Czechoslovakia to stabilize the political regime on the basis of a so called red-green coalition. The socially oriented class coalition of the reformist socializing working class and the established Czech middle peasantry constituted a stabilizing force in the Bohemian Lands also later when there were larger political coalitions. It should be noted that this coalition was a stabilizing force mainly in the Bohemian Lands; the situation in Slovakia was different. We must not ignore the fact that the social coalition stabilizing the country's regime in the interwar period could not be achieved without T. G. Masaryk's ideological mediation. Of importance in this respect was Masaryk's turning away from the bourgeois liberals of nationalist type toward the socialists, which culminated in his disputes with the National Democracy during the First Czechoslovak Republic, but their origins go back to the end of the 19th century as Masaryk with his interest in the social question had apparently set on the way of reform socialism, thus becoming a pioneer of the Czech version of social liberalism. The political alliance of reform socialism and the Agrarian Party with the mediating role of Masarykian social liberalism constituted the very basis of the First Republic regime. Obviously, Czechoslovakia was progressing toward a welfare state along the social democratic trajectory.

5. The failure of liberalism as ideological transformation

The stabilization of regimes in the interwar period is explained by Luebbert structurally. He is not satisfied with the explanation provided by liberalism and Marxism where both theories maintain that the political institutions "reflect" the economic structure of society created by capitalist modernization. Luebbert points to the fact that the social basis provided by modernization alone cannot

explain why liberal hegemony survived whereas in other countries the liberal parties failed and other parties fighting for different regimes succeeded. Neither industrialization and the respective social stratification nor mass democracy following the introduction of universal suffrage can sufficiently explain the weakness of liberal movements in some countries that failed to gain mass support. It is therefore necessary, as he puts it, to seek one more value that could explain the establishment of political regimes in Europe in the interwar period. And he sees the respective value in different types of social conflict; actually, these are due not only to the social structure of capitalist industrialization itself, but also to the structure of broader society within which the capitalist modernization was taking place; thus, also rural conflicts as well as those from the period of building national states come to the fore.

A great advantage of Luebbert's explanation consists in the fact that it is not subject to economic determinism, although its starting premise is that the action of people is determined by their material interests and that mass policy is but a policy of class interests determined by the social structure and pushed through by means of mass mobilization. Nevertheless, he does not maintain in the orthodox Marxist way that the class interests are objectively determined depending on the position of the particular class in production viewed as a structure of property relations. He considers the classes to be rather political players that are able to formulate their group interests and enter social coalition having their own political face and becoming a support of specific political regimes. Thus, various types of socially defined identity enter the arena that are not only directly determined by capitalist modernization, but sometimes also indirectly and in a passed on way being shaped in reactive processes like in the case of regional, ethnic or religious identities. Consequently, the classes may act as collective players only on the basis of a political process consisting in the public formulation of interest and in the efforts to make use of it in the particular political regime.

In spite of these useful shifts in the methodology Luebbert's explanation fails to go beyond the limits of social structuralism and he underestimates the active role of ideology in the constitution of collective identities. Still, if we go more thoroughly into the role played by ideologies in the constitution of political regimes in the interwar period it appears quite clearly that parallel to the political processes analyzed by Luebbert important ideological transformations were also taking place that offered various additional coalitions and formulations of interests that their protagonists first learned to identify when formulating their group interests and when competing for political power.

The establishment of a social democratic regime in the interwar period with much stress laid on the active role of ideologies is a model example of this, as

confirmed by Sheri Berman's explanation mentioned above. In her research into ideological hegemony she does not refer to structuralism, but speaks rather of an "ideological market"¹⁷ where demand is determined by the claims of social players seeking ideologies that would enable them to formulate their group interests in conflicts deriving from the social structure while supply is determined by the ideological transformations that specific ideologies go through in the context of such social conflicts. Sheri Berman shows then how the hegemony of liberalism ended between the two wars and how with the establishment of social democratic regime a new hegemony prevailed in Western Europe, namely the hegemony of social democracy which strongly differed both from liberal hegemony and from Bolshevik hegemony in Russia and which led to the emergence of welfare state in Europe after World War II.

If we accept the active role of ideologies in the formulation of group interests it will be also important for as in addition to structural determination of interests to know how people understand their interests when they interpret them face-to-face specific social and economic conflicts. Ideologies provide people with a vocabulary to understand themselves, their identity, their place in society, and naturally also their aspirations. The transformation of ideologies thus viewed is a creative process that is social-structure dependent, but that takes place in a free semantic space of linguistic and conceptual variations. Michael Freedden suggested a methodology of studying the morphology of this process.¹⁸ Freedden analyzed in this way a number of ideological transformations and it is important for our reflections that he convincingly showed the importance of social liberalism for the establishment of a welfare state. In his theory it was British New Liberalism which supported a far-reaching social reformism culminating in the welfare state, but which a long time before had inspired the legislation of liberal governments providing for old-age, unemployment and health insurance.¹⁹ Thus we come back to the beginning of the welfare state as a product of two ideological confrontations: the ideology of liberal order and the revolutionary socialism.

¹⁷ "Ideologies rise and fall through a two-stage process. In the first stage, existing ideologies are questioned and tarnished, opening up a political space that competitors aspire to fill. In this phase, in other words, the perceived failures or inadequacies of the reigning intellectual paradigm(s) create a demand for new ideologies. Once a political space has begun to open, the second stage of the process begins, as some political actors start to develop and embrace alternative approaches. In this phase, that is, a supply of new ideologies begins to appear, with contenders competing for mindshare and political power." S. BERMAN, *The Primacy of Politics*, p. 10.

¹⁸ Michael FREEDEN, *Ideologies and Political Theory. A Conceptual Approach*. Oxford 1996.

¹⁹ See M. FREEDEN, *ibid.*, particularly Chapter 5, *New Liberal Successions: Modernization of an Ideology*.

The formation of social democratic ideology was taking place in two confrontations – with the liberal ideology of capitalism and with the Bolshevik ideology of Communism – and it is in this confrontation that one can fully understand the depth of ideological transformation of the socialist ideology whose morphology, as suggested by M. Freeden, can be studied in the decontestation processes of modulation of core, secondary and periphery notions; nevertheless, we should not ignore the fact that the meaning of these notions was developing during the social conflicts in which social players were involved who following their reconstructed ideological trajectories endeavored to find some new majority class coalitions, as showed by G. Luebbert. Therefore, the third way between capitalism and communism that social democracy followed also brings about an ideological transformation going beyond the established liberal order with its dominant antagonisms toward a new political space.²⁰

6. Reform socialism as the third way

From what has been said above follows that the dominant ideology that opened the gate to the welfare state was reform socialism. This ideology resulted from discussions in the socialist movement in two rounds. The first one started by the end of the 19th century and culminated prior to the outbreak of World War I. The second round followed right after the war when reform socialism was confronted with revolutionary communism that had produced the Communist political regime in Russia. The fruit of the first round of discussions was a revision of orthodox Marxism within the II International.²¹ Marx was considered there a Darwin in social sciences. He had allegedly discovered the laws of history that provided guarantees to the workers' movement in its organized class struggle that the exploitation-based capitalism would disintegrate as a result of its internal contradictions and a socialist future would be available to those who are prepared. By the end of the 19th century it became already clear that Marx's

²⁰ There were more ideological discourses in the European past seeking a third way and the social democratic discourse is but one of many. They all aimed at going “beyond the existing antagonisms between the left and the right” and opening the social area where the existing political alternatives are “overcome, but also included in a new synthesis”. Steve Bastow and James Martin, who were systematically dealing with the third way ideologies, speak even about “family resemblance” of all these concepts. (See Steve BASTOW – James MARTIN, *Third Way Discourse. European Ideologies in the Twentieth Century*. Edinburg 2003).

²¹ See Donald SASSOON, *One Hundred Years of Socialism. The West European Left in the Twentieth Century*, part I, ch. 1. *The Establishment of Socialism Before 1914*; also Milan ZNOJ, *Marxismus a jeho revize: historicko-filozofická reminiscence* [Marxism and its Revision: a Historical and Philosophical Reminiscence]. In: Nezapomenuté historie [Unforgotten History]. Brno 2007, pp. 33–80.

“prophecy” failed to come true and that capitalism was evolving together with its changing conditions. Therefore, the workers’ parties faced the question of how to push through the socialist ideals of workers in the new conditions. Decisive appeared to be, as mentioned above, the principle of class struggle excluding the benefits of collaboration of conflicting classes on the one hand and the economic determinism devaluing any political activity within parliament-based democracy. A number of revisionist attempts appeared that theoretically reformulated both principles, the best known being that of Eduard Bernstein in the German Social Democracy. His ideas, however, failed to become generally accepted in the Party, in contrast to the Swedish Social Democracy, as shown by S. Berman.²²

The revision of orthodox Marxism was brought about also in a more radical form. V. I. Lenin and the Bolshevik fraction of Russian Social Democracy tried to reject the orthodoxy in a new revolutionary way: the capitalism was conceived as imperialism, the class struggle was made a vehicle of revolution under the surveillance by the avant-guard, and instead of the primacy of economy they formulated a primacy of policy in the form of permanent revolution and dictatorship of the proletariat. Naturally, the Bolshevik revolution in Russia that was successfully carried out along these lines brought about a second round of discussions on socialism that started right after the war and their centerpiece was the relationship between democracy and dictatorship.

According to revolutionary Marxism freedom, justice or democracy cannot be achieved but outside capitalism. Consequently, the negation of capitalism becomes an indispensable condition of their realization. The revolution was supposed to include three parts: first, a negation of capitalist economy based on private property and labor market; second, negation of the state that masks economic exploitation and “operates” it with the use of institutionalized law; and third, negation of the parliamentary political system based on representation and elite, as well as on party-based politics with competition for power as they “serve” the capital, as the parties and elites consequently fail to carry through the interests of people, but they cheat them while “in fact” and “secretly” they advocate the interests of the rich minority.

Socialist reformism suggesting a model of non-communist welfare state was formed in either of these discussion rounds, their outcome being a modular reconstruction of the socialist ideology which can be viewed as the third way transcending not only the liberal order, but also the communist order based on this

²² See Sheri BERMAN, *The Primacy of Politics*, particularly Chapter 5, *From Revisionism to Social Democracy*. See also Manfred B. STEGER, *The quest for evolutionary socialism. Eduard Bernstein and social democracy*. Cambridge 1997.

triple negation. This means that a socialization of the market, not destruction of capitalist economy was primarily required while capitalism was not only viewed as a source of inequality and a main source of exploitation, but also as a source of wealth that may be redistributed according to the principles of equality and justice. It was also unnecessary to dismantle the state, but its social reform was required so as to extend the civil and political rights by adding social rights to them. Thus, the enforcing power of the state could be applied within the limits of law, also in accordance with the principles of equality and justice. And thirdly, it was unnecessary to reject the parliament-based and party coalition political system, while a parliamentary way to socialism was strived for; this, of course, under conditions that significantly changed the parliamentary system as a consequence of the emergence of mass democracy. Parliamentary politics was now joined by a mass party which was well established within a social class and which was able to mobilize wide masses of people. Thus, its policy relied on the ability of mass organization for social interests. Consequently, apart from parliament politics it was also off-parliament politics that came to the fore as the mass trade unions were able to mobilize broad masses and negotiate social policy matters with the government. As a result, the political organization of social interests acquired also an off-parliamentary dimension. A sort of welfare state started appeared that instead of triple negation offered an institutionalization of the social conflict and added corporatism to the ruling.

7. The welfare state after World War II

The reform socialist third-way ideology enabled in some countries the creation of broad social coalitions leading to the social democratic regime already in the interwar period. After World War II this ideology became one of the welfare state pillars in general. Arguably, the ways to the welfare state in Western Europe were different depending on the previous regimes and the character of the winning social coalitions emerging in those countries after the war. Reform socialism could only slowly take roots in some countries due to the concerns caused by its past, mainly among the middle classes in cities and among the owners of family farms in the country. Therefore, the welfare state was a common goal of different “constructive coalitions” of the middle and working classes that started stabilizing the post-war regimes.²³

²³ Luebbert says that the constructive coalitions were always arising through an alliance of two to the detriment of a third party, and in his opinion there were always winners and losers, like in a zero-sum game. The post-war situation in Western Europe shows, however, that the constructive coalition could arise from a different social and political foundation, which led to different

In spite of all differences exhibited by the welfare states in Europe some common features can also be found that are briefly characterized as follows: First, the Keynesian type of economy where the market mechanism is corrected by the state in order to ensure the macroeconomic stability of economic growth and implement the ideas of social justice. Second, a state of public services where the liberal state founded on the law is extended to include social rights and also some other types of right, such as ethnic, cultural, ecological, etc. Third, the classical concept of liberal parliament-based democracy that had put power in the hands of educated and wealthy elite was transformed under the conditions of mass democracy so that parliament politics remains in the hands of the political elite, but its legitimacy for power derives not only from a competition of political mass parties, but also from off-parliament politics which contributes to the policy-making process mainly by organization of workers' interests (trade unions).

The heyday period of the welfare state in Western Europe can be observed from the end of World War II to the recession in the 1970s. Since that time the welfare state has been weakening due to the fact that the economic, social and also political processes that the welfare state had been able to regulate for the benefit of a socially defined majority coalition started escaping the mechanisms of state regulation and the majority coalition of middle classes itself started disintegrating as a result of these processes. First of all, global capitalism provided a large action space for transnational corporations and very flexible transnational financial capital emerged; as a result, the tools of Keynesian economy started to fail. Secondly, although the public service state brought about an extension of the catalog of rights to eliminate the inequalities and injustice in society, this extension of social rights failed to produce a solidarity-based type of society as it became clear that the social conflicts and inequalities cannot be eliminated by just granting more rights. And thirdly, as the social majority coalition stabilizing the welfare state continued disintegrate as the political parties were becoming less able to mobilize the masses of citizens and turned into clientelist groups eager to follow special interests. Off-parliament politics also saw fundamental changes. The power of trade unions consisting in their ability to mobilize masses of people and applied through corporatist mechanisms in negotiations with employers and the government largely declined. The established mechanisms of political organization for social interests became so loose that off-parliament politics was becoming a competition area inside the multifaceted civic society where apart from civic movements and initiatives also various in-

types of welfare state on the one hand, but on the other hand the winning coalitions in different countries could well collaborate for a common benefit, so that at least for the majority of society it was rather a "win-win" situation, then zero-sum game mentioned by Lubbert.

terest groups became generally established so that instead of the “proven” corporatism it was lobbyism that became the main method of political action.

The welfare state exposed to the above processes was strongly criticized by the new right in the 70s and 80s, mainly for becoming an unmanageable, non-functional and dangerous type of democracy. Unmanageable because the scope of public services provided to citizens by the state exceeded the available funds. Non-functional because it brings about non-effective redistributions in society that are harmful to the market economy, especially when the provided services can be allegedly better and more efficiently ensured by means of contractual relations (market mechanisms). And dangerous because the social rights restrict and constitute a threat to the civil rights; they contradict them and bring about bondage.

Nevertheless, the welfare state was criticized already in the 1960s by the new left which differed from the old one in accepting the failure of classical Marxism in its orthodox doctrine from the time of the II International, and also in that of Marxism-Leninism from the period of building communist regimes to the Soviet model. Interestingly, the left discovered new forms of exploitation and social exclusion (women, minorities) not only in economy, but also in family or in the access to education. However, the classical Marxist criticism of the antidemocratic features of liberal parliamentarism was applied by the new left also to the welfare state which it considered bureaucratic and corporatist, actually capitalist. Therefore, its advocates wanted to accomplish their goals in an off-parliamentary way while reviving three negations of capitalism mentioned above. Nevertheless the Marxist uniform economic or sociological view of society vanished as different types of inequality, injustice or exploitation were discovered.

Instead of conclusion

We cannot say that the welfare state is currently disintegrating as a result of the processes mentioned above. Several ideologies tried to offer a vocabulary that helps us understand the changes taking place in society and what social coalitions should emerge. Interestingly, this confrontation of ideas reveals again the positions known from the previous polemics: on the one hand, argumentation advocating the classical liberal order and, on the other hand, radical positions suggesting the triple negation of capitalism in a new formulation. But I would say that reform socialism should be still committed to a third way between capitalism and revolutionary socialism and should be still seeking a stabilizing social majority coalition within the extensive background of both urban and rural middle and lower classes in spite of all impacts of global capitalism on this social structure.

One attempt of third way in the spirit of social democratic reformism was made in the late 90s. T. Blair and G. Schröder characterized in their “Third Way Manifesto” their concept as a political innovation intended to “reconcile” the requirements of successful capitalist economy and the social goals, particularly “social cohesion” with regard to the requirements of social justice.²⁴ The third-way formulation was suggested explicitly for i) contemporary global capitalism, ii) weakened state, and iii) a policy “beyond right and left” recognizing the impossibility of mass organization for class-identifiable interests. Thus, it was a reform attempt to make use of global capitalism to help in solving social and emancipation questions. In the background of this third way one has to see the acceptance of moderate new left arguments from the 1960s, namely: i) to release society from the jacket of bureaucratic and corporatist state, ii) to introduce Governance instead of Government, meaning primarily the involvement of non-government players in state administration based on contractual and expert’s relations. One can observe also the acceptance of arguments from the neo-liberal consensus of the 80s and 90s, but the neoliberal deregulation and privatization was combined with the implementation of social liberal concepts of rights and justice. However, this form of third way failed to meet the initial expectations as it could not prevent the welfare state from getting into the hands of elites and special interests that were out of control of the majority, so that the major part of society lost its influence on political decisions.

But despite of this failure the original situation remains unchanged, being still a third way between socialism and capitalism. However, this reform ideology of welfare state must appeal to most of the population within the wide range of middle classes by offering them credible political tools to control the political and economic elites (both domestic and transnational) so that those who are in weak position when advocating their interests (not only the excluded groups, but also the middle classes themselves) can efficiently protect themselves against the arbitrary action of both visible and hidden oligarchies in the contemporary liberal democracies.

²⁴ See Oliver SCHMIDTKE (ed.), *The Third Way Transformation of Social Democracy. Normative claims and policy initiatives in the 21st century*. Ashgate 2002.

Measuring Social Justice and Sustainable Governance in the Organisation for Economic Cooperation and Development (OECD)

Introduction

Philosophical explorations of issues of justice are almost as old as the project of philosophy itself. In antiquity, Aristotle was the first to develop and present a systematic theory of justice in which he identified two basic kinds of justice: *justitia directiva* and *justitia distributiva*. The first kind of justice refers to the fulfillment of contractual obligations or the rectification of injuries committed, while the second kind manifested in the “distributions of honor or money or the other things that fall to be divided among those who have a share in the constitution”.¹ In what follows, we focus on the latter – distributive justice – that is, the just allocation of goods and responsibilities. Within the field of political science in particular, this is often referred to as the issue of “social justice”.

Since the end of the 1990s, social justice has increasingly become a hot-button issue in political discussions throughout the world. Now a key theme in the political contests of most OECD countries, the issue of social justice influences electoral campaign agendas – if not electoral results. At the same time, cross-national comparisons have shown considerable differences between the standards of social justice achieved by developed industrial states.² While these societies’ various preferences with respect to justice are identified as one hypothetical reason for these differences (Roller 2005), the kinds of reforms pursued within OECD countries and these states’ capacity for reform are also highlighted as explanatory factors. However, until now, reform capacity in OECD countries has not been subjected to systematic examination. In order to systematically study and measure social justice in individual societies as well as the reform capacity of their governments, reliable measurements that are based on theoretically sound models and which can be empirically corroborated must be developed. Indices for both constructs, namely social justice³ and reform capacity

¹ Aristotle, *Nikomachean Ethics*, 1130 b 30.

² Cf. Wolfgang MERKEL, *Strategien erfolgreicher Transformationen zur Demokratie*. In: Europäische Rundschau 1/2002: 105–114.

³ Ibid. Same, *Demokratisierung im Area-Vergleich. Lateinamerika, Ostasien und Osteuropa*, Studienbrief. FernUniversität Hagen, Fakultät für Kultur- und Sozialwissenschaften, Hagen 2007. (In cooperation with Aurel Croissant (East Asia) and Peter Thiery (Latin America and editorial work).

(Sustainable Governance Indicators 2009) are now available. The Bertelsmann Stiftung's Sustainable Governance Indicators (SGI), which are based on qualitative assessments by experts as well as "hard" OECD data, provide new opportunities for research in this field.

In the following, we pose four questions and then provide initial responses to these questions that are intended to shed light on the relationship between justice and reform capacity. The four questions are:

The normative question: Upon which regulative conceptions of social justice provided by the theoretical debate on justice can we draw and how applicable are these conceptions in the 21st century?

The methodological question: Which indicators can we derive from the theoretical debate and combine to create a consistent modality that allows us to measure justice?

The empirical question: Comparatively speaking, how just are the societies of the OECD states?

The relational question: What are the relationships between, on the one hand, justice in OECD countries and, on the other hand, reform capacity, level of economic development and the quality of democracy in these countries?

In this chapter, we aim to link political philosophy with empirical social research in such a way as to identify and compare the structures and levels of justice achieved within entire societies. This approach constitutes an innovation in cross-national research on justice which has hitherto focused on micro-level data.

The normative question: What conceptions of social justice do theories of justice have to offer?

What is just? If we do not want to rely exclusively on our intuitive sense of justice, upon what should we base our criteria of judgment? It seems trivial to point out – although such questions are often confused in everyday semantics as well as in political discourses – that equality of distribution is by no means *per se* just, and inequality of distribution not *per se* unjust. In short, *justitia distributiva* lacks a stable set of criteria. Identifying these criteria is the subject matter of theories of justice, which assume various axioms, implement various methods and apply various justifications – and therefore produce different principles and claims of validity. To outline each of these here even at the most basic level would go beyond the scope of this chapter. We therefore employ two criteria in selecting grounded theories that we then further explore in terms of their theoretical substance and applicability for the 21st century.

The first criterion refers to the axiomatic premises of theories of justice, which are located on a continuum ranging from the absolutely posited individual to the de-individualized collective or community. For this criterion, we distinguish

between theories of justice that take the individual as their point of departure versus and those that use the community as a first point of analytical reference. The second criterion refers to the distributive implications of theories of justice, which can range from a position that is averse to redistributive measures to one that embraces them. By crossing these axes, we establish four quadrants within which we can position the various philosophies of justice. The first quadrant encompasses those theories that start from a strictly individualist axiom and conclude with a clear aversion to politically institutionalized redistribution. This group includes theorists such as John Locke (1632–1704), the forebearer of modern possessive individualism, as well as Friedrich August von Hayek,⁴ Robert Nozick⁵ and James M. Buchanan⁶ as contemporary thinkers who have shaped the contours of thought on theories of justice over the last thirty years. We choose Hayek as the best exponent of this quadrant, because he, unlike for example (the early) Nozick, avoids polemic exaggerations and has had the greatest political impact among all the theorists in this field.⁷

The second quadrant comprises theories that also take the individual as their point of departure but arrive at principles more inclined to accept redistribution. A position similar to this was held by John Stuart Mill in the second half of the 19th century and was represented in the latter half of the 20th century most prominently by John Rawls.⁸ Given Rawls' undisputed dominance in contemporary philosophical debates about justice, we have chosen him as a representative for this position. We will, however, supplement Rawls with the work of Amartya Sen, the 1998 Nobel Prize for Economics winner who emphasizes the distribution of those goods that play a special role in the developed societies of the 21st century. Amartya Sen's import to a theory of justice applicable within the framework of globalization is considerable. Although his theoretical premises to some extent resemble those of John Rawls, Sen focuses on the just distribution

⁴ Friedrich August von HAYEK, *Die Verfassung der Freiheit*. J. C. B. Mohr, Tübingen 1971.

⁵ Robert NOZICK, *Distributive justice*. In: *Philosophy and Public Affairs* 3 (1), 1973, pp. 45–426.

⁶ James M. Buchanan, *The Limits of Liberty. Between Anarchy and Leviathan*. The University of Chicago Press, Chicago 1975.

⁷ F. A. von Hayek's work influenced considerably Margaret Thatcher's views on the market and justice. His paradigm of fiscal conservatism underpinned the neoliberal model frequently invoked during the late 20th century.

⁸ His contemporaries Ronald Dworkin and Amartya Sen reached similar conclusions regarding issues of distribution, albeit on very different grounds. Cf. Ronald DWORKIN, "What is Equality? Part 2: Equality of Resources". In: *Philosophy and Public Affairs* 10, 1981, pp. 283–345. Amartya Kumar SEN, *Equality of what? The Tanner Lecture on Human Values*. Delivered at Stanford University, Stanford, USA, May 22, 1979. Same, *Capability and Well-Being*. In: Amartya Kumar Sen and Martha Nussbaum (eds.). *The Quality of Life*, Cambridge, MA: Harvard University Press 1993.

of individual capabilities rather than on a society's institutional order, which is Rawls' prime focus.⁹

There are no noteworthy theories to locate within the third, top-right quadrant, which is enclosed by the axes "community" and "non-redistributive." A theory that is at once community-oriented and opposed to redistribution would be far too inherently contradictory to satisfy any criteria of theoretical consistency. We find, however, several important theories of justice that can be positioned in the fourth quadrant to the lower right. These include the theories of thinkers ranging from Rousseau, Marx and Kropotkin to a few contemporary collectivist philosophers. Extreme positions can be found in Kropotkin and Marx, more moderate ones in Rousseau and Michael Walzer. As a contemporary of ours, Walzer will represent this quadrant in the triad of theories of justice we present here. In 1983, Walzer published his "Spheres of Justice" as a direct response to the liberal theorist John Rawls' "Theory of Justice",¹⁰ and sparked a fierce philosophical debate between liberalism and collectivism.

In what follows, we provide abridged reconstructions of what are arguably the four most influential contemporary theories and thinkers on issues of justice at the end of the 20th century: Friedrich August von Hayek (libertarian); John Rawls (social-liberal); Michael Walzer (communitarian); and Amartya Sen (social-democrat). We aim here to define a concept of social justice that remains informed by the theoretical discourse of justice while allowing for the selection of grounded indicators of justice, which in turn allow us to measure empirically the state of justice in contemporary societies.

The libertarian position: Friedrich August von Hayek

In Hayek's theory of justice – as is the case for all liberal and libertarian philosophies of justice – the autonomy of the individual takes normative precedence over the public sphere of political decision-making.¹¹ As a result, any limitation of this autonomy, such as interference by a welfare state, is to be subjected to a stringent examination as to its justification. According to von Hayek, the wel-

⁹ Amartya Kumar SEN, *Equality of what? The Tanner Lecture on Human Values*. Delivered at Stanford University, Stanford, USA, May 22, 1979. Same, *Capability and Well-Being*. In: Amartya Kumar Sen and Martha Nussbaum (eds.). *The Quality of Life*. Cambridge, MA: Harvard University Press 1993.

¹⁰ John RAWLS, *A Theory of Justice*. Harvard University Press, 1971.

¹¹ Friedrich August von HAYEK, *Die Verfassung der Freiheit*. J. C. B. Mohr, Tübingen 1971. Same, *Die Anmaßung von Wissen*, In: *Neue Freiburger Studien*. Mohr Siebeck, Tübingen 1996, pp. 181–192.

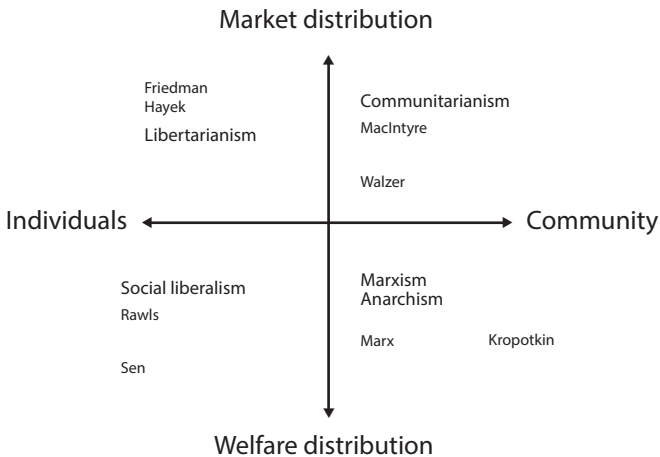
fare state's institutionalized redistribution to correct market outcomes does not pass this test for at least three reasons:

Logical argument: The societal outcomes resulting from the market's operation are the unintended consequences of individual actions. Given that intentionality is absent and therefore responsibility for the results of individual actions is equally absent, assessing these actions lies beyond the scope of a theory of justice.

Cognitive argument: The market leads to a "spontaneous order in society". Traditions and institutions that form their own "evolutionary morals" grow out of this voluntary cooperation. "These moral rules exceed the abilities of reason",¹² and should therefore be altered neither by political majorities, nor according to abstract principles of rationality.

Economic argument: The market is the sphere of unrivalled efficiency. It is cumulative and not created by rationalist design. Moreover, man owes some his greatest achievements to the fact that he is not in a position to steer social life consciously.¹³

These three arguments lead von Hayek to clearly reject the welfare state's corrections of market-derived property, income and welfare relations in society. Von Hayek advocates instead a society based on equality before the law plus a maximum freedom of contract (in the market) seconded by a minimum level of social protections that are supported by transfers. Any further restrictions to the market's economic freedom have illiberal effects and are therefore not legitimate. Indeed, it is the market-derived principle of meritocratic distribution that dominates.



¹² Same, *Die Anmaßung von Wissen*, p. 6.

¹³ Same, *Die Verfassung der Freiheit*, p. 48.

The social-liberal position: John Rawls and Amartya Sen

Both von Hayek and Rawls share the uncompromising premise that every philosophy of a just society must begin with the individual. However, Rawls developed a different method in order to justify his principles of justice and, not least for that reason, arrives at diametrically opposed rules of distribution. Rawls, unlike von Hayek, treats justice not as an individual virtue but rather considers the institutional structure of a society to be the primary addressee in demands for justice precisely because it co-determines people's life chances. While the market does have the attribute of unsurpassed efficiency of allocation, the creation of just social conditions is not one of its features.¹⁴

The principal reason for this ethical blindness lies in the unequal and unjust conditions of access to the market. For Rawls, then, the point is to provide all individuals with an equal set of primary goods that correct the "scandalous lottery of nature" and inequality of life chances. In a just society, an individual's intelligence or dullness, beauty or ugliness, sheltered or neglected family background, or rich or poor parents are not the determining factors in his or her life plans or opportunities for achievement. Institutions must therefore be inscribed into the political, economic and social constitution of a society so as to distribute such primary goods that are relevant for creating equal chances in life. Most important among these primary goods are rights, freedoms and opportunities, income and wealth, and the social conditions for self-respect.¹⁵

To that end, Rawls developed two rules of distribution. The first, lexically superior principle demands an absolute equal distribution of basic liberties and political rights. This principle of legal and political equality is not controversial and has long been guaranteed in democracies based on the rule of law. The second principle of distribution, the "difference principle", outlines a principle of socioeconomic justice according to which socioeconomic inequalities are permissible only if "they are both (a) reasonably expected to be to everyone's advantage, and (b) attached to positions and offices open to all".¹⁶

The equal distribution of primary goods is the hinge upon which Rawls' theory of justice turns. Despite his methodological emphasis on individualism, Rawls fails to provide for a targeted empowerment of the individual. This is where Amartya Sen,¹⁷ who has made this issue a central element of his work,

¹⁴ Wolfgang KERSTING (Hg.), *Politische Philosophie des Sozialstaats*. Velbrück Wiss, Weilerswist 2000, p. 42.

¹⁵ J. RAWLS, *A Theory of Justice*, p. 92.

¹⁶ *Ibid.*, p. 60.

¹⁷ A. K. SEN, *Capability and Well-Being*. In: Amartya Kumar Sen and Martha Nussbaum (eds.), *The Quality of Life*.

steps in. Like Rawls, Sen is beholden both in normative and methodological terms to the individual, but focuses less on principles of the just distribution of “goods” and more on equal opportunity in developing individual “capabilities”. Any polity that aims to be just must bear the responsibility of providing for individual opportunity to acquire capabilities. People must be able to make sense of their lives and act as agents of their own interests in order to make use of their basic rights.

For Sen, individual self-determination is the key to establishing social justice. Along with the acquisition of capabilities, people should be provided with equal life chances.¹⁸ Empowered by their individual capabilities, people should be able to exercise self-determination in making use of these opportunities. Sen, much more so than Rawls, emphasizes here the agency of the individual and individual choice. Like Rawls, he considers both the classic liberal concept of “negative freedom”, that is, freedom from things such as coercion or interference by the state or a third party (which is von Hayek’s key concern), as well as the concept of “positive freedom”, or the freedom to do something. If we follow Sen’s premises and principles to their logical conclusion, they lead, like Rawls’ thought, to far-reaching measures of redistribution that extend far beyond the market. It should be noted, however, that neither of these philosophers of justice question the market’s efficiency, and both believe it is essential to a free and just society.

The communitarian position: Michael Walzer

Michael Walzer, the most influential communitarian thinker of our day, aims to avoid Rawls’ universalistic principle of justice. His credo is that there are large numbers of agencies of distribution and criteria of distribution as well as a multitude of goods and resources. There can not and must not be a single, overarching logic of distribution for such diverse spheres as “citizenship”, “social security and welfare”, “money and commodities”, “upbringing”, and “political power”. His conclusion is that every set of goods and every life have their own rules of distribution. The imperative is that no rule of distribution may “infringe” on another sphere, especially in the case of the sphere of money. For reasons of social justice, there have to be goods whose distribution is not dependent on money. The spheres of health and education are two key examples of such goods, whose distribution have to be based on the principles of equality and of need.

¹⁸ Ralf DAHRENDORF, *Lebenschancen. Anläufe zur sozialen und politischen Theorie*. Suhrkamp-Taschenbuch, Frankfurt am Main 1979.

Although not as theoretically rigorous as Rawls and even though he denies the universality of individualism as an Archimedean point from which to assess social justice, choosing rather a less clearly defined concept of community, Walzer does arrive at rules of distribution that are comparable to those advanced by Rawls for certain relevant spheres of distribution. It should be noted, however, that he gives “context sensitivity” primacy over a general principle of distribution. Each community is therefore in itself the final authority in determining the rules of distribution. This concept of justice, however, assumes a relatively homogeneous and localized community. It appears well-suited to the peaceful middle-class community of Princeton, but quickly loses relevancy when applied to the heterogeneous metropolis of New York. Walzer’s concept of justice is hardly applicable to today’s open societies in a globalized world and appears to be more of a romantic yearning for Rousseau’s imaginary world and his preferred community of Geneva.

At the start of the 21st century, there are at least five arguments in support of Rawls’ and Sen’s philosophy of justice over those advocated by libertarian market ideologues or communitarian collectivist romantics:

First, taking the individual as the point of departure renders Rawls’ and Sen’s thinking not only best at realizing individual freedom but also relates best to the individualization of values and lifestyles in the post-industrial societies of the 21st century. Their philosophies are conceptualized with open societies in mind rather than exclusive, small and homogeneous communities.

Second, the principles of justice outlined by Rawls and Sen extend to the individual the maximum degree of freedom and political rights, while protecting these rights from authoritarian or paternalistic infringements at the hands of the state or community. These principles are therefore key to improving the quality of freedom and expanding the scope of available individual choices based on self-determination. The question of social justice is addressed primarily in terms of initial conditions rather than of the results of distribution.

Third, despite the priority given to individual freedom in Rawls’ thought, his second principle of justice demands considerable redistribution provided this serves to establish the equal and fair distribution of primary goods such as rights, freedoms and opportunities, income and wealth, and the social conditions for self-respect.

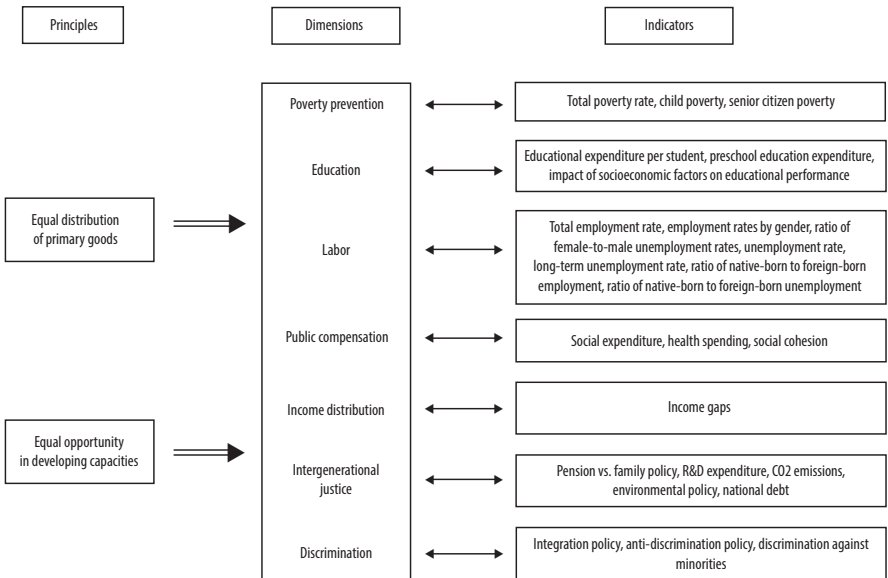
Fourth, Amartya Sen’s imperative of capabilities in particular justifies policies that facilitate education, labor market inclusion and state benefits that are aimed at securing the sustainability of modern societies. The “providing” welfare state is replaced here by a state system that “enables” its population.

Fifth, Sen emphasizes the need to facilitate equal opportunities for everybody in developing individual capabilities. Indeed, much of his thought is driven by

the need to enable people to make sense of their lives and to act as agents of their own interests. A just, broad and early access to education and gainful employment helps consolidate a person’s autonomy, self-respect, social integration and ability to adapt, all of which are required to face the changing demands of an ever-evolving economic environment.

In short, Rawls and Sen offer rigorous principles of justice and convincing arguments for their derived rules of distribution. Developed for free and open societies and feasible in the age of globalization, they avoid the pitfalls of Friedrich A. von Hayek’s social Darwinism and Michael Walzer’s romanticism. We draw upon these principles in distinguishing foundational dimensions of justice in order to define a set of reproducible indicators to measure social justice.¹⁹ There are three steps in this process of substantiation: developing principles, deriving single dimensions, and finding indicators for measuring these fundamental dimensions of social justice.

Fig. 1: Principles, dimensions and indicators of justice



¹⁹ An analogous approach will be developed for future editions of the Sustainable Governance Indicators.

The methodological question: Dimensions and indicators of justice

The two basic principles of “equal distribution of primary goods” and “equal opportunity in developing capabilities” can be applied to a variety of dimensions and then be ranked according to their relative importance. The seven dimensions are – as depicted in Fig. 1 – poverty prevention, education, labor, public compensation, income distribution, intergenerational justice and discrimination.²⁰

Poverty prevention: All other goals of distributive justice must be subordinated to the prevention of (relative) poverty. The right to lead a life above the poverty line is thus considered fundamental to justice-oriented policies. It cannot be substituted or compensated by other goals. Individual autonomy and the ability to take advantage of one’s life chances are only possible when one lives above the poverty line. Only then can real inclusion in the developed affluent societies of western democracies be achieved, and only then can the equally irreplaceable basic right to freedom take on its true meaning within society.

We measure poverty using three indicators taken from the dataset of the Bertelsmann Stiftung’s Sustainable Governance Indicators (SGI): poverty rate, child poverty and senior-citizen poverty (i.e., items S11.2, S12.4 and S13.3). All three of these items are based on calculations of equivalized disposable incomes that are below 60 percent of the national median income. The 60 percent threshold is often used to assess individual risk of poverty, rather than using solely a measure of actual (relative) poverty. By including child and senior-citizen poverty, our measurement incorporates information regarding the ways in which societies or governments deal with a society’s more vulnerable members. This is especially important in the case of poverty in childhood, which often determines the capabilities developed by an individual throughout later life.

Education: In both philosophical and political discussions, strong investment in education and training is the least controversial of all goals. The key issue here is to establish genuinely equal access to educational institutions by moving beyond legal-formalistic definitions of equality. Effort and performance rather than social background in the sense of Rawls’ “natural lottery” should determine an individual’s educational attainment. Just education understood in these terms must therefore begin in early childhood if it is to enhance the capabilities of poor or disadvantaged children.²¹ Education enables people to move

²⁰ Further information regarding the criteria and items in this dimension is available in the appendix.

²¹ A. K. SEN, *Capability and Well-Being*. In: Amartya Kumar SEN and Martha Nussbaum (eds.), *The Quality of Life*.

up the social ladder. Indeed, vertical mobility in education is a key measure of a just society.

As above, we use three indicators to measure educational justice. The first indicator is based on the conventional OECD measurement of per capita spending on education, which we then weight with per capita GDP in order to enhance the explanatory power of this data in terms of a theory of justice. The second indicator measures equity in education by examining the degree to which socioeconomic background determines educational performance. In doing so, we draw upon PISA results, which point to the effect of socioeconomic background on students' overall performance. The third indicator looks at public spending on preschool education and is based on the SGI's "pre-primary education" indicator (item S12.3). Our information on early child development underscores the relevance of early development in establishing lifetime equity in capabilities.

Labor (inclusion in the labor market): Unemployment is not exclusively an economic problem that can be resolved simply through extensive transfer payments. Unemployment poses an ethical challenge as well. Indeed, unemployment, particularly long-term unemployment, tears at individual autonomy, erodes self-respect and has long-term negative effects on an individual's life chances. So long as gainful employment remains the primary means by which not only income, but status, self-respect and social inclusion are distributed in developed societies, inclusion in the labor market must be a high priority for a just society. Generous monetary compensation (e.g., a passive labor market policy) cannot compensate for the negative effects unemployment has on the future course of an individual's life.

We use seven indicators to examine the dimension of justice regarding "inclusion in the labor market." Commonly used indicators such as the unemployment rate, long-term unemployment rate and labor force participation rate have been expanded to include two often-ignored aspects: the unequal status of women and minorities specifically in terms of unemployment and labor force participation rates. Doing so allows us to measure not only general exclusion from the labor market but the specific form of injustice that exists between societal groups, at least within the dimension of employment.²² We derive our data here both from the SGI and from OECD statistics.

²² In operationalizing these indicators, an unequal distribution of these characteristics is weighted in negative terms. A society is unjust, for example, if the percentage of unemployed men is higher than the percentage of unemployed women and vice versa.

Public compensation: Clearly, a state's absolute level of social spending says little about the architecture of justice found in its society and can reflect instead a society's age structure and the inefficiency of its healthcare system. Nevertheless, corrective policies such as welfare and family benefits that are aimed at providing support to the most disadvantaged are reflected in a certain percentage of state spending.

Our method of measuring public compensation is somewhat more complex, relying on two items of quantitative statistics and one item based on subjective expert assessments. Whereas the "objective" indicators are based on secondary statistics regarding the level of social expenditure and public health expenditure, the "subjective" indicator draws upon responses to the question regarding "social cohesion" in the SGI's survey of experts (item S11.1).

Income distribution: Relative to the aforementioned goals of social justice, reducing gaps in income and wealth is the least important of our dimensions. This statement, however, is valid only if and when the first four priorities of justice have been realized. To be sure, if self-actualization or capabilities are achieved by means of poverty prevention, and (early) equality of opportunity is created through education, training, and inclusion in the labor market, then the call to equalize wealth and income loses much of its justificatory weight. This applies especially when an income gap leads to increased productivity and economic output, while society's most disadvantaged individuals also reap benefits from the state of affairs. At the same time, it is important to bear in mind that large gaps in income and wealth tend to preclude the first four just goals from being achieved. From this perspective, it makes sense to incorporate income distribution as a legitimate dimension of justice.

The dimension of income distribution is measured solely in terms of the Gini Index (item S5.5). It should be noted that this is not without reservation, for three reasons: First, although the Gini Index is frequently used as a measure of inequality of income distribution, it would be desirable to include additional indicators in order to avoid bias resulting from a high degree of aggregation. Unfortunately, there are no similar indicators available for the entire OECD. Second, from the perspective of a theory of justice, the indicator or dimension itself is fallible. Whereas unequal income distribution is not *per se* unjust, unequal pay for the same work done by a man or a woman, for example, is. Similarly, major salary differences between a nurse and a stockbroker, for example, might also be characterized as unjust. None of this is measured by the Gini Index. Third, the dimension of income distribution correlates strongly with the dimension of poverty prevention, and it appears unlikely that new, significant information will be found here. However, the Gini does point to general developments in income inequality within a society, which justifies our use of the indicator here.

Intergenerational justice: There are problems of justice not only within but also between generations.²³ In other words, there is an intergenerational conflict of interest insofar as a present generation can allocate more primary goods and capabilities to itself – at future generations’ cost. Applying Rawls’ “just savings principle” requires the members of a present generation to ask themselves how much they would be prepared to save (invest) and how much debt they would be willing to incur if all other generations – those preceding and following – were to follow the same principle. This maxim must apply to national debt as well as environmental impact and consumption.

We use five indicators to measure intergenerational justice, including: expenditure on research and development (item S17.2); net debt ratio (item S9.3); CO₂ emissions (item S16.3); and a qualitative assessment of government policy in terms of sustainability, alternative energy usage, etc. (item S16.1). As a direct measure of intergenerational justice in governance, the fifth indicator combines data on public spending for pensions and family policies (items S13.4 and S12.2). Disproportionate expenditures in the sense of government spending that concentrates financial resources in favor of either the “young” or “old” can be seen as an indication of unjust intergenerational policies.

Discrimination: In terms of social justice, one of the greatest scandals marring the achievements of advanced democratic societies today is their egregious lack of equal opportunity for minorities. Ethnic minorities – especially immigrants – and to some extent religious minorities and individuals whose sexual preference is in the minority all are deprived of equal opportunity. This kind of ethnic, religious or sexual discrimination negatively impacts an individual’s life chances more significantly than, for example, major wage gaps in the majority society. Equal opportunity in the sense of Sen’s “capabilities” is a particularly telling indicator of how just a developed society is.

The dimension of discrimination in a theory of justice should assess the extent of discrimination based on an individual’s gender, ethnicity, nationality, religion or sexual preference. We use three indicators to measure this dimension: the SGI’s “integration policy” indicator (item S15.1), which is comprised of experts’ assessments of a government’s performance in terms of facilitating the integration of immigrants within its society; the SGI’s “non-discrimination” indicator (item S3.2), which is comprised of experts’ assessments of a government’s anti-discrimination policies; and an indicator that examines violations of the principle of equality and draws upon the “Minorities at Risk” dataset. This last indica-

²³ J. RAWLS, *A Theory of Justice*, p. 284 ff.

tor measures discrimination experienced by minorities and is based on annual assessments by experts.²⁴

The empirical question: How just are the societies of the OECD states?

The matrix of indicators we have derived from the dimensions and principles of Rawls' and Sen's respective theories of justice allows us to expand the scope of traditional research on issues of justice beyond the microlevel of analysis that focuses on the individual. We can now measure and assess both the level and structure of justice characteristic of whole societies. In order to do this, 25 indicators were taken from the seven dimensions and aggregated to create a single "Index of Social Justice".²⁵ To calculate the Index, each dimension is given a weighting factor based on the degree of importance we attribute to it: poverty is given a factor of 4.0, education 3.0 and labor 2.0, and the remaining four dimensions are not weighted (1.0). Table 1 shows both the weighted and non-weighted results for the Index of Social Justice (ISJ).²⁶

A look at the (weighted) Index of Social Justice shows clear groupings, indeed families of nations.²⁷ Three Scandinavian countries – Sweden, Denmark and Iceland – rank at the top of the Index. An expanded group of top-performers includes the remaining Nordic states of Norway and Finland. If we expand the group of top-performers once more, Austria, the Netherlands and Luxembourg would be included (rank 1–8). This entire group consists of relatively small states characterized by a comparatively high degree of ethnic and religious ho-

²⁴ The discrimination of women is not taken into account as an independent indicator in this dimension. It is encompassed much more by the indicator for anti-discrimination policy. Also, issues related to gender justice are addressed in several ways by the dimension "inclusion in the labor market".

²⁵ To enhance compatibility, we draw upon the standardization process used in calculating the

Sustainable Governance Indicators: $x_n = 1 + 9 * \frac{x_i - MIN_x}{MAX_x - MIN_x}$ Values for these indicators range

from one (highly unjust) to 10 (highly just). Indicators are weighted equally in calculating the dimension values.

²⁶ In the following, we refer to the weighted Index. The table shows, however, that for most countries there are no dramatic value or ranking discrepancies between the weighted and unweighted indices. This is especially valid for the core countries at the top and those at the bottom of the ranking. The Anglo-Saxon countries of the United Kingdom, United States, New Zealand and Ireland constitute an exception here, as the weighted index scores lie significantly below those of the non-weighted. This can be attributed to the systematically low values in the poverty and/or education dimensions.

²⁷ Frank G. CASTLES - Deborah MITCHELL, *Three Worlds of Welfare Capitalism or Four? Public Policy Programme Discussion Paper 21*. Australian National University, Canberra 1990.

mogeneity. In recent decades, these states have (or had) established (neo-)corporatist mechanisms in their (economic and social) policy decision-making structures and are clearly viewed as medium- and high-trust societies.²⁸ The top five countries in this group also accord well with the universalistic-social democratic welfare state classification in Esping-Andersen's typology of "Three Worlds of Welfare Capitalism".

Those states at the bottom of the social justice ranking – Greece, Mexico and Turkey – find no correlating classification in Esping-Andersen's three-tiered typology of welfare capitalism. Greece and Turkey approximate a fourth classification, namely a Mediterranean "world" of welfare capitalism. In Mexico, however, we see merely the exiguous remnants of an authoritarian-corporatistic welfare state. Each of these states lags behind the rest of the OECD member states in terms of their respective economic and democratic development as well as in the development of a social welfare infrastructure. Turkey and Mexico also received extremely poor scores in the "discrimination" dimension. This shows that these countries are not on equal footing with the established democracies of the OECD and are, at best, to be considered "defective democracies".²⁹

The large group of countries clustered in the middle of the justice ranking is made up of the continental European "conservative welfare states" at the top and the Anglo-Saxon "liberal welfare states" (e.g., the United Kingdom, the United States, Ireland) at the bottom. The former are characterized by poor performance in the labor market, average achievements in education, a relatively narrow income gap and moderate poverty rates. In terms of public compensation, these states are at the top of the ranking. Belgium's relatively low rank at 17 can be attributed primarily to the country's average scores in the poverty prevention dimension, which constitutes a key component in the overall ranking.

The Anglo-Saxon states, for their part, can attribute their lower position to high levels of poverty and the moderate output of their public educational systems. Although they tend to receive relatively good marks in terms of labor market inclusion, this does not compensate for or prevent high poverty rates. This shows that deregulated labor markets and welfare state systems that compel individuals to take jobs – even low-paying ones – may be effective in creating jobs, but fail to make gains in the most important dimension of a theory of justice, namely poverty prevention. This explains why we see a rampant growth in the

²⁸ Jan DELHEY - Kenneth NEWTON, *Predicting Cross-National Levels of Social Trust: Global Pattern or Nordic Exceptionalism?* European Sociological Review, June 2005, pp. 311–327.

²⁹ Wolfgang MERKEL - Hans-Jürgen PUHLE - Aurel CROISSANT - Claudia EICHER - Peter THIERY, *Defekte Demokratie, Band 1: Theorie*. Leske + Budrich, Opladen 2003. Wolfgang MERKEL - Hans-Jürgen PUHLE - Aurel CROISSANT - Peter THIERY, *Defekte Demokratie, Band 2: Regionalanalysen*. VS Verlag für Sozialwissenschaften, Wiesbaden 2006.

Table 1

Index of Social Justice

| | Country | Social justice (weighted) | Social justice (weighted) | Poverty prevention | Education | Labor | Public compensation | Income distribution | Intergenerational justice | Discrimination |
|----|----------------|---------------------------|---------------------------|--------------------|-----------|-------|---------------------|---------------------|---------------------------|----------------|
| 1 | Sweden | 7.98 | 8.09 | 9.36 | 6.33 | 6.61 | 4.59 | 9.11 | 7.68 | 8.30 |
| 2 | Denmark | 7.82 | 8.00 | 7.93 | 7.82 | 6.53 | 7.91 | 10.00 | 7.12 | 7.80 |
| 3 | Iceland | 7.76 | 7.84 | 7.54 | 7.94 | 8.25 | 6.71 | 8.81 | 6.62 | 8.20 |
| 4 | Norway | 7.35 | 7.90 | 7.98 | 4.66 | 7.32 | 5.77 | 9.15 | 7.80 | 9.40 |
| 5 | Finland | 7.26 | 7.55 | 7.93 | 6.09 | 6.22 | 7.86 | 9.30 | 6.87 | 8.80 |
| 6 | Austria | 7.09 | 7.30 | 7.70 | 5.53 | 7.38 | 8.64 | 8.93 | 5.91 | 7.20 |
| 7 | Netherlands | 7.02 | 7.17 | 8.85 | 4.42 | 6.48 | 5.94 | 9.26 | 4.78 | 8.80 |
| 8 | Luxembourg | 7.00 | 7.13 | 7.74 | 5.91 | 6.49 | 6.06 | 8.81 | 5.96 | 6.90 |
| 9 | Switzerland | 6.75 | 7.08 | 6.76 | 5.74 | 7.04 | 3.54 | 8.30 | 6.38 | 7.80 |
| 10 | France | 6.66 | 6.90 | 7.44 | 5.06 | 6.31 | 7.65 | 8.15 | 5.70 | 7.20 |
| 11 | Canada | 6.48 | 6.87 | 6.19 | 4.90 | 8.82 | 8.00 | 7.26 | 3.88 | 10.00 |
| 12 | Germany | 6.47 | 6.60 | 7.55 | 4.66 | 6.32 | 7.01 | 6.11 | 5.62 | 7.70 |
| 13 | New Zealand | 6.34 | 6.79 | 6.70 | 3.60 | 8.30 | 5.92 | 5.96 | 5.57 | 10.00 |
| 14 | Slovakia | 6.33 | 5.86 | 7.74 | 5.46 | 5.96 | 5.26 | 9.52 | 2.67 | 5.50 |
| 15 | Czech Republic | 6.24 | 6.23 | 8.63 | 3.16 | 6.05 | 7.95 | 8.85 | 3.41 | 6.10 |
| 16 | Hungary | 6.20 | 5.84 | 7.72 | 5.70 | 6.25 | 6.88 | 7.52 | 4.24 | 3.10 |
| 17 | Belgium | 5.97 | 6.53 | 5.88 | 4.72 | 5.10 | 8.53 | 8.19 | 5.34 | 8.30 |
| 18 | Australia | 5.67 | 6.36 | 4.65 | 4.03 | 8.21 | 8.98 | 6.89 | 4.76 | 9.00 |
| 19 | Portugal | 5.66 | 6.11 | 3.56 | 7.00 | 7.04 | 5.26 | 5.26 | 3.64 | 9.50 |
| 20 | Italy | 5.57 | 5.78 | 4.28 | 6.95 | 6.16 | 6.62 | 6.11 | 3.44 | 6.60 |
| 21 | United Kingdom | 5.39 | 6.16 | 4.12 | 3.87 | 7.49 | 2.44 | 5.74 | 5.67 | 9.40 |
| 22 | Spain | 5.31 | 5.77 | 3.46 | 6.55 | 6.31 | 5.10 | 5.85 | 3.63 | 8.30 |
| 23 | Japan | 5.11 | 5.43 | 4.19 | 4.63 | 7.73 | 6.23 | 6.81 | 5.22 | 2.50 |
| 24 | United States | 5.08 | 5.87 | 2.59 | 5.07 | 8.23 | 1.57 | 4.81 | 4.06 | 10.00 |
| 25 | Ireland | 4.99 | 6.00 | 3.16 | 3.36 | 7.68 | 6.69 | 6.85 | 5.85 | 8.80 |
| 26 | Poland | 4.93 | 5.01 | 4.97 | 5.53 | 4.21 | 5.38 | 6.93 | 2.64 | 5.00 |
| 27 | South Korea | 4.70 | 4.91 | 4.65 | 3.95 | 6.80 | 5.11 | 6.74 | 4.40 | 3.50 |
| 28 | Greece | 4.22 | 4.60 | 4.09 | 3.41 | 5.04 | 6.90 | 5.93 | 2.62 | 6.10 |
| 29 | Mexico | 4.01 | 4.04 | 1.36 | 7.09 | 7.62 | 6.01 | 1.00 | 4.96 | 2.60 |
| 30 | Turkey | 3.42 | 3.26 | 3.64 | 3.79 | 4.72 | 3.41 | 2.19 | 2.54 | 1.00 |

numbers of the working poor, especially in the United States. However, it should be mentioned that discrimination against minorities is less pronounced in the Anglo-Saxon states on the European continent, both in the East and the West.

The post-communist countries in the middle section of this group, including the Czech Republic, Slovakia and Hungary, have justice profiles that are similar to those of the continental welfare states, though at a lower level. In the near future, however, the state of justice in these countries is likely to deteriorate. As these countries continue to deregulate markets, implement (neo-)liberal economic policies, witness widening gaps in income structures and provide limited corrective measures through tax and social policies, they will facilitate increasing wealth among the rich and growing poverty. The contours of this policy model are most visible in the new pension and tax policies being implemented by the Slovakian government.³⁰ Poland, which features a sclerotic labor market, a massive but unproductive agricultural sector, significant discrimination against minorities, and a marginally productive industrial sector that shows little in the way of intergenerational justice, stands out as a clear example of how other models, even non-neoliberal models, can lead to an unjust society.

The justice table also shows that a country's rank within an individual dimension of justice can deviate from its overall ranking. This points to differences in the structural frameworks, specific path dependencies, national value patterns, preferences and scope of action for each country.

Correlations

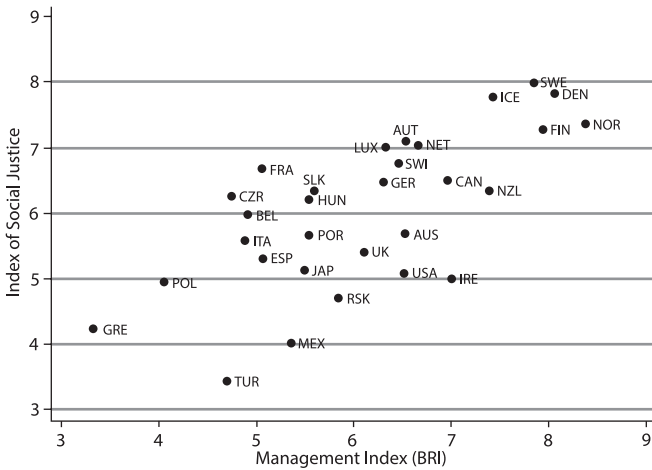
In the following, we highlight some of the interconnections between the level of social justice and other political, social and economic indicators. We start with the question as to whether or not there is a significant correlation between justice as measured by the weighted Index of Social Justice and the capacity to manage institutional arrangements in a society as measured by the SGI's Management Index. Both the Index of Social Justice (ISJ) and the Management Index (MI) are based on scales ranging from one (very bad) to 10 (very good). The Management Index is comprised of indicators designed to measure executive capacity on the one hand and the extent to which the executive is held accountable for its actions by the parliament, judiciary and civil society on the other.³¹

³⁰ During the second term of Minister President Mikuláš Dzurinda's office (2002–2006), a series of neoliberal economic and social reforms were implemented. These included partial privatization of the pension system in addition to a flat tax rate of 19 percent for individuals and corporate enterprises.

³¹ See details regarding the MI's aggregation process elsewhere in this volume.

There is a clearly positive correlation between the ISJ and the MI; the correlation is significant below the one percent level at .70. The higher the MI scores for a country, the greater the level of social justice within a society. This correlation is especially obvious among the five countries at the top of the Social Justice Index. The five Nordic countries were also ranked as the top five in the Management Index. We see a similar pattern for the countries with the lowest ISJ rankings: Turkey, Greece and Poland received the lowest marks in the MI. With a slightly better ranking in the MI, Mexico constitutes somewhat of an exception. Nonetheless, it still ranks among the bottom third of all OECD countries.

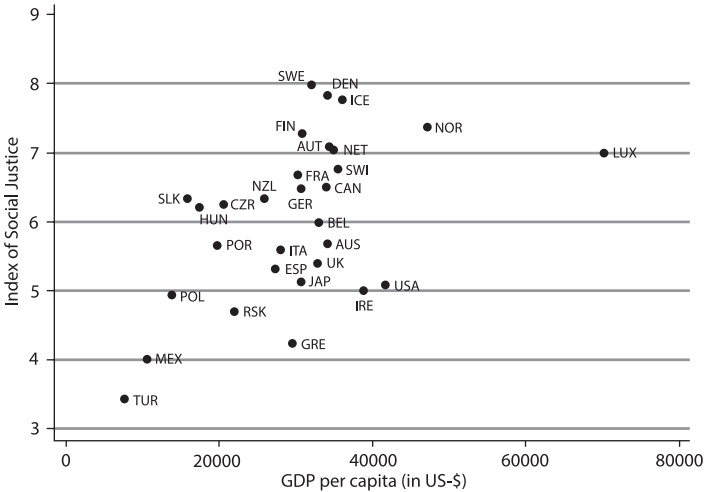
Fig. 2: **Social justice and political management**



Strikingly, we see the Anglo-Saxon countries of the United Kingdom, United States, Australia and Ireland fall into the upper half of the Management Index but into the lower third of the Index of Social Justice. This bifurcation might be explained by the fact that they have economies based on a liberal-capitalist model and societies characterized by a pattern of libertarian-individualistic values. In these countries, reform capacity – as defined by the Management Index – aims to secure free markets and high levels of economic growth, but does not target the facilitation of social justice.

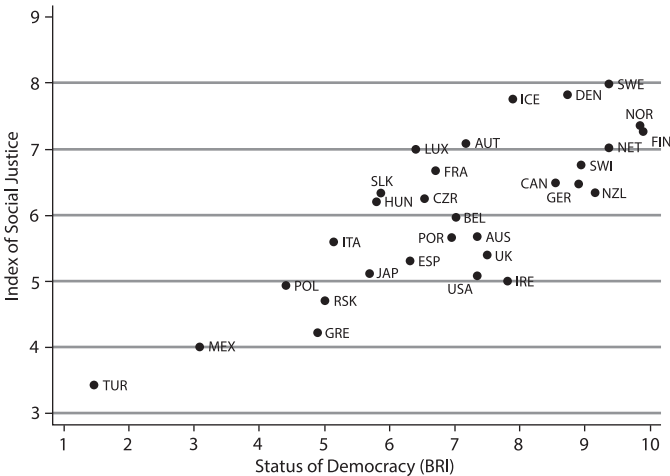
The economic situation of a country is rarely so clearly depicted as in Figure 3 below. As GDP per capita increases so too does the level of social justice within a society, although the correlation is “only” at 0.50. The correlation is, however, significant at the one percent level as well. Luxembourg appears to be an outlier here, as it has a very high per capita GDP but does not rank among the top performers in terms of social justice.

Fig. 3: Social justice and level of economic development (GDP per capita)



With the exception of Norway, the Nordic countries are significantly more just but only slightly wealthier than their continental European counterparts. The United States and Ireland, by contrast, rank third and fourth respectively in terms of GDP per capita, but 24th and 25th in terms of social justice. This shows that the level of economic development does not always determine the level of social justice, a fact particularly well illustrated by a comparison of Sweden and the United States.

Fig. 4: Social justice and democracy



We draw next upon the SGI's "status of democracy" dimension, which is comprised of the criteria "electoral process", "access to information", "civil rights" and "rule of law" (criteria S1 – S4).³²

Once again, we see strong positive correlations between the status of democracy and social justice. The correlation here is .80 and is significant at the one percent level. The quality of democracy within a country thus has a clearly positive effect on the extent of social justice. This correlation is stronger than the two correlations observed above. Firmly established civil rights, political participation and effective checks and balances on executive powers clearly contribute to a just distribution of Rawls' primary goods and individual capabilities as advocated by Sen. It is therefore safe to assume that the consolidation of democracy in the highly defective democracies of Turkey and Mexico would nurture greater levels of social justice in their societies.

Correlations in a multivariate model

In closing, we will examine the correlations between the Index of Social Justice and the three just-discussed independent variables of GDP per capita, status of democracy and the Management Index in a multivariate model. Given the small sample size, the results of the following regression analysis should not be over-interpreted. Also, it should be noted that these three variables correlate with each other although no critical values for multi-colinearity were achieved. These issues notwithstanding, a multivariate analysis – or in this case a multivariate regression analysis – is the only way to shed some light on the complex relationships between these key features of modern societies.

Whereas we observe high and significant correlations between all three independent variables and the Index of Social Justice (see above), this is no longer the case in the multivariate regression analysis. Although all of the independent variables continue to have a positive effect on social justice, the status of democracy is the only one to show a significant effect. It can therefore be assumed that in terms of their respective impact on social justice, the factors of societal wealth, the capacity to govern and the ability to hold the government accountable all are subordinate to the quality of democracy. This seems quite plausible insofar as measures of social justice and the status of democracy may incorporate different indicators, while in fact drawing upon similar underlying principles. Both equality and freedom, understood here also in the sense of individual self-determination, are essential components of democracy as well as social justice. In

³² See details regarding the MI's aggregation process elsewhere in this volume.

sum, economic growth is not the primary driver of social justice in the OECD, but good governance within a solid democratic order is. This does not mean that the good governance of a willing and able government can reform existing standards of democracy, economy and justice in a short period of time.

Table 2:

Multivariate regression model

| Variable | Coefficient (t-value in parentheses) |
|------------------------------|--------------------------------------|
| Management Index | 0.177 (1.00) |
| GDP per capita (in 1000 USD) | 0.007 (0.55) |
| Status of Democracy | 0.352 *** (3.10) |
| Observations (N) | 30 |
| Adjusted R ² | 0.612 |
| F-Test | 16.21 *** |

Note: The weighted Index of Social Justice represents the dependent variable.

*** $p < 0.001$ ** $p < 0.01$ * $p < 0.05$

In order to implement reforms, governments and reform-oriented economic and social elites need not only the support of the proper institutions but the trust of their citizens as well. Reform-based change almost always comes with costs. A just government – or in Rawls' terms, a fair government – will win the trust of its citizens in the medium term if it engages in transparent decision-making and takes seriously the challenges posed by globalization, EU-expansion, individualization and demographic change while ensuring the sustainability of democracy and affluence through fair reforms. Trust of this sort is essential to the successful long-term management of a political system. Indeed, this trust keeps reforms from being derailed before the next election, whether their social costs are borne by specific groups or by society as a whole. These kinds of reforms encompass not only individual policy sectors but administrative and other institutions as well.

The small countries that hover at the top of the Social Justice Index are also the top countries in terms of reform capacity. Although smaller, homogeneous countries can obviously achieve reform goals more easily than their larger, heterogeneous counterparts, and the small countries often provide good examples of how to break free of the path dependencies associated with sluggish or blocked reform. Just societies enable effective reforms, which in turn contributes to the level of justice in a society. Initiating this kind of positive spiral appears to be the secret to the long-term success of a polity.

Appendix

Table 3:

Overview of indicators used

| Dimension of justice | Indicator | Description | Source |
|---------------------------------------|--|---|---|
| Poverty prevention | Poverty rate (total) | Percentage of persons with an income below 60% of the national median income | Sustainable Governance Indicators (S11.2) |
| | Child poverty | Percentage of households with children in which income is below 60% of the national median income | Sustainable Governance Indicators (S12.4) |
| | Senior citizen poverty | Percentage of persons older than 65 with an income below 60% of the national median income | Sustainable Governance Indicators (S13.3) |
| Education | Educational expenditure per student | Educational expenditure per student weighted by GDP per capita | OECD (2007a) and authors' calculations |
| | Preschool education expenditure | Preschool education expenditure as a percentage of GDP | Sustainable Governance Indicators (S12.3) |
| | Impact of socioeconomic factors on educational performance | Relationship between student performance per PISA results and socioeconomic background | OECD (2007b) |
| Labor (inclusion in the labor market) | Employment rate (total) | Employment rate of 15- to 65-year olds | Sustainable Governance Indicators (S6.2) |
| | Employment rates by gender | Ratio of female-to-male employment rates | OECD (2008) and authors' calculations |
| | Unemployment rates by gender | Ratio of female-to-male unemployment rates | OECD (2008a) and authors' calculations |
| | Unemployment rate (total) | Unemployment rate | Sustainable Governance Indicators (S5.3) |
| | Long-term unemployment rate (total) | Long-term unemployment rate | Sustainable Governance Indicators (S6.3) |
| | National employment | Ratio of native-born-to-foreign-born employment | Sustainable Governance Indicators (S6.2 and S15.3) |
| | National unemployment | Ratio of native-born-to-foreign-born unemployment | Sustainable Governance Indicators (S6.4-S6.6 and S15.2) |
| Public compensation | Social expenditure | Social expenditure as a percentage of GDP | OECD (2008b) |
| | Health spending | Public spending as a percentage of GDP | OECD (2008b) |
| | Social cohesion | Government success in terms of social cohesion | Sustainable Governance Indicators (S11.1) |
| Income distribution | Income gaps | Gini Index | Sustainable Governance Indicators (S5.5) |

| | | | |
|----------------------------------|-------------------------------------|---|---|
| Intergenerational justice | Pension vs. family policy | Ratio of pension expenditure to family policy expenditure | Sustainable Governance Indicators (S13.4 and S12.2) |
| | Research and innovation expenditure | Research and innovation spending as a percentage of GDP | Sustainable Governance Indicators (S17.2) |
| | CO2 Emissions | Ratio of CO2 Emissions to GDP | Sustainable Governance Indicators (S16.3) |
| | Environmental policy | Government policy regarding environmental sustainability, alternative energies, natural resources, etc. | Sustainable Governance Indicators (S16.1) |
| | National debt | Net debt ratio | Sustainable Governance Indicators (S9.3) |
| Discrimination | Integration policy | Assessment of government policy in terms of societal integration | Sustainable Governance Indicators (S15.1) |
| | Anti-discrimination policy | Assessment of government policy in terms of anti-discrimination policy | Sustainable Governance Indicators (S3.2) |
| | Discrimination against minorities | Violations of the principle of equality | Minorities at Risk (2008) |

Between Democracy and Dictatorship. Scholar and Thinker V. I. Vernadsky¹ on the Theory and Practice of the Welfare State in the USSR

In the 20th century and in the early 21st century we witness how the struggle of liberal ideas asserting the principles of legal equality and individual freedom, restriction of the state involvement with the ideas of socialism advocating the principle of actual equality, social justice, active involvement of the state into socioeconomic and other spheres of the public life gave us different examples of their realization in life.

The practice of state construction in the 20th century brought us the experience on hyper extension of the sphere of state inference in the political regimes that were called “totalitarian” based on the ideas of communism or national socialism. However, the experience of the Soviet Union reveals the elements of social policy – universal free-of-charge education and healthcare, let alone slogans of social equality and justice.

Many modern researchers come to a conclusion that in the West the development of the idea on a social state and its realization in real life was spurred by appearance of the Soviet state that permanently declared the social orientation of its policy.

Of course, the achievements in the social policy of the so-called socialist states were inconsistent with the lack of real and not declared democracy, civil society, law-governed state and different forms of property, including private, as the economic basis of these institutes.

In the 1920–1930s when the plans and hopes for the better world came into flagrant contradiction with reality there were thinkers who painfully comprehending the reality tried to go beyond the existed paradigms about development of the mankind, society and state.

One of such thinkers was natural scientist Vladimir Ivanovich Vernadsky who developed the idea on the noosphere as a stage in the mankind development.²

¹ Vladimir Ivanovich Vernadsky (1863–1945) was a Russian and Ukrainian mineralogist and geochemist. His scientific work combines natural science with philosophy. Created by noosphere theory, which is one of the concepts of space evolution. Significantly contributed to the expansion of the welfare state theory and the development of scientific knowledge and the freedom of scientific thought.

² Emmanuel GRENIER, *Vladimir Vernadsky. De la biosphère à la noosphère*. Fusion, Écologie № 89, 2000.

Vernadsky is the founder of a whole complex of modern sciences on the Earth – geochemistry, biogeochemistry, radiology, hydrogeology, meteoritics, and others. In the center of its natural science and philosophical interests was development of the holistic teaching on the biosphere, live matter and biosphere evolution into the noosphere.³ He was also one of those who created the anthropocosmism. Still during his life he became famous not only in the Soviet Union, but also abroad as the founder of a whole range of new directions in the sciences about the Earth: geochemistry and biogeochemistry, meteoritics, permafrost study, etc. But only quite recently the world deservedly evaluated his contribution into science development as a creator of the teaching on the biosphere and the noosphere as a basis of the newest socioeconomic concept of sustainable development of the mankind.

In the 1920s lecturing at Sorbonne (Paris)⁴ Vernadsky met philosophers Édouard Leroy and Pierre Teilhard de Chardin. The idea of the noosphere will appear in the book “*Origin of a Man and Evolution of Intellect*” by Leroy published in Paris.⁵

In his note on organization of scientific work in the USSR (1938) Vernadsky made reference to Leroy and Teilhard de Chardin saying that they came to a conclusion that the biosphere in this historical moment became a real geological force that evolved quickly into the new stage – the noosphere. And he explained that the noosphere was the envelope of reason, “the state that should reveal reason and human activity directed by it as a new geological force never observed before on the planet”.⁶

The meeting of the French philosophers and the Russian natural scientist was very fruitful. The biogeochemical approach to the biosphere suggested by Vernadsky in his lectures in Paris enriched the idea of the French philosophers and they made a new step in development of their theories. In his turn, Vladimir Ivanovich also used their achievements.⁷

³ Ivan I. MOČALOV, *Vernadskij – čelovek i myslitel* [Vernadskij – a Man and a Scientist]. Moskva 1970. Gennadij P. AKSJONOV, *Vernadskij*. Moskva 2010.

⁴ Vladimir Ivanovich VERNADSKIJ, *La Géochimie*. Paris 1924.

⁵ Édouard LEROY, *L'écologie idéaliste et le fait de l'évolution*. Paris 1927.

⁶ Vladimir Ivanovich VERNADSKIJ, *Razmyšlenija naturalista. Naučnaja mysl kak planetnoje javlenije* [Reflections Naturalist. Scientific Thought as a Planetary Phenomenon]. Book 2. Moskva 1977, p. 150.

⁷ Same, *Biosfera* [The Biosphere]. Leningrad 1926. Translations: Oracle, AZ, Synergetic Press, 1986; Same, *La Biosphère*. Paris – New York 1997; Same, *The Biosphere* [Foreword by Linn Margulis and Colleagues]. New York 1998.

Vernadsky detailed on his ideas about the noosphere in the paper “Scientific Thought as Planetary Event”⁸ that should have become the extended theoretical preface to his final main book “Chemical Composition of the Biosphere of the Earth and Its Environment”⁹ Unfortunately, these two books were not finished by the author. They were first published in the 1960s-1970s, but the distorted by censors form.

Vernadsky thought that the 20th century had many prerequisites for conversion to the noosphere stage in development of humanity and nature. This was the “complete conquering by a man of the biosphere for life”, settlement of the whole Earth and penetration into all Earth’s elements – land, water and air. The next prerequisite was the established unity of the mankind, similar forms of scientific and technical civilization, means of conveyance, global lines for exchange of information and communication. The third prerequisite – *“the people acquired the ever growing possibility to influence consciously the course of state and public affairs”*. And the fourth prerequisite which development and explanation required most efforts on his part was turning science into a powerful geological force, main force for creation of the noosphere containing the potential for unlimited development of the mankind.

“The recent generation obviously enters the critical period of amplification of this process and the scientific work becomes a manifestation of the geological work of the mankind, creates a specific state of the geological envelope – the biosphere where the live matter of the planet is concentrated: the biosphere converts into the new state – the noosphere”.¹⁰

The theory of the noosphere introduces the notions on the origin and essence of life, drawing a man into the general cosmic process of complication of the matter from non-live through complication of the structure – atom, molecule, cell, multi-cell organism. The origin and development of life on the Earth is considered as a lawful manifestation of the universal tendency, the results of cultural biogeochemical energy.

In the late 19th – early 20th centuries Vernadsky took an active part in the political life of Russia. He was at the origin of the political liberal organization in Russia, he was one of creators of the constitutional democratic party and was

⁸ Same, *Razmyšljenija naturalista. Prostranstvo i vremena v neživoj i živoj porode* [Reflections Naturalist. Space and Time in the Inanimate and Living Nature]. Book 1. Moskva 1975; Same, *Razmyšljenija naturalista. Naučnaja mysl kak planetnoje javljenje* [Reflections Naturalist. Scientific Thought as a Planetary Phenomenon]. Book 2. Moskva 1977.

⁹ Same, *Chimičeskoje strojenje biosfery Zemli i jejo okruženija* [The Chemical Structure of the Biosphere of the Earth and its Environment]. Moskva 1965.

¹⁰ Same, *Razmyšljenija naturalista. Naučnaja mysl kak planetnoje javljenje*. Book 2, pp. 19–22, 31, 35–36.

a member of its leadership. After February Revolution he became a member of the Provisional Government. In August-November 1917 he took the post of Deputy Minister of People's Education and also the Chairman of the Agricultural Scientific Committee at the Ministry of Farming.

Trying to avoid arrest by the Bolsheviks that came to power that time he went to Ukraine where he was of organizers and the first president of the Ukrainian Academy of Sciences and later the rector of the Tavrida University in Crimea. His son, the future prominent historian, George Vernadsky, was a member of the Wrangel government and was forced to leave Russia. The daughter of Vernadsky also immigrated and lived for a long time in Prague. V. I. Vernadsky visited here there. He also planned to lecture at the Charles University.

He could not speak and write publicly about many things, in particular after Bolsheviks came to power. But from his manuscripts, diaries Vernadsky and from some letters from abroad we can find out about the scientist's outlook on the events in Soviet Russia and in the world.

This was a free man, with a free mind, but living in a non-free country under the pressure of the communist dictatorship. The diary and some letters permit to see how he was seeking answers to the questions put by the life, how he was shaping the ideas that most adequately met the modern challenges.¹¹

Still in the late 19th century (in 1893) Vernadsky wrote in his diary about the principles of liberalism: *“For me the correct governmental activity is based on the premises that (1) the state exists for the people and not the people for the state ... (2) a government, be it monarchical, republics or any other, ... is only a representative of citizens and, therefore, it should act always with their participation and under their control”*.¹²

Vernadsky believed that the 20th century was of special importance for the mankind regardless of all ordeals that occurred. On May 26, 1920 he wrote in his diary about the depth of changes that were witnessed meaning wars and revolutions: *“Enormous social change. The people acquired the feeling of their own dignity and strived for better life – so far, and may be further on? – the most primitive – bread and circuses...”*¹³

¹¹ Vitalij J. AFIANI, *Ob evoljucii obščestvenno-političeskich vzgljadov V. I. Vernadskogo* [On the Evolution of the Socio-Political Views V. I. Vernadskij]. In: *Vklad V. I. Vernadskogo v razvitije mirovoj civilizacij (K 150-letiju so dnja roždenija)*. Moskva 2013, pp. 50–62.

¹² Vladimir Ivanovich VERNADSKIJ, *Osnovuju žizni – iskanije istiny* [The Basics of Life – the Search for Truth]. Novyj mir, 1988, č. 3, p. 227.

¹³ Same, *Dnevnik 1917–1921. Janvar 1920 – Mart 1921* [Diaries 1917–1921. January 1920 – March 1921]. Kijev 1994–1997, t. 2, pp. 81–82.

At first Vernadsky treated the ideas of socialism with criticism: “*The ideas of socialism. They are not scientific. They contradict the freedom of a man’s personality*” (from diaries of 1918. Poltava).

He was sure that the left branch of the public political movement was to be blamed for development of the situation that led to communist dictatorship in Soviet Russia (July 16, 1923): “*We see where the thought of Russian intellectuals brought us – to present-day bolshevism: the idea of dictatorship, police state, lack of freedom. The end justifies the means. Force. Dictatorship of one class. Lack of respect for a man’s personality. Lack of the feeling of independence (irrational), knowledge and religion*”. And further on: “*The Russian liberation movement was, in fact, the movement of slaves. The ideal was autocratic or serfdom regime*”.¹⁴

He considered bolshevism, Leninism-Stalinism as “*a scholastic form of leftist Hegelianism*” and “*as police communism*”. The leftist Hegelianism, in his opinion, maintained social-democratism and remained “*within the freedom framework*”.

In this context he revised the significance and role of the Russian intellectuals that participated actively in the so-called liberation movement in Russia. In his farewell speech before the students of the Tavrida University on the eve of conquering Crimea by the Red Army he spoke about responsibility of intellectuals for what was going in Russia: “*the brains of the country, the intellectuals did not understand similar to the Russian intellectuals the whole benefits, the whole enormous importance of the statehood. Not appreciating duly the statehood the intellectuals, regardless of a long struggle for political freedom, did not know and did not value the feeling of the freedom of man*”.¹⁵

Later on, comparing the ideas of socialism and liberalism, he made a conclusion on their unilateralism. “*The socialists do not perceive the importance of human rights ..., while the liberals acknowledging the human rights do not perceive the state significance and purposes of Russia*” forgetting that this is an essential prerequisite for “*attainment of the rights of a man*”.¹⁶

His attitude to Bolshevik power, to the declared construction of socialism in Soviet Russia in the 1920s was sharply negative. He noted that Soviet Russia “*had no freedom of speech and press, freedom of scientific quest, had no self-government, had no either political or even civil rights. There were no elements of respect and security of a person*”. And he arrived to such conclusion: “*Not only*

¹⁴ Same, *Dnevnik. 1921–1925* [Diaries 1921–1925]. Moskva 1998, p. 110.

¹⁵ Archiv Rossijskoj akademii nauk [A RAN; Archive of the Russian Academy of Sciences], fund 518 Vernadskij V. I., inventory 2., the work of 45, pp. 188–189.

¹⁶ Vladimir Ivanovich VERNADSKIJ, *Pisma N. E. Vernadskoj 1889–1892* [V. I. Vernadsky, Letters to N. E. Vernadsky, 1889–1892]. Moskva 1991, p. 198.

communists, but all socialists are enemies of freedom as for them a man's personality disappears before the whole". (April 20, 1924. Paris) And he asked question: *"Is it possible for a free scientific activity to develop in any socialist state?"* (1922)

He considered that the issues of the state and political organization were of secondary importance in the 20th century asserting that it was not form that mattered, be it republic, monarchy or democracy. He called this "schematic", far from real life dispute. *"What is important is freedom of speech, thought and belief and their real support at any form of statehood"*.¹⁷ (1923)

For Vernadsky the democracy, "great democratic ideas" meant "freedom of thought and belief". And he considered that belief was very important as it was a special force developing the spiritual life of people (August 25, 1941).

Establishment of national socialism in the West European countries, the perception of the coming war led to speculations about the common and differences of two "totalitarian organizations: our – communist and German – national socialist". He noted identity of their state organization and methods of control: *"In both cases there was dictatorship, in both cases there was cruel police regime, in both cases there were millions of unequal people..."*.¹⁸ (July 13, 1941)

He also noted a difference that was most important for him – the national socialism was based ("originated") "on the principle of inequality of people", racial inequality. This was unacceptable for him. In this context the scientist started revising his outlook on ideas of socialism and perspectives of the USSR development.

He noted that Bolsheviks suggested the "worldwide slogans", correct principles that led "our revolution". In 1941 he wrote in his diary about "the state mind" "correct line" of Stalin and Molotov, about the "healthy" principles laid in the idea of socialism that were undermined by distortions of his ideas, "ulcers" – dictatorship, political repressions and restriction of the freedom of thought. For Vernadsky, the key element of the noosphere were human thought, freedom of thought "as well as economic "freedoms" that made the basis of any socialism." Without this "nothing real could be achieved".

The freedom of thought for Vernadsky was *"the base of the structure of the social regime"* where there was no private property, at least, in industry: *"a personality is not a manager of production means"*. He believed that *"the equality of all,"* meaning social equality, was impossible without this and the freedom of thought.¹⁹ (July 16, 1941. Uzkoie)

¹⁷ Same, *Dnevniki. 1921–1925* [Diaries 1921–1925].

¹⁸ Same, *Dnevniki 1935–1941* [Diaries 1935–1941]. Moskva 2005, book 2, p. 269.

¹⁹ *Ibid.*, p. 258.

Still in 1922 he came to believe that *“There was nothing more important in the world than the free scientific thought! The scientific thought is a part of the structure – organization – of the biosphere...”* He also kept to his liberal beliefs, first of all, on the need of the freedom of thought, scientific creativity. In the letter to Academy in 1925 he wrote: *“The scientific work is in itself connected with free judgments of a free man [...] The primacy of personality and its free, not burdened with anything, judgment seems to me necessary in the life where the value of an individual personality is not perceived anyhow. I see in this prominency of an individual personality and in build-up of activity only subject to its conscience the main condition of revival of our Motherland”*.²⁰

Gradually Vernadsky came to understanding that the dictatorship, tough and painful for society and man power of Bolsheviks became a kind of a bitter medicine that helped to preserve the country, state, created prerequisites for new development in the future. On August 05, 1941 he wrote: *“Now it is clear that notwithstanding many sins and unnecessary (degrading them) cruelties they brought Russia to a new road”*.

At the end of his life Vernadsky wrote: *“The notion of the noosphere ensuing from the biogeochemical assumptions is in full harmony with the basic idea penetrating the “scientific socialism”*. And more: *“I do not know Marx well, but I think that the noosphere will be harmonious in general with his basic conclusions”*. But despite this he kept his beliefs: *“There is nothing more valuable in the world and nothing requiring more care and respect than the free personality”*. The “scientific socialism”, as he understood it, had little in common with the practice of realization of the Marxist ideas in life that Vernadsky saw around him.²¹

In the early 1940s Vernadsky saw the perspectives of positive development of the Soviet Union in *“union with the Anglo-Saxon democratic states with their ideas of freedom of thought, freedom of belief, with the forms of enormous economic changes, with the principles of freedom that penetrated deep into their life”*.²² At the same time, Vernadsky wrote that he *“was alien to the capitalism regime”* as well as the Soviet one (from the letter to I. I. Petrunkevich. 1931).²³

The Soviet model of socialism, socialist state was repudiated by life itself. But experience of modern development of many states focusing on the classical li-

²⁰ Same, *Zapiska ob neobchodimosti vozobnovlenija rabot Komissii po istorii znaniy* [Note on the need to resume the work of the Commission on the history of knowledge], *Izvestija AN SSSR*. Series 6, 1926, text 20, No. 18, pp. 1692–1694.

²¹ *Perepiska V. I. Vernadskogo s B. L. Ličkovym 1940–1944* [Correspondence V. I. Vernadsky with B. L. Lichkova 1940–1944]. Moskva 1980, p. 39.

²² A RAN, f. 518 Vernadskij V. I., Inventory 2., the work of 21. p. 34.

²³ *“Ja verju v silu svobodnoj mysli...”*. *Pisma V. I. Vernadskogo I. I. Petrunkeviču* [“I believe in the power of free thought ...” Letters V. I. Vernadsky for I. I. Petrunkevich]. *Novyj mir* 1989, No. 12, pp. 204–221.

beral policy led to a deep actual social inequality, global crisis in economics and, accordingly, to growth of public and political movements, to what the Marxists called “class struggle”. The crisis breaches the principles of a social state. This proves that a social state is not a constant for all times, but a process. And not only economic or political. This process requires “human” dimensions, introduction into life of moral principles, such as charity, mercy and altruism. And, of course, realization of ideas on development of scientific knowledge and freedom of scientific thought.

The free and original thought of Vernadsky lived and developed in conditions of totalitarian suppression of freedom. It covered Cosmos, Earth, live matter, past and perspective of mankind development.

The enormous scientific heritage of Vernadsky is stored in the Archive of the Russian Academy of Sciences and in other archives of Russia, Ukraine and foreign countries. It is studied, published. But still much is not studied and, what is most important, is not comprehended. This requires joint international efforts.

PART II.

**Theory of the Welfare State, Origins and Genesis of the Concept, Characteristics and Development of the Discussion up to the Present – Day Views of the Welfare State.
Interrelation of the Welfare State and Democracy**

Global Crisis Catalyzing a Reconsideration of the State's Functions in Economy

Introduction

The systemic civilization-related dimension of the global crisis provides an uncompromising mirror to the prevailing neoliberal stream and to the related market fundamentalism that brought about gross theoretical misinterpretations and practical deformations of the state functions. Paradoxically, this has been taking place at the time of contradictory transition of our civilization from its industrial stage to a post-industrial phase of development requiring not a restriction or minimization of the state, but its modern strengthening and adaptation of its functions to the new historic challenges and conditions. Even the most liberal countries, such as the USA were forced by the anti-crisis adaptation to adopt unprecedented financial and economic measures by the state; still, it has appeared that its real fundamental modernization within the global coordinates is not going to be fast or problem-free.

Analyses aimed at identifying the objective causes of the global crisis have shown that it is a new type of crisis¹ and that one of the key questions relevant to its explanation, but also to the efficiency of anti-crisis as well as post-crisis adaptation processes consists in viewing the character and functions of the state in economy and society realistically in a totally realistic manner.

The present paper is intended to help overcome various historical views on the state and its functions strongly influenced by expedient ideological and particular interests. The state will be considered here a dynamic historical, time-dependent phenomenon and the key milestones in its evolution will be identified that limit the qualitative changes in the particular historical conditions of its specific character in the particular stages of civilization and its evolution. Based on this I shall try to explain the opinion on and the sense of state modernization, and point to its potential future transformations under the conditions of the post-crisis development of increasingly global society.

¹ This is proved by the attributes that were gradually added to the existing crisis, such as mortgage, financial, economic, then political, social, debt, and finally moral, system, and civilization crisis.

Methodological tools

When examining the evolutionary metamorphoses of the state I consider it is important to harmonize the concept of path dependency with that of path shaping. The first one makes it possible to show how the past determines the technological, economic, social and institutional changes taking place in society, while the other one says that within the specific limitations the relevant social forces and players can purposefully plan changes and co-determine the future direction of development. Nevertheless, in compliance with the theory of complex adaptive systems we should start from the fact that for every social system there are a number of potential futures and that under the conditions of transition to the post-industrial stage of civilization and to the formation of knowledge-based economy and society the character and quality of selected trajectory will be increasingly dependent on the level of human knowledge and on the intellectual and moral level of determining players influencing and making the selection. In this context, it is necessary to distinguish in the state's evolution several levels or dimensions of historical dependence of the particular form of state and its specific functions. In view of the goal pursued by this study I consider it very important to distinguish the following dimensions:

- within the global long-term evolution of civilization,
- within the main stages of civilization,
- within the national specific features, and
- within the contemporary prevailing role of key players, for instance when selecting a particular welfare model.

Defining the state as “strong” or “weak” appears too simplified or even misleading in this context. What matters is whether it is functional under the existing historical conditions and whether it conforms in due time adequately to their changes. Both the past and the present experience shows that states of different functioning level – good or better, worse, and even bad – can coexist with each other. Obviously, what we mostly call a state failure is in fact a failure of the particular policy by means of which the state functions are governed. Therefore, what matters is not to define the state functions in a general or exemplary way,² but rather to identify the changing conditions that place or modify particular demands requiring a specific adaptation of its functions or the way of their implementation in harmony with the progress of civilization. Of fundamental significance in this sense is a consequent methodological distinction of the pre-

² Following functions can be distinguished as typical: security (internal and external, currency and fiscal policy), redistribution (social policies, health care, and education), stabilization and regulation (legislation). For detailed review of state functions, particularly in social area see the text book: Daniel ŠMIHULA, *Teória štátu a práva* [Theory of State and Law]. Bratislava 2010.

globalization and globalization conditions and of the evolutionary state adaptation factors. The new stages and areas provide also new chances, tasks and problems for the state while other move to the background or vanish. This does not only relativize the concepts – both successful and unsuccessful – of general and, in particular, economic policy, but a mixture is sometimes needed of them, their innovated content, and the forms of their implementation.

Brief historical review

The first states as an organized institutional form of society structure with three basic component parts, namely the territory, the population, and the political-administrative apparatus, emerged some six thousand years ago.³ Since that time the state has experienced countless transformations of its particular forms, as well as many qualitative changes in its nature, the orientation of its functions and the ways of their implementation. The notion ‘state’ has been used since the 16th century when in political thought its viewing started as a specific institution with its own sovereignty not depending on the religiance power while, simultaneously, ceasing to be pure property of the sovereign and his family. The foundations of a system of national states were laid in the 17th century, namely in 1648 by the agreements signed in Münster and Osnabrück, Germany, that restored temporary peace and, in addition, laid down the concept of national state and of interstate system. Thus, a system of discreet national states as interactive units was formed and came into effect. It was within this frame that during the subsequent three hundred years capitalism was developing as a system of complex relations between production (economy), classes, political power, and territoriality. By virtue of national states and within their framework the accompanying national structures, institutions and players then developed.⁴ All that historical period from the 16th century to the turn of the 1970s is usually referred to as the pre-globalization stage of state evolution. In that period of time the concepts of substantial modern state features were gradually formulated and to a different extent in different countries implemented. In spite of their time-determination – or perhaps because of it – they may be useful even today.

³ They acquired different forms, from centralized form of many empires (Aztecan, Roman, Chinese, Mogul, Zimbabwe, Ottoman, Inca, Russian, etc.) to more localized African states and European kingdoms, and also states headed by chieftains in different parts of the world. William I. ROBINSON, *Teorie globálního kapitalismu. Transnacionální ekonomika a společnost v krizi* [The Theory of Global Capitalism. Transnational Economy and Society in Crisis]. Praha 2009, p. 175.

⁴ *Ibid.*, pp. 172–173.

Among the most important Renaissance thinkers the author of the notion 'state', N. Machiavelli (1469–1527), should be particularly mentioned here, who due to his disidealized description of politics can be viewed as a political realist⁵ and also J. Bodin (1530–1569), who is considered the father of modern concept of state sovereignty.⁶ During the Enlightenment, which accented the human reason, the state was believed to have to serve its citizens and the "national interest" separated from any religious and moralizing speculations and based on scientific results. Several particular concepts of its role were developed: Modern state as an enlightened absolutist monarchy that an individual must be subordinated to in order to suppress his natural egoistic inclination (T. Hobbes, 1632–1728). In contrast, J. Locke (1632–1704) formulated a concept of agreement between the citizens and the state according to which by their subordination to the state power the people do not waive all their rights, but they transmit to the state only those natural rights whose transmission is needed for the efficient administration of public matters. In exchange, those natural rights are converted into civil rights, including the right to co-determine the state affairs.⁷ F. M. Voltaire (1694–1778) regarded the state as a product of historical evolution and rejected the contractual origin of the state. Ch. de Montesquieu (1689–1775) saw the reason of different state forms in different countries in the different natural and social conditions in their historical evolution. He emphasized the inevitability of individual freedom, mutual dependence of states, need of wise and respected laws, and division of power in the state. J. J. Rousseau's (1712–1778) contribution to the discourse on the state consisted primarily in adding the need of sentiment, especially sympathy with fellow men, the stress laid on reason, and in being the first to distinguish between society and state. I. Kant (1724–1804) and G. F. Hegel (1770–1831) further developed the ethical content of the notions 'state' and 'law'.⁸

It is primarily owing to the 18th century ideas that a break occurred in viewing the state as a constant institution created by God, and instead the idea was developed that the state was a social institution, a product of human activity. The fundamental idea was generally shared that man endowed with reason was also able to improve the existing social, political and legal order.⁹ Actually, history has

⁵ Niccolò MACHIAVELLI, *Úvahy o prvej dekáde Tita Lívia, Vladár, Vojenské umenie* [Reflections on the First Decade of Titus Livy, The Prince, Military Art]. Bratislava 1992.

⁶ Alexandra KRŠKOVÁ, *Štát a právo v európskom myslení* [State and Law in European Thinking]. Bratislava 2002.

⁷ D. ŠMIHULA, *Teória štátu a práva*, p. 23.

⁸ *Ibid.*, p. 24.

⁹ Ladislav VOJÁČEK a kol., *Dejiny verejného práva v Európe* [History of Public Law in Europe]. Bratislava 2004, p. 114.

shown that this transforming potential contains also important risks, as in addition to the states developing democratic, relatively prosperous societies also totalitarian regimes appear with disastrous consequences. The short review of history in the context of current development leads us to the conclusion that state modernization must be viewed as a long-term accompanying process of its adaptation to the evolutionary changes in the technological, economic, political, social, intellectual and ethical conditions so as to enable positive civilization shifts in society. Thus, the modernization of state is an integral part of the concept of social modernization, the key criterion of which is the quality and sustainability of life.¹⁰

Research into the evolutionary metamorphoses of the state from its beginning as a national body until now shows that at least “for the past 100 years we have witnessed an increasing role of the state in economy (particularly in advanced countries)”.¹¹ This is clearly demonstrated by the data in Table No. 1.¹²

Table No. 1

**Total government expenditures expressed in GDP percentage in current prices
1913–1999**

| | 1913 | 1938 | 1950 | 1973 | 1999 |
|---------------------------|------|------|------|------|------|
| France | 8,9 | 23,2 | 27,6 | 38,8 | 52,4 |
| Germany | 17,7 | 42,4 | 30,4 | 42,0 | 47,6 |
| Netherlands | 8,2* | 21,7 | 26,8 | 45,5 | 43,8 |
| Great Britain | 13,3 | 28,8 | 34,2 | 41,5 | 39,7 |
| Arithmetic average | 12,0 | 29,0 | 29,8 | 42,0 | 45,9 |
| USA | 8,0 | 19,8 | 21,4 | 31,1 | 30,1 |
| Japan | 14,2 | 30,3 | 19,8 | 22,9 | 38,1 |

* – 1910

Source: Angus MADDISON, *The World Economy: A millennial perspective*. OECD, Paris 2001.

It can also be observed that the frequency of changes is increasing and/or that the intervals between qualitative changes in the nature and function of the state

¹⁰ One of the best concepts is that of life quality and sustainability developed by the team headed by M. Potůček arguing that economic growth does not necessarily mean a higher quality of life or an adaptation of social relations and values required. A balanced approach to the functions of market, state and civic sector and their dynamical complementarity and optimization in view of the historical traditions and particular conditions are stressed. Martin POTŮČEK – Jiří MUSIL – Miroslava MAŠKOVÁ (eds.), *Strategické volby pro Českou republiku, teoretická východiska* [Strategic Choices for the Czech Republic, the Theoretical Bases]. Praha 2008.

¹¹ Libor ŽIDEK, *Dějiny světového hospodářství* [History of the World Economy]. Plzeň 2007, p. 21.

¹² Interestingly, the constant growth of government expenditures was predicted in the 19th century by A. Wagner, after whom the trend was named (the Wagner Law).

are decreasing. This is documented by the historical key milestones in the 20th century: the First World War and the emergence of the first socialist state, the Great Depression of 1930s and the Second World War, the “golden” 50s and 60s, the breaking 1970s as a sort of line separating the industrial and the post-industrial eras, the 80s–90s with the rapid development of globalization, and the first global crisis in the first decade of the 21st century. The above changes of historical conditions have strongly influenced – also in a contradictory way – the theoretical perception and the ideological justification of the particular character of the state, its function, and its real functioning.

Great Depression and the “golden” 50s and 60s

The roots of the Great Depression and its spreading all over the world had their epicenter in the USA. The Depression put an end to the widely spread illusion that due to the economic achievements of the USA in the 1920s with the country’s accounting for 43.3 % of global industrial production in 1929 the Americans had successfully resolved the question of permanent prosperity.¹³ The Stock Exchange crash on the Black Tuesday of 29 October 1929 was a manifestation of one of the unsound trends in economy, but was far from being the only cause of the Depression. There were more reasons for it. Its depth and duration were strongly determined by the restrictive state policy, the FED deflation policy, the collapse of banking sector, and also by the fact that the United States by its protective policy and restricted capital exportation largely enabled the Depression to spread globally. This produced a wave of protectionism that flooded the global economy.¹⁴

In view of the current situation it appears useful to remember the fundamental causes of the Depression generated by the developments in the banking sector. Early in the 20th century when the USA started aspiring to the position of leading power, the FED during sixteen years after its foundation had lent huge amounts of money, more than tenfold its total savings. Thus, the deposited money turned into debt-based money.¹⁵ Simultaneously, the investing bankers as

¹³ Paul KENNEDY, *Vzestup a pád velmocí* [The Rise and Fall of the Great Powers]. Praha 1996.

¹⁴ Imposition of duties and quotas irrespective of international agreements contributed strongly to the fact that from 1929 to 1932 the volume of international trade fell down to one third. L. ŽI-DEK, *Dějiny světového hospodářství*, p. 71.

¹⁵ It is not surprising that in connection with the post-crisis reform of the financial system more than 2000 suggestions were made, all containing one common requirement: the system must not be based on debt. Michael ROWBOTHAM, *The Grip of Death: A study of modern money, debt slavery and destructive economics*. Oxfordshire 1998. This requirement revealed the very core of the problem.

parts of commercial banks were increasingly speculating and reinvesting also their commercial deposits, which produced the biggest ever financial and economic crisis. One of the most effective anti-Depression measures proved to be the Glass-Steagal Bill initiated by President Roosevelt by which commercial banking was separated from investment banking. Although the money did not regain its original nature, the functioning of debt-based money got into an acceptable better controlled framework. The Great Depression fully revealed the failure of liberal concepts and the central challenges were now full employment and well-balanced interrelation between the market and the state. The state became an important economic player not only defining the “game rules”, but also systematically and deliberately intervening to tune up the economic cycle by widely applying the tools of financial policy, particularly in the tax structure with the emphasis laid on progressivity, in social and investment expenditures and their growing portion in GDP, etc. The state sector was also increasing and in many countries these developments acquired the features of welfare state construction; in some cases even indicative planning was applied. The Keynes doctrine acquired a dominant position in both theory and practice and, as a result, the classical state functions were extended and their scope dramatically increased. This constituted a historic shift in state modernization that manifested itself in several fields. The first one was the duty to create stable conditions of business activities for a long time, especially to guarantee the existence of “law-based state”: existence and enforcement of law, appropriate measures to stabilize currency and maintain balance, and elimination of negative external influences (regulating¹⁶ and stabilizing function). The second field consisted in the redistributing function aimed at damping the socially unacceptable consequences of distribution processes produced by the market. The third field was due to the need for the state to compensate for the market failure in the supply and distribution of public goods by means of a specific allocation of taxpayers’ money (allocating function).¹⁷

The social and economic development prior to the globalization period required the modern state to be formed as a firm, territorially anchored political unit with central power. Its substantial feature was the stress laid on its own territorial integrity and its loyalty to the geographical space that it controlled and regulated, and in which it developed and applied economic nationalism meaning the economic space being shared by state citizens and the social

¹⁶ The regulating function does not include only restricting elements, but also elements of positive stimulation in the context of the goals pursued.

¹⁷ Eva KLVÁČOVÁ, *Fenomén dobývání renty a jeho vliv na české veřejné finance* [The Phenomenon of Conquest Annuities and its Influence on Czech Public Finances]. Praha 2008, p. 21.

standards related to economy being enforced in its territory.¹⁸ Although the post-war reconstruction largely stimulated economic growth, its record rates, including the rate of employment in the 1950s and 1960s was also undoubtedly due to the active influence of the economic state functions. These two decades entered the history of the western US states, Canada, West Europe and Japan as “golden” or “welfare” periods of time.

The revolutionary nature of the 1970s

Fundamental global changes took place in the last decades of the 20th century and constitute – as J. Ruggie puts it – “an epoch-making milestone”.¹⁹ They started in the 1970s and owing to their extreme importance for the future that period of time has been referred to as a revolutionary decade bringing about the trend of minimizing the role of the state in its economy and increasingly strengthening the role of the market believed to be the best self-balancing tool of society. Let us consider now the historical roots of those changes. The cumulated imbalances in global economy made the Brettonwood Monetary System²⁰ disintegrate in 1971. Its effect depended in practice on the state of economy in one country only, the USA. The system became unmaintainable in 1971 due to the growing demand for gold and to the long-time deficit in the current account balance of payments. Paradoxically, the end of that monetary system failed to weaken the US position; quite on contrary, owing to the dollar becoming a prevailing reserve currency the United States acquired the unique privilege of funding the current account deficits in its own currency.²¹ However, the disintegration of the Brettonwood System brought about also far-reaching changes in the financial sector. In practice, a shift to floating exchange rates occurred which

¹⁸ See: Nayyar DEEPAK, *Governing Globalisation: Issues and Institutions*. Oxford 2002; Robert REICH, *The future of success: Working and living in the new economy*. New York 2002.

¹⁹ John Gerard RUGGIE, *Territoriality and Beyond: Problematizing Modernity in International Relations*. International Organization Vol. 47, No. 1, 1993, pp. 139–174.

²⁰ It was created in 1945 and was aimed to stabilize international trade and enable smooth transactions. In addition to the form that was carried through by the USA and that was based on fixed exchange rates depending on the dollar and its exchangeability in gold there was a competing proposal by Keynes. It planned an international currency unit called “bancor” based on the value of 30 selected commodities. In the context of the global crisis voices can be heard that the Keynes plan was more forward-looking and would be interesting also when seeking an alternative to the current monetary system. Ilona ŠVIHLÍKOVÁ, *Globalizace a krize, scénáře a souvislosti* [Globalization and Crisis, Scenarios and Contexts]. Grimmus, Všeň 2010, p. 153.

²¹ The Triffin dilemma points out that the national currency cannot operate without any problems as an international currency due to the contradictory requirements and potential conflict of interests.

produced the need of hedging against rate risks not only by diversification of portfolio, but also by new special hedging products, which provided a large space for speculation. Central banks could pursue freer monetary policies. Starting conditions were created for an unprecedented expansion of financial markets and for their increasing separation from real economy. The concurrence of the oil crisis and the food crisis started fundamental changes in real economy causing a type of inflation that in connection with the exhaustion of the post-war reconstruction and stagnation brought about the unprecedented process of stagflation. A typical feature of the adaptation processes that the advanced market economies responded with to this was the fact that apart from short-term non-investment or low-investment rationalization measures and/or budget subsidies compensating for the enormous growth of oil prices also medium-term restructuring steps were taken by means of innovation investments. This process led to a massive restoration of fixed capital at a qualitatively higher technological level and to increased competition for innovations. The advanced countries entered a phase of post-industrial evolution. The structure of their economies started shifting from industry to services. Under the influence of the technological-innovative revolution the economic growth became less dependent on labor, which generated structural unemployment; on the other hand, however, technical conditions emerged that enabled to cope with the time and space limitations of the planet-wide development of economic activities. However, to make full use of this opportunity it was necessary to eliminate the obstacles consisting in various forms of regulation of external economic relations applied by individual states. To cope with the problems of growth and to restore its high rate the TNCs (Transnational Corporations) and the financial circles of advanced capitalist countries, particularly of the USA, exerted enormous pressure to achieve a high level of deregulation and liberalization²² in order to provide sufficient space for the process of globalization that was expected to be beneficial to everybody.

Globalization and its impact on the operation of the state

The evolutionary aspects of the 1970s as outlined above generated the conditions of fundamental institutional changes that came then in full effect in the process of globalization as of the 1980s. This included, in particular, the forma-

²² Following the Uruguay GATT Round the duties were reduced on the average to 10 % of the level of the late 1940s. Jana SEREGHYOVÁ, *Konkurenceschopnost Evropské unie v podmínkách globalizace*, [The Competitiveness of the European Union in Terms of Globalization]. Acta Oeconomica Pragensia Vol. 12, No. 3, 2004, p. 147.

tion of a qualitatively new organizational form of the TNC business subject as a dominant player in the global economic game on the one hand and, on the other hand, a fundamental change in the position of the state as an organizational and institutional form of society with qualitatively new needs related to its function.²³ Of particular importance are the deep institutional changes in their broader sense meaning a general adaptation of the sets of rules for economy at the national and global level. The leading TNC position is based on a deep restructuring transformation of the domestic and international division of labor into a global one. The power of their action is due to the size of available resources, the time limit for strategic decisions, and the brand new way of making use of comparative advantages. They strengthen their global position by adaptation processes aimed at rationally forming the TNC as a complex whose center focuses on the “core activities”, management and control, on the optimum shaping of manufacturing and marketing chains as a flexible, hierarchically structured satellite system, on increasing the acquisition power by fusions and acquisitions, and on increasing the competitiveness level through strategic orientation on intellectual factors, which relatively reduces the portion of material assets and dramatically increases that of immaterial – intellectual ones. The adaptation processes explained above in combination with the separation of economic processes and economic power from the territorial integrity of states brought about a huge concentration of global economic power in TNC hands.²⁴

TNCs as key globalization players deliberately endeavor to obtain, in addition to their own comparative advantages, also partial comparative advantages for their particular activities in different parts of the world in order to maximize their synergic effect. They strive to identify and fructify an optimal geographical configuration of their global value chain. Its particular links are more specialized, and thus new comparative advantages emerge making it possible to maximize the synergic TNC profit effect of the globally developing division of labor.

The flexible satellite system as an executive part of the TNC complex consists of hierarchically interlinked elements, starting from their own branches, through first-level domestic and foreign contractors, second- and higher-level contrac-

²³ A specific qualitative change at the turn of the 1980s was the disintegration of the system of socialist states. The exaggerated “all-including” bureaucratic centralized state functions proved unworkable under the conditions of starting technological-innovative revolution and increasing global competition. Under these conditions an inevitable condition of state modernization was a systemic transformation of society. However, its realization appears to be much more difficult than it was initially believed.

²⁴ *Stratégia rozvoja slovenskej spoločnosti* [Development Strategy of Slovakia]. Bratislava 2010, pp. 28–31.

tors, to peripheral subcontractors. The TNC flexibility strongly increases the asymmetry between the center and the particular elements of the satellite system. On the one hand, it transfers a great part and weight of market uncertainty and competition onto the particular elements of the satellite system while, on the other hand, its synergic effect concentrates mainly in the TNC center. Analogically, asymmetry increases between the spatial fixation and immobility of particular contractors and subcontractors and the geographical mobility of the TNC as a complex entity.

High concentration of power combined with global geographical mobility and flexibility allow the TNC complex to exert strong pressure on the states and make them bear as large a part as possible of the social, environmental and other costs.²⁵

The development of TNC dominant position and influence is also due to another part of fundamental institutional changes in the globalization process, namely a partial state disintegration (particularly small and medium-size states) as a result of the separation of economic processes and economic power from the state's territory on the one hand and, on the other hand, the TNC power and influence intertwining with large domestic states and with major international global institutions. Under the conditions of a big country – and this applies particularly to the United States – the economic power failed to separate from the territorial integrity of the state, but the state has become a prisoner of the local most important economic, mainly financial groups.²⁶ A specific inversion merger of economic and state power is the case of a large state with centrally controlled economy having its own state TNCs (China), or a large state controlling the big domestic private TNCs (Russia). Quite remarkable and instructive is the case of small Scandinavian countries that owing to the long-term systematic development of intellectual factors could achieve a top level of competitiveness. Based on this, they are able in interaction with local and foreign TNCs to carry through their own national and state interests and efficiently modernize their specific welfare models.

For smaller and economically weaker states the separation of economic power had some serious consequences.

²⁵ Jan KELLER, *Soumrak sociálního státu* [Twilight of the Welfare State]. SLON, Praha 2006.

²⁶ By means of lobbying, pressure, and even blackmail they are able to make the state take measures that are often morally hazardous, such as tolerating or supporting obvious or latent fraudulent activities that in unscrupulous profiteering efforts sooner or later cause various economic problems, bubbles, and trouble phenomena, caused also by the support granted to the greatest “sinners” in the financial and economic crisis. However, their consequences must be borne by the taxpayers, employees, developing countries, etc. E. KLVAČOVÁ, *Fenomén dobývání renty a jeho vliv na české veřejné finance*, pp. 28–29.

- Due to large liberalization and deregulation the territorially integrated state space appeared to be directly inserted in global economic coordinates; as a result, the state's role in and influence on the foreign economic relations was actually reduced to minimum.
- The links between the state territory, precisely demarcated by its borders, and the economic space were broken, as the latter had separated from the state and to a great extent emancipated itself from the real regulating and controlling competence of the state. The globally intertwined and complex ownership relations strongly relativize and even cast doubt on the question what is and what is not inside and outside the state's territory its national wealth.
- The emancipation of the economic space and power from the state territory has strongly reduced the responsibility of business subjects in relation to the role and problems of the social sector, which actually remained tied to the state territory.
- Also the links between the mechanisms of democracy tied to the state and the real economic power emancipated from the state territory were broken.²⁷
- The following forms of emancipation of economic power from the state can be identified in the existing globalization process.
- The most apparent feature is the international movement of capital, mainly in the form of Foreign Direct Investments (FDI) that saw an enormous growth in the last third of the 20th century. With the economic development being increasingly FDI-dependent the states are forced to compete with each other in luring foreign investors and outbidding advantageous conditions, and they must more or less comply with the recommendations of global institutions.
- Of great importance was the role, activity and influence of international institutions, such as WB, IMF, or WTO which, being under the strong lobbying pressure of TNCs, largely determine the agenda and the progress of globalization. Thus, a sort of global ruling system without global government has developed.²⁸
- A less apparent, but extremely influential channel has been what is known as "digital space". Within this abstract environment an increasing quantity of activities by economic subjects take place now, thus going beyond the state borders and the institutional economic apparatus.²⁹

²⁷ *Stratégia rozvoja slovenskej spoločnosti*, pp. 31–32.

²⁸ M. POTŮČEK – J. MUSIL – M. MAŠKOVÁ (eds.), *Strategické volby pro Českou republiku, teoretická východiska*, p. 36.

²⁹ David Alden SMITH – Dorothy J. SOLINGER – Steven TOPIK (eds.), *States and Sovereignty in the Global Economy*. Routledge, London 1999.

- Other forms include various highly specialized and strongly concentrated institutional and/or functional centers where legal, financial and other services concentrate. In spite of being situated in the territory of national states they are in fact denationalized.³⁰
- A very important way to overcome the territorial integrity of states consists in the regionalization processes of global economy through creation of regional integration groupings within which closer links between several states develop and onto which they delegate some of their competences.
- A specific cross-sectional way to overcome the territorial integrity of states produced by the globalization and integration processes is the creation and application of various binding, obligatory or recommended international institutional frameworks including legal regimes, regulations, procedures, and criteria.
- The population in the context of globalization and integration processes appears to be the relatively most static factor. Although a wide range of functions related to the population can be performed by the state, its conduct and development reveals increasing forms of overcoming its ties to the territory delimited by state boundaries (migration, talent and expert hunting, global elite).³¹

Globalization brought about a strong reconfiguration and modification of the state's regulating and stabilizing role by largely changing those state functions that are aimed at stimulating the use of own comparative advantages by domestic entrepreneurs and their business activities on the one hand, and those aimed against economic expansion from abroad on the other. Their content increasingly consists in adapting to the conditions of globalization processes in order to participate as much as possible in the effect of making global use of comparative advantages, and includes primarily investments in the creation of new and the cultivation of existing comparative advantages attractive to foreign investors (all types of infrastructure, modern education system, science and research, good quality of business environment, etc.), as well as a "fight" for well negotiated conditions and stimuli so as to ensure a balanced participation in the effects achieved by foreign investors owing to the comparative advantages of the state in question.

Globalization brought about a gradual inversion of the role of national states and of corporations. The states increasingly cease to be the *organizers* of economic competition prescribing its rules and, instead, they become members of the competition for the favor of business subjects trying to attract them to come to their territory. The transnational corporations, on the other hand, cease to be

³⁰ Ibid.

³¹ Martina JIRÁNKOVÁ, *Globalizace, hospodářský nacionalismus a národní stát* [Globalization, Economic Nationalism and the Nation State]. Scientia et Societas, 2007, No. 4, pp. 87–98.

members of the economic competition organized by national states and, instead, they become “organizers” of the competitions between national states for best competitiveness, which was initially viewed as creating the most favorable conditions for foreign and local entrepreneurs. The markets in which national states strive for the best ability to compete are the virtual markets of business environment, the markets of “business comfort”³²

However, the inverted role of national states and business subjects has the following consequences:

- it reduces the conditions for enterprises to become competitive and engages the states in making the competition successful;
- the pressure on the state in relation to public funds is increasing – lower incomes (lower taxes, payments, etc.) and higher expenditures to support competitiveness, research, education, infrastructure, etc.;
- asymmetry appears between the TNC rights on the one hand and the state duties on the other;
- the long-term effects of such changes in the state role prove destructive for social solidarity and political stability;
- the efforts for maximum state’s ability to compete contain a deep contradiction between the role of game rules maker for company competition in its territory and the role of competition member striving for the favor of business sector at the global level.

Objective and presumptive causes of the welfare state crisis

The emergence of a welfare state strongly engaging in the social area is usually ascribed to Bismarck and his social laws. Its rapid development is, however, due to the disastrous economic and social consequences of the Second World War and to the reminiscences of the Great Depression. Already in the time of war the English economist W. H. Beveridge prepared the very first program of social policy.³³ After the war, in the post-Roosevelt-era, the pure market was no more restored in its initial form either in Europe or the USA. The first 25 years after World War II was actually the longest and most dynamical period of the uninterrupted growth of industrial states. This, on the one hand, created favorable

³² E. KLVAČOVÁ, *Fenomén dobývání renty a jeho vliv na české veřejné finance*.

³³ The central idea of the program was the thesis that the state had to care for the population “from cradle to grave”, meaning a complex social, mainly material support of and care for all groups of population to cope with such problems as diseases, illiteracy, and other causes of poverty, and also a reconstruction and unification of social insurance. L. ŽIDEK, *Dějiny světového hospodářství*, p. 99.

conditions for the social area while, on the other hand, the development of that area undoubtedly exerted a positive effect on economic growth. In most of the West European states the European welfare model was developing in various modifications exhibiting the same main features and differing from each other only in their coverage.³⁴ In the USA, the neoliberal model was slowly developing and was fully implemented as of the 1980s. Until the mid-1990s the European Union proved more successful in the economic performance competition between the welfare and the neoliberal models as expressed by the growing productivity of labor.³⁵

As of the mid 1990s, owing to concurrent important developments fundamental changes in the basic conditions occurred that jeopardized the welfare model and, on the other hand, opened much space for the neoliberal one. First of all it was the gradual transition of advanced states to the first stage of post-industrial evolution with the secondary sector accounting for 50 % of total labor force by the end of the industrial era and, instead, the percentage of the tertiary sector amounting now to more than 70 %. As the needs were gradually saturated starting from those that were simple and proceeding to the complex ones, it was also the dynamism of demand that was decreasing, starting from the simple sectors and proceeding to the complex ones. The same analogy can be observed in the technical progress and productivity rising from the less to the more complex sectors. At the second stage of post-industrial evolution with the focus moving to the quaternary sector and intellectual economy these processes are intensifying. Intellectual economy produces a much more effective technical progress aimed at the intellectualization of products and services. As a result, together with the rising productivity of labor the productivity of capital and integral productivity are also rising. The efficiency of investments in qualitative intellectual factors has dramatically increased. The subjects that were able to adapt adequately and in advance to this revolutionary trend achieved a great and permanent competitive advantage. Analyses have shown that primarily large TNCs could add to the size and scope of their advantages also a new quality of combining material and immaterial assets across the whole corporation.³⁶

³⁴ Miloš PICK, *Stát blahobytu, nebo kapitalismus? – aneb my a svět v éře neoliberalismu 1989–2011* [The welfare state or capitalism? – Or we and the world in the era neoliberalismu 1989–2011], Všeň 2011, p. 132.

³⁵ From the beginning of the post-war era when the level of productivity in West Europe was less than half the US level, until the mid-1990s the EU could practically eliminate the lead of the USA by reducing its handicap to mere 5 % 5 %. *Ibid.*, p. 133.

³⁶ This has been proved by the results achieved by an elite group of 150 most efficient TNCs (megainstitutions within the 2000 largest companies) that in 1984 – 2004 owing to the knowledge-oriented restructuring of assets could on the average double their net incomes and in-

Two facts should be stressed in this respect. First, the TNCs must be mentioned that account for the largest portion of global expenditures on science and research,³⁷ most of them being American corporations. And second, the United States ranks among the countries with the highest portion of expenditures on science and research in their GDP, its portion being much higher than in the EU.³⁸

This advantage of intellectual factors and its systematic use by American TNCs in the existing globalization process has strengthened the US position in its competition with other centers of global economy.³⁹ Most EU countries and businesses have failed to adequately adapt to these trends. They could less apply the intellectual factors and were making more use of the traditional technical progress. The transition to the intellectual neoliberal model has made it possible for the USA since the mid-1990s to quadruple the growth of integral productivity from 0.1 to 0.4 %, while in the EU it declined from 0.5 to 0.2 %.⁴⁰

This aspect of evolution constitutes one of the main causes of the European welfare model crisis. Another main reason of its crisis consists in the fact that the new civilization trends of post-industrial development bring about objective changes in the structure of economy, increase expenditures on education and its duration, on the social sphere, quality of life, health, rehabilitation and protection of the environment, and their proportion in total expenditures will keep rising no matter whether they are expended in the solidarity-based or the market-based way. The combination of both causes has made the EU welfare model seriously jeopardized by the respective costs exceeding the rate of its efficiency. Since 2010, under the influence of additional factors the pressure aimed at dismantling the EU welfare model has increased. In order to revive foreign and domestic demand the USA started intensely pursuing a pro-growth macroeconomic policy, primarily in relation to the exchange rate and budget. With the weakening dollar the export and anti-import competitiveness increased, which largely helped restart the growth of American economy. Simultaneously, it made the EU growth slow

creased six fold its market capitalization. Lowell L. BRYAN – Michele ZANNINI, *Strategy in an Area Global Giants*, The McKinsey Quarterly, 2005, No. 4, pp. 47–59.

³⁷ Of the 700 firms that had invested the most in 2001 in research and development (some 310 billion USD) 98 % were TNCs. The above amount constituted 46 % of the total global expenditures on research and development and more than two thirds (69 %) of the global business expenditures (World Investment Report, 2005).

³⁸ In the USA, this portion amounts to some 2.7 %, while in the EU it is only 1.9 %. The absolute volume of sources for research and development in the USA is 1.8 times higher and, if expressed per capita, even 2.4 times higher.

³⁹ Jana SEREGHYOVÁ – Shadi ZAFARPOUR, *Topical issues of international corporate networking in the globalising world economy*. Wien 2004.

⁴⁰ M. PICK, *Stát blahobytu, nebo kapitalismus? – aneb my a svět v éře neoliberalismu 1989–2011*, p. 134.

down and the competition pressure increase due to low taxation and low labor protection. This economic pressure increased even more owing to the actions of such institutions as IMF, WB, and OECD. A comprehensive doctrine known as the Paris Consensus⁴¹ opposed the welfare state with two primary argumentation lines. The first of them ignored the objective growth of new civilization challenge costs, described the wasting and abuse of social systems as the main problem of difficulties with funding public services, and saw a solution in their reduction and transition to the market-based regime through privatization. The other line concentrated on a reduction of taxes as the main way to accelerate economic growth. They were largely relativized and questioned by M. Pick with his empirical analyses.⁴² His work shows that the wasting constitutes but a small part only, perhaps one tenth of the increased expenditures.⁴³ It also casts doubts on the efficiency of private social services compared to the solidarity-based ones by showing that private social services bring about greater risk, higher costs, and lower availability.⁴⁴ Obviously, the opposition to the principle of solidarity in the system of pensions, health care and education is mainly due to the great interest of private companies in that lucrative dynamical segment of economy. As strongly exaggerated and idealized proved to be a reduction of taxes as the most important

⁴¹ The scientific explanation was supposed to be provided by a new political and economic paradigm rejecting the Keynesian concept, which concentrated on the aggregate demand, whereby an important role was played by the government expenditures and the determining theoretical concept was replaced by M. Friedman's monetarism and the supply side economy where the most important role was due to money, inflation and aggregate supply. The state role was reduced to removing obstacles to the efficient allocation of capital and labor, i.e., coping with the disturbing activity of trade unions, minimizing the social protection laws, and reducing the demotivating taxes, and in order to cope with the accumulated problems and restart growth, the state was required to give up its economic power in favor of global market forces through consequent deregulation and liberalization. Karl AIGINGER, "Towards a New European Model of a Reformed Welfare State: An Alternative to the United States Model." *Economic Surveys of Europe*, No. 1, 2005, pp. 105–114.

⁴² Ibid. M. PICK, *Stát blahobytu, nebo kapitalismus? – aneb my a svět v éře neoliberalismu 1989–2011*; Same, *Hospodářská a sociální výkonnost modelů evropského sociálního státu v soutěži s USA* [Economic and Social Performance of the European Welfare State in Competition with the USA]. *Politická ekonomie* 2006, No. 5, pp. 680–691.

⁴³ Research has shown that voluntary unemployment accounted for some one fifth of the total unemployment level and that the benefits related to it amounted to just 0.2 % GDP. The same level, about 0.2 % GDP, was due to the abuse of drugs by health insurance members. M. PICK, *Stát blahobytu, nebo kapitalismus? – aneb my a svět v éře neoliberalismu 1989–2011*, p. 111.

⁴⁴ Private pension systems have an uncertain purchasing power of pensions in the future, the overhead costs constitute some 30 % of premiums in contrast to 3–5 % in solidarity-based systems and are too expensive for poor people. Private health care is much more expensive than the solidarity-based health care system (approx. twice as much in the USA). Even the most sophisticated credit systems for university students having to pay school fees will necessarily make the access to education more or less dependent on a certain level of income and thus produce discrimination. Ibid.

factor of growth acceleration. The analyses have shown that this is very expensive and little effective. Reduction of the total taxation level stimulates economic growth mostly in an extensive way and much less than the intelligence-based factors of productivity growth.⁴⁵ On the one hand, the analyses have convincingly questioned the exaggerated influence of the social system abuse and the tax reduction as a factor stimulating the growth of economy; on the other hand, however, they have confirmed the lower growth of productivity, the lower growth of economy, and the weakened relative competitiveness of the EU as factors jeopardizing the very foundations of its welfare model.⁴⁶

State modernization and its global coordinates

The growing expenditures of the welfare state as opposed to the insufficient performance of its economy are believed to have justified a transition to the neoliberal model. A deeper, better structured “insight” in the European welfare model confirms its multiple general features in individual countries, but it mainly reveals strong specific national aspects and suggests seeking an answer to the question of minimizing or modernizing the welfare state. The crisis of the European welfare model and the attempts to surpass it led to the formation of four relatively homogeneous successor models⁴⁷ and the emergence of competition not only between them, but also in relation to the US intelligence-based liberal model. The successor models developed from the initial model via different, even contradictory reforms and approaches to the welfare state role and power characterized by a certain level of redistribution, particularly in favor of social

⁴⁵ Analyses have shown that the one-percent reduction of the tax rate in relation to the GDP can contribute to its increase by less than 0.1 %, but it contributes much more, almost fivefold, to the increase of poverty. Reducing the total rate of GDP redistribution (sum of taxation and public budget deficit) by one percent makes the rate of poverty rise by more than 0.4 % . *Ibid.*, p. 136.

⁴⁶ While the GDP redistribution rate increased from 41 % to 46 % between the beginning of 1970s to the mid-1990s, respectively, and was additionally funded by budget deficits increasing from 3 % to 5 %, by means of which the funds from both sources for solidarity-based funding increased by 7 % in relation to the GDP, the situation changed as of the mid-1990s. The rising of the aggregate tax quota stopped and the deficits owing to the cuts decreased by 4 % in 2000. Miloš PICK, *Hospodářská a sociální výkonnost modelů evropského sociálního státu v soutěži s USA*, p. 698.

⁴⁷ They have been well characterized by M. Pick as knowledge-welfare model (Denmark, Finland, Sweden), retaining model (Germany, France, Italy), hybrid model (Great Britain), and ultraliberal catching model (Czech Republic, Hungary, Poland); within the last group he identified an even more radical subgroup of the Baltic States and Slovakia. *Ibid.*, pp. 701–705.

security and health care. A comparative analysis⁴⁸ has convincingly shown that the economically and socially most successful model since the mid-90s is that of Denmark, Finland and Sweden, which relies on a solidarity-based development of intellectual modernization of economy and society. A crisis of the welfare model resulting from the expenditures exceeding the performance could be prevented by actively increasing the performance level through knowledge. The success achieved under the conditions of expensive labor and restructuring of public expenditures was due to a substantial increase of expenditures on knowledge (research and education) that in 2001 accounted for 11 % GDP and were 4–5 percentage points higher than in other models. At the same time, it relinquished its social overstandard. However, the restrictions were not only used to cover the deficit, but mainly to modernize and restructure economy. The strong welfare state remained with a high level of GDP redistribution, which is highly functional. Thus, the knowledge-using welfare model is based to a great extent on solidarity, without social barriers, adding one more comparative advantage based on educated relatively expensive labor to the existing comparative advantages of the welfare model, to motivating market efficiency and social solidarity. It surpasses other successor models, such as the US neoliberal knowledge-based model not only in the productivity of labor, but also in the integral productivity of production factors, which is crucial for sustained performance and competitiveness. Recent analyses have shown that this development continued also after the year 2000 and that the knowledge-welfare model has proved successful in the real life test.⁴⁹ It also proved successful in comparison with the mostly market-based modernization of the neoliberal US knowledge model in spite of the fact that the latter supports performance by weakening the domestic currency, requiring a reduction of taxes and social protection of labor, and supporting the domestic demand by means of budget deficits.

The prospective quality and competitiveness of the knowledge-welfare state modernization was confirmed also by the global economic crisis. Table 2 shows that the Scandinavian states with the highest rate of redistribution achieve the lowest budget deficits.

The global crisis has very vividly and uncompromisingly revealed the unsustainability of various concepts of minimizing the role of state in economy. The

⁴⁸ Pioneering work has been done by M. Pick who published the most important results in a comprehensive form in the magazine *Politická ekonomie* No. 5/2006.

⁴⁹ The Scandinavian countries continued applying the knowledge-welfare model also after the year 2000. According to Eurostat data from the year 2000 their knowledge-related expenditures (education, research and development, and IKT) than the EU average level and they have ranked for a long time among the leading positions in global competitiveness, as evidenced by the IMD World Competitiveness Yearbook 2008.

crisis and post-crisis adaptation processes raised the undisputable requirement of accepting within the system convergence⁵⁰ also system diversity. For developing the theoretical diversity foundations for the modernization of the state and its functions in economy interesting ideas are provided by institutional economics, which concentrated from its very beginning on the role of the state in making and implementing the national economic policy.

Table No. 2

Proportion of taxes and government incomes in the GDP of selected countries (in 2009)

| Country | Proportion of total government incomes (also untaxed) in GDP | Proportion of taxes (exclusive social insurance) in GDP | Budget deficits in 2009 as GDP percentage |
|----------|--|---|---|
| Spain | 34,7 % | 18,7 % | - 11,2 % |
| Portugal | 41,6 % | 22,2 % | - 9,4 % |
| Ireland | 34,1 % | 21,5 % | - 14,3 % |
| Greece | 36,9 % | 19,3 % | - 13,5 % |
| Germany | 44,3 % | 23,6 % | - 3,3 % |
| France | 48,1 % | 24,9 % | - 7,6 % |
| Denmark | 55,8 % | 47,1 % | - 2,8 % |
| Finland | 53,2 % | 29,9 % | - 2,4 % |
| Sweden | 55,7 % | 35,9 % | - 0,8 % |

Source: Government Finance Statistics, Euro stat, 2010/1.

Institutionalism eliminates the inability of neoclassical economics to explain qualitative changes in the development of economy due to its accent laid on the static perception of balance and to the fact that it abstracts from the institu-

⁵⁰ In the 1960s theories of post-industrial evolution started developing, including the theory of convergence of two social systems – capitalism and socialism. It was formulated in a comprehensive form by J. K. Galbraith, whose work synthesizes the American institutionalism, represented by T. Veble, and the Keynesian macroeconomics. He considers the advanced capitalist economy a mixed type of economy consisting of the planned sector of large corporations and of the market sector of small and medium-size businesses, and emphasizes the fact that the planned sector tends to spread in the whole economy, particularly if combined with an active role of the state; the latter has to focus on an anticyclic and pro-growth policy guaranteeing the required level of aggregate demand, the balance of savings and investments, and appropriate conditions for successful planning at the corporation level. (John Kenneth GALBRAITH, *The New Industrial State*. Boston 1967; Same, *Economics and the Public Purpose*. Boston 1973). Galbraith was aware that the state is under strong pressure of great corporations, and emphasized therefore that if the state wishes to efficiently carry through social interests it must get rid of that pressure. By doing so a system called “new socialism” would be achieved. John Kenneth GALBRAITH, *Společnost hojnosti* [The Affluent Society]. Praha 1967.

tional form in which the real development of economy takes place. Instead of the unreal “economic man” the holistic approach of institutionalism examines and interprets the economic phenomena as an outcome of a variety of cultural, sociological, political, psychological and other factors. Owing to its explaining the development of economy and society in historical time it proves much more realistic in the complex viewing of social and economic phenomena and processes and of the role of state evolving therein. Instead of the abstract perfect competition-based market as a tool for optimum allocation of resources the institutionalists view the market rather as a social institution the efficiency of which depends on the particular institutional structure of society and economy, including the particular state form.

A quite interesting approach to state modernization under the conditions of globalization and of transition to knowledge economy and society can be seen in the variety of the theory of capitalism which, when analyzing the structural dependencies of the national innovation system, emphasizes the real perception of institutions in view of the specific conditions in different countries.⁵¹ This theory focuses analytical attention to the interconnections between the growth of economy and the structure of institutions regulating the labor, capital and knowledge markets. It emphasizes the fact that in every country due to the specific patterns of historical development these institutions combine in a specific way, and points to the fact that the economic and innovative performance is influenced not only by the maturity of individual institutions but also by the quality of their mutual complementarity.

When analyzing the chain of causation in the global economic crisis Stiglitz formulates the idea of diversity by stating that “capitalism and communism are probably over, but there are different types of market economy and their competition goes on.”⁵² He points to the importance of Keynes’s approach where the market is a centerpiece of successful economy, but it cannot work correctly by itself. The state must play an important role not only to save its economy when the markets have failed, but also prevent their failure by regulating the markets.

He describes the multilevel chain of crisis causation and using the US example points to its systemic nature. “*The failure of our financial system reflects the*

⁵¹ Steven CASPER – Rogers S. HOLLINGWORTH – Richard Drummond WHILEY, *Varieties of Capitalism: Comparative Institutional Approaches to Economic Organisation and Innovation*. In: S. Casper – F. van Waarden (eds.), *Innovation and Institutions: A multidisciplinary Review of the Study of Innovation System*. Cheltenham 2005, pp. 193–228.

⁵² Joseph Eugene STIGLITZ, *Im Freien Fall. Vom Versagen der Märkte zur Neuordnung der Weltwirtschaft*. München 2010, p. 10.

general failure of our economic system and, in turn, the economic system failure reflects the deeper problems of our society".⁵³

State modernization can in practice take place individually or in a group of states, but its full multifaceted development cannot occur outside the global coordinates, i.e., in harmony with the modernization of institutional structure and the functioning of global economy. This two-dimensional aspect of state modernization is specifically discussed by D. Rodrik⁵⁴ in his latest book *The Paradox of Globalization*. Its main idea is well expressed in its subtitle: *Why cannot the global markets, states and democracy coexist*. He emphasizes the apparent fact, which is now ignored by hyperglobalization, that the legitimacy of ruling now relies and in the foreseeable future will continue relying on democracy and its mechanisms fixed within the national states. Therefore, he called the conclusion expressed in the subtitle a fundamental political trilemma as shown in the form below.⁵⁵

From the above follows that in practice all three parts cannot exist at the same time. He argues that there is simply too much national and state diversity in the world to comply with efficient and sustainable rules, and sees a solution to the trilemma in a transition to moderate fixed globalization. The transition, as he believes, should be based on seven principles explained below:

1. The market must be deeply fixed in the system of ruling. However, the markets do not generate, stabilize or make themselves sustainable. Markets and governments (the state) must be regarded as two sides of the coin.
2. Democratic ruling and political communities are mostly organized within national states, and this will probably be the case also in the immediate future. The efficiency and legitimacy of globalization should be coped with by strengthening, not curbing the democratic procedures within states.
3. There is more than "one way" only to prosperity; today's institutions are but a subset of potential institutional possibilities. The core of institutional infrastructure must be built at the national level where institutions are developed, which moreover must meet the needs of particular countries.
4. The countries have the right to support their own social system, regulation, and institutions. International agreements may constitute an important contribution, but its role consists in strengthening the integrity of the domestic democratic process and not in substituting for it.

⁵³ Ibid., p. 368.

⁵⁴ Dani RODRIK, *The Globalization Paradox, Why Global Markets, States and Democracy can't coexist*. Oxford 2011.

⁵⁵ Ibid., p. 201.

5. The countries must not be authorized to force their institutions upon other countries. Protection of own values and regulations must be distinguished from requiring others to accept them.
6. The role of international economic order must consist in formulating the rules of action and in managing the interface between national institutions. The accent placed on the fundamental control function of national states in global economy does not mean an abolition of international rules. What matters is that the multilateral regime must enable the nations to pursue in the best possible way their own values, development goals, and prosperity within their own social system.
7. Non-democratic countries cannot rely on the same elements and privileges of the international economic system as the democratic ones.⁵⁶

⁵⁶ Ibid., pp. 237–245.

A New Social Contract: The Key to European Integration's Political Legitimacy

Is the European Union pro-social? Or does it merely pretend it in order to hide its real face, that of an institutional mediator of interests of powerful economic and financial actors in the era of globalization? Questions like this are not purely academic in nature because answers to them can suggest a lot about the Union's future fate and a lot about the broader political processes of (dis)integration taking place on our continent.

In this chapter, I am going to outline the history of the social dimension in the European Union generally and in the former countries of the communist bloc that joined the Union in the last decade specifically. I will ponder upon the relevance of the term European Social Model which is frequently used in political discourse, and assess existing proposals on strengthening the social dimension of European integration as a condition of maintaining its political legitimacy and, in turn, as a condition of keeping it in motion.

Let us begin with a little history

Europe provides a textbook example of an immense gap between development opportunities and threats. Former generations endowed it with great cultural achievements but this heritage often burdens and restricts us instead of serving us. Europe is rich, yet many of its inhabitants have to live in degrading conditions. Great ideas developed by Europe's philosophers and materialized by its political leaders have made life easier for millions, but they have as well brought two destructive wars, the holocaust and ethnic cleansing upon Europe (and the entire world). The European integration project represents a unique experiment, but it is starting to eat itself. This is because Europe cannot avoid the most important destabilizing trend of contemporary civilization: the primacy of profit motives over social and environmental concerns. Large supranational corporations have more power than political representations. As the recent case of Bulgaria (as well as other countries) demonstrates, social inequalities are turning into political dynamite and threatening the very construction of European integration.

Among other things, Europe is a cradle of modern social welfare systems. Despite technical differences in the ways these systems operate, they play an

indispensable role in legitimizing the capitalist mode of production and social regime in old and new member states alike.¹

By the end of World War II, two conflicting theories about the future development of capitalism had crystallized – one by Schumpeter and another one by Polanyi: “*These approaches contrast the view that capitalism develops through a chaotic and fitful process of creative destruction, led by entrepreneurial risk-takers, who require minimal interference from government and other social institutions to be able to pursue innovations and invest resources where they can best be used*” (Schumpeter) with another perspective, namely “*that free market systems may create rapid growth, but in doing so destroy the human and social fabric on which they depend, and that economic institutions must be embedded in a social and cultural framework in order to operate in a way that promotes human welfare. The implication is that state welfare is essential to sustain the framework that civilizes the market*”.²

The European Union is, too, faced with a choice between these two concepts and split between two dominant political attitudes. The first attitude understands the European project as a primarily non-regulative one, while the other one regards the common market as a first step in the building of European-level institutions: “*Pressures for both liberalism and for a stronger interventionist role exist, and whether the balance between the two will shift in the future is at present unclear*”.³ However, a quick inspection of the competences and possibilities of member states, on one hand, and European Union bodies, on the other hand, reveals that social security as a source of political legitimacy has been and continues to be supplied primarily by member states, while the European Union’s offer is limited and sporadic.

What roles and competences does the European Union have in social affairs?

There are several types of instruments European Union bodies have at their disposal to shape the social welfare of European citizens in member countries:⁴

1. **Regulation through European law:** Among the important areas of application of European law are minimum social standards and fundamental laws. Primary law regulates gender equality at work, antidiscrimination,

¹ Ralf DAHRENDORF, *Law and order*. London 1985.

² Peter TAYLOR-GOOPY, *Open Markets versus Welfare Citizenship: Conflicting Approaches to Policy Convergence in Europe*. Social Policy and Administration Vol. 37, No. 6, 2003, pp. 539–554.

³ Peter TAYLOR-GOOPY (ed.), *New Risks, New Welfare. The Transformation of the European Welfare State*. Oxford 2004.

⁴ Joachim FRITZ-VANNAHME, *Solidarity in the EU*. (= Spotlight Europe 11). Gütersloh 2008.

free movement of workers, workers' right to workplace safety and health, collective negotiation. It coordinates social security benefits (e.g., calculation of pensions from employment in different member states) or the provision of emergency health care to citizens of other member states.

2. **Regulation by the European Court of Justice case law:** Economic liberalization (common European market) tends to be prioritized over workers' rights codified in national laws.⁵
3. **Policy of fiscal redistribution** to weaker member states, regions or individuals. Examples include structural and cohesion policies represented by programs of the European Social Fund, the recently established European Globalisation Adjustment Fund, or the Community Programme for Employment and Social Solidarity. The Common Agricultural Policy, albeit often rightfully criticized, has its effects on social welfare as well (for farmers and the rural population).
4. Member states coordinate on the basis of "**soft law**", but the EU does not have the power to enforce common actions of this type. These include, above all, programming at the general and departmental levels. At the general level, there is the Lisbon Strategy (applicable from 2000 to 2010) or Europe 2020 (prepared for the 2011–2020 time period). At the departmental level, there is a diversity of particular strategies, policies, action plans, green (discussion) papers and white (strategic) papers. Among the most important are, for instance, the European Employment Strategy, the Social Inclusion Strategy (covering fight against poverty), strategic reform documents in the fields of social security (including pensions), education, youth (with a recent specific focus on youth unemployment), active ageing. A common programme now under preparation will tackle the timely issue of migration. Specific "soft" instruments of European policies also include the so-called open method of coordination (especially popular under the Lisbon Strategy 2000–2010) or comparison of more successful member states (benchmarking) with less successful ones (blaming and shaming).
5. **Through social dialogue:** Discussions, consultations, negotiations and common measures taken and implemented by social partners (workers and employers) in collaboration with other stakeholders of European and national public policies.

⁵ Martin HÖPNER, *Der Europäische Gerichtshof als Motor der Europäischen Integration: Eine Akteurs-bezogene Erklärung*. Berliner Journal für Soziologie Vol. 21, No. 2, 2011, p. 203–229.

What was and is the situation in new Central and Eastern European member states?

Various authors agree on the fact that pre-accession efforts and subsequent membership in the European Union affected and changed the different countries' welfare systems. At the same time, most authors regard the role of the European Union in the shaping of social policy as marginal. Orenstein-Haas⁶ thinks the EU at least prevented the overall social situation in these countries from worsening. Lendvai⁷ summarizes the findings of several other authors and argues that the social dimension of the accession and enlargement process was weak, compared to the economic one. Sengoku specified the structural reasons as follows:

- “the EU has not required any specific conditions or ‘hard laws’ as to the social policy of the accession countries”,
- “the EU has no ‘model’ or ‘template’ concerning the welfare system of the candidate countries” and thus could not apply one, and
- “there are few concrete mechanisms that can be used by the European Commission to enforce the CEE countries to adopt the European standard of social policies”.⁸

The history of candidate countries' systematic preparations for accession to the European Union began with the codification of the Copenhagen accession criteria (1993). The criteria were designed as a technical (economic and political), top-to-bottom instrument, rather than a suitable tool for shaping the welfare situation of people living in the candidate countries. Legal, economic and political issues prevailed. The candidate countries were required to reform their national economies in order to converge and become competitive with existing member states' market economies. They were expected to build robust and reliable institutions of political democracy. As one of the necessary conditions for adopting *acquis communautaire*, they had to adapt their national legal and administrative systems in order to not only absorb but also effectively implement the *acquis*. Being among the lowest priorities social welfare goals were limited to respect for individual human rights and to building a loosely-defined frame-

⁶ Mitchell A. ORENSTEIN – Martine R. HAAS, *Globalization and the Development of Welfare States in Postcommunist Europe*. Belfer Center for Science and International Affairs, J. F. Kennedy School of Government, Cambridge, Mass. 2003.

⁷ Noemi LENDVAI, *The weakest link? EU Accession: dialoguing EU and post-communist social policy*, *Journal of European Social Policy* 14, 2004, No. 3.

⁸ Manabu SENGOKU, *Emerging Eastern European Welfare States: A Variant of the “European” Welfare Model?* In: Sinichiro Tabata – Akihiro Iwashita (eds.), *Slavic Eurasia's Integration into the World Economy and Community*. Sapporo 2004, pp. 229–255.

work for policy making. “Of the 29 thematic chapters that made up the Regular Reports that yearly reviewed the ‘progress’ made by the-then candidate countries in their preparation for accession, only one chapter dealt with employment and social policy...”⁹ Issues like poverty, income inequality, workers’ rights, subsistence minimum and easing the lot of groups on the margins of society – in other words, fight against social exclusion – was not an indispensable part of the Copenhagen reform agenda. The national social policies of most candidate countries in the 1990s actually focused on reducing the role of government and raising efficiency. They wanted to achieve this by privatizing services and transferring them to the market, and by decreasing the coverage and level of all social benefits which were often interpreted as dispensable relics of the communist regime.

This change coincided with the application of the “Washington Consensus”, a form of neoliberal orthodoxy pursued, above all, by the World Bank and the International Monetary Fund. As demonstrated by Deacon,¹⁰ Ferge,¹¹ Orenstein-Haas¹² and other authors, these international actors took advantage of their strong negotiation positions vis-à-vis some indebted national governments and inefficient national economies to push through their neoliberal plans for reforming social policies in Central and Eastern Europe. They focused primarily on privatizing national public social insurance schemes, transforming social welfare into a residue of itself and privatizing formerly public health care and education institutions. Deacon and Orenstein consider the World Bank as the main author of that time’s economic and social policy agenda in the entire region.

Emphasis on the social aspects of European Union policy was strengthened as early as in 2000. The European Council adopted the Lisbon Strategy as a strategic outlook for the entire decade, and the social dimension of the European integration process became an important part of the Lisbon Strategy at the Nice Summit. This was probably also caused by growing power of The Party of Euro-

⁹ Maarten KEUNE, *The European Social Model and Enlargement*. In: Maria Jepsen – Amparo Serrano Pascual (eds.), *Unwrapping the European social model*. Bristol 2006.

¹⁰ Bob DEACON, *International Organizations and the Making of Post-Communist Social Policy*. In: Bob Deacon – Michelle Hulse – Paul Stubbs (eds.), *Global Social Policy: International organizations and the future of welfare*. London 1997, pp. 91–153.

Bob DEACON, *Eastern European Welfare States: The Impact of the Politics of Globalization*, *Journal of European Social Policy* 10, 2000, No. 2, pp. 146–161.

¹¹ Zsuzsa FERGE, *Welfare and ‘ill-fare’ systems in Central-Eastern Europe*. In: Robert M. Sykes – Bruno Palier – Pauline M. Prior (eds.), *Globalization and European Welfare States: Challenges and Change*. New York 2001, pp. 127–152.

¹² Mitchell A. ORENSTEIN – Martine R. HAAS, *Globalization and the Development of Welfare States in Postcommunist Europe*. Mass, Cambridge 2003.

pean Socialist in the newly-elected European Parliament. The environmental dimension followed shortly thereafter, at the Gothenburg Summit in June 2001. This was a stream of new policy initiatives emphasizing the importance of human resources, quality of life and social cohesion, i.e. the social fabric of European societies. However, by the Barcelona Summit of 2002 when the candidate countries were finally invited to Lisbon-related negotiations, their preparations for accession organized in line with the Copenhagen criteria were practically concluded. Full participation on the Lisbon Strategy began after their accession in May 2004. Thus, social policy assumed a more important role in the European Union's policy agenda ten years after the Copenhagen accession criteria were defined when all accession negotiations were concluded.¹³

European Social Model: A real political concept or a chimera?

The term European Social Model (ESM) is used frequently in scholarly and political discourses about the social dimension of European integration. Jepsen & Serrano Pascual identify two ways of understanding the term: first, as a historical *acquis* characterized by specific common institutions, values and results, and second, as a common political project for solving common problems which aims at a strong supranational model with common goals, rules, norms and a certain level of supranational cohesion.¹⁴ Goetschy notes that the EU's social welfare measures do not imply even a minimalist version of the ESM.¹⁵ Keune¹⁶ concludes as follows: *“From neither perspective does the ESM emerge as a particularly well-defined concept or model. From the historical acquis perspective, it can quite easily incorporate a group of [new member] countries with a rather different history because the diversity covered by the ESM is already very wide. From the political project perspective, it does not place any particularly great demands on new members”*.

¹³ Martin POTŮČEK, *Metamorphoses of welfare states in Central and Eastern Europe*. In: Martin Seeleib-Kaiser (ed.), *Welfare State Transformations: Comparative Perspectives*. Basingstoke 2008, pp. 79–95.

¹⁴ Maria JEPSEN – Amparo Serrano PASCUAL, *The concept of the ESM and supranational legitimacy – building*. In: Maria Jepsen – Amparo Serrano Pascual (eds.), *Unwrapping the European Social Model*. Bristol 2006, pp. 25–46.

¹⁵ Janine GOETSCHY, *Taking Stock of Social Europe: is there such a thing as a community social model?* In: *Ibid.*, pp. 47–72.

¹⁶ Maarten KEUNE, *The European Social Model and Enlargement*. In: *Ibid.*, pp. 167–188.

What are the European Union's successes and failures in social affairs?

The competences and effects of the European Union in the shaping and implementation of the social dimension of member states' policies depend both on the political will of European and national political representations and on the instruments the EU has at its disposal. Even a brief recapitulation of historic development and the European institutional framework demonstrates that the EU can only rely on a rudimentary form of two key instruments in order to pursue robust social policies: regulation through European law and redistribution of resources through fiscal policy. ECJ case law works in the opposite direction, by prioritizing liberalization of the European market at the expense of protection of workers' welfare, typically when employees of businesses from poorer member states work in states with better-developed employment law (cases such as Viking, Laval or Rüffert). Thus, political leaders and officials are mostly left with instruments that are not binding and cannot be enforced, i.e. the so-called "soft law" in the form of recommendations or persuasion through social dialogue. Existing governance structures implemented in the EU framework prefer negative integration (removal of barriers, deregulation), lacking in reliable mechanisms for promoting positive integration (pursuit of social goals)¹⁷ Clearly, the Open Method of Coordination did not fulfil the expectations associated with it.¹⁸ It is necessary to identify more efficient policies and instruments.¹⁹

Of course, the lack of direct EU influence on welfare state transformation should not obscure less visible streams of cultural changes arising from European integration. Such streams changed national discourses, helped introduce new concepts and agendas, and facilitated more open ways of formulating and implementing public and social policies and applying policy instruments. This process had and continues to have a long-term yet rather indiscernible impact on welfare state transformation. It should be neither underestimated nor overestimated.

The global crisis which primarily arose out of the financialization of an under-regulated global economy revealed and deepened many burning social issues in European Union member countries. Social tensions are escalating and the legitimacy of both European and national political representations is decreasing

¹⁷ Fritz W. SCHARPE, *The Double Asymmetry of European Integration. Or: Why the EU Cannot Be a Social Market Economy*. MPiFG Working Paper 09/12. Max Planck Institute for the Study of Societies, Cologne 2009.

¹⁸ Martin POTŮČEK, *Evropské a národní strategie sociálního začleňování – teorie a praxe* [European and National Social Inclusion Strategy – Theory and Practice]. In: Tomáš Sirovátka (ed.), *Sociální vyloučení a sociální politika*. Brno 2006, pp. 75–82.

¹⁹ *A European Social Market Economy? – Index Results*. Policy Brief No. 3. Gütersloh 2013.

as a result of efforts to save the common European currency at the price of draconian cuts in public expenditure on welfare, growing unemployment, illegal employment, uncontrolled migration, poverty and growing risk of poverty. This fully exposed the Janusian character of the European Union. One face continues to promote economic liberalization (e.g., when the European Commission proposed a directive to privatize services of general interest – however, it did not pass through the European Parliament), fiscal discipline, labour market flexibility, pension reforms and a more competitive European economy. The other face talks about social justice, social rights, active ageing, and fight against poverty and social exclusion. It is increasingly clear to European Union citizens that the latter face is losing in the duel against the former and that it might even get knocked out.

Quo vadis?

The two political attitudes derived from Schumpeter and Polanyi's concepts continue to be influential in the EU. The former understands the European project as a primarily non-regulative one, while the latter views market integration as a first step in the building of European-level institutions: from a monetary Union to a fiscal Union to a political Union.²⁰

Nation-welfare states are exposed to growing pressures of economic globalization and their political representations are increasingly powerless vis-à-vis them. And the European Union still has not invented an efficient tool to balance the market with social affairs like they were balanced in the golden age of nation-welfare states in the 1960s and 1970s. As I documented above, social security reforms in postcommunist countries proved how toothless the European Union's existing institutional character was because the Union relinquished initiative to institutions like the World Bank or the International Monetary Fund. The latter undermined the very foundations of what had become known under the vague term European Social Model. The EU opened its doors to the invasion of a foreign element that may further exacerbate the politically explosive social differences between and within its member states.

The imbalance in European integration caused by the underdeveloped social pillar was identified by some politicians as well as scholars even before the outbreak of the global crisis in late 2000s. Not only was the European Union unable to prevent the negative social impacts of that crisis but it kept deepening the

²⁰ Maria João RODRIGUES, *For a Genuine Economic and Monetary Union – lessons from the international experience*. Paper. Brussel 2013.

crisis through some of its fiscal measures and recommendations. Today, neither the Union's proponents nor its opponents doubt that its political legitimacy is at stake. People who do not doubt the essential historic role of European integration and its benefits are beating their brains trying to avert this negative trend. Such an exercise cannot be solved without a substantial expansion of the European Union's social competences in order to design a common European social policy and bring it to life – in other words, without a clearly defined and clearly implemented European Social Model. If EU citizens have good reasons to believe that the Union can help them in life's difficulties just like they are helped (sometimes better, sometimes worse) by national welfare systems, then this ambitious political project will lose the necessary minimum of public support and in turn political legitimacy.

The most ambitious, radical but also internally coherent proposal is to introduce a basic (minimum) income for all European Union citizens. It is defined as a benefit for which every citizen is eligible without testing of his/her income and independently of his/her prior or existing employment activity. It is defined as his/her social right. The history of this idea goes back to the distant past. In the institutional framework of the EU, it has been elaborated, above all, by Van Parijs²¹ and Atkinson.²² The level of the benefit would vary between member states, depending on their living standards, and the benefit would be co-financed by the EU and its member states. Its implementation would not preclude other, more traditional forms of public welfare and social assistance at the national level.²³ As an alternative proposal, a similar benefit at the European level would cover dependent children only. Both versions of the benefit are expected to underline the role of the EU as an institutional guarantee of basic income.

The EU might also better convince the public of its political legitimacy by guaranteeing universal provision of public social services because they are perceived as a condition of quality of life. Such a guarantee would certainly start with universal provision of health care and social services and then continue to include education. Its scope might further broaden, but rather in the very long term. Thus, as far as health care and social services are concerned, let us recall the recent battle for services of general interest waged between the European

²¹ Philippe VAN PARIJS, *Basic income: a simple and powerful idea for the 21st century*. Paper, VIIIth International Congress of Basic Income European Network. Berlin 2000.

²² Anthony B. ATKINSON, *Could the open method of co-ordination lead to a basic income for Europe?* In: Bea Cantillon – Jacque Vandamme (eds.), *The open method of coordination and minimum income protection in Europe*. Leuven 2004. Anthony B. ATKINSON, *The EU and social inclusion: facing the challenges*. 2nd edition. Bristol 2009.

²³ Anthony B. ATKINSON – Bea CANTILLON – Eric MARLIER – Brian NOLAN, *Taking Forward the EU Social Inclusion Process: An Independent Report commissioned by the Luxembourg Presidency of the Council of the European Union*. Luxembourg 2005.

Parliament and the European Commission. The battle suggested a trend of strengthening the EU's social legitimacy by adopting sectoral directives for health care and social services to guarantee these sectors are not undermined by market competition. Logically, these measures would be complemented by a coordinated approach to corporate taxation in order to restrict "social dumping" on the basis of labour cost differences between member states.

These and other political ideas can only become reality if the necessary legislative changes are passed (in order to remove the constitutional imbalance between European economic and social policies) and if consistent strategies and policies are designed and implemented by both the European Union and its member states. This, however, will depend on increased redistribution at the European level, as does the welfare state at the national level.²⁴

Today we can only have a very vague idea about the future situation of the European Union. It is going to be shaped both by its advantages and by the burdens of history it has to carry. Whether it will meet the challenges it is facing today will largely depend on the quality of governance. However, the capacities of governance in the entire world (including the EU) stand in sharp disproportion to the requirements of development.²⁵

I share the dream that the European Union will be able to build the capacities for its future development within a decade.²⁶ Of decisive importance will be whether the Union will be led by genuine personalities that are able to lead and inspire... However, the most important condition of realizing this dream is to restrict national egoisms so that the continent can be led on the basis of friendship, cooperation and trust; so that we Europeans continue playing the plus sum game for everybody that was started so splendidly by Marshall, Monnet, Adenauer, Schuman, Delors – and hundreds of other players who may not be as well-known but are comparably competent in the game... All this, though, will remain in the realm of dreams unless a new social contract is concluded between the European Union, national political representations and the people of Europe.

²⁴ Martin POTŮČEK, *Accession and social policy: the case of the Czech Republic*. Journal of European Social Policy 14, 2004, No. 3, pp. 253–266.

²⁵ Yehezkel DROR, *The Capacity to Govern: A Report to the Club of Rome*. London – Portland 2001.

²⁶ Jeremy RIFKIN, *Evropský sen* [The European Dream]. Evropský literární klub, Praha 2005.

Welfare State Theory: Utility, Liberty, Solidarity, or Class Interest?

When speaking about the philosophy of welfare state we have to bear in mind that its practice was dozens of years ahead of the theory, as the modern welfare state appeared spontaneously in the 20th century as a result of political agreements and compromises and not as a planned theoretical project implemented by the politicians in accordance with an ideological pattern, model, or concept. As the Canadian philosopher Will Kymlicka puts it: *“The 1950s and 1960s saw a significant extension of the welfare state in most Western democracies, but there was no satisfactory political philosophy at that time which could make sense of this phenomenon. The appearance of Rawls and Dworkin’s work in the 1970s provided people with an intellectually satisfying framework in which to make sense of political debates around the welfare state”*.¹

And it is the philosophy of John Rawls and of other liberals that we shall concentrate on in our brief study as our main topic will be liberal egalitarianism. In addition, we shall deal with utilitarianism, communitarianism and, last but not least, with neo-Marxism, i.e., with the main political and philosophical streams arguing for the existence of welfare state. We shall try to explain the philosophical argumentation in favour of the welfare state based on the category of utility and its maximization (utilitarianism), on that of freedom and human rights (liberalism), on the concept of organic solidarity, social values and virtues (communitarianism), or on the category of class interest and the conflict-based theory of politics (Marxism).

Before presenting the above philosophical concepts we shall briefly explain in the first chapter the reasons that made political leaders in Europe and the United States introduce political reforms leading to the creation of state redistribution mechanisms that are now referred to as a “welfare state”.

Historical review: priority of politics over philosophy

One of the main goals of the process of European integration after World War II was to prevent another war and provide political stability, economic develop-

¹ Will KYMLICKA, *Contemporary Political Philosophy. An Introduction*. Oxford 1995, p. 88.

ment, and primarily peaceful coexistence for European countries. However, the economic and/or political integration is not an adequate precondition of social stability. This is what the political leaders of European countries also felt. The preconditions of social stability include a high standard of living, social certainties, and employment. It was the strong deficit in these particular fields of social life that brought about the growth of extremism between the two world wars, and ultimately the war. To prevent further social turbulence it was necessary not only to launch gradual European integration, but also to create a stable social milieu. This was one more reason for Europe's acceptance after World War II of the idea of welfare state based on solidarity, prosperity and full employment.²

The post-war development in Europe has proved the lesson of the whole modern history in relation to social policy: Neither in Europe nor in any other part of the world did the welfare state appear in a period of economic prosperity. The contrary is true: it has always appeared in response to serious social upheavals, such as economic depressions, wars, or social disturbances. The very first social legislation was adopted in Germany by Chancellor Otto von Bismarck in the 1880s as a reaction to the *Red Menace* of the growing workers' movement. He also responded so to the economic recession that started in 1873. The welfare state was intended to provide political, economic and social stability and weaken the workers' movement. In 1929, the Great Depression started that also made some politicians adopt social legislation. Leaving aside the American New Deal and concentrating on the European context we can see that for instance in Sweden the social democrats came to power in the 1930s and started implementing the *Folkhemmet* concept which is still a synonym of the welfare state in that Scandinavian country.

After World War II, almost all West European states adopted the institute of welfare state. What made them abandon the principle of free-market economy and adopt the institute of welfare state? To understand this shift we have to go back to the interwar period. It started before the outbreak of the Great Depression of 1929. The biggest problem, even during the economic boom in the 1920s, was the huge *unemployment*, whose average rate in Great Britain, Germany or Sweden achieved 10–12 %, and in Denmark or Norway even 17–19 %. With the outbreak of the Great Depression the rates rose up to unprecedented levels.³ The

² European countries adopted different models of welfare state; the conservative model is typical of the continental countries, the social-democratic model of Scandinavia, and the liberal model of Great Britain. For detailed description of particular models see Gøsta ESPING-ANDERSEN, *The Three Worlds of Welfare Capitalism*. New Jersey 1991 or Luboš BLAHA, *Spät k Marxovi? (sociálny štát, ekonomická demokracia a teórie spravodlivosti)* [Back To Marx? (Welfare State, Economic Democracy and Theories of Justice)]. Veda, Bratislava 2009.

³ Eric HOBSBAWM, *The Age of Extremes*. VINTAGE BOOKS, New York 1996, pp. 90–97.

fact that this important social problem was used by the extremists who later unleashed the World War II made the whole pre-war generation believe that such a high level of unemployment and social vulnerability must not be allowed any more. Therefore, the main political goal for the coming decades was full employment and a welfare state. After World War II, all democratic countries adopted economic interventionism as a way to avoid the economic disasters that had radicalized the voters in the 1930s and made them support extremists. The priority of the day was not to allow the rise of another Hitler.

The Great Depression of 1929 had a strong impact on the social atmosphere. The people who had experienced the Depression of 1930s primarily wished to have guaranteed jobs, social certainties and state support for their children, and were even ready for this purpose to accept higher taxes and lower wages. Thus, the Great Depression of 1929 beat the economic liberalism for as long as five decades. The Great Depression trauma in the western capitalist states was increased by the fact that the only country that was immune to the depression was the Soviet Union. The reason consisted in the fact that the USSR was separated from the international market and that the depression failed to hit the country. The success achieved by the Soviet economy in the 1930s inspired political leaders all over the world and state planning as well as scepticism about market mechanisms became quite popular almost everywhere. The well-known British historian Eric Hobsbawm, who grew up in the years of Great Depression, puts it as follows: *“Those of us who lived through the years of the Great Slump still find it almost impossible to understand how the orthodoxies of the pure free market, then so obviously discredited, once again came to preside over a global period of depression in the late 1980s and 1990s, which, once again, they were equally unable to understand or to deal with”*.⁴

The welfare state in post-war Europe arose as a reaction to the Great Depression and the World War II. The 1950s and 1960s can be referred to as “a golden era” of the welfare state in Europe. The welfare state enjoyed a broad social support and was advocated both by social democratic as well as liberal and conservative political parties. This rare political consensus started declining as the generation that had experienced the Great Depression and the World War II was passing away. The first signs could be observed during the student riots in 1968. The welfare state policy was also eroded by the starting process of economic globalization. An open crisis of the welfare state started in 1973 with the next economic recession and with the welfare state having to face not only cultural and political, but also economic problems. Due to the limited size of this paper

⁴ Ibid., p. 103.

the problem of globalization and other aspects mentioned above cannot be discussed here.⁵

Let me return now to the basic thesis: the welfare state either in Europe or elsewhere did not arise owing to social visions subsequently implemented by European politicians. The welfare state was “a child” of politicians, not philosophers. Just remember the reasons that many years ago made Prussian Chancellor Bismarck or British Prime Minister Asquith introduce the first institutions of welfare state. It is easy by remembering historical facts to realize that the welfare state did not owe its beginnings to altruism, sanctimony, or implementation of humanist visions and moral concepts. The above politicians sought political stability and efficient economy. It was clear both to Bismarck and Asquith that efficient economy was not feasible without educated and qualified labour force. Efficient economy could not be achieved with workers living in poverty, without social certainties, and working in conditions below human dignity. Under such conditions, they simply did not work productively.

By referring to John Maynard Keynes, whose economic theory strongly influenced the welfare-state-aimed policy, we may ask: Why will private companies produce goods that their employees cannot afford? In other words, the phenomena such as low wages, unemployment or poverty were of no good to anybody, including employers. Therefore, Keynes believed that sound economy required a regulated market and a social policy aimed at increasing the purchasing power of the population. In fact, Keynes' aim was no socialist moralization, but practical advice for economic policy.

The British conservative Prime Minister Benjamin Disraeli did not introduce modest social reforms in the late 19th century due to a dramatic sense of social justice but simply due to the fear of social unrest. He knew that a necessary precondition of sound economy was social stability. This could not be achieved as long as there were unfair conditions for people and huge social differences between them. In a word, the social stability of society was undermined if obvious socially unjust distribution was tolerated.⁶ Unstable social conditions, social unrest, strikes, or riots were of no avail to anybody, including the employers. Therefore, even big industrialists, because of the fear of instability, often preferred

⁵ Cf., e.g., Marek HRUBEC (ed.), *Globální spravedlnost a demokracie* [Global Justice and Democracy]. FILOSOFIA, Praha 2004; William ROBINSON, *Latin America and Global Capitalism*. John Hopkins University Press, Baltimore 2008.

⁶ See Andrew HEYWOOD, *Politická teorie* [Political Theory]. Eurolex Bohemia s. r. o., Praha 2005. For details of the history of welfare state and the factors of its appearance in Great Britain and USA, see Nicholas BARR, *The Economics of the Welfare State*. Oxford University Press 1998, pp. 15–43. For details of the history of welfare state in Germany and Sweden, see Norman GINSBURG, *Divisions of Welfare*. SAGE Publications, London 2003, pp. 30–98.

a welfare state to the neo-liberal model.⁷ Social instability has a dramatic impact not only on the economy, but also on the state's expenditures. The money that the state fails to invest in better social conditions of its citizens must be mostly invested to increase its repression components, such as police, army, prisons, etc. Poverty and polarized society were obviously of no avail to social order and created a breeding-ground of crime. An excellent example is the United States where traditionally little is invested in the social field while, on the other hand, much more must be invested in the repression forces than in European countries.⁸

It is possible to accept to some extent the convergence theory according to which the welfare state did not owe its existence to a struggle of ideologies, but rather to inevitable rationalization measures required by industry. This is proved by the fact that the first institutions of welfare state were introduced in the 19th and 20th century in so much different countries as the USA, Great Britain, Sweden, and France. They did not stick to any ideological streams, right or left. Thus, it can be said that irrespective of the particular ideology the welfare state is an inevitable product of modern economy, which would be terribly unproductive and instable without it.⁹ As clearly shown by Nicholas Barr, the welfare state has some important redistributive effects; nevertheless, its most important aspect is the increase of economic efficiency in selected areas.¹⁰ And this is what we should be aware of even today.

Basic features of the welfare state: liberty, equality, fraternity?

Let us now discuss philosophy, which is the main topic of my paper. We have explained above that philosophy played a secondary role in the welfare state construction in modern history; this, however, does not mean any underestimation of its contribution. Whenever philosophy and the basic political and social values are ignored, social anomy soon and easily appears which may constitute a threat to the very social compromises and social peace. How can the welfare state be then explained from the point of view of political philosophy?

First of all, we should explain three notions that will help us define the welfare state:

⁷ See the example of Italy. Gøsta ESPING-ANDERSEN (ed.), *Welfare State in Transition*. London – Thousand Oaks – New Delhi 1997, p. 266.

⁸ *Ibid.*, p. 8.

⁹ See Nicholas BARR, *The Economics of the Welfare State*, p. 41. See also Richard Morris TITMUS, *The Gift Relationship. From Human Blood to Social Policy*. Pantheon Books, New York 1971, p. 241.

¹⁰ For more details see N. BARR, *The Economics of the Welfare State*.

- decommodification;
- redistribution;
- social rights.

The famous Danish sociologist Gøsta Esping-Andersen sees the key element of the welfare state definition in the phenomenon of decommodification. This relatively complex notion indicates the rate of emancipation from market forces. In other words, as long as the individual's life is determined by market relations only, his/her life may be referred to as "commodified", as the individual is in that case degraded to a specific commodity in the labour market. In a metaphoric view, working man is in that position perceived as a sort of commodity, and is therefore treated impersonally, like a commercial commodity. If a washing machine has broken down, we replace it; if a glass gets broken, we throw it away; if a TV set has gone wrong, we buy a new one. This is also the way that the employer treated his employee, as though the latter's status had been fully commodified. In case of illness, no salary; in case of old age, no pension; in case of injury, replacement; in case of becoming 'worn out', a notice. In short, he/she was treated like a commodity; if it/he/she does not work, throw it/him/her away. This is what life would look like if it were fully dependent on the labour market. However, if we can emancipate it – at least partly – from the diktat of the market, then we can speak about decommodification. As Esping-Andersen has put it: the welfare state "*emancipates individuals from market dependence*".¹¹ Obviously, the basic value that is hidden in the decommodification is that of liberty. However, not a negative liberty (being free from...), but a positive one (being free to...).

Another feature defining the welfare state is redistribution. According to Esping-Andersen "*it is not possible to imagine a welfare state that does not, in some way or another, redistribute incomes and resources*".¹² Some moral value can be also traced in redistribution. While in the case of decommodification it was freedom, in the case of redistribution it is *solidarity*. The notion "solidarity" can be used in two meanings. The first meaning refers mainly to social policy, meaning a transfer of funds from a group of people A to a group of people B with the aim of providing social support to members of the B Group who suffer from defined social problems. Members of the A Group do not suffer from such social problems and the transfer is therefore a form of solidarity. This may include the transfer from healthy people to those who are ill, from childless families to those with children, from rich people to the poor, etc. Nevertheless, the notion "solidarity" may be understood in a different meaning. In both philosophy and poli-

¹¹ G. ESPING-ANDERSEN, *The Three Worlds of Welfare Capitalism*, p. 22.

¹² G. ESPING-ANDERSEN (ed.), *Welfare State in Transition*, p. 261.

tics, this notion is also used meaning organic membership of a community of people, thus expressing the feeling of general responsibility of community members to their comrades. We shall go into more details of this meaning when examining the communitarian criticism of liberalism. “Solidarity” is certainly a typical feature of the “redistribution”, in both meanings of the word.

The third notion defining the welfare state is that of social rights. When asked how an individual can be emancipated from the market laws and more solidarity and freedom provided, Thomas H. Marshall typically answers that the state can carry out this shift by granting social rights and/or social citizenship to the individual. Worth mentioning is particularly a quotation from Marshall’s famous essay “Citizenship and Social Class”: “*What matters is that there is a general enrichment of the concrete substance of civilised life, a general reduction of risk and insecurity, an equalisation between the more and the less fortunate at all levels – between the healthy and the sick, the employed and the unemployed, the old and the active, the bachelor and the father of a large family.*”¹³ Note that Marshall stresses the factor of equality. Not only does he speak about an “equalization of conditions”; he primarily speaks about the rights. Actually, the notion “rights” logically implies the notion “equality”. Thus, human rights can only be rightly understood if applied universally, to every individual. If we speak about a “right” that someone enjoys while someone else does not, then it is no more a “right”, but a “privilege” of some people. The notion “right” logically implies “equality” of all people and, as a result, the cancellation of privileges. Therefore, if we ask about the content of the notion “social rights”, it certainly is the value of “*social equality*”.

It is obvious that the welfare state can be philosophically defined by means of the triad of notions – decommodification, redistribution, and social rights. The values covered by these notions are the famous enlightened slogans that introduced the French Revolution: Liberty, equality, and fraternity (solidarity). The welfare state endeavours to be a representative of these values, their implementation and compromise. How to interconnect and combine those values so that we can speak about socially just distribution is a question to be dealt with by the theoreticians of justice. Let us briefly introduce the basic theories of justice that provide a *raison d’être* of the existence of welfare state from both moral and political points of view.

¹³ Thomas H. MARSHALL, *Citizenship and Social Class*. Pluto Press, London 1992, p. 33.

Methodological individualism: Utility or liberty?

As to their methodology, the philosophical concepts can be in simplified and general way divided in two types: individualistic and holistic. The difference between the two types is obvious: The basic element of the individualistic theories is the individual while society is viewed in their extreme form just as a bunch of individuals; contrary to that, the basic element of the holistic theories is society, while man is considered to be just a product of society, of its systemic settings and internal principles.

It should be stressed that what is meant above is a methodological difference and not a normative view. As shown by the Canadian philosopher Charles Taylor, there is a fundamental difference between individualism and holism in the methodological area (Taylor in relation to methodological individualists speaks about “atomists”) and between individualism and collectivism in the value-related questions. A scientist may examine society from the point of view of individualistic methodology and advocate collectivist values, and vice versa, a holist may advocate individualistic norms. They are two separate areas.¹⁴ This sub-chapter will deal with the political theories that are based on methodological individualism (utilitarianism, liberalism), while the following sub-chapter will go into the theories casting doubt on methodological individualism and either profess holism (some communitarians), or make use of another type of non-individualistic methodology (such as historical materialism, advocated by many Marxists).

The first stream to be briefly presented here is utilitarianism, which in some interpretations provides one of the potential argumentation bases in favour of the main mechanisms of welfare state (progressive taxation, social support, redistribution). Utilitarianism is based on the principle of diminishing marginal utility meaning that with the growing volume of individual's fortune the utility of any additional increase of fortune declines. In other words, the utility rate of each additional million gained by a multimillionaire is much lower than the utility rate of a million won by a poor man.

The same principle applies also to taxes. Let us say by way of example that the one thousand nine-hundred crowns for a tax on an income of ten thousand crowns is much more important for that taxpayer than the one-hundred and ninety thousand crowns paid from a one-million income of a millionaire. For the first one, the amount may be of vital importance to survive; for the latter,

¹⁴ Charles TAYLOR, *Nedorozumění v diskuzi mezi liberály a komunitaristy* [Cross-Purposes, The Liberal-Communitarian Debate]. In: János Kis (ed.), *Současná politická filosofie*. OIKOYMENH, Praha 1997, pp. 465–494.

a squandering amount that may be used to buy luxury goods, pay for various caprices, or be a money-grabbing amount, being often just a negligible figure at the bank account. To put it metaphorically: banging the table in anger because the state has taken five-hundred thousand crowns as a tax on my one-million income is something different than banging the table in anger because the table is the only thing that has remained after taxation.

To put it simply, the same percentage of income means a greater sacrifice to those who earn little than to those who earn more. This logic was well expressed by A. Cohen-Stuart in the late 19th century: “*For the millionaire - or rather ... the milliardaire - the possession of his income signifies no more than a cipher, the increase of which has no longer any influence on his consumption. (...) As soon as all personal wants are pretty well satisfied, and, a fortiori, after the income has passed this limit, its increase ... must, as it seems to me, tend to afford an equal pleasure*”.¹⁵ In short, the level of utility of a rich man does not rise after reaching a certain level.

The above principle of declining utility limit, if translated into the language of social justice, acquires a radical redistributing feature, as the declining rate of utility provides from the point of view of an overall benefit for society a sufficient reason for transferring the fortune of the richest to those who are less wealthy. The logic of classical utilitarianism makes us believe that the state should intervene in favour of massive redistribution, i.e., in favour of the idea of welfare state. It is not surprising that this idea, including that of progressive taxation, is professed also by many modern economists whose education was based on the utilitarian concepts, such as Eytan Sheshinski and Edmund Phelps. The recent Nobel Prize Winner in Economics, Phelps, even compares the flat income tax to Anatole France’s sarcastic statement on the “equal” right of the poor and the rich to sleep under a Paris bridge. According to Phelps, an efficient, but unjust taxation system is certainly a worse alternative than a less efficient taxation system which, however, fails to meet the criteria of justice.¹⁶

¹⁵ Quotation from Francis Ysidro EDGEWORTH, *The Pure Theory of Progressive Taxation*. In: Edmund Strother Phelps (ed.), *Economic Justice*. Baltimore 1973, p. 379. According to E. Durkheim, who ranks outside the utilitarian tradition of political philosophy, the individual having too much fortune feels satisfaction in the case of extraordinary profit only, because he compares its amount to what he already owns. (See Émile DURKHEIM, *Spoločenská d'ělba práce*. CDK, Brno 2004, p. 199). In another context, see also Ivan LESAY, *Pension Reform in Slovakia: The Context of Economic Globalisation*. Report 99, Brussels 2006, pp. 26–27.

¹⁶ For details see Eytan SHESHINSKI, *The Optimal Linear Income-Tax*. In: Edmund Strother Phelps (ed.), *Economic Justice*. Baltimore 1973, p. 409. See also Edmund S. PHELPS, *Wage Taxation for Economic Justice*. In: *Ibid.*, pp. 417–418. Among the neoclassical economists whose theories are based on utilitarian logic three schools can be distinguished – Austrian (e.g., Menger), Cambridge (e.g., Edgeworth) and Lausanne (e.g., Pareto). Most authors of the neoclassical

Let us now come back to the main philosophical theories by means of which the welfare state can be supported. Another potential approach, next to utilitarianism, is that the egalitarian liberals headed by Rawls adopted in the 1970s. Their approach consists in rejecting utilitarianism and creating an alternative (contractualistic) model of argumentation supporting their theory of justice. John Rawls takes as the basis of his theory a fictitious social contract between mutually uninterested egoists who lack information about their social position, fortune, and intelligence (being behind “the veil of ignorance”). As a result, they are able to impartially decide in social justice matters. According to Rawls, if they cannot follow their particular interests, they will choose such principles of justice that admit social inequality, but only if they bring benefits to the poorest and the most vulnerable. This conclusion is not due to altruism, but to sheer egoist rationalism. Those who fail to know their social situation will not run the risk of getting in the position of beggar and/or outcast. Therefore, they choose the principles of justice that will lead society to a welfare state.

Let us go a little more into the above moral model of Rawls. Obviously, no fair negotiating conditions are feasible if any party has a much better starting position than the others. In such case the chosen concept of justice would favour the interests of that party and not the interests of each participating individual. The fundamental principle of autonomy and equality of moral subjects that all liberal theories are based on would not be observed. Therefore, it is impossible to define real existing conditions of deciding on what is just and what is unjust. Viewed in this light, Rawls’ decision to model the starting conditions of contracting parties from different points of view appears to be understandable. The question is, however, how to describe those fair starting conditions.

The above mentioned hypothetical situation in which rational individuals meet in order to agree on the principles fundamentally determining the basic structure of just society is traditionally referred to by Rawls as the original position. Typical features of this situation include mutual indifference of contracting parties who pursue their own interests (which, according to Rawls, is quite a weak condition, as the parties cannot be expected to act in other parties’ interest), and particularly information restrictions making possible fair decisions on justice. As mentioned, Rawls calls such restrictions metaphorically “a veil of ignorance”. To understand the basic idea of the “veil” it should be born in mind that people in the original position decide on the principles of justice behind the veil of ignorance; i.e., without knowing anything about their qualities, essential

Cambridge school justified the progressive taxation with the theory of the same sacrifice resulting from the declining utility limit in case of rising income. To be mentioned in this context is, e.g., the economist A. C. Pigou. (For details, see Květa KUBÁTOVÁ, *Daňová teorie a politika* [Tax Theory and Policy]. ASPI Praha 2006, pp. 36–38.

or accidental. Thus, they do not know their situation in terms of property, social and class status, and even their intelligence and physiological dispositions. All this is considered by Rawls morally accidental, as people cannot be held responsible for any of these properties. Individuals behind the veil of ignorance fail to know their social roots and, therefore, they know nothing about their social identity. Irrelevant from the justice-seeking point of view is also the question of individual capabilities and intelligence. Rawls speaks in connection with these facts about a sort of natural lottery that cannot be considered to be a merit. The natural distribution of qualities as well as the fact that people are born into a certain social position is – according to Rawls – neither just nor unjust. Nevertheless, it is the approach of institutions to those facts that is just and/or unjust. The social system is not a system that is uncontrollable by the people; on contrary, it should be a model of human action. For the sake of correct decision on social justice the fortuities of nature are therefore excluded from such considerations.¹⁷

Without trying to go into details of Rawls' argumentation we can conclude that Rawls has succeeded in defining the original position that is best suitable from the rational point of view for the justice-related decisions. He also comes to the logical conclusion of his concept: to his two famous principles of justice as fairness. But before we start discussing these principles, one more step must be made: to determine the method by means of which the moral and rational subjects should take decisions within the justice-related situation defined by Rawls. Actually, it is a question of the level of risk that the subjects will be ready to tolerate in view of the resulting state. Rawls tries to show that people in such situation (i.e., in the situation of uncertainty and ignorance) would be rather cautious when choosing the principles of justice. In fact, too much is at stake – primarily the goods whose just distribution has to be decided on, which in case of their unavailability may produce dramatic consequences for the life of every individual. Without them, the individual may appear in a slave's position without any rights or freedoms, in a situation that makes it impossible for him/her to improve his/her living conditions because of the lack of opportunities, or even in a situation where person's survival is at stake due to the absence of minimum income, property, or sources of living. Moreover, one can become a social outcast without respect, without resources and without social authority, i.e., a person without social conditions needed to develop his/her self-respect. All this is at stake, and the people behind the veil of ignorance are aware of the catastrophic consequences that a wrong choice would bring about. According to Rawls, they will make use of the "maximin" rule, i.e., rating the alternatives according to their worst results. They are supposed to adopt the alternative whose worst

¹⁷ See John RAWLS, *Teorie spravedlnosti* [Theory of Justice]. Victoria Publishing, Praha 1994, p. 71.

possible results are better than the worst results of the other alternatives.¹⁸ In other words, these people compare different alternatives of the concept of justice expecting that they might appear within one or another concept of justice in the worst possible position (such as that of beggar, etc.).

Thus, we finally proceed to the formulation of the principles of justice that would be chosen under the social contract described by Rawls. According to those principles, everybody must enjoy maximum political liberty harmonized with the same liberty of other people; there should only be as much inequality of power, fortune, income and other resources as may contribute to the maximum profit of those members of society whose situation is the worst. The first principle means the equality of liberty and rights, the other one contains in its first part the determination of a fair level of equality of opportunities, and in its other part the famous *difference principle* admitting inequality, provided the situation of the lowest is better than it would be under the conditions of strict equality. Thus, a better position in terms of property is admissible only in case that the discriminated members of society enjoy the maximum profit from it. Obviously, the Rawls theory of justice not only allows, but even requires forced redistribution in the area where the market mechanism makes the distribution deviate from the regulation set by the two conditions of the other principle. If the market in a well-ordered society makes it possible for some subjects to profit without helping to improve the situation of the most discriminated, a part of their profits should be transferred to those who are discriminated. In other words, Rawls sees legitimacy of the welfare state while starting from purely liberal and individualistic positions.¹⁹

It is necessary to stress the fact that while the utilitarian project is based on the principle of utility maximization, the egalitarian liberals advocate primarily the concept of human rights. However, both Gordian knots of the above theories can prove detrimental to the welfare state. If the utilitarian stress of maximum utility is viewed through the prism of pure productivism, the distributive aspect of this theory, which is inevitable to support the welfare state, vanishes. Such utilization of the utilitarian arguments can be seen with some libertarians and some right-oriented authors, as well as with many neo-classical economists.

The problem of such access by some utilitarian economists consists in a reduction of the whole economic theory to achieving the Pareto optimum which, however, does not imply any just distribution. As a result, we may happen to justify distributions within which the whole social product would belong to a single person while the other members of society would be starving. The

¹⁸ For details see J. RAWLS, *Teorie spravedlnosti*, pp. 100–101.

¹⁹ See János KIS, *Úvod* [Introduction]. In: *Současná politická filozofie*. Praha 1997, p. 21.

American neo-Marxist John Roemer shows that if there are for instance two persons of which one is starving and the other lives in enormous luxury, the “Pareto” utilitarianism is indifferent towards their inequality as long as the total benefit of both persons is at the maximum level. If the first person loses the last piece of bread, while the other one acquires a new limo, the total utility of both of them actually rises, which is a positive state required by the utilitarian approach. Under certain conditions it would be even possible within the above narrow utilitarian logic to consider also slavery desirable. Naturally, this logic lacks any political or moral feature and leads to unacceptable conclusions.²⁰

In the case of human-rights-related arguments a similar situation as that of utilitarianism can be observed. Also here these arguments can be used against the institution of welfare state and the idea of a *minimal state* can be advocated. If human rights are viewed as an idea of negative liberty only and if, following the example of Robert Nozick, one of the most important libertine authors, these rights are reduced to the mere idea of inalienable property rights, we arrive at conclusions that strongly clash with the project of welfare state. This type of argumentation does not differ much from classical liberalism, which employed both the principles of utilitarianism and the ideas of natural rights. The basic problem of such approach is the fact that unlimited property rights are considered a dogma and that there is no moral or philosophical supporting argumentation.

It is worth mentioning at this point that dogmatism is most strongly represented in the theories of the Austrian school of political economy. The basic axiomatic principle or the dogma of the economic libertarians belonging to that school is the opinion that only such exchanges are effected in the market that everybody can profit from, because otherwise they would not take place. Moreover, as some authors such as Ludwig von Mises, Murray Rothbard or Hans-Hermann Hoppe believe, the market is the only mechanism that truly reflects the subjective human preferences. Therefore, in their opinion, any state intervention in the market must be resolutely rejected in any area. The general remedy for everything is the market and private property.

The ethical value of such libertarian dogmatism is not too high, which is one more reason why it is ignored by the leading political theoreticians. In spite of that one is struck by the absurd conclusions that the above authors come to. They deny state intervention also in the area of public property and negative externalities. In their opinion, the market can better allocate even such activities as health care. In their ideological schemes it is quite feasible that someone, who is poor and badly needs medical treatment, dies because he does not have the

²⁰ See John ROEMER, *Theories of Distributive Justice*. Cambridge, Mass. 1998, pp. 160–161, 127.

money for the doctor. This was, however, his market-based “decision”; i.e., his/her subjective preference. After all, he/she would not have otherwise effected it. This, of course, is an absurd conclusion in the moral theory.

Many similar examples disqualifying the dogmatic assumptions of the above authors can be mentioned. Drug traffic, traffic in human beings (if contract-based), arms trading – all this would comply with the views of libertarian authors. And God forbid that the state should intervene for instance in the traffic in human beings... Idealizing the subject and underestimating the circumstances under which the subject takes his/her market decisions is in the theories of the Austrian school of political economy driven to unacceptable levels.²¹ As John Ramsay McCulloch resolutely stated already in 1848, the *laissez faire* principles are obviously absurd in some areas. Repeating on every occasion and in every context that *laissez faire* is the best possible solution reminds us rather of the way of thinking of a parrot than of a statesman or a philosopher.²²

Methodological holism: solidarity or class interest?

The third feasible theoretical way of advocating the welfare state in addition to utilitarianism and liberal egalitarianism consists in using as arguments human feeling of belonging together, communitarian awareness and organic solidarity. This type of argumentation in the Anglo-Saxon theories is primarily used by the communitarians and, to some extent in some aspects, also by the neo-Marxists. In the European continent this argumentation is also used by many social democrats and conservative theoreticians as well. These authors appeal to the natural human solidarity that better reflects the social relations and the market-based egoism.

The Communitarians believe that the individualism that members of liberal societies are to some extent educated to actually isolates them from each other so much that it is increasingly difficult to apply the form of solidarity that is necessary not only for the very existence of free democratic society but also for just redistribution and help to the poor. Justice and redistribution thus appear as two sides of the same coin: the opinion that injustice is done to somebody can only be advocated if one has some notion of what is just as determined by the traditional views that are based on some ideas of what is good and that create solidarity. On the other hand, however, the content of the word “just” is never

²¹ For details of the “Austrian School”, see Martin ŠTEFUNKO, *Ekonomía slobody* [Economy of Freedom]. Kalligram, Bratislava 2005.

²² See N. BARR, *The Economics of the Welfare State*, p. 15.

independent of the abstract principles of justice that the institutional system of society is based on.²³ Thus, the communitarian and the liberal theories become sometimes justifiable from some points of view. The question is whether the liberal project of social justice does not exclude solidarity as viewed by the communitarians. Can the welfare state in general as viewed by the liberals be a sufficient substitution for the declining organic solidarity? Or let us put it in another way: is the welfare state itself the cause of declining solidarity and increasing indifference of people?

It is the minimalist moral conditions based on isolated and mutually indifferent subjects that constitute an ideal foundation of the contractualist models on the basis of which some theoreticians arrive at their concepts of social justice. However, a question can be asked that was raised for the first time by the communitarian Sandel: aren't the minimalist moral demands placed on the social contract subject too high? Don't the restricted moral demands produce a restricted moral model that cannot go beyond the alienated welfare state? Are the liberal assumptions really neutral?

Sandel believes for instance that the assumption of mutual indifference of players in the contractualist model of Rawls has far-reaching consequences. To be precise, Rawls says that his assumption excludes any interrelations between individuals so that he can achieve the weakest assumption and needn't seek problematic solutions. Sandel says, however, that using such minimalist assumption will strongly influence the horizon of potential questions that the social contract participants may agree on. If any affection between people is excluded from the considerations of society (by which the empirical reality loses its fundamental, perhaps key element) we shall be restricted by the mutilated idea of human subject and the eventual concept of justice will therefore be mutilated as well, as it a priori disqualifies stronger relations between people than justice. If for instance the principle of justice were consequently applied to the relations within the family or between friends, it would be impossible to characterize family or friendship by means of cordiality, affection, or unselfish relations, but only on the basis of mutual benefit, which denies stronger moral relations. The more justice there is in family and friendship, the less love is available there, says Sandel. Put simply, according to Sandel, justice under certain conditions turns from virtue into vice and devours the other virtues and affections among people.²⁴

²³ For details, see Bert van den BRINK, *Spravedlnost a solidarita* [Justice and Solidarity]. In: Josef Velek (ed.), *Spor o liberalismus a komunitarismus*. FILOSOFIA, Praha 1996, pp. 85–87.

²⁴ For details see Michael J. SANDEL, *Liberalism and the Limits of Justice*. Cambridge 1982, pp. 32–35, 46. There are many examples proving the negative influence of formal legal standards of modern liberalism on the organic ties of traditional societies. Of great interest is the case dealt

To put it metaphorically, dividing the pie justly differs from dividing it with respect to affection. A just division of the pie between several eaters consists in the elementary rule: he who cuts the pie lets the other eaters choose their parts while himself, he takes the part that nobody wanted. It is therefore in his interest that the pie be divided in identical parts; otherwise, he would receive the smallest part.²⁵ However, if this example is applied to a group of people with stronger affection than among a group of egoists, paradoxical results can be obtained. The eaters do not wish to take the greatest part for themselves and they are happy to let other members to have it. If this type of distribution is excluded from social reality, an important dimension is lost. Reducing the moral considerations to the individualistic view of indifferent egoists is not methodologically as innocent as it might seem.

Sandel's argumentation is further developed by the neo-Marxist Milton Fisk. He believes that Rawls' assumption of disinterested players in his contractualistic model is too strong and empirically unmaintainable. Fisk does not suggest that the players in the contractualistic model must be expected to show some dramatic affection or emotional ties. We just have to realize that in modern society with its strongly developed institute of division of labour and of social roles everybody is somehow tied to someone else. It is necessary to start from this premise, which is empirically maintainable. As Fisk points out, the liberal premise of mutual disinterest excludes from potential alternatives such social systems that are based on institutions other than liberal. Like Taylor, also Fisk argues that with Rawls' assumptions we cannot go beyond the civil society of Hegel's type and the principle of community cannot be achieved. Therefore, Rawls' assumptions are not neutral.²⁶

The objections of communitarians can be explained by using the Israeli kibbutz as an example. Its welfare would be absolutely impossible without the knowledge that it depends on each of its members (called *hakkara*). Only the sense of belonging together and the close social ties not much different from those in family make it possible to imagine more extensive projects of justice.²⁷ It is also the project of real socialism that probably failed due to this (the absence

with by the Peruvian Marxist J. C. Mariátegui in his analysis of the traditional community of South American Incas. (For details see José Carlos MARIÁTEGUI, *Seven interpretative Essays on Peruvian Reality*. Austin – London 1974, pp. 48–58.)

²⁵ The classical problem of pie division was already used by H. Steinhaus, as well as by Pattanaik and Rawls. (See Prasanta K. PATTANAİK, *Risk, Impersonality and the Social Welfare Function*. In: Edmund Strother Phelps (ed.), *Economic Justice*. Baltimore 1973, pp. 298–299; see also J. RAWLS, *Teorie spravedlnosti*.)

²⁶ See Milton FISK, *History and Reason in Rawls' Moral Theory*. In: Norman Daniels (ed.), *Reading Rawls. Critical Studies of A Theory of Justice*. Basic Books, New York 1975, pp. 63–67.

²⁷ See Melford E. SPIRO, *Kibbutz. Venture in Utopia*. Cambridge, Mass. 1963, pp. 88–90.

of a sort of *hakkara*). One may ask if the project of liberal justice, too, is going to fail because of the above reasons. On the other hand, small communities like the kibbutz are hardly feasible in huge pluralistic societies; the ties on which these communities are based are not applicable to larger human communities. The question is, therefore, what extent of organic solidarity can be expected in such impersonal context as western society. And it is this question that the liberals face and the context of their considerations is in this context correctly set.

No matter whether individualism, which is spreading in the western society, is a product of the market, welfare state or liberal ideology, it is true that if we admit that western society is but a group of alienated and atomized units, egalitarian liberalism provides relevant ways of bringing a bit of solidarity into this group of strangers. From this point of view the communitarian approach may appear as sociologically naive. Even many liberals admit that people are born into particular historical societies and some important representatives of the American liberal tradition (such as Rawls) have given up the universalism of Kant's type and apply their individualistic theories of welfare state to a particular type of western society from which the validity of their theories is derived.

Modern democratic society can hardly be viewed as a harmonious community or a broader family; therefore, it cannot be constructed on the basis of a dominant ideology (or, as Rawls would put it, comprehensive doctrine).²⁸ Liberalism fails to answer the question what virtue or common welfare should be the central value of a particular community of people, and prefers coping with the question how to unite people who individually do not agree with each other, or who could not produce any common good together.²⁹ This is where the endeavour of liberals springs from to view the state as a neutral mechanism not favouring any particular view and doing only the minimum it can to substitute for the declining solidarity between people – defining the rules, striving for social justice, protection of individual freedoms, liquidation of discrimination, etc. As the French theoretician Pierre Rosanvallon puts it, the welfare state works on the principle of invisible hand that automatically provides for safety and solidarity, without people being stimulated by nobility and without respect for other people.³⁰

The objection of liberals to the communitarians may seem convincing: communitarianism is unable to respond to the plurality of modern western society.³¹

²⁸ See J. RAWLS, *Justice as Fairness. A Restatement*. Cambridge, Mass. 2001, pp. 3–4.

²⁹ *Ibid.*, p. 35.

³⁰ See Jan KELLER, *Soumrak sociálního státu* [The Twilight of the Welfare State]. SLON, Praha 2005, p. 97.

³¹ See Ian SHAPIRO, *Morální základy politiky* [The Moral Foundations of Politics]. Karolinum, Praha 2003, p. 139.

On the other hand, however, one cannot claim that the liberals fail to accent society in their theories. The contrary is often true. As Kymlicka puts it: “*Since our goals are ‘formed and confirmed’ in society, the liberal society guarantees not only personal rights and property, but also public freedoms*”.³² Neutrality of the state and freedoms of the individual were the liberal response to the pluralistic society which, in the opinion of liberals, influences the individual.

The communitarians, on the other hand, maintain that liberal neutrality is but dissimulation. Their opinion could be simply put as follows: being neutral paradoxically means *not being* neutral. Formal neutrality used by the liberals to restrict the state opens the door to increasing individualism, market expansion into all as areas, valuelessness, and nihilism. As a matter of fact, what is meant is not neutrality, but a silent consent to a certain lifestyle that can be characterized as “liberal”. Some communitarians (such as R. Unger) appeal to the state to support certain beneficial and humane values and thus to play a more active role in the field of moral. In fact, the individual is not a solipsistic being creating his/her values in a social vacuum. On the contrary: the individual is to a great extent a product of society.

The Marxists view the matter in a similar way by traditionally maintaining that the individual is a product of social relations, mainly relations of production. That is why the Marxists place much more accent on the category of class interests, as the particular interests of individuals depend in general on their particular economic position – whether subordinate without sufficient financial means (the proletariat), or dominant with sufficient capital and background (bourgeoisie). According to the orthodox Marxists it is useless to draw idealistic and/or moralistic schemes in the form of social contracts or other moral fictions like those of the liberals; the only things that really matter are a real political fight for the objective interests of the major part of society, class interests, and participation in the class struggle. This is the only way how to assert social progress, no matter whether we speak about a capitalist welfare state or about the ambitious projects professed by the Marxists (socialism, communism).

The deviation of modern Marxists (particularly those that we classify as analytical Marxists) from the liberal and communitarian concepts is by far not as big as one might believe. One of the famous representatives of analytical Marxism, John Roemer, even believes that the difference between analytical Marxism and egalitarian liberalism in the form of theories of John Rawls, Amartya Sena or Ronald Dworkin is often difficult to be observed.³³ The post-Marxist Fredric Jameson even says that there is a paradoxical parallel between the most extreme

³² Will KYMLICKA, *Liberalism, Community and Culture*. Oxford – New York 1991, p. 17.

³³ See Rodney G. PEPPER, *Marxism, Morality and Social Justice*. New Jersey 1990, p. 28.

version of neo-liberalism (general explanation of man's actions as a maximization of benefit) and Marxist socialism (stressing the organization of society as a "rule over things"). Jameson concludes wittily: "We have a lot in common with the neo-liberals; actually, we have all in common, except the substantial."³⁴ And Žižek adds in the same provocative way: "Wouldn't it be possible to formulate the attitude to the neo-conservative communitarianism in a totally opposite way? The Marxists having in common with it just the essential (the inevitability of a harmonious organic society)?"³⁵

R. G. Peffer defines two main differences between the egalitarian liberals and the Marxists in the area of the individual's property rights (right to private ownership of the means of production) and in the question of socialist revolution (justifiability or unjustifiability of revolutionary changes). He adds, however, that the difference is more practical than theoretical, as many liberals (such as Rawls and J. S. Mill) have admitted in their theories that socialism can be morally a better acceptable concept than capitalism.³⁶

The fundamental difference between the liberal and the neo-Marxist theoreticians consists primarily in the fact that the liberals adopt the universalist idea of unified society while the neo-Marxist theory is based on a class-structured society, and due to the different interests of particular classes they arrive at a class-based particularistic theory of justice. In short, the only contract that the neo-Marxists are ready to speak about is not a *social contract* between isolated individuals, but a contract between classes. The latter, however, would differ from what Rawls foresees in his individualistic model.³⁷

The assumption of class-divided society that fails to be present in the liberal models exerts according to Fisk a far-reaching influence also on the decision-making strategy of individuals. If the subject of theory is viewed as an atomized individual without any relations it can certainly be expected that the subject behind the veil of ignorance will adopt Rawls' theory of justice that only stabilizes the class division of society. If, however, the subject were aware of the fact that he is not alone in his endeavour to change the class division of society and that this interest (according to Marxist propositions) is shared by a whole social class, his motivation to adopt the liberal principles of justice would decline. On

³⁴ Quotation from Slavoj ŽIŽEK, *Nepolapitelný subject* [The Ticklish Subject]. L. Marek, Chomutov 2007, p. 203, (footnote).

³⁵ *Ibid.*, p. 203.

³⁶ *Ibid.*, p. 307. See also Ladislav HOHOŠ, *Globální kapitalismus: Rawls a Marx o spravedlivé nerovnosti* [Global Capitalism: Rawls and Marx on Just Inequality]. In: Jan Němec – Markéta Šustková (eds.), III. Kongres českých politologů, Olomouc 8. – 10. 9. 2006. Czech Society for Political Sciences. Praha – Olomouc 2006, pp. 229–237.

³⁷ For details see M. FISK, *History and Reason in Rawls' Moral Theory*, p. 78.

the other hand, the class-rooted individual would – according to Marxists – tend to consider collective action against the very existence of class-divided society.³⁸

The question of class definition is still a very hot topic of Marxist philosophy. An excellent and very correct analysis of the category of classes is available in the book by Erik Olin Wright, who ranks together with Roemer among the leading neo-Marxist theoreticians of social classes.³⁹ We shall not go here into details of this topic as its scope would require a separate study; in general, however, we agree with Wright's definition of "contradictory class locations" and with its subsequent modifications. I would like to add, like Taylor, that the increasing class-free modern society is the result of artificial homogenization of society only and fails to have fundamental foundations.⁴⁰

Therefore, according to Marxists, the approach of liberals such as Rawls is extremely unrealistic, because even if all people in the whole world agreed that Rawls' theory is true and that behind the veil of ignorance the players in the hypothetical contractualistic model share some principles of social justice, this conclusion would in reality show no effect. In reality, the information restrictions such as the veil of ignorance are of no avail; the people have their particular interests and the rich and influential individuals have no reason to get rid of their property in favour of the most discriminated people, unless they are forced to do so. According to the very essence of existing capitalism the main motivation of entrepreneurs is profit and not justice. As Ladislav Hohoš puts it: "*Marxism currently represents the only explanatory theory pointing to the crucial role of economic interests.*"⁴¹

The only way how to achieve social justice is, according to the Marxists, the class struggle and stressing the class interest of the oppressed. It is a political force representing the real interests of most of the people, without which no principles of justice can be implemented. Viewed in this way, justice never constitutes a universally adopted value; what matters is always class justice.⁴² As

³⁸ Ibid., pp. 69–73. The need to shift research and methodology from the individual to social groups like classes was stressed by the liberal Amartya Sena. (See Amartya K. SEN, *Inequality Reexamined*. Oxford – New York 1995, pp. 117–118). Contrary to that some neo-Marxists reject such conclusion, such as Elster, who insist on the need of methodological individualism. (See Jon ELSTER, *Making Sense of Marx*. Cambridge – New York 1991, p. 16.)

³⁹ See Erik Olin WRIGHT et al.: *The Debate on Classes*. London – New York 1998.

⁴⁰ See Charles TAYLOR, *Hegel and Modern Society*. Cambridge 1985, pp. 111, 114. The Marxist concept of class interest is further relevant, in spite of a number of problems contained that cannot be discussed here. Other important contributions to this topic are: Milovan DJILAS, *The New Class*. New York 1963; Ralph MILIBAND, *Marxism and Politics*. Oxford 1977; Nicos POU-LANTZAS, *State, Power, Socialism*. London – New York 2000; etc.

⁴¹ L. HOHOŠ, *Globálny kapitalismus: Rawls a Marx o spravodlivej nerovnosti*, p. 331.

⁴² See Richard MILLER, *Rawls and Marxism*. In: Norman Daniels (ed.), *Reading Rawls. Critical Studies of A Theory of Justice*. Basic Books, New York 1975, pp. 209–218. See also Luboš BLAHA, *Sociálna spravodlivosť a identita* [Social Justice and Identity]. Bratislava 2006, pp.109–113.

shown by the British Marxist Perry Anderson, the success of liberal democracy is not due to the strength of moral concepts of freedom and equality, but rather due to economic achievements. That is why moral criticism cannot relieve the injustice of capitalism. Notwithstanding the appeal of some liberal concepts the reality is governed – as another British Marxist, Terry Eagleton, says – by the “catechism of market”.⁴³

Do really all neo-Marxists believe that the liberal moral discourse is useless? The answer is “no”. The orthodox Marxists maintain in conformity with some explicit statements of Marx that the category of justice is of ideological nature. Simultaneously, in accordance with historical materialism, they maintain that moral and political philosophy is but a part of the ideological superstructure of society whose examination off the economic basis does not make sense.⁴⁴ However, most analytical neo-Marxists believe that such orthodox view is wrong. According to Kai Nielsen the moral discourse will exist no matter whether the orthodox Marxists wish so or not. Ignoring it means depriving Marxism of a very important dimension of analysis.⁴⁵ Neo-Marxism has been strongly influenced in this particular respect by Rawls’ work. As the British leftist theoretician Bernard Crick puts it in a rather exaggerated way, it is Rawls who has taught the Marxists that the concept of socialism is unmaintainable without a moral theory.⁴⁶

Anyway, we come to two descriptive conclusions of this paper:

Firstly, discussions on the philosophical foundations of welfare state take place today mainly at the level of egalitarian liberalism (Rawls), to which the individual streams take critical approach;

Secondly, the liberal discourse critics maintain that the philosophy of welfare state cannot be separated from the reality, economy, and political interests; thus, we arrive at what was stated in the first subchapter: the welfare state depends more on politics than on philosophy.

The welfare state does not seem to have been destined to be a purely philosophical project; in one or another form, it will always be related to the particu-

⁴³ For more details see Perry ANDERSON, *The Origins of Postmodernity*. London – New York 1998, pp. 114–117.

⁴⁴ The interrelation between the basic categories of Marx’ historical materialism, i.e., the economic basis and the political superstructure, was largely disputed within the post-war Marxism. One explanation is provided by the structuralists L. Althusser, E. Balibar, J. Rancière and N. Poulantzas, a different approach is applied by R. Williams, E. P. Thompson, M. Wood, R. Brenner and T. Eagleton. (See the note of M. Hauser. In: E. FROMM, *Obraz člověka u Marxe* [Man Viewed by Marx]. L. Marek, Brno 2004, pp. 19–20, footnote).

⁴⁵ See R. G. PEFFER, *Marxism, Morality and Social Justice*, p. 210.

⁴⁶ See Norman DANIELS: *Introduction*. In: N. Daniels (ed.), Reading Rawls, p. xvi. I analyse this ideological shift of Analytical Marxism in L. BLAHA, *Spät k Marxovi? (sociálny štát, ekonomická demokracia a teórie spravodlivosti)*.

lar political and social reality. As Esping-Andersen put it truthfully: “*The welfare state is the child of politics*”. Nevertheless, owing to philosophy we may add that the welfare state is a product of *reasonable* policy with *moral* foundations. It may not appear at first glance, but I am convinced that this is not too little. Philosophy has played first fiddle at the birth of modern welfare state; though, this does not mean that while analyzing the welfare state philosophy can be sidetracked. Actually, the philosophy of welfare state has already caught up on the history of welfare state. Question is, whether the time is not ripe to overtake it.

Philosophical-Religious Roots of Social Thinking and its Reflection in Czech Society

To trace the roots of social thinking is a complex task, always open to a variety of interpretations. This contribution will reflect only on the most important concepts and their authors, particularly those that had some impact on Czech social thinking before 1918. The relevant Western social thought seeks intellectual means to achieve greater justice and prevent widespread poverty and destructive social conflicts. Most medieval and modern social thinkers took for granted the Christian axiom that man was created in the image of God and that human beings were in their essence equal. Then, the argument was formed that people should have the possibility to develop the spiritual, moral and intellectual potential that God had given them, and use this potential both for their own benefit and for that of society. Equally important was the awareness that power elites had an inclination to seize privileges and property at the cost of others, the community, and justice. In western civilization, such ideas soon became a threat to the traditional Catholic doctrine that the hierarchical structure of society was given by God and that justice was to be achieved only in the afterlife.

Many thinkers in the past searched for inspiration in ancient heritage, viewing historical experience as a legitimate source of wisdom. Their works are numerous and they became the object of interest of more recent scholars. The review of relevant concepts in this essay will be based mostly on some of these latter authors.

It was of great interest to some of these authors that essential terms related to social conditions, such as law, justice, and regard for others were already present in mythology such as *Odysseus* and *Iliad*. Politics as the art of advancing harmonious life in a community was viewed by Greeks as a gift from God (Zeus). This legitimized social concerns.¹ References expressing admiration of the reforms brought about by archon Solon, such as the abolition of debt slavery in the 6th century BC and the introduction of certain taxes, are in the writings of many, including Adam Smith.² Reflections on the importance of community, the polis, provided conditions for the rise of other concepts concerned with the reason-

¹ Isidor Feinstein STONE, *The Trial of Socrates*. New York 1989, pp. 22–24, 47.

² Charles L. GRISWOLD, *Adam Smith and the Virtues of Enlightenment*. Cambridge 1999, pp. 209, 304.

able social level of its members. Philosopher Antophon (480–411 BC) became seen as the first proponent of the welfare state with his thesis that the rich should help the poor. His idea that all people are born equal opened the path to higher morality.³

While Socrates (427–347 BC) despised democracy and the poor, his persuasion that citizens must be educated and virtuous, taking care of their souls, lost no value over centuries. Aristotle (384–322 BC) also disliked democracy, but his concept of *politheia* was close to it, though best suited for more educated middle classes. He wanted education to be compulsory until the age of twenty-one. He viewed people as political beings, naturally able to live in a community and to form a state, though it was necessary that they be able to distinguish between good and bad, just and unjust, and participate in politics responsibly.⁴ He believed that justice was a virtue rooted in human experience and that politics, rooted in ethics and certain degree of equality, was to aim for legal order, constitution, common good and justice. He observed that the rich usually lacked the sense for fair play and that their privileges and efforts to divert citizens from politics often destroyed the constitution and the polis.⁵

All these ideas had more influence on the Enlightenment thinkers than on those of the Middle Ages. In response to increasingly authoritarian attitudes of the Catholic Church, critical thinking concerned with human well being grew rapidly. Ancient authors were being revived. Aristotle's works were being translated into living languages beginning in the 16th century. John Wicklif (1320–1384) became the most influential of numerous reformist thinkers. Jan Hus (ca. 1371–1415), similarly as others, drew a number of ideas from Wicklif,⁶ but his criticism grew also from Czech conditions, in which the greedy and immoral practices of the Catholic Church were alarming. The Church burnt people for much less radical ideas than those of Hus. His predecessor Tomáš ze Štítného (ca. 1333–1408), writing in good Czech, promoted even the idea of secularization of education, and criticized in particular the Church practice of confiscating the property of those who had no male descendants. If justice was

³ I. F. STONE, *The Trial of Socrates*, pp. 24, 111, 99.

⁴ *Ibid.*, pp. 44–5, 24, 11, 99, 39. Also ARISTOTELES, *Politika*. Praha 1939, pp. 4–5.

⁵ *Ibid.* pp. 89–93, 125–140, 159–165, 175–6, 189. Influential was also his *Nicomachean Ethics*.

⁶ In 1402 Jeroným Pražský brought from Oxford to Prague transcripts of *Dialog a Trialogy* by Wicklif. František VRATISLAV, *Mistr Jan Hus*. Praha 1915, pp. 112–113. Mistr Vojtěch Raněk, who studied in Oxford, dedicated his fortune to the establishment of endowment in 1388 in Oxford for Czech students. They copied Wicklif's works and since 1389 they were read at Charles University. *Ibid.*, pp. 58–59. Thanks to the marriage between King Richard II and Czech princess Anna, daughter of Czech King Charles IV, contacts between both countries were numerous.

sought, punishments such as the tearing out of eyes or the cutting off noses or hands followed.⁷

The Church responded with outrage to all criticism. The development of the Czech Hussite movement (1419–1437), with its radical social ideas, was an equally extreme reaction to Catholic oppression. Its emphasis on the freedom to read the Bible, on morality, and on reasonable social equality was to a great extent adopted by the Czech Unity of Brethren, the semi-protestant Church – a tolerated compromise between the Hussites and the Pope.⁸ Most of the significant Czech personalities of the Czech reformation period, notably Jan Hus, Tomáš ze Štítného, Petr Chelčický, and Jan Amos Komenský, were all concerned with people's social, moral and intellectual level. The period of almost two hundred years of religious tolerance in the Czech Kingdom was marked by relative prosperity, especially in comparison with the period after 1620, when the revolt of the Czech protestant elite against the Habsburgs was crushed, followed by forced re-Catholization and an increased imposition of serfdom, while the educated protestant middle and upper classes were expelled from the country.

Despite growing social problems, the Catholic Church never changed its view on the hierarchical structure of society, on charity as a core of its social teaching, and on the concept of improvement as relating only to the individual, rejecting the concept of progress. It viewed national entities with their social, cultural, and political potential as the heritage of paganism. Its teachings about life as nothing more than preparation for the afterlife provided the Church with many possibilities for exploiting people and keeping them in ignorance.

Despite violent persecution, Humanism, the Renaissance, and critics inside and outside the Church tried to bring back the original Christian teachings, which was more relevant to life and to human dignity. The utopists, such as Thomas More (1477–1535), again defined politics as a means to common good. The community, or nation, became very relevant for the sharing of important conditions: language, land, history, and other values relevant to collective life and democratization. The traditional cosmopolitan (globalist) outlook on the world lacked respect for these attributes and viewed them as dangerous for the rich power elites. Reformation in a number of European states had more regard

⁷ Ibid., pp. 60–61. Other aspects see John Hamilton HALLOWEL, *The Moral Foundation of Democracy*. Chicago 1965, pp. 101–102; Michael HAREN, *Mediaval Thought (The Western Intellectual Tradition from Antiquity to the Thirteenth Century)*. Toronto 1992, p. 118. The author points out that since 1228 members of the Dominican Order were prohibited to read secular and philosophical books and to study science. Ibid., p. 172.

⁸ František Šmahel devoted a great number of his professional works to the Hussite movement. His works provide rich reference to primary sources as well as literature. For example, František ŠMAHEL, *Idea národa v husitských Čechách* [The Notion of a Nation in Bohemia in the Hussite Period]. Argo, Praha 2000.

for the community, freedom, and rationality. These countries had a better chance to develop conditions for a democracy.⁹

With the renewed monarchical and church absolutism in Europe following the Thirty Years' War, the process of social and intellectual democratization was thwarted for a considerable time. The Czech Lands experienced disastrous decline in all respects. A Jesuit but Czech patriot, Bohuslav Balbín (1621–1688) was, in his writings, extremely sensitive to the situation and held responsible the new Catholic nobility, who had come from all over Europe and, for just negligible price, took possession of the land of the expelled Protestant Czech upper and middle classes. He was not indifferent to the German feelings of superiority over the subdued Czechs. Only the protection of Emperor Leopold I saved Balbín from the revenge of the Church.¹⁰

The intellectual seeds of the Enlightenment were already being planted in the early 17th century. When T. G. Masaryk preoccupied himself at the end of the 19th century with the development of the Enlightenment, he considered the courage of René Descartes (1596–1650) to rank 'truth' gained through knowledge above 'truth' revealed by God as an intellectual revolution. Gradually, this rich brewing of intellectual thought evolved in the 18th and 19th centuries inspired growing concern over the improvement of human conditions. Despite grave conflicts, faith in the power of knowledge and the possibility of progress for all gradually brought previously unseen improvements for the majority of people. Most Enlighteners wrote in language that people could understand.¹¹ Not only Descartes but even Voltaire (1694–1778) and others aimed their criticism at the Church, not against religion.

John Locke (1632–1704), whose influence became profound, introduced the legitimacy of concepts such as natural (God's) law, 'good against painful', responsibility for possessions, civic government as a result of social contract, and the right of people to depose a ruler who did not consent with the will of people and did not rule for the benefit of people. He emphasized the values of a community as providing possibilities for loyalty, responsibility and even equality of its members.¹² His idea of government's specific and narrow functions must be understood in the context of contemporary absolutist political conditions.

⁹ John Ralston SAUL, *Voltaire's Bastards*. Toronto 1992, pp. 25, 475. Also: Alister Edgar McGRATH, *Reformation Thought*. Oxford 1993.

¹⁰ Josef HAUBELT, *České osvícenství* [Czech Enlightenment]. Praha 1986, pp. 84–87. The author describes Balbín's defense of the Czech language. See also: Josef KOČÍ, *České národní obrození* [Czech National Revival]. Praha 1978, pp. 455.

¹¹ On these aspects see A. E. McGRATH, *Reformation Thought*.

¹² John LOCKE, *Social Contract*. 1690; Same, *Two Treatises of Government, Of Civic Government*. London 1689.

Voltaire's criticism was aimed at the disastrous consequences of Church education, based selectively on the Bible, which did not allow people to understand themselves and the world in which they lived. He promoted rational education as a better guarantee of morality and the sense of justice. He contributed to healthier self-confidence of people by claiming that they can have direct contact with God and do not need a mediator.¹³ He valued nations as communities most suitable for the ruling of people. His ideas arrived early to the Czech Lands. Josef Jungmann loved Voltaire and Karel Havlíček anonymously translated eleven of his works, believing they opened the path to 'truth and freedom.'¹⁴ The ideas of Jean-Jacques Rousseau (1712–1778) were similarly influential, particularly the belief in the equality of people, and in unequal distribution of property as a source of perversity and bondage. Good education was to be the most reliable means to improvement and to responsible citizenry. In his famous work *On Social Contract*, he introduced 'the general will' – public opinion oriented towards public good as a condition for just society. Equally influential was his idea of a division of political powers, the right of citizens to control political power and to revolt against bad government.¹⁵ He demanded respect for national entities.

Ideas of other thinkers became known in Czech society (Denis Diderot, Charles Louis, Montesquieu), usually with some delay, since importation of these books was illegal under the Habsburg absolutism. Despite that the economic teachings of Adam Smith (1723–1790) contained ideas related to social conditions, moral sentiments, and the concept of social justice, they did not attract much attention in Czech Lands. It was Karl Marx who became the most influential in the second half of the 19th century, specifically in Social Democratic Parties.

Despite very strict censorship, including police raids of bookstores in Prague, a few members of the Bohemian liberal nobility were able to obtain books written by Enlightenmenters. For example, Ignac Born (1742–1791), used Voltaire's satire against aristocrats. Even the censors Voltaire Karel Egon Fürstenberg and Karel Jindřich Seibt were rather benevolent in their approaches. František J. Kinský (1739–1805) was influenced by views of Pascal (1623–1662) and John Locke, from whom he adopted the concept of 'virtue'. At the centre of his social views were the concepts of good education, mastering the mother tongue, self-knowledge, including that of history, and the equality of all humans. He called the aristocracy 'perfumed scamps' and demanded that the nobility carry out social

¹³ François Marie Arouet VOLTAIRE, *Myslitel a bojovník* [Voltaire, Thinker and Fighter], Vol. I.–II. sv. Praha 1957.

¹⁴ *Ibid.*, pp. 102–103.

¹⁵ Romain ROLLAND, *J. J. Rousseau*. Praha 1947. Governments of France and Switzerland soon ordered to burn Rousseau's *Emil*. Rousseau had to flee and until his death he could not find a quiet place in Europe.

reforms. He was proud of his native land and signed his publications ‘By the Czech.’ It was to his credit that *Orbis Pictus* by Jan Amos Komenský, exiled after 1620, was published in 1717. Influential were also the ideas of the Freemasons related to the equality of people and to humanism. However, unlike in the 16th century, four fifths of the Czech population was illiterate. Anti-reformation destroyed Czech literature, language, and schools. Improvements did proceed, but very slowly, following reforms of rulers Maria Theresa and Josef II.

Since education was generally regarded as necessary for overall improvement, including in the social sphere, the tiny educated strata of Czech society focused on modernizing the Czech language, the most important proponents being Jesuit Josef Dobrovský (1753–1829) and Josef Jungmann (1773–1847). They were aware of the historical reasons for the general decline of the Czechs and they trusted in the possibility of revival. They saw the privileged position of the German minority in the Czech Kingdom as unjust. Both were in touch with the Enlightenment writings; both had problems with the authorities.

Dobrovský, in his university lecture ‘On the Use of Wealth’, presented wealth as the source of both good and evil.¹⁶ He appreciated that original Christianity placed spiritual and moral values above the material, not compromising rationality, morality and the development of positive potential. The principle of justice and the pursuit of knowledge were seen as valuable prerequisites for forming orderly civic and socially concerned society. A community of people, capable of love for others, reflected God’s order as established in the Bible. He courageously referred to the prohibited Unity of Czech Brethren as a worthy example.

Jesuit Bernard Bolzano (1781–1848) was similarly active, building his views on Christianity as well as on Enlightenment ideas. In 1819, due to his social views, he was dismissed from his position as a university teacher of mathematics. His farewell to his students contained the lament that he had ‘roused people to dissatisfaction with the present and to the desire for improvement, which was incompatible with the position of a teacher.’¹⁷ In his most famous work, *On the best state* (1831), he emphasized equality of people, justice, morality, reasonable freedom, essential rights of each individual and the importance of knowledge and education. He viewed avarice as the cause of the inequality of people, and criticized Germans for the unjust treatments of Czechs. His view that Jesus built foundations for justice on earth (and not only in heaven) and for continual pro-

¹⁶ Miloslav KAŇÁK (ed.), *Z náboženského odkazu Josefa Dobrovského* [From the Religious Heritage of Josef Dobrovský]. Praha 1954, pp. 156–187. More recently: Josef TÁBORSKÝ, *Reformní katolík Josef Dobrovský* [The Reformed Catholic Josef Dobrovský]. L. Marek, Brno 2007.

¹⁷ Bernard BOLZANO, *Řeči vzdělávací II* [Educational Speeches II]. Praha 1884, p. 55; Same, *O nejlepším státě* [On the Best State] written in 1831. Relevant are also his sermons: *O pokroku a dobročinnosti* [On Progress and Charity]. Praha 1847.

gress was thoroughly blasphemous in his time. Bolzano was aware that charity was not a solution to poverty and believed that wealth and taxes should serve the improvement of the poor, giving them a chance to grow to the 'image of God'. Bolzano's writings had a long-term impact on many Czech intellectuals and on the Czech women's movement.

Due to strict censorship until the 1860s, there was little professional writing on social issues in Czech. Nevertheless, social thought gradually pervaded most Czech literature of the 19th century. During the revolutionary year of 1848, due to relaxed censorship, interest in socialist and communist ideas began to grow. František M. Klácel (1808–1882), a priest, wrote letters to writer Božena Němcová on their essence, which were published in *Moravské noviny* in 1849, and became accessible to the public.¹⁸ He believed in the possibility of building a more harmonious and just society by harnessing knowledge, morality and education. Rejecting the materialistic foundation of contemporary socialism, he promoted socialism built on a religion of love, aiming at the equality and well being of all. He believed in communal ownership, with the exception of some personal possessions. He recalled ideas of Platon, More, Hus, Bolzano, Voltaire, Helvetius, Rousseau, and appreciated views of S. Simon and F. M. Fourier. He presented open politics and the participation of the recuperated Church as the main means to improvement. Since he was prosecuted by the Church authorities, Klácel emigrated to the USA in 1869.

His contemporary Augustin Smetana (1814–1851), also a Catholic priest, similarly believed that the combination of knowledge and religion would, in a moral sense, contribute to solidarity and responsibility, bringing improvements to politics and social conditions. He promoted the principles of people's equality and sovereignty.¹⁹ He saw roots of widespread social destitute as a result of Church's scholastics and corruption practiced since the Middle Ages. Smetana also referred to the ideas of ancient philosophers, Reformation and Enlightenment thinkers, including Luther and Kant. As a teacher and writer, he was persecuted by the government, which ultimately led to exhaustions and premature death.

Karel Havlíček Borovský (1821–1856) had met a similar fate. Deeply disappointed by his experience in Catholic seminary, especially by the hypocrisy and corruption of the Church, he became a journalist. For short six years he focused on educating the Czech public in politics to advance its political level. He explained dozens of political terms, principles of modern political systems, the

¹⁸ František Matouš KLÁCEL, *Listy přítele přítelkyni o původu socialismu a komunismu* [Letters Between Friends on the Origins of Socialism and Communism]. Melantrich, Praha 1948.

¹⁹ Augustin SMETANA, *Sebrané spisy I* [Collected Works I]. ČSAV, Praha 1960.

role and deficiencies of political parties, etc. In the tradition of Czech revivalists he believed in good education as the most effective means for raising the overall level of the Czech nation and in its achievement of a standing more equal in the Habsburg Empire to that of the Germans. Havlíček translated Voltaire, Tocqueville and other Western thinkers and kept his readers informed on important events in Europe.

When Masaryk wrote a political biography of Havlíček,²⁰ he presented his views as entirely modern and relevant to contemporary conditions and to the development of democracy. Masaryk agreed with Havlíček that prevailing economic and political liberalism was no guarantee of social justice and general prosperity, and that capitalism and international financial institutions could easily impoverish nations, particularly small ones. Both rejected the liberal thesis that government should represent mainly commercial interests and should abstain from solving social problems. They believed that freedom and politics should have a moral basis, and that taxes should serve primarily to the welfare of the public.

Masaryk continued Havlíček's work in many respects. Particularly relevant in the context of this paper was his deep concern with the 'social question'. He included into it what he called the 'Czech question', since the widespread poverty among Czechs and the underprivileged position of the Czech nation in the Czech Lands in comparison with the German minority. In several of his parliamentary speeches between 1891–1893, he made powerful arguments on behalf of the workers for the betterment of wages, insurance, and shorter working hours.²¹ Important became his work on Marxism, in which he agreed with its criticism of capitalism and social problems, but he opposed its materialistic philosophical foundations and the view that a better society – socialist and communist – could be achieved through revolution and the dictatorship of the proletariat.²² He also refuted Marxist ignorance of morality, culture, history, religion, and education. He was convinced that democracy, with the participation of the educated public in politics, more than other systems, was suited to assist social improvements and overall progress. He promoted the concept of 'humanistic democracy' as philosophically different from the liberal concept,²³ in which

²⁰ Tomáš Garrigue MASARYK, *Karel Havlíček. Snahy a tužby politického probuzení* [Karel Havlíček. Endeavors and Efforts of Political Revival]. Praha 1896 (4th ed. 1996); Karel HAVLÍČEK BOROVSÝ, *Politické spisy* [Political Writings]. Ed. Zdeněk Tobolka. I.–III. Praha 1900–1903.

²¹ Tomáš Garrigue MASARYK, *Parlamentní projevy 1891–1893* [Parliamentary Speeches 1891–1893]. Masarykův ústav AV ČR, Praha 2001.

²² Marxism as a social theory evolved into powerful ideology already before 1914.

²³ Most relevant are: Tomáš Garrigue MASARYK, *Otázka sociální. Základy marxismu filozofické a sociologické* [The Social Question. The Philosophical and Sociological Foundations of Marxism]. Praha 1898. Same. *Ideály humanitní* [Humanist Ideals]. Praha 1901 (also 2011).

liberalism always outweighed democracy. His concept included respect for all important dimensions of human life, including religion. In this respect, he viewed the concept of Christian love as having rational concern for social justice and progress.

Besides the thinkers mentioned here, there were conservative streams of social thought, most significant being the Christian Social stream. Albín Bráf (1851–1912), a university teacher of national economy, was intellectually close to this stream. He had a good knowledge of significant European thinkers and relevant history, and became critical of principles of economic liberalism, of his belief in ‘natural laws’ and individualism. He emphasized the concept of human ‘essential needs,’ whose general fulfillment was, however, blocked by the wealthy, who were satisfying their ‘non-essential needs’ at the cost of lower classes.²⁴

Despite being a devoted Catholic, Bráf acknowledged that the Church had long ago lost contact with reality and with its original teachings. He emphasized the original Christian principle that the Church and the wealthy were only the administrators of wealth for the benefit of others. He sympathized with reforms in protestant countries, where confiscated Catholic wealth was partly used to support the poor. He even tried to educate theology students in this spirit. Bráf believed that workers had the right to a decent, healthy and moral life, to education, to full pay for their work. He favored the government involvement on their behalf. In his view, positive changes required a general moral revival. He welcomed the contemporary development, which, ‘for the first time in history,’ was concerned with the uplifting of all lower classes. However, unlike Masaryk, his social concerns remained in the academic world and he would not challenge the government and the power elites in Austria.

World War I prevented further struggles for social improvements but, after the war, many related concepts found fertile soil among intellectuals, the public, and even politicians. The heritage of social thought remains an extremely valuable body of knowledge and a perspective by which great insight can be gained into the resolution of even contemporary social, political, and economic questions.

²⁴ Albín BRÁF, *Nástin přednášek univerzitních* [Outline of University Lectures], Vol. 1. Praha 1913; Same, „*O potřebách*“ [On the Needs]. *Ibid.*, pp. 31–34; Same, *Články o dělnické otázce do Ottova „Slovníku naučného“* [Articles on the Labour Question for Otto Encyclopaedia]. Praha 1893. Also: Same, *Život a dílo* III. *Výbor statí z hospodářské a sociální politiky* [Life and Work III. Selected Studies on Economic and Social Policy]. Praha 1923.

Welfare State or Social Reconciliation? The Social Question from the Perspective of an Economist (Albín Bráf)

Introduction

Social issues have been much emphasised in Czech history and some historical events are directly connected in people's mind with the struggle for social justice.¹ Various forms and theoretical orientations of this social aspect had become part of Czech economic thought by the mid-19th century, when Czech economic thinking emancipated itself from the German intellectual climate and its education system.²

The first characteristic of the focus on the social questions in Czech economic thinking is its fundamental moral dimension. In F. L. Chleborád's words, Czech economic thought clearly demonstrates that "*economic and moral laws cannot be separated*".³ This applies to the whole field of economics as it developed from moral philosophy. Economic problems had been addressed within the field of philosophy for centuries and are closely linked to ethics. In fact, the work of Adam Smith, the founder of modern economics, and thus all works on classical economics have been based on moral philosophy.⁴

Another characteristic of Czech economic thought is that it drew on two currents of thought – the concepts of cooperatives and the German Historical School. The concept of cooperatives is primarily connected with social self-help. Czech attitudes to cooperatives bear traces of having been influenced by practically all ideas about cooperatives which existed at the time, both within economic theory and within the practice of reforms. There were two reasons why the first generations of Czech economists were influenced by the German Historical School, which typically favoured social policies. Firstly, the university in

¹ The Hussite movement was rediscovered in the people's mind during what is known as the National Revival and was presented as the most famous period in Czech history. The Hussites were interpreted as bearers of humanist ideals and as fighters for social justice. Jiří RAK, *Bývalí Čechové* [The Czech past]. H+H, Praha 1994, p. 62.

² See, e.g. Milan SOJKA, *Dějiny ekonomických teorií* [History of Economic Theories]. Praha 1998, p. 391.

³ František Ladislav CHLEBORÁD, *Hospodářství vlastenské: Soustava národního hospodářství politického* [Economy of the Motherland. The System of National Economy]. Praha 1869, p. 171.

⁴ Antonie DOLEŽALOVÁ, *Ekonomie, filantropie, altruismus. Úvod do studia* [Economics, Philanthropy, Altruism. Introduction]. Oeconomica, Praha 2008, p. 23.

Prague taught in the spirit of the German Historical School. Secondly, and much more significantly, economists had worked on their Habilitations at this the German Historical School's traditional research centres⁵ and it was these experts who subsequently influenced the views of Czech economists.

The term "welfare state" is used relatively frequently nowadays and its presence in the public arena is very apparent. It encompasses a whole range of meanings: a welfare state as an instrument of redistribution, merely one of the functions of a modern state and it is even used as a synonym for a modern state as such. Most research works examining the social issues tend to focus on state-organised social and health insurance, sometimes also unemployment insurance, considering these to be specific tools which governments have employed to achieve their goals. At the same time, these tools seen as part of the meaning of the term welfare state. Whereas "welfare state" did not exist as a term in the latter half of the 19th and the first half of the 20th century, terms such as "social policy", "social question", "social justice" and "social reconciliation" did. This and the above mentioned emphasis on the social question in Czech economic thinking at the time justifies the question how these terms were used and which of them was employed in place of the term "welfare state". There is no doubt that different people and different times give terms different meanings and that they, therefore, convey information not only about the current ways of thinking but also about all their previous meanings. "Blahobyt" ("welfare" in English) was the key term at the time and applied to individuals as well as the society as a whole. "Welfare" is also the defining word in the English term "welfare state", which translates into Czech as "social state". It is not the intention here to discuss whether or not the English term has been translated appropriately. However, it is worth noting that an important aspect of the term has been lost in translation and it is often not entirely clear, which understanding of "welfare state" is being used by a given Czech author. To date, little reflection has been devoted to the ways in which the understanding of the word welfare has changed or in which social policies have been formed on the basis of the concept of social state.⁶

This study examines the approach to resolving the social question, adopted within Czech economic thinking in the second half of the 19th and the first half

⁵ The German economic school rejected economic liberalism and identified the economic problems with the political ones. By the end of the 19th century it considered the main tasks of economics to be preparation of recommendations for practical economic policy focussing on social questions. The state played the leading role at the expense of the individual. Antonie DOLEŽALOVÁ, *Rašín, Engliš a ti druzí* [Rašín, Engliš, and the Others]. Oeconomica, Praha 2007, pp. 34–37.

⁶ For details see Antonie DOLEŽALOVÁ, *Blahobyt, luxus ... a štěstí v ekonomickém myšlení 2. poloviny 19. století* [Welfare, Luxury... and Happiness in Economic Thought of the Latter Half of 19th Century]. *Hospodářské dějiny* 25, 2010, No. 1, pp. 77–92.

of the 20th century by Albín Bráf, the founder of Czech economic thinking. The study is conceived as an excursion to an era when people thought differently from us and made decisions in a different way. It first characterises the principles, which are the foundation of our understanding of “welfare state” in economics today. This will enable us to fully appreciate how far the concepts of welfare state have travelled since Bráf’s era. As Czech economic thinking did not come into existence outside the historical context, Chapter Two provides an overview of solutions to the social question at the time. Chapter Three offers a brief introduction to Albín Bráf and his founding work on Czech economic thinking. Chapter Four is dedicated to Bráf’s approach to the meaning of the term social question and its solutions, and explores the concept of the social question from two perspectives:

What did individual solutions to the social question aim to achieve?

What tools were employed to achieve them?

The study draws on Bráf’s authentic texts and aims to answer the question of whether the founding period of Czech economic thinking was the time when decisions were made about the shape of the future welfare state.

1. Welfare state and economy: social policy as a tool and content of the welfare state

Generally, social questions have constituted a rather problematic field of economics since the late 19th century when economics started following a mathematizing way and ceased to deal with questions that failed to allow computing and/or economic calculation; hence the more or less ambivalent attitude of the economists to social questions: on the one hand, they refrained from dealing with some hot social questions while, on the other hand, they continued suggesting solutions to situations in the areas referred to as social. In spite of that the social question is essentially an economic one, as the welfare state cannot exist unless somebody pays for it.

There has been a debate of economists since the end of World War II on the nature and essence of the welfare state which is viewed as a redistributing role of the state within its concept of social policy. The economists of Keynesian type stress the positive impact of redistribution on the growing demand, which fosters production and consequently economic growth. Hence, social policy is particularly justified in the period of economic decline. Liberal economists stress the huge costs of social policy that exhaust the sources needed for economic growth. Thus, both sides share economic growth as their argument and both ideological streams expect that social policy will create conditions needed to

foster economic growth, efficient allocation of resources, and innovative economic processes, and will also contribute to social reconciliation. In economic terms, the meaning of the notion 'social policy' coincides with that of the notion 'welfare state', as the welfare state is defined by its content which is determined by the tools and goals of every social policy: minimum wages, social care, social transfers and services, social insurance, unemployment policy, questions relating to housing, education, and health care.⁷

Although the notion 'social policy' is not clearly defined in literature and different meanings of the notion can be found, all the versions have one thing in common: these policies are aimed at man, at his living conditions and personal development. In its narrower meaning social policy is viewed as a response to the social risks and their impacts, in the broader meaning it is perceived as the entirety of particular policies influencing the whole society, primarily its social sector. Unlike economic policy, whose steps are aimed at the society as a whole, social policy aims at groups of citizens only that are defined by law by means of the social support schemes. Social policy is not an isolated phenomenon, but is always part of a social entity that has its internal connections and specificities in every country and time.⁸

Three main models of social policy can be distinguished from the point of view of the state and other entities: redistributive, performance-depending, and residual. In the redistributive type the people's needs are viewed as their social rights; therefore, this type of social policy is very expensive. The performance-depending model is based on the thought that the social needs should be met depending on the performance of national economy while the state guarantees the basic minimum needs only. The residual type is based on the individual responsibility of every individual, who must primarily rely on his family and on the market system. The support provided by the state is rather modest.⁹ The last named model is typical of the economy of the USA or Japan, the first type is Czech reality. This shows clearly the influence exerted on the shape of social policies by the traditions of individualism and paternalism, and the role played by the private and/or state sector in ensuring individual social certainty and/or welfare.

⁷ See, e.g., Miloš VEČEŘA, *Sociální stát. Východiska a přístupy* [The Welfare State. Foundations and Approaches]. SLON, Praha 1993.

⁸ Vojtěch KREBS et al., *Sociální politika* [Social Policy]. ASPI, Praha 2007, p. 20.

⁹ *Ibid.*, pp. 51–54.

2. Welfare concepts of Bráf's era

In Bráf's day, in the late 19th century, all European states intervened somehow in the social field. There was a consensus of the European countries over the principles and final goals of social policy, and often also over the means to be used. In his studies, Bráf not only critically analyzed the particular tools, but also presented them to the wider public in various forms, such as dictionary entries. Owing to him, Czech readers were able to get well acquainted not only with the current Austrian legislation, but also with that of Germany, England, France, and Switzerland. Bráf provided his readers with reviews of the social care abroad, explained the principles of social justice and offered information about the social and sickness insurance available. The present chapter refers mostly to his works *On the labour question of 1893*, *Social policy in the European states of 1895*, and *How is the idea of obligatory labour insurance implemented of 1896*. These works show the approach of particular states to the social question depending on the position of trade unions and of the social democratic party, on the relations between the parliament and the government, and also depending on the particular tradition that determined the share of voluntary activities of employers and that of obligations imposed by the state. England is usually regarded as a cradle of social legislation although the first laws of this type had already been passed in Austria and Switzerland. The social policies concentrated on two fields: labour protection laws and insurance.

2.1. Labour protection laws

Chronologically viewed, the first stage of social legislation included the laws protecting workers, particularly children, adolescents, and women. These three groups were also targets of the first English social laws while these laws only applied to the factories employing such groups; the first law, passed in 1802, aimed at the cotton and wool processing factories. Apprentices, irrespective of their age, were not allowed to work more than twelve hours a day and their night work was prohibited. The age limit was set by law at nine years in 1819. After an intermezzo of the law of 1831 that distinguished two age categories, namely children from nine to thirteen and adolescents from thirteen to eighteen, the decisive age limit was raised to fourteen years in 1878. Women were protected for the first time by law in 1844. Women, adolescents and women were entitled to a break of one and half hours and were not allowed to work at night. The maximum working hours of other workers (in textile factories only) was set by law

for a day and a week, while the week's total working hours had to be less than six day's maximum working hours, and on Saturdays the working hours had to be shorter. In 1867, labour protection was extended to cover additional sectors and smaller businesses. In 1878, the whole field was codified and the underage workers and women were entitled to free Sundays and to special half-days off during the year.

The first protection law in France was passed in 1841 allowing work of children from eight to twelve years for six hours a day and of those from twelve to sixteen for twelve hours a day; in 1874, the bottom age limit increased to ten years and the working hours of adolescents under fourteen were limited to ten hours a day; night work was prohibited to girls and boys under sixteen. France was even ahead of the English legislation in 1892 by prohibiting work in factories for children under sixteen (in exceptional cases under twelve); children under sixteen were allowed to work ten hours a day, the adolescents under eighteen and women eleven hours a day while night work was prohibited to them. Women and adolescents enjoyed free Sundays and were not allowed to be employed in some branches.

Similar legislation was also available in other European countries in the 1880s: in the Netherlands, employment of children less than twelve years old was prohibited while adolescents under sixteen and women were not allowed to work on Sundays. They enjoyed free Sundays and were not allowed to be employed in some branches. In Italy, Denmark and Sweden the protection applied only to children and adolescents. The employment of adolescent workers in Belgium was regulated by the Royal Decree of 1884 prohibiting work in mines to boys under twelve and to girls under fourteen. The Russian law of 1882 prescribed for adolescents between twelve and fifteen a "normal" working day and the law of 1884 prohibited night work to women and to adolescents under seventeen. In 1886, the General Factory Act was passed that was highly appreciated by Bráf "... for its great competence in coping with all details of the employment contract and employment conditions".¹⁰ The German Trade Order of 1869 regulated the protection of children and youth. Its amendment of 1878 included women in the protected groups, prohibited their night work as well as work in factories harmful to health or morality, and divided the adolescents in two groups: from twelve to fourteen and from fourteen to sixteen. Labour protection in Switzerland was introduced by the law of 1877, providing a high level of protection to adolescents and women und fixing a normal working day of eleven hours and a working day of ten hours prior to Sundays and holidays. There were two basic laws in Austria at that time protecting workers, namely the law of 8 March 1885 amending and

¹⁰ Albin BRÁF, *Život a dílo*. Díl třetí [Life and Work. Part Three]. Praha 1923, p. 154.

changing the Trade Order, and the law of 21 June 1884 regulating the employment of workers and women, and the working hours and free Sundays in mining industry. Night work was prohibited to children under sixteen and to women in factories as well as to women in mines, and employment of children under twelve in small businesses and of those under fourteen in factories and mines was not allowed. Children aged 12 to 14 could only be employed if the work did not collide with the compulsory school attendance. Nevertheless, they were allowed to be employed in trades of non-factory type for eight hours a day at the most, but not from 8 p.m. to 5 a.m. They were exceptionally allowed to be employed in mines, but not underground, and only upon request of their parents and with the consent of the Mining Board. Adolescents under sixteen could perform only light, not harmful work. This also applied to young workers under eighteen performing onground jobs in mines. The law further laid down a “normal working day” for adult workers in factories and mines, which could not exceed eleven hours in factories and ten hours in mines. The law also provided for breaks during work, one and half hours in total, including a one-hour lunch break. Sunday as holiday was obligatory for all trades and mines, with some exceptions. The Trade Order prohibited the “trucks” (parts of wages paid in kind). It was only possible “to provide dwelling, fuel, land use, medicines and medical care as well as tools and materials deducted from wages; however, only if so agreed in advance”.¹¹ Employers were obliged to post the factory/working regulations whose details were prescribed by law.

2.2. Social insurance

The second chronological field of social legislation was insurance – accident, health, old age/pension schemes, and insurance against unemployment. Social insurance exhibited different forms in different states and all the above areas were not always covered. In England, insurance was more voluntary than on the Continent. There was no obligatory insurance prescribed by law; there were only state-prescribed standards that the organizations had to comply with. Nevertheless, insurance was well organized by self-help organizations, such as the Friendly Societies, Trade Unions, joint stock insurance companies, and post-office savings banks focusing on different types of insuring activities, mostly health and funeral insurance. In 1894, an old age pension bill was prepared and

¹¹ Albin BRÁF, *Články o dělnické otázce do Ottova “Slovníku naučného”* [Articles on the Labour Question for Otto Encyclopaedia]. Praha 1893, p. 22 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0047.htm>.

aimed at fostering old-age insurance by means of state contributions. The House of Commons adopted a bill on accident insurance in 1893 as well as an amendment to it exempting the employer from responsibility for a worker's accident provided the respective insurance contract had been signed between the employee and the employer.

Obligatory miners' insurance was introduced by law in France in 1889; the premiums were paid partly by employers, partly by employees. State insurance companies were established for old-age as well as for life and accident insurance. The insurance companies that complied with the prescribed conditions were entitled to state support. Health and old-age insurance of miners became obligatory in 1894, the premiums being shared by both workers and employers. In addition, the employers had to transfer 4 percent of their staff's wages to the state old-age insurance company. Following a couple of unsuccessful bills on accident insurance a new draft bill was prepared in 1893 regulating the obligatory accident insurance in selected trades provided the healing required more than four weeks. It was up to the employer to choose the form of insurance. The bill provided for damages to workers in case of accident. In 1895, a draft bill was prepared that provided for optional old-age insurance; the bill was expected to stimulate voluntary old-age pension by means of premium's refund by the state. Obligatory health, accident, disability and old-age insurance was available in Germany. Health insurance premiums were paid by both employers and employees; the same applies to old-age and disability insurance, where also state support was available. Accident insurance premiums were paid by employers only.

The Act of 9 April 1891 introduced an old-age scheme, but without insurance in Denmark. Poor people who achieved the age of sixty and had not been receiving public poverty allowances for the last ten years were entitled to join the old-age scheme that ensured his/her subsistence and the costs of which were jointly born by both the state and the community. Accident insurance was provided for by the law of 1894. Obligatory insurance in Belgium applied to miners only. Swiss employees were subject to compulsory health insurance in some cantons only; following the referendum of 21 November 1890 the insurance was removed from the competence of cantons and transferred to that of the state. A draft federal bill on health and accident insurance was prepared in 1893 introducing compulsory health insurance of all wage-earners and of the adolescents under fourteen. One quarter of the costs was to be borne by the state, the remaining part by employers. Accident insurance was organized by joint stock companies, loss of income insurance (due to illness, disability, etc.) by the General Swiss Workers' Reserve Insurance Company. The Italian government established the National Bank of Workers' Accident Insurance; the insurance

was optional. The only obligatory insurance in Belgium was that of miners. A draft accident insurance bill was prepared by the government in 1891 providing for the employer's liability for accidents of his workers. In case of accident the employer had to reimburse a prescribed amount for the worker's benefits to the Insurance Company. However, if the employer had insured the worker in accordance with the conditions set down by the state, he was relieved of his liability for the accident. The draft bill provided for obligatory insurance in some areas. There was also a possibility of optional old-age insurance with the State Old-Age Insurance Company. The Swedish draft bill of 1893 included "... *comprehensive premature disability insurance (caused by accident, professional illness, or another reason), usual disability insurance (high age), and life insurance (in favour of orphans until the age of 15) with the only state insurance company*".¹² All wage-earners, except those in state and communal service, were obliged to be insured if their wage exceeded a certain limit set by law. Workers' wives were co-insured. Bráf described the form insurance procedure: "*The insurance is to be effected by means of stamps purchased by the employer at the post-office and stuck in special insurance books of his workers; he may deduct a part of the amount from the worker's wages*".¹³

Only health and accident insurance was obligatory in Austria. The costs of health and accident premiums were shared by both worker and employer. In addition, there were also fraternal miners' insurance funds. According to the Mining Act of 1854 the employer was obliged to establish a fraternal insurance fund for his workers, or he could associate with other employers in establishing such fund. The fraternal insurance funds were primarily intended to support unskilled workers, widows and orphans, and covered also health, accident and funeral insurance. The law also provided for an initial compulsory contribution by employers; this amounted to 3.5 % of the wages, but gradually increased to 6 % in 1877. The insurance funds were managed by staff members who, upon joining the insurance scheme, had to be under 35. The problem consisted in a loss of accumulated premiums when quitting the job, which soon produced suggestions not to tie the insurance to a particular company, but to provide the worker with the possibility of paying the missing premiums in his next job, or to assess his pension from all the premiums paid to different insurance funds. Pension insurance in Austria was regulated with the same rules as disability and old-age insurance. Passed in 1906, the Pension Insurance Act regulated the insurance of state and private clerks. The premiums amounting to 19.01 % were

¹² A. BRÁF, *Život a dílo*. Díl třetí, p. 176.

¹³ *Ibid.*

supposed to bring the pension scheme for private and public clerks to the same level. A state contribution was also foreseen.

3. Albín Bráf

Albín Bráf has been traditionally considered the founder of Czech economic thought: he was the first to systematically lecture and write in Czech language, complete the Czech economic terminology, and lay foundations of the methodology of science. Although he did not develop an economic theory of his own he could link the existing economic science to the practical needs of the emerging Czech business class, including the formulation of tasks for the next periods of time and “*the cultivation of the entrepreneurial spirit*,”¹⁴ he also contributed to the development of social legislation.

Born in Třebíč on 27 February 1851 to the family of Antonín Bráf, clerk in the Waldstein Domain,¹⁵ Albín Bráf closed his studies at the faculty of law in 1874 and started teaching economics at the Czechoslovak School of Commerce in Prague. He also taught in other schools, such as that of the Women’s Production Union. A. Bráf also actively participated in founding the first Czech schools of commerce aimed at providing professional economic education and the basic skills and knowledge to their graduates and making it possible for them to perform individual business activities and/or the job of higher clerk.¹⁶ He also actively taught there and dealt with the content and structure of the subjects taught. In 1877 he habilitated as private university lecturer, started teaching at the Czech Technical College, and in 1882 was appointed professor of political economics at the Faculty of Law of Charles University. As of 1900 he was also inspector of the schools of commerce in Austria, and in 1903 prepared the curricula for the schools of commerce that were used until 1948 – the College of Commerce was established in 1919.¹⁷

¹⁴ Ilona BAŽANTOVÁ, *Počátky výuky ekonomie v českých zemích* [Beginnings of Economic Education in the Bohemian Lands]: Albín Bráf. In: Antonie Doležalová et al., *Učíme ekonomii 90 let*. Praha 2011, p. 155.

¹⁵ František VENCOVSKÝ, *Dějiny českého ekonomického myšlení do r. 1948* [History of Czech Economic Thought Until 1948]. Masarykova univerzita, Brno 1997, p. 74.

¹⁶ Catherine ALBRECHT, *Dvě proměny: Počátky a konec Vysoké školy obchodní, 1919–53* [Two Transformations: Beginning and End of the School of Economics]. In: Antonie Doležalová et al., *Učíme ekonomii 90 let*. Praha 2011, p. 30 ff.

¹⁷ For latest studies in the history of economic education see Antonie DOLEŽALOVÁ, et al., *Učíme ekonomii 90 let* [We have been teaching Economics for 90 Years]. Praha 2011.

Owing to his father-in-law, František Ladislav Rieger, he was politically oriented to the Old Czech Party.¹⁸ Member of the Bohemian Diet (Landtag) in 1883–1895, he was also a member of the Provincial Committee (Landesausschuss) and a lifelong member of the Upper House (Herrenhaus). In 1909 and in 1911–12 he was a successful minister of agriculture (Ackerbauminister) in Austria-Hungary, contributed to the establishment of the Provincial Bank (Landesbank) and to the creation of the Bohemian Academy of Science and Arts in 1890, within which he founded the Institute of Economics.

On his request, his theoretical and pedagogical works in the form of minor studies and lectures were collected and published by his disciples J. Gruber and C. Horáček in three volumes entitled: *Spisy dr. Albína Bráfa* (Dr. Albin Bráf's Works): Theory of economics in 1913, Economic policy in 1914, and Financial science in 1915. Other Bráf's texts were published within the five-volume work *Albín Bráf: Life and Work*. In his theoretical studies, Bráf intensely examined the social question in general and its solution: in his German-written *Studien über nordböhmische Arbeiterverhältnisse* of 1881, owing to which he was appointed extraordinary professor of economics at the University of Prague, he presented statistical data concerning the economic situation and working conditions of North Bohemian miners and workers in glass, textile, and porcelain factories in the 1960s and 1970s. In his study *Alms and wages* he coped with the problem of poverty and the ways to its solution. His article *On the worker's question* described the existing Austrian legislation on labour protection, and the respective laws existing in Germany, England, France, and Switzerland were also briefly mentioned. Detailed information about the social policy in other European countries to compare with the situation in Austria was provided in his book *The social policy in European states*. His lecture *How is the idea of obligatory labour insurance implemented* was devoted, as the title suggests, to labour insurance companies.

Albín Bráf died on 1 July 1912 in Roztoky near Prague.

¹⁸ <http://www.bibliothecaeconomica.cz/library/author/detail.aspx?id=Bráf,%20Alb%C3%ADn&view=0>.

4. Bráf's view of solving the social question

4.1. Bráf's general access to the social question¹⁹

Albín Bráf dealt systematically with the social question. Vilém Pospíšil, the first Governor of the Czechoslovak National Bank after the creation of Czechoslovakia, wrote in his memoirs: *"He was conservative, but had much sense for the social question, and was also one of the first researchers in this country who systematically, not only theoretically dealt with social questions"*. Bráf's interest in the social question reflected the above contemporary streams; he dealt with the labour question and insurance, and devoted much effort to criticize the existing situation in each of these areas and to theoretically analyze the foundations of social policy. Two facts must be stressed in this context:

Firstly, in Bráf's opinion social problems arise as soon as the fundamental characteristics of society are disturbed, such as monogamous marriage, private business system, private property of the means of production, freedom of contract, and legal equality of all people. In accordance with the contemporary views, the particular social theories suggesting ways to their solution were distributed by Bráf in a range from liberalism to socialism. The liberals profess private property, contract freedom and unlimited competition, and refuse any state intervention; they believe that economic self-help is the right tool to solve the social question. Contrary to them, the advocates of socialism prefer equality of property, liquidation of private property, state interventions in economy, and the social question must be solved by an active social policy of the state. Bráf refused both extremes: liberalism for its negative social consequences and socialism for its liquidation of private property, and sought solution in such state activities that would eliminate the negative consequences of either extreme position: *"...a number of mediating doctrines exist between the two extremes that are based on the conviction that either of the above principles is only relatively justified and neither of them may therefore claim to be an exclusive organizational principle of economic life"*.²⁰

Secondly, it should be emphasised that Bráf admitted state interventions only where the capabilities of individuals and their associations proved insufficient.²¹ According to him, the primary way of solving the social question was that of

¹⁹ See, e.g., Zuzana DŽBÁNKOVÁ, *Albín Bráf – eticky a sociálně smýšlející ekonom* [Albín Bráf – An Ethically and Socially Thinking Economist]. Marathon [online], 2007, roč. XI, No. 6, pp. 3–9 [quoted 20.03.2012] <http://www.valencik.cz/marathon>.

²⁰ *Spisy Dra. Albína Bráfa* [Dr. Albín Bráf's Works]. Sv. I., Praha 1913, p. 336.

²¹ Josef GRUBER, *Úkoly národohospodářského ústavu* [Tasks of the National Institute of Economics]. Praha 1918, p. 19.

labour coalitions and associations based on trades and/or communities. Bráf was taking into consideration two key roles of cooperatives in the Czech milieu: cooperatives as parts of the association movement dealing with ad hoc problems and needs of groups of people in the capitalist market-based system, and cooperatives as a long-term solution to the systemic shortcomings of market economy.²² Such organizations might include consumption and industrial associations, cultural and education-oriented self-help organizations, as well as saving and credit associations.²³ Only in case that those instruments proved insufficient in coping with their tasks, it was up to the state to intervene, first in the form of legislation. The legislation was supposed to primarily cover such fields as protection of work, insurance, regulation of support and wages for the poor, home law, and suppression of vagrancy.²⁴ In addition, the state was supposed to set up inspection bodies for factories to monitor, in particular, compliance with the laws regulating the relations between employers and employees, and to establish offices to study and register the workers' situation.

Thus, according to Bráf, the state's tasks in the social area were of two types: negative (protecting against any breach of the freedom of employment contract), and positive (stimulating, organizing and constraining actions). Therefore, in practice, the state had either to create legislative conditions needed for founding self-help institutions, or to establish some institutions charged, e.g., with insurance. Bráf preferred the first role. Hence his own definition of social policy: *"... political power acting through legislation and administration in favour of those social classes whose subsistence and living conditions have been constrained or endangered by the life process moving along the rails of the existing legal system ...the reach and ways of its implementation are determined in view of a more successful social development, or – in a less ideal concept – at least with the aim of protecting the whole society against potential shocks and radical revolutions"*.²⁵

²² Antonie DOLEŽALOVÁ – Ilona BAŽANTOVÁ, *Genossenschaftswesen und sein Übergang zum Genossenschaftssozialismus in den Böhmisches Ländern*. In print.

²³ Consumer associations constructed stores of food, clothing and shoes where their members could buy these articles at lower prices. There were also associations aimed at supporting people in case of sickness, old age, or disability, widows and orphans, as well as funeral associations, education associations, and also production cooperatives where workers were also co-employers.

²⁴ Vagrants and beggars were sent to forced labour houses. These, according to Bráf, were to be combined with job centres. The state had also to bear a part of their construction and operating costs. Albin Bráf, *Národohospodářská theorie [Economic Theory]*. *Spisy Dr. A. Bráfa* [Dr. Albin Bráf's Works], Praha 1913.

²⁵ *Albin Bráf – Život a dílo*. Díl třetí [Life and Work. Part Three]: Výbor statí z hospodářské a sociální politiky. Praha 1923, p. 148 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0042.htm>.

Based on his studies of the social policy in various European states Bráf came to the following conclusions:

1. *"... social policy in the European states in the late 19th century... appears to be an entity whose individual constituents belong due to their origin to certain leading nations, but whose core evolution is of uniform nature"*.²⁶
2. Social policy aimed at workers should further develop in the following ways:
 - a) the legislation protecting workers must take into account the special features of individual industries,
 - b) an eight-hour working day must be introduced,
 - c) labour insurance must be extended to cover all groups of population; unemployment insurance constitutes a tool to solve the problem of cyclic development of economy.

Bráf considered the legislation protecting workers in Switzerland, Austria and England the most advanced.

4.2. The labour question as a social question

The most important social question in Bráf's opinion was that of labour, which included not only higher wages, but primarily an improvement of living conditions. Bráf was convinced that it was in the interest of society to ensure development of all its groups and create appropriate conditions needed for their solid life and the education of children. Therefore, he believed that the labour question was *"... a cultural question whose successful solution should provide new guarantees of human development and progress, while any wrong solution constitutes a threat to them. As a result, the labour question, viewed from a higher perspective, should aim at raising the social status of workers and at improving the level of family life and education of children by facilitating moral and spiritual education"*.²⁷ The state, as Bráf believes, should primarily act in legislation aimed at labour protection: regulation of the work of children, adolescents and women, regulation of normal working day, truck (wages partly paid in kind), and accident liability.

Speaking about the labour question Bráf stresses on the one hand that the privately owned means of production are distributed unequally, which brings about a predominance of the capital over the labour and/or exploitation of the

²⁶ Ibid., p. 161.

²⁷ A. BRÁF, *Články o dělnické otázce do Ottova "Slovníku naučného"*, p. 7 [quoted 22. 03.2012] <http://www.econlib.cz/zlatyfond/html/zf0047.htm>.

latter. Hence, there are problems that workers themselves are not liable for and that they are unable to solve; therefore, society must intervene. On the other hand, however, he admits that some bad labour conditions have been due to the workers themselves and they must eliminate them: “... *lack of honesty and conscientiousness at work, indifference to education, particularly among younger workers, insufficient care for physical, moral and intellectual education of children, ... lack of economy in consumption, ... lack of care for their own and their family’s future, easy-going and premature wedding*”.²⁸ His views were apparently inspired the then renowned Thomas Malthus and his ideas concerning the impact of labour supply and demand on its price.²⁹ Nevertheless, more stress was laid by Bráf on the objective social causes of poverty: “*The danger of impoverishment due to social causes, without personal fault, is a threat to many people. And knowing this, people believe that human society is obliged to accept responsibility for at least the most serious consequences and take action by means of its bodies endowed with power – state, land, and community*”.³⁰

Bráf’s views of the labour question are based on two premises. Firstly, the workers should be entitled to their full wages in the “legal form” and their amount should be sufficiently high so as to “... *ensure adequate existence of the workers and of the rising generation, and to pay premiums (regular amounts paid to the support funds)*”.³¹ Secondly, the size of labour support should not reduce the efforts of people to cope themselves with their situation. Both premises were summarized by Bráf as follows: “*He is entitled to the full, whole wage, and if there is fear that he will not use it as required by his obligations towards himself and his family, other means should be sought to make him use it duly*”.³² He pointed out that a solution had to be sought “... *without undermining the very foundations of our state and social life, without a social revolution ...*”.³³

According to Bráf the level of wages should ensure sufficient availability of jobs and meet the basic needs of the worker and his family, even if he is unable

²⁸ Albín BRÁF, *Sociální otázka* [The Social Question], p. 338 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0038.htm>.

²⁹ Malthus opposed any public support of the poor. He declared that the workers themselves were responsible for their poverty because they inconsiderately married and thus increased their number, which was the cause of the increasing number of job seekers. Therefore “... society is not obliged to care for the poor. And if in spite of that it does so, the reasons are not due to principles, but to benefits.” In: *Albín Bráf – Život a dílo. Díl třetí* [Life and Work. Part Three]. Výbor statí z hospodářské a sociální politiky. Praha 1923, p. 136.

³⁰ *Ibid.*, p. 140 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0042.htm>.

³¹ *Ibid.*, p. 143.

³² *Ibid.*, p. 139.

³³ *Ibid.*, p. 196.

to work, e.g., due to illness, disability, or unemployment without his fault.³⁴ Another possibility of coping with the labour question was paying the wages in other forms than money, such as food or dwelling. The importance of workmen's dwelling increased as the prices of land were rising due to the growth of industrial production and of people migrating to towns. Workers therefore had to move to suburbs, where housing was cheaper, or to live in basement flats. However, the flats and houses were in very bad conditions, which had a negative impact on the health and mortality of workers, on crime and prostitution. Bráf mentioned the method used in the French town of Mulhouse as a good example of coping with the housing problem.³⁵ In accordance with the contemporary theory and practice Bráf discussed two forms of workmen's housing – the barrack-type and the system of detached houses.³⁶ Bráf explained the advantages of the latter system: *“The worker who has bought a house like this on instalments will avoid pubs, his house is really ‘his’, his family does not suffer, and the saving habit will survive even when there are no more instalments to pay. Due to this, there is no more ground in Mulhouse for socialist utopian plans, there are no strikes and no too developed caste-awareness on either side as it is the case elsewhere”*.³⁷

³⁴ Ibid., p. 125.

³⁵ Workers' housing in Mulhouse was based on a system of detached houses. The idea was due to the contractors Jean Zuber and Jean Dolfuss. The first constructed houses for his employees, the other established the company Société Mulhousienne des cités ouvrières that constructed houses for all workers. The latter obtained a contribution of 300 thousand francs from the government that was intended for the construction of public utilities. Thus, laundry and drying-kiln, bakery, children's facilities etc. were constructed. Health care was also provided in the working-class districts and the company organized also fire insurance.

³⁶ The barrack-type of housing consisted of larger blocks of several floors each intended for a large number of families. The house-based housing system included houses for one or two families each. Bráf saw the advantage of the barrack-type in the fact that the flats there were cheaper and that it was possible to construct common water and gas mains, etc. The house-based system made it possible for the worker to buy a house (mostly on instalments). There was also a small garden outside the house where the worker and his family could grow various plants, vegetables, etc., and could also relax there, which had a positive impact on the worker's health. The disadvantage consisted in higher construction costs, so the houses were often built on the outskirts of the town where the land was cheaper. Another disadvantage was the low mobility of workers who were less willing to move to another place for jobs. In addition, the workers could have bigger problems with selling their houses in case of lower labour demand. L. BARTOLOMOVA, *Albín Bráf a jeho vztah k sociální politice* [Albín Bráf and his Approach to Social Policy]. Praha 2008, p. 45 ff.

³⁷ *Albín Bráf – Život a dílo*. Díl třetí, p. 203 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0042.htm>.

4.3. Insurance as a fundamental solution to the labour question

Worker's insurance was Bráf's favourite topic that he considered very important: owing to it, the worker obtained some certainty for the case of losing the means of subsistence. Bráf tended to the then usual causes of such situation: inability to earn (illness, accident, old age, disability, death) and loss of income (notice due to lack of work or due to a dispute between employees and employers over working conditions). The starting point of his insurance-related considerations consisted in the conviction that only "... *with free organization workers' insurance can really cover all its fields*",³⁸ meaning private insurance whose legislative conditions were set by the state, and state insurance organized by the state itself. Thus, in Bráf's opinion, workers' insurance was not part of the state's social policy; it was supposed to be primarily a matter of labour and associations. In case of such optional insurance the state only regulated its organization by legislation, secured its safety, and/or could combine optional insurance with some advantages, such as state contributions. Bráf declared that "... *as soon as labour insurance becomes part of the production costs a great social task of ensuring the material existence of workers and their young generation from the yield of their own work will become reality*".³⁹

State contributions already constituted an intermediate form between private and state insurance. This practice started when due to the development of modern technology it became necessary to solve the problem of employer's liability for accidents. Consequently, in case of state intervention in insurance matters the state had first to make use of all forms of the employer's duty to support his employees, such as obliging the employer to bear a part of the worker's insurance, particularly for the case of sickness and/or accident. Bráf was well aware of the risks related to such procedure: should the state force the worker to participate in some support funds, it might have negative impacts on the worker himself. If the worker lost his job, he also lost his fund membership and the respective rights. Bráf recommended not to tie insurance to any particular company and thus to make it possible for an unemployed worker to additionally pay the missing premiums in his new job, or to assess his pension depending on the total of his premiums paid. Should this form be used too much, it could bring about increased expenses of the employer, jeopardize sales and, consequently, menace the wages. Reciprocally, he also considered the employer's part, his protection in case of the contract breach by workers causing material damage to

³⁸ A. BRÁF, *Sociální otázka*, p. 350 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0038.htm>.

³⁹ *Albín Bráf – Život a dílo*. Díl třetí, p. 181 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0042.htm>.

him. One of the measures he suggested to protect the employer was the threat of wage seizure.

Only if the above “state and private” methods have proved ineffective and have failed to lead to the expected results the state should actively intervene in the insurance area. Nevertheless, Bráf pointed to three dangers that any state intervention in this particular area brings about. First of all, any such state action constitutes an indirect obligation to raise the wages. He wrote: “... *obliging the employers to pay insurance premiums for workers means obliging them to raise the wages accordingly*”.⁴⁰ Secondly, the premiums were paid from the wage and it was therefore necessary to ensure some income for the worker. However, there was no guarantee of earnings and the wages were often so low that they could not cover the premiums.⁴¹ Thirdly, there is a risk that the worker will spend the premium-related part of his wage differently. Any of the above dangers will eventually make the workers demand social support, which will have a demotivating effect on them and will lower their liability for the given situation. Bráf also critically reflected the difference between unemployment by one’s fault and without one’s fault, as “... *apart from respectable and competent people also negligent and indolent people may be eligible*” to obtain support.⁴² To organise insurance in an efficient way it was necessary according to Bráf to make the worker accept any job offered within his qualification; otherwise he would lose the benefits. Unemployment insurance was a new phenomenon and the arising suggestions stimulated interest in this particular field of insurance. As he put it, “... *they revive interest in the important question how to eliminate one of our greatest social sicknesses, the chronic mass unemployment*”.⁴³

Bráf considered insurance to be largely beneficial to all society, as by replacing the public support of the poor it economised on public resources on the one hand and motivated the poor to cope with their situation themselves on the other. He said: “... *it provides harmless benefits to the worker yielded by his previous work in the case of losing his job or his ability to work*”,⁴⁴ a harmful income

⁴⁰ Ibid., p. 158.

⁴¹ Practical implementation of these ideas was shown by Bráf in the cantons St. Gallen and Basel. In the first one, the law of 19 May 1894 made it possible for communities to introduce compulsory insurance in case of insufficient income. Bráf pointed out that the right to introduce compulsory insurance applied to the city of St. Gallen and not to the whole canton. A special municipal office was established in Basel in 1889 to care for labour exchange.

⁴² His considerations were based on Prof. Schanz and his book *Zur Frage der Arbeitslosenversicherung* (1895). *Albín Bráf – Život a dílo*. Díl třetí, p. 179 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0042.htm>.

⁴³ Ibid., p. 158.

⁴⁴ A. BRÁF, *Články o dělnické otázce do Ottova “Slovníku naučného”*, p. 15 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0047.htm>.

being in his view social security benefits. Therefore, Bráf wrote: “... *further development of labour insurance is of utmost importance for the labour question and there is nothing more important in that particular field*”.⁴⁵ Bráf was well aware in his considerations that as time went on compulsory insurance became internationally recognised and owing to its results efforts were made to introduce it also in the fields where self-help had been used before.⁴⁶

Conclusion

We have tried in our study to answer the question to what extent the initial period of Czech economic thought represented by Albín Bráf and his work can be viewed as a period of time when the idea of welfare state emerged in the Bohemian Lands and/or whether in the current notion ‘welfare state’ its historical content can be found both at the level of the purpose followed by the social policy and at that of the tools used for its implementation.

Let us start by stating that partly due to the lack of information, partly due to the unwillingness to seek such information people tend to believe that the way things are, in spite of being imperfect, is still the best and has been the best one “since forever”. And such “certainties” in the Czech Republic certainly include the state system of social security where state support absolutely prevails over the private system. In this view, social policy is an exclusive responsibility of the state and should remain its responsibility even if the state runs out of the resources needed. Looking closely back into the past it appears that our view is wrong. The past solution as explained above is far from today’s standard processes.

Firstly, like today, also one hundred years ago the state (state-guaranteed and state-enforced) system provided the only way for the individual to achieve his social security. The notion ‘welfare state’ did not exist in Bráf’s day, but the whole concept of social problems exhibited in the contemporary context much broader connotations and a more complex content. To describe their social concepts both theoreticians and practitioners used the word “welfare”, which is a “micro-economic” and individual term encompassing fully the material and moral aspects. The Czech word “blahobyt” (welfare) provides almost exhausting information: happiness is a mental state of the individual feeling balance between his physical and spiritual needs and the available means to satisfy them.⁴⁷ Welfare,

⁴⁵ Ibid., p. 17.

⁴⁶ *Albín Bráf – Život a dílo*. Díl třetí, p. 181 [quoted 22.03.2012] <http://www.econlib.cz/zlatyfond/html/zf0042.htm>.

⁴⁷ *Ottův slovník naučný*. Díl čtvrtý [Otto Encyclopaedia. Part Four]. Praha 1891, p. 125.

its formulation and implementation are purely individual categories that are discussed and clarified individually. Simultaneously, however, the welfare concept contains a wider embodiment of man in society, his social and economic characteristics. The welfare considerations were often linked – not only in the Czech milieu – to the mantra of all self-help (co-operative) concepts – frugality.⁴⁸

Secondly, although the reforms introduced in Bráf's day followed the way of increasing the state's participation in the social security of individuals,⁴⁹ the supporting role of the state more or less necessarily a follow-up of the private and voluntary activities; it should be added that the state could intervene in the social areas only as soon as sufficient financial means had been accumulated.⁵⁰ Moreover, a hundred years ago the state did not exhaust itself by the centralised state power and the autonomy level bodies constituted its integral components. Constitutional life in the Austrian Monarchy took place at three levels (as of 1867): common; lands and kingdoms represented in the Imperial Council and Hungarian Crown lands; and local autonomy. Legislation and administration in either part (Austria and Hungary) were separated from each other, being independent of the central authorities and of the other half of the Empire, except for a few fields, such as foreign and military affairs that were managed centrally, and there was also a central financial office. All the other fields of public activities were taking place at the provincial, communal, and private level.

Thirdly, the prevailing state tools were based on interaction between the state and the business levels, and the state applied methods that had been proved in the private sector, in companies, groups, industries or regions, and implemented them at the central level. However, the state did not consider the costs of its actions, either in the form of state budget expenditures or in restrained private solidarity. This is obviously due to the then approach to the budgeting policy, as the economists were interested in the state budget revenues only while the expenses were a purely political problem.⁵¹ The state's social policy failed to have an intentional macroeconomic stabilisation effect; it was only aimed at maintaining a certain level of social reconciliation. The main reason why the social expenditures could not play a stabilizing role consists in the fact that the social transfers covered only a limited number of population; the network of social support was very tenuous and only gradually, as the time went on, the number

⁴⁸ Blíže A. DOLEŽALOVÁ, *Blahobyť, luxus ... a štěstí v ekonomickém myšlení 2. poloviny 19. století*, p. 91.

⁴⁹ In Czech historiography this process is generally viewed and considered as "an achievement", as "a concession to the working class" or as a tool "to curb the workers' radicalism".

⁵⁰ Antonie DOLEŽALOVÁ, *Bata's Search for Social Reconciliation in the Changing World of Social Justice*. In: *Company Towns of the Bata Concern*. Stuttgart 2013. In press.

⁵¹ A. DOLEŽALOVÁ, *Rašín, Engliš a ti druzí*.

of eligible people defined by law was increasing. However, until the end of the First World War all social projects covered only people in towns and cities while the country people were totally ignored in spite of the fact that in the latter half of the 19th century half the population lived in the country; between 1900 and 1910 this number started rapidly declining, but even after the war, in the First Czechoslovak Republic, 30% of Bohemia's population was still employed in agriculture. This was an important group of people who had their own rules of solidarity and also their specific ways of communication. This can be explained by the mentality of country people⁵² which is determined by the traditional role of wealthy people (big land owners) in the country, patriarchal corporativism, strong relation to the land, and religiousness.⁵³

Fourthly, Albín Bráf and the short review of Czech economic thought show quite clearly that all solutions to the social question based on morality and on a strong feeling of togetherness exhibit an important feature: there is repeated interaction generating mutual trust in and reputation of every member. Reputation itself is a source of confidence, or a source of accumulation of social capital. Today, economics assesses the welfare state and the level of social welfare by measuring the quantity of purchased goods and services and the volume of transfers, which makes at least two reductions: it takes no account of a part of social interactions and simultaneously assumes that the aim of human action is buying goods and services. In all his suggestions, Albín Bráf preferred private action, state intervention being justified when all optional actions have failed. Bráf suggested that both the state and the workers, employers and other members of society be involved in the preparation and implementation of legal regulations, while balancing between the demands of workers and employees.

Based on Bráf's theory we come to the conclusion that in the spirit of the late 19th and the early 20th century what was sought was a form of social reconciliation that would embrace all components of society, while stress was laid on private, entrepreneurial and philanthropic solutions. Unlike the current practice of connecting the welfare state with public policies and social transfers and of considering the private altruist and/or philanthropic activities as complementary to the state actions, more than 100 years ago, when the requirement of state-guaranteed social security and solution to the social question emerged, the private

⁵² For more details see Antonie DOLEŽALOVÁ, *Agrarismus ve střední a východní Evropě (1890–1950)* [Agrarianism in Central and Eastern Europe (1890–1950)]. Acta Oeconomica Pragensia 18, 2009, No. 4, pp. 90–96.

⁵³ Antonie DOLEŽALOVÁ, *Prolegomena ke studiu spolkové činnosti zemědělců* [Prolegomena for Research Into Farmers' Associations]. Uherské Hradiště 12.05.2010 – 13.05.2010. In: Blanka Rašticová (ed.), *Agrární strana a její zájmové, družstevní a peněžní organizace*. Uherské Hradiště 2010, pp. 93–105.

activities prevailed. Such activities as associations or self-help movement were not regarded as pure charity on the one hand or collaboration of equally poor people on the other, but always as a form of solidarity of all people and of their collaboration across social classes.⁵⁴ And the division between state-owned and private resources for solving social questions showed clearly the awareness of the fact that all resources transferred by the state are in fact private. Therefore, if we say that what was sought at the turn of the 19th century was social reconciliation and not a welfare state, we must also add that it was social reconciliation that all members of society shared and profited from it.

⁵⁴ A. DOLEŽALOVÁ, *Blahobyť, luxus... a štěstí v ekonomickém myšlení 2. poloviny 19. století*, p. 91.

The Czech Christian Socials and Their Concept of Welfare State

The author presents a review of the concepts of ideal welfare state worked out by the Roman Catholic Church and in the Catholic milieu in the 19th and 20th century and explains their acceptance and reflection by the Czech Christian Socials. The first part of the study is based primarily on the literature dealing with the social doctrine of the Church while in the other part his research into the history of Czech Christian social movement is summarized. Relevant sources and literature are quoted with due references. As the size of the work was limited, the topic dealt with here could not be fully exhausted and the paper should therefore be viewed as a preparatory study only.

Should by way of introduction this Catholic vision of the state's nature and its role in the economic and social areas be generally and briefly explained, we can say that it is primarily not the level of welfare, but actually that of poverty that was considered by the Catholic elite, its aim being a socially fair society respecting the natural differences between people, including those in property. Simultaneously, the state was expected to provide all people, without any difference, with a welfare level corresponding to the notion of "fair" human existence. Actually, the Catholic concept of welfare state emerged in the 19th and 20th century as a secondary product, as a sort of response to the primary question discussed among the Catholic circles, namely whether the existing modern industrial world was acceptable to them, and only based on this they formulated then their positions and views.

1.

The French Revolution, the Napoleonic wars and the consequences of the revolutionary changes taking place in Europe at the turn of the 18th century¹ were big blows to the Catholic Church in terms of its position, administration, property, and role in society. There were problems with funding the schools, seminars,

¹ Raymond von KOTTJE – Bernd MOELLER (Hrsg.), *Ökumenische Kirchengeschichte*, 3. Neuzeit. Mainz – München 1989, pp. 94–99; Klaus SCHATZ, *Kirchengeschichte der Neuzeit*, Bd. 2. Düsseldorf 1989, pp. 15–28.

and charity facilities controlled by the Church. The interest of young people in becoming a priest was declining. The Church lost its privileged position in many countries. And a new phenomenon arose in connection with the position of the Church in the field of ideology: Now it had to cope with new ways of thinking and with new views, facing not only the ideas of the Enlightenment, but also those of liberalism and later the stimuli spread by socialist-oriented philosophers. It had to cope with the question of human rights, with theologically motivated attacks, and with the pressure to abandon its traditional position in society. Actually, the only new ideological phenomenon in its favor was Romanticism² stressing the important role of traditions, affecting the emotional sphere of man, and opposing the rationalist Enlightenment.

With the Restoration following the Vienna Congress³ the situation stabilized and was restored in almost all traditionally Catholic countries. The Church was expanding its activities and the Church-related life was developing, which was reflected in all its sectors, such as theology, pastoral work, public activity of priests, etc. Important part of this ecclesiastical renaissance was the attitude to the new era, to the legacy of the French Revolution, and to the modern – industrial, civil – society based on the principles of liberalism penetrating into all segments of life. The need to cope with the modern world proved to be one of the basic and traumatizing tasks that the Catholic Church had to face in the 19th and 20th century. It was a problem both inside the Church and in the Church-to-society relation. In most of the countries the formulation of the above position was connected with controversies and with a polarization of views leading to a split and to the formation of two unequal streams that are referred to as ultramontane and liberal. The difference between them can be viewed as fundamental.

The ultramontane movement

The ultramontanists, strictly supporting the positions of the Papal court,⁴ based their views on the bad experience from the previous revolutionary period char-

² Jacques GADILLE – Jean-Marie MAYEUR (Hrsg.), *Die Geschichte des Christentums. Religion. Politik. Kultur*. Bd. 11. Liberalismus. Industrialisierung. Expansion Europas. 1830–1914. Freiburg – Basel – Wien 1997, pp. 7–9; Josef LENZENWEGER – Peter STOCKMEIER – Karl AMON – Rudolf ZINNHOBLE (Hrsg.), *Geschichte der katholischen Kirche. Ein Grundkurs*. Graz – Wien – Köln 1986, pp. 400–403.

³ Hubert JEDIN (Hrsg.), *Handbuch der Kirchengeschichte. Die Kirche in der Gegenwart*. Bd. 6/1. *Die Kirche zwischen Revolution und Restauration*. Freiburg – Basel – Wien 1971, pp. 105–127.

⁴ R. von KOTTJE – B. MOELLER (Hrsg.), *Ökumenische Kirchengeschichte*, 3, pp. 160–167; K. SCHATZ, *Kirchengeschichte der Neuzeit*, pp. 65–74. On the notion: Klaus SCHATZ, *Ultra-*

acterized by persecution of the Church, attacks against the Holy Father, and de-Christianization (atheization, secularization)⁵ of society. They witnessed the expansion of capitalism accompanied by growing egoism, social and spiritual violence, focus on material values, and decline of valuable goals in all society, driving the Church out to a peripheral position and to the private sector. Their negative views made them take a “belligerent position”; they were well aligned and united by a firm ideological line defined from one center, respected and implemented by all and drawing on their own ecclesiastical tradition. They supported a universal scholasticism-based philosophical and theological system. They expected the Pope to be head of a future ecclesiastical state and protector of strong authority in the religious, legal, and theological areas. At political level, they rejected liberalism and struggled for a restoration of the pre-Revolution system.

Under Pope Gregory XVI (1831–1846) the ultramontane philosophy became an official opinion of the Papal court and a basis of its policy toward the Church and the world. This was expressed in the circular letter *Mirari vos* of 1832 expressing a strictly negative position toward the modern world. This trend culminated under Pope Pius IX (1846–1878). The Catholic Church formulated then precisely its negative view of the modern era, and its pillars, in spite of some variations, remained intact until the Second Vatican Council held in 1962–1965.⁶ A milestone in the process of evolution of this position is the *Syllabus errorum* containing the famous 80 sentences that were unacceptable to the Catholic Church. Then, in 1864, the encyclical *Quanta cura* followed, and the centralistic policy of the Vatican culminated in the dogma of papal primacy and the principle of papal infallibility in ecclesiastical matters adopted at the First Vatican Council (1869–1870).⁷ Pius’s successor Leo XIII, whose policy exhibits some conflicting features, contributed to the ideological unification of the Church with his circular letter *Aeterni patris* (1879) declaring neotomism to be a binding philosophy of the Church, which eventually led to the final victory of neoscholasticism in theology.

The acceptance of ultramontane policy by the Church was not free of controversy, struggle, or tension; this, however, did not prevent the Catholics from creating a separate community (often referred to as “a ghetto”) isolated from the

montanismus. In: B. Steimer (Hrsg.), *Lexikon der Kirchengeschichte*, Bd. 2. Freiburg – Basel – Wien 2001, pp. 1 670–1 673.

⁵ H. JEDIN (Hrsg.), *Handbuch der Kirchengeschichte. Die Kirche in der Gegenwart*. Bd. 6/1, pp. 35–39.

⁶ R. von KOTTJE – B. MOELLER (Hrsg.), *Ökumenische Kirchengeschichte*, 3, pp. 340–344.

⁷ H. JEDIN (Hrsg.), *Handbuch der Kirchengeschichte*. Bd. 6/1, pp. 774–791; J. GADILLE – J.-M. MAYEUR (Hrsg.), *Die Geschichte des Christentums*. Bd. 11, pp. 27–31.

surrounding modern society, or hinder the victory of the trends of centralization, bureaucratization, and strict discipline inside the Church. The Church was relatively united and identified its enemy. Metaphorically, there emerged two isolated and separated worlds, which could hardly overcome the gap between them. Which side profited from it? Today, the prevailing opinion is that the consequences of the developments in the Church were ambivalent.⁸ They prevented the Church from dealing with the important question of human rights; it could hardly cope with the existence of political democracy and free-thinking society, and the dialog with the modern world declined dramatically.

A negative consequence of ultramontanism was the controversial and relatively late reaction of the Papal court to the social problem of the 19th century.⁹ The ultramontane approach to that question was based on two theoretical concepts that can be referred to as romantic-conservative and neo-scholastic.

Social Romantics relied on the ideas of the British conservative philosopher Edmund Burke (1729–1797). Burke criticized liberalism believing that it brought about an atomization of society and a loss of solidarity feeling among people. He pleaded for an “organic society” consisting of relatively independent social units where all people would have the possibility of social integration. He was generally inspired by the medieval Estates-based society that he wanted to modernize with the principle of corporatism. Thus, he actually arrived at the concept of corporative state, so typical of the Catholic social thought until almost the mid-20th century. It was shared by Georg W. F. Hegel (1770–1831; e.g., in his *Rechtsphilosophie* of 1821) and was also adopted by Austria’s leading personality of social thought in the pre-March period, Adam Heinrich Müller (1779–1829),¹⁰ or by another man whose ideas strongly influenced all Central Europe, the philosopher Franz von Baader of Munich (1765–1841).¹¹ This line was crow-

⁸ Arno ANZENBACHER, *Christliche Sozialethik*. Paderborn – München – Wien – Zürich 1998, p. 129.

⁹ We believe in this respect that it is rather an optical illusion caused by the fact that the encyclical *Rerum novarum* was published in 1891. However, the attitude to the social problem is “hidden” in the attitude to the modern world and the ultramontanists responded with their concept of corporative society that was supposed to eliminate the negative features of the capitalist production system.

¹⁰ Helmut RUMPLER, *Österreichische Geschichte 1804–1914. Eine Chance für Mitteleuropa. Bürgerliche Emanzipation und Staatsverfall in der Habsburgermonarchie*. Wien 1997, pp. 93–94; Franz Josef STEGMANN, *Der soziale Katholizismus und die Mittbestimmung in Deutschland. Vom Beginn der Industrialisierung bis zum Jahre 1933*. München – Paderborn – Wien 1974, pp. 23–24; Jiří GEORGIEV, *Až do těch hrdel a statků? Konzervativní myšlení a otázka samosprávy v politických strategiích české státoprávní šlechty po roce 1848* [Up to the Throats and Property? The Conservative Thought and the Question of Self-Government Among the Constitutional Nobility after 1848]. Praha 2011, pp. 51–55.

¹¹ F. J. STEGMANN, *Der soziale Katholizismus und die Mittbestimmung in Deutschland*, pp. 25–30.

ned in the 19th century by the philosophical work of the German aristocrat Freiherr von Vogelsang (1818–1890)¹² living in Vienna and Bratislava/Pressburg, who as journalist was shaping social Catholicism in the whole Habsburg Monarchy and abroad for a number of years.

Vogelsang reproached the modern capitalist order for producing class struggle, exploitation of workers, poverty, and atheism. One of his main theses reads: “*The capitalist economy and social system [...] are in total contradiction to the ethic nature of Christianity.*”¹³ Therefore, a new system of organic corporative order must come that would eliminate the class struggle creating a gap between people and dividing them into exploiters and exploited. A remedy to the diseases of capitalist society consists in dividing the people in different corporations corresponding to the “natural laws of mankind”. Their harmonized collaboration would not only lead to a higher productivity of labor, but also to equal rights of people and to fair society. In the corporative economic system the entrepreneurs would merge with the workers, whose participation in the “ideal co-ownership” would change their position and role in the organization of labor. The organic corporative order rejects mass production and prefers small-scale production with crafts as dominant elements and with wide-spread cooperatives. Vogelsang’s slogan requiring “deproletarianization of the proletariat” is well known. In addition to corporatism his concept is based on state social legislation and on charity.

Vogelsang’s influence embraces a whole era where the Catholic and conservative nobility was the carrier and mediator of social thought. Von Vogelsang was surrounded by a “school” or “circle” of outstanding personalities, such as Anton Johann Graf Pergen (1804–1873), Leo Graf Thun (1811–1888), Franz Graf Kuefstein (1841–1918), Prinz Alfred (1842–1907) and his brother Aloys Liechtenstein, Egbert Graf Belcredi (1816–1894), Gustav Graf Blome (1829–1906), etc. Aloys Prinz Lichtenstein (1846–1920) was not only a theoretician who was influenced by Bishop Wilhelm E. Ketteler and Jakob Max and who worked out a model of harmonized society based on cooperative enterprises; he was also a practician who initiated the Catholic social movement in 1875.¹⁴ In 1877 he organized the First Austrian Catholic Congress that formulated a call for founding the association Verein für christliche Gesellschaftswissenschaften, Wirt-

¹² Valentin ZSIFKOVITS, *Vogelsang*. In: Lexikon für Theologie und Kirche. Bd. 10. Freiburg – Basel – Rom – Wien 2001, p. 836. Joh. Christoph ALLMAYER-BECK, *Vogelsang. Vom Feudalismus zur Volksbewegung*, Wien 1952; Erwin BADER (Hrsg.), *Karl v. Vogelsang (1818–1890), die geistige Grundlegung der christlichen Sozialreform*. Wien 1990, p. 303.

¹³ Helga GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland. Sozialismus, katholische Soziallehre, protestantische Sozialethik*. Essen 2000, p. 713.

¹⁴ Werner DROBESCH, *Ideologische Konzepte zur Lösung der „sozialen Frage“*. In: Helmut Rumpfer – Peter Urbanitsch (Hrsg.), *Die Habsburgermonarchie 1848–1918*. Bd. IX, Teilbd. 1/2. Wien 2010, p. 1446.

schafts-, Rechts- und Staatslehre (Association for Scientific Social Studies and for Economics, Law, and State Theory). Vogelsang established a press tribune called *Das Vaterland* to diffuse the program of his group. His ideas found a breeding-ground and strongly influenced the spiritual horizon of many Catholics, but they were also used in the political area. Some of them were incorporated in the amendments of 1883 and 1885 to the Austrian Trade Rules, the Trade Inspectorate Act (1883), the Health Insurance Act (1888), the Accident Insurance Act (1886), and other regulations.¹⁵ One of the members of this school was also Franz Hitze (1851–1921) who established the first Department of Ecclesiastical Social Doctrine at the University of Münster in Westphalia that initiated research into the social question and inspired similar steps in the Central European Region. Research and lectures at theological colleges were institutionalized, too, which largely helped increase the basis of the social movement and strongly influenced the pastoral and other public activities of priests. Vogelsang's ideas influenced also the School of Liège (bearing the name of the City of Liège where the "social congresses" of 1886, 1887, and 1890 were held) that wanted to make use of state support to carry out its plans and pushed to the foreground the idea of state intervention. Vogelsang's influence was so strong that the system-related changes in Austria could only take place after his death in 1890. This, however, is far from meaning that his theoretical work and ideological legacy fell into oblivion.

Vogelsang's legacy under the new conditions of the 20th century was further developed particularly by Austrian theoreticians in a milieu that was less industrialized than that in Germany and was characterized by a strong class of farmers and the middle classes in general. This philosophical line was primarily pursued by the Vienna School and the group around Anton Orel (1881–1959) and the review *Das neue Volk*; there were also Karl Lugmayer (1892–1972), publisher of the review *Neue Ordnung* and leading personality of the *Reichsverband der christlichen Arbeitervereine Österreichs* (Imperial Union of Christian Workers' Associations in Austria), Union chairman Leopold Kunschak (1871–1953), group around Josef Eberl (1884–1947), editor in chief of the review *Die Neue Ordnung*, Ernst Karl Winter (1895–1959) and his friends in the groups *Die Österreichische Aktion* (The Austrian Action) and *Studienrunde katholischer Soziologen* (Research Group of Catholic Sociologists), etc. The last named Association of Catholic sociologists published the *Catholic Social Manifesto* in 1931 calling for a unification of the "school", start of cooperation, and formulation of a comprehensive program. The Vienna School was strongly influenced by the spiritual universalism of Othmar Spann (1878–1950), who considered the

¹⁵ *Ibid.*, p. 1448.

corporative state to be a political expression of the universalism of society (“Der Staat ist ein Stand”).¹⁶

The idea of a society based on corporations was also supported by some German Catholics after the war, probably due to the war experience and to the quarrelsome state of society. The idea was publicly announced for the first time on 15 November 1918 in response to the alleged failure of the capitalist system.¹⁷ The requirement of collaboration between the employers and the employees’ associations was included in Art. 165 of the Weimar Constitution. The provision urged the contemporaries to consider the Constitution to be further developed and based on corporatist principles. The Jesuit Constantin Noppel (1883–1945) viewed the implementation of such measures as a way of developing democracy. Suggestions of corporative system can also be seen in the resolutions of the Congress of Christian Trade Unions held in Essen in 1920. The Catholic trade unions discussed the corporatist idea early in the 20th century in their theoretical press tribune *Deutsche Arbeit*. Many trade unionists demanded a transformation of their organizational structures in the corporative spirit and demanded a change in the position of trade unions in society by converting them into managing elements. The same spirit is also available in the ideas of the long-standing secretary of the above *Volksverein*, Augustin Pieper, or of Paul Jostock (1895–1965). The corporative idea proved attractive also to Franz Hitze a short time before his death, and his intellectual legacy was further developed by Heinrich Pesch in the spirit of corporative structure of society.¹⁸ Apparent acceptance of corporatism and solidarism can be clearly seen in the *Richtlinien der Deutschen Zentrumspartei* (Guidelines of the German Center Party) of 1922 where the basis of a new order is seen in corporate actions and in co-operatives and associations. Corporatism was also propagated by groups to the right of the Center, by Catholics like Ferdinand Freiherr von Lüninck (1888–1944). The provincial counsel and later president in Münster endeavored in 1924 to gain the Catholic aristocracy for the idea of corporatism by presenting them his ideas of a social structure based on Vogelsang’s doctrine where there was no place for direct suffrage or for political parties.

From liberals to social realists

In opposition to the social romanticists a new “social realistic” wing of philosophers developing the legacy of Catholic liberals emerged in the 1870s. Unlike

¹⁶ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, p. 716.

¹⁷ F. J. STEGMANN, *Der soziale Katholizismus und die Mittbestimmung in Deutschland*, p. 158.

¹⁸ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, pp. 737–738.

their ultramontane colleagues they “realistically” accepted the established social system; they did not plan to destroy it because they did not consider it feasible, and they did not see its negative features only. Thus, in defiance of the official ultramontane policy of the Church, they actually took the positions of modernism. Nevertheless, they were Catholics and, therefore, their support of civil society was not unreserved. They took up the position of reformers and wanted to adapt the existing modern economic, social and political system to their concepts. They expected the state to implement changes via social legislation and pursuit of social policy. Political parties and trade unions were supposed to engage in social politics. Its pillars, reinforced with the principles of solidarism, were to be based on the collaboration of state, Church, and man, whose benefit was the main goal. The then patriarchal attitude to the workers, with measures being prepared for them, but not together with them, so that the working class was but a passive object of interest, was considered by them out of date and obsolete. They considered the charitable approach to the social question unproductive because it could not bring about any fundamental change. Such change was only feasible if system-related measures were taken.

The emergence of a pragmatic social-reform movement, which strongly developed particularly in Germany, was largely due to the practical experience of leaders of the workers’ associations and organizations committed to social and educational work. Here, too, social romanticism prevailed for a long time, as proved by the Heider Thesen proposed by Karl von Löwenstein (1834–1921) and adopted in 1883 by the associations of workers and journeymen organized within the *Zentralkomitee der katholischen Vereine Deutschlands* (Central Committee of Catholic Associations in Germany). It also persisted in the *Volksverein für das katholische Deutschland* (People’s Association for the Catholic Germany) founded in 1890, with a central office in Mönchengladbach and with some important protagonists, such as Franz Brandts (1834–1914), Ludwig Windhorst (1812–1891), or F. Hitze. It was the experience gained here that prepared many people to the positive acceptance of system-related changes in social work. The success of the social reform movement was largely due to the fact that its programmatic theses and conclusions had been accepted by the leadership of the *Deutsche Zentrumspartei* (German Center Party).¹⁹ Some of its leaders had abandoned their past views (also Windhorst and Hitze).

An even more important feature in the process of ripening changes in the Catholic approach to the social question in the 19th century in the spirit of social realism was the fact that this concept was not limited to a local initiative or idea

¹⁹ Robert HOFMANN, *Geschichte der deutschen Parteien. Von der Kaiserzeit bis zur Gegenwart*. München 1993, pp. 98–108.

but that it could acquire a broader international base and background. We should particularly stress in this respect the role and work of the Swiss international union Union catholique d'études sociales et économiques à Fribourg (Catholic Union for Social and Economic Studies, Union de Fribourg, Genf Runde²⁰) founded in 1885 under the patronage of Gaspard Mermillode (1824–1892), Bishop of Lausanne and Geneva, and later Cardinal (1890). Owing to him, many social philosophers and reform-supporting Catholics from all Europe joined the union, which then established contacts with other similar initiatives, such as the Study Commission of French Workers' Associations, the Italian Study Group for Economic and Social Questions, and later also the Franco-German Freie Vereinigung katholischer Sozialpolitiker Deutschlands und Österreichs (Free Association of Catholic Social Politicians in Germany and Austria). Discussions were held at this forum on the Catholic ideas of solving the social question where an important role was played by the Swiss founders of the Christian social movement, namely Caspar Decurtins (1855–1916), Ernst Feigenwinter (1853–1919), and Joseph Beck (1858–1943), and resulted in a concept based on the ideas of social realism. In 1889 the Union de Fribourg, responding to the appeal by Pope Leo XIII, who was in close contact with Bishop Mermillode and had detailed information about the activity of the union, submitted to the Papal court a Memorandum that became a basis for the social encyclical *Rerum novarum*.²¹

A similar change of views can be observed also in Austria. The new leader of the Austrian Christian Socialists after Vogelsang's death was Franz Martin Schindler (1847–1922), who had come to Vienna from the Seminary of Litoměřice and who headed the Department of Moral Theology at the local university in 1887–1917. The 2nd Austrian Catholic Congress held in 1889 started a new era in the Catholic history by setting a new course. It abandoned the conservatively oriented group of Catholic aristocrats and relied on the people's movement. Influenced by the encyclical of Leo XIII it reconsidered the idea of new society based on the corporative principle and formulated its program accepting the existing capitalist order and requiring measures aiming at its reconstruction in the spirit of Christian socialism.²²

²⁰ W. DROBESCH, *Ideologische Konzepte zur Lösung der „sozialen Frage“*, p. 1445.

²¹ A. ANZENBACHER, *Christliche Sozialethik*, p. 138.

²² W. DROBESCH, *Ideologische Konzepte zur Lösung der „sozialen Frage“*, p. 1451.

Corporatist reform course

The World War I (1914–1918) was a milestone that changed the world and caused a shift in values. Thus, it strongly influenced the way of thinking of people at that time. If applied to the Catholic social thought, this thesis does not seem to constitute a divide like that. The evolution did not stop, but the basic concepts of approach remained unchanged, and pluralism, so typical of the post-war period, manifested itself in the existence of several centers concentrating on the solution to the social problem and in a larger variety of ideas; these, however, were derived from the two main visions: the corporative one and that of social reform.

The most important element that enriched the Catholic theoretical social thought after the war was the principle of solidarism that was supposed to constitute within the above ideological plurality a sort of copingstone above all streams, integrating them and constituting their common core.²³ The idea itself was not new; even in the encyclical *Rerum novarum* it is viewed as an element of its approach to the social question in the 19th century. It was slowly developing to become one of the pillars of the social doctrine of the Church and was incorporated by the Catholics in their concept of transformation required for a model capitalist society. This was particularly due to two German Catholic philosophers, Heinrich Pesch (1854–1926) and his successor Gustav Gundlach (1892–1963). Pesch was a member of the Jesuit Order and from 1892 to 1900 worked as a spiritual of the Clerical Seminary in Mainz. It was at that time that he wrote his main work *Lehrbuch der Nationalökonomie* (Textbook of National Economy, 1905) where he suggested a concept of “social work system”. Its focus was the principle of solidarism. Pesch concentrated there on man as a centerpoint of all social relations; however, man was not viewed as an individual, but as an inseparable part of society (“man amidst society”). Gundlach, too, was a Jesuit and it was his task in the Jesuit Order to continue Pesch’s work and further develop his theses of solidarism. And he really succeeded to the extent that Pope John XXIII included his personalistic concept of solidarism in the social doctrine of the Church as its central idea.

Gundlach, who in critical opposition to Marxism theoretically developed the concepts of class and of class-based society, also largely contributed to the incorporation of another main principle into the Catholic social doctrine, namely that of subsidiarity. There is no wonder that this disciple of Sombart, employed as of 1929 as a professor of social ethics and sociology at the Jesuit Seminary in Frankfurt am Main and as of 1936 at Gregorianum of Rome, influenced with his

²³ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, p. 713.

views as a member of the Königswinter Group the content of another important social encyclical of the Catholic Church, the *Quadragesimo anno* of 1931.

Among the Catholics in Germany the opinion prevailed that the pre-war alternative of seizure of power through a corporative system was unrealistic since it was incompatible with the advanced level of society and was more suitable for agrarian countries with little industry. Therefore, the idea of destroying industrial society was abandoned and was replaced by the idea of participating in its functioning and administration. Consequently, this implied a reconstruction of the capitalist system. Still, there were also some advocates of corporatism. The idea was publicly formulated for the first time on 15 November 1918 as a reaction to the alleged failure of the capitalist system.²⁴ The demand of collaboration between employers and the organizations of employees was included in Article 165 of the Weimar Constitution. This provision stimulated a discussion about the Constitution and its further development in the spirit of corporatism.²⁵ Jesuit Constantin Noppel considered the implementation of such steps to be a way to develop democracy. Signs of corporatism can also be observed in the conclusions of the Christian Trade Union Congress held in Essen in 1920. Catholic trade unionists were discussing the corporatist idea on the pages of their theoretical press tribune *Deutsche Arbeit*. Many of them demanded a transformation of their organizational structures in conformity with the corporatist concept and called for a change in the position of trade unions in society meaning their conversion into managing bodies. The same spirit is also available in the views of Augustin Pieper, long-time secretary of the above *Volksverein*, or of Paul Jostock (1895–1965). The idea of corporatism was also shared by Franz Hitze shortly before his death, his spiritual legacy being then further developed in the spirit of corporative society by Heinrich Pesch.²⁶ Apparent features of corporatism and solidarism are available in the *Richtlinien der Deutschen Zentrumspartei* (Guidelines of the German Center Party) of 1922 according to which the new order was to be based on self-help actions, co-operatives, and associations. Corporatism was also propagated by groups to the right of the Center, including Catholics like Ferdinand Freiherr von Lüninck. Provincial counsel and later chief president in Münster, he tried in 1924 to spread the idea of corporatism among the Catholic aristocrats by presenting them his notion of society based on Vogel-sang's doctrine where there was no place for direct suffrage or for political parties.

From this ideological post-war plurality a corporatist reform movement emerged that tried to unite both points of view. Its initiators strived for a com-

²⁴ F. J. STEGMANN, *Der soziale Katholizismus und die Mittbestimmung in Deutschland*, p. 158.

²⁵ *Ibid.*, p. 159.

²⁶ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, pp. 737–738.

promise. They admitted that the existence of the modern world was reality and considered the capitalist system a mere technical and economic basis that was needed for the existence and functioning of society. On the other hand, however, the system was to be totally reconstructed and based on the principles of corporatism, its functioning being ensured by the Catholicity of players combined with the principles of solidarism and subsidiarity.²⁷

The Königswinter Group played an important role in the formation of the corporatist reform movement. It was initially an informal group of Catholic economists and sociologists named after the place of their meetings near Bonn where leading young experts, such as Theodor Brauer (1880–1942), Götz Briefs (1889–1974), Gustav Gundlach, Paul Jostock, Franz H. Müller, Oswald von Nell-Breuning,²⁸ Heinrich Rommen (1897–1967), and others talked about the new concepts of social order, analyzed the principles of solidarism and considered the chance of implementing the corporatist ideas in the new socio-economic conditions. In 1932 the group acquired a firm organizational form by its transformation into the Institut für Gesellschaft- und Wirtschaftsordnung an der Zentralstelle des Volksvereins (Institute for Social and Economic Order at the People's Association Center). Their important role did not consist in suggesting new outstanding ideas, but rather in critically developing and interconnecting what the Catholic social thought had produced and in judging how that legacy could be used for the future. The participants were not aware of the impact that their conclusions had on the encyclical *Quadragesimo anno*, how they contributed to the shifts in the process of forming the social doctrine of the Catholic Church, and especially how they co-shaped the attitude of the Catholic Church to the Great Depression in the 1930s and its suggestions concerning the ways out of it. Like the encyclical *Rerum novarum* that had formed the Catholic thought at the turn of the 19th century it was now the letter *Quadragesimo anno* that became a new certain point in the years of uncertainty. The papal document, drawing on the conclusions of the 1891 encyclical, suggested a new remedy for the diseases of capitalist society and indicated what was desirable and acceptable for the Church in relation to the social question and its solution. The Königswinter Group was in fact responsible for the victory of the corporatist reform movement.

As mentioned above, a group of leading German intellectuals more or less indirectly influenced the content of the encyclical *Quadragesimo anno*. When the papal circular letter became publicly known on 15 May 1931, they welcomed it and, having read it, they were surprised to see that it actually contained their

²⁷ A. ANZENBACHER, *Christliche Sozialethik*, pp. 143–144.

²⁸ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, pp. 727–729.

own ideas concerning the social question and its solution as had been presented at a closed forum and had not been published yet. This mystery was explained 40 years later by Oswald von Nell-Breuning,²⁹ who had attended the Königswinter meetings. As a Jesuit he was asked in 1930 by Pope Pius XI through Jesuit General Włodzimierz Ledochowski (1866–1942) to prepare the text of a social encyclical planned for the 40th anniversary of the circular letter *Rerum novarum*. The task was strictly confidential; only three officials were informed about it. Nell-Breuning carried out his task having made use of the initiatives and ideas developed at the Königswinter discussion forums; however, the circumstances under which the encyclical was prepared made it impossible for him to inform his colleagues and friends. It should be mentioned here that the talks took the form of free exchange of ideas, did not fix any final conclusions, and the theses had not been closed. The review of the first version was little critical. In the second phase, however, the text was reviewed by the Belgian Jesuit Albert Muller, professor at the Jesuit Business School in Antwerp. His idea of solving the social question was different, so that very little had remained from the initial draft. The embarrassment thus caused was overcome by a return to Nell-Breuning's version which was then in the third round supported by the Italian Jesuit Hilarius Azzolini, personnel officer in the Jesuit General's Office. After the changes made in the text the encyclical had to be translated into Latin and edited so as to acquire the typical form of Vatican documents. Corrections were made by Pope Pius XI and by the Italian Duce Benito Mussolini (1883–1945).³⁰

The above details aim at showing that the encyclical text and/or the views expressed therein reflected the opinion of a limited group of people and failed to be discussed at a broader forum; therefore, in addition to the conclusions of constant validity the encyclical contained also some questionable theses, not fully verified, that the Catholic Church afterwards preferred not to return to any more. The information concerning its beginning produces speculations about the existence of accident or coincidence due to which some concepts appeared in the text that were quite hot in the German milieu whereas they were not shared in other countries.

The social encyclical *Quadragesimo anno*³¹ issued by Pope Pius XI was of utmost importance for the Catholic community and the social doctrine of the Church. As already mentioned, it drew on the *Rerum novarum* reflecting in the

²⁹ Oswald NELL-BREUNING, *Der Königswinters Kreis und sein Anteil an „Quadragesimo Anno“*. In: Johannes Broerman – Philipp Herder-Dorneich (Hrsg.), *Soziale Verantwortung. Festschrift für Goetz Briefs zum 80. Geburtstag*. Berlin 1968, pp. 571–585.

³⁰ H. J. WALLRAFF, *Quadragesimo Anno*. In: *Katholisches Soziallexikon*, pp. 2 03–2 311.

³¹ For English text see http://www.vatican.va/holy_father/pius_xi/encyclicals/documents/hf_p-xi_enc_19310515_quadragesimo-anno_en.html – downloaded on 18. 9. 2011.

first part its impact on the evolution of Catholic efforts since then. Like the circular letter by Leo XIII, it showed a critical attitude to both capitalism and socialism. Its new and specific features consisted in the theses of a new economic and social order based on the principles of modernized Estates. The ideas that came to the fore were those of solidarism and subsidiarity,³² protection of private property, voluntary association, and independent work of corporate groups under the conditions of a weakening role of the state. The core of the concept, the goal that everything is aiming at is a responsible individual, the whole system being subordinated to him so that he can develop his talent and activities and improve his humanness. Simultaneously, however, he is viewed as a social being that may exist as an individual, but as a matter of principle he must develop collaboration with other members of the community. The encyclical pays much attention to the question of public welfare.³³ As to the concept of state and society, class and class struggle, corporation, corporatism, corporatist order and solidarism, Nell-Breuning's theses correspond to Gundlach's ideas while in the matters related to the economic order the encyclical was inspired by the discussions on the Königswinter platform. On the other hand, however, the encyclical fails to present any scientific analysis of the capitalist system. It is open, does not go beyond the general level and fails to give well-thought out instructions; instead, stimuli, comments, and suggestions prevail.

Most interesting, and also most controversial were and still are those parts of the encyclical where the organization of society based on corporate statism is discussed.³⁴ We have shown in the preceding chapters that it was nothing new under the Catholic sky because the ideas of corporatism had been discussed in the Catholic world for many years. Their renaissance was due to the alleged failure of the system during the Great Depression. The attitude to such ideas was different even among the Catholics themselves, both in ecclesiastical and non-ecclesiastical circles.

1) The initial problem consisted in the fact that it was a new idea, little developed and untested, which raised the question of functionality of the corporative order. What mattered was not only the technical aspect of the rather complex inner structure of the economic mechanism, including the interconnection of individual segments, additionally complicated by the existence of different concepts and their variations; the main problem consisted in the pattern of man's

³² Manfred HÖTTICH, *Wirtschaftsordnung und katholische Soziallehre. Die subsidiäre und berufsständische Gliederung der Wirtschaft in ihrem Verhältnis zu den wirtschaftlichen Lenkungssystemen*. Stuttgart 1957, pp. 36–44.

³³ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, pp. 740–741.

³⁴ For literature on this topic see, e.g., M. HÖTTICH, *Wirtschaftsordnung und katholische Soziallehre*.

thinking and behaving that was supposed to be based on the spiritual ideals of Catholicism. Due to his nature, however, man is never ideal and the good is always mixed with the sin in him. In 1932, the Königswinter Group organized in Essen and then the Verein für das katholische Deutschland (Association for the Catholic Germany) in Mönchengladbach a meeting of experts aimed at clarifying the problems related to the practical implementation of corporative order.³⁵ The seizure of power in Germany by Adolf Hitler interrupted these endeavors.

2) The problem after the war consisted in the fact that due to a terminological chaos (“terminologisches Verhängnis”, Franz Steinbach, 1949)³⁶ the Catholic concept of corporative order as developed by the Königswinter Group was identified with the political and economic models or with some of their features that had existed in Mussolini’s Italy, Hitler’s Germany, and Dollfuss’s Austria (1934–1938). It was particularly Austria that was considered an experimental example of the fully established corporative order; the Chancellor expressly referred to the encyclical *Quadragesimo anno*.³⁷ Owing to that misinterpretation the concept of corporative social order appeared so much discredited that even the Catholic Church was silent about it after the war, dissociated itself from that concept and put it aside into archives. The authors of the encyclical, namely von Nell-Breuning (author of the text) and Grundlach (spiritual author), pointed to the misinterpretation of the corporative model. The first-named declared that in fascist regimes the corporatist principle was turned upside down.³⁸ And the text of the encyclical itself refers to a misuse of the corporative ideas by the fascists and contains also some criticism of the syndicalist and corporatist state.

2.

The other part of the study provides a brief and general reflection of the situation existing in the Bohemian milieu. Viewing the Bohemian Christian social movement in a broader Central European context we have to say that as to the responses to the social question or as to the concepts of the form of (welfare) state no exceptional or specific features are available here that would deserve

³⁵ Joseph van der VELDEN (Hrsg.), *Wirtschafts- und Sozial-Politik in der berufsständigen Ordnung. Erste Soziale Woche des Volksvereins für das katholische Deutschland*. Köln 1933, p. 200; F. J. STEGMANN, *Der soziale Katholizismus und die Mittbestimmung in Deutschland*, p. 171–174.

³⁶ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, p. 742.

³⁷ J. LENZENWEGER – P. STOCKMEIER – K. AMON – R. ZINHOBLER (Hrsg.), *Geschichte der Katholischen Kirche*, pp. 432–434.

³⁸ H. GREBING (Hrsg.), *Geschichte der sozialen Ideen in Deutschland*, p. 744.

special attention owing to their uniqueness or unrepeatability. Perhaps an outstanding exception in this respect is Bernard Bolzano (1781–1848)³⁹ with his social utopianism (On the Best State) who, however, failed to influence in any way everyday life.⁴⁰ Bohemian Catholicism was developing under the strong influence of German milieu and most of the typical features or trends appear here with some delay compared to Western Europe; the delay is estimated at 10 to 20 years. This applies both to the emergence of organizational structures (such as political parties or trade unions) and to the theoretical field where the Christian socialist authors were strongly dependent on foreign models. By saying this we are far from trying to devaluate the Bohemian milieu; the above statement refers rather to the fact that the Bohemian Christian socialists were docile and hard-working disciples seeking something new and useful and making use of it.

Until the 1890s it was the paternalist approach to the social question in the ultramontane spirit that dominated in the Bohemian milieu. Vogelsang's group included also some socially oriented aristocrats coming from or living in the Bohemian Lands, such as Leo Graf Thun or Egbert Graf Belcredi; however, the list of socially oriented Catholic members of aristocracy is much longer. Although the response to Vogelsang's ideas in the Bohemian milieu is still a topic waiting for researchers to study it we can hypothetically admit that his idea of "organic corporative order" in general failed to produce an echo in the sense of directly propagating a change of the system. We can rather identify partial elements in the form of organizations based on the corporatist (purely professional) principle. The efforts of charitable nature proved to be more successful, which can be demonstrated on the example of Vincentian movement or that of Catholic journeymen. The self-help and cooperative idea met with a very positive response. Evidence is available of efforts to influence the state's social legislation by means of petitions and "public inquiries" submitted to Catholic MPs. The corporatist idea influenced, at least until 1907, the attitude of the Catholic elite to the electoral law; most of the conservative-oriented groups strongly opposed the idea of general suffrage although – as proved by the reality of political life prior to the World War I – they could profit from it.

While in Bohemia in the pre-March period the leading figure among the organizers of Catholic life was Václav Svatopluk Štulc (1814–1887),⁴¹ who later

³⁹ Irena SEIDLEROVÁ, *Sociální a politické názory Bernarda Bolzana* [Bernard Bolzano's Social and Political Ideas]. Praha 1963; Jaromír LOUŽIL, *Bernard Bolzano, Studie s ukázkami z díla* [Bernard Bolzano, Studies and Examples of Work]. Praha 1978.

⁴⁰ W. DROBESCH, *Ideologické koncepty zur Lösung der „sozialen Frage“*, p. 1426.

⁴¹ Michal PEHR et al., *Cestami křesťanské politiky. Biografický slovník k dějinám křesťanských stran v českých zemích* [Ways of Christian Politics. Biographical Dictionary of the History of Christian Parties in the Bohemian Lands]. Akropolis a EAD, Praha 2007, pp. 269–270.

became a canon and was active in many areas, including the social sector, in the 1870s it was Matěj Procházka (1811–1889),⁴² a religion teacher who aroused interest among wider public, namely clergy, theologians and intelligentsia, in the social question and whose name did not fall into oblivion due to the fact that he was also T. G. Masaryk's teacher. A less known fact in connection with him is that in 1872 and 1873 he published in *Časopis katolického duchovenstva* the very first solid analysis of the “workers’ question” including ways to its solution by means of charity, self-help, and state social legislation. His study, printed in the 1890s at the own expense by Emil Dlouhý-Pokorný (1867–1936), a chaplain of Prague and an outstanding and important person of the early Czech political Catholicism,⁴³ served as inspiration for the contemporaries. A textbook of the Bohemian Christian Socials in the 1880s was the book “*The Clergy and the Social Question*” written by Josef Scheicher (1842–1924), professor at the School of Theology of St. Pölten, which was translated into Czech and published in 1884 by the first important organizer of the Christian socialist movement in the Bohemian Lands, Placid Jan Mathon (1841–1924),⁴⁴ a Benedictine monk of Brno. His ideas were further developed in Brno and later in Prague by the worker Tomáš Josef Jiroušek (1858–1940),⁴⁵ a convert and former social democrat, whose organizing work constitutes a bridge to social realism.

The modernized idea of corporative order, whose concept was developed in the “Königswinter Group” by O. von Nell-Breuning and which was reflected in the encyclical *Quadragesimo anno* early in the 1930s, met with a relatively strong response in the Czech milieu in the interwar period, as evidenced by the programmatic documents⁴⁶ of the Czechoslovak People's Party in Bohemia.⁴⁷ Strong corporatist efforts can already be identified in 1920 (establishment of corporate chambers, economic parliament, emergence of professional corporations) in the comments on the Party program published by Bohumil Stašek (1886–1948)⁴⁸

⁴² Jiří HANUŠ, *Matěj Procházka und die christliche Lösung der sozialen Frage*. In: Sozial-reformatorisches Denken in den böhmischen Ländern 1848–1914. München 2010, pp. 95–108.

⁴³ Pavel MAREK, *Emil Dlouhý-Pokorný v křesťansko-sociální straně* [E. D.-P. in the Christian Social Party]. In: *Osobnost v politické straně*. Olomouc 2000, pp. 52–74.

⁴⁴ M. PEHR et al., *Cestami křesťanské politiky*, pp. 163–164.

⁴⁵ *Ibid.*, pp. 115–116.

⁴⁶ See. Pavel MAREK, *Politické programy českého katolického catholicismu 1894–1938* [Political Programs of Bohemian Political Catholicism 1894–1938]. Praha 2011.

⁴⁷ See Miloš TRAPL, *Politika českého katolicismu na Moravě 1918–1938* [Policy of Bohemian Catholicism in Moravia 1918–1938]. Praha 1968; Same, *Politický katolicismus a Československá strana lidová v Československu v letech 1918–1938* [Political Catholicism and the Czechoslovak People's Party in Czechoslovakia 1918–1938]. Praha 1990; Same, *Political Catholicism and the Czechoslovak People's Party in Czechoslovakia, 1918–1938*. Boulder – New York 1995.

⁴⁸ Jaroslav ŠEBEK, *Jan Šrámek a Bohumil Stašek. Příklady souladu i disonance české a moravské katolické politiky po roce 1918* [Jan Šrámek and Bohumil Stašek. Examples of consonance and

in his work *Restoration of human society*. Still, it reveals a strong echo of the cooperative idea and/or of Vogelsang's motto of deproletarianization of the proletariat. The author stresses the idea of worker's conversion into co-entrepreneur by means of sharing the company's assets. It was believed that the worker's question could be quickly solved by creating joint-stock companies. In spite of some terminological difficulties it exhibits some features of the outdated concept of cooperative/ corporative system based on solidarism. This concept partly merges with that of Christian socialism and Christian democracy.⁴⁹

In 1932 Stašek adopted the principles of corporative order as explained in the encyclical *Quadragesimo anno* and incorporated them in his work *Křesťanský solidarismus cestou ze světového chaosu*⁵⁰ (Christian solidarism as a way out of the global chaos) that was published by the Party Secretariat. He repeats there the role of the principles of solidarism and adds those of subsidiarity. In the spirit of encyclical personalism he stresses the need to concentrate all efforts on the welfare of man. Simultaneously, however, he refers to (and quotes parts of) the programmatic comments *Restoration of human society* and repeats the thesis of deproletarianization of the proletariat. While the German Catholic economists and theologians of the Königswinter Group saw the advantage of their model of corporative social order in a free and voluntary collaboration of professional groupings based on the principles of democracy where the state plays the weak role of correcting and supervising body, in Stašek's concept the role of the state consists in regulating all activities toward one common goal. Stašek assigned a powerful role to the state in his corporative system believing that the world follows the way to state socialism where the state is an almighty body endowed with absolute power. The author believes that the form of government is not important; it does not matter whether the regime is aristocratic or monarchist, dictatorial or democratic. What matters is whether the government is fair or unfair and whether it follows or does not follow the way to public welfare and benefit. Nevertheless, Stašek sees an optimal solution in the democratic republic.⁵¹

dissonance of Catholic policy in Bohemia and Moravia after 1918], *Střed/Center* 2, 2010, pp. 9–22; Stanislav VEJVAR, *Monsignore Bohumil Stašek – vůdčí osobnost protišrámkovské opozice v ČSL* [Monsignore Bohumil Stašek – a Leading Personality of the Anti-Šrámek Opposition in CSL]. In: Pavel Marek (pub.), Jan Šrámek. Kněz – státník – politik. Olomouc 2004, pp. 157–173; Jan KOTOUS – Michal PEHR (eds.), *Bohumil Stašek (1886–1948). Život a doba* [The Life and Time]. Příspěvky z vědeckého semináře k 60. výročí úmrtí Msgre. Bohumila Staška, probošta vyšehradské kapituly. Vyšehrad 29 October 2008. Kostelní Vydří 2009.

⁴⁹ Bohumil STAŠEK (ed.), *Obnova lidské společnosti* [Restoration of human society]. Praha 1920.

⁵⁰ Bohumil STAŠEK, *Křesťanský solidarismus – cestou ze světového chaosu* [Christian Solidarism – the Way out of Global Chaos]. Praha 1932, pp. 40–137.

⁵¹ *Ibid.*, p. 57.

Until 1934 the corporatist social principles were supported by individual members of the Catholic camp. The Party and its leadership headed by Šrámek, leaning on the Moravian provincial organization, stressed as the main guideline for solving the economic problems the application of the principles of solidarism and self-help and the conservation of democratic foundations in the Czechoslovak Republic.⁵² Starting from the 8th and 9th Party congresses in Bohemia held in 1934 and 1937, respectively, they became the official policy of this organization. The 1934 Congress resolution reads: “*Being convinced that the current economic depression is – apart from the moral causes – due to the disruption of the economic liberal order and to the impotence and incompetence of economic socialism, the Congress cannot but urgently recommend to the responsible officials of the country and to the whole nation to trust and seek ways to a new Christian social order based on the principles suggested by the great encyclical of Saint Father Pius XI Quadragesimo anno.*”⁵³ The Party Congress held in 1937 officially included in the Party Program the idea of corporative state in the spirit of Quadragesimo anno.⁵⁴

As far as the solution to the social question and the concept of welfare state in the spirit of realistic reform movement are concerned, this idea down firm roots in the Czech milieu as early as the 1890s. Positive attitude to it was taken both by the right wing of Christian Socials⁵⁵ represented by Rudolf Horský (1852–1926)⁵⁶ and Rudolf Vrba (1860–1939),⁵⁷ and by the left fraction headed

⁵² See the speech of Jan Šrámek at the Provincial Congress of the Czechoslovak People's Party in Brno on 29 April 1933. In: *Dr. Jan Šrámek ve svých projevech 1918–1938* [Dr. Jan Šrámek and his Speeches 1918–1938]. Brno 1946, pp. 100–104.

⁵³ *Lidové listy* 13, 1934, No. 264, 18. 11. 1934, pp. 1–2.

⁵⁴ See Bohumil STAŠEK (ed.), *Československá strana lidová ve své práci a úkolech* [The Czechoslovak People's Party, its Work and Tasks]. *Lidová čítanka* [Popular reading book]. Praha 1937, pp. 32–37, 111–116, 117–118, 231–238; Same, *Co chceme?* [What do we want?] *O politice, cílech a úkolech Československé strany lidové v přítomné době* [On the Policy, Goals and Tasks of the Czechoslovak People's Party at the Present Time]. Praha 1937; Same, *Nový hospodářský řád křesťanský* [New Economic Christian Order]. Praha 1937.

⁵⁵ Jiří MALÍŘ, *Od spolků k moderním politickým stranám. Vývoj politických stran na Moravě v letech 1848–1914* [From Associations to Modern Political Parties. The Development of Political Parties in Moravia in the Period 1848–1914]. Brno 1996, pp. 161–172, 254–258; Pavel MAREK, *Český katolicismus 1890–1914. Kapitoly z dějin českého katolického tábora na přelomu 19. a 20. století* [Bohemian Catholicism 1890–1914. Chapters from the History of the Czech Catholic Movement at the Turn of the 19th Century]. Olomouc 2003; Petr FIALA – Jiří FORAL – Karel KONEČNÝ – Pavel MAREK – Michal PEHR – Miloš TRAPL, *Český politický katolicismus 1848–2005* [Bohemian Political Catholicism 1848–2005]. Brno 2008.

⁵⁶ Pavel MAREK, *In den Intentionen der Enzyklika Rerum novarum: der Beitrag Rudolf Horskýs zur Lösung der sozialen Frage*. In: Lukáš Fasora – Jiří Hanuš – Jiří Malíř (Hrsg.), *Sozial-reformatorisches Denken in den böhmischen Ländern 1848–1914. Akteure, Ideen, Realität*. München 2009, pp. 67–94.

⁵⁷ M. PEHR et al., *Cestami křesťanské politiky*, p. 294.

by Jan Šrámek (1870–1956),⁵⁸ Václav Myslivec (1875–1934),⁵⁹ Emil Dlouhý-Pokorný,⁶⁰ and others. All of them had been better informed either through personal contact, relevant literature, or through the situation and approaches in the more advanced West European milieu. Implementation of the encyclical *Rerum novarum* exhibiting traces of social realism (but not negating the ideas of corporatism) became the goal and purpose of life of these founding representatives of Czech political Catholicism. They stood at the cradle of Christian social parties and trade unions and raised the social question to a modern level by considering it to be a problem of social justice, equality, and human rights. We believe that the approaches of the realistic reform movement prevail in and are typical of the Czech Christian social milieu.

⁵⁸ Miloš TRAPL, *Monsignore Jan Šrámek*. Olomouc 1995; Pavel MAREK et al., *Jan Šrámek a jeho doba* [Jan Šrámek and his era]. Brno 2011.

⁵⁹ Pavel MAREK, *Václav Myslivec, A Man Between Christian Socialism, Christian Democracy, and Catholic Conservatism: An Outline of a Political Biography*. *Kosmas* 24, 2011, No. 2, pp. 18–44.

⁶⁰ Pavel MAREK, *Emil Dlouhý-Pokorný. Život a působení katolického modernisty, politika a žurnalisty* [E. D.-P. The Life and Work of a Catholic Modernist, Politician and Journalist]. Brno 2007.

The Catholic Social Doctrine and Its Application in Bohemia from 1848 to 1938

When examining the real reflection of the Catholic social doctrine in Czech society during the 19th and the first half of the 20th century we actually consider the Christian morals applied in the milieu of the Bohemian Lands during a certain historical period with all the available human and social potentials and limitations. The Catholic social doctrine was not intended for university theaters; it was developed exclusively as a product of the Church's interest in man in his real world. It does not constitute a system of constant dogmas, but rather a sort of confrontation or harmonization of the real needs in the actual world and of the moral principles of the Church. Therefore, the fundamental social doctrine documents, such as papal encyclicals, are not of dogmatic nature. Of constant validity is always the insistence on the Gospel moral values that are to be impressed in the world for the actual and eternal welfare of mankind. Nevertheless, the tools and the situation of applying social doctrine do change in time.

Although the social doctrine is of non-dogmatic nature it is governed by the moral principles of the Gospel that are of general validity for all people and all times. The above doctrine concerning Christian society deals rather with important problems of the existing world instead of discussing spiritual matters. The social doctrine principles were advocated in the past by established political bodies, such as until 1948 by the Czechoslovak People's Party which, however, after its restoration in 1945 ceased to be a purely Catholic political party a offered space also to a wider electorate and membership other than Catholic, and even atheist. In modern times, the social doctrine of the Church is not bound by any particular political movement or party. Although the political stream of Christian democracy advocating and propagating more or less strongly the principles of the social doctrine of the Church is still respected in Europe the Christian social doctrine goes beyond the horizon of political streams and parties, ideology- and time-limited, and irrespective of the age advocates the moral freedom and dignity of man emanating from God. Moreover, during the 19th and in the early 20th century the social doctrine was more or less connected with political institutions, particularly with Catholic political organizations and later parties. It did not only focus on the protection of lower social classes against their oppression under the conditions of unrestrained capitalism, but also on the protection of working classes against the Marxist godless propaganda, and it was

aimed at uplifting man spiritually and materially: spiritually by stressing his mission for eternity (the immortal soul is intended for redemption), materially by creating respectable conditions for human existence.

In the course of the 19th century Catholic scholars and officials in the social area were dealing with questions related to the hot social problems of the time (rising rate of unemployment due to the excessive growth of urban population, revolutionary trends spreading among the disoriented masses of people, etc.). In 1891 the social doctrine of the Catholic Church was officially born, its founding document being the encyclical *Rerum novarum* issued by Pope Leo XIII. The circular letter was inspired by the papal need to react to the unsatisfactory situation of the working class and called upon the responsible authorities, politicians and employers to improve the situation. Due to the call for social justice some members of the liberal big business class protested against the papal encyclical and called its author Marxist Pope.

Already prior to this encyclical a Christian social movement inspired by foreign, mostly German models had developed in this country. One of the patriarchs of the Christian social movement in Bohemia was Václav Svatopluk Štulc (1814–1887), important Catholic priest, Maecenas, church constructor, and propagator of social solidarity. He dealt with the social question from the ecclesiastical point of view and actively examined the situation of working people trying to help them in the spiritual, cultural, and economic way. Christian principles were mostly radiated through Catholic newspapers and other printed material, and later through various self-help projects intended to reduce the social burden of the population. Catholic press warned of liberalism believed to be largely responsible for the social misery, and of socialism; it also published methodological news for farmers, ads of job vacancies, and also technical information for craftsmen. Priests and laymen organized different courses for craftsmen ranging from spiritual topics to professional lectures for participants depending on their secular profession. Štulc's model was the Czech physician and teacher Karel Slavoj Amerling whose school 'Budeč' founded in 1842 aimed at diffusing education among the broadest strata of population, including employed workers attending Amerling's courses in their free time.

Prior to the first social encyclical issued by Pope Leo XIII the Catholic Church and its social institutions, such as orders and charity or support associations, were concerned with improving the situation of the lowest and the most vulnerable classes. This activity had some limits as to the time, area, and resources. Many aid projects were joined by Catholic nobility. The Church called for social solidarity because of supernatural reasons. Should the responsible and religion-respecting institution fail to sufficiently protect the workers masses of these people might abandon the Catholic faith and turn to socialism and communism,

which in turn became a modern sort of political religion with their own structures, rules, and dogmas. In the struggle for workers' favor it was important to deliver man's soul from the modern heresy leading the people astray.

The year 1848 opened the flood-gate to revolutionary action for Czech radicals; on the other hand, the unrestrained conditions made it possible for the Czech national awakener Václav Svatopluk Štulc to bring Czech Catholic journalism into being. In 1849 he established the first Catholic political weekly *Občan*. In 1847 – 1860 he founded and edited the Christian national magazine *Blahověst*. His revivalist activity was similar to the famous contemporary work done by the Moravian priests Sušil and Procházka. Another product of his journalistic efforts was the Catholic political newspaper *Pozor* appearing in 1861–1863 after the restoration of constitutional conditions in Austria. The government disliked its critical tone and the newspaper was prohibited. In spring 1863 Štulc was sent to prison for two months for not having disclosed the name of the author of a critical editorial (Imperial Deputy J. Bílý). He spent the time at St. George's in Hradčany District. Worth mentioning is the legendary Catholic weekly *Čech* at whose cradle Štulc stood and which was appearing with some interruptions from 1869 to 1935. Štulc's journalistic work was admired by other revivalists and in his editor's office he was often visited by the historians Palacký and V. V. Tomek or by the writer Antal Stašek.

Štulc was sympathetic towards social reforms. Nevertheless, he strictly rejected any revolutionary violent methods to achieve their goals. As a publisher and editor of *Blahověst*, a voice of the Catholic Union (a predecessor of a political party) in Prague¹ pater Štulc strongly warned in 1849 against the traps of revolution: *“We hate despotism as strongly as the atrocity of selfish revolutionary experiments. We hate both of them because they destroy the fruits of many noble efforts, because the despots and the selfish revolutionaries trample on the law of our Lord and enjoying their dreams and pet ideas (...) they would convert people into a herd of stupid cattle and of their obedient instruments”*.²

As a social thinker he also dissociated himself from the liberals and their requirement of autonomous individual political freedom: *“By requiring freedom for truth and law we require the freedom that our rite requires from us and not debauchery and libertinism that are disguised with the coat of freedom sometimes by raving enthusiasts, sometimes by criminals. We require freedom that does not hurt innocence, kill truth, suppress justice or make the virtue weep; we want free-*

¹ The Catholic and political unions were political associations for Catholics. Their activity was later closely linked to the Old Czech Party. The unions were in fact predecessors of the confessional Catholic parties emerging as of the 1890s.

² *Blahověst. Hlas katolické jednoty v Praze* [Blahovest. A Tribune of the Catholic Unity in Prague]. Published by V. S. ŠTULC. Praha 1852, 1. 1. 1852, Vol. 6, No. 1, p. 2.

*dom for the welfare and improvement of mankind, for the glory of God. (...) We want the peace of beneficial and beneficent life and not of deadly grave; we want an order of law and freedom and not of violence and license; we want an overall development, a real progress in science and life, but always following Christ and with Him, never without Him!*³ Revolution cannot provide true freedom because its concept of freedom abandons the authority of God, because it is separated from Christ and His Church, and thus from the sources of eternal redemption and quick blessedness.⁴

The initial Catholic social movement strongly opposed revolution. Štulc consequently distinguished between patriotism as a service to the nation and the manifestations of political radicalism and contemporary opportunism using the masses of people for political struggle. Flagrant evidence of Štulc's conservatism is his advocacy of the views of the blessed Pope Pius IX who due to his actions and positions (such as the encyclical *Quanta Cura* of 1864 with the famous supplement, the *Syllabus of Heresies*) ranks among the most important advocates of the traditional religious and social order in Europe; in compliance with the transferred doctrine of the Church and based on his hard personal experience he became one of the major opponents to modern revolution like the then Catholic social thinkers and politicians, such as Joseph Görres in Germany or Gabriel Garcia Moreno in Ecuador.⁵

Even after the suppression of revolution in the Habsburg Monarchy in 1849 the social and political meeting activities did not fully cease. During the period of what is known as Bach Absolutism the Catholics continued meeting – although less frequently – at conferences and congresses. A Catholic congress was held in Brno in 1851 and chaired by the conservative priest and revivalist P. Fran-

³ Ibid.

⁴ Ibid., pp. 2–3: “*The Catholic Church has been created by God to act, being enriched with Light and Sovereignty, as a teacher of truth, herald of peace to the people of good will, mother of true education, promoter of noble mind, virtue and freedom of God’s sons, protector of justice, granter of grace, helper in life, in redemption. He who is a faithful son of the Church must necessarily take part in the efforts and work of his Mother. (...) The Church is not a fortress of darkness or serfdom; on the contrary, it is a castle of light, grower of virtue and strength, a true Mother of nations.*”

⁵ V. S. ŠTULC, *Svatý Otec Pius IX* [Holy Father Pius IX]. In: V. S. Štulc (ed.), *Blahověst. Hlas katolické jednoty v Praze*. Praha 1847, Vol. I., No. 6, pp. 45–47. Štulc opposes the Italian anti-pope revolutionaries, accuses them of wishing to undermine the foundations of the Church in Italy, and welcomes the new conservative and antirevolutionary Pope Pius IX. See also V. S. ŠTULC, *Pius IX., svatý otec a nejvyšší biskup katolického křesťanstva* [Pius IX, Holy Father and Supreme Bishop of Catholic Christendom]. Praha 1869. Unsigned, *Letter of the Catholic Unity in Prague to Holy Father Pope Pius IX*. In: *Blahověst. Hlas katolické jednoty v Praze*. Praha 1849, Vol. III., 20. 5. 1849, No. 25, p. 199. The article expresses support for Pope Pius IX, who was forced by the 1849 revolution to leave Rome and stay out of his territory.

tišek Sušil, and a similar meeting was held in Prague in 1860. Catholic associations provided conditions for the concentration of socially oriented activities. Although these organizations were loyal to the Throne and Church, they, too, were subject to police supervision. The state authorities wanted to know if Bolzano's liberal ideas believed to have been one of the inspiration sources of the revolution did not find breeding-ground among the Catholics. The focus of social action was moving from political to religious associations. An example of this is the German Catholic association Severinusverein.

The policy of Czech Catholics was first formed in Catholic associations and after 1960 in the restored Catholic political unions. Much stress was laid by Štulc on religious associations that were assigned the central role in reuniting the nation with the Church, and on the Catholic political unions protecting the general social values derived from Christendom. Inspiration for founding Catholic unions was sought by Štulc in German states where in many places (Munich, Mainz, Münster, Breslau, etc.) Catholics responded to the spreading revolutionary ideas by organizing their own political associations. These institutions did not constitute a danger to the state; on the contrary, they were expected to prevent revolutionary trends in society through their educational and public work.⁶

Social solidarism was not of declaratory nature in Štulc's views. He personally participated in many support actions connected with his pastoral service. His charitable activities were quite famous. His total donations for charitable causes exceeded 100,000 florins. He supported poor priests with 4,000 florins, made a donation of 3,000 florins to the Boys' Seminary of Příbram, and 7,000 florins to the association supporting Czech writers Svatobor. In the preparatory period under consideration individual activities such as Štulc's prevailed over those of mass organizations.

With the papal encyclical *Rerum novarum* of 1891 the social doctrine acquired its sanction in the top ecclesiastical authority represented by the head of the Catholic Church in Rome. In this circular letter devoted to the workers' question the Pope draws attention to the material and spiritual misery of workers and calls upon the Catholics to show social solidarity, underlines the dignity of workers, and demands sufficient protection for them. He also advocates their

⁶ V. S. ŠTULC, *Několik slov o katolických jednotách* [Some Words on the Catholic Unions]. In: Blahověst. Hlas katolické jednoty v Praze. Praha 1852, Vol. VI, 25. 3. 1852, No. 13, pp. 145–147. P. 145 – Štulc further condemns the revolutionary ideas: “*The blasphemous slogan of Voltaire which caused so much unimaginable misery in the world during the great French revolution ‘Ecrasez l’infame! – Strangle the infamous monster – the Church pleasing to God – this slogan can be heard again these days. Heresy can be heard from the pulpit, atheist philosophies at universities, from theater stages; it appears in shameful modern novels, in various small poisonous pamphlets, we can hear it everywhere in the air soaked with the poisonous fume of destructive unfaith.*” He also stresses the importance of Catholic associations working for the Church.

right to relax and to celebrate holidays.⁷ The Pope encourages the employers to respect the dignity of their staff, to pay them fair wages and to view them in the Gospel light as God's children. The role of the Church and religion in solving the social problems was of utmost importance, as only the objective religious morality derived from Christ's doctrine can guarantee the correct and moral functioning of society, true social justice. According to the Christian morality denying the worker his due wage is qualified as a rank sin, blasphemy, and a breach of His law; i.e., not only as a breach of secular legislation.

According to the ecclesiastical social doctrine socialism in fact fails to solve the workers' problems as it wants to replace one injustice (exploitation) by another injustice (depriving the owners of their private property).⁸ The hard social problems cannot be solved by nationalizing the family life, land and other property, particularly the means of production as such action means a breach of the property right, which is granted to man by Nature. By denying the right to private property socialism contradicts true justice.

Before the first social encyclical some members of the Catholic camp in the Bohemian Lands actively endeavored to improve the living conditions of workers. Actually, this was the most important impetus to organizing the Christian social movement in this country. However, the ultimate goal was not supposed to be achieved by revolting against the existing order, but through education and also through material solidarity of the rich with the poor like it was the case of nobility foundations and social works. Different forms were applied, such as self-help enterprises, institutes, cooperatives and libraries, and later also savings banks, printing-houses, and other associations providing their members with employment or another form of support. One of the important organizers of the Christian social movement establishing social support associations was the worker and journalist Tomáš Josef Jiroušek who continued the social and awakening work done by the Vyšehrad Provost Štulc. Of the other important personalities supporting the Catholic social doctrine in the period prior to the first social encyclical should be particularly mentioned here the Benedictine of Rajhrad P. Placidus Mathon who worked as a journalist among both Czech and German workers.

Last but not least to be mentioned among the representatives of Czech Catholic social movement is ThDr. Rudolf Horský. At the II Congress of Czechoslovak Catholics held in Prague in 1898 he declared fully in line with the encyclical *Rerum novarum* that it was dishonest to exploit people for one's own profit and

⁷ *Rerum novarum. Encyclical of Pope Leo XIII on the workers' question of 15 May 1891.* In: Sociální encykliky (1891–1991). Praha 1996, pp. 43–48.

⁸ *Ibid.*, pp. 27–32.

to value them as much as they were strong enough to work. He called the situation new paganism lacking the true Christian love for fellow-men. The meeting was not meant as a strictly working class event; the Congress was also attended by important Czech aristocrats and Catholic entrepreneurs who following the principles of Christian solidarity had to apply them in their companies.

A concrete product of the social doctrine of the Catholic Church in that period of time was the Association of St. Vincent of Paula. The leader of that charitable support organization, František Cyril Vlk, reviewed at the 1898 Catholic Congress in Prague the results of the Association's work in compliance with the Papal social encyclical. Vlk summarized the results of their own voluntary work for the year 1897: the Association held 54 conferences, had 618 active members, and made donations for poor, ill and old people amounting to 31,282 florins. During the previous 10 years it provided material support to 16,222 poor people and distributed among them 141,274 florins.⁹ This social work was based on the principle of voluntary contributions. Votive masses were celebrated for the donors' soul.

The Vincentian charity system produced a limited effect only as the modern era brought about a considerable growth of population and a much greater material burden for the people that could not be set off by charity actions based on voluntary contributions. In spite of that the Vincentians were building good-quality social institutions that enjoyed great renown for a long time in modern history, such as the Institute for Mentally and Physically Handicapped People in Smečno, homes for seniors, and other facilities. Important tools of practical social doctrine in responding to the papal appeals were self-help production and/or consumption cooperatives, as well as later the Catholic savings associations.

In Pope Leo XIII's opinion, the true Christian state should be committed to caring for society and should not be a mere liberal "night watchman" watching the observance of laws, but rather an active protector of the rights of the weak and poor. As it exhibits hegemony in determining the rights and duties it also takes on the material responsibility for those in need. In addition to the state various self-help organizations must care for the welfare and rights of working people following the example of fraternities and orders in the Christian Middle Ages. This role should be actually performed by trade unions led in the Christian spirit.

Parallel to the civic and workers' stream and to the group of socially active priests also representatives of the Czech Catholic aristocracy were dealing with

⁹ Speech delivered by JUC. František Cyril Vlk on 23. 8. 1898 at the Catholic Congress in Prague. In: *Zpráva o II. sjezdu katolíků československých, konaném v Praze od 22. do 25. srpna 1898*. Praha 1898, p. 136.

social matters. Their leading person was Count Loewenstein with his work 'Borské teze' of 1883 anticipating the future social doctrine, and there were also other nobles, such as the patriotic Czech aristocrat and Maecenas Count Jan Harrach, the agricultural revivalist Prince Karel Schwarzenberg, or Count Vojtěch Schönborn.

At the first stage of Christian social doctrine the Church dissociated itself from the modern era movement of Marxist socialism and of the capitalist liberalism as well. The foundation period of Leo XIII was followed by the interwar period with Pope Pius XI as the leading personality with his social encyclical *Quadragesimo anno* of 1931, which is a natural continuation of the previous circular letter by Pope Leo XIII recapitulating its fundamental theses and developing them according to the actual situation. The important principle of subsidiarity is defined there. It critically rejects liberalism for its extreme individualism and institutionalized egoism,¹⁰ and also communism and socialism for being an opposite collectivist extreme.¹¹ The encyclical also suggest to eliminate the class struggle by organizing the political and economic life on a corporate basis with the social development no more based on the struggle of political parties and autonomous human ideologies, but with a human community constituted by natural social units and institutions the goal of which is mutual interaction and cooperation, not ideological tension or class struggle. It specifically states that these units – corporations – are social bodies covering individual human activities and professions. These should communicate with each other on the basis of solidarity in a common, democratically elected assembly of deputies. Their election from below is in opposition to the dictatorial corporatist regimes arbitrarily determining the composition of such assemblies.

In our national milieu between the two world wars this system was reflected in the program of the conservative fraction of the Czechoslovak People's Party (ČSL), the official party of Czechoslovak Catholics. Its Bohemia's provincial Chairman, Canon Stašek, incorporated the principles of the Papal encyclical *Quadragesimo anno* in its program, using for the building of a new social order compliant with the ecclesiastical social doctrine the term 'Christian solidarity', which was a nominal form of the corporate system. Stašek raised the concept of Christian solidarity that was in fact supposed to apoliticize and deideologize social life in the state as opposed to the system of liberal capitalism and to that of collectivist socialism and communism. At that time, it was a very ambitious

¹⁰ *Quadragesimo anno. Encyclical of Pope Pius IX on constitution of society, restoration of social order and its improvement in accordance with the Gospel principles issued on the occasion of 40th anniversary of the encyclical Rerum novarum of 15 May 1931.* In: Sociální encykliky (1891–1991). pp. 94–96.

¹¹ *Ibid.*, pp. 97–102.

project which, however, could hardly be fully carried out. His ambition was to bring the whole nation back to the Catholic Church. The plan of Christianization was an automatic goal of the supporters of Christian solidarity as both the political, economic and social activity in the Catholic movement always follows a transcendental religious goal which is given preference over the worldly purposes.

The implementation of this political program was logically connected with the parallel recognition of Christian principles in all fields of human life. It was also an apostolate. Universal return of all people and corporations to the Catholic faith should result in a declaration of Christ the King's Rule over human society. This classical perception of social doctrine is an example of the Catholic universalism applied as self-confident tactics by Czech Catholic politicians and social officials, supported by the Episcopate, in the political struggle during the First Czechoslovak Republic. In view of the diversity of opinions and the general liberal character of Czech society in that period of time the prospects of the plan were rather limited in spite of the Czech political Catholicism being an important factor in the map of the then political system.

In addition to its political power the CSL possessed also an economic background allowing it to carry through the principles of the ecclesiastical social doctrine in the micro-universe of Catholic political party. The principles of the encyclical could be particularly applied in the self-help bodies organized at the CSL. A suitable association was the Union of Farming People, which was the strongest corporate organization of the Party. Its aim consisted in supporting and founding cooperative self-help associations in the country and in their subsequent development. The number of organized CSL-associated farmers in Moravia amounted to 50 thousand in the mid-1930s. CSL agricultural organizations existed also in Bohemia and Slovakia. In 1930 there were already more than 100 local organizations of the Union. The cooperative organizations were becoming entrepreneurial entities producing goods and accumulating capital that was then used to extend the businesses and investments. These businesses made it possible to employ their own Union members. New businesses emerged, such as credit cooperatives (savings banks, savings cooperatives), agricultural cooperatives (dairies, machine stations, mills). The advanced cooperatives provided not only the material support of agricultural production, but their importance consisted also in the purchase of agricultural products and their further distribution and sale. Thus, the market of products of the Christian farmers was guaranteed. Of course, this business activity was controlled by the elected management that kept an eye on the observation of moral principles in business and of social justice. The Second World War and the many years of post-war communism meant a dampening of and a gradual end to the promising eco-

conomic activities that had been developing in the spirit of Christian solidarism in a limited segment of Czech economy.

After the II Vatican Council and after the publication of some Council documents, such as the constitution *Gaudium et spes* on the Church in the modern world, the social doctrine of the Church rather opened to the world in connection with the total liberalization of ecclesiastical milieu. A dialog with anti-religious ideologies and states started. The initial social doctrine of the Church had always accepted the constant truths of the faith as the fundamental guarantee of a social system based on the Gospel principles. The post-Council Rome preferred an ecumenical dialog as a sort of democratic discussion with different non-Catholic religious communities. As the liberalization of doctrine went on the need to carry through the Christian social order in opposition to the liberal society declined. This situation leads in fact to accepting the liberal concept of policy in which the subjects representing the Catholic social doctrine and/or political Catholicism are but one of the many players in the political and social arena. It is certainly worth considering whether the current social and political subjects and individuals supporting the Christian social doctrine are able to succeed in the post-modern society based on consumption, in the materialist individualist system that is rather opposed to any solidarism efforts.

PART III.

**Attempts to Implement the Welfare State in Europe
between the World Wars and Their Critical Social
and Political Analysis**

Welfare State Concepts in the Programs of Political Parties in the First Czechoslovak Republic

One of the outstanding experts in Czech constitutional law, Professor František Weyr, arrived after a number of studies into the nature of modern state to an unambiguous conclusion: “...*a state regime that is not only seemingly, but really based on democratic ideology necessarily requires the citizens to be organized in political parties, without which it is in practice unfeasible, which means in other words that every democratic state must be ultimately a state of political parties*”.¹ As the welfare state constitutes one of the forms of modern state, there is – referring to Weyr’s thesis – a direct interrelation between this type of state and the political parties. The proclaimed goals of both the above phenomena are to a certain extent identical, the only difference being the fact that the welfare state considers its task to create favorable conditions of life for all citizens whereas political parties arise and exist in order to primarily advocate and promote the interests of their members and partisans, i.e., specific interests. Gradually, however, in their endeavor to gain as much influence as possible most of the parties adopted extended and even universally applicable programs that sometimes in many of their aspects remind us of the complex form of welfare state. Both lines continue converging, yet some differences persist. While the state wishes to develop a generally acceptable concept of social policy, usually based on a large compromise, every political party formulates its attitude to society and state, and thus also to social policy in a different way. In practical politics, too, they endeavor to modify the state policy according to their views, depending primarily on the particular social group represented by the respective party and on its relation to the state (if member of a government coalition, or of opposition). How can the situation in the interwar Czechoslovakia be viewed in the light of these aspects?

The First Czechoslovak Republic was undoubtedly a state with developed democratic system; at the same time, the period of its existence was also a period of highly developed party politics. In internal affairs apparent elements could be observed from the very beginning that can already fall in the notion of welfare state although their full implementation was limited by a number of specific retarding factors (consequences of war, economic depression, existence of liberal

¹ František WEYR, *Paměti* [Memoirs], Vol. 3. Brno 2004, p. 94.

streams, etc.). The apparent trends of the First Republic toward a welfare state were naturally not only due to the influence of political parties or of other pressure organizations. Simultaneously, there were also objective factors related, e.g., to historical traditions (social feelings in the Czech milieu as a consequence of the specific form of National Revival), to the actual social structure of population, and mainly to the given state of development of industrial society. It is not quite clear which of these factors played a major role in shaping the social policy of the new state.²

The social question was more or less part of the program of all existing political parties, even before the creation of Czechoslovakia.³ The strong interest of the parties in the social question did not consist only in their ideological orientation; it was also motivated quite pragmatically. The process of increasing democratic rights and freedoms taking place in the last decades of existence of Austria-Hungary led to their development into mass parties as of the turn of the 19th century, which, among other things, brought about the necessity for political parties to address as many citizens as possible and obtain their support. This alone required them to consider the social needs of broad layers of population and include them integrally in the party programs and practical politics. As a matter of fact, this trend cannot be viewed as pure populism; it was a logical response by parties to the new political situation. Partial results of their pressure on coping with social problems could already be observed before World War I, but it was not until the 1920s that the evolution achieved a level that Czechoslovakia in a number of indicators of modern state typology approached the moderate social model which, to put it simply, respected market-based economy, but in a purposeful combination with social interventions by the state. The endeavor aimed at developing social services and partially redistributing incomes, the stress laid on such values as solidarity and freedom, and the theoretical recognition of the principle of equality and social justice became integral parts of state policies. The performance was not generally underestimated; however, its meaning was not supposed to be absolutely applied to the social area. All the above

² We should distinguish between the measures ensuring pure reproduction from those that aim at meeting broader needs of low social classes. Such measures as construction of dormitories and/or workers' quarters, company dining rooms, children's shelters, basic medical care, nurseries for staff's children, some medical measures against social sicknesses, and other steps needed to ensure production cannot be viewed as elements on the way to welfare state, although they undoubtedly addressed the hottest social problems.

³ Political parties and, in particular, trade unions in Austria-Hungary exerted pressure on coping with social problems. In spite of that and unlike in Germany, state interventions in the social area were applied very slowly. Many of such measures were then suspended during the war. Zdeněk DEYL, *Sociální vývoj Československa 1918–1938* [Social Development of Czechoslovakia 1918–1938]. Praha 1985, pp. 18–19.

elements existed for the time being in their embryonic form. As a result, individual solidarity did not lose its importance and neither did individual responsibility for one's social situation and family. Thus, there was multifaceted collaboration between state social policy and voluntary care. It was even general practice that the state administration delegated some of its tasks to voluntary organizations.

Well, what was the particular social status of Czechoslovak society in the First Czechoslovak Republic like?⁴ There is no doubt about it. Let us just mention the motivation of the state's political representation. Coping with the post-war disruption and with rising social tension as well as with the consolidation problems of the new state constituted the main motive forces of social development. Thus, right after the revolution a number of laws and government decrees were adopted to at least reduce the most flagrant social problems. Let us mention by way of example the eight-hour working-day, regulation of unemployment benefits, improved parameters of accident and sickness insurance, regulation of children's employment, workers' social insurance, creation of factory committees to discuss working conditions with employers, creation of employment exchange agencies, etc. The state funded – at least partly – some fields of social care (care of the poor, youth care, care of disabled persons, care of war-handicapped people), tried to reduce the living costs of some groups of population (construction of communal houses, tenant protection, regulation of holidays, consumer protection, etc.), and provided financial aid to some voluntary organizations dealing with social problems.⁵ In spite of the multifaceted activity the expenditures on coping with the urgent social problems proved insufficient. According to some sources the total state's expenditures on social problems amounted to 4.2 % of national income,⁶ which provided at that time also some space for the activity of political parties as the most importance pressure force.⁷ Their requirements in the social area were naturally always ahead of

⁴ For the first comprehensive review of social conditions in the First Czechoslovak Republic see Z. DEYL, *Sociální vývoj Československa 1918–1938*. Large passages on social questions based on recent research – see Zdeněk KÁRNÍK, *České země v letech první republiky I. –III.* [Bohemian Lands during the First Republic I.–III.]. Praha 2000, 2002, 2003.

⁵ Diversified sources of social measures at that time cannot be equated with such models as “welfare mix” or “welfare eclecticism” as described in sociological literature (e.g., Libor MUSIL, *Typologie sociálního státu, “welfare mix” a kontinuita tradic* [The Typology of Welfare State, “Welfare Mix”, and Continuity of Traditions]. In: Libor Musil (ed.), *Vývoj sociálního státu v Evropě*. Brno 1996, pp. 12–18). Society in the First Republic was in the embryonic stage of welfare state. Various forms of social measures were but residues of the previous stage of evolution.

⁶ Z. DEYL, *Sociální vývoj Československa 1918–1938*, pp. 27–28.

⁷ Their weight in this area is not affected by the fact that they often raised their claims in close collaboration with or directly through trade unions.

the state's social policy. Nevertheless, the parties did not have to fight for the basic principles of social policy any more and most of their program theses concentrated on a consolidation, improvement and observation of the goals already achieved.⁸

As a rule, the political parties formulate their social program as a critical review of the state social policy, as a sort of catalog of social requirements to the state. The level of their fulfillment depends of the strength of their pressure exerted on the government and on the government's ability and/or readiness to accept their requirements. Thus, the welfare state and/or its prerequisites are created both "from above" and "from below". This is a general rule. The parties that directly participate in political power being members of a government coalition or having their representatives in the government appear to be in a specific situation. Their political position makes it theoretically possible for them to carry through their social requirements within the government bodies. For the period of existence of the First Czechoslovak Republic this applies to some five or six Czech/Czechoslovak parties. They were in an ambivalent position, being sometimes unable to cope with it. This can be seen at first glance when reading their programs. The language of programmatic documents was changing very slowly. In spite of being government parties, they mostly acted as though they were expecting that an imaginary state would meet their requirements, without realizing that themselves, they were makers or at least co-makers of state policy, including social policy. Only seldom, while recapitulating the party's activity in the coalition a flattering word was said about its own contribution to the state's social policy (the Agrarian Party). As a matter of fact, it should be mentioned here that the language of most of the government parties, apart from stressing the above particular party interests, shows quite a lot of understanding of the general needs and/or possibilities of the state which, among other things, had to address problems of the delayed economic development compared to the more advanced European countries and, in addition, had to cope with the above-mentioned problems, the consequences of the war, and later with the impacts of the Great Depression.

Let us see now how the government parties spoke about social problems. While the other parties could freely spin yarns and they formulated their wishes, requirements and criticism without any restriction, the coalition parties had to use more moderate formulations. However, the influence on the state's social

⁸ In the dispute over social policy between those who suggested coping just with the most serious social problems and those who preferred a broader solution the idea of necessary state intervention in other fields prevailed. Of importance in this respect were the views of some renowned – but not related to any political party – economists (Karel Engliš, Josef Macek, etc.).

policy by the parties staying outside the coalition was extremely low.⁹ Still, before outlining the social thought of government parties we must first of all make clear which parts of their programmatic theses will be considered as elements corresponding to the concept of welfare state. This specification is sometimes difficult because social topics appear, apart from specific programs of social policy also in other parts of such documents, mostly in the economic programs, while in other cases the social elements are scattered in cultural programs or in parts devoted to ethical matters. This naturally includes general expressions of the determination to create favorable living conditions for all members of society without social discrimination by virtue of legislation and state administration. The social area undoubtedly includes such topics as the minimum income covering the subsistence costs of an individual and his family, the social measures preventing, reducing or overcoming social risks, the efforts aimed at a high level of public services affordable for all citizens without discrimination of their social status, the guarantee of access to education, to cultural goods, etc.¹⁰ Of course, there were differences between the parties in the stress laid on particular postulates while, as already mentioned, the scope and nature of their social thought usually depended on the general ideological orientation of each of them.

An outstanding position in the political system as to the social aspects is that of the Agrarian Party. The party played a key role in the whole structure of the country's political system.¹¹ It was a backbone of all coalitions and even in situations when there were problems with creating a coalition it constituted a factor that exerted a fundamental influence on the work of "caretaker governments". The party started its transformation into a mass party already before World War I. Its initial aim was to advocate the interests of wealthy farmers, but in the last years before the war it endeavored to put down roots in all (not only farming) layers of population in the country, and in the period of the First Republic it strived to extend its influence even outside this area. As a result, its language was changing and more attention in its ideological and programmatic materials was

⁹ The state's response to the pressure "from below" can only be observed in the latter half of the 1930s when the government was forced to accept some social demands of the Sudetengerman Party. This was due not only to the strength of the Party's arguments, but also due to its background and support on the part of Nazi Germany. This, however, was an extraordinary situation that was only optically related to the evolution trend toward a welfare state.

¹⁰ Miloš VEČEŘA, *Sociální stát. Východiska a přístupy* [The Welfare State. Its Foundations and Approaches]. Praha 1993, pp. 50–51.

¹¹ The position of the Agrarian Party in the First Czechoslovak Republic is a sort of anomaly, being the only case that an agrarian party could achieve such an important position in an industrially advanced state. It was a temporary phenomenon that would have vanished in a natural way due to the technical and technological progress in agriculture that led to a dramatic decrease of the number of people related to agriculture.

paid to social topics. The party had no specific social program and although its socially oriented requirements were scattered in many places, which was probably due to the broad perception of the topic, together they constitute a comprehensive social program. The Agrarian Party, as already mentioned, was one of the few parties that acknowledged their contribution to the results of the state's social policy achieved mostly during the first decade of Czechoslovakia's existence. Its greatest interest in social questions can be observed in its program of 1922.¹² It reflected the reaction to the aggravated social and political situation in the first post-war years. More reliable evidence of the social feeling of the Agrarian Party is therefore provided by its program of 1929 adopted in a calmer situation and also in an atmosphere of the Party's greatest heyday. The program reads, i.a.: *"In social questions we stand up for justice and humanity... Recognizing the completeness of democracy only if political democracy is combined with social democracy we want to actively participate in great social policy of our republic that would ensure through state protection and appropriate institutes and facilities the existence of people without property, that would by supporting and associating the poor offset the disadvantage of their dispersion, that would through public authorities immediately intervene whenever the personal tools of the handicapped prove insufficient, that would install a sound relation between the income and the property according to the individual's real merits"*.¹³ Of primary interest was naturally the social situation of different categories of country population, including the large group of farm workers (health, housing, employment contracts, education, and labor exchange). The Agrarian program paid much attention to the social situation of small peasants (land reform), and also to other categories of small producers, who constituted the very core of party membership. *"The standard of living of the country population is unjustly so low that no such level can be found elsewhere. It is great social injustice that the farmer's work is so underestimated, that he is not allowed to require a compensation for his work in the form of freely calculated prices of his products.... If we demand general social insurance, we justly claim that small and medium peasants, tradesmen and craftsmen be included"*.¹⁴ Surprisingly enough the Agrarian Party failed to achieve major progress in this matter, in spite of being steadily reproached with party egoism.

¹² *Program Republikánské strany zemědělského a malorolnického lidu* [Program of the Republican Party of Farmers and Peasants]. In: *Program a organizační řád republikánské strany zemědělského a malorolnického lidu*. Praha 1922.

¹³ *Program Republikánské strany zemědělského a malorolnického lidu* [Program of the Republican Party of Farmers and Peasants]. In: *Program a organizační řád republikánské strany zemědělského a malorolnického lidu*. Praha 1922. Quoted from: Josef HARNA – Vlastislav LACINA (eds.), *Politické programy českého a slovenského agrárního hnutí 1899–1938*. Praha 2007, p. 182.

¹⁴ *Ibid.*, p. 183.

The economic and social situation of farmers did not significantly improve during the whole interwar period of time. Much stress in the program was laid on its parts devoted to the situation of women in agriculture.

A typical feature of the Agrarian Party's central position was its concept of social improvements (reforms). Its agrarian program contains an unspecified principle of organic evolution (nature does not make any jumps, either), warns against hastiness and too much radicalism, and recommends "*a careful progress, without losing touch with the ultimate goal...*".¹⁵ The Agrarians distanced themselves strongly from socialization while declaring on the other hand that there was no need to fear "*even large sacrifices to overcome the deep chasm between the wealthy and the poor social classes and to eliminate the deep social dissatisfaction that, too, is part of the ominous heritage of the World War*".¹⁶ I particularly wish to point to the role of the state. For instance, a uniform system of public health care was supposed to be introduced and centrally administered in the whole country with state bodies endowed with high competences to implement it. Much attention was also paid to education. The Agrarians considered the growth of education level to be an instrument of social rise for the nation. Again, this area was viewed as a "*highly important task of state administration*".¹⁷

The Agrarian Party returned to social questions at its congresses in the 1930s. Due to the Great Depression, however, its opinion concerning the realistic state measures in the social field was rather moderate. For instance, the part devoted to social policy in its 1932 Congress reads: "*The Congress states that the speed of social laws since the revolution has been too high and that when making the most important social laws the real economic and financial burden of local production has not always been taken into account... Therefore, we demand that a revision of the social legislation be performed and that those provisions of particular laws that exceed the financial capacity of tax-payers be adapted to the current economic situation*".¹⁸ This remark referred primarily to the laws on social insurance, particularly sickness and pension insurance. On the other hand, the Party demanded an insurance scheme against natural disasters. The resolution called also for a more active health care policy, recommended a more limited state involvement in addressing the problem of unemployment, and stressed the specific features of agriculture demanding certain advantages for that sector. Social questions were also discussed at the Party Congress held in 1936 where a sort of summa-

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid., p. 178.

¹⁸ Resolutions adopted by the Republican Party of Farmers and Peasants Congress held in Prague from 30 October to 1 November 1932 in Prague. Rezoluce sociálně politická, Venkov XXVII, 9. 11. 1932. Quoted from: *Politické programy*, p. 205.

rising opinion appeared: *“The social questions constitute primarily an economic problem...”* Economic life was not to be *“loaded even in the field of social policy with new burdens that would hinder enterprising activity and cause uncertainty”*.¹⁹ This was evidence of the growing interconnection between the Agrarian Party and the state.

The National Socialist Party adopted its most comprehensible program as late as 1931 (social questions had been naturally objects of its interest since the creation of the Party in 1897). Unlike the pragmatism of the Agrarian Party the programmatic document starts with a general criticism of liberalism as well as of the Marxist socialism both at the political and the economic levels. Social topics are then treated in close connection with economic questions. Its center-point is the requirement of fair distribution of national income. The program namely reads: *“...the more the national income is divided the more welfare there is in general.... The greater the part of national income held by a few individuals the smaller the total national consumption and the smaller chances of development for the national production covering that consumption”*.²⁰ *“The Party shall strive to achieve a reduction of the unfair high income of some individuals and, on the other hand, to increase wages and salaries. It shall strive for the claims of working classes to be recognized and for a fair portion of social product to be allotted to them. The capital income must be limited through progressive taxation. The Party shall demand a consequent implementation of all types of social insurance.”* The employment conditions, in the Party’s opinion, must be fixed in binding collective agreements and a share of profits for the employees must be provided. Much emphasis was put in the National Socialist program on state interventions in the economic area. The state is not only an entrepreneur (running state enterprises) and a participant in business activity (state participation in the financial area), but it should also intervene in the production area through regulating measures (through tax system, customs policy, transport policy, etc.). Special attention was paid by the National Socialists to the questions related to education and culture in general. They considered them integral parts of the social status of society. Coping with social questions was in their opinion also an ethical matter.

It is not surprising that the social topics were among the most important parts of the policy of the Czechoslovak Social Democratic Workers’ Party. Its primary goal was an improvement of the social existence of workers, but in its focus increasingly appeared also the social problems of other categories of employees,

¹⁹ Ibid., p. 222.

²⁰ *Program and principles of the Czechoslovak National Socialist Party adopted at the XII Party Congress held in Prague on 5–6 April 1931*. Praha 1931. Quoted from: Josef HARNA (ed.), *Politické programy českého národního socialismu*. Praha 1998, p. 172.

and those of peasants and tradesmen as well. The basic goals of its policy differ, however, from the programs of the other state-forming parties. Even after the separation of its revolution-oriented fraction in 1920-21, the language of its programmatic theses exhibited its strong class character. For instance, in the programmatic declaration adopted at the XIV Party Congress in 1924 it says that the Party “*struggles for a transformation of the current capitalist system of production into a system of socialist collectivism where the employment-based relationship between people has been eliminated and the private property of the means of production has been removed in case that it could be used to exploit man by man*”.²¹ However, this thesis was immediately moderated by a purely reformist concept of class struggle methods. The Party wanted to concentrate on promoting particular social measures viewed as efficient tactical steps leading to the ultimate goal: a liquidation of the capitalist social and economic system and its substitution with a socialist system. Relatively late, in 1937, a more realistic view of the situation appeared; nevertheless, the Social Democrats did not stop proclaiming the above ultimate goals. The resolution adopted at the XVIII Party Congress reads: “*We pronounce ourselves in favor of a sophisticated democracy, which in the economic view means economic democracy alias socialism, fairer social and economic relations between people. Nevertheless, we must try in the current social order to implement in practice those of our economic demands that can be carried through in the coalition government. We must not forget the great ideals, but we must pursue the practical policy of gradually implementing the economic ideology of socialism...*”.²² As a matter of fact, all parts of the broadly viewed social topic can be seen in Party materials. The particular requirements as specified especially in the Party’s “action programs” often went into minute details.²³

Of the state-forming parties it was the Czechoslovak People’s Party that had the best-formulated particular goals and also the most detailed knowledge of the social needs in society. The Party, which was not built on the corporate principle, exhibited the pre-requisites of evenly covering the whole range of social needs without preferring the particular interests of any social group. Naturally, it focused on the problems of lower social categories. The People’s Party’s ideology was based on Christian principles being clearly inspired by papal encycli-

²¹ *Minutes of the XIV Congress of the Czechoslovak Social-Democratic Workers’ Party held in Moravská Ostrava on 19–22 April 1924*. Praha 1924. Quoted from: Petr PROKŠ (ed.), *Politické programy Československé a Československé sociálně demokratické strany dělnické*. Praha 1999, p. 174.

²² *Minutes of the XIV Congress of the Czechoslovak Social-Democratic Workers’ Party held in City of Prague Communal House on 15–16 May 1937*. Praha 1937. Quoted from: P. PROKŠ (ed.), *Politické programy Československé a Československé sociálně demokratické strany dělnické*, p. 223.

²³ Let us mention, e.g., the program adopted by XV Party Congress in 1927, or the “Action Program” approved at XVI Congress in 1930. (In: *Politické programy*, pp. 185–186, 206–209, etc.).

cals, namely by the *Rerum Novarum* of 1891 and, in particular, by the *Quadragesimo anno* of Pope Pius XI of 1931. This also predetermined the evolution of its views from Christian socialism to the corporate system (reminding to some extent of Mussolini's program); this, however, casts doubts on the democratic content of its social program. An economic system where class-based relations exist and selfishness prevails is according to the Party ideologists unacceptable. Of fundamental importance is Christian solidarism, the awareness of shared interest in survival and in man's welfare. Man, however, must be made interested in his performance of work. As a manufacturer, man must also be a holder of profit share. This is the foundation that corporation-based society should derive from. Corporate chambers constitute self-governing units meeting the needs of the people associated therein. All the ideology-related materials refer to moral aspects derived from the Christian basis.²⁴

As a matter of principle, the social program was an important part of the policy pursued by the Czechoslovak Middle Class Party of Craftsmen and Tradesmen. The Party was a coalition member only in the years 1925, 1926–1929, and then in 1935–1938, but it was always close to the Agrarian Party. Therefore, it can be regarded as a coalition party. As early as 1919 a revised program was adopted that repeated just more precisely the social items emphasized in its pre-war policy (its 1908 program). Like in most of the other parties, this was not a comprehensive social program. The particular postulates relating to the social field are scattered in a number of ideological and programmatic materials. Nevertheless, their content can be summarized as a superior category of requirements concerning the state protection of small business, including restrictions on large-scale production. The Party dreamed of a democratic, socially and market-oriented society based on the principle of small-scale production. Until the end of the First Republic (i.e., until the end of its own existence) it did not go beyond the limits of a corporate party. It could influence the state's social policy only very little.²⁵

As to the relation to the social area and also to the concept of welfare state the most surprising may appear some programmatic theses of the Czechoslovak National Democratic Party, which traditionally promoted strictly liberal principles. Some of its declarations after the war contained items that can be viewed as related to a certain, perhaps even advanced concept of welfare state. This is true, irrespective of the rather general formulations. For instance, in the introduction

²⁴ Pavel MAREK (ed.), *Politické programy českého politického katolicismu 1894–1938* [Political Programs of the Czech Political Catholicism 1894–1938]. Praha 2011, p. 331.

²⁵ Same, *Československá živnostensko-obchodnická strana středostavovská v politickém systému ČSR v letech 1918–1938* [The Czechoslovak Middle Class Party of Craftsmen and Tradesmen in the Political System of Czechoslovakia in 1918–1938]. Olomouc 1995, pp. 86–87.

to its 1919 program it reads: “...we consider sound and well-founded only such policy that regulates in a fair and uniform manner the relations of all component parts of the nation... We regard the social wrongs as the greatest evil and as a menace to the national and state interests, but we do not want the wrong to be replaced by another wrong and the hegemony of one class by a dictatorship of another class”.²⁶ In another part a thesis can be found: “Democracy - it means civic and social solidarity”.²⁷ Social tone can also be heard in the Party’s education program: “All schools must be free of charge for all children of school age. The school fees paid by the other pupils shall be used to meet the immediate cultural and social needs so that education can be made accessible to everybody who wishes to learn, so that it cannot become a privilege of some corporations or classes... Teaching materials shall be provided free of charge. Food shall be provided to those in need, as well as shoes and clothing, as much as possible”.²⁸ The most unambiguous formulations can be found in a separate economic and social program of the National Democrats: “The sense of today’s democracy does not only consist in the recognition of formal equality of people before law or in the equality of political rights deriving from it, but in the recognition of everybody’s right to life and to his/her cultural and material development. The task of society is to guarantee this right and facilitate its implementation.” What matters is not only the quantity of what has been produced, but also that “the results of production be fairly distributed (social principle), as the size of the product alone does not guarantee equal welfare. The social problem of economy consists in fairly distributing the burden and fruit of society’s work.... The principles of the organization of production cannot be separated from those of distributing the burden and fruit of work; they are common, and therefore, both the principle of productivity and the social principle must be applied”.²⁹ In the passages devoted to the particular social groups immediately involved in production (farmers, tradesmen, and workers) in the economic and social program of the National Democratic Party state intervention is even recommended to protect those groups against large-scale production. Nevertheless, emphasis is simultaneously laid on the individual’s responsibility for meeting his needs. “Our Party refuses that our republic be socialistic; still, we want it to be social and socially fair”.³⁰ The formulation is certainly remarkable, but it should be taken into account that in the socially explosive atmosphere it was a rather opportune response of the National Democrats to the tense situation

²⁶ *Program of the Czechoslovak National Democratic Party adopted by the Party Congress on 25 March 1919*. Praha 1919, p. 4.

²⁷ *Ibid.*, p. 6.

²⁸ *Ibid.*, p. 22.

²⁹ *Ibid.*, pp. 32–33.

³⁰ *Ibid.*, p. 47.

than their own real opinion. No such positive formulations concerning social matters can be later found in the National Democratic documents.

Different views were shown and different arguments used in social matters by the opposition parties. The absolutely most radical social program was formulated by the Communist Party. In spite of raising partial requirements, the overall concept of its social policy was framed by its ultimate goal: to create a socialist state. No less radical was the position of the Sudetengerman Party, where social demands merged with nationalist ones.

Thus, the Sudetengerman movement drew on the policy of the previous nationalist German parties whose activity was banned by the government in 1933. The government had to respond to the pressure actions of this type, and also to the systematic actions of trade unions. Apart from minor concessions to the mass pressure the government took also repressive measures, especially from the beginning of the 1930s. The policy of other opposition parties failed to exert any significant influence on the evolution of social situation in the country. The final line of state social policy was the product of a compromise between the most important government parties, the state's resources, and the pressure of the most powerful financial and industrial circles. The influence of the coalition parties on social developments is best reflected in the new government inaugural declarations before Parliament. The initial party ideas showed there significant corrections; though, the social topics were always – at least formally – reflected.

Just a brief outline of the social thought of the most important Czech/Czechoslovak political parties indicates that the First Czechoslovak Republic, in spite of stagnating social actions, was ideologically and politically prepared to implement the welfare state vision. The main obstacles to continuous progress toward that goal were not partial differences in the concepts of particular parties, but rather objective reasons. Czechoslovakia, and in fact all Europe had not reached a stage of economic development that would make it possible to meet to a larger extent the parameters of welfare state.³¹ Moreover, the situation in Czechoslovakia was negatively affected by the then hot problems: Great Depression, armament costs, international events leading to war, national problems, etc.³² With

³¹ Libor MUSIL (ed.), *Vývoj sociálního státu v Evropě* [Evolution of Welfare State in Europe]. Brno 1996.

³² In one of his studies devoted to the historic mission of the First Republic Zdeněk Kárník made a comprehensive review of the social limits existing in the Czechoslovak state by that time: "First of all (perhaps few people know it) the Republic was born to an era of general slowdown of economic development characterized also by several striking regressions. Moreover, Czechoslovakia's economy was endowed with retarding economic features deriving mainly from the disintegration of the large (Austro-Hungarian) market... At least, the distance from West European states did not increase at that time. It was evidently a success, not a failure." (Zdeněk KÁRNÍK, *Některé socio-*

the restoration of Czechoslovakia after the Second World War the situation did not improve in this respect. The February Coup interrupted the organic evolution that could produce the prerequisites needed to follow the line toward a welfare state.

kulturní kontury a náplně první republiky [Some Socio-Cultural Contours and Phenomena of the First Czechoslovak Republic]. In: *Studie k sociálním dějinám 11*. Praha – Opava 2004, p. 125).

Trade Unions and Their Role in the Struggle for a Welfare State

With the end of the World War I and the creation of an independent Czechoslovak state the conditions of work of particular organizational structures of the trade unions changed in the new political and economic situation. The previous heterogeneity and fragmentation of the trade union movement in former Cisleithania continued in the newly created country and became even greater, as almost each major political party had its “own” trade union federation while declaring that “its” trade unions were allegedly independent of any political parties and were “strongly neutral” and apolitical. While in 1919 there were 3 Czech and 2 German trade union federations plus independent trade unions with the total membership of approximately 1.3 million, in the mid 1920s there were already 8 Czech and 4 German federations with 1.6 million members, and ten years later (1935) even 13 Czech and 5 German trade union federations with the membership of 2.1 million, which rose to 2.3 million in 1937. The strongest (and historically oldest) “Czech” federations were *The Czechoslovak Trade Union Federation* (OSČ), linked to the Social Democratic Party, and *The Czech Workers’ Union* (ČOD), associated with the Czech National Social (Socialist) Party; the strongest German federation was the *Zentralgewerkschaftskommission des Deutschen Gewerkschaftsbundes* (DGB), connected to the Deutsche sozialdemokratische Arbeiterpartei.¹

To find out the ratio of organized workers to all employees in the early period of the Czechoslovak Republic information from the year 1921 can be used. According to the census of 15 February of that year, the population of the Czech Lands was 10,005,734. Of that number, 3,786,458 were hired employees (2,349,038 workers, 409,512 clerks and servants, 586,476 day labourers, 244,028 apprentices and trainees, and 197,404 home workers or domestics, including farm labourers, maid servants, etc.). 52.07 % of the total of hired employees were organized in trade unions in that year.²

¹ František ČAPKA, *Odbory v českých zemích v letech 1918–1948* [Trade Unions in the Czech Lands in 1918–948]. Brno 2008, pp. 44, 83, 120–21.

² *Statistická příručka Republiky československé III* [Statistical Review of Czechoslovakia III]. Praha 1928, p. 306.

The alleged apolitical character of trade unions may appear true unless we get acquainted with the programme goals of particular federations. These corresponded to the ideological orientation of “their” political parties, which resulted in different streams inside the trade union movement. The reformist (moderate) positions prevailed (80-85 %) among the organizations of socialist, national and Christian social orientation that shared the principles of the existing economic, social and political order and made use of the existing system to improve the standard of living of their members, particularly workers. One can say that they endeavoured to improve and update the role of the state in the social domain. On the periphery, there were rather radical trade unions proclaiming revolutionary goals and requiring social reforms as a political instrument to destroy the existing capitalist system. It should be mentioned in this connection that based on the experience from the period of “wild capitalism” in the 19th century some groups of workers after the war shared the opinion that only with force and pressure, reflecting the ideology of class struggle, changes in the social area could be achieved. As a result of the “Great War” the world got into a social crisis with (in contemporary language) “much fear of ochlocracy” on the one hand and “hopes of final and consequent revolutionary elimination of the misery of the world” on the other. People showed much belief that the national revival would be also a base of fundamental social transformations. Partial achievements in the social area in Cisleithania before 1918 (such as accident prevention prescriptions, regulation of working hours, workers’ accident and health insurance, etc.) made many trade union leaders believe that a period of “social peace” was coming. Such opinions were making a sort of “bridge” between the rulers and the ruled over, and were creating also a suitable milieu for the discussion on hot social questions and, subsequently, for the implementation of some of the relevant ideas.

In the first days after the 1918 revolution, the ČOD submitted to the Czechoslovak National Committee (top legislation body of the new state) “the requirements of working people”, including the requirement of reducing “the general working hours in small businesses to 8 hours a day” so that “the total working hours of a worker does not exceed 48 a week”. The text also required that “the work of women and adolescent workers (under 18) must not be allowed between 6 p.m. and 6 a.m.”. The business rules were supposed to be applicable to all wage workers, including farm workers, whose social position was very low; as a result, massive “escape” of farm workers to towns started after 1918 where they could find employment all year round in factories. Other requirements included minimum wages as well as “the establishment of a chamber of workers to represent the workers’ needs”. As revolutionary as this was also the requirement of “a unified code of workers’ protection and social insurance laws”. An interesting

element in the field of social care was the requirement of “obligatory insurance of the insuree’s family members” as well as of “*immediate introduction of old age and disability insurance*”.³

Also the OSČ Declaration for the National Committee required an eight-hour working day, unified labour legislation, legal protection of wages, old age and disability insurance, and other reforms that were later included in the Versailles Peace Treaty. Simultaneously, the OSČ suggested a state protection of wage workers introduced by the formulation “*wishing that the new state show to workers that it is their protector that they can trust we submit the following proposals ...*”⁴

In general, it can be said that the main core activity of all trade union federations consisted in enforcing (from different angles of view) the particular requirements in social legislation, including the wages and labour conditions. The “prehistoric” activity of trade organizations and associations, which was mutual support, receded to the background. In the eyes of an increasing number of workers the trade unions and political parties meant a hope. This was due to changes in the view of the trade unions by the government representation in the young republic; the trade unions were viewed as equal partners for the construction of an optimum form of welfare state. It should be added in this connection that the new state created qualitatively new conditions for trade unions’ work compared to the past. The legalization of many democratic freedoms contributed to the general democratization of social life. On the other hand, the employers were aware of the state’s positive attitude to the trade unions, which was then reflected in their approach to them (trying to “copy” the attitude of the state).

Quite usual were, for instance, the collective contracts between employers and employees, which became a basis of social peace between them, particularly in the early period. Collective contracts brought about some increase of nominal wages, particularly of the less qualified workers, and provided to employees the right to some temporary benefits – allowances for high prices, clothes, “dwelling”, etc.⁵ As early as 1919, the trade unions negotiated 1087 collective contracts for 46,802 businesses with a total of 946,409 employees; there was, on average,

³ Alois TUČNÝ, *Vývoj dělnické a zřízenecké otázky v prvním pětiletí Čsl. republiky* [Evolution of the Workers’ and Servants’ Question During the First Five Years of Existence of Czechoslovakia]. Praha 1924, pp. 73–5.

⁴ *Odborové sdružení československé* [Federation of Czechoslovak Trade Unions]. Vol. XXII, 1918, No. 21, p. 247. Magazine on social policy, statistics and protective legislation for workers. Central Committee of Czechoslovak Trade Unions.

⁵ For details see Václav DUNDR – Antonín HAMPL, *Kolektivní smlouvy pracovní* [Collective Employment Contracts]. Praha 1924, p. 14; the authors say that “with signing the collective contract the hatred between employees and employers obviously declines”. See also Gustav REIF, *Kolektivní smlouvy za léta 1919–1922* [Collective Contracts in the Years 1919–1922]. Praha 1923.

one contract for 43 businesses. Their stipulations reflected the legislation adopted in the social area after 1918.⁶ However, the notion of collective contract failed to exist in the Czechoslovak legislation and no general legal regulation was adopted for such agreements; there were no regulations defining their binding status for the members of organizations where such contracts were signed. After 1918, mostly local contracts were signed for a particular trade or for a number of businesses in the same sector. After the initial upswing the collective contract movement began stagnating with the outbreak of the Great Depression and the situation could not be compared to the activity immediately after World War I any more. Collective contracts covering more businesses and more employees became general practice. Contracts were also signed for related professions, and even for whole production branches. In the late 1920, one contract was already signed on the average for more than 50 businesses.⁷

Trade unions carefully monitored the wages and opposed any deductions from payroll that were being introduced and that often caused strikes.⁸ In general, however, the number of strikes was declining and their character was changing after 1921. Instead of previous “offensive” strikes, strikes of “defensive” type were now organized that were aimed at defending the benefits previously achieved. The strikers’ requirements contained fewer political aspects. There were intense negotiations on the Company Committee Act (initially, there were company councils); the final version of the bill was passed on 12 August, 1921 under the number 330, and the committees were supposed to be set up in companies having more than 30 employees.⁹

However, the establishment of company committees proved to be a slow process as their position was not quite clear, particularly their relation to and the forms of cooperation with the trade unions. The scope of competence of the company committees was mostly reduced to monitoring the implementation of wage agreements and employment contracts, the adherence to labour safety re-

⁶ Until 1918, previous legislation in Austro-Hungary did not contain any stipulation on collective contracts; only the amendment to the Trade and Business Rules of 5 February 1907 in its Article 114b) allowed the “associations and advisory meetings” to agree on collective contracts.

⁷ On collective contracts: Zdeněk DEYL, *Kolektivní smlouvy v Československu 1918–1938* [Collective Contracts in Czechoslovakia 1918–1938]. Praha 1987.

⁸ Among the economic battles of the early 1920s the major were related, e.g., to the layoff of steel workers for 5 weeks in May 1921 where 24 thousand workers were involved. In July of the same year also bank workers and servants went on strike; in the strike, like in that of some miners in the Ostrava-Karvina Coal Mining District, the strikers were finally defeated. For details see A. TUČNÝ, *Vývoj*, pp. 240–242.

⁹ Interpretation of the Act No. 330/1921, Coll. Together with Additional Standards and Case Law is Available. In: *Závodní výbory* [Factory Committees]. Praha 1937, p. 17. See also Zdeněk KÁRNÍK, *České země v éře První republiky 1918–1938, I* [The Czech Lands during the First Republic 1918–1938, I]. Praha 2003, pp. 80–83. See also F. ČAPKA, *Odbory*, pp. 56–58.

gulations, etc. In general, the company committees were conceived as an instrument between employers and employees, being the only institution representing the interests of both organized and not organized company staff, so that they became a sort of “prolonged arm” of trade unions in relation to employers. This was then reflected in the growing trade union membership (as explained in the introduction) and in the establishment of new trade union federations linked to other political parties or to some professional groups (such as the new agrarian trade union or the public servants’ union, university and high school union federation). The cooperation between trade unions and state administration bodies took often the form of trade unionists being appointed as supervisory board members or as staff members in Social Care Ministry bodies, as health, disability and old-age insurance administration members, or as members of many other similar institutions.

When defining the social policy of the new Czechoslovak state the narrow and the broader perceptions of the notion appear to be in conflict.¹⁰ The advocates of the narrow meaning of social policy saw its basis mainly in a solution to the workers’ problems or in efforts aimed at improving the worst social conditions of wage workers; the social question in their opinion was a “*set of measures aimed at protecting the social and economic groups that due to their economically bad situation are very strongly exposed to damage, disadvantage, and/or poverty*”.¹¹ The state was supposed to apply legal and administrative tools to fight injustice in the distribution of “material goods”, which increased during the war. Contrary to that, those who advocated the broader meaning suggested - in addition to the measures aimed at a redistribution of the national income in favour of the discriminated persons - additional goals for the social policy, such as a solution to the fundamental problems of employment relations, environment-related problems, housing question, etc. That is where the endeavour stems from to formulate the social policy as a political line, often as “a way to ideal society”. In the Czech Lands after 1918, advocates of both approaches can be found; in practice, however, both views intertwined.¹²

¹⁰ Czechoslovak legislation drew on the social legislation of Austro-Hungary: accident insurance was introduced by the Act of 28 December 1887, health insurance but the Act of 30 March 1888, and pension insurance by the Act of 16 December 1906. Old-age and disability insurance did not actually exist at that time.

¹¹ Bohumil ŠMÝD, *Sociální služby* [Social Services]. Praha 1966, p. 16.

¹² For more details see Zdeněk DEYL, *K buržoaznímu pojetí sociální politiky v letech 1918–1938* [On the Bourgeois Views of Social Policy in 1918–1938]. In: *Sborník k dějinám 19. a 20. století 1*, Praha 1972, pp. 49–50.

One of the social policy “foundation stones” after the creation of Czechoslovakia was Karel Engliš’s work *Sociální politika* [Social Policy] that had been published already during the World War I (1916). Engliš defined social policy as a practical endeavour to “cultivate and transform in

After World War I, the whole area of social policy in the new state saw a complex period of seeking methods and tools to address the revolutionary mood of workers while the causes of social tension weakened. The Ministry of Social Care, headed by a social democrat (except for the period of caretaker government when Josef Gruber headed the Ministry), had to cope with many questions that had been neglected in the former monarchy. In the first months of existence of the new state the conditions were quite complicated due to such factors as general economic disruption, collapse of supply, rising prices, a “demobilisation crisis”, transition of industry from wartime to peacetime production, high rate of unemployment, poverty of discriminated persons, decline of all types of social insurance, housing shortage, and demoralization of society.¹³

Shortly after the creation of the Czechoslovak Republic a gap between the general theory and practical tools of official policy appeared in practical social work. It was not easy for the state to stand above all social interests and personify a certain state idea as it had been the case in the past. The new situation (democratization of public life, and also fear of radicalization) required a social policy conceived in practice so as to incorporate broader sections of population than before. Typical features of the social policy in the First Czechoslovak Republic included cooperation between state-organized and volunteer social care, with various volunteer organizations, associations, and specialized institutes that were

the most ideal way” the whole society, whereby the “motive power of social policy is not compassion, but justice and social expediency”. The main goal of social policy was believed to be a modification of the existing social system. He preferred an ethical and political ideal. In: Karel ENGLIŠ, *Sociální politika* [Social Policy]. 2nd edition. Praha 1931, p. 20. Also see Jan HOUSER, *Vývoj sociální správy za předmnichovské republiky* [Development of Social Care in Czechoslovakia until 1938]. Rozpravy ČSAV, Praha 1968, pp. 5–13. In the mid-1920s, the theory of social policy was extended with relevant studies by the economist Josef Macek.

¹³ F. ČAPKA, *Odbory*, p. 59. For more details see: Zdeněk DEYL, *Z novějšího výzkumu státní činnosti v sociální oblasti 1918–1924* [The Results of Recent Research into State Activities in the Social Area 1918–1924]. In: *Politický systém a státní politika v prvních letech existence Československé republiky*. Praha 1990, pp. 122–137; Same, *Sociální vývoj Československa 1918–1938* [Social Development in Czechoslovakia 1918–1938]. Praha 1983, pp. 24–33; Same, *K problematice sociálního vývoje Československa v letech 1918–1938* [On the Problems of Social Development in Czechoslovakia 1918–1938]. *Československý časopis historický* 20, 1972, No. 5, pp. 677–705. The official social policy in the early years of Czechoslovakia's existence was described by J. Gruber (Minister of Social Care from 15 September 1920 to 26 September 1921) as follows: „*The social expenditures burden the taxpayers directly – with government-paid unemployment benefits, disability care, children's care, care of the poor and housing subsidies – as well as indirectly, such as higher production costs in industry, trade and agriculture, workers' protection, and social insurance premiums.*” The idea of social peace was also available in the government's interpretation of social policy. In: Josef GRUBER, *Ministerstvo sociální péče a přehled dosavadní sociální politiky Československé republiky* [Ministry of Social Care and a Review of Past Social Policy in Czechoslovakia]. *Sociální revue* 3, 1921, p. 232. For more details: Z. DEYL, *Z novějšího výzkumu*, pp. 122–168.

entrusted with some tasks of the state administration; of great importance among them were the trade unions that were increasingly entering all fields of social care and protection of employees.

The sector of official state policy included, in particular, social care covering the population that lived in poverty, that was either at preschool or school age, or that was at post-active age and could not earn their living by working. This included public charity, youth care, and also veteran care.

An increasingly important part of social policy was the social insurance covering, in addition to public law measures and sustenance benefits for civil servants, also pension insurance of private employees, miners' insurance and, as of 1 July 1926, also insurance of employees against sickness, disability and old age (Act No. 221/1924 Coll. of 9 October 1924). Before the Central Social Insurance Company started paying the first pensions, some political parties and business organizations had proposed to reduce social insurance by reducing the number of insured persons and the level of benefits. Young workers under 17, home and seasonal workers and other persons were to be excluded from § 96 of the Act and a part of the payment burden was to be transferred to next generations. After difficult negotiations, the government submitted an amendment to the Act on 25 October, 1927; this brought about many protests organized also by trade unions. There were passionate scenes in the Parliament with both socialists and communists involved. This was the most powerful movement of the latter half of the 1920s. In spite of that the Social Insurance Act No. 221/1924 was amended by the government (Act of 8 November 1928, No. 184 Coll.).¹⁴

The wide and largely new field of social policy included: a) *protection of workers under labour law* (such as regulation of working hours, working conditions of women and children, work at night, protection of wages, collective contracts, employment-related problems such as employment contracts, competence of company committees and employee autonomy in companies; trade inspection, health protection of employees in small businesses, and legal regulation of home working conditions in domestic production - the situation was particularly difficult there); b) *health and accident insurance, labour exchange, protection of domestic market*, etc.¹⁵ The state's social policy included also all state

¹⁴ For more details see Z. DEYL, *Sociální vývoj*, pp. 84–94. Same, *Vývoj dělnického sociálního pojištění v Československu v letech 1924–1938* [Development of the Workers' Social Insurance in Czechoslovakia in 1924–1938]. *Československý časopis historický* 24, 1976, No. 4, pp. 518–524; F. ČAPKA, *Odbory*, pp. 60–61.

¹⁵ After the creation of Czechoslovakia, all forms of social insurance were reformed. Accident insurance was modified by the Act No. 207 of 10 April 1919 (the scope of insurance, however, remained unchanged), health insurance was largely reformed by the Act No. 268 of 15 April 1919 (compulsory insurance covered all employees, including farm and forest workers, home workers and house maids); by comparison, only 11 per cent of people were subject to compulsory insu-

measures aimed at relieving the impacts of unemployment and at regulating the worker hiring problems (contracts, hiring conditions, etc.). Another field of social policy included c) *basic problems of employees' life*, such as tenant protection, consumer protection, and also – in those years quite important – national emigration policy.

It should be mentioned here that the trade union federations and organizations more or less “assisted” all the above discussions depending on their orientation and size (membership, loose or close links to political parties, etc.). The OSČ federation was the most active and through its Secretary General R. Tayerle presented at a meeting of Ministry of Social Care officials held on 3 May 1921 its suggestions for solving the problem of unemployment. Of the twelve points included it is Point 10 that is particularly interesting as it required a 100 per cent increase of unemployment benefits. The (unrealistic) increase was supposed to be funded by means of a special levy imposed on businessmen and on financial institutes.¹⁶ Also during the campaign against food profiteering in January 1920, the strongest federation (OSČ) presented requirements that “if implemented, would at least diminish if not remove the heavy burden to the poor population, particularly workers and clerks”. The same federation suggested later (in May of the same year) “*to create economic councils and people's profiteering tribunals*” and “*the trade union and economic organizations to be duly represented in the advisory economic, arbitration, and price bodies*”. Following this initiative, a ten-

rance in Austro-Hungary. The period of settling health insurance and medical treatment claims was prolonged from 20 weeks to one year of disablement. In addition, family insurance was introduced, by which the medical treatment was extended to cover family members. Retirement pension insurance was amended by the Act No. 89 of 5 February 1920. The series of laws of this type was closed in 1924 by the law on insurance of employees against sickness and disability, and on retirement pension insurance (Act No. 221 of 9 October 1924) that came into force in 1926. The compliance with social laws was supervised by the Business Inspection; in total, there were 28 business inspectorates in the country with 77 inspectors controlling a total of 345,558 businesses. For more details see Antonín CHYBA, *Postavení dělnické třídy v kapitalistickém Československu* [Situation of the Working Class in the Capitalist Czechoslovakia]. Praha 1972, p. 224.

¹⁶ At 15 January 1919, 228 thousand unemployed persons were registered in the Czech Lands; one month later, this number rose to 267 thousand, which was the peak post-war level; at 15 March 1919, the unemployment rate showed a decline to 225 thousand (owing to the construction works started). The downward trend continued in the following months of 1919, so that at 15 January 1920 there were only 104 thousand unemployed persons, and one year later just 37 thousand unemployed eligible to state support. Their benefits amounted to 4 Kč a day, plus family allowance. For more details see Archiv Českomoravské konfederace odborových svazů (Archives of the Czecho-Moravian Confederation of Trade Unions, further referred to as A ČMKOS), *Zpráva Odborového sdružení československého k VII. sjezdu všeodborovému za léta 1918–1920* [Report on Activities in 1918–1920 of the Czechoslovak Trade Union Federation presented at the VII National Trade Unions Congress]. Praha 1922, p. 8.

member “*trade union cooperative council*” was set up in the same year with representatives of the OSČ and the Central Cooperative Union.¹⁷

Let us mention here some of the most important cases of mutual cooperation between the trade unions and the state administration in the field of social policy.

1/ Soon after the war (in 1919/1920), simultaneously with the Labour Exchange Bill being prepared by the Ministry of Social Care, the first job centres organized by trade unions were created. In 1921, over 60 per cent of job seekers were registered there; one year later (in connection with the decline of the post-war recession) the rate fell down to 49 per cent.

2/ In connection with the *Works Committee (Council) Bill*¹⁸ being prepared by the government trade union officials participated with different level of activity in the respective Government Committee meetings (the miners’ trade union was among the most active), and the Bill was passed (under number 330) without major political conflicts on 12 August, 1921.

3/ A very good example of collaboration of the state administration with the trade unions is the implementation of a new system of unemployment benefits, known as the *Gent System*, where the trade unions (particularly reformist unions) directly participated in state policy making, as only union-organized applicants were eligible for the benefits. Let us not forget that a married unemployed worker ought to have been organized in a trade union for six months in the least, a single unemployed worker even for 12 months. In either case, the applicant must have paid all his trade union dues. In the established benefit payment system half the costs were born by the trade unions, whose funds were based on the membership dues (thus, the trade unions were “converted” into a sort of insurance agency focussing on supporting activity). Due to the increased unemployment rate during the Great Depression in the 1930s the Act was amended several times. The Gent System undoubtedly stressed the role of “reformist trade unions”; actually, it did it in two ways: on the one hand, it tied the trade unions to the state’s social policy (they took over one of its segments) while, on the other hand, strengthening the ties of state administration to the

¹⁷ The problem of high prices was regulated by the Price Act No. 299 of 28 May 1919 (creating the people’s price tribunals) and the Act No. 567 of 17 October 1919 (creating people’s anti-usury tribunals), and also the War Profiteering Punishment Act No. 568. Usury fighting inspection bodies were also created and, simultaneously, the Imperial Economic Council as an advisory body on supply for people. F. ČAPKA, *Odbory*, p. 62; also ČMKOS, *Zpráva*, pp. 9–13.

¹⁸ Factory committees were foreseen by the law for businesses with a staff of more than 30. The bill was strongly opposed particularly by the Chamber of Commerce and Industry. For details see František POLÁK, *Závodní výbory* [Factory Committees]. Praha 1922; Vladimír DUBSKÝ, *Závodní výbory a rady v předmnichovském Československu* [Factory Committees and Councils in the Pre-Munich Czechoslovakia]. Praha 1984.

trade unions: the role of collective agreements increased, as it was through them that the new social legislation was to be implemented and a new partnership-based relation between the employer and the employees was to be created. The system came into force on 1st April, 1925 when the membership of socialist trade unions had stabilized, but their economic situation was rather weakened by the previous recession.¹⁹

4/ One of the hottest points of social conflict reflected in some areas of social life was the sustained *unemployment problem*. Therefore, early in 1922, the OSČ Central Council submitted its suggestions to the then government chaired by Dr. E. Beneš concerning a solution to that problem. The most urgent tool to alleviate the recession was believed to be the introduction of a public labour and public construction system, as well the support of “*substitute industry and the increase of cultivated land to accommodate the unemployed*”. Of the total of 20 OSČ suggestions some were related to the state interventions in the housing area, banking, foreign trade, and pricing; stringent steps against profiteers and more efficient measures to relieve unemployment were to be taken.

5/ The permanently problematic element and the most delicate and most difficult aspect of the government-to-trade unions relation was that of *wage policy*. The goals of most of the trade union federations did not consist only in achieving higher wages at any cost (it is generally known that this could jeopardize the competitiveness of the company and make it go bankrupt), but also in preventing the prices of basic consumption goods from rising. State interventions in this particular field were rather limited, as the principles of liberalism (i.e., free action of the law of demand and supply) were fostered and the freedom of contract was to be respected. State institutions only issued general tariffs of lowest wages, and there was therefore (logically) no place for common approach of the trade unions and the state administration. That is why many wage disputes were resolved by means of strike.

¹⁹ The government decree on implementation of the Act on State Contribution to Unemployment Benefits was issued on 29 August 1924 (No. 186 Coll.); the amount of state contribution was not defined there. It was only the government decree of 23 December 1924 that set the maximum level of state contribution to unemployment benefits. Alois TUČNÝ, *Gentský systém pojištění pro případ nezaměstnanosti v republice Československé* [The Gent System of Insurance Against Unemployment in the Czechoslovak Republic]. Praha 1925; see also Jaroslav BERÁNEK, *Nedostatky gentského systému a jeho vliv na nemocenské a invalidní pojištění a na krizi pojišťování hornického* [Imperfections of the Gent System and its Impact on Health and Disability Insurance and on the Crisis of Miner's Insurance]. Praha 1926. For more information thereon see František KULHÁNEK, *Produktivní péče o nezaměstnané a gentský systém* [Productive Care for Unemployed People and the Gent System]. Odborové sdružení československé Vol. 29, No. 5, 1925, pp. 53–55.

Naturally, the entire social area and the “*struggle for a welfare state*” related to it were dependent on the economic situation in the twenty-year interwar period (being a sort of “communicating vessels”). That period exhibited two main forms.

A) The years of *economic boom* in the latter half of the 1920s could not avoid reflection in the social area. The rapidly developing economy reflected the increasing intensity and modernization of work and of the general rationalization of production, which brought about staff reduction and often a failure of unprofitable companies. Simultaneously, however, with the technical progress going on staff health care was neglected. The OSČ Memorandum sent to Prime Minister Jan Černý in autumn 1926 pointed at these problems, namely at the layoffs in the mining, textile, glassmaking and building industries, as also mentioned in the *Report for the IX OSČ Congress* (21–24 September 1930).²⁰ General Secretary Tayerle declared at the Congress that “*the rationalization as it is taking place here means but more exploitation of the labour force and more unemployment*”. At the same time, however, the reformist trade unions increasingly argued that “*the period of large social struggles is ending*” and that “*the main goal of the workers is now to increase our participation in organizing and managing production through the trade union representatives in economic bodies*”. In this way, the *transition to economic democracy* was supposed to be secured. Closely linked to that was the purpose of strikes and of other pressure actions. Therefore, it was more frequently spoken about the necessity to solve the wage-related and other social questions by intense negotiations with employers and state bodies. Evidence of this convergence was also the fact that many trade union representatives were members of the supreme legislation or executive bodies in the state; some examples thereof are the trade union boss R. Tayerle who became a social democratic Member of Parliament, and two other MPs – the General Secretary Alois Tučný, who adhered to the National Socialist Party, and Jan Šrámek, who was a member of the People’s Party and was one of the founding members of the General Trade Union Federation.

B/ Naturally, a totally different picture of social policy can be seen during the years of *Great Depression* when the production could only be maintained if the productions costs as well as the wages were dramatically cut (i.e., in particular, by reducing the staff). It was the “Great Coalition Government” (1929–1932) headed by the Agrarian František Udržal that took the first cost-saving measures in social expenditures, accompanied by an increase of excise taxes and by a number of capital construction plans, such as road construction, river regulation,

²⁰ For more details see ČMKOS, *Hospodářské poměry, sociální politika a odborové hnutí v letech 1926–1929* [Economic Situation, Social Policy and Trade Union Movement 1926–1929]. Report at IX OSČ Congress 21–24 September 1930, pp. 66–70.

electrification of villages, etc.; it was a certain analogy of the American New Deal. Also the other “Great Coalition Government” headed by another Agrarian, Jan Malypetr (1932-1934), followed the saving policy of its predecessor.

The first measures of the above type were taken as early as December 1932: first, the Public Servants Savings Act was adopted; a reduction of the number of public servants was planned and some of their financial “bonuses” were to be cancelled (Christmas allowance, pension reduction). Next March, the “Labour Loan” was announced; its aim was to collect money for unemployment benefits; at the same time, the “Budget Seven” was set up to seek potential savings in state expenditures. The adopted measures were aiming at a system of “strong democracy”, i.e., large interventions in the country’s economy and in its social system. In the next months, the government took additional measures in the social care area that were based on the Authorization Act (“on extraordinary decreeing powers”) adopted following hard talks between coalition parties on 9 June, 1933; some 54 interventions were made increasing the government’s powers at the expense of the parliament. First, the conditions of unemployment benefit eligibility were made stricter and the health insurance benefits were then reduced.²¹

On the part of large trade union federations further interpellations were submitted to the government. On 10 February 1933, an OSČ delegation visited Prime Minister Malypetr and presented its own suggestions concerning the unemployment problem. In a six-point memorandum an increase of the unemployment benefits was particularly required.²² The serious consequences of the Great Depression and the potential remedies were intensely discussed by the leaders of the Zentralgewerkschaftskommission des deutschen Gewerkschaftsbundes at its plenary session held on 30 January 1935, as the border regions where most of the exporting light industries such as textile and glassmaking, artificial jewellery, and china concentrated were particularly hit by the Depression.

Shortly after the general elections in May 1935 and after the appointment of a new government headed again by Jan Malypetr (4 June) the Joint OSČ Federation submitted to the Prime Minister as well as to the Chamber of Deputies and to the Senate Clubs its economic and social-political requirements that were believed to bring about a recovery of the national economy and employment, with the central goal of “*increasing the employment opportunities*”.²³

²¹ For more details see Z. DEYL, *Sociální vývoj*, pp. 101–105.

²² For more details see *Odborové sdružení československé* [Czechoslovak Trade Union Federation]. Vol. 37, No. 1, 1933, p. 42.

²³ *Odborové sdružení československé* [Czechoslovak Trade Union Federation]. Vol. 39, No. 6, 1935, p. 161.

During the years of Great Depression the trade unions paid also much attention to the social situation of young workers (to the age of 24); it should be mentioned in this connection that the age limit for joining trade unions was 21, which was linked to the fact that according to official information of the Ministry of Social Care in 1933 (the year of greatest economic decline of the country) one quarter of all job seekers registered at employment exchange agencies fell into the age group under 24. Owing to trade unions, the *Agency for Protection of Young Workers* and the *Central Advisory Board for Youth Protection* were established at the Ministry of Social Care. The trade union federations, particularly those linked to the socialist political parties (OSČ and ČOD), actively participated in the formulation of the government social policy during the Great Depression acting as co-authors of a balanced system that even during the “big bangs” proved stable and did not jeopardize the most important tasks – political stability and defence of the country. The anti-depression measures included amendments to the Gent System, such as the longer period of eligibility for unemployment benefits (26 weeks instead of 13, i.e., half a year), longer period of payment of increased state support, now doubled or even tripled, while the trade union’s contribution could be reduced to 12 crowns a day.

Striving for social peace could also be observed in seemingly marginal questions, such as in trade unions discussing the prices of consumer goods, the rent rates, etc. The negotiations were often very long, but without threats of strike. The strike was considered an extreme tool to achieve success. In general, there was a great decline of strikes in the Czech Lands during the Great Depression. There were several reasons of it: a great reservoir of unemployed people waiting outside the factory gates and ready to start work even under worse working conditions; strike-breaking activity of other trade union federations; and consolidated capitalist system of economy not providing any hope of “*the socialist morrows*”.

It is particularly at the time of Great Depression that the social programmes of particular political parties and their trade unions aimed at coping with the given situation can best be compared and the ideas of anti-depression scenarios confronted; these were developed by the two socialist parties as of 1930.²⁴ Several

²⁴ For more details see ČMKOS, Alois TUČNÝ, *Odborové hnutí Československé obce dělnické v letech 1931–1934* [Trade Unions of the Czechoslovak Workers’ Community 1931–1934]. Report at the IX Congress of trade unions Č. O. D. Praha 1935, pp. 43–52. See also A ČMKOS, *Zpráva o činnosti Československé sociálně demokratické strany dělnické v letech 1933–1936* [Review of the Activities of the Czechoslovak Social Democratic Workers’ Party in the Years 1933–1936]. Published for the XVIII ordinary congress held in Prague from 15 to 17 May 1937, Praha 1937, pp. 95–96. See also Jan KUKLÍK, *Hledání cesty k demokratickému socialismu (k programovému vývoji Československé sociálně demokratické strany dělnické v první polovině 30. let)* [Looking for Ways to Democratic Socialism. The Czechoslovak Social Democratic Workers’ Party and the

projects of a Chamber of Commerce and Trade also appeared during the 1930s that were aimed at protecting both the consumers and the employees. Both questions are certainly worth investigating. We can say in general that the Depression and its consequences failed to undermine the system of social care in Czechoslovakia. The system could cope with the problems and survived the Depression. Only some undemocratic elements became stronger as a result of the then economic and political situation in the country. This was certainly due also to the fact that most of the Czech population identified the social idea with the national one. The present paper has just suggested some problems and areas that certainly deserve more analysis.

One small remark to add in conclusion. Detailed research into the topic as expressed in the very title of the paper may raise some questions inspiring us to compare the then problems with the current situation in this country. I wish to mention here just one, which I consider extremely important. While studying the archival documents of trade union federations (such as reviews of activities, congress documents, newspaper articles, correspondence, etc.), I did not find any document complaining about the approach and attitude shown by state bodies (particularly ministries) in their communication with trade unions. I have come to the conclusion that they were negotiating with each other as *equal partners*, of which either was approaching the problems discussed from a different point of view. In an extremely difficult period of time, such as the Great Depression, they showed much fairness, mutual tolerance, and even respect for each other. I am far from idealizing the mutual relations of both partners and presenting them like “a stroll in a rose-garden”. And I wonder (in fact, I doubt about it) if this fact and historical lesson is applied by the current government when negotiating the current social problems with the trade unions; in relation to the government, we rather hear words like “arrogance” or “haughtiness”. Compared to the time after 1989, when the people mostly showed mistrust of anything that reminded them of “social” or “trade unions” and when “the social” was believed to be identical with “the socialist”, now, some twenty years later, we can say that the trade unions are regaining their due position in our society and that some ignorance by the government of the idea of welfare state does not divide the society anymore; it rather unites the society and, on the other hand, impairs the view of the government.

Evolution of its Programme in the Early 1930s.]. In: K novověkým sociálním dějinám českých zemí III. Praha 1998, pp. 72–83. See also F. ČAPKA, *Odbory*, p. 97 ff.

The Catholic Social Doctrine and Its Application to the Social Conditions in the 1930s – the Encyclical “Quadragesimo anno” and the Corporate State Concept¹

The economic depression of the early 1930s and the political crisis related to it generated many types of solution, one of them being the considerations of a corporate state concept, which are in the official Catholic discourse mostly connected with the papal encyclical “Quadragesimo anno” of 1931. Pope Pius XI (1857–1939) made use of the 40th anniversary of the first papal social encyclical “Rerum novarum” with which the Church responded to the social challenges connected with the boom of capitalist economy and with the growing popularity of socialist and workers’ parties. The encyclical was announced by the Pope during a solemn mass devoted to the anniversary of the encyclical “Rerum novarum” and celebrated on 15 May 1931, and the Pope’s homily for the present pilgrims from many European countries was also transmitted by Vatican Radio.²

Pius XI endeavored to adjust the forty years old principles to the new conditions and to formulate his own vision of the Catholic state and of the role to be played by the Church in modern society. His social policy was apparently intended to reconstruct the social system so as to revive the Christianization of society, implement “true” modernity, and harmonize social relations in the spirit of the Pope’s ideas – free of any political ideology.³ He wanted to draw on Leo XIII (1810–1903), but the new document was intended to be applicable to the actual problems of global economy.⁴ It was one of the most important documents on the social question produced by the Church in the interwar period. The impacts of the Great Depression were reflected quite clearly in the Catholic social doctrine and were also sources of a number of theoretical considerations that in some cases resulted in specific social-theological projects. In the mid-1930s first works of the Dominican priest Yves Congar appeared stressing the need to in-

¹ Published within the GA ČR grant “*Nationalism and antidemocratic trends in the Czech and German Catholicism in Czechoslovakia between the two world wars*” No. P410/11/2348.

² Yves CHIRON, *Pio XI. Il Papa dei Patti Lateranensi e dell’ opposizione ai totalitarismi*. Milano 2006, p. 249.

³ David CURTIS, *True and false modernity: Catholicism and Communist Marxism in 1930s. France*. In: Kay Chadwick (ed.), *Catholicism, Politics and Society in Twentieth-Century*. France. Liverpool 2000, p. 73.

⁴ Y. CHIRON, *Pio XI. Il Papa dei Patti Lateranensi e dell’ opposizione ai totalitarismi*, p. 248.

tensely develop the theological and practical activity of the Church in the social area and requiring relevant reforms to this end.⁵ In France and Belgium the Jocist movement started developing, headed by the Belgian canon Joseph Cardijn, graduate from the outstanding University of Liege, whose members devoted themselves to pastoral work in large industrial regions.⁶ His followers were particularly active among young workers in large industrial agglomerations striving to bring them to apostolic work, which was fully in line with the then ideas of the Church magisterium about amateurish work as an instrument to re-Christianize society. Instead of mobilizing the masses of youth to social conflicts, like the socialist organizations, the Jeunesse Ouvrière Catholique (JOC – Catholic Workers' Youth) strived for a model based primarily on the transformation of private life of its members in the spirit of Christian moral principles. Then, small groups of sympathizers were expected to start influencing their surroundings. With its social program the Jocist movement wanted to oppose Communism and liberal capitalism, criticizing them particularly for having given up their social duties. However, the carriers of leading social concepts were mostly German Catholic thinkers. The final wording of the encyclical was particularly due to Oswald Nell-Breuning (1891–1991), a German Jesuit and leading theoretician of the Catholic social doctrine working as of mid-1920s at St. Georgen-Catholic University in Frankfurt is Rhein. His involvement was due to the fact that early in 1930 Pius XI had asked Wladimir Ledochowski (1868–1942), the then Jesuit superior, to prepare an encyclical concept with members of the Jesuit Order.⁷ And after World War I German Jesuits intensely dealt with the questions of ecclesiastical social theory and they pleased the Pope with their concept of society based on the principles of corporate organization.⁸ Oswald Nell Breuning was persecuted by

⁵ Yves Congar (1904–1995), French theologian dealing with the social dimension of religious activity and of the freedom of religion. In WW II he was imprisoned for his participation in the resistance movement. In the 1950s, due to his social activity he had a dispute with the Papal court which accused him of sympathies with the left. After the election of Pope John XXIII and convening the II Vatican Council Congar, like most of the reform-oriented theologians, was rehabilitated and in 1959 was appointed a member of the Theological Committee that was preparing the Council documents. He became also an advisor to French bishops. In 1994 he was made a cardinal.

⁶ Joseph Cardijn (1882–1967), soon after being ordained in 1906 he engaged in social work among young workers. In 1925 he founded the organization JOC – Catholic Workers' Youth. Soon after its foundation it spread to Belgium, France, and after 1945 also to other West European countries. In 1965 he was made a cardinal.

⁷ Y. CHIRON, *Pio XI. Il Papa dei Patti Lateranensi e dell' opposizione ai totalitarismi*, p. 249.

⁸ Jürgen ELVERT, *Gesellschaftlicher Mikrokosmos oder Mehrheitsbaschaffer im Reichstag? Das Zentrum 1918–1933*. In: Michael Gehler – Wolfram Kaiser – Helmut Wohnout (Hrsg.), *Christdemokratie in Europa im 20. Jahrhundert; Christian Democracy in 20th Century Europe; La Démocratie Chrétienne en Europe au XXe siècle*. Wien – Köln – Weimar 2001, p. 170.

the Nazi regime and after 1945 he participated in social transformations taking place in the Federal Republic of Germany. He took part in the preparation of the social chapter of CDU program where he advocated the principles of socially conditioned economic growth, and he was also a co-author of the social democratic program adopted in Bad Godesberg in November 1959. Apart from Nell Breuning, the encyclical wording was also due to another Jesuit, Gustav Gundlach (1892–1963), Nell Breuning's colleague in Frankfurt and later, as of 1934, professor at the Papal Gregorian University in Rome. Gundlach professed neotomism, which is the reason why the role of St. Thomas Aquinas and his doctrine of society structure is stressed in the encyclical. He was also the author of some treatises dealing with the categorization of classes and the problems of class struggle where he polemized with the Marxist theories.

In the questions concerning property and labor the encyclical fully relied on the principles of "Rerum novarum". Simultaneously, however, the Pope tried to consider the workers' question as a whole, not reduced to its social dimension only. He viewed the economic situation also through the prism of Christian ethics. The main instrument to cope with the depression was believed to be a transformation of the moral views of citizens and an increase of Christian solidarism of the rich with the poor, and also fair wages. From the rather vague formulations follows that the wages had to enable an adequate standard of living, maintain a certain level of culture, and contribute to the development of moral virtues. This question reflects also the moral and theological views concerning the social position of men and women. In accordance with these principles the Pope rejected the employment of women and children; the main breadwinner was to be the man. Contrary to the previous encyclical less attention was paid to the workers' question and its solution, but the new encyclical tended to cope with the social problems as a whole. Thus viewed, it is obvious that one of the central ideas of the whole encyclical was seeking a complex solution to the social situation, which in the Pope's opinion was the concept of welfare state. The accent laid on it was aimed at weakening the class and social tension by strengthening corporate elements and by creating cooperation between employers and employees with the particular interests being subject to public welfare. a model of such organization of social relations was seen in the medieval social order based on universalism, service, and mutual economic interconnection of all members of society.⁹ The corporate-type society was expected in its ideal form to blunt as much as possible the social antagonisms and thus initiate cooperation between all corporations. In practice "*the citizens were to be structured not according to being employees or employers, but according to their*

⁹ Alfred FUCHS, *Demokracie a encykliky* [Democracy and the Encyclicals]. Praha 1936, p. 48.

vocation”.¹⁰ Nell-Breuning, however, rejected in all his interpretations the view that a corporate order in the spirit of the encyclical was only copying the medieval reality. In his opinion it was not a romanticizing concept of idealistic state, but a state acting in the spirit of “true implementation of rationalism in politics and economics”.¹¹ According to the encyclical, the state was an executor of justice, so that its task consisted in striving for a new social order and developing the relationship between employers and employees on the basis of solidarity and corporatism, thus preventing class conflicts.¹² Consequently, the encyclical called for a new social order, differing from the liberal, capitalist, fascist, Nazi, Communist, or socialist experiments of the time. The Pope warned on that occasion of egoist individualism, so typical of the capitalist economic order, and the encyclical condemned even more strongly any form of socialism. The Pope advocated the right to private property and rejected the socialist and collectivist experiments. Simultaneously, however, he stressed the social responsibility of the owner. All material goods were to be distributed in the spirit of Christian principles so as to ensure general benefit to all people.

At the same time, the Pope wished the encyclical wording to avoid any potential appeal to change the existing state constitution.¹³ By stressing common welfare he intended to harmonize also the social relationships and links between labor and capital in the spirit of Christian solidarity. The workers should not feel *déraciné* and excluded like in the slavish type of capitalist or socialist society. The motto of corporate economics was freedom in mutual relations of all social corporations. a model form of social organization was seen by the Pope in the medieval social order that was based on universalism, service, and mutual economic relations of all members of society. However, the encyclical failed to explicitly define what corporations were to be created and what principles they had to comply with. No wonder that some believed that when formulating the corporatist passages the Pope was inspired primarily by the ideas of fascist cor-

¹⁰ Bohumil STAŠEK, *Nový hospodářský řád křesťanský. Zásady a obsah nového křesťanského hospodářského řádu* [New Economic Christian Order. The Principles and Content of the New Christian Economic Order]. Praha 1937, p. 13.

¹¹ Oswald NELL BREUNING, *Um den berufsständischen Gedanken. Zur Encyklika “Quadragesimo anno” vom 15. Mai 1931*. In: *Stimmen der Zeit. Monatsschrift für das Geistesleben der Gegenwart*. 62 Jhg, 1. Heft, 122 Band, Oktober 1931, p. 39.

¹² František KOSATÍK, *Encyklika Quadragesimo anno a stavovské zřízení* [The Encyclical Quadragesimo anno and the Corporate Order]. In: *Stavovská myšlenka. Sborník statí I*. Praha 1936, p. 46.

¹³ Helmut WOHNOUT, *Bürgerliche Regierungspartei und weltlicher Arm der katholischen Kirche. Die Christlichsozialen in Österreich 1918–1934*. In: Michael Gehler – Wolfram Kaiser – Helmut Wohnout (Hrsg.), *Christdemokratie in Europa im 20. Jahrhundert; Christian Democracy in 20th Century Europe; La Démocratie Chrétienne en Europe au XXe siècle*. Wien – Köln – Weimar 2001, p. 197.

poratism, the only working model of society known at that time with corporations playing an important role. The corporatist elements stressed in the fascist program were supported by the need for more solidarity in the nation and the necessity to increase the economic production that would help restore its glory. In practice, Mussolini wanted to use the idea of corporatism to create a state in Italy that would integrate both the industrial North and the mostly agrarian South.¹⁴ At the ideological level corporatism was viewed as an attempt to install an order constituting a permanent process striving to achieve a unity between the individual and the nation. However, the Catholic corporate order was defined in the encyclical in a rather different spirit than the corporate system installed in fascist Italy.

Of course, when interpreting the encyclical the broader religious and social context of its preparation must also be taken into consideration. The idea of an encyclical in the 1930s is closely linked to the views of Pope Pius XI concerning the role of the Church in general as formulated by him after his inauguration. Soon after his election in February 1922, Pius XI tried with much more effort than his predecessors to actively oppose the influence of the modern age on social life, and it was the social question that in the Pope's opinion constituted one of the ways to restore the respectable position of Catholicism in the public space and strengthen the ideological and philosophical world of the Catholics. One of his main goals was to make laymen act much more as implementers and carriers of the apostolic mission in the secular milieu, or even in a milieu hostile to the Church. The laic element was also supposed to be more active in social events. To this end, the Pope initiated with his encyclical "Ubi arcano Dei" the foundation of the Catholic Action in 1922.¹⁵ This was intended to help the Catholics to stand up to the ideological competition of other philosophical streams, primarily liberalism, socialism, as well as nationalism and fascism. The substantial characteristics of the Pope's efforts include much stress laid on the role of Catholic communities, such as family and congregation.¹⁶ The Pope used every opportunity to call for active participation in the Catholic Action. As soon as the statutes of the Italian Catholic Action had been approved, he showed interest in

¹⁴ Ilse STAFF, *Der faschistische Korporativstaat und die ihn bestimmenden Ideologie*. In: Aldo Mazzacane – Alessandro Somma – Michael Stolleis (Hrsg.), *Korporativismus in den südeuropäischen Diktaturen*. Frankfurt am Main 2005, p. 91.

¹⁵ For the establishment and activities of the Catholic Action in the light of recent studies of Vatican sources, see Francesco MALGERI, *Pio XI. e l' Azione Cattolica*. In: *La Sollecitudine ecclesiale di Pio XI: alla luce delle nuove fonti archivistiche*. Atti del convegno internazionale di studio, Città del Vaticano, 26–28 febbraio 2009. A cura di Cosimo Semeraro. Città del Vaticano 2010, pp. 149–182.

¹⁶ Constantin NOPPEL, *Katholische Aktion und "Quadragesimo anno"*, *Stimmen der Zeit* 122, 1931/1932, p. 244.

spreading the encyclical ideas over the Alps, to Western and Central Europe. Pius XI's efforts constituted a call for intensifying the Catholic activity not only in the spiritual area, but also in the public space. He gave those efforts a liturgical form by introducing a new holiday of Christ the King with his encyclical "Quas primas" in 1925. Its main idea consisted in the Pope's belief that Christ's Kingdom "must be public and cannot be limited to the private sphere only. This celebration connected with consecrating mankind to the Holy Heart of Jesus in the spirit of his predecessors was a manifestation of Catholic universalism".¹⁷ By this, the Pope intended to improve the evangelizing and missionary work both inside and outside the Church. The final effect was hoped to be that the Catholic Action Members constitute "a disciplined force, true army ready to defend the rights of the Lord and the Church".¹⁸ Apart from massive mobilization against the opponents the Pope expected that within the Catholic Action a large potential would be created to successfully cope with the apostolic and missionary work. By this, the Church wanted to abandon the existing defensive positions and start acting more offensively.¹⁹ Thus, the Pope intended among other things to oppose the growing socialist and trade union movement that was viewed by him as a potential menace that could spread among the Catholics. Consequently, the background of the efforts aimed at an upswing of the Catholic Action reveals apart from the endeavor to stimulate modern Catholic activism fully controlled by Rome also efforts to actively defend the political interests of the Church in a democratic and secular society. In this way, the Church wanted to prepare and train the Catholics so as not to be afraid to actively enter the political arena, namely in different political formations that were close to the Christian worldview. The Catholic Action was gradually developing into an autonomous Christian movement from the bottom level upwards. In a number of European countries it brought about a development of many organizations that helped spread evangelization among various social and corporate circles. This particularly applies to the activities of Catholic intelligentsia. In its youth movement the efforts to modernize religious life as expressed, e.g., through participation in the liturgical movement were linked with the initiatives for theological and spiritual revival. However, one of the results of the Pope's endeavor to mobilize the Catholic community was a growing tension between generations inside the Catholic milieu due to the apparent aspirations of the young people to join public campaigns

¹⁷ Alfred FUCHS, *Novější papežská politika* [Recent Pontific Policy]. Praha 1930, p. 116.

¹⁸ Klaus Grosse KRACHT, *Französische Katholiken vor der politischen Herausforderung. Die Katholische Aktion in Frankreich in der ersten Hälfte des 20. Jahrhunderts*. In: Arnd Bauerkämper – Jürgen Nautz (Hrsg.), *Zwischen Fürsorge und Seelsorge. Christliche Kirchen in den europäischen Zivilgesellschaften seit dem 18. Jahrhundert*. Frankfurt am Main 2009, p. 163.

¹⁹ Stathis N. KALYVAS, *The Rise of Christian Democracy in Europe*. New York 1996, p. 183.

and express there their opinions both on political and social questions, but without wishing to engage in the Catholic political parties. After the initial stage of enthusiastic foundation of Catholic Action organizations the interest started declining in the latter half of the 20s owing to some uncertainty as to where and how its activity should be directed. Another peak of interest in the Catholic Action came in the early 30s as the political arena in all Europe radicalized as a result of the social impacts of the Great Depression. Consequently, the encyclical "Quadragesimo anno" can also be viewed as an ideological fixation of the re-Christianization efforts in all their forms. A common feature of the Catholic Action and the encyclical "Quadragesimo anno" was the stress laid on the role of community or corporation in creating an efficient Church organism and social order.²⁰

Moreover, the encyclical was issued at the time of intensifying conflict between the Italian government and the Holy See that had started just two years after signing the Lateran Treaty. The conflict was due to the endeavor of the fascist regime to fully control all youth organizations, which was in line with the efforts of a part of the fascist political elite to carry through the concept of full control over society.²¹ And the Catholic organizations were the only non-fascist groups associating young people whose existence was tolerated at that time. In spring 1931 the fascist press attacked the organizational autonomy of the Catholic Action Youth (*Gioventù Cattolica*) claiming that the spiritual movement was actually a disguised attempt to restore the opposition activity of Italian political Catholicism. Thus, in a relatively short period of time the Pope issued two important encyclicals: after "Quadragesimo anno" the encyclical "Non abbiamo bisogno" was issued late in June 1931. The Pope acted quite offensively against the government on the one hand, whereas on the other hand the papal circles wished to settle the conflict in a diplomatic way, because the Vatican officials did not want the "Roman question" negotiations going on for almost sixty years to fail. None of the conflicting parties was interested in intensifying the conflict, although the fascist circles blamed the Pope for dramatizing the situation; eventually, the disputes were settled, at least formally, in the fall of 1931.

Also, the Pope formulated the encyclical so as to dissociate it from the fascist regime and differentiate it as much as possible from the corporatist system. The encyclical distinguished consequently between the role of the state and that of corporate bodies, which in his opinion had to play an economic role only, not a political one. The text also stressed the principle of subsidiarity, which included much autonomy of the individual or of particular groups in relation to

²⁰ C. NOPPEL, *Katholische Aktion und "Quadragesimo anno"*, p. 243.

²¹ F. MALGERI, *Pio XI. e l'Azione Cattolica*, p. 164.

the centralized power (this idea became later a substantial part of the current Catholic social doctrine). Corporate elements were also available in the West German and Austrian post-war social system in the form of tripartite dialog where the basic directions of economic development were discussed and agreed between the employers, the trade unions, and the government.

The Pope's determination to change the social order was accompanied by the call for a transformation of the moral climate. It is true, however, that corporate statism and the corporatist idea in the Christian sense shared also some common features. The idea of corporate fascist state and that of corporate Christian state clearly contradicted the liberalism and the democratic order of society. Moreover, Pius XI in his idea of corporate order resumed his criticism of liberalism leading to a disruption of the natural social order. He blamed liberalism for concentrating on the material aspects of human life and neglecting its dignity and spiritual dimension. Liberal freedoms without metaphysical overlap meant in the Pope's opinion but a way of enslaving man and disrupting the moral milieu, thus enabling the bad individualism to spread in economy and social life.

The encyclical constituted also a key document of the ecclesiastic magister in relation to the Catholic political parties in Europe. These reflected the document with much interest as a model preventing social extremes, and it also influenced a number of attempts to change the existing political structures that had been made from Catholic positions during the 1930s. Still, the Pope endeavored in the encyclical wording to avoid any particular instruction as to how the existing state constitution had to be changed.²² The encyclical did not favor any particular political movement, either. Nevertheless, I believe that the vague formulation of the Pope's views concerning the form of the corporate state made it possible to interpret the encyclical ideas in favor of the authoritarian political streams. Their representatives used the discussion on corporate statism as an instrument of reducing the role of political parties and the plurality of ideas in society. The critics of the encyclical rightly pointed to the fact that the social doctrine of the Church was too static and failed to respond to the dramatic social changes taking place at the turn of the 19th century. Philosophically, the concepts of coping with social problems had their roots in medieval society and not in the modern social conditions. The Pope's view of the social situation eventually inspired the supporters of the authoritarian social order who, too, often sought their models in the remote past and aimed their concepts at disrupting the pluralistic, democratic and liberal system. Therefore, although the papal encyclical did not favor any particular model of political order, the nationalist conservative supporters of corporatism viewed the "Quadragesimo anno" as a tool by means of which it would be possi-

²² H. WOHNOUT, *Bürgerliche Regierungspartei und weltlicher Arm der katholischen Kirche*, p. 197.

ble to abolish the suffrage and eliminate the role of political parties. Also many Catholic intellectuals and politicians shared this point of view. Thus, the corporate idea was primarily developed in connection with the post-war crisis of liberalism and parliament-based democracy in Europe in the 1930s, which was due to the disruption of political life, the failure of political parties and of the party-based system in general, of capitalism and liberal-democratic state constitution, and to the decline of morality. Moreover, Catholic intellectuals in the interwar Europe viewed it as a return to the authoritarian just principle that would unite the individuals in accordance with their very natural differentiation, i.e., professional groups, and make man believe in God again.

As an example I am going to mention two regimes that were inspired by these ideas: Portugal ruled by Antonio Salazar (1889–1970), and Austria in the era of Chancellor Engelbert Dollfuss (1892–1934) and his successor Kurt Schuschnigg (1897–1977).

Salazar worked his way up and became the most respected economist in his country; after the fall of the monarchy in 1910 a political and social commotion started. Dozens of ephemeral governments followed one another during a sixteen-year period of time, the army intervened in the form of several military revolts, and conflicts were often resolved by means of political murder. After the military coup of spring 1926 Salazar's star career started. The danger of state bankruptcy made the officers invite him to restore sound national finance. He was appointed Minister of Finance in the new government and having well coped with that task he strengthened his image of good politician.²³ Since his youth he had disdained the parliamentary system and longed to create its alternative. He was surrounded by educated collaborators, conservative academicians who mostly came from Catholic student associations. These had started already before World War I to struggle against the laicizing trends and strived for a moral regeneration and new re-Christianization of Portugal. When shaping his political program he was immediately inspired by the papal encyclical and based on its ideas he formulated his concept of new state (called "Estado novo") built on five pillars: nationalism, corporatism, Catholic principles of morality, Army, and restriction of democratic freedoms.

The new constitution provided for much power of corporate bodies, rejected both the social concepts of class struggle of Communist origin and the individualism of the liberal capitalist system. It also prohibited the traditional forms of workers' struggle, such as the freedom of strike and freedom of assembly.²⁴ The

²³ For more details on the Portuguese dictator Salazar, see Jan KLÍMA, *Salazar – tichý dictator* [Salazar a Silent Dictator]. Praha 2005.

²⁴ Gerhard BESIER, *Svatý stolec a Hitlerovo Německo* [The Holy See and Hitler's Germany]. Brno 2008, p. 129.

only legal political party was the *National Union* and the crucial force in economy was that of corporations guaranteeing the respect for interests of both employers and workers, who enjoyed the right to work, social insurance, and minimum wages. The influential Catholic Church played an important role as a moral guarantor of the whole system. The theory was quite sophisticated, but in practice Portuguese economy was mostly in the hands of a few dozens of oligarchic banking families and trade companies controlling the profits from colonies. The corporatist ideas were largely supported by the public, particularly in the less advanced country. Salazar's principles of authoritarian state, yet without bloody excesses, found a strong echo in the Czech Catholic milieu where they were viewed as a way to resolve the domestic problems and put an end to the crisis of democracy in the First Czechoslovak Republic. For instance, the magazine 'Obnova' stated that "*his personality and his actions make us hope that Europe will not fall into a chasm*"; "*Salazar is a Christian statesman and he creates a state based on the Christian principles where welfare develops and order exists. That's why he and his state becomes a model for the others*".²⁵

The Austrian system under the leadership of Engelbert Dollfuss was also established in the spirit of the above papal encyclical. The reason of the corporatist idea being so strong in Austria consists also in the fact that one of the leading theoreticians of the corporate state, the philosopher, sociologist and economist Othmar Spann (1878–1950) lived and worked here. In his most famous work *Der wahre Staat* (1923) he suggested an ideal concept of corporate system as an alternative to socialism, liberalism, and democracy.²⁶ His lectures at the University of Vienna, his doctrine and the activity of his students and disciples influenced favorably the appearance of new ideological concepts and the whole atmosphere of tolerance for authoritarian action. Spann considered the corporation to be a community that makes part of a spiritual entity; therefore, he classified the corporations according to their spirituality. And the state served as an umbrella above the corporations hierarchizing them according to spiritual values. Spann's model was a reaction to the political changes after 1918. He suggested a solution to the complex social question and responded to the post-war changes in Austria after the fall of the monarchy.²⁷ The core of his universalistic doctrine was a criticism of Marxism, which was in Spann's opinion contradictory in its con-

²⁵ *Salazarovo pojetí státu* [Salazar's state concept]. *Obnova* 2, 1938, No. 21, p. 4.

²⁶ Othmar SPANN, *Der wahre Staat. Vorlesungen über Abbruch und Neubau der Gesellschaft*. Jena 1938, p. 80 ff.

²⁷ Martin JEŘÁBEK, *Konec demokracie v Rakousku 1932–1938. Politické, hospodářské a ideologické příčiny pádu demokracie* [The End of Democracy in Austria 1932–1938. Political, Economic and Ideological Causes of the Fall of Democracy]. Praha 2004, p. 37.

tent and was based on wrong ideological foundations; thus, it was in practice unfeasible.

Another condition was the general situation in the Republic of Austria where the public was already tired of constant political conflicts without any sign of quick stabilization for the political, social and economic situation. Moreover, the conflictive internal political climate facilitated the creation of paramilitary groupings, the best known and the largest ones being the social democratic “Republikanischer Schutzbund” and the extreme rightist “Heimwehr” which developed into a powerful political organization. Gradually, most of the population was dissatisfied with the activity of political parties and longed for a restoration of the peaceful times of the Monarchy. Moreover, most of the Austrian Catholics had a panic fear of the idea of democracy which was considered “*an invention of the Jews, free masons and radical democrats who want to subjugate the Christian people*”.²⁸ Chancellor Dollfuss, who as a representative of the Christian-Social Party had become Chancellor in spring 1932, took advantage of the actual political situation after the dissolution of the National Council Presidium in March 1933 and, referring to the questionable Authorization Act of summer 1917 which was still legally valid, practically “buried” the democratic parliamentary system and thus made the first step toward the authoritarian form of government. For the purpose of his own propaganda he utilized the magnificently staged Pangerman Catholic Congress taking place in the Austrian capital from 7 to 12 September 1933 to commemorate the 250th anniversary of the Turkish defeat in the Battle of Vienna of 1683 (the Congress was also part of the Holy Year Celebration declared by the Pope).²⁹ The Congress was intended to strengthen the feeling of belonging together of the Christians; moreover, it was organized in “Red Vienna”, the very center of the Social Democracy. The giant assembly was intended to demonstrate the influence and power of the Catholic community in the Alpine republic. As it referred to a particular historic event connected with the war against the danger from the East it revealed an obvious actual political message against Socialism and Communism. Nevertheless, the instructions issued by the Congress organizers made it clear that no obvious

²⁸ Ernst HANISCH, *Die Ideologie des Politischen Katholizismus in Österreich*. Salzburg 1977, p. 7.

²⁹ The Congress was being prepared since 1929 and was intended for Catholics from all German-speaking countries. Therefore, the 1933 Congress was not to take place in Germany and German Catholics had to come to Vienna. After the seizure of power by Hitler, however, the new government restricted the participation of German Catholics in the Vienna Catholic Congress (for information about the preparation of the Catholic Congress in Vienna see Diözesanarchiv Wien, Bischofsakten Innitzer, Kasette 13, Katholikentag 1933, letter of the Chairman of Central Committee of German Catholics, Aloys zu Löwenstein, to the Archbishop of Vienna Piffl of 22. 2. 1932).

politically motivated speeches were allowed.³⁰ But the Organizing Committee's demand did not prevent Dollfuss from the ambition to speak at the Catholic Congress and announce a clearly profiled manifesto presenting his program and concerning the future of the country. Still, it should be stressed that Dollfuss's speech was not part of the official Catholic Congress agenda, but the Chancellor could ingeniously adapt his intention to the overall Congress atmosphere. In his speech held on 11 September 1939 in Trabrennenplatz he deliberately stressed his identification with the heroes fighting for Christian ideals a quarter of millennium ago during the Turkish siege of Vienna. His speech had been carefully prepared in advance in close collaboration with Mussolini. He proclaimed in the speech an end to the capitalist system, to the party-based social system, and to the Marxist temptation for people.³¹ Dollfuss skillfully used images that created negative emotions among the public and were sources of long-time dissatisfaction. Apart from the fundamental ideological questions he also mentioned in his speech specific measures to be taken in the economic and social area. He laid philosophical foundations of the authoritarian regime of Italian type which, however, exhibited strong elements of idealized medieval Estates and some components of the Catholic social doctrine (coming mostly from the papal encyclical "Quadragesimo anno") concerning the elimination of class differences. Thus, in his vision, the influence of socialism and liberalism was to be suppressed. The Chancellor could gain support of his plans mainly in the conservative rural regions where his concept of new state constitution was received with much enthusiasm. Comparing the implementation of the corporate state concept in Portugal and Austria an inner parallel between Salazar and Dollfuss can be observed as to their enthusiasm with which the plans of authoritarian government were combined with promises of a sophisticated system of harmonious cooperation between employers and employees.³² However, neither of them were pure idealists, but rather hard practitioners who did not hesitate to use force to carry out their plans. This was a typical image of Austria in the late 1933. Dollfuss was aware of the fact that before starting to build a new order he had to fully consolidate his power and suppress the potential opposition that he saw primarily in Social Democracy and only after that in the Nazi movement. However, the growing efforts of the government structures aimed at eliminating the influence of the left caused much anxiety among the high clergy. Its officials were convinced that the growing tension would result in a workers' revolt and

³⁰ Diözesanarchiv Wien, Bischofsakten Innitzer, Kasette 13, Katholikentag 1933, organizing instructions for the Congress.

³¹ *Neues Österreich*. In: Reichspost 40, 12. 9. 1933, No. 256, p. 1.

³² Martin CONNWAY, *Catholic Politics in Europe 1918–1945*. Routledge, London 1997, p. 58.

that responsibility for the bloodshed would fall on the Catholics.³³ This assessment of the situation was quite reliable. From the beginning of 1934 signals were multiplying that a violent solution to the political problems was being prepared, such as large-scale purchase of weapons by the Ministry of Interior through Emil Fey (1886–1938), a Heimwehr member and one of the greatest enemies of Social Democracy. Early in February the military leaders of the illegal *Schutzbund* were arrested in a number of places in the country and, as a result, the situation aggravated even more. The tension in the country culminated in several days of bloody fighting, mostly in Vienna, which resulted in a defeat of Social Democracy.

Soon after that a new corporate constitution was adopted which referred to the Divine Mission of Austria. Its solemn declaration was planned for 1 May 1934 in order to replace the Labor Day by a celebration of the new, corporate Austria. The resoluteness of the government when destroying parliamentary democracy, social democratic opposition and legal state, however, contrasted with the vague idea of what was to come instead of the political structures removed. Step-by-step, work started on formulating new laws legitimizing the introduction of a corporate constitution. The new regime endeavored to insinuate that all the previous problems and the social, political and ideological tensions were over and that Austria was facing a period of national unity and peace.³⁴ The aim of the new constitution was in fact reduced to dismantling the rule of political parties and replacing it with corporate bodies closely linked with the authoritarian state power as a substitute for the existing political structures. As a matter of fact, the corporate constitution never came into full effect as the national socialist opposition became the most powerful force. The practical implementation of constitutive laws faced many problems and could not be carried out until the end of Austria in 1938. The corporate organizations, which were supposed to become pillars of the new regime, did not acquire major importance, either. As a result, only an incomplete torso of the magnificent plans remained. Simultaneously, the strengthened alliance between the government and the Church was demonstrated, also in the form of mass ceremonies, such as the participation of regime officials in public demonstrations of the Catholic faith.³⁵ The corporate state was based on the principles of spectacular worship of the Catholic

³³ Gudula WALTERSKIRCHEN, *Engelbert Dollfuss. Arbeitermörder oder Heldenkanzler*. Molden Verlag, Wien 2004, p. 191.

³⁴ See Pia JANKE, *Politische Massenfestspele in Österreich zwischen 1918 und 1938*. Wien – Köln – Weimar 2010, p. 266 ff.

³⁵ Emmerich TÁLOS, *Zum Herrschaftssystem des Austrofaschismus Österreichs 1934–38*. In: Erwin Oberländer (Hrsg.): *Autoritäre Regime in Ostmittel- und Südosteuropa 1919–1944*. Paderborn – München – Wien – Zürich 2001, p. 156.

cult and anti-Marxist propaganda. Nevertheless, coexistence between the Church and the new regime was far from being problem-free. The corporate state declared itself to be a spiritual opponent to National Socialism, but in spite of verbal support of the papal social doctrine any major inspiration by the encyclical “*Quadragesimo anno*”, such as the principles of subsidiarity or wider autonomy of the corporate organizations could hardly be found there. As time went on, the Church was more and more involved in tensions that were due to the growing influence of National Socialists and, on the other hand, the weakening political positions of state advocates. The archbishop of Vienna, Cardinal Theodor Innitzer (1875–1955), made it often clear that he was dissatisfied with the development of social situation and the Church elite refused to let the education of young people be fully in the hands of the state. He declared on one occasion that it was too early to call Austria a Christian state.³⁶ Another unfavorable consequence of the identification of Catholics with the corporate state was a rather rapid growth of the Protestant Church membership. Joining the Protestant Church was mostly viewed as a form of political protest.³⁷ Therefore, the bishops took the initiative and started organizing events that were fully under their control. Their actions were intended to demonstrate that it was primarily the episcopate that was widely spreading the encyclical ideas.³⁸ It was primarily the priest Johannes Messner (1891–1984) who represented the ecclesiastical level in the theoretical development of the encyclical at that time; however, he tried to dissociate himself from the political utilization of corporatism for a dictatorial form of government and spoke about the need to conserve, together with the corporate order, also some form of democracy.³⁹ But he, too, tried to justify the authoritarian forms of installing the corporate order. The whole corporate state system was getting into problems in the latter half of 1930s. With a bloody suppression of the Social Democracy he prevented the creation of a united anti-fascist front, so that he could hardly find an ally in the following period of time.

³⁶ *Das Programm der Verchristlichung Österreichs verpflichtet*. In: Reichspost 43, 16. 3. 1936, No. 75, p. 4.

³⁷ Rupert KLIEBER, *Quadragesimo anno e lo “Ständestaat” d’ Austria nuova*. In: La Sollecitudine ecclesiale di Pio XI: alla luce delle nuove fonti archivistiche. Atti del convegno internazionale di studio, Città del Vaticano, 26–28 febbraio 2009. A cura di Cosimo Semeraro. Città del Vaticano 2010, p. 360.

³⁸ Segretaria di Stato (Vaticano). Sezione per i rapporti con gli Stati. Archivio Storico (S. RR. SS), Archivio della Sacra Congregazione degli Affari ecclesiastici Straordinari (AA.EE.SS), IV. periodo (1922–39), Austria 1933–38, Pos. 822, fasc. 15, information for the Holy See about the international congress organized by the Austrian episcopate on the corporate order in the spirit of the encyclical *Quadragesimo anno* 29. 5. – 2. 6. 1935.

³⁹ Johannes MESSNER, *Von der Wiener Internationalen Konferenz über berufsständische Ordnung II*. In: *Schönere Zukunft* 10, 23. 6. 1935, No. 39, p. 1024.

This proved eventually fateful for him. In July 1934 he became victim of a coup attempt made by the Austrian National Socialists. His assassination brought about great public emotions that went much beyond the limit of the official state mourning and put the country into a period of uncertainty and chaos.⁴⁰ The Chancellor's successor, Kurt Schuschnigg (1897–1977), was not as charismatic as Dollfuss and he could hardly maneuver in the unsteady waters of internal and international politics. In spite of his attempts to seek allies even in Beneš's Czechoslovakia Schuschnigg could not get rid of his ties to Italy and, in particular, to Germany that even strengthened after the signing of the Austro-German agreement in July 1936. The regime was getting into increasing international and internal isolation. The fate of the corporate regime in Austria was then sealed with the country's annexation by Nazi Germany in March 1938.

Strong reverberation of the corporatist idea can be observed also in Czechoslovakia in the early 1930s among a part of the People's Party political representation.⁴¹ An outstanding political icon advocating the idea of corporate state was the chairman of the People's Party provincial organization in Bohemia, Bohumil Stašek (1886–1948). He was a well-known theoretician who made every effort after the creation of Czechoslovakia to suggest new ideological concepts of how to oppose the anti-Catholic attacks. Stašek believed it was necessary to unite all Czechs in the Catholic faith so that the Czech state could experience a new boom and so that the Czechs as a united Catholic nation could enjoy respect of the neighbor states. Stašek endeavored, particularly by referring to the national dimension of St. Wenceslas's and other traditions (especially that of Constantin and Method), to cast doubt – however without success – also on the other new ideological streams or newly resurrected traditions, such as reformation, socialism, and western liberalism, believing that owing to their derivation, lack of originality, or too much ideology they missed the right to be applied in the construction of a new state.

The corporate state as a theoretical construct became the topic of intense discussions of Catholic intellectuals in the Bohemian Lands, but it was also an attempt to change the Catholic policy in favor of the conservative faction in the People's Party whose ideas were close to the Catholic intellectuals and critical of the political system in the First Czechoslovak Republic. For instance, these

⁴⁰ G. WALTERSKIRCHEN, *Engelbert Dollfuss. Arbeitermörder oder Heldenkanzler*. Wien 2004, p. 225 ff.

⁴¹ The corporate order was intensely discussed in the Bohemian Lands in the 30s also by the German Christian Social Party. For more information about this topic, see Jaroslav ŠEBEK, *Mezi křížem a národem. Politické prostředí sudetoněmeckého katolicismu v meziválečném Československu* [Between the Cross and the Nation. The Political Environment of the Sudeten German Catholicism in Interwar Czechoslovakia]. Brno 2006, pp. 165–168.

members were institutionally associated in the grouping “Young Generation” that was founded in December 1929 to recruit young competent intellectuals for the activity of the People’s Party in Bohemia. The dissatisfaction with the developments in the First Czechoslovak Republic was increasing in the first half of 1930s, which was also a reaction to the unresolved social impacts of the Depression. Evidence of this is also a number of articles published in the periodical “Třetí generace”, a press organ of the “Young Generation”, criticizing the interconnection of political and economic interests so that the parties failed to pursue a policy “corresponding to the interests of the state and the citizens, but only to the greed for profit of their interest groups and business associations”.⁴² A substantial feature of this spiritual segment of Czech Catholicism was the rejection of the excessive role of political parties, which was generally attributed to the rivalry between political parties leading to a split of society while corporatism was believed to be a guarantee of national togetherness. In addition, as the Depression progressed, the political parties were viewed as parasitic organizations pursuing exclusively their partial and very trivial interests. Elimination of the influence of political parties was also the topic of the Young Generation Memorandum of April 1934 assessing in a complex way the existing situation and suggesting changes that would better comply with the Catholic views of an ideal organization of society. The Memorandum was a typical product of the dissatisfaction with the existing political, social, ethic, and naturally also economic conditions in Czechoslovakia, struggling with the Great Depression and its impacts. The offensive nature of the Catholic Memorandum is already revealed in its introductory passages stating that Catholicism must be a leading factor in installing a new social order in Czechoslovakia, the reason being the helplessness of the other political parties and ideological streams in relation to the needs of the time “*as they are unable to view things from a broader and higher perspective... and helplessly wait like cowards until the waves of new orders sweep them away*”.⁴³ Every corporation, associating citizens according to particular economic branches, was supposed to elect a professional chamber to represent the respective corporation. Political matters were to be considered in the Political Chamber, the composition of which would be a duplicate of the House of Deputies.⁴⁴ How-

⁴² *Memorandum Mladé generace československé strany lidové Zemskému výkonnému výboru čl. strany lidové v Čechách* [Memorandum of the Young Generation of Czechoslovak People’s Party to the Provincial Executive Committee]. In: 3. generace Vol. 5, No. 5, 4. 1934.

⁴³ *Ibid.*

⁴⁴ A department of political and economic affairs was also envisaged in other proposals coming from the conservative spiritual milieu, such as the Modrá revue plan “*For a state of national power and labor*” prepared among the supporters of the National Democratic Party. See *Modrá revue* 3, No. 6, 3. 4. 1934, pp. 81–88.

ever, the latter was mostly viewed as a temporary body only. In the future, the political parties were to be replaced by corporate organizations. The political system was to be reformed so as to reduce the role of political parties, which would also help improve the quality of democracy as their concentration on each party's specific interests made "*people turn away from democracy, reject it, and even speak with disdain about it*".⁴⁵ The Memorandum authors rejected simultaneously the accusation of acting like young fascists: "*We disdain these curses... we shall not let them lead us away from our road that we follow and from our goal to restore the glory, honor, and power of our dear Motherland*".⁴⁶ Yet the negative reflection of political parties did not mean automatically to a part of Catholic intellectuals a rejection of the very principles of democracy. They endeavored to carry through the idea of corporatist democracy based on the cooperation of different social and interest groups and not on their conflicts. Nevertheless, it should be pointed out that the voices in the Catholic milieu requiring cultivation and strengthening of democracy were pushed to the background by the ideological streams that wished with their spiritual constructs to destroy the democratic order and replace it with a more or less authoritarian system, which eventually happened at the time of the Munich disaster when a new constitution of the Second Czechoslovak Republic was being prepared.

In connection with the criticism of liberalism and Marxism contained in the encyclical a Christian-flavored type of anti-Semitism came to the foreground among Czech Catholics. Even Stašek declared in one of his speeches commemorating the fortieth anniversary of the encyclical "*Rerum novarum*" referring to socialism: "*The workers... pursued the idea of socialism like a Morning Star that would ensure a happier life for them... How foolish they were... how could they believe that socialism would suppress capitalism if the founders and the first enthusiastic propagators of socialism were Jews.... and the leading greatest capitalists they, too, were Jews... have you ever seen a Jew acting against another Jew?*"⁴⁷

The conservative Catholic elites were hardly seeking a particular platform in the First Czechoslovak Republic for the specific political implementation of their ideological program as there was – unlike many Central European countries – a strong competitor: the democratic stream. Apart from full support of the idea of corporate order there were also some critical voices warning of simplified interpretations of the encyclical. One of the opponents of the conservative Catholic circles was the journalist Josef Doležal (1893-1965), a long-time

⁴⁵ Ibid.

⁴⁶ *Memorandum Mladé generace československé strany lidové Zemskému výkonnému výboru čsl. strany lidové v Čechách*, 5. 4. 1934.

⁴⁷ Bohumil STAŠEK, *Dělníci, chcete vědět, kdo z vás udělal otroky?* [Workers, do you want to know who made Slaves of you?]. In: 3. generace Vol. 2, No. 5, 1. 6. 1931.

editor of *Lidové listy*, who repeatedly rejected the total condemnation of liberalism and Marxism and believed that “with liberalism it is necessary to preserve the natural rights of the citizens in democracy, with Marxism, the natural right of workers and the lowest social classes to a higher spiritual and material life”.⁴⁸ The potential risks of a corporation-oriented system resulting from the weakened role of political parties in the political system and consequently menacing the parliament-based type of democracy were emphasized by the Chairman of the People’s Party, Jan Šrámek (1870-1956), who was one of the main opponents inside the Party of Stašek’s conceptualization of the corporate project.⁴⁹ Šrámek’s concern about the corporate state was also due to the closeness of these positions to the fascist ideas that were unacceptable to the People’s Party.⁵⁰ Stašek and Šrámek were also opponents in the dispute over the future orientation of the People’s Party in the debate on the acceptance of corporatist ideas and their incorporation in the practical activity of the greatest political party in Czechoslovakia. Šrámek could well maneuver in the conflict and relied upon the influential Moravian faction, the Archbishop of Olomouc, and the trade unions. Although these differences did not cause a split of the Party, they contributed to its rather unpleasant results in the parliament elections of May 1935.

These parliament elections brought about significant changes in Catholic politics, namely a final decline of Stašek’s faction. As a result, the support for the implementation of the corporate concept at the official political level started also declining. After that, the corporatist idea continued to be theoretically discussed by Catholic journalists, whose attitude to the People’s Party was often critical. Much respect for the Italian model of corporatism was shown, e.g., by Rudolf Ina Malý (1889–1965) in his book *The Cross over Europe, a 20th century revolution: “Italian Fascism was the first to implement the idea of corporate state in Europe and Mussolini considered that attempt one of the most courageous and the most revolutionary acts of his regime. With this firm action Fascism showed that the social and economic crisis could be managed in a much more radical and real way than by just patching up the shabby form as it was the case of almost all European democracies after the war.”*⁵¹ In the Czech intellectual arena, Malý’s book constitutes the most systematic presentation of anti-liberal, pro-authoritarian or

⁴⁸ Josef DOLEŽAL, *O novou organizaci národních politických sil* [For a New Organization of National Political Forces]. In: *Život* Vol. 16, No. 5, 15. 3. 1934.

⁴⁹ Alfred FUCHS *Berufsständischer Gedanke in der Tschechoslowakei*. In: *Der christliche Ständestaat* No. 1, 11. 3. 1934.

⁵⁰ Michal PEHR, *Československá strana lidová a její vztah k demokracii v době První československé republiky* [The Czechoslovak People’s Party and Its Relation to Democracy in the First Czechoslovak Republic]. In: Pavel Marek (ed.), *Teorie a praxe politického katolicismu 1870–2007*. Brno 2008, p. 166.

⁵¹ Rudolf Ina MALÝ, *Kříž nad Evropou* [The Cross over Europe]. Praha 1935, p. 202.

pro-fascist world-views based on Catholicism.⁵² Other tribunes where corporatism was propagated as a way out of the political and economic crisis were the review *Řád*, appearing since 1933, the fortnightly *TAK*, published in 1937–38, and to some extent also the journal *Obnova* (one of its editors since 1937 was Jaroslav Durych (1886–1962)). The articles that were published there mostly rejected the liberal view of the world and questioned the principles of representative democracy. The corporate order was interpreted as a form of compensation for the unsatisfactory settlement of serious social problems by the liberal and democratic elite. Liberalism was then identified with the decline of the whole democratic political culture and as a system that was no more able to generate solutions to the political or economic crisis. For instance, Jan Scheinost considered liberalism in the review *TAK* a politically fruitless system that let itself get into an impasse.⁵³

In conclusion we can state that the political and social requirements of the advocates of corporatism in the interwar Czechoslovakia were very similar to those in most of the European countries. The projects that emerged here were often presented as follow-ups of the papal encyclical “*Quadragesimo anno*”. At practical level, however, the interest of Catholic and conservative intellectuals in the corporate system canalized during the 1930s into the form of radical rejection of political parties as parts of the democratic system. In their reflections they mostly rejected the political parties as outdated, immoral, petrified elements of the entire decadent system, and they saw the way out of the crisis produced by the political parties and by the whole democratic system in authoritarian regimes, particularly the fascist ones. If the authors of theoretical concepts ever admitted the existence of political parties, they placed them at the same level as corporate organizations.⁵⁴ They evidently failed to view the role of political parties as a platform for expressing the plurality of interests and as a factor of maintaining the principles of democracy. On the other hand, however, they failed to consider a potential alternative to their existence in the form of strengthened structures of civic society. Quite on contrary: political power was supposed to concentrate in the hands of a small elite that would rule in an authoritarian way.

I believe that the discussion on the problems and crises of democracy and the search for alternatives, such as the corporate state concept in the 30s, is of great importance even now. Also today many people face the danger of social fall and

⁵² Martin C. PUTNA, *Česká katolická literatura v kontextech 1918–1945* [Czech Catholic Literature in the Contexts of 1918–1945]. Praha 2010, p. 723.

⁵³ Jan SCHEINOST, *Tragedie českého liberalismu* [The Tragedy of Czech Liberalism]. In: *TAK* 1, 1937, No. 12, p. 206.

⁵⁴ Josef KLIMENT, *Strany a stavy* [The Parties and the Corporations]. In: *TAK* 1, 1937, No. 1, p. 10.

they can blame for it the democratic system. The possibility of fatal changes to the detriment of functional democracy is accentuated by the risk of total loss of trust in politics. Therefore, the critical attitudes to the effect of democratic rituals and institutions should be taken seriously and when coping with the current social problems such solutions should be preferred that would revitalize and restore the effectiveness of democracy and reject such concepts that bring about a restriction of freedom and of the plurality of opinion.

Pillars of Social Policy in Government Declarations, Budgets, and Final Accounts of the First Czechoslovak Republic

Czechoslovak democracy, in spite of a number of imperfections, was a model system of that time. It strongly stuck to the idea of social justice, all political parties paid much attention to social questions in their programs, and the social conditions of citizen's life were becoming a public matter. Let's ask whether in Czechoslovakia's social policy in the interwar period of time grounds can be seen that a welfare state could later rely on like in other West European countries. We shall try to answer that question by referring to social transfer payments (social insurance, pension of war-handicapped persons, unemployment benefits, and housing support) and to the social services provided (health care, education). The financial means will be analyzed that the governments (i.e., governing parties' voters) and/or the entire Czechoslovak society wished to be spent within the state budget on social security for all citizens. Some legislative measures will be ignored that are equally important for building a welfare state, such as the regulation of employment and working conditions, protection of tenants, youth care, and/or family support policy.

Social insurance

The emergence of Czechoslovakia was accompanied by the hope that the phantom of poverty threatening most of the wage-dependent population in case of invalidity and old age would be eliminated or at least reduced. The social insurance system inherited from the Habsburg Monarchy included some disability and retirement pension insurance schemes, but only for private employees and servants in the Bohemian Lands. Accident and sickness insurance was introduced in Cisleithania by the law passed in December 1887 and March 1888, and in Transleithania in April 1891/1907, but did not cover all groups of employees.

In April 1919 Kramář's "nationwide" government coalition amended the accident insurance of workers. The respective annuities were weakened by the inflation; therefore, the next government headed by Vlastimil Tusar put through the plan to provide the beneficiaries with cost of living allowances.¹ All govern-

¹ *Sbírka zákonů a nařízení státu Československého* [Collection of Laws, further Coll.]. Act of 29. 10. 1919, No. 606, pp. 935–936.

ments in the first half of the 20th century incorporated in their programs a reform of the social insurance system to ensure existence for the policy holders in case of disease, permanent disability, and old age, and in the case of death also for his survivors, such as widows and orphans.

The principle of social solidarity was viewed in its broader, fully social dimension and the state was supposed to participate in its implementation. Tusar stressed this in the programmatic declaration of his government of July 1919: *“In spite of the changes that will take place in the position of the working man the state entity will not be rid of its duty to contribute to his sustenance when his working ability is reduced or exhausted. Therefore, the government will continue building a system of social insurance whose firm foundations will be laid with a reform of the Health Insurance Act”*.² He meant the act of May 1919 by which health insurance became obligatory for all wage workers, including farm and forest workers, home workers, and their families.³ The act brought about a rationalization of the network of insurance companies of which only those survived that were endowed with enough capital and that were able to cope with the new tasks arising after the unification of the health, disability, and old age insurance systems.⁴

Edvard Beneš's government that was inaugurated in September 1921 promised *“to immediately start serious work on an old age, disability, widow and orphan insurance bill”*⁵ that had already been discussed for about one year. This task was completed by the government headed by Antonín Švehla that came to power in October 1922 at the time of deflation crisis. The program of this government unambiguously declared that *“in the field of social policy a far-reaching step will be made by introducing the old age and disability insurance of workers, independent small farmers, and tradesmen”*.⁶ As the representation of self-employed persons had a number of critical remarks this group of people was removed from

² Joint Czecho-Slovak digital parliament library (<http://www.psp.cz/eknih>), National Assembly of Czechoslovak Republic 1918–20 (NA CR), House of Deputies (further HD), 62nd session of 10. 7. 1919 – government declaration by V. Tusar.

³ The Act of 15. 5. 1919 No. 268 Coll. changed the division of premium payments between employers and employees from $\frac{1}{3}$: $\frac{2}{3}$ to $\frac{1}{2}$: $\frac{1}{2}$ and increased the period of sickness benefits from 26 to 39 weeks. Further increase to one year was enacted by the law of 22. 12. 1920 No. 689 Coll., 1753–1756.

⁴ There were in total 1700 health insurance companies in Czechoslovakia; in mid-1920 about 400, in 1927 only 307. They were supervised by the Central Social Insurance Company established in 1924.

⁵ NA CR 1920–1925, HD, 86th session of 18. 10. 1921 – government declaration by E. Beneš.

⁶ *Ibid.*, 159th session of 24. 10. 1922 – government declaration by A. Švehla.

the bill.⁷ The bill was then passed in October 1924 and became law as of 1 July 1926.⁸

The disability and old age insurance of “workers” was compulsory for all those who were subject to obligatory health insurance, and was administered by the Central Social Insurance Board. The insurance entitled the insured person to disability pension, old-age pension (on reaching the age of 65), widow’s/orphan’s pension, as well as to trousseau allowance (in case of widow’s remarriage) or lump-sum settlement (in case of premature death of the policy holder). A state contribution was added to the pension, namely 500 Kč a year to disability and old-age pension, 250 Kč to widow’s and widower’s pension, 100 Kč to motherless or fatherless child and 200 Kč to orphan; the trousseau allowance ranged between 400 and 600 Kč, the lump-sum settlement between 550 and 750 Kč. The payment of allowances and annuities started in 1929 after a three-year waiting period, except the lump-sum settlement that had already been paid as of 1926.

| Total annuities provided in accordance with the Workers’ Insurance Act (sickness, disability, and old age) of 9 October 1924 (million Kč) | | | | | | |
|--|-------------------|----------------|--------------|---------------|--------------|------------------------------------|
| Year | Disability | Old Age | Widow | Orphan | Total | Of which state contribution |
| 1929 | 0,5 | 0,002 | 0,4 | 0,5 | 1,4 | 0,99 |
| 1930 | 6,3 | 0,015 | 1,9 | 2,2 | 10,4 | 5,31 |
| 1931 | 23,6 | 0,625 | 3,9 | 4,2 | 32,3 | 14,99 |
| 1932 | 54,3 | 5,8 | 6,3 | 6,2 | 72,6 | 31,62 |
| 1933 | 91,9 | 14,7 | 8,9 | 8,6 | 124,1 | 51,59 |
| 1934 | 148,3 | 29,3 | 13,4 | 11,6 | 206,6 | 72,01 |
| 1935 | 212,2 | 47,1 | 18,9 | 15,2 | 293,4 | 92,23 |
| 1936 | 296,6 | | 40,8 | | 337,4 | 103,50 |
| 1937 | 317,6 | | 46,5 | | 364,1 | 111,19* |

* Estimated total state contribution to the orphans’ annuities paid out in 1937.

Source: Marko WEIRICH, *Staré a nové Československo* [Old and New Czechoslovakia]. Praha 1938–1939, pp. 78–79; total state contributions – budget alone.

The Act was amended in 1928; the premiums were reduced for lowest classes.⁹ Another amendment took place in 1934 and was primarily needed due to the devaluation of the Czechoslovak currency. An age-dependent bonus was intro-

⁷ Self-employed persons were covered by the Act of 10. 6. 1925 No. 148 Coll., pp. 681–704; this, however, never came into effect.

⁸ Act of 9. 10. 1924 No. 221 Coll., pp. 1225–1268.

⁹ Act of 8. 11. 1928 No. 184 Coll., pp. 1073–1094.

duced that was added to the annuities of old policy holders and of the survivors; widows were entitled to widow's pension upon reaching the age of 60.¹⁰

Excluded from insurance under the Act of October 1924 were the people who were older than 60 at the time of its introduction. If these people had no property, their social situation was thus very difficult. The second Švehla government promised therefore to prepare a bill on security of very old persons.¹¹ The bill was passed later, in March 1929, under Prime Minister František Udržal. The state was obliged to pay to poor persons upon reaching the age of 65 years 500 crowns a year to singles, 300 crowns a year to every spouse living together with his/her partner, and the support was to be increased with a contribution paid by the home community.¹²

The number of applicants for old-age support was rapidly growing during the Great Depression and the respective expenditures rose enormously. Therefore, the district offices were ordered to revise the support granted. As a result, its volume in 1934 fell by more than 75 % compared to 1933.¹³

| State expenditures on old-age support in 1930 – 1937 | | | |
|--|-------------|------|------------|
| Year | Kč | Year | Kč |
| 1930 | 126 130 807 | 1934 | 76 970 081 |
| 1931 | 384 618 586 | 1935 | 70 924 139 |
| 1932 | 474 771 855 | 1936 | 66 948 290 |
| 1933 | 327 459 667 | 1937 | 89 675 914 |

Source: *State final accounts of the Czechoslovak Republic for the years 1930-1937*. Praha 1931-1938.

Also the pension insurance scheme of “employees in higher services”, i.e., employees doing mostly brain-work whose pension insurance had been introduced as early as 1906, was subject to changes during the Depression. A state contribution of at least 240 Kč a year was added to the pensions already granted. Simultaneously, these employees were allowed to apply for a “social pension” (early retirement at the age of 55 for men and 53 for women).¹⁴ The government hoped that with older people retiring their positions would be vacated and thus made available to younger job seekers. The retirement of older employees was stimulated by cancelling the parallel payment of salary and old-age pension.¹⁵

¹⁰ Minister of Social Care Order of 25.7. 1934 No. 189 Coll., pp. 665, 667.

¹¹ NA CR 1925–1929, HD, 3rd session of 18. 12. 1925 – government declaration by A. Švehla.

¹² Act of 21. 3. 1929 No. 43 Coll., pp. 283–284.

¹³ State final account of Czechoslovak Republic (further RČS) for 1934. Praha 1935, note 429.

¹⁴ Act of 21. 6. 1934 No. 117 Coll., p. 450.

¹⁵ Marko WEIRICH, *Staré a nové Československo* p. 82.

| Pension and insurance benefits for both civilian and military persons (including cost-of-living bonuses) | | | | | | | |
|--|-------------|---------------------------|----------|------|-------------|---------------------------|----------|
| Year | Kč | % of state expenditures * | % of GDP | Year | Kč | % of state expenditures * | % of GDP |
| 1919 | 143 035 057 | 1,92 | - | 1929 | 723 574 000 | 7,04 | 0,99 |
| 1920 | 162 514 765 | 1,17 | 0,37 | 1930 | 753 057 000 | 7,59 | 1,06 |
| 1921 | 350 584 033 | 1,89 | 0,74 | 1931 | 845 853 000 | 6,90 | 1,24 |
| 1922 | 416 104 304 | 2,03 | 0,91 | 1932 | 841 931 800 | 8,21 | 1,28 |
| 1923 | 487 435 334 | 2,67 | 0,98 | 1933 | 830 103 000 | 8,66 | 1,32 |
| 1924 | 588 683 901 | 3,17 | 1,07 | 1934 | 824 343 700 | 9,28 | 1,36 |
| 1925 | 499 724 357 | 4,48 | 0,81 | 1935 | 865 993 100 | 8,58 | 1,44 |
| 1926 | 556 544 268 | 5,01 | 0,91 | 1936 | 897 278 500 | 9,63 | 1,38 |
| 1927 | 590 187 767 | 5,60 | 0,90 | 1937 | 978 121 400 | 10,92 | 1,36 |
| 1928 | 644 909 000 | 5,85 | 0,90 | | | | |

Sources of tables (unless otherwise mentioned): Final accounts of state expenditures and incomes of the Czechoslovak Republic for the years 1919–1929 (<http://www.psp.cz/eknih>); National final account of the Czechoslovak Republic 1930–1937, Praha 1931–1938; Vlastislav LACINA, *Národní důchod, hrubý národní produkt a hrubý domácí produkt* [National Income, Gross National Product and Gross Domestic Product]. In: Eduard Kubů – Jaroslav Pátek (eds.), *Mýtus a realita hospodářské vyspělosti Československa mezi světovými válkami*. Praha 2000, p. 43.

* including preeliminated + unpreliminated expenditures (actual calculations).

The situation of civil servants, such as clerks, teachers, gendarmes, or the province, district, and community staff, was rather specific as their pensions as well as the widow's and orphan's pensions were fully born by the state. Since they were receiving salary also while sick they were considered "secured" and not needing sickness insurance. But they, too, were hit by the economic post-war difficulties, particularly inflation. The caretaker government headed by Jan Černý was systematically concerned with their social situation and in its programmatic declaration of October 1920 it concentrated on the questions of "*economic and social situation and sickness insurance of civil servants, particularly in terms of medicaments and medical treatment*".¹⁶ Compulsory sickness insurance of civil servants was introduced by the law passed on 15 October 1925 that came into effect on 1 August 1926.¹⁷ The Civil Servants Medical Fund was created to manage the insurance scheme. There is no doubt that the social situation of civil servants improved; the second Švehla government took as its goal a "*final arrangement of the civil servants' situation*", particularly of their salaries, as "*the*

¹⁶ NA CR 1920–1925, HD, 14th session of 26. 10. 1920 – government declaration by J. Černý.

¹⁷ Act of 15. 10. 1925 No. 221 Coll., pp. 1111–1117. With government decree of 16. 7. 1926 No. 144 Coll. (pp. 601–602) it was extended also to priests.

perfectly working administration is a backbone of the state".¹⁸ Still in 1930, the benefits resulting from the civil servants insurance scheme were raised.

The social insurance system was quite generous. 2.45 million insured persons were registered with the Central Social Insurance Company in 1937; the General Pension Institute created in December 1918 and intended to cover the insurance of "employees in higher service" had 0.38 M clients, the Medical Fund of Civil Servants registered 0.26 M clients one year after its establishment.¹⁹ If family members are taken into account, the social insurance system covered most of the population. However, its financial situation was not strong enough to secure a minimum income at the subsistence level for every client.²⁰

Care for war-handicapped persons

Part of the state social policy was the secured existence of those who were partly or fully unable to return to the working process due to the damage caused during the war. The state took care of the relatives of those who had fallen or died in a military hospital; there were some one hundred thousand war widows and almost two hundred thousand war orphans.

In April 1919, the bill defining the war-handicapped people eligible for state support.²¹ This was to be provided by provincial and district offices for war-handicapped persons in the form of financial allowances, health care services, and employment corresponding to their physical condition. The processing of almost one million pension applications took much time and lasted until 1923 and 1924.²² In 1923, 588,280 war invalids were receiving pension.²³

The full disablement pension was initially set at 1800 Kč a year, and was later raised to 2400 Kč. This amount was reduced depending on the loss of earning ability down to the minimum of 480 Kč a year. War widows with earning ability lower than 50 % were receiving 600 Kč a year, 900 Kč were paid to the widows that were able to work provided they cared for two dependent children until the age of 16. The annual orphan's pension amounted to 400 Kč, that of full orphans

¹⁸ NA CR 1925–1929, HD, 3rd session of 18. 12. 1925 – government declaration by A. Švehla.

¹⁹ M. WEIRICH, *Staré a nové Československo*, pp. 77, 83; *Slovník národohospodářský, sociální a politický* [Economic, Social and Political Dictionary], Part 1. Praha 1929, p. 547.

²⁰ In 1936 the State Health Institute estimated the subsistence level of a five-member family at 1000 Kč a month. Zdeněk DEYL, *Sociální vývoj Československa 1918–1938* [Social Development of Czechoslovakia 1918–1938]. Praha 1985, p. 177.

²¹ Act of 8. 4. 1919 No. 199 Coll., pp. 268–269.

²² NA CR 1920–1925, HD, Prints 3820 and 5313 – Final state accounts of Czechoslovak Republic for 1919 and 1923.

²³ *Slovník národohospodářský, sociální a politický*, p. 540.

600 Kč. Pension was granted also to progenitors, such as parents, who were no more able to work and were supported by the war invalid.²⁴ A bonus of up to 50 % was added to the above basic rates.

| State expenditures on the care for war invalids | | | | | | | |
|---|-------------|-------------------------|----------|------|-------------|-------------------------|----------|
| Year | Kč | % of state expenditures | % of GDP | Year | Kč | % of state expenditures | % of GDP |
| 1919 | 119 117 664 | 1,60 | – | 1929 | 437 648 640 | 4,26 | 0,60 |
| 1920 | 206 381 763 | 1,48 | 0,47 | 1930 | 424 479 302 | 4,28 | 0,60 |
| 1921 | 221 083 098 | 1,19 | 0,47 | 1931 | 408 127 144 | 3,33 | 0,60 |
| 1922 | 490 715 837 | 2,39 | 1,07 | 1932 | 374 843 762 | 3,65 | 0,57 |
| 1923 | 625 982 679 | 3,42 | 1,26 | 1933 | 346 737 895 | 3,62 | 0,55 |
| 1924 | 764 786 645 | 4,12 | 1,40 | 1934 | 318 860 833 | 3,60 | 0,53 |
| 1925 | 613 653 266 | 5,50 | 1,00 | 1935 | 327 398 992 | 3,24 | 0,55 |
| 1926 | 524 982 655 | 4,72 | 0,86 | 1936 | 324 457 590 | 3,48 | 0,50 |
| 1927 | 486 726 895 | 4,62 | 0,74 | 1937 | 325 565 867 | 3,63 | 0,45 |
| 1928 | 462 941 554 | 4,20 | 0,65 | | | | |

Due to the existing cost of living the pensions of war invalids were low. They were expected to earn money depending on their physical condition. They typically obtained a tobacconist's shop, i.e., a license on selling tobacco products and newspapers. If the war invalid was an experienced farmer, he might apply for a piece of land within the land reform. The government facilitated its purchase for them by capitalizing up to ten times their invalid's pension. The same applies to those who intended to carry on a trade or to upgrade it.²⁵

The care for war-handicapped persons did not see any substantial changes during the interwar period. Their number was declining due to death, children coming to age, or remarriage of war widows, and the respective state budget expenditures were declining accordingly.

Unemployment relief

Already the first government headed by Karel Kramář faced a socially explosive problem – the rising rate of unemployment. It became a hot problem with the first wave of demobilization, end of war-oriented production, and low number

²⁴ Act of 20. 2. 1920 No. 142 Coll., pp. 323–327 and its amendment of 25. 1. 1922 No. 39 Coll., pp. 108–111. War invalids were not entitled to pension if their annual income exceeded 5000 Kč. Maximum aggregated widow's and orphan's pension was set at 2400 Kč a year.

²⁵ Czechoslovak government decree of 15. 7. 1920 No. 436 Coll., pp. 1117–1118.

of jobs available due to the low adaptation of the production sector to the new situation. In December 1918 a bill was passed on unemployment benefits²⁶ provided by state or employer; 85-90 % of the benefits paid by the employer were reimbursed to him by the state.²⁷ In the government declaration of the early January 1919 Kramář did not speak expressly about unemployment, but he announced his intention “*to eliminate the evils accompanying every war*” both in the economic and the social area.²⁸

The Unemployment Benefits Act responded to the actual situation and was therefore conceived as temporary with limited period of force until 15 February 1919. Nevertheless, due to the difficulties of post-war reconstruction it was amended several times²⁹ and its validity was prolonged until a new law on unemployment benefits based on the Gent System came in force. It had already been prepared under the Tusar government,³⁰ but it was not passed until the caretaker government of Jan Černý came to power. According to the act the unemployment benefits were to be paid out by trade unions. The benefits were increased with the same (sometimes even greater) amount paid by the state in “*recognition of the worker’s caution and economy*” by which the worker when employed saved money for the case of his unemployment. The act came into force as late as 1 April 1925.³¹

Under the pressure of rising expenditures on unemployment benefits and also due to psychological reasons (negative impacts on the unemployed people) the first government headed by Tusar started combining the existing passive model of support with an active pro-employment policy. From summer 1919 on the Ministry of Social Care asked the communities and districts “*to start generally useful work that was neglected in the wartime, such as repairing and cleaning*

²⁶ Act of 10. 12. 1918 No. 63 Coll., pp. 51–53. The law referred only to the persons depending on wage or service benefits and subject to the law on worker’s sickness insurance or to the law on fraternal insurance company, and to the demobilized soldiers. The demobilized soldier support was the same as the sickness benefits, i.e., 4 Kč a day. See Jakub RÁKOSNÍK, *Odvracená tvář meziválečné prosperity: nezaměstnanost v Československu v letech 1918–1938* [Reverse Face of Interwar Prosperity: Unemployment in Czechoslovakia in 1918–1938]. Praha 2008, p. 99 ff.

²⁷ Z. DEYL, *Sociální vývoj Československa 1918–1938*, p. 29.

²⁸ NA CR 1919–1920, HD, 14th session of 9. 1. 1919 – government declaration by K. Kramář.

²⁹ For instance the Act of 12. 8. 1921 No. 322 Coll. (p. 1305) limited the daily support of 8 Kč a day to 6 months only; this period was increased to 18 months by the Act of 21. 12. 1922 No. 400 Coll., pp. 1867–1868.

³⁰ NA CR 1920–1925, HD, 14th session of 26. 10. 1920 – government declaration by J. Černý.

³¹ Act of 19. 7. 1921 No. 267 Coll., pp. 1109–111. The payment of state contribution was limited to 4 months in one year, or to 3 months if paid without interruption. The aggregated state contribution and trade union contribution could not exceed 2/3 of last salary; otherwise the state support was reduced. For details see J. RÁKOSNÍK, *Odvracená tvář*, p. 179 ff.

roads, ways, streets, squares, etc".³² The little effect of these demands forced the government to order by law doing such work. This was encouraged by the government promising to pay two thirds of the "usual wage" up to the daily limit of six crowns.³³ The law proved successful. If in 1919 more than 180,000 people were receiving unemployment benefits, on which 22 million crowns were paid by the state every month, in the next year, due to emergency work, and also due to a better situation in industry, the estimated number of unemployed people receiving benefits considerably declined to one sixth.³⁴

During the term of Tusar's government a public labor exchange system free of charge was discussed, and the Černý government continued the work.³⁵ However, this activity was hindered by a number of particular interests, such as the resistance of the Agrarian Party that wanted to retain its control over the employment agencies for farm workers.³⁶ The labor exchange system of Austria-Hungary, fragmented and little effective, was retained and the particular governments focused on reducing the unemployment rate by "efficient production policy and organization of public work".³⁷ Švehla's government even declared that it would only start providing unemployment benefits "if state or communal investment works cannot provide earnings to the unemployed persons".³⁸ However, the deflation crisis causing a dramatic rise of the unemployment rate forced the government in December 1922 to ask the Parliament to increase the preliminary budget item for unemployment benefits by 100 million crowns.³⁹ The same demand had to be repeated in the following two years. The unemployment problem continued also from the beginning of economic boom in 1924 to the turn of the 1920s, but was economically manageable and for some time disappeared from government declarations.

³² NA CR 1918–20, Print 1694, Zpráva výboru sociálně-politického na změnu a doplnění zákona o podpoře nezaměstnanosti (Social and Political Committee Report).

³³ Act of 17. 10. 1919 No. 569 Coll., pp. 801–802.

³⁴ NA CR 1920–25, Print 4315, *Závěrečný účet státních výdajů a příjmů RČS 1920* [Final Account of Czechoslovak Republic 1920].

³⁵ *Ibid.*, HD, 14th session of 26. 10. 1920 – government declaration by J. Černý. The bill was intended to unify and rationalize labor exchange organized by the provincial employment agencies in Prague and Brno created in 1903 (Slovak employment agency was created in Bratislava in 1919), and by trade unions, associations, churches, private and other organizations.

³⁶ Z. DEYL, *Sociální vývoj Československa 1918–1938*, p. 73; J. RÁKOSNÍK, *Odvracená tvář*, p. 358 ff.

³⁷ NA CR 1920–1925, HD, 86th session of 18. 10. 1921 – government declaration by E. Beneš.

³⁸ *Ibid.*, 159th session of 24. 10. 1922 – government declaration by A. Švehla.

³⁹ *Ibid.*, Print 5132, *Závěrečný účet státních výdajů a příjmů RČS 1922* [Final Account of Czechoslovak Republic 1922].

| State budget expenditures on unemployed people | | | | | | | |
|--|-------------|-------------------------|----------|------|-------------|-------------------------|----------|
| Year | Kč | % of state expenditures | % of GDP | Year | Kč | % of state expenditures | % of GDP |
| 1919 | 269 434 027 | 3,62 | – | 1929 | 22 132 930 | 0,21 | 0,03 |
| 1920 | 94 876 214 | 0,68 | 0,22 | 1930 | 59 072 861 | 0,60 | 0,08 |
| 1921 | 78 001 724 | 0,42 | 0,17 | 1931 | 310 083 788 | 2,53 | 0,45 |
| 1922 | 215 782 205 | 1,05 | 0,47 | 1932 | 692 394 789 | 6,75 | 1,05 |
| 1923 | 395 425 460 | 2,16 | 0,80 | 1933 | 757 540 000 | 7,90 | 1,20 |
| 1924 | 143 061 607 | 0,77 | 0,26 | 1934 | 649 701 766 | 7,32 | 1,07 |
| 1925 | 39 084 344 | 0,35 | 0,06 | 1935 | 788 271 851 | 7,81 | 1,31 |
| 1926 | 21 141 007 | 0,19 | 0,04 | 1936 | 783 733 559 | 8,42 | 1,21 |
| 1927 | 18 597 718 | 0,18 | 0,03 | 1937 | 572 944 327 | 6,39 | 0,80 |
| 1928 | 14 952 861 | 0,14 | 0,02 | | | | |

| Evolution of unemployment rate | | | | | |
|--------------------------------|-----------------------|------|-----------------------|------|-----------------------|
| Year | Unemployed (thousand) | Year | Unemployed (thousand) | Year | Unemployed (thousand) |
| 1919 | 352,6* | 1926 | 67,9 | 1933 | 738,3 |
| 1920 | 147,0* | 1927 | 52,9 | 1934 | 677,0 |
| 1921 | 71,5 | 1928 | 38,6 | 1935 | 686,3 |
| 1922 | 127,2 | 1929 | 41,6 | 1936 | 622,7 |
| 1923 | 207,3 | 1930 | 105,4 | 1937 | 408,9 |
| 1924 | 96,5 | 1931 | 291,3 | | |
| 1925 | 49,4 | 1932 | 554,1 | | |

Source: Václav PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918-1992* [Economic and Social History of Czechoslovakia 1918-1992], Part 1 (1918-1945). Praha 2004, pp. 237 and 404.

* The information refers to industry workers only. Z. DEYL, *Sociální vývoj Československa 1918-1938*, p. 43.

The second government headed by František Udržal and inaugurated in December 1929, which was rejoined by the socialist parties after a three-year absence, faced a sudden rise of unemployment and was forced to promise “*through effective support of economic development to contribute to the growth of employment and social level of the working classes of our nation*”, and announced the preparation of a number of bills in the field of social policy.⁴⁰ Early in June 1930 a bill was passed by which the period of unemployment benefits was increased to 26 weeks and the state contribution to trade unions was raised.⁴¹ Two

⁴⁰ NA CR 1929–1935, HD, 2nd session of 13. 12. 1929 – government declaration by F. Udržal.

⁴¹ State contribution was raised to triple trade union support. Act of 5. 6. 1930 No. 267 Coll., pp. 461–463. See J. RÁKOSNÍK, *Odvracená tvář*, p. 217 ff.

weeks later a scheme of “*productive care for the unemployed*” was introduced; according to it, state bodies and public corporations were allowed to hire unemployed people for public work (construction, road work, forestation, and other works), whereby the state contributed to the day wage with up to 10 crowns.⁴² This regulation applied only to trade union members; however, most workers stayed off unions. The escalation of unemployment in 1930 made the government launch in July the “*state feeding scheme for the unemployed and partly employed*”. They received vouchers for some state-funded foodstuffs.⁴³ The government also negotiated some jobs available in France and Belgium, and the interested persons enjoyed fare reductions; in addition, some supporting schemes were introduced, such as the “*textile scheme*”.⁴⁴

In the 1930 state budget the amount of 23.5 million crowns was allocated to the “*care for the unemployed*”, but actually, 35.6 million crowns more were paid.⁴⁵ In the following year, almost 236 million crowns had to be added to the budgeted 74.4 million.⁴⁶ Therefore, Jan Malypetr’s government, inaugurated in September 1932, incorporated in its program the task of “*balancing the state finances*”. It hoped that economic revival would soon start both at the international and the national level; nevertheless, negative development was also considered. In the 1933 budget a total of 57.5 million crowns were reserved for unemployment allowances while stress was laid on an active pro-employment policy. The government declared that it would “*see to it that through appropriate investments financed both by the state and by public corporations jobs will be provided to unemployed workers*”.⁴⁷ The government intended to carefully control the allowances so that they went to those that really needed them, and in order to relieve the state budget it called for altruism, particularly “*all those who lived in abundance*”; called for setting up “*volunteer humanism committees*” that would “*add to the state support scheme measures based on true understanding without humiliating alms*”.⁴⁸

⁴² Government decree of 20. 6. 1930 No.79 Coll., pp. 470–472. For details see J. RÁKOSNÍK, *Odvracená tvář*, p. 250 ff.

⁴³ Z. DEYL, *Sociální vývoj Československa 1918–1938*, pp.155–156; see J. RÁKOSNÍK, *Odvracená tvář*, p. 233 ff. Family bread-winner obtained food vouchers worth 20 Kč a week, singles received vouchers worth half the amount.

⁴⁴ *Státní závěrečný účet RČS 1930* [State Final Account of Czechoslovak Republic 1930]. Praha 1931, p. 343.

⁴⁵ *Ibid.*, p. 86.

⁴⁶ *Státní závěrečný účet RČS 1931* [State Final Account of Czechoslovak Republic 1931]. Praha 1932, p. 87.

⁴⁷ NA CR 1929–1935, HD, 211th session of 3. 11. 1932 – government declaration by J. Malypetr.

⁴⁸ *Ibid.*

However, the economic decline exceeded the worst expectations of the government. In 1932 the unemployment rate almost doubled and the unemployment relief expenditures increased. The government had to provide advance payments to trade union federations as their disposable funds had been sharply declining, and even contributed to their general costs.⁴⁹ In 1933, the budget item “*unemployment relief expenditures*” had to be increased by 186.9 million crowns; half a milliard crowns were required for the state feeding scheme, for other support programs (milk,⁵⁰ bread,⁵¹ Christmas⁵²), and against starvation in Slovakia. In addition, the government provided “*unemployment relief*” contributions to districts and industrial cities that suffered most from unemployment,⁵³ and granted support also to the citizens who lived and lost jobs abroad.⁵⁴

In February 1934 the Malypetr government was reorganized; the national democrats left the government in protest against the devaluation of currency. The government hoped that the devaluation would stimulate business activities and reduce unemployment. “*Every 100,000 workers whom we help return to work*”, reads its declaration, “*contribute to the state treasury with an income and expenditures of 200,000 Kč and bring about a strong revival of all types of consumption*”.⁵⁵ The optimistic government view of the future reflected in the preparation of the 1935 budget where only 5 million crowns were planned for “*unemployment relief*”.⁵⁶ The practice revealed its great mistake. The number of unemployed people fell only 61,000 and unemployment increasingly turned out to be a destabilizing political problem.

After the general elections of May 1935 the government coalition, headed again by Malypetr, paid increased attention to the unemployment problem. This had been used during the election campaign by the German and also Slovak nationalist streams whose political weight increased after the elections and the government feared that the gloomy economic situation “*might be used, and even misused to develop political movements which, if not stopped, could disrupt the*

⁴⁹ *Státní závěrečný účet RČS 1932* [(State Final Account of Czechoslovak Republic 1932)]. Praha 1933, Note No. 536.

⁵⁰ In districts worst hit by unemployment children under 14 received ½ liter milk a day.

⁵¹ Family bread-winner included in state food support scheme received 2 loaves of bread a week, singles received one.

⁵² Children of unemployed parents received food vouchers.

⁵³ State provided extra contributions to the operation of catering facilities for unemployed and their children, warming-up rooms, to distribution of fuel, payment of rents, etc., funded by districts and industrial cities.

⁵⁴ *Státní závěrečný účet RČS 1933* [State Final Account of Czechoslovak Republic 1933]. Praha 1934, pp. 86, 403–404.

⁵⁵ NA CR 1929–1935, HD, 315th session of 15. 2. 1934 – government declaration by J. Malypetr.

⁵⁶ *Státní závěrečný účet RČS 1935* [State Final Account of Czechoslovak Republic 1935]. Praha 1936, p. 87.

state and, in particular, its constitutional unity and democratic republican form".⁵⁷ The government believed it was possible to reduce unemployment by redistributing work between more workers (cutting the hours of work), replacing old and pension-secured workers with younger people, dismissing foreign citizens if replaceable, and even by transferring workers who had lost job due to modernization and rationalization to agriculture by means of land reform within what was called "*internal colonization*". Due to the growth of the Sudetengerman Party the government declaration paid extra attention to the country's border areas with mostly German population, where the priority was seen in reducing the rate of unemployment "*by developing both private and public enterprise, and if this proves unrealistic, by launching a special aid scheme to relieve poverty*".⁵⁸

The number of aid schemes was increasing to cover, e.g., clothing and food for children, protection of unemployed youth⁵⁹ or emergency winter aid to the unemployed.⁶⁰ Milan Hodža's government, which was inaugurated in December 1935, referred to that practice in its programmatic declaration as insufficient. "*If we want to recreate sound conditions we must make every effort to provide people with work and not only with allowances. The latter cannot compensate for an income from normal working conditions*".⁶¹ Increased employment was hoped to be achieved through the support of investment activities, particularly in the manufacture of production means.⁶² In 1936 the unemployment rate really declined compared to the previous year, but it was still too high. The Hodža government could not but further develop the existing system of "*unemployment relief*" by extending it to recreation and medical care of the children of unemployed people.⁶³

A turning point was the year 1937 when owing to the massive orders for military goods and services the unemployment rate declined. Still, there was a big

⁵⁷ NA CR 1935–1938, HD, 2nd session of 18. 6. 1935 – government declaration by J. Malypetr.

⁵⁸ Ibid.

⁵⁹ In the period from 1. 12. to the end of March or April protective shelters for youth from 14 to 21 were created where they received full service and training. In spring and summer the shelters were converted into working communities of unemployed youth within the scheme of 'productive care of the unemployed'. For details see J. RÁKOSNÍK, *Odvracená tvář*, p. 326 ff.; Z. DEYL, *Sociální vývoj Československa 1918–1938*, p. 165 ff.

⁶⁰ For instance in winter 1937/38 unemployed family bread-winners received 2 q potatoes, at least 1 q coal, 25 kg meal, 3 kg vegetable oil, 9 kg sugar, 2 kg corn coffee (in Slovakia also 1 kg sheep-cheese), singles received half support. *Naučný slovník aktualit 1938* [Actual Encyclopedia 1938]. Praha 1938, p. 422.

⁶¹ NA CR 1935–1938, HD, 16th session of 5. 12. 1935 – government declaration by M. Hodža.

⁶² Ibid.

⁶³ *Státní závěrečný účet RČS 1936* [State Final Account of Czechoslovak Republic 1936]. Praha 1937, p. 484.

burden for the state budget, namely the funding of three pillars of “*unemployment relief*”: the contributions paid via trade unions required 257.5 crowns, the productive care of the unemployed cost 61.6 million, and over 319 million crowns were needed for the aid schemes.⁶⁴ The fact that in June 1938 there were “*only*” 224 thousand unemployed people⁶⁵ was not due to the economic policy of Hodža’s government, but to the slow recovery of construction work and the armament fever caused by the aggravating international relations.

Housing support

From the very beginning of the independent state its governments had to cope with the problem of housing shortage. Construction industry had stagnated during the war and after the war there was a lack of housing for demobilized soldiers, returning POWs, legionaries, and for many people coming here from Vienna and from other Austrian or German cities. The housing shortage increased with many buildings being seized for new state authorities, and later also for offices of the nostrified companies moving to the Czechoslovak territory, or for new companies. The threat of rising rents caused by the lack of housing facilities was hoped to be eliminated by the first Kramář government by means of the Tenant Protection Bill modifying the existing regulation of rents.⁶⁶ During the 1920s all governments retained control over the rents and only slowly allowed their rising.⁶⁷ The socially explosive situation brought about also some radical measures, such as the government order of January 1919 making it possible to seize empty or little used dwelling space, and even “*excessive*” rooms in apartments with more than four rooms.⁶⁸ In order to avoid spontaneous seizures housing boards were established in October 1919 consisting of state officials, representatives of house owners and of tenants.⁶⁹ J. Černý’s caretaker government came to the conclusion that the housing shortage could only be remedied by increased construction work, and the law regulating the seizure of apartments and the work of housing boards was nullified at 31 December 1921.

⁶⁴ *Státní závěrečný účet RČS 1937* [State Final Account of Czechoslovak Republic 1937]. Praha 1938, p. 523.

⁶⁵ M. WEIRICH, *Staré a nové Československo*, p. 88.

⁶⁶ *Order of Minister of Social Care and Minister of Justice of 17. 12. 1918*. No. 83 Coll., pp. 67–71.

⁶⁷ Rent could rise in case of small apartments by up to 70 %, large apartments up to 150 % according to the Act of 28. 3. 1928 No. 44 Coll., p. 245.

⁶⁸ *Government decree of 22. 1. 1919*. No. 38 Coll., pp. 37–40.

⁶⁹ Act of 30. 10. 1919 No. 592 Coll., pp. 843–848.

The above measures responded to the actual social pressure of lower classes. Housing was also needed for employees of state or state-controlled institutions, such as railway workers or teachers. The Černý government considered their housing situation “*an urgent matter of state interest*”.⁷⁰ The next government headed by Edvard Beneš promised “*an effective solution to the housing problem*”,⁷¹ which brought about the passage of a law on extra housing care restricting the freedom of house owners to rent apartments.⁷²

Steps interfering with the property rights of house owners had already been taken by the Kramář government and were aimed at a systematic solution to the housing problem, namely by means of state support of the construction of small apartment houses. The first of a number of construction work laws was passed in May 1919.⁷³ Based on them, the developers obtained state guarantees of credits as well as contributions to the interest payments and to the amortization of debt. Construction work was also fostered by the law of March 1920 that made it possible for constructions completed in 1921 to obtain a subsidy amounting up to 40% of the costs.⁷⁴ New buildings were exempt from the house tax for a certain period of time. All governments paid attention to the support of construction work; e.g., the programmatic declaration of Švehla's second government promised “*to continue constructing dwelling houses for state and other civil servants*” and to prepare a new construction bill covering the entire territory of the country.⁷⁵

| State expenditures on the support of construction and housing | | | | | | | |
|---|-------------|-------------------------|----------|------|-------------|-------------------------|----------|
| Year | Kč | % of state expenditures | % of GDP | Year | Kč | % of state expenditures | % of GDP |
| 1919 | 9 539 597 | 0,13 | - | 1929 | 247 310 817 | 2,41 | 0,34 |
| 1920 | 30 350 370 | 0,22 | 0,07 | 1930 | 232 753 486 | 2,34 | 0,33 |
| 1921 | 56 603 091 | 0,31 | 0,12 | 1931 | 227 011 230 | 2,06 | 0,33 |
| 1922 | 62 317 354 | 0,30 | 0,14 | 1932 | 235 637 110 | 1,85 | 0,36 |
| 1923 | 106 520 478 | 0,58 | 0,21 | 1933 | 249 499 834 | 2,30 | 0,40 |
| 1924 | 133 614 168 | 0,72 | 0,24 | 1934 | 233 689 933 | 2,63 | 0,39 |
| 1925 | 182 973 784 | 1,64 | 0,30 | 1935 | 238 564 710 | 2,39 | 0,40 |
| 1926 | 295 006 600 | 2,65 | 0,48 | 1936 | 218 192 368 | 2,34 | 0,34 |
| 1927 | 263 155 761 | 2,50 | 0,40 | 1937 | 233 549 025 | 2,61 | 0,32 |
| 1928 | 253 605 305 | 2,30 | 0,36 | | | | |

⁷⁰ NA CR 1920–1925, HD, 14th session of 26. 10. 1920 – government declaration by J. Černý.

⁷¹ Ibid., 86th session of 18. 10. 1921 – government declaration by E. Beneš.

⁷² Act of 11. 7. 1922 No. 225 Coll., pp. 999–1002

⁷³ Act of 23. 5. 1919 No. 281 Coll., pp. 393–394.

⁷⁴ Act of 30. 3. 1920 No. 219 Coll., p. 513.

⁷⁵ NA CR, 1925–1929, HD, 3rd session of 18. 12. 1925 – government declaration by A. Švehla.

By mid-1928, 4,178 apartment houses and 25,313 detached houses with a total of 68,983 apartments had been built. The total construction costs exceeded 5 milliard crowns.⁷⁶

The Great Depression made the government reduce the construction-supporting expenditures in 1931.⁷⁷ This brought about a three-year decline of housing construction until 1936 when the government, pursuing the policy of increasing employment, pushed through the eighth bill on construction support.⁷⁸ The support was aimed at the construction of both detached and apartment houses where in view of the low-income social classes at least one half of the apartments were expected to have a floor space not exceeding 40 m². Small businesses could also be situated in such houses. In addition, the state provided guarantees for the construction of bachelors' homes, dormitories, convalescent homes, and even for the reconstruction of non-residential buildings into residential houses. State guarantees were available also to the communities for the construction of houses with apartments of less than 34 m² footage intended exclusively for the poor, and there were state guarantees for and state contributions to the construction of detached houses with the floor space not exceeding 40 m² and with outbuildings for unemployed or partly employed people. Guarantees were even granted to the purchase of agricultural land where new settlers were expected to have their self-supplying dwarf farms. Owing to these measures the construction work decline could be stopped in 1935 and in the next year with the state support a total of 414 houses with 2,783 apartments worth almost 88 million crowns could be built.⁷⁹

The state support of construction activity during the short period of existence of the First Czechoslovak Republic could not solve the housing shortage inherited from the Austrian Monarchy, but it reduced it considerably, helped improve the housing situation of lower social classes, and positively contributed to the urban development of cities and villages.

Health care

The health situation of the population constituted an unavoidable social problem. It had aggravated with the lack of food at the time of war, and of great importance was also the spread of tuberculosis and of infectious diseases in ge-

⁷⁶ *Slovník národohospodářský, sociální a politický*, p. 538.

⁷⁷ *Státní závěrečný účet RČS 1931*, p. 84.

⁷⁸ Act of 26. 3. 1936 No. 65 Coll., pp. 195–206 (amended on 13. 12. 1937 No. 259/37 Coll., pp. 1190–1191).

⁷⁹ *Naučný slovník aktualit 1938*, p. 425.

neral. Health care was rarely accessible in Slovakia and Ruthenia due to the lack of public hospitals. From 1919 on the Ministry of Public Health was preparing the principles of modern health care bill, but there was a lack of political will to complete the work and put it into effect⁸⁰ in spite of the clichés in government declarations, such as “*the health of people ranks among the top priorities of national and state concern*”.

The state guaranteed to the citizens treatment in public hospitals.⁸¹ These were, however, unevenly scattered in the country's territory, and the first Tusar government planned to complete the public hospital network with the construction of new hospitals.⁸² Hospital founders in the Bohemian Lands were provinces, districts, cities, communities, and funds. Only the clinics of both universities fell in the state's competence. New state hospitals were established in 1921 owing particularly to the Černý and Beneš governments. With the nationalization of the local hospital of Slezská Ostrava in 1921 and its merge with the epidemics hospital in Zábřeh nad Odrou the first state hospital in the Bohemian Lands emerged. The second one included the district public hospital of Královské Vinohrady, which was nationalized in 1922, and the Pasteur Institute established by the state in 1919 was attached to it.⁸³ The third state hospital, which was a military one, was created in 1925 when the First General Hospital of Prague was nationalized and united with the military hospital.⁸⁴ Thus, the Masaryk Military Hospital was established and the construction of a new complex of buildings for it started in Břevnov in March 1936; the first patients came here in September 1938. All these very expensive projects reflected in a growth of state expenditures.

In Slovakia, some previous Hungarian institutes were taken over by the state or municipal hospitals were nationalized. In 1919, an institute in Bratislava was taken over by the state and the State Clinical Hospital was thus created;⁸⁵ in addition, the hospitals of Žilina and Košice were also taken over by the state. Four years later, the municipal hospitals of Lučenec and Mukačevo came into the state hands; the latter was the only state hospital in Ruthenia.

⁸⁰ For details see Hana MÁŠOVÁ, *Nemocniční otázka v meziválečné ČSR* [Czechoslovak Hospitals between the Two Wars]. Karolinum, Praha 2005.

⁸¹ The treatment costs were born in such cases from provincial funds in Bohemia and Moravia, including Silesia; in Slovakia and Ruthenia by the state.

⁸² NA CR 1918–1920, HD, 62nd session of 10. 7. 1919 – government declaration by V. Tusar.

⁸³ NA CR 1920–1925, HD, Print 4930 – Budget Committee Report on 1925 Draft Budget.

⁸⁴ *Ibid.*, Print 5057 – Report of Public Health Committee, Defense Committee and Budget Committee on the bill establishing the Masaryk Military Hospital in Prague.

⁸⁵ *Ibid.*, Print 4801 – *Závěrečný účet státních výdajů a příjmů RČS 1921* [Final Account of Czechoslovak Republic 1921].

Much attention was also paid by the state to the care of mother and child. In Prague, the Model Baby Care Institute was controlled by the state; the State Hospital of Maternity Care and Gynecology of Košice was established 1919 along with a midwife school, and a state post-natal clinic was opened in Bratislava in 1920. In order to reduce the mortality level of mother and child education of midwives was organized, which was of great importance particularly in poor regions. Midwifery schools in Slovakia were connected with the state hospitals in Bratislava and Košice, and in Ruthenia with the public municipal hospital in Užhorod. In the Bohemian Lands, however, the first Czech and German midwife education course was opened at the Provincial Maternity Hospital in Brno as late as 1925.⁸⁶ In 1930, the reorganization of their education was completed with the establishment of state midwifery schools and training centers, first in Pardubice, Bratislava, Košice and Užhorod⁸⁷, and later also in other cities.

| State expenditures on state medical institutions (except military) | | | | | | | |
|--|------------|-------------------------|----------|------|------------|-------------------------|----------|
| Year | Kč | % of state expenditures | % of GDP | Year | Kč | % of state expenditures | % of GDP |
| 1919 | 7 176 490 | 0,10 | - | 1929 | 56 501 067 | 0,55 | 0,08 |
| 1920 | 16 231 442 | 0,12 | 0,04 | 1930 | 54 047 078 | 0,54 | 0,08 |
| 1921 | 33 081 298 | 0,18 | 0,10 | 1931 | 58 125 445 | 0,47 | 0,08 |
| 1922 | 33 610 997 | 0,16 | 0,07 | 1932 | 54 778 752 | 0,53 | 0,08 |
| 1923 | 40 885 502 | 0,22 | 0,08 | 1933 | 50 464 900 | 0,53 | 0,08 |
| 1924 | 40 189 741 | 0,22 | 0,07 | 1934 | 50 579 272 | 0,57 | 0,08 |
| 1925 | 81 404 261 | 0,73 | 0,13 | 1935 | 53 941 887 | 0,53 | 0,09 |
| 1926 | 80 431 316 | 0,72 | 0,13 | 1936 | 58 765 806 | 0,63 | 0,09 |
| 1927 | 44 021 825 | 0,42 | 0,07 | 1937 | 61 812 347 | 0,69 | 0,09 |
| 1928 | 47 301 394 | 0,42 | 0,07 | | | | |

A serious social problem consisted in what was known as ‘people’s diseases’, such as tuberculosis, venereal diseases, and alcoholism. Starting from 1919, the state budgets included some amounts to fight them. Tuberculosis of children constituted a very serious threat. Therefore, the spa of Dolní Smokovec was reorganized at the turn of 1919 and the Šrobár State Children’s Sanatorium was established there.⁸⁸ No less serious was the eye infection (trachoma), which was widely spread in many regions of Slovakia and Ruthenia. To cope with the problem, a specialized department of ophthalmology was created in Bytčica in 1922

⁸⁶ NA CR 1920–1925, HD, Print 4930 – Budget Committee Report on 1925 Draft Budget.

⁸⁷ *Státní závěrečný účet RČS 1930*, p. 344.

⁸⁸ NA CR 1920–1925, HD, Print 4930 – Budget Committee Report on 1925 Draft Budget.

as part of the State Hospital of Žilina.⁸⁹ Health and hygienic conditions in Slovakia and Ruthenia were increasingly stressed in government programs and the state budgets regularly contained specific items aimed at sanitation measures which, together with ensuring the access to harmless drinking water or the construction of sewerage systems, were expected to eliminate the danger of infectious diseases (such as typhoid fever).

Hospital treatment and health care in general remained in the competence of public hospitals and private sanatoriums. The state, however, retained control over them through the State Health Institute of the Czechoslovak Republic with its branches in particular provinces; these owed their establishment to the first Švehla government, the models being similar institutions in Germany and the United States.⁹⁰ Its task consisted, among others, in “*fostering the education in preventive medicine and caring for practical professional education of health care workers*”.⁹¹

Education

One of the primary goals of the education policy of the first governments was a “de-austrianization” of the education system and the education of youth in line with the new traditions on which the ideology of the First Czechoslovak Republic was based. It was not by chance that Tusar stressed in his government declaration of early July 1919: “*In the field of education the government shall focus on a development of our education system and national culture in the spirit of progress and democracy of true republican nature*”.⁹² Symbols of such changes were, e.g., changing the name of Charles and Ferdinand University to Charles University, or closing some German schools that “*had been established under the inauspicious regime of the old Austria*”.⁹³ All these changes aimed at educating loyal citizens of the new state, which was of utmost importance in view of its multi-ethnic structure. Therefore, Švehla said in the programmatic declaration of his second government in December 1925: “*The aim of the entire school system is to educate noble-minded and mutually tolerant citizens exhibiting all virtues of democratic republicans*”.⁹⁴

⁸⁹ Ibid., Print 5132 – *Závěrečný účet státních výdajů a příjmů RČS 1922.*

⁹⁰ Act of 12. 10. 1925 No. 218 Coll., pp. 1108–1109.

⁹¹ Ibid.

⁹² NA CR 1918–1920, HD, 62nd session of 10. 7. 1919 – government declaration by V. Tusar.

⁹³ NA CR 1920–1925, HD, 2nd session of 1. 6. 1920 – government declaration by V. Tusar.

⁹⁴ NA CR 1925–1929, HD, 3rd session of 18. 12. 1925 – government declaration by A. Švehla.

In its effort to achieve these goals the state reinforced its position in the education system by gradually nationalizing the lower and higher elementary schools, as well as the secondary and professional schools. From 1921 on the state took over in its competence the national minority schools and the national schools in Slovakia in order to complete a network of schools corresponding to the demographic situation.⁹⁵ In addition to the education-related goals the government programs stressed the principle of general accessibility of education and the need to increase the level of education of the country's population. "*The school shall be an institute that all citizens without any discrimination will entrust their children to, being convinced that the work done there will bring profit to all*", stated the Švehla government in its declaration of October 1922.⁹⁶ Committed to increasing the overall education level the government introduced unified eight-year compulsory school attendance, which was of particular importance for Slovakia, where the level of illiteracy was higher than 14 % in 1921, and for Ruthenia, where it exceeded 50 %.

The growing expenditures on secondary schools, such as classical grammar schools and technical secondary schools, demonstrate the state's programmatic interest in forming future civil servants, technical intelligentsia, and also business people. In 1920, these expenditures amounted to 35 million crowns only, but eight years later they increased to almost 182 million crowns. The growth was partly due to the nationalization of secondary schools (however, they were not fully controlled by the government, they only received subsidies from it), partly through establishing new secondary schools. At the secondary school level, however, the government plans faced the same obstacles as those that hampered the development of national schools, namely the lack of qualified professors and the ongoing housing shortage.⁹⁷ To make the profession of teacher more attractive, the second Švehla government decided to raise the teacher salaries.⁹⁸ The state secondary schools were open to all students, including those from lower social classes, owing to rather generous exemptions from school fees.

The system of education of national school teachers was inherited from the old monarchy. In view of their insufficient number, particularly in Slovakia and Ruthenia, it was already paid much attention by the first Tusar government which, in its endeavor to raise the level of education of the population, started

⁹⁵ Act of 9. 4. 1920 No. 292 Coll., pp. 624–628. In the Bohemian Lands the teachers' salaries were shared by the province and the state while municipalities were responsible for school buildings and equipment.

⁹⁶ NA CR 1920–1925, HD, 159th session of 24. 10. 1922 – government declaration by A. Švehla.

⁹⁷ NA CR 1920–1925, HD, Print 5313 – *Závěrečný účet státních výdajů a příjmů RČS 1923* [State Final Account of Czechoslovak Republic 1923].

⁹⁸ Act of 24. 6. 1926 No. 103 Coll., pp. 444–450.

creating new teachers' colleges.⁹⁹ Simultaneously, the existing teachers' training institutes were nationalized, e.g., in 1921 those in Čáslav, Chrudim, and Litomyšl. The badly needed teachers' education reform started later, in mid-1930s, when state pedagogical academies with different teaching language were established. Nevertheless, these schools failed to fully compensate for what the teachers at elementary schools demanded, namely full university-level education.

| State expenditures on education (except military and agricultural schools) | | | | | | | |
|--|---------------|-------------------------|----------|------|-------------|-------------------------|----------|
| Year | Kč | % of state expenditures | % of GDP | Year | Kč | % of state expenditures | % of GDP |
| 1919 | 112 954 565 | 1,52 | - | 1929 | 724 725 412 | 7,05 | 0,99 |
| 1920 | 203 039 912 | 1,46 | 0,47 | 1930 | 748 815 398 | 7,54 | 1,06 |
| 1921 | 519 837 558 | 2,80 | 1,10 | 1931 | 813 867 190 | 6,64 | 1,19 |
| 1922 | 934 737 274 | 4,56 | 2,06 | 1932 | 795 570 800 | 7,76 | 1,21 |
| 1923 | 959 465 747 | 5,25 | 1,93 | 1933 | 762 644 049 | 7,95 | 1,21 |
| 1924 | 1 012 475 809 | 5,46 | 1,85 | 1934 | 714 368 956 | 8,04 | 1,18 |
| 1925 | 1 750 011 134 | 15,69 | 2,85 | 1935 | 744 704 586 | 7,98 | 1,24 |
| 1926 | 1 191 530 939 | 10,72 | 1,95 | 1936 | 771 186 641 | 8,28 | 1,19 |
| 1927 | 1 203 508 255 | 11,42 | 1,84 | 1937 | 804 460 394 | 8,98 | 1,12 |
| 1928 | 711 628 635 | 6,46 | 1,00 | | | | |

Due to its importance for the young state's economy much stress was laid on professional education facilities.¹⁰⁰ Over 28 million crowns were invested in this particular branch of education in 1920, whereas in 1928 almost 147 million crowns were spent on it. The support was due, among others, to the intention to change the disproportion between the German and the Czech technical and professional schools, especially in Moravia, to say nothing of Silesia.¹⁰¹ The generous plans of the government aimed at the construction of new Czech technical colleges were progressing slowly because of financial limits and a lack of qualified staff. Trade schools were facing similar problems. Agricultural schools, known as farming colleges, remained in the competence of the Ministry of Agriculture. Due to the economic and political importance of agriculture the

⁹⁹ NA CR 1920–1925, HD, Print 4315 – *Závěrečný účet státních výdajů a příjmů RČS 1920*; see NA CR 1925–1929, HD, Print 6 – *Závěrečný účet státních výdajů a příjmů RČS 1928* [State Final Account of Czechoslovak Republic 1928].

¹⁰⁰ Professional schools constituted a purpose-oriented segment of the system of education. They included technical colleges with master schools attached to them, trade schools, farming colleges for managers in larger estates, and this group of schools included also the two- or three-year apprentice training centers (textile workers, goldsmiths, millers, etc.), and higher trade apprentice schools.

¹⁰¹ NA CR 1918–1920, HD, Print 1919 – *Financial Act of Czechoslovak Republic for the year 1919*.

farming schools enjoyed a growing flow of funding: from less than 7 million in 1920 to 33 million crowns four years later.

The governments, irrespective of their political composition, paid systematic attention to the growth of education level of the population, considering it a factor reducing unemployment, as the professional qualification thus acquired constituted an advantage in the labor market and opened door to production work. Trying to protect local and folk industries and trades the Kramář government decided to establish two- and three-year craft schools (state training workshops), namely of toy production within the Woodworking College in Valašské Meziříčí, of folk embroidery in Brno and, in Slovakia, in Javorník, of bast and straw knitting in Velká Blatnice and of folk ceramics in Hodonín.¹⁰² The network of this type of schools grew quite rapidly and included also training facilities for women's professions.¹⁰³ Non-state schools were generously subsidized by the state, such as higher apprentice training schools that were gradually nationalized.

The education policy of particular governments aimed at reducing unqualified labor to the minimum, which reflected also the education reforms being prepared, as mentioned by Antonín Švehla when presenting his government's programmatic declaration in December 1925.¹⁰⁴ One of the reforms aimed at the higher apprentice training schools that were supposed to provide compulsory two-year practical training in a particular trade or craft to those young people who had completed the compulsory school attendance and failed to enroll in any of the secondary schools or technical college. The knowledge and skills thus obtained were hoped to increase their chances in the labor market as it was the case – although not fully – of the farming youth.¹⁰⁵

Budgets and final accounts provide evidence of the government's endeavor to create a system of higher education facilities that would meet the needs of modern state. In 1919, the state expended only 27 million crowns on the operating costs of such facilities, including the foundation stage of new universities, namely Masaryk University in Brno, Komenský University in Bratislava, and the Agriculture College in Brno, and the restoration and modernization of university clinics.¹⁰⁶ One year later, the expenditures related to higher education already doubled, which was also due to the completion of the Trade College that had

¹⁰² NA CR 1918–1920, HD, Print 1919 – *Financial Act of Czechoslovak Republic for the Year 1919*.

¹⁰³ Usual types were the two-year family schools and the same with a third year specialized in certain trade (tailors, milliners).

¹⁰⁴ NA CR 1925–1929, HD, 3rd session of 18. 12. 1925 – government declaration by A. Švehla.

¹⁰⁵ In 1920 people's farming schools were established as a higher level of education for young farmers. These people had to learn at the two-year farming school, provided such school was available within 6 km from the domicile.

¹⁰⁶ NA CR 1918–1920, HD, Print 3820 – *Závěrečný účet státních výdajů a příjmů RČS 1919* [State Final Account of Czechoslovak Republic 1919].

been founded in July 1919. In 1921, the money budgeted for higher education facilities already amounted to 126.5 million. The growing need for specialized technical intelligentsia brought about a new structure of the Czech Technical University that had now seven faculties, which required more money from the state budget, and so did the starting Veterinary College in Brno, etc.¹⁰⁷ In spite of the unquestionable effort of the government the building of a complex network of higher education facilities faced a number of problems, the worst obstacles being not the financial problems, but the lack of professors, so that many planned posts were vacant, and there were also few suitable buildings as their construction was in delay. In spite of that, the development of higher education facilities was remarkable and its positive results remained obvious even after the government had dramatically cut the investments in this field by approximately 30 % on the average.

Conclusion

The state final accounts show an almost continuous growth of investments in the social area. Unlike the advanced countries a smaller part of them were directed to social insurance; upon its creation, Czechoslovakia did not have a comparable network of institutions providing public social services, and these were then gradually developing. Thus, social expenditures at the state level included also the nationalization costs of school and the foundation of new schools of all levels. However, the country was not much behind the developed states in the field of social insurance.

| Expenditures on social insurance in selected countries in 1930 (in % GDP) | | | |
|--|------|-----------------------|------|
| Germany | 7.80 | Netherlands | 1.50 |
| Great Britain | 4.60 | Czechoslovakia | 1.24 |
| Austria | 4.40 | Sweden | 1.10 |
| Denmark | 2.60 | Finland | 0.70 |

Source: Eds. Wolfram FISCHER – Jan A. van HOUTTE – Hermann KELLENBENZ – Ilja MIECK – Friedrich VITTINGHOFF. *Handbuch der europäischen Wirtschafts- und Sozialgeschichte Bd. 6*. Stuttgart 1987, p. 217 (Figure for Czechoslovakia – the author's calculation).

The established system of social insurance was relatively up-to-date at the time, although some of its aspects were not abreast of the social insurance in the

¹⁰⁷ NA CR 1920–1925, HD, Prints 4801 and 5132, *Závěrečné účty státních výdajů a příjmů RČS 1921 a 1922* [State Final Accounts of Czechoslovak Republic 1921 and 1922].

more advanced West European countries as it failed to include insurance against unemployment, either voluntary, which had been enacted in France in 1905, or compulsory, which had been introduced in Great Britain as of 1911. Social insurance in Czechoslovakia did not cover the self-employed persons, either, as the respective bill, passed in 1925, failed to come into force until the end of the First Czechoslovak Republic. Nevertheless, we can say that the social insurance system tended to embrace practically all groups of society. All insured employees were entitled to guaranteed pensions (old age or disablement) or to benefits (in case of disease, accident, maternity), and their family members enjoyed allowances (widow's and orphan's pensions), although these were very low, providing often just pure sustenance.¹⁰⁸

The principle of solidarity started declining among society as of the mid-1920s, which can be observed, e.g., in many amendments to the social insurance legislation or, even more, in the measures aimed at cancelling the protection of tenants. Voices could be heard from time to time warning of the negative impacts of social expenditures. These, however, constituted but a negligible part of the gross domestic product and certainly were not responsible for the growing indebtedness of the state.¹⁰⁹

| Total state investments in the main sectors of social policy | | | | | | | |
|--|------------|-------------------------|----------|------|------------|-------------------------|----------|
| Year | million Kč | % of state expenditures | % of GDP | Year | million Kč | % of state expenditures | % of GDP |
| 1919 | 661,26 | 7,38 | – | 1929 | 2 212,88 | 21,54 | 3,02 |
| 1920 | 713,40 | 7,05 | 1,64 | 1930 | 2 403,67 | 24,21 | 3,39 |
| 1921 | 1 259,19 | 6,79 | 2,67 | 1931 | 3 062,68 | 24,98 | 4,47 |
| 1922 | 2 153,27 | 10,51 | 4,70 | 1932 | 3 501,55 | 34,13 | 5,32 |
| 1923 | 2 615,72 | 14,30 | 5,26 | 1933 | 3 376,04 | 35,21 | 5,36 |
| 1924 | 2 682,81 | 14,47 | 4,90 | 1934 | 2 940,53 | 33,11 | 4,85 |
| 1925 | 3 166,85 | 28,38 | 5,17 | 1935 | 3 182,03 | 31,51 | 5,30 |
| 1926 | 2 669,64 | 24,01 | 4,38 | 1936 | 3 224,06 | 34,62 | 4,97 |
| 1927 | 2 606,20 | 24,74 | 3,97 | 1937 | 3 177,32 | 35,46 | 4,41 |
| 1928 | 2 135,34 | 19,38 | 2,99 | | | | |

¹⁰⁸ *Social insurance in Czechoslovakia was status-based and pensions were structured accordingly.* Average pension of workers after ten to twenty years of insurance was 150–200 Kč a month, that of private clerks was about 800 Kč, and the pension of state officials amounted to 1100 Kč. 80 let sociálního pojištění (80 years of social insurance). Praha 2004, p. 19. See Z. DEYL, *Sociální vývoj Československa 1918–1938*, p. 177; V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 408.

¹⁰⁹ Antonie DOLEŽALOVÁ, *Rašín, Engliš a ti druzí. Československé státní rozpočty v letech 1918–1938* [Rašín, Engliš and the Others. Czechoslovak State Budgets 1918–1938]. Oeconomica, Praha 2007, p. 299.

We can say in general that the governments in their programs, including the Depression years when economy was a priority, did not sidetrack social policy. If advanced social legislation is considered a significant feature of welfare state,¹¹⁰ then Czechoslovakia certainly took the road to that goal.

¹¹⁰ Jakub RÁKOSNÍK, *Historie pojmu "sociální stát" v Čechách* [History of the "Welfare State" Concept in Bohemia]. In: Jana Čechurová – Pavel Andrš – Luboš Velek (eds.), *Posláním historik. Pocta prof. Robertu Kvačkovi k 80. narozeninám*. Nakladatelství Lidové noviny, Praha 2012, p. 330.

Institute of Social Studies in Prague and Its Activities in the 1920s-30s

The idea of welfare society where the state takes on the task of redistributing profits emerged a long time ago and existed in many variations. The notion 'welfare state' goes actually back to the latter half of the 20th century. However, various attempts of reducing through state policy social inequality and, consequently, social tension had already been made before.

The Czechoslovak state created in 1918 pursued a very progressive, law-based social policy of the time. The Bill No. 91/1918 on 8-hour working day and 48-hour working week was passed as early as 19 December 1918 (by passing the Bill Czechoslovakia anticipated the resolution of the international conference in Washington).¹ For overtime work (not exceeding 2 hours a day) consent of authorities was required. For farm servants, maids and laborers living with their employer a 12-hour rest was guaranteed by law. It was prohibited to hire for regular work children under 14 (however, for short-term work in agriculture or in homes children under 10 were not allowed). Night shifts were allowed in factories with non-stop operation for males aged 16 and more only. In 1918 unemployment benefits paid directly by the state were introduced, but in 1921 a transition to the Ghent system occurred based on respective legislation allowing unemployment benefits to be paid by the state and the trade unions to union members only and as decided on by the unions; the benefits could be provided for a period not exceeding 4 months a year only. A very important Disability and Old Age Insurance Bill was passed in 1924. As of 1925 general holiday of 6–8 days was introduced for all categories of workers (except farm servants), and minimum wages were set.²

On the one hand, this occurred in the general European context of increased left movement after the First World War and, on the other hand, it was due to the specific democratic (incomplete) structure of Czech society where the percentage of important and rich aristocrats was comparatively low whereas the

¹ Zdeněk DEJL, *Problémy sociální politiky buržoazní Čechoslovenské republiky* [Problems of Social Policy Bourgeois Czechoslovak Republic]. In: A. H. Klevanskij (ed.), *Sociálnaja struktura i političeskije dviženija v stranach Centralnoj i Jugo-Vostočnoj Evropy*. Moskva 1986, p. 62.

² Josef BARTOŠ – Miloš TRAPL, *Československo 1918–1938* [Czechoslovakia 1918–1938]. Univerzita Palackého, Olomouc 2001, p. 61.

middle classes were quite strong.³ Moreover, wage workers accounted for 51.1 % of active population in Czechoslovakia, and other wage labor for 6.4 %.⁴ Of some importance was also the subjective factor, namely the fact that the leading figure of the new state was T. G. Masaryk, professor in philosophy and sociology, an educated and enlightened man and humanist.

The development and implementation of social policy was taken very seriously in Czechoslovakia and was put on a scientific basis. The experience gained in Czechoslovakia during the interwar period, namely that of the Institute of Social Studies in the country's capital, is certainly very interesting and worth studying. It can be said that the activities of the Institute constituted a combination of theory and practice aimed at implementing the idea of welfare state.

The Institute of Social Studies was founded in 1919 as a scientific facility charged with research into social matters. However, it was not a pure academic institution dealing exclusively with basic research. Its aim was not only to develop theory, but also to apply in practice the results achieved in its research work. Its establishment was initiated by Lev Winter (1876–1935), a Czech social-democratic politician and the country's first minister of social care. Prior to the World War I he had been a social-democratic member of the Imperial Council in Vienna. In 1918–1920 he became a Member of the Chamber of Deputies. From 14 November 1918 to 15 September 1920 L. Winter held the office of minister of social care in the governments headed by K. Kramář and V. Tusar, and again from 28 March 1925 to March 1926. In 1925 and 1929 he was elected a Lower House Deputy. Winter was for many years Chairman of the Institute of Social Studies, which was a specialized component part of the Ministry of Social Care structure.⁵ After his death in 1935 Dr. Emil Schönbaum was appointed Chairman of the Institute.

According to its Statutes the Institute of Social Studies had to perform the following tasks: 1) collect social-political material; 2) study social sciences, particu-

³ For details of the social structure of Czechoslovak society, see: Jiří MUSIL, *Česká společnost 1918–1938. Několik závěrů z mezinárodního srovnání sociálních struktur* [Czech Society 1918–1938. Some Conclusions of an International Comparison of Social Structures]. In: *Československo 1918–1938. Osudy demokracie ve střední Evropě*. Vol. 2. Ed. Jaroslav Valenta. Praha 1999, pp. 368–377; Václav PRŮCHA, *Sociální a profesní struktura obyvatelstva v meziválečném Československu* [Social and Vocational Structure of the Population in Interwar Czechoslovakia]. *Ibid.*, pp. 378–386.

⁴ *Kratkaja istorija Českoslovakii s drevnejšich vremen do našich dnej* [Short History of Czechoslovakia from Ancient Times to the Present]. Moskva 1988, p. 314.

⁵ František KOLÁŘ a kol. (ed.), *Politická elita meziválečného Československa 1918–1938. Kdo byl kdo za první republiky* [Political Élite of the Interwar Czechoslovakia 1918–1938. Who was Who in the First Republic]. Praha 1998, p. 289.

larly social-political questions; 3) promote the knowledge of social sciences.⁶ The Institute carried out important tasks, being charged with scientific research, policy-making of the Ministry of Social Care, and with propaganda work among the population.⁷

Members of the staff were not only outstanding sociological research workers, but also practical specialists whose task it was to aim the research work at solving social-political and economic problem considering, on the one hand, the economic limitations and, on the other hand, the necessity to reduce the social tension in society. The Institute depended on the Ministry organizationally and financially. It was funded from the Ministry's budget, the Minister of Social Care was authorized to employ one half of the Institute workers and to appoint its direction for a period of three years, and the Ministry worked out and checked its detailed plan of work.⁸ The departmental character of the Institute was explained with technical and financial reasons. At the same time, however, the Institute enjoyed much autonomy.⁹

By the end of the 1920s the list of Institute employees included over 100 full members and some 60 corresponding members, such as university and college professors, officials of the Office of Statistics and of the National Bank, advisors to various ministries and offices, newspaper editors, lawyers, diplomats, businessmen, senators, ministers, chairmen and secretaries of different unions (including, e.g., German miners), representatives of Czechoslovak cooperatives, employment offices, leaders of the General Pension Institute, Labor Center managers, state archive officials, etc.¹⁰ Among the Institute Members some outstanding personalities could be seen, namely: Foreign Minister E. Beneš, Minister of Finance K. Engliš, MP and lawyer I. Derer, Chairman of the Central Union of Czechoslovak Cooperatives and Senator F. Jirásek, Director of Central Social Insurance Company Z. Fleischman, General Director of Land Bank E. Rooz, Chairwoman of the Czechoslovak Red Cross A. Masaryková, editor of the newspaper 'Právo lidu' J. Kudelka, Director of National Assembly Library Z. Tobolka, Head of Department of the State Office of Statistics Dr. J. Auerchan, professors

⁶ Národní archiv Praha [The National Archive (NA) Prague]. Fund Sociální ústav Československé republiky, sign. 1232. No. box 2. Stanovy Sociálního ústavu Československé republiky.

⁷ *Sociální ústav republiky Československé. Jeho založení a činnost v prvním třiletí 1920–1922* [Institute of Social Studies of the Czechoslovak Republic. Its Foundation and Activities during the First Three Years of its Existence 1920–1922]. Praha 1923.

⁸ NA Prague. Fund Sociální ústav Československé republiky. Sign. 1100. No. box 1. *Zprávy o činnosti* [Reports on Activities].

⁹ *Ibid. Informace pro pana ministra Dr. Meissnera o Sociálním ústavě* [Report on Institute of Social Studies for Minister Dr. Meissner].

¹⁰ *Ibid.* Sign. 1400, No. box 4. *Členové. Úplný seznam členů Sociálního ústavu ČSR. Stav k 1 lednu 1929* [Full List of Members of the Institute of Social Studies as at 1 January 1929].

in sociology B. Foustka, E. Chalupný, and many other excellent political and social officials, businessmen, and scientists.¹¹ All this proves the high level of professional qualification of the Institute specialists.

Initially, 5 sections were set up (theoretical studies, protection of workers and social insurance, socialization, technical and health care, education and humanitarian problems). However, with growing experience work concentrated in three working departments:

- The first department (theoretical studies) studied sociological, social-philosophical problems, theories of economic development, and socialist ideas. The department closely collaborated with the Masaryk Sociological Society established in 1925.¹²

- The second department was charged with a large complex of tasks related to labor protection, labor legislation, social insurance, trade unions, strikes, taxes and duties, unemployment and actions to fight it, labor emigration, and also to all types of social care in case of sickness, disability, old age, and children's care. The department competence covered also the questions of cooperative movement, workers' business activities, self-management, inner agricultural colonization, and general socialization questions in the labor process.

In 1930, special commissions were set up within the second department, such as, e.g., for the investigation of actual problems. It collaborated closely with the International Union for Scientific Investigation of Actual Problems and gathered a number of external specialists around the Institute. Before it, in 1929, a commission for investigation of the consequences of labor rationalization in industry had been created to study these problems not only from the technical and economic points of view, but also from the physiological, psychological, ethical and social ones, with special attention paid to the working man. The commission dealing with the labor movement and social history in general developed large activities, too. It dealt with collection and preservation of documents of labor movement, planned to establish a social museum, and produced duplicates of materials. Worth mentioning of the other commissions set up at that time are those of family protection and of the causes of unemployment. In the 1930s, the commissions working in the Institute specialized in: social consequences of the rationalization of labor, population, and history.

¹¹ Ibid.

¹² On the establishment of the Masaryk Sociological Society, see: Emil VORÁČEK, *Problémy rozvoje sociologie v Československu 20. let a vznik Masarykovy sociologické společnosti* [Problems of Sociology and Its Development in Czechoslovakia in the 1920s and the Foundation of Masaryk Sociological Society]. In: *Československo 1918–1938. Osudy demokracie ve střední Evropě*. Vol. 2. Praha 1999, pp. 469–483.

- The third department studied humanitarian problems, health protection, and education. Its workers focused mainly on such important questions as labor protection, psychological and technical questions, social health care, appropriate working conditions, and correct lifestyle. Reforms in the given area were suggested. The department examined also the questions of self-education, organization of leisure time, care of mother and child, care of youth, war victims, support of the poor, and the social-humanitarian measures in general.

The Institute Direction held regular meetings to discuss current matters, reports, admission of new members, appointments of heads of department, new research projects and their implementation.¹³

To cope with their scientific tasks the Institute Members had the library and the reading-room of the Ministry of Social Care at their disposal with specialized literature, over 200 dedicated journals, materials of the social and political archives and museum, relevant statistics, and they carried out surveys. Workshops of the staff, scientific consultations, lectures and conferences were held in the Institute. The Institute was also publishing its own materials, brochures and bulletins.

One of the most important activities of the Institute was the organization of public lectures given both by its own staff members and by invited qualified specialists from abroad. In 1928 a large campaign was launched to discuss the problems of national market protection, and in 1929 a cycle of lectures and discussions was held on social insurance in the field of medical and health care. The aim of these events was to demonstrate the high social importance and advantage of social insurance, make doctors interested in it, and show that its main idea was the care of man. One more cycle of lectures was organized in the same year, 1929, under the motto 'On the social conditions of peaceful development'. The lecturers stressed the significance of the League of Nations and of the International Labor Office for Czechoslovakia.

On 12 January 1931, upon invitation by the Institute of Social Studies in Prague the head of the International Labor Office, Albert Toma, lectured in Prague, and on 5 March of the same year also Fritz Naftali, outstanding German economist and journalist, social democrat and supporter of the theory of economic democracy.¹⁴ The aim of inviting foreign lecturers was to learn and make use of foreign experience without any political prejudices: in 1935 Markus, USSR Government delegate to the International Labor Office, held a lecture

¹³ NA Prague. Fund Sociální ústav Československé republiky, sign. 1232. No. box 2. *Zpráva o schůzi představenstva Sociálního ústavu Československé republiky konané dne 10. listopadu 1930* [Institute of Social Studies. Report on the Management Meeting of 10 November 1930].

¹⁴ Ibid. No. box 1. *Zpráva pro schůzi představenstva konanou dne 31. dubna 1931* [Report for the Management Meeting Held on 31 April 1931].

here together with Professor Hašek of Pennsylvania.¹⁵ In 1937-1938, the following foreign lecturers were invited: D. Greenfell, Member of the House of Commons Foreign Committee, Great Britain; M. Adler, Professor at Vienna University; F. Poucarot, Ambassador of France; D. C. Muzzey, Professor at Columbia University, New York; I. F. Dreyfuss, General Director for Social Insurance of the French Ministry of Labor; and G. Bourget, archivist of the National Archives in Paris.¹⁶

In total, during the 20 years of its existence (until June 1938) the Institute organized 322 lecture and discussion evenings with a total of 266 Czechoslovak and 56 foreign lecturers. The topics that were most actively discussed included the social policy of Czechoslovakia, international legislation in labor matters (1921), tax load reform (1926), changes in social insurance (1927), real wages of workers in Czechoslovakia and abroad (1925 and 1928), and housing construction policy.

A specific feature of the Institute of Social Studies consisted in the fact that a series of lectures devoted to a single complex problem were organized in the autumn-winter season. In 1930 a cycle of lectures was held on wages and purchasing power in Czechoslovakia, and in 1931 on the theory of cooperative movement, its social significance, and on the necessity of reforms in the field of cooperative law. Speakers in the latter cycle of lectures were Senator F. Modráček, manager of a large trade company E. Lustig, General Director of the Central Union of Economic Cooperatives Dr. L. Dvořák, Secretary of the Union of Czechoslovak Cooperatives J. Fukar, Auditor of the same organization J. Dušek, and other outstanding representatives of Czech and German trade and industry.¹⁷

In 1931-1932, as the Great Depression was spreading, special attention was paid to the problem of unemployment, its causes and consequences, and also to practical measures to fight it. The damage caused by the Depression in Czechoslovakia in the early 1930s can be compared, according to Z. Kárník, to that caused by the World War I to the Bohemian Lands and Slovakia.¹⁸ In 1933, a cycle of lectures 'On health care and social policy' was organized with the aim of making doctors interested in social activity. The debate on the problem of

¹⁵ Ibid. *Jednatelská zpráva o činnosti Sociálního ústavu Československé republiky za dobu od 14. března do 20 října 1935* [Executive Report on the Activities of the Czechoslovak Institute of Social Studies from 14 March to 20 October 1935].

¹⁶ Ibid. *Činnost Sociálního ústavu Československé republiky v roce 1937 a 1938* [Activities of the Czechoslovak Institute of Social Studies in 1937 and 1938].

¹⁷ Ibid. *Zpráva pro schůzi představenstva konanou dne 31. dubna 1931* [Report for the Management Meeting Held on 31 April 1931].

¹⁸ Zdeněk KÁRNÍK, *České země v éře první republiky 1918–1938* [Bohemian Lands in the Éra of the First Czechoslovak Republic 1918–1938]. Vol. 2. Praha 2002, p. 54.

unemployment resumed with new energy in 1934 and a regular series of lectures was devoted to it. Special attention was paid in 1935 to the social and economic development; the lectures dealt with economic planning and labor movement, and in 1936 particular stress was laid on the questions of current social security. In the last two years the Institute of Social Studies specialists focused on retirement pension, production and consumption, tax load theory, and on the social and economic relations of workers in different branches of economy. The lectures were frequently followed by a discussion, and a number of topics discussed during the lecture courses became later a basis of practical legislative solutions.

Occasionally, the Institute organized tenders for individual scientific research tasks and for the publication of scientific works. In 1923, the tender topic was 'study of collective contracts from the creation of the Czechoslovak Republic to 1922', and in 1925 prizes were awarded for the best investigation of rights and duties of works committee members and their practical implementation. In 1930, upon initiative of the Rockefeller Fund and with its financial support, the living conditions of unemployed people and their families were seriously studied, and as a result a book entitled 'The impact of Great Depression on the families of unemployed people' appeared in both Czech and German languages. The impact of the Depression on unemployment among the intelligentsia was also studied, as well as the town-planning and civilization trends applied in Prague suburbs, and the problems of a Slovak village in Turec District (the last work was published in both Slovak and English). In the latter half of 1930s Czech-German economic collaboration was analyzed. In connection with that project the Institute Management asked the Rockefeller Fund to provide over 41 thousand crowns for research work and subsequent publication, and the demand was fully granted.¹⁹

Sociological archives were built at the Institute as of 1920, and in the mid-1930s there were already 475 archival units connected with the history of workers' movement in Czechoslovakia. Attempts were made to found a social museum, but the project could not be carried out because of lack of funds, although a detailed plan had been worked out by A. Žalud, librarian of the Ministry of Social Care.²⁰

¹⁹ NA Prague. Fund Sociální ústav Československé republiky. Sign. 1100, No. box 1. Previous estimate of expenditures connected with the publication concerning cooperation of Czech and Germans in Czechoslovakia.

²⁰ Ibid., sign. 1231, No. box 2. *Program sociálního muzea* [Social Museum Program].

Based on available Czechoslovak and foreign experience the Institute was also preparing principles of labor legislation and it reviewed practically all drafts of social-political bills in the Czechoslovak Republic.²¹

The publishing work of the Institute, which started in 1923, produced 72 books, brochures and other publications in Czech and Slovak, and also in other languages, mostly French. The published materials included series of lectures, information on Czechoslovak social legislation, etc.²² For example, in 1930 the Institute of Social Studies published the work 'Wages and Prices' which included, among others, the lecture delivered by K. Renner on 9 October 1930 and entitled 'The cooperative movement and the realization of socialism', and also the paper 'Development and goals of social care in the Czechoslovak Republic' presented by L. Winter.²³ The Institute published also its own press periodical called 'Sociální revue' (Social Review).

Apart from the above forms the Institute carried out its information and propaganda activities in close cooperation with other institutes both inside Czechoslovakia and abroad. The representative of the Institute of Social Studies in international organizations was its first secretary Dr. E. Stern. In its position of Czechoslovak national union the Institute joined the International Association for Social Progress (its headquarters was in Paris) and participated in its congresses and conferences. In 1934 and 1937, the Institute organized and participated in the 1st and the 2nd international congresses on social policy held in Prague and in Paris, respectively. At the Prague forum the Institute's representatives were mainly interested in the questions of freedom of trade unions. In Paris, the Deputy Chairman of the Institute of Social Studies, Dr. Macek, presented a very important paper whose topic sounds very important even today, namely 'Controlling the credits in social interests'. The Institute of Social Studies was also a member of the International Institute of Industrial Relations (headquarters in The Hague) and of the International Union of Scientific Research into Population (London).²⁴

With the aim of educating the public both inside and outside the country, the Institute of Social Studies often used radio broadcast, organized radio transmissions under the title 'Social Information', and every year provided foreign mass

²¹ *Sociální ústav Republiky Československé. Jeho založení a činnost v prvním třileťí. 1920–1922* [Institute of Social Studies of the Czechoslovak Republic. Its Foundation and Activities During the First Free Years of its Existence 1920–1922]. Praha 1923, p. 6.

²² NA Prague. Fund Sociální ústav Československé republiky. Sign. 1100. No. box. 1.

²³ *Ibid.*, *Zpráva pro schůzi představenstva konanou dne 31. dubna 1931* [Report for Management Meeting Held on 31 April 1931].

²⁴ *Ibid.*, *Informace pro p. ministra o činnosti Soc. ústavu. 10. 1. 1939* [Information for the Minister about the Activities of the Institute of Social Studies].

media with information about the social and political developments in the Czechoslovak Republic.

In the early 1920s, the Institute budget amounted to 85-100 thousand crowns a year, and in the 1930s it fell to 55 thousand crowns;²⁵ nevertheless, in addition to its support by the Ministry of Social Care it was also receiving support from different funds, such as Gruber, Rockefeller, Masaryk Sociological Association, and also a percentage of bonds and capital preserved in the Land Bank. In total, its income amounted to over 600 thousand crowns in the 1920s, but in the 1930s the incoming amounts fell to less than one half.²⁶ The total funding of the Institute amounted to 286,723.98 Czechoslovak crowns in 1931, and its expenditures, including the publication costs, amounted to 155,448.75 crowns.²⁷ The allocation of budget funds can be demonstrated on the 1923 Report. Of the total amount of 85 thousand crowns 10 thousand were spent on the preparation of bibliography, 25 thousand on the sociological archives, 5 thousand on the preparation and publication of information about three years of Institute activity, 12 thousand on the lecture series and conference proceedings, 5 thousand on the 'Social Review', 8 thousand on compensations for lecture series, 5 thousand on fees for Social Review collaborators, 8 thousand on the compensation for work done under collective contracts, 3 thousand on business trip fares, and 4 thousand on other expenditures.²⁸

The lecturing and publishing work of the Institute practically ended in spring 1938. The publication of its press organ, 'Social Review', was also suspended. In its 1939 budget only 15 thousand crowns were planned, and the money was not allowed to be used for publishing work. The subsequent closure of Czech universities and higher educational facilities and the reduction of staff made it impossible for the Institute to continue its activities.²⁹

Understandably, not all of the intentions could be implemented due to the lack of funding; still, the efficiency and the success of measures prepared by the Institute in the field of social policy in the late 1920s are impressive. According to international statistics Czechoslovakia occupied the 14th place in the level of wages, and until 1929 (beginning of the Great Depression) the unemployment rate was

²⁵ Ibid., *Zprávy o činnosti* (Report on Activities).

²⁶ Ibid., No. box 2. *Příjmy* [Income]; Kart. 2 *Rozpočet Sociálního ústavu na rok 1921* (Institute for Social Studies, budget for 1921).

²⁷ Ibid., No. box 1. *Zpráva o příjmech a výdáních Sociálního ústavu Československé republiky od 1. ledna 1931 do 31 prosince 1931* [Institute for Social Studies. Report on Incomes and Expenditures from 1 January 1931 to 31 December 1931].

²⁸ Ibid., Sign. 1231. No. box 2. *Rozpočet Sociálního ústavu pro r. 1923* [Institute for Social Studies, budget for 1923].

²⁹ Ibid., Sign. 1100. No. box 1. *Informace pro pana ministra o Sociálním ústavu. Březen 1941* [Institute of Social Studies, Information for the Minister. March 1941].

only 0.8 % of the population able to work³⁰. The situation changed with the outbreak of the Depression and in spite of the amendments to the Ghent System adopted in 1930 the unemployment rate rose dramatically (up to 1 million),³¹ the prices increased, and strikes multiplied. Economic revival could be observed as late as 1937.³²

To summarize the two-decade interwar period we can say that Czechoslovakia ranked among the most progressive countries in terms of social policy, and occupied the 7th-9th place in Europe in social security and one of the leading places in the standard of living.³³ Czechoslovakia's social policy was of systematic nature; in some respects it exceeded the level in advanced western countries, but in other respects it lagged behind them. Social democracy played a very important role in the political system of the Czechoslovak Republic and constituted one of the pillars of almost all coalition governments of the First Czechoslovak Republic.³⁴

Considering the above facts it can be said that the work done by the Institute of Social Studies proved very useful and that its experience is worth further studying. The concentration of research and policy, theoretical work and practical solutions in a single center deserves systematic attention, and can be perhaps used as a model even now. Today, as social tension explodes in the streets of Athens, Rome, London, Tel Aviv, New York and other cities, it is very important to start studying the scientific work done in the past and its successful practical implementation.

³⁰ Yelena Pavlovna SERAPIONOVÁ, "Zolotye gody" Čechoslovackoj respubliky (1924–1929). In: Čechija i Slovackija v XX veke. Očerki istorii v dvuch knigach. Kn. 1. Moskva 2005, p. 139.

³¹ Rossijskij gosudarstvennyj archiv socialno-političeskoj istorii (RGASPI). Fund 495 Archiv Kominterny. Op. 71. Kommunističeskaja partija Čechoslovackii. D. 441. L. 164.

³² Josef HARNÁ, *První Československá republika* [The First Czechoslovak Republic]. In: Jaroslav Pánek – Oldřich Tůma et al. (eds.), *Dějiny českých zemí*. Praha 2008, p. 328.

³³ E. P. SERAPIONOVÁ, "Zolotye gody" Čechoslovackoj respubliky, p. 141.

³⁴ Zdeněk KÁRNÍK, *České země v éře první republiky 1918–1938* [Bohemian Lands in the era of the First Czechoslovak Republic 1918–1938]. Vol. 3. Praha 2003, p. 644.

The Austrian Welfare State in the Interwar Era with an Emphasis Put on the Period Following the Great Depression

The tradition of Austrian welfare state goes back to the latter half of the 19th century. The Alpine country belonged, together with Germany, to the pioneers in this field, and thus, after 1918, could draw on the previous experience. During the Habsburg Monarchy the welfare state focused on selected profession groups, particularly on those employed in factories and metallurgy works. In agriculture, forestry, metallurgy, mines and crafts only the labor conditions, employment conditions and social insurance of machine operators were regulated, such as maximum working-hours in factories and mines, limitation of minor workers' and women's employment, accident and sickness insurance as well as compulsory insurance. The welfare state's almost exclusive concentration on individuals immediately involved in the working-process constituted a basis of further development, particularly in the field of labor law, labor safety and protection, and social insurance.¹ The study aims at explaining the individual stages of evolution of the Austrian welfare state with special emphasis laid on its reform attempts after 1929.

Expansive stage of welfare state evolution (1918–1920)

Another major expansion of the Austrian welfare state occurred after the end of World War I primarily as a defensive measure of the then elite against the highly probable social upheavals and a potential destabilization of the new republican regime, in spite of the non-existence of favorable economic conditions. The growing quantity of social problems, such as war-damaged infrastructure and insufficient supplies of food and coal for the population, initiated the establishment of the National Social Care Office (*Staatsamt für soziale Fürsorge*) headed by a social democratic expert in social policy, Ferdinand Hanusch.² His ministry

¹ Emmerich TÁLOS, *Staatliche Sozialpolitik in Österreich. Rekonstruktion und Analyse*. Wien 1981, pp. 1–142; Emmerich TÁLOS – Karl WÖRISTER, *Soziale Sicherung im Sozialstaat Österreich. Entwicklung – Herausforderungen – Strukturen*. Baden-Baden 1994, pp. 13–19.

² Walter GÖHRING – Brigitte PELLAR, *Ferdinand Hanusch. Aufbruch zum Sozialstaat*. Wien 2003. In 1919–1920 the ministry headed by Hanusch was called State Social Administration Office (*Staatsamt für soziale Verwaltung*).

prepared the Unemployment Benefit Bill in November 1918.³ This legislative norm set a daily benefit of six crowns for all sickness-insured unemployed for a period not exceeding three months. Hanusch, whose name is inseparably connected with the rapid building of the Austrian welfare state, responded in that way to the astronomical growth of unemployment caused by the cease-fire on the front, the demobilization of large quantities of soldiers, and a dramatic decline of armaments industry.

The Unemployment Benefit Act started a new stage of building the Austrian welfare state. Soon after that the National Council deputies adopted additional important legislative norms, such as general ban on night work of women and young men under 18,⁴ staff's right to holiday,⁵ establishment of works committees, or conclusion of collective agreements.⁶

Worth mentioning here is particularly one of the oldest workers' requirements – the eight-hour working-day. On 19 December 1918 the Provisional National Assembly passed the bill on eight-hour working-day in factories.⁷ The act was supposed to be in force temporarily, until the signing of peace treaty with Austria. Hanusch justified its necessity by pointing to the rapidly growing unemployment rate. By cutting the working-day from ten to eight hours he expected more jobs to be created and the unemployment-related expenditures to be reduced. The working-hours unified practically in all sectors of economy meant a "democratization of labor", and thus exhibited a considerable social aspect. Hanusch declared in the Parliament debate that he saw no reason why an entrepreneur could work eight hours a day and a worker could not.⁸ Final regulation of the working-hours applicable to all types of work except for agriculture and forestry became possible after the passage of a respective law in December

³ *Staatsgesetzblatt für den Staat Deutschösterreich*, (further StGBL.), No. 20/1918, Vollzugsanweisung des Deutschösterreichischen Staatsrates vom 6. November 1918, betreffend die Unterstützung der Arbeitslosen, ausgegeben am 19. November 1918, 4. Stück, pp. 21–24.

⁴ *Ibid.*, No. 141/1918, Gesetz vom 19. Dezember 1918 über die Kinderarbeit, 27. Dezember 1918, 32. Stück, pp. 231–236.

⁵ *Ibid.*, No. 395/1919, Gesetz vom 30. Juli 1919 über den Urlaub von Arbeitern (Arbeiterurlausgesetz), 7. August 1919, 142. Stück, pp. 994–996.

⁶ *Bundesgesetzblatt für die Republik Österreich*, (further BGBl.), No. 16/1920, Gesetz vom 18. Dezember 1919 über die Errichtung von Einigungsämtern und über kollektive Arbeitsverträge, 13. Jänner 1920, 5. Stück, pp. 19–24.

⁷ StGBL. No. 138/1918, Gesetz vom 19. Dezember 1918 über die Einführung des achtstündigen Arbeitstages in fabrikmäßig betriebenen Gewerbeunternehmen, 24. Dezember 1918, 31. Stück, pp. 221–224.

⁸ Stenographische Protokolle, 1. Republik, Stenographisches Protokoll der 5. Sitzung der Provisorischen Nationalversammlung für Deutschösterreich, I. Session, 22. November 1918, p. 124.

1919, by which among other things the minimum limit of overtime payment was fixed.⁹

The period of 1918–1920 is in Austria characterized also by a broad expansion of the welfare state. This was due to several coinciding favorable factors. The motive forces of the changes were the two strongest coalition parties – the Christian Social Party and the Social Democratic Party. There was a consensus across the whole political spectrum in rejecting the Communist Republic of the Councils as an alternative state form and in recognizing the necessity to maintain the republican regime recently introduced. The Socialists wanted also to secure “the achievements of the Revolution”, i.e., the implementation of political and socializing reforms at the time when the largest left party strongly co-determined Austria’s policy. Social Democrats applied a double – often quite efficient – tactics to carry through socialization measures. On the one hand, they pointed to the danger of social upheavals if the social conflicts had not been settled. On the other hand, they threatened with a mobilization of their membership, voters and supporters if their requirements had not been accepted. The Christian Socialists did not reject a priori an extension of the welfare state, but they required the real state of Austria’s economy to be better considered.¹⁰ The end of the grand coalition in June 1920 put also an end to the rapid process of welfare state construction in the Alpine country. In the following period of time there were disputes over the conservation or revision of the social measures introduced during the first two post-war years. On the one hand there was the Social Democracy and their Free Trade Unions; on the other hand, the ‘civic’ parties (Christian Socialists, Grossdeutsche/Greater German Party, and Heimatblock) together with organizations of entrepreneurs and industrialists.

Years of stagnation (1920–1929)

The subsequent development of welfare state in Austria was strongly characterized by the post-war inflation, whose negative impacts did not avoid the Alpine Republic or the other European states. The fundamental problem consisted in the fact that the war had not been funded from real savings, but from inflation money. Thus, the inflation spiral had already started rapidly developing during the war conflict. The quantity of banknotes in circulation rose from 3.4 billion

⁹ StGBL No. 581/1919, Gesetz über den achtstündigen Arbeitstag, 23. Dezember 1919, 205. Stück, pp. 1327–1329.

¹⁰ See Emmerich TÁLOS, *Sozialpolitik im Austrofaschismus*. In: Emmerich Tálos – Wolfgang Neugebauer (Hrsg.), *Austrofaschismus. Politik – Ökonomie – Kultur 1933–1938*. Wien 2005, pp. 155–160.

crowns (in July 1914) to 42.6 billion crowns (end of 1918). During the same period of time the gold cover dropped from 74.6 % to 0.9 %. The cost of living index increased from 1 (July 1914) to 13.26 (November 1918), including housing costs; without the latter it rose to 16.40.¹¹ The statistical data available reveal a high rate of inflation also in the first post-war year. The crown value fell from one third to one seventh of the pre-war level. The living costs rose during the first nine months after the war by 90 %, and their growth continued from 31.02 (March 1921) to 118.80 (May 1921), in spite of the large subsidies of basic food-stuffs.

The worst phase of post-war inflation started in the latter half of 1922. The national budget deficit was increasing while the state could cover only 36 % of its expenditures. The living cost index, too, achieved record levels, rising from 1,364 to 14,153 between May and September 1922. In 1920 the volume of money rose from 12 billion crowns to 30 billion, and by the end of 1921 reached the amount of 174 billion. As the crisis culminated in August 1922 it exceeded the magic level of one thousand billion. The prices were increasing, too: they doubled from July to October 1921 and tripled from October 1921 to January 1922. Compared to the pre-war level the price level increased 14,000 times.¹²

The first Austrian democracy was experiencing the worst time since its beginning. Austrian Chancellor Ignaz Seipel in his memorandum of August 1922 even warned the Great Powers that the fate of Austria depended on them unless the Alpine country obtained rapid aid. In the worst case its disintegration could allegedly be expected.¹³ After many peripeties one of the most important documents of Austria's modern history, the Geneva Protocols were signed.¹⁴ The first of them imposed on the Alpine state the obligation for the next twenty years to

¹¹ Karl BACHINGER, *Eine stabile Wahrung in einer instabilen Zeit. Der Schilling in der Ersten Republik*. In: Karl Bachinger – Felix Butschek – Herbert Matis – Dieter Stiefel (Hrsg.), *Abschied vom Schilling. Eine osterreichische Wirtschaftsgeschichte*. Wien – Graz – Koln 2001, pp. 13–14.

¹² *Ibid.*, pp. 23–39.

¹³ Gottlieb LADNER, *Seipel als Uberwinder der Staatskrise von Sommer 1922. Zur Geschichte der Entstehung der Genfer Protokolle vom 4. Oktober 1922*. Wien 1964, pp. 38–60.

¹⁴ For Czechoslovak portion of the Geneva Protocols see fundamental research by Jindřich DEJMEK, *Politicke vztahy mezi Ceskoslovenskem a Rakouskem po smlouve lanske (1922–1925). Ke Kroftove vyslanecke misi [Political Relations between Czechoslovakia and Austria after the Treaty Lany (1922–1925). The Krofta Ambassadorial Mission]*. In: *Modernı dejiny*. No. 1, 1993, pp. 121–165, particularly pp. 128–134. For details of economic aspects see Eduard MARZ, *Osterreichische Bankpolitik in der Zeit der groen Wende 1913–1923. Am Beispiel der Creditanstalt fur Handel und Gewerbe*. Wien 1981, pp. 470–503. Recent comprehensive research into diplomatic background: Klaus KOCH, *Zwischen Staatsbankrott und Genfer Sanierung*. In: Klaus Koch – Walter Rauscher – Arnold Suppan (Hrsg.), *Auenpolitische Dokumente der Republik Osterreich 1918–1938*. Bd. 4, *Zwischen Staatsbankrott und Genfer Sanierung*, 11. Juni 1921 bis 6. November 1922 (further ADO, Bd. 4). Wien – Munchen 1998, pp. 9–25.

observe independence in accordance with Article 88 of the Saint-Germain Peace Treaty. The article clearly aimed against the country's unification with Germany. The second Protocol obliged the four signatory countries (Czechoslovakia, France, Italy, and Great Britain) to grant a credit amounting to 650 million golden crowns, and defined the conditions of making use of the facilities and of repaying the loan. The credit was guaranteed by the customs and tobacco monopoly revenue, and the whole Austrian economy including the stabilization of currency was supervised by Alfred Zimmermann, who became General Commissioner of the League of Nations. The third Protocol obliged the Austrian government to carry out an economic rehabilitation program aimed at achieving a balanced state budget within two years.¹⁵

There is no doubt that the Geneva Protocols strongly influenced the interior and economic development of the country, but less its foreign policy. They initiated an administration reform, reorganization of state companies, increase of public revenues from customs, state monopolies, direct and consumption taxes. The international aid saved the Alpine country at the very last minute, although the loan could only temporarily stabilize Austria's currency and economy. The government rehabilitation and reform program exhibited also some negative features. The policy of economy contributed to chronic unemployment, dramatically reduced the investing activities, and the badly needed improvement of infrastructure (except for some cities) remained only on paper, thus hindering to a large extent the further development of welfare state.

One of the Geneva Protocols obliged Austria to slim the overgrown bureaucratic apparatus by 100,000 employees, i.e., to half it in order to better meet the needs of a small state. A linear reduction of jobs in state administration – irrespective of the needs of particular regions – made it possible to reach this goal in 1922–1925.¹⁶ Those who were dismissed could often hardly find another job, and many of them failed to meet the insurance conditions for the case of unem-

¹⁵ For the text of Geneva Protocols see ADÖ, Bd. 4, pp. 428–437; *Zahraníční politika* 1, 1922, II. díl, pp. 1525–1531.

¹⁶ BGBl. No. 376/1921, Bundesgesetz vom 13. Juli 1921 zur Regelung der Besoldungsverhältnisse der Bundesangestellten (Besoldungsgesetz), 18. Juli 1921, 159. Stück, pp. 1279–1347; No. 499/1922, Bundesgesetz vom 24. Juli 1922, betreffend Maßnahmen zur Verringerung der Zahl der Bundes (Bundesverkehrs) angestellten (Angestelltenabbaugesetz), 29. Juli 1922, 100. Stück, pp. 971–976; No. 631/1922, Verordnung des Bundesregierung im Einvernehmen mit dem Präsidenten des Rechnungshofes vom 10. August 1922 über den Stellenplan für das Jahr 1922, 10. August 1922, 123. Stück, pp. 1151–1359; No. 843/1922, Bundesgesetz vom 27. November 1922 über die zur Aufrichtung der Staats- und Volkswirtschaft der Republik Österreich zu treffenden Maßnahmen (Wiederaufbaugesetz), 3. Dezember 1922, 168. Stück, pp. 1673–1694; Herta HAFNER, *Der sozio-ökonomische Wandel der österreichischen Staatsangestellten 1914–1924*. Phil. Dissertation. Wien 1991, pp. 90–113.

ployment. This constituted one of the big social problems in Austria. The slimming had one additional counterproductive effect: there was now a lack of duly qualified and experienced staff. A new wave of recruitment followed and some of the previously sacked people were now reemployed in the same or similar positions.

Table No. 1

Development of unemployment in Austria in 1919–1937¹⁷

| | Total number of unemployed | Number of people receiving unemployment benefits | Rate of unemployment | Number of persons receiving unemployment benefits as percent of the total number of unemployed |
|-------------|-----------------------------------|---|-----------------------------|---|
| 1919 | 355 000 | 147 196 | 18,4% | 44 % |
| 1920 | 79 000 | 32 217 | 4,2 % | 41 % |
| 1921 | 28 000 | 11 671 | 1,4 % | 42 % |
| 1922 | 103 000 | 49 434 | 4,8% | 48 % |
| 1923 | 212 000 | 109 786 | 9,1% | 53 % |
| 1924 | 188 000 | 95 225 | 8,4% | 48 % |
| 1925 | 220 000 | 149 980 | 9,9% | 68 % |
| 1926 | 244 000 | 176 536 | 11,0% | 72 % |
| 1927 | 217 000 | 172 478 | 9,8% | 80 % |
| 1928 | 183 000 | 156 185 | 8,3% | 85 % |
| 1929 | 192 000 | 164 477 | 8,8% | 86 % |
| 1930 | 243 000 | 208 389 | 11,2% | 86 % |
| 1931 | 334 000 | 253 367 | 15,4% | 76 % |
| 1932 | 468 000 | 309 968 | 21,7% | 66 % |
| 1933 | 557 000 | 328 844 | 26,0% | 60 % |
| 1934 | 545 000 | 278 527 | 25,5% | 53 % |
| 1935 | 515 000 | 261 768 | 24,1% | 51 % |
| 1936 | 515 000 | 259 187 | 24,1% | 50 % |
| 1937 | 464 000 | 231 320 | 21,7% | 50 % |

At the time of Geneva Protocol implementation a coalition of Christian Socialists and Grossdeutsche (Greater German Party) governed at the federal level. The government parties appealed to tradesmen, people related to industry and financial capital, farmers, and clerks; less to workers. In view of their electorate

¹⁷ Ibid., p. 29.

the coalition preferred in the social area non-workers to workers.¹⁸ This could be seen in the passage of the Employee Insurance Act (1926), which later embraced also agricultural and forestry workers (1927). Contrary to that, the law on workers' insurance that might considerably improve the situation in health, accident, disability and old-age insurance remained dependent on the total number of unemployed people and on the indicators of economic growth (volumes of foreign trade, domestic transport, progress in agricultural production, etc.).¹⁹ As the rate of unemployment as of 1926 never fell under the fixed level of 100 000, the law never came into force.²⁰

By saying this I come to one of the negative phenomena of Austrian history. By passing the Unemployment Benefit Act the state took on a huge financial burden. The unemployment in Austria was of structural nature; therefore, the Alpine republic occupied top places in the statistics of jobless people in the European Continent even in the period of economic boom. The reason consisted in the incapability of the local labor market to adapt to the new conditions related to the progressing rationalization of work and production.

Initially the state paid one third of all costs related to unemployment insurance. As of 1920 this unpleasant burden was gradually transferred onto the shoulders of employers and employees while the state reduced its portion first to 20 %, then to 16 %, and finally to 12 % (1923). The 18th Amendment of 1926 to the Unemployment Act made it possible to eliminate any state contributions; the state, on the other hand, was obliged to cover potential insurance deficits from the national budget if the contributions paid by employers and employees proved insufficient.²¹ It turned later out that this decision was not among the best ones. The new system was steadily criticized by representatives of industry and other companies. They launched a campaign against the “social burden”, reproaching the state for imposing the duty of increased transfers to social insurance instead of investments aimed at creating and developing jobs. The question of insurance transfers and of the number of persons eligible to support was a subject of prac-

¹⁸ Anton STAUDINGER, ‘*Christlichsoziale Partei*’. In: Kurt Skalnik – Erika Weinzierl (Hrsg.), Österreich 1918–1938. Geschichte der Ersten Republik, Vol. 1. Graz – Wien – Köln 1983, pp. 249–276; Adam WANDRUSZKA, *Das “nationale” Lager*. In: *Ibid.*, pp. 277–316, especially pp. 277–291.

¹⁹ Max LEDERER, *Grundriss des österreichischen Sozialrechtes*. Wien 1929, p. 42.

²⁰ Dieter STIEFEL, *Arbeitslosigkeit. Soziale, politische und wirtschaftliche Auswirkungen am Beispiel Österreichs 1918–1938* (= Schriften zur Wirtschafts- und Sozialgeschichte. Bd. 31). Berlin 1988, p. 69.

²¹ *Ibid.*, pp. 60–61; BGBl. No. 206/1926, Bundesgesetz vom 28. Juli 1926, betreffend Abänderung einiger, insbesondere finanzieller Bestimmungen der Arbeitslosenversicherungsgesetzes und Fortsetzung der außerordentlichen Maßnahmen der Arbeitslosenfürsorge (XVIII. Novelle zum Arbeitslosenversicherungsgesetz), 3. August 1926, 44. Stück, pp. 785–788.

tically permanent political struggle. This is proved by the fact that in the period of 1920–1929 a total of 23 amendments to the Unemployment Benefit Act were passed.²² While in the years 1918–1920 considerable changes were made in labor law and labor safety, some stagnation can be observed in the following period of time. Major transformations were only made in the field of social insurance that had been neglected before. The Austrian welfare state, however, had to experience major changes in the forthcoming period in connection with the negative impacts of Great Depression.

Between democracy and authoritarianism (1929–1933)

While the economic recessions in the past had hit just a certain segment of economy, the Great Depression of the early 1930s was a unique phenomenon in this respect. None of the sectors of economy was spared and the Depression hit with more or less intensity all capitalist countries.²³ The most affected countries were the United States, Germany, and Austria.²⁴ The decline of foreign investments, outflow of capital, and minimum chances of obtaining a foreign credit brought about a financial and banking crisis and an industrial regression in the Alpine country. The most badly hit sectors were those that were export-oriented, as the deflation policy of a number of governments, the imposition of new customs and import quotas caused a decline of demand and a fall of international prices. In the social area the decline of wages and the rapid growth of unemployment led to a lower amount of transfers to unemployment, pension, and sickness insurance schemes. The high rate of unemployment produced a dramatic rise of the unemployment insurance deficit and a higher burden of the state budget, as shown by the table below:

The Austrian government planned to cope with the crisis by means of deflation policy. An austerity plan was worked out in order to reduce the state budget shortfalls. The Cabinet's rehabilitation package included also some major cuts in social policy, but the government parties with respect to the voters failed to have the courage.²⁵ Moreover, the Grossdeutsche Volkspartei (Greater German Peo-

²² M. LEDERER, *Grundriss des Österreichische Sozialrechtes*, p. 44.

²³ For the course of Great Depression in Austria see, e.g., Gerhard SENFT, *Anpassung durch Kontraktion. Österreichs Wirtschaft in den dreißiger Jahren*. In: Emmerich Tálos – Wolfgang Neugebauer, *Austrofascismus. Politik – Ökonomie – Kultur 1933–1938*. Wien 2005, 5. völlig überarbeitete und ergänzte Auflage, pp. 182–199; Siegfried MATTL, *Die Finanzdiktatur*. In: *Ibid.*, pp. 202–221.

²⁴ Felix BUTSCHEK, *Österreichische Wirtschaft im 20. Jahrhundert*. Wien – Stuttgart 1985, p. 50.

²⁵ Total expenditures (million Schillings) achieved: 1926 142,8; 1929 146,5; 1930 195,3; 1931 225,7; 1932 269,6. *Ibid.*, p. 60.

ple's Party) left the government in January 1932 and went to opposition. Thus, their ten-year collaboration with the Christian Socialists ended. As a result, the then cabinet headed by Karl Buresch failed to have majority in the House. Irrespective of this, the experienced Minister of Social Affairs Josef Resch considered a reform of the welfare state inevitable and intended to cut primarily the unemployment insurance costs. Early in March he discussed his plan with representatives of Social Democrats, Christian Socialists, and Greater Germans (Grossdeutsche). However, all of them rejected the minister's plan. Resch came to the conclusion a few months later that *"the government will be unable to carry through the limitation of unemployment benefits. Such a step can only be done by a government enjoying full powers"*.²⁶ The Christian Socialist minister commented this later as follows: *"A reform of social insurance is not feasible in Austria. Even in our own party a majority cannot be achieved, and the Social Democrats have no reason to support the government and promote a reform"*.²⁷

Table No. 2

Shortfalls of unemployment insurance²⁸

| Year | Million shillings |
|------|-------------------|
| 1926 | 8 |
| 1927 | 11 |
| 1928 | 5,5 |
| 1929 | 16 |
| 1930 | 49 |
| 1931 | 55 |

The minister was referring to the competences of the government within the Austrian parliament system with semi-presidential features where all legislative norms were subject to approval by the Parliament. The most important word in deciding on new laws was that of the National Council, in which the then government headed by Engelbert Dollfuss enjoyed a very weak majority of only one deputy. This alone would be enough if, as already mentioned, the largest governing Christian Socialist Party were really willing to support the reform plans. The unsatisfactory results of provincial elections in April 1932 showing a transfer of votes in favor of the Austrian Nazi Party standing off Parliament until then and the prospect of premature national elections proved to be a great obstacle

²⁶ Getrude von ENDERLE-BURCEL (Hrsg.), *Protokolle des Ministerrates der Ersten Republik, Abteilung VIII.* (further MRP), Kabinett Dr. Engelbert Dollfuss, Bd. 1, 20. Mai 1932–18. Oktober 1932. Wien 1980, Dok. No. 799, 1. Juni 1932, pp. 50–51.

²⁷ *Ibid.*, Dok. No. 808, 17. Juni 1932, p. 245.

²⁸ Reprinted from D. STIEFEL, *Arbeitslosigkeit*, p. 61.

hindering the plans. The opinion prevailed in the Party that the best way would be to proceed with caution and without provoking the voters with the necessity of “tightening their belts”. The government could not rely on the support of some opposition deputies since the Grossdeutsche (Greater Germans) and the Social Democrats demanded a redistribution of cards by the voters as soon as possible.²⁹

In the fall of 1932 the economic indicators did not show any signs of improvement. The government feverishly sought additional resources. Minister Resch suggested a dramatic reduction of the number of persons receiving unemployment allowances.³⁰ This should also include those agricultural workers who failed to meet the condition of at least five years of insurance. Resch estimated the total expenditures on social policy at approximately 500 million shillings and threatened with an unpleasant scenario: “*The economy cannot bear the load for a long time, but the Parliament is incorrigible in this matter and unwilling to adopt reasonable reforms. There is no other choice but wait for a collapse of the social care*”.³¹

Under the pressure of the economic difficulties in Austria the doubting voices in the government grew stronger as to the Parliament in its current composition being actually a brake hindering the regeneration of Austrian economy. The Depression intensified the long-term antidemocratic trends in the internal political arena of the Alpine republic. Austrian government representatives and other public officials started openly and publicly speaking about the necessity to “regenerate” parliament-based democracy. In practice, political plurality was supposed to be replaced by an authoritarian system with corporative elements.³²

The growing ideological distance between the government and the Social Democracy in opposition and the stubborn sticking to ideological dogmas by all parties involved made a dialog across the political spectrum impossible. The government elite waited for an opportunity to reckon with the unpleasant opposition and dismantle democracy. The convenient moment came, as it is often the case in history, quite unexpectedly and randomly. Early in March 1933, after a heavy debate in the National Council an unprecedented situation in the history of Austrian parliamentarism developed. Dollfuss made use of the opportunity to govern without relying on the uncertain majority in the National Council. The Chancellor cleverly used a formal gap in the Austrian parliamentarism

²⁹ Franz SCHAUSBERGER, *Die Landtagswahlen des Jahres 1932 und ihre Folgen*. Christliche Demokratie 9, 1991–1992, Heft 1, pp. 111–132.

³⁰ MRP, Bd. 1, Dok. No. 830, 17. Oktober 1932, p. 624.

³¹ *Ibid.*, p. 625.

³² Archives of the Czech Ministry of Foreign Affairs, Praha, fond Politické zprávy, Vídeň/Vienna 1932, politická zpráva číslo 49, 19. října 1932, Bořek-Dohalský.

and started gradually dismantling democracy and introducing authoritarian elements. Legal justification for this was provided by the Wartime Economic Emergency Powers Act that had been passed during the World War I. It endowed the government with powers to restore economic life, remedy the damage, and ensure supplies for the population in the period of emergency situation caused by the war. The text of the law made it possible for the government to pass any legislative norm without Parliament by referring to its necessity under the emergency conditions caused by the war. In practice, this meant that the government was authorized to issue emergency decrees that were not subject to subsequent approval by the legislature.

The Wartime Economic Emergency Powers Act remained part of the Austrian law after 1918 and governments sometimes made use of it. The authoritarian regime was installed in Austria gradually by means of emergency measures. The governing formation pushed through the antidemocratic changes as a whole and while dismantling political pluralism it had to cope with only little resistance of the opposition while the general public showed indifference. None of the responsible officials made an attempt to organize a strong movement for restoration of democracy, so that the way for the new course was relatively open.³³

Unsuccessful attempt of a welfare state reform (1933–1938)

The Austrian conservative authoritarian regime was preparing to dismantle the existing order. The blame for failures in coping with the economic recession was put on the Social Democrats and their inflexibility, and on the incorrigible Parliament where political parties preferred their own interests to those of the people. Instead of the “seeming democracy” that had collapsed and therefore had to be removed “true democracy” without any corporate (!!!) and class privileges was to be created.³⁴ Developing the welfare state was considered one of the main priorities of the regime.

³³ For Austria's transition from liberal democracy to authoritarian regime see Emmerich TÁLOS – Wolfgang MANOSCHEK, *Zum Konstituierungsprozeß des Austrofaschismus*. In: *Austrofaschismus. Politik – Ökonomie – Kultur 1933–1938*. Wien 2005, pp. 6–27; Miroslav ŠEPTÁK, *Příčiny přechodu Rakouska od liberální demokracie k autoritativnímu režimu (1918–1933)* [The Reasons of Austria's Transition from Liberal Democracy to the Authoritarian Regime (1918–1933)]. *Právněhistorické studie* No. 42, 2012, pp. 112–124.

³⁴ *Reichspost* Jhg. 40, No. 127, 8. Mai 1933, p. 1, article “*Neue Wege zum alten Ziel. Bundesminister Schuschnigg über die nächsten Aufgaben der Christlich-sozialen Partei*”.

The first stage of establishing the authoritarian regime was closed in May 1933. The new course was also demonstrated at the Congress of the Christian Social Party held in Salzburg. Dollfuss told the audience in relation to social policy that although the representatives of industrial and business circles were complaining of the social burden, "...I can say the following in this matter: Wherever simplifications and reductions bring relief, we shall make them. Nevertheless, we consider any limitation of social insurance at the expense of workers and employees to be out of question".³⁵

Four months later the Chancellor announced in his probably best known speech at Vienna's square Trabrennplatz the goal of his government to build "a new Austria" by saying: "*The time of capitalist system, the time of capitalist liberal economic order is over, the time of Marxist, materialistic temptation of people has passed! The time of supremacy of parties is over! We reject egalitarianism and terror; we want a social, Christian, German state Austria on corporate basis under a strong authoritarian leadership!*"³⁶ The corporate system had necessarily to cover also the social area. Dollfuss announced a change in the existing system of welfare state funding, without specifying his concept. He only mentioned the necessity of preferential treatment for the employers creating new jobs. Then he added pathetically: "*We fight against Marxism, we also fight against the brown Socialism, but we shall never touch the living and basic rights of workers; quite on contrary, a fair Christian state must primarily consider the rights of working people*".³⁷ However, the social a political reality was quite different.

After eliminating Parliament from the decision-making process the government started largely amending the labor law, labor conditions, and social insurance. Issuing emergency measures was again made possible by the Wartime Economic Emergency Powers Act. The government decrees to protect economy issued by the federal government prohibited strikes as well as any form of passive resistance in state-owned and important companies.³⁸ The wage conditions were amended by a decree reducing the overtime bonuses from 50 % to 25 %, combined with a reduction of vacations.³⁹ A special decree on eight-hour wor-

³⁵ Wiener Zeitung, Jhg. 230, No. 103, 7. Mai 1933, p. 2, article "*Rettet das Herzstück Europas! Flammendes Bekenntnis des Bundeskanzlers für die österreichische Heimat*".

³⁶ *Österreichische Parteiprogramme 1868-1966*. Hrsg. und mit Einleitung versehen von Klaus Berchtold, Dok. No. 64, Die "Trabrennplatz-Rede", p. 430.

³⁷ *Ibid.*, p. 431.

³⁸ BGBl. No. 138/1933, Verordnung der Bundesregierung vom 21. April 1933 zum Schutze der Wirtschaft gegen Arbeitseinstellungen (Streikverordnung), 24. April 1933, 45. Stück, pp. 447-448.

³⁹ *Ibid.*, No. 209/1933, Verordnung der Bundesregierung vom 31. Mai 1933, betreffend die Abänderung einiger arbeitsrechtlicher Bestimmungen, 3. Juni 1933, 66. Stück, pp. 531-532.

king-day actually abolished the 44-hour working-week as well as the ban on the work of women and minors.⁴⁰ Collective agreements were the subject of a decree on assistance to banks⁴¹ or of that on collective labor conditions at public construction works.⁴² Another government decree amended the unemployment benefits by reducing their beneficiaries and cutting the maximum period of support to 20 weeks.⁴³

The restriction of workers' rights and the reduction of unemployment benefits caused justified fears of the government that after the elimination of Parliament the socialist Free Trade Unions together with some factories might become centers of resistance of the largest left party. The cabinet wanted to neutralize the potential resistance efforts of workers and deaden their capacity for action. Simultaneously, the government systematically limited the maneuvering-space of the opposition. Step-by-step, it prohibited the activities of the unimportant Communists while the Grossdeutsche (Greater Germans) as well as other German nationalist formations merged with the Austrian Nazis; these, however, were outlawed in June 1933, and the agrarian Landbund constituted no menace to the government. As a result, there was only one strong competitor for the government: the Social Democracy.

The security authorities were systematically preparing in coordination with the government "a final reckoning with Marxism". Provocations against the Social Democracy led to the outbreak of a short, but bloody civil war ending a few days later with a defeat of the left. The cabinet dissolved and prohibited any activity of the Social Democratic Party and of all associations.⁴⁴ Many Party officials, but also some ordinary Party members were arrested, no matter whether they had actively participated in, passively supported, or just watched the uprising.⁴⁵ The first wave of "social reforms" accomplished by the Austrian authori-

⁴⁰ Ibid., No. 210/1933, Verordnung des Bundesministers für soziale Verwaltung vom 1. Juni 1933, womit die Ausnahmeverordnung zum Achtstundentagesgesetz abgeändert und ergänzt wird, 3. Juni 1933, 66. Stück, p. 532.

⁴¹ Ibid., No. 68/1933, Verordnung der Bundesregierung vom 19. März 1933, betreffend die Erleichterung der Personallasten der Bankaktiengesellschaften (Bankentlastungsverordnung), 20. März 1933, 24. Stück, pp. 332–335.

⁴² Ibid., No. 225/1933, Verordnung der Bundesregierung vom 13. Juni 1933 über die Regelung kollektiver Arbeitsverhältnisse bei öffentlichen Bauten, 14. Juni 1933, 70. Stück, p. 552.

⁴³ Ibid., No. 343/1933, Verordnung der Bundesregierung vom 26. Juli 1933 über die zeitweilige Abänderung des Ausmaßes der Arbeitslosenunterstützung, 31. Juli 1933, 104. Stück, p. 843.

⁴⁴ Ibid., No. 78/1934, Verbot jede Betätigung der Sozialdemokratischen Arbeiterpartei in Österreich, 13. Februar 1934, 24. Stück, pp. 159–160.

⁴⁵ For the Austrian civil war see, e.g., Ludwig von JEDLICKA – Rudolf NECK (Hrsg.), *Das Jahr 1934: 12. Februar. Protokoll des Symposiums in Wien am 5. Februar 1974* (= Wissenschaftliche Kommission des Theodor – Körner – Stiftungsfonds und des Leopold – Kunschak Preises zur Erforschung der österreichischen Geschichte der Jahre 1927 bis 1938, Bd. 2). Wien 1975.

tarian regime was closed with a prohibition of the Free Trade Unions. Some professional associations of employers remained, such as the Industrialists' Association or the Association of Tradesmen, but the employees were represented by the pro-regime Federation of Unions of Austrian Workers and Employees (*Gewerkschaftsbund der Österreichischen Arbeiter und Angestellten*) where the Christian Social Workers' Movement prevailed.⁴⁶

As soon as the conservative authoritarian regime had got rid of its bothersome competitors it started transforming the professional organizations in the spirit of its corporate concepts. Those who failed to comply had to reckon with their prohibition. Unequivocal evidence of the new course was the new federal law on labor communities that was passed in July 1934 and that substituted for the legislative norm of works committees of 1919. The committees were viewed by the representatives of both industry and government as a Marxist, and therefore unreliable element. All companies in trade, finance, transport, mining, industry, and independent professions with a staff of five and more were required by the Labor Community Act to appoint an employee of trust representing the interests of the staff. The regime's primary aim was to have in that position politically loyal and reliable persons. Their number in one company depended on the size of its staff.⁴⁷ The men of trust constituted together with the employer a "labor community" in companies with more than twenty employees. This model of cooperation was expected to eliminate social tension and constitute a corporate system. The idyllic image of cooperation eliminating the class differences was disturbed by the employer's right of veto in the labor community. The whole project was a total failure, which is proved by the following numbers: whereas the wages rose 2 % on the average in the years 1933-1937, the profits of capital companies increased in the same period of time 121%.⁴⁸

More changes were made in the collective agreements. Many employers took advantage of the ban on Free Trade Unions to cancel the existing collective agreements and replace them with new ones that often meant worse wages and work conditions for their staff. Moreover, many employers failed even to com-

⁴⁶ BGBl. No. 132/1934, Verordnung der Bundesregierung vom 2. März 1934 über die Errichtung des Gewerkschaftsbundes der österreichischen Arbeiter und Angestellten, 6. März 1934, 39. Stück, pp. 233-235; Anton PELINKA, *Stand oder Klasse? Die christliche Arbeiterbewegung Österreichs 1933 bis 1938*. Wien - München - Zürich 1972, pp. 95-99.

⁴⁷ Bundesgesetzblatt für den Bundesstaat Österreich, No. 153/1934, Bundesgesetz vom 12. Juli 1934 über die Errichtung von Werkgemeinschaften, 28. Juli 1934, 54. Stück, pp. 359-363. Company with staff from 5 to 19 had one, from 20 to 50 three, from 51 to 150 four, from 151 to 300 five men of trust. In larger companies, for every 300 employees there was one man of trust, but their total number was limited to ten.

⁴⁸ Ernst HANISCH, *Der lange Schatten des Staates. Österreichische Gesellschaftsgeschichte im 20. Jahrhundert*. Wien 2005, p. 316.

ply with the stipulations of the new agreements, more advantageous to them, by breaching various social provisions, such as night work or right to vacation, by not respecting national holidays as days of rest, ignoring the term of notice, etc.⁴⁹

The corporatist ideology combining elements of the papal encyclical *Quadragesimo anno* and of the Catholic social philosophy provided for the creation of free corporations to control the individual segments of economy. The new Austrian Constitution of 1 May 1934 implemented a system of social interest corporations. The supreme state law provided for the establishment of seven professional corporations (mining and industry, crafts, trade, agriculture and forestry, independent professions, insurance, and public administration). The Constitution did not provide for a parliament, which was compensated for in its legislative function by four advisory boards. The first of them, the Federal Economic Board (*Bundeswirtschaftsrat*), was supposed to include representatives of professional corporations. Professional corporation committees with membership equally representing the professional corporations had to supervise the observance of collective agreements. Should the committees fail to agree on the way to settle a dispute, an arbitrator was to be appointed by courts or by state authorities.⁵⁰ Austria of the years 1934–1938 is often referred to as a corporate state, but in practice the corporative system remained in many respects in the Alpine republic more or less theory, or just a half-way house. Until the Anschluss of Austria in March 1938 the only working professional corporation was that of “agriculture”. The second one, “public administration”, included only salaried workers. The other five corporations remained but at preparatory stage.⁵¹

A chronic problem of Austria was the high rate of unemployment, although the average number of jobless people during the Great Depression per 1000 inhabitants lay below the international level. In 1933 there were a total of 557,000 unemployed people in the country, i.e., a record rate of 26 %. In the following years this unpleasant number started decreasing, but very slowly. At the same time, the state started reducing the number of jobless people receiving unem-

⁴⁹ Fritz KLENNER, *Die österreichische Gewerkschaften. Vergangenheit und Gegenwartsprobleme. Mit einem Vorwort von Nationalrat Anton Proksch*. Bd. 2. Wien 1953, p. 1133. In 1935 the government cut the expenditures on social insurance by an amendment to law. See Helmut, WOHNOUT, *Regierungsdiktatur oder Ständeparlament? Gesetzgebung im autoritären Österreich*. Wien – Köln, – Graz 1993, pp. 256–263; E. TÁLOS, *Sozialpolitik im Austrofaschismus*, p. 229.

⁵⁰ H. WOHNOUT, *Regierungsdiktatur oder Ständeparlament?*, pp. 219–225. Other advisory bodies were, e.g.: State Council (*Staatsrat*), Federal Cultural Board (*Bundeskulturrat*), and Provincial Council (*Länderrat*).

⁵¹ Emmerich TÁLOS, *Das austrofaschistische Herrschaftssystem*. In: Emmerich Tálos – Wolfgang Neugebauer (Hrsg.), *Austrofaschismus. Politik – Ökonomie – Kultur 1933–1938*. Wien 2005, p. 404.

ployment benefits from the state, so that in 1936 and 1937 only one half of the unemployed were eligible. Voluntary labor service introduced by the government was viewed as a hopeful attempt of reviving the labor market and a start of ideological education of working people.⁵² Remuneration of the work done was mostly provided in the form of accommodation and food, and sometimes also in kind or in the form of pocket money up to 50 Groschen. However, the voluntary labor service scheme failed to produce the expected effect. It was but a mere unsuccessful experiment. The costs of constructing and maintaining the labor camps exceeded the value of the work done. The regime knew that. Still, it continued maintaining them artificially alive wishing to use them for propaganda purposes and for the ideological education of interested parties.⁵³

The government planned to create additional new jobs by investing into electrification (Tauernbahn), and particularly into construction works, such as new roads (Grossglockner Hochalpenstraße, Packstraße, Gerlosstraße, Hochtannbergstraße, Plöckenstraße, Iselsbergstraße, Wiener Hohenstraße), bridges (Reichsbrücke in Vienna), housing estates, city districts, churches, and railway stations. The interested firms had to promise that most construction work would be done manually, although the use of machines would do it with more effect. As a result, the investments proved unproductive, bringing only very little effect, since after their completion the workers mostly rejoined the army of jobless people.⁵⁴ The reasons of useless search for a remedy to unemployment consisted in the rigid economic strategy and the very low effect of investments. Primarily in the period of Great Depression the government was unwilling to reconsider its strict deflation policy, responded insufficiently to the challenges of the time, and failed to adjust the import and export strategy for the major trade partners.⁵⁵

⁵² BGBl. No. 304/1932, Bundesgesetz vom 18. August 1932, betreffend den freiwilligen Arbeitsdienst, 14. Oktober 1932, 80. Stück, pp. 1105–1107; No. 126/1933, Verordnung der Bundesregierung vom 10. April 1933 über Abänderung des Bundesgesetzes vom 18. August 1932, B. G. Bl. No. 304, betreffend den freiwilligen Arbeitsdienst, 13. April 1933, 41. Stück, pp. 438–439; No. 229/1933, Verordnung der Bundesregierung vom 9. Juni 1933, betreffend die Anwendung des freiwilligen Arbeitsdienstes bei dem zusätzlichen Arbeitsbeschaffungsprogramm des Bundes, 17. Juni 1933, 72. Stück, p. 556.

⁵³ Verena PAWLOWSKY, *Arbeitslosenpolitik im Austrofaschismus. Ein Beispiel restriktiver Sozialpolitik in ökonomischen Krisenzeiten*. Diplomarbeit. Wien 1988, pp. 44–51.

⁵⁴ Roman SANDGRUBER, *Ökonomie und Politik. Österreichische Wirtschaftsgeschichte vom Mittelalter bis zur Gegenwart*. Wien 1995, pp. 399–400.

⁵⁵ D. STIEFEL, *Arbeitslosigkeit*, p. 50.

Conclusion

The parameters of the Austrian welfare state set immediately after the war did not correspond to the economic resources of the Alpine republic, and therefore some changes were made in the following period of time. A turning point came in the 1930s. The negative effects of the Great Depression plus the high rate of unemployment constituted too high a burden for the Austrian welfare state and, together with some additional factors, caused the fall of Austrian liberal democracy.⁵⁶ The new authoritarian conservative regime implemented a far-reaching reform of the welfare state. State propaganda often repeated its slogans of meeting the claims of working people, creating a social balance between labor and capital, and eliminating class differences. The words were followed by actions. By means of emergency measures the government restricted the rights of working people, worsened their working conditions and impaired their social position in society. The attempts of reducing the high unemployment failed and early in 1938 the Austrian welfare state (again) was balancing on the brink of collapse.

In Germany, contrary to that, the start of armament, the drastic restrictions of the rights of working people, the large investments in public construction works, the introduction of compulsory military service, and the growth of police and Nazi Party machinery almost eliminated unemployment. The situation in the Reich was in sharp contrast to the miserable situation in the Alpine country, thus making the idea of “Anschluss” desirable and popular among Austria’s population. Primarily those who had been jobless for a long period of time without being entitled to any state support, and graduates who had been unable to find a job after graduation, were eager to hear the fantastic news about the success of German pro-employment policy. Logically enough, the high rate of unemployment in Austria served the Germans as one of the main arguments in favor of the Anschluss. The Third Reich was now fully committed to its policy of armament and the Austrian labor market appeared to be a great potential reservoir of so-far idle labor that was so badly needed by the Nazis.

⁵⁶ Roman SANDGRUBER, *Ökonomische Krise und Delegitimierung der Demokratie*. In: Günter Schefbeck (Hrsg.), *Österreich 1934. Vorgeschichte – Ereignisse – Wirkungen* (= Schriftenreihe des Instituts für Österreichkunde. Hrsg. von Ernst Bruckmüller). Wien – München 2004, pp. 43–59.

The “Hungarian Progression Group” and Their Welfare State Concepts. Oszkár Jászi and Mihály Károlyi.

In the early 20th century the welfare state concepts of the “Hungarian Progression Group” in multiethnic Hungary were linked with a solution to the nationalities question. The deepening crisis of the Dual State, the increasing societal and social tension, the unresolved ethnic problems and the ongoing struggle for universal suffrage were the problems that were coped with by a group of independent members of Hungarian intelligentsia around the review *Huszadik Század* (The Twentieth Century) and the association *Társadalomtudományi Társaság* (Association for Social Sciences) whose leading great mind was Oszkár Jászi. The ideological struggle of these left-oriented intellectuals was initially led under the flag of feudalism and clericalism, methodologically based on sociology and ideologically influenced by Spencer, as well as by Marx, Nietzsche, and by the theory of class struggle. They considered socialism an ideology imported from Western Europe; however, they did not adopt it from the German Social Democratic Party, whose philosophy was strictly based on class structure, but from the English left intelligentsia. The idea of gradual implementation of the social program of Fabian type complied with Jászi’s idea of socialism merging with the national feeling. According to him, as he put it, the national feeling was a huge dynamic source into which the battleship of socialism had to be incorporated. National policy could only be socialist and “*the Hungarian national feeling can only protect its independence against the mongers of nationalism by a socialist policy brotherly assimilating the nationalities through economic and cultural force*”.¹ From Jászi’s text also follows that the alpha and omega of a political program reforming Hungarian society at the time of dualism was the ethnic question without the solution of which under the existing conditions no progress was feasible. Without cooperation between the particular national communities the universal and secret suffrage and/or the land reform were not feasible, either.

By using national arguments Jászi wanted also to entice the social democratic leaders by stressing that “*in the social democratic program there is not a single point that would contradict the advanced Hungarian patriotism*”. The same idea is available in his article published in the review *Huszadik Század*: “*Between socialism and the national concept, undistorted by pure class interests, there is no*

¹ *Jászi Oszkár válogatott levelei*. Budapest 1991, p. 57.

contradiction; in fact the efforts of our great national struggle, raising our culture and freeing from serfdom, constitute an immediate follow-up of socialism.”²

The political crisis of 1905–1906 in Hungary radicalized Jászi’s concept of socialism and his initially evolutionist ideas turned revolutionary. The intellectual Progression Group made every effort to persuade the public with their slogan of “progress” and by promising the universal and secret suffrage and creating the Universal and Secret Suffrage League that they had not betrayed the national cause and had not joined the “non-patriotic” camp. This, however, was not sufficiently attractive for the Hungarian public opinion and the resistance to the “Progression” was increasing. Due to the ethnic problem the program of the radicals lost its credit, and political democracy, *res publica*, due to the ethnic problem in the dualistic Hungary, was their Achilles’ heel. Prior to World War I, the Hungarian governments had good reasons to be afraid of a disintegration of the historical Hungary. Therefore, they were not willing to introduce secret suffrage in accordance with the then West European standards, as the particular national communities would apparently require autonomy and prepare for separation. Jászi understood those concerns and in his article entitled *The Future of Democracy* published in a special number of *Huszadik Század* in 1906, he tried to persuade the Hungarian readers that there was no reason to fear democracy being provided to the particular nationalities. “*The political supremacy of the Hungarian nation and the unity of the Hungarian national state can be secured by one thing only: democracy based on the universal, equal, and secret suffrage. ... There is no doubt that ... true democracy fosters the justified interests of particular nationalities and their realization*”³

Thus, the traditional Hungarian dilemma “nation or progress” came to the fore again. Under the given circumstances the dilemma appeared to be insoluble, its breeding-ground being both the right- and the left-oriented radicalism.

In 1907, Jászi’s programmatic study “*Toward a New Hungary*” (*Az új Magyarország felé*) was published as a political expression of bourgeois radicalism. Jászi clearly formulated there the implementation program of “ideal socialism” and put to the fore an uncompromising political struggle. To carry out his political program, Jászi needed an important social base; this, however, was never available to him. In his isolated position he decided to create a political party of his own. Because of tactical reasons he washed off the boundary between “bourgeois democracy” and “workers’ democracy”, professed a radical agrarian reform and postulated fundamental changes in property. The social democratic

² Péter HANÁK, *Jászi Oszkár dunai patriotizmusa*. Budapest 1985, p. 20.

³ *Ibid.*, p. 69.

leaders had avoided this until that time, as they were well aware of the great tension accumulated among the peasants that could lead to an explosion.

However, the political situation prior to World War I did not favor compromises. A part of the Hungarian left movement gradually adopted a philosophy that was later used by the Communists as a basis of their political tactics and that the world war seemed to have confirmed, namely that democracy and ideal socialism could not be achieved in a democratic way, but only through dictatorship of a small group of intellectuals representing “the interests of the people”. Nevertheless, the idea of dictatorship was always alien to Jászi and to his concept of socialism. Until its very end, Jászi’s radicalism kept exhibiting its emotional nature.

Jászi’s ideas of solving the ethnic problem

As of 1908 Jászi paid more attention to the ethnic problem. Unlike the traditional official concept of one single nation he sought a model of his own based on a democratic solution to the problem of non-Magyar nationalities. His concept of this problem and its solution saw major modifications. Initially, Jászi planned a unified Hungarian state where the social wrongs would be redressed within that community. “*The ethnic question must be solved by the Hungarian democracy making use of our own sources without territorially splitting the country*”, he wrote in 1909.⁴ The main ideas related to this topic are summarized in his monograph *Development of national states and the ethnic question* (A nemzeti államok kialakulása és nemzetiségi kérdés) of 1912. He explained in that work his detailed views of the interrelation between the democratization of Hungary and the local national movements. National feelings and national ideas constituted in his opinion a tool mobilizing the masses of people and the ultimate goal on the way to the social changes to be achieved. By stressing the national idea Jászi – in contrast to most of his contemporaries – wanted to democratize and not magyarize the nations in Hungary. Nevertheless, he, too, professed at that time the leading role of Hungarians in the Carpathian Basin and his opinion in this regard was a politely formulated concept of Hungarian supremacy as adopted by the Hungarian political elite. He pointed out that settling the ethnic problem was of utmost importance for the future of Hungary as a multiethnic country, but he failed to view the growing nationalist movement as the main threat to the future of multiethnic Hungary. He endeavored to persuade the supporters of economic and social progress that the best allies in the struggle against the local

⁴ András BAKA, *Eötvös Józseftől Jászi Oszkárig*. Budapest 1990, p. 172.

“feudalism” were the oppressed national masses that had to be gained primarily through a more tolerant national policy. He linked these political ideas to his vision of peaceful coexistence and integration of nations across the historical borders and to the idea of a sort of European United Nations to be primarily implemented by developing the national cultures. This said, he came to the conclusion that securing broad rights of the national minorities would lead to a full integration of the nationalities in Hungary.⁵

In the years of World War I Jászi intensely sought an agreement with the particular nationalities that would satisfy all parties, and in that connection he also sought the best possible method of their integration in the Danubian Region. He published his ideas concerning this topic in October 1918 in his work *Future of the monarchy – the fall of the dualism and the idea of United Nations in the Danube Region* (A monarchia jövője – a dualizmus bukása és a Dunai Egyesült államok). In the meantime, however, the historical conditions in the region collapsed. Jászi’s concept can be considered an alternative structure that was then codified by the Trianon Peace Treaty, but it never led to proposals that would constitute a basis for serious negotiations.

Jászi was increasingly convinced that the ethnic problems within the Danubian Region could be solved by creating a federation of states resting on a democratic basis where the new state entities would secure efficient protection of the ethnic minorities and where their organic cooperation would exclude mutual conflicts. He also expected the federation thus created to be in line with the integration process fostered by the great powers. In his concept, however, Jászi did abandon the principle of territorial integrity of Hungary and he avoided the question of inner federalization of the country believing that it was unnecessary. He formulated this point in his program unambiguously by saying “*it is desirable to create new national states wherever the territorial, human, and moral conditions thereof are available,*” which in his opinion was linked with meeting three criteria – the availability of appropriate material and cultural resources needed for independent national existence, the settlement of the ethnic question so that new, even more serious problems do not arise, and the new-born national states not being in contradiction with the old state entities that can secure the cultural and economic development in a better way.⁶ Jászi recognized the right of self-determination; nevertheless, this right was viewed by the radicals as that of autonomous development. So one of the points in the declaration “*To the people of Hungary*” (“A Magyarország népéhez”) of 26 October 1918 reads “*it is necessary to ensure without delay the right of self-determination for the non-Magyar nations*

⁵ *Trianon és magyar politikai gondolkodás 1920–1953*. Budapest 1998, p. 137.

⁶ A. BAKA, *Eötvös Józseftől*, p. 187.

*living in the country, in accordance with the Wilsonian principles, being fully aware that this will not threaten the integrity of Hungary; on contrary, it will put it on a safer foundation”.*⁷

The recognition of Wilsonian principles and the program for nationalities redressing the national wrongs by creating a good public administration within the East European Switzerland concept – all this served one goal: to create and guarantee in a democratically organized Hungary the best possible equality of those nations that according to Jászi's criteria were not able yet to create an independent state. In accordance with these theses Jászi formulated the plan of Danubian United States. This concept included the integration of five nations meeting Jászi's criterion of state construction, and embraced the territory of Hungary, Austria, Bohemia, Moravia, Poland, and Illyria, i.e., the territory of South European Slavs. There would be close interrelations between those states based on a full customs union, common defense, and common foreign policy. The confederation, as planned by Jászi, was expected to ensure the economic, cultural and political vitality of small Central European nations depending on each other, and to create viable conditions for settling the ethnic problems. At the turn of 1918, during the first weeks in the position of Minister of Nationalities in the Károlyi government, Jászi worked out directives for the implementation of his Swiss Model project where inner federalization of Hungary was already planned. Based on the directives the territory of Transylvania was to be nationally cantonized (Rumanian, Magyar, and Saxon) and independent autonomous “empires” of compact Slovakian, German, and Ruthenian territories were to be created. Thus, a federal model would arise consisting of cantons, federal republics, and autonomous regions. The Hungary thus federalized was then supposed to be part of the five-member confederation of Danubian United Nations.

However, the Danubian Federation plan failed to correspond both to the historical development and to the contemporary political reality. It was a mere imaginary construction resulting from Jászi's previous views and endeavors, but it was alien to the Hungarian public opinion and even failed to find reverberation among the leading politicians of non-Magyar nationalist movements. For them, the idea of federation was only acceptable as a program of national emancipation until the chance appeared to achieve their own political power over their national community in the form of national state. The Entente Powers leaders did not consider Jászi's concept a feasible option, either, which made him strongly disappointed. However, the escalation of events late in 1918 revealed the total illusion of his plans of protecting the unity of the state and of solving the ethnic problem therein. Early in 1919 Jászi had to admit that the principle of integrity

⁷ Világ, 26. 10. 1918.

was not applicable to the nationalities that were far from striving for cultural independence only. He expressed his bitterness in relation to the Allies later in exile as follows: “*I have always been convinced that a Hungary organized on the Swiss basis and having very close relations of alliance with its neighbor states would be a bigger guarantee of democracy, economic progress and peace than a crippled Hungary, embittered and non-viable, which - dreaming of revenge - would be secluded from the neighboring states*”.⁸

Jászi did not give up his concepts of federalized Central and Southeastern Europe while in exile, either. In his memoirs intended to be published on the occasion of the 80th birthday anniversary of the Czechoslovak President Masaryk he wrote: “*Masaryk could justly see in 1918 that small states constituted a necessary step on the way toward a new, modern type of integration; then, again, a chance will arise for federation or confederation*”.⁹

Jászi and Communism

Jászi, like many of his European contemporaries, welcomed enthusiastically in his article *Ex oriente lux!* published in the review *Világ* on 25 February 1917 the February revolution in Russia and he considered the fall of tsarism a milestone on the road to peace. In December 1918, however, Jászi's first statement on communism was published under the headline *The dictatorship of proletariat*. “As a matter of principle, I am an enemy of all dictatorships because every dictatorship means a denial of both moral autonomy and the spirit of true democracy. No individual and no class may be allowed to impose dictatorship over the others. Therefore, from the moral point of view and from that of principle I am opposed to all such endeavors”, stated Jászi already in his position of minister referring to the fact that dictatorship is but “*an inverted class rule*” and that he rejected the class struggle as an instrument. He also declared that the bourgeois radicalism, which he supported, “*is a successor to that part of classical liberalism that wishes to build a new society not by means of class struggle and not through a dictatorship of one single class, but through organs of reasonable and moral forces, development of general cultural ideals, and through affirmative fair cooperation of all groups*.” As to the dictatorship of proletariat, he believed that it was only grist for the mill of counterrevolution.¹⁰

⁸ Oszkár JÁSZI, *Magyar kalvária, magyar föltámadás*. Budapest 1989, p. 53.

⁹ *Ibid.*

¹⁰ János PELLE, *Jászi Oszkár*. Martonvásár 2001, p. 168.

Mihály Károlyi's government in Hungary that was set up on 31 October 1918 had to reckon from its very beginning with an extremely negative reaction. The solidarity of three coalition parties (independent, social democratic, and radical) had no tradition, the "revolutionary united front" was out of question, and the individual opposition groups had no common goal in the fall of 1918 except for the end of the war. Soon after that it became evident that the new administration was unable to achieve its goals and that in order to survive it needed the support of the increasingly influential "Bolshevik fraction". The dilemma "red or white" of the Károlyi government was explained by Jászi later in exile: "*Obviously there was no other option for us as honest revolutionaries when it was impossible to avoid terror and anarchy: the red appeared more acceptable than the white*".¹¹ The fact that the ruling "Octobrists" (i.e., representatives of the 1918 October Revolution - E.I.) after getting into trouble sought a solution on the left was considered by the public opinion of the "Christian and national" middle class an unprecedented betrayal of the nation.

On 20th March 1919 Lieutenant Colonel Vix presented on behalf of the Entente the famous note to Károlyi who then in protest resigned and transferred the state power to the social democrats merging with the communists. Even Jászi contributed to some extent to the decision putting the country's administration into the hands of the Communist Béla Kun when at the night session of the Council of Ministers where the Hungarian Republic of Councils (Soviet Republic) was proclaimed he supported the declaration by the Socialist Sándor Garbai: "*We cannot expect from the West but dictatorial peace and that's what was the cause of our troubles and made us give up elections to the National Assembly... Our new orientation means that we expect from the East what we have been denied by the West.*" The same idea was then formulated by Béla Kun in his radio broadcast message to the proletariat all over the world: "*To the Entente's ultimatum requiring an immediate and irreversible transfer of Hungary to the Rumanian oligarchy the Hungarian nation responded by introducing the dictatorship of proletariat*".¹² There was not a single word of transferring power to the Communists, as the counterrevolutionary press later reported.

Nevertheless, six weeks after the proclamation of the Republic of the Councils Jászi left Hungary for Vienna. Before leaving the country he called upon the members of his Radical Party not to sabotage the new regime as did the Russian intelligentsia, but to support it, as he ascribed much importance to testing in practice the Communist regime. On 31 March 1919 he wrote in his diary: "*Eve-*

¹¹ O. JÁSZI, *Magyar kalvária*, p. 63.

¹² *Ibid.*, p. 108.

ry reasonable man can see that this 'regime' is unmaintainable; on the other hand, however, only few are aware of its great evolutionary logic that it fulfills."¹³

In Vienna, from September to November 1919, he wrote a major study entitled *Hopelessness of communism and a reform of socialism* (A kommunizmus kilátástalansága és a szocializmus reformációja) that was never published in his lifetime (for the first time it was published by Hungarian exiles in Paris in 1983). Jászi mentioned it in his diary under the title "Anti-Marx" and considered there Marxism "*the greatest mass religion of modern era*". He strongly criticized the dogma of class struggle meaning that it thoughtlessly generalized the experience of the last century without taking into account the substantial laws. He believed that the economic system based on collective production and central distribution was in the sense of global history a regression making use of the ideology of universal emancipation. Communism was in his opinion necessarily damned to failure and the suppression of the freedom of speech and press only confirmed the weakness of the regime.¹⁴

Jászi was convinced that the world war had destroyed the dams of civilization and with its devastation had produced the breeding-ground of Bolshevism. In spite of his rejection of Communism, even stronger in his Vienna exile, Jászi collaborated with the social democrats grouped around the review *Világosság* and, in particular, with Zsigmond Kunfi.

As a result of Jászi's attitude to Communism his relation to Károlyi slowly cooled. The first symptoms of it could already be observed in 1920. Jászi wrote then in his diary "*in his lonely exile he /Károlyi - E.I./ became a full socialist, almost left socialist. ... He sees a transition to democracy only through dictatorship*".¹⁵

Mihály Károlyi and Communism

Károlyi's attitude to Communism was developing in the opposite way than that of Oszkár Jászi. He was born to a highly esteemed and very rich aristocratic family in Hungary. First-born, he was predestined to public political activity. Aged twenty-four, he completed his studies at the Faculty of Law in Budapest and was automatically appointed by the Emperor a lifelong member of the Upper House of Parliament. He was very rich; his property was worth 100 million crowns.

¹³ J. PELLE, *Jászi Oszkár*, p. 180.

¹⁴ Ibid. Reference to Oszkár JÁSZI, *A kommunizmus kilátástalansága és a szocializmus reformációja*. Szabad füzetek, Hét Torony, No. 1, 1989, pp. 30–32.

¹⁵ Ibid., p. 188.

Being a pacifist and supporting non-interference, he strongly criticized the foreign policy pursued by the Monarchy.

In 1916, Károlyi still tried to save the Monarchy and Hungarian aristocracy by means of separate peace and moderate reforms. In the spirit of this conviction he pinned his hopes on the new Emperor. In the last years of the war Károlyi strongly agitated for peace, which he connected with the requirement of civic democratic reforms. His repeated call for immediate peace negotiations complied with the general mood of the Hungarian society that longed for peace and for social and political changes.

On 23 October 1918 the last government of Dualistic Hungary resigned and on the following day three opposition parties under Károlyi's leadership set up the National Council. Its program called for a new political system, full independence, end to the war, new elections based on universal suffrage, and large social reforms. The program also required reconciliation of nationalities and implementation of the Wilsonian principles "*hoping and believing that these principles will not only be no threat to the integrity of Hungary, but will put it on a safer foundation*".¹⁶ On 31 October a revolution broke out in Budapest and Károlyi was appointed Prime Minister of the new government. Károlyi and his government hoped that by implementing in practice the principles of Wilsonianism it would be possible to maintain the integrity of the country, or at least to slow down the occupation of Hungary's historical territories. Therefore, the Károlyi government negotiated with representatives of the non-Magyar nationalities the possibility of coordinating the right of self-determination with the principle of territorial integrity of the country. From the end of 1918 on it became quite obvious that this policy had failed and in the early 1919 Károlyi lost the support of the general public. Under the shadow of starvation, unemployment, general uncertainty and national disaster Károlyi's reputation among the people declined from week to week in spite of his increasing power (on 11 January 1919 he was elected Provisional President of the Republic). Workers and small bourgeoisie were increasingly yielding to the influence of Communists and of the Socialists sympathizing with them, the peasants – due to the stagnating distribution of land – were indifferently watching the events, most bourgeois opposed the left-oriented government policy, while the right nationalist forces were becoming better and better organized in their opposition to the government. Thus, in spite of his consolidation efforts, there were fewer and fewer people that Károlyi could rely on in the last weeks of existence of his government.

¹⁶ Konrád SALAMON, *Magyar történelem 1914–1990*. Budapest 1995, p. 24.

Károlyi's philosophy showed important changes, too. In June 1918 he wrote: "I can't get rid of the feeling ... that the blindness and incompetence of the Hungarian policy will push us to a disaster like that of Russia. We shall get into a situation where our external enemies will totally destroy us ... and anarchy will start again. Bolshevism can be hardly avoided now. ... It is terrible to be aware of this all without being able to help".¹⁷ In his memoirs *Faith without illusion* (Hit, illúziók nélkül) he wrote in relation to the beginnings of his socialist/communist conception of the world: "I had not adopted the Marxism yet, but I increasingly hated the unjust, cruel, corrupted, and false social order of the old world. I longed for a more humane world like that I had read about in my youth".¹⁸ And he saw that world in the pacifist views of US President Wilson. Early in 1919 he believed that it was necessary to create a compromise between capitalism and collectivism based on the principle of private property, and also on the growing economic power of the state, the restriction of great capital and, in particular, on the liquidation of large estates. This, of course, provoked much hatred for him on the part of Hungarian aristocracy.¹⁹ While Károlyi knew that he could not rely on big bourgeoisie, he wanted to lean himself – in addition to his supporters – on social democrats and peasants. He absolutely refused to collaborate with the counterrevolution. He believed that it was possible to do away with Bolshevism by banning the Communist Party, which was very small. This, however, was a mistake. Moreover, the social democratic ministers failed to inform him that the growing left wing of their party was increasingly tending to the Communists.

Károlyi's foreign and inner policy eventually proved a failure in March 1919. In spite of his still strong reservations as to the Communism and Leninism the real enemy in his opinion was the counterrevolution; he did not want to have anything to do with the counterrevolutionaries. This determined also his critical, but loyal attitude to the Republic of the Councils. His signature was available on the letter of abdication: "As Provisional President of the People's Republic of Hungary I call upon the international proletariat to help us achieve justice and to support us against the decision of the Peace Conference in Paris. I step down and transfer the power to the proletariat of Hungary. Mihály Károlyi, personally".²⁰ However, the document was faked, although its authenticity has never been questioned. Károlyi neither signed nor saw the declaration; nevertheless, he did not deny it, although he could not approve of the proclamation of the Republic of the Councils both on principle and in view of the international balance of power. "The proclamation of the Republic of the Councils was a mistake," he wrote

¹⁷ Károlyi Mihály *levelezése 1905–1920*, I. köt. Budapest 1978, p. 250.

¹⁸ Mihály KÁROLYI, *Hit, illúziók nélkül*. Budapest 1977, p.118.

¹⁹ Tibor HAJDU, *Károlyi Mihály*. Budapest 1978, p. 313.

²⁰ *Vörös Könyv 1919*. Lakitelek 1993, p. 21.

in a private letter late in October 1919, “*but despite the fact that I could clearly see it I would not mar the attempt against the imperialism whose representatives are willing to beggar millions of innocent Hungarian people*”.²¹ On 22 March 1919, when asked by the social democratic weekly *Az Ember* for explanation of his transferring the power to the proletariat, Károlyi did not answer the question, but started explaining why it was necessary to reject the Vix Note (on evacuation of the eastern part of the Hungarian territory, its occupation by Romanian troops, and demarcation of a new frontier - E.I.): “*Starting from the most extreme nationalists to the most extreme Communists the only answer could be given: Never.*” And he added that what had happened was quite natural, as it was not Wilson’s word that was decisive in the West, but the word of generals, and no good could be expected from them. Therefore, he supported the principles of socialism and wanted to devote all his efforts to his country. “*It is necessary to construct a new social order, reconstruct the whole world to comply with its new economic and moral situation, and create great understanding addressing the whole world where no demarcation lines are available*”.²² In the view of the Entente politicians, however, Károlyi was a “mad count” who due to his weak character and to the bad surroundings influencing him became a Bolshevik.

In August 1919, Károlyi considered the Republic of the Councils still strong enough, as he wrote to his sister (“I consider any change of the regime out of the question”), but after the start of the Entente intervention and in spite of some successful operations of the Hungarian Red Army he did not believe in the victory of the Republic. Unable to influence in any way the policy of the revolutionary government he started preparing his exile. “*It made no sense to wait for the triumph of the counterrevolution that would primarily turn against me. That is why I left. Although I disagreed with many things in the policy pursued by the Communist government I wished them with all my sympathy much success in difficult moments*”.²³ On 5 July 1919 Károlyi and his family left Hungary. Owing to Jászi’s initiative the Czechoslovak legation in Vienna, with consent of the Ministry of Interior, granted Károlyi the permission to stay in Czechoslovakia.

Károlyi in Czechoslovakia

The uncertain situation in Hungary reflected also in Károlyi’s position in Prague. The press propagated feelings against “the uninvited guest” and “dangerous ene-

²¹ T. HAJDU, *Károlyi Mihály*, p. 332.

²² *Az Ember*, 25. 3. 1919.

²³ *Új Magyarorszáért. Válogatott írások és beszédek 1907–1919*. Budapest 1968, p. 318.

my” that Károlyi had to face. Like most of the Hungarian émigrés also Károlyi hoped that Friedrich’s counterrevolutionary regime would soon fall; however, he could not do anything to achieve that goal and he therefore concentrated on reconsidering his position and political orientation in the new Europe. In spite of his repeated critical views of the revolution practice in the last months of the Hungarian Commune his sympathy for socialism turned into socialist conviction during the last months of existence of the Republic of the Councils and he considered socialism the only way out the crisis of modern mankind.

Thus, there is no doubt that Károlyi during the first weeks of exile, when the Hungarian Commune was defeated and when many old socialists denied their conviction, considered himself a Socialist and he openly revealed his social democratic views. However, it was not clear which fraction of the Social Democratic Party he identified himself with or which fraction he preferred. Although during the existence of the Republic his position was close to that of the centrist wing of the Party represented by the trio Garbai-Böhm-Kunfi, many of his fundamental views and practical ideas were different. The Hungarian social democrats, like other social democratic movements considered the working class the only social group predetermined to put socialism into practice. However, Károlyi never shared this role of the working class and he did not understand the closed proletarian class-based nature of the socialist parties, either. Socialism could only be achieved in his opinion if all streams and social groups cooperated.

In mid-October, Károlyi and his family left Prague for the spa Dubí near Teplice where they spent the last three months. Before leaving Prague he had established contacts with some of his supporters and, together with them early in November 1919, formulated the program of the Hungarian democratic and socialist exile, where he stated: “*We are socialists in the meaning that we want to eliminate in society every suppression, exploitation, and unemployment.*” They wanted to achieve the above goal by developing democracy, not by terror and dictatorship, seeking allies among “*spiritual and industrial workers and peasants. In foreign policy we strive for a unity of anticapitalist, antifeudal and antimilitarist forces. We do not want to put right the injustice of the Versailles Peace by announcing revenge.*”²⁴

All political parties reappearing in Hungary turned away from Károlyi, and he could not rely on unified émigrés in Vienna, either, as these were fragmented into many fractions. Their ultimate goal was the same – a fall of the counter-

²⁴ János JEMNITZ – György LITVÁN, *Szerette az igazságot. Károlyi Mihály élete*. Budapest 1977, p. 211.

revolutionary regime in Hungary – but each party preferred its own policy to a common victory.

In mid-January 1920, Jászi informed Károlyi about his new plans that were mostly based on foreign aid. Jászi wanted to gain public sympathy in the Little and Great Entente countries by a strong anti-Horthy and simultaneously anti-Communist policy. On 17 January, one week before the elections in Hungary, he sent a draft memorandum to Károlyi that was intended to launch a major campaign. However, the signatures under the document showed that it absolutely failed to enjoy support on the part of the “exile center” in Vienna. Even Károlyi did not like the text of the memorandum and the following discussions on that topic revealed an important difference in views that then hindered any closer collaboration between Károlyi and Jászi for decades. They differed in their views of the global role of Soviet Russia. Károlyi, irrespective of his positive or negative views of some aspects of the Soviet contemporary and future policy, considered the Soviet state to be the main force counterbalancing imperialism and believed that only this state could protect nations in the world against the uncontrolled licence of Great Powers.²⁵ He wrote on that point in his memoirs: *“I have come to the conclusion that it is necessary to take over power through revolution and that the tools of dictatorship should be maintained until a new generation of officials has been set up. Democracy is a sort of luxury that we cannot afford for the time being. That struggle is currently impossible without the Communists, unless we are going to reinstall the old feudal system. There is no other choice for me”*.²⁶ Similarly, Károlyi stated in his answer to Jászi’s letter of mid-May 1920 where Jászi criticized his sympathy for the Communists who, in Jászi’s opinion constituted one of the biggest obstacles to organizing the Hungarian democratic exile: *“In my opinion an emigration policy oriented exclusively to the West is impossible. Policy cannot be founded on water. The workers all over the world are now watching the East. And the time will come when the West, too, starts socializing, but only good heaven knows when. In western countries reactionary governments are still in power and as long as this is the case the sympathy shown by the opposition Labour Party and other parties does not constitute a sufficient foundation to build our policy on. Today’s East, contrary to that, is a positive factor that also the capitalist Entente must reckon with”*.²⁷

At that time Károlyi and his family moved to Poděbrady; from there Prague could be easily reached. In Poděbrady, he met also Zsigmond Kunfi, but the meeting was a disappointment to both of them. Kunfi, whom Károlyi accused of

²⁵ Ibid., p. 45.

²⁶ M. KÁROLYI, *Hit, illúziók nélkül*, p. 230.

²⁷ Károlyi Mihály *levelezése I.*, pp. 611–615.

having played a dual role in March 1919, considered his work as People's Commissar a great mistake of his life and was determined not to collaborate any more with the Communists, the "putschists". Contrary to that, Károlyi was ready to lead the Hungarians in exile only if all revolutionary forces, including the Communists were involved.

Thus, under the political, moral and emotional pressure, Károlyi's views evolved from initial conservatism toward positions closer to Communism. He parted from his class, his family and all traditions. All remains of his initial nationalism abandoned, he finally became a resolute internationalist, the former pacifist became a revolutionary socialist knowing only one enemy – the reaction and counterrevolution, seeking and accepting as allies only those who were ready to fight against them uncompromisingly and without mercy. From that time on he deliberately sought alliance with the Communists and potential cooperation with Soviet Russia. As a result, Károlyi was getting into increasing isolation in exile. József Diner-Dénes, for many years Károlyi's secretary, interrupted his political collaboration with him. Károlyi maintained friendly relations with Jászi, but for some time without any political content. He was disappointed with the split of the Hungarian emigration. In spite of that the Viennese paper of the Hungarian emigration, *Az Ember*, in an article entitled *Let Mihály Károlyi come* published on 11 April 1920, called on Károlyi to organize and unite the Hungarian emigration and to lead it. The internal political situation in Hungary was totally misinterpreted there by predicting a quick end to the Horthy regime. Late in May 1920, Károlyi really tried to create a united organization of the émigrés in Prague – Communists and social democrats. However, the organization worked for a couple of months only, being a sort of self-supporting association, but without any political ambition. Károlyi just distributed there the money received from various sources.

Late in summer 1920 Károlyi was closely watched by the police. Within that operation, warrant-officer Hámorszky could be identified as an agent sent to Bohemia to kill Károlyi. After the incident Károlyi did not feel safe in Poděbrady a returned to Prague where he was hiding with the help of his Communist friends Bohumír Šmeral and later Communist senator Houser. His hiding place was kept in secret for some time. In the newspaper *Národní politika* Károlyi tried to inform the Czech readers about the danger constituted by the consolidation of the Horthy regime in Hungary, the plans of Habsburg restoration, and the dangerous solidarity of antidemocratic regimes aimed against the democratic Czechoslovakia.²⁸ At the end of August Károlyi negotiated with a mediator trying to establish contacts with Moscow and inform the Soviet Communists

²⁸ *Národní politika*, 15. 8. 1920.

about his concepts. Meanwhile, Jászi and his friends in Vienna still believed that there was a chance to negotiate with an aim of creating a sort of antigovernment in Hungary and organizing a military rebellion; however, there was no chance of success.

As proved by Károlyi's correspondence, he negotiated early in September with Šmeral, a representative of the Czechoslovak Communist left who allegedly offered him more than Beneš; in spite of that Károlyi hoped for more help from Beneš: "Naturally, I believe", he wrote to Jászi, "that a bird in hand now from Beneš (i.e., overthrowing Horthy) is better than two birds in the bush tomorrow from Šmeral (i.e., the Central European Federation)".²⁹ Károlyi interpreted Šmeral's promises as depending on Lenin's approval and on a break with the centrists, and did not rely much on them. Moreover, Šmeral asked Károlyi to publicly praise the resolution of the Socialist Left conference held early in September. Károlyi refused to do so being aware that it would have been impossible for him to further negotiate with Beneš. Nevertheless, his trust in Beneš's words was ill-judged, as Beneš's support of the Hungarian emigration was declining and his support was no more dependent on the creation of a democratic regime in Hungary. One of the problems consisted in the fact that some representatives of Hungarian emigration, such as János Hock,³⁰ were unwilling to start collaboration with the Little Entente countries and to renounce the territorial integrity of the country. (Hock said to Károlyi: "*No matter what regime there is at home, I will like it more than the foreign one that has grabbed Hungarian land. In this point I cannot deny my national feeling*".³¹) This was also the reason why Foreign Minister Beneš abandoned his initial promise to recognize and support the Hungarian Committee as a representative body of Hungarian emigration. There were also some more reasons why Beneš started showing irritation and contempt for the Hungarian émigrés viewing them obviously just as a tool of his policy toward the Horthy Hungary. Slowly it became clear that in the eyes of Little Entente governments the weak antidemocratic Hungary appeared to be a more reliable neighbor than a Hungary implementing democratic reforms. As soon as the immediate danger of Hungarian attack and of Habsburg restoration had been averted, the Czechoslovak policy ceased to be interested in the Hungarian emigration.³² In March 1922 Jászi bitterly summarized Beneš's attitude to

²⁹ Károlyi Mihály *levelezése I.*, p. 618.

³⁰ Politician and Roman-Catholic priest. After the proclamation of the Republic of the Councils he emigrated to Czechoslovakia; then he lived in Vienna, the USA, and Paris. In 1933, he returned to Hungary, wrote articles condemning the white terror and the Horthy regime.

J. JEMNITZ – Gy. LITVÁN, *Szerette az igazságot*, p. 219.

³² György LITVÁN, *Vztah Oszkára Jásziho k Československu* [Oszkar Jaszzi's Relations to Czechoslovakia]. In: *Nepokojná desetiletí 1918–1938*, Praha 1988, pp. 160–161.

Károlyi: “1. He does not see any major difference between Horthy’s and the emigration’s foreign policy because he is convinced that if the emigration returns home it will continue pursuing the policy of integrity. 2. Actually, the emigration is not the competent party for negotiations as it has crossed the limit that no emigration must cross and thus contradict the public opinion in its own country”.³³

In the first half of September Jászi came to Prague again to persuade Károlyi to abandon his communist orientation. They also discussed plans of setting up an antigovernment; these, however, soon proved chimeristic, missing any serious support. Although Šmeral did not break his collaboration with Károlyi, after the Red Army’s defeat near Warsaw the chance of implementing the common ideas declined. Also Károlyi’s private situation worsened. The right-oriented press required that Károlyi leave the country. On 20 September, the social democratic politician Stivín accused Šmeral of having never intervened in the interest of workers, but when Count Károlyi’s life was at risk, he hurried to Minister of the Interior Švehla asking him to entrust police with the care for Károlyi’s safety. Stivín revealed on that occasion Károlyi’s hide in Prague saying ironically: a Czech proletarian does not have a place to live in, while comrade Dr. Houser has put his luxury six-room apartment at the disposal of the count. Šmeral promptly replied in the evening paper of the Communist fraction *Pražské pondělí* stating that owing to the negotiations with Károlyi and the Hungarian People’s ex-Commissar secret documents were provided to Beneš that had been obtained from the Hungarian Embassy in Vienna on the subversive activities of Horthy’s agents in Slovakia. Károlyi, too, answered to Stivín in the Communist newspaper *Rudé právo* whose one number was fully devoted to his support. Károlyi expressed his regrets for his person’s becoming a topic of Czechoslovak political discussions. He thanked Masaryk for his favor (he had received him three times), and he also thanked Beneš and Tusar and rejected the accusation of having interfered in Czechoslovakia’s inner policy.³⁴

In September, an increasing number of signs appeared indicating the end of Károlyi’s stay in Czechoslovakia. As the paper *Prager Tageblatt* reported at the end of September, the Ministry of the Interior had informed Károlyi that “his safety can hardly be guaranteed”. Jászi warned Károlyi in his letter of 21 September against interfering in Czech political struggles, the reason being not only a disclosure of his hiding place, but mainly the fact that this could cause much fuss that could complicate the issue of Italian entry visa. “You should refrain from any political activity in Italy,” he wrote. Jászi also wanted to learn from the Czechoslovak ambassador to Vienna if Károlyi was really supposed to be ex-

³³ *Károlyi Mihály levelezése 1922–1925, II. köt.*, Budapest 1990.

³⁴ T. HAJDU, *Károlyi Prágában*, p. 55.

pelled from Czechoslovakia, but no answer was received. Therefore, he left for Prague where he was received by both Masaryk and Beneš. In order to avoid a scandal Jászi assured them that Károlyi could leave for Italy within two weeks, and Beneš promised him his support in this matter although he did not believe much Jászi's assurances that all accusations of Károlyi were unfounded.³⁵ Prague police were again watching Károlyi day and night, checking all his correspondence, searching his luggage, and interrogated his friends. Károlyi was then accused of maintaining contacts with the Soviet Red Cross Mission in Prague. His supporters had a secret meeting on 11 October – they liquidated his emigration office. On 13 October Károlyi was received by Beneš for the last time. On 14 October 1920 in the evening a Foreign Office official met him at the Wilson Station to give him the necessary documents and accompanied Károlyi, his family and two maids to a special compartment of the Trieste express train. Then, on 16 October, they arrived in Trident without any incident.³⁶

On 16 October, the official declaration of ČTK (Czechoslovak Press Agency) was issued: *“Count Károlyi, ex-Prime Minister of Hungary, left the territory of Czechoslovakia on Thursday evening. This occurred with the knowledge of the Czechoslovak government. We wish to remind that he was granted the right of asylum by the Czechoslovak government, which was fully respected like in other cases, provided the grantees do not interfere in our internal matters and do not misuse that right. Frequent objections appeared in the Prague press against certain contacts here of Count Károlyi; nevertheless, as far as it is known to us, Count Károlyi did not commit any incorrect or illegal act against Czechoslovakia.”* The Communist daily *Rudé právo* responded to the above official communiqué with an ironical commentary in its No. 17 which reads as follows: *“Ex-Count Károlyi is no ‘Communist’, but an honest, honorable, and progressive man. That is why a witch-hunt started against him that was aimed at forcing him to leave the Czechoslovak Republic, which grants asylum to reactionaries, counterrevolutionaries, and money-makers from the whole world.”*

Károlyi and his family spent almost one year in Italy. In spring 1921 he had to leave that country because of political reasons, being expelled for “diffusing Bolshevik propaganda”. The Czechoslovak Ministry of Foreign Affairs declared that Károlyi was a *persona non grata* and that no permit to stay would be granted to him if he applied for it.

³⁵ *Ibid.*, p. 56.

³⁶ *Ibid.*, p. 57.

Károlyi's alliance with the Communist emigration

One of the bastions of Hungarian political emigration in the 1920s was Paris where the different emigration streams were associated in the Human Rights League (Emberi Jogok Ligája). The League condemned in general the post-war counterrevolutionary regimes, the governments applying white terror, and also the Horthy regime in Hungary. In summer 1924, it invited Károlyi to accept the position of its honorary chairman. When Károlyi came for a short time to Paris in November 1924, he considered the League a suitable organization to unite the whole democratic emigration. However, this attempt was strongly opposed by the well-organized Hungarian Communist group. The group defied the League, as according to their political directives any progress was feasible only within their party. The Hungarian Communist periodical in France *Párizsi Munkás* (Paris Worker) commented on Károlyi's efforts: "*No matter how sympathetic Károlyi's personality may be, the Hungarian workers must know that the only thing they can rely on to achieve their goals is their own organized force and the readiness to make revolutionary sacrifices*".³⁷ Leading representatives of the Hungarian Communist emigration were rather mistrustful of Károlyi. The relations between Károlyi and the Communists were positively influenced by the Peasants' International wishing to see important politicians like Károlyi engaged in its activities. The mutual contacts between Károlyi and the Communists changed in connection with the I Congress of the Communist Party of Hungary (CPH) held in Vienna in August 1925. The Komintern directive gave precise instructions how to use Károlyi: "*Mihály Károlyi is far from being a Communist, and even if he were it would not be meaningful in view of the Party's policy to let him act under the Communist flag. It would not be even good if he openly acted as an ally of the Communists, because under the given conditions he can best serve our goal if he acts before the peasants as a fully independent politician. Let Károlyi be viewed as a president of the democratic land-distributing revolution...*"³⁸ As a result, Károlyi and the Communists arrived at an agreement, its main items being distribution of land, awakening of peasants, and their revolutionization. During their talks Károlyi expressed his opinion according to which both social democrats and the bourgeois radicals (Jászi) were increasingly turning right; therefore, he addressed the Communists, who in his opinion constituted "*a revolutionary party of the Hungarian proletariat that is appropriate to build a revolutionary alliance between workers and peasants*".³⁹ Nevertheless, the document

³⁷ J. JEMNITZ – Gy. LITVÁN, *Szerette az igazságot*, p. 295.

³⁸ *Ibid.*, p. 296.

³⁹ *Ibid.*

failed to go beyond the academic level and had no impact on practical politics. It appeared that Károlyi was unable to initiate a new peasants' movement in Hungary.

In June 1926, Károlyi met Béla Kun living illegally in Vienna. Kun had worked out a plan according to which Károlyi was supposed to stay primarily in Vienna and directly engage in organizing the Hungarian peasants' movement and forming public political life, including the support of opposition inside the Social Democratic Party. This plan, too, remained a piece of paper. In Vienna, Károlyi also met another spiritual CPH leader, György Lukács. In November 1926, the CPH asked Károlyi via Lukács before the December elections to write an open letter to the social democratic leaders in Hungary. "...*The Party believes that it would be extremely important if you wrote an open letter bearing your signature and stressing that you miss in the election campaign 1. demand for a republic, 2. demand for a referendum to decide on the state form, and 3. demand for a radical land reform.*" Károlyi agreed and sent the open letter to Budapest. The CPH welcomed the letter; its illegal secretariat in Budapest appreciated it and organized its distribution in the form of mimeographed leaflet.

During their collaboration, the interrelations between Károlyi and the CPH declined and the implementation of the common programs proved to be less and less feasible. In 1928 the Communist International adopted a policy that was later self-critically viewed as intolerant and sectarian. As a result, also the collaboration with Károlyi was sacrificed. The situation changed early in 1929 when personal changes were made in the leadership of the CPH's French section. Its previous leader, Ernő Gerő, who mistrusted Károlyi, was sent to the Party School in Moscow and was replaced by Frigyes Karikás. Friendly personal relations developed between him and Károlyi, and although he could not modify the Party's political line he did everything he could to disperse the atmosphere of mistrust of Károlyi. Karikás showed much sympathy with Károlyi in his memoirs. "*There has hardly been on the Earth a politician more wonderful and a soul more outstanding. His only trouble is that he was born as count. If this were not the case, he would be now sitting among us ...*" In his remark on the experience with mutual collaboration Karikás went even farther: "*Some of us believe that it is in the interest of the Communist movement to make use of Mihály Károlyi's popularity. Such considerations are false, however. Mihály Károlyi must become one of the most important leaders of the Hungarian Communist movement*".⁴⁰

In May 1931, Károlyi, with CPH's material support, published a brochure *Tie-ték a föld* (The land belongs to you) that turned out to be a sort of programmatic declaration. Károlyi explained again his agrarian program and condemned

⁴⁰ Ibid., p. 303.

the policy of social democrats and of the “Octobrists”. He commented on the agrarian policy in the past, at present, and in the future. He critically analyzed the events of October 1918 from the point of view of implementing revolutionary changes and, in particular, the land reform. He also criticized the agrarian policy of the Hungarian Republic of the Councils for not having redistributed the large estates. *“It not only alienated the peasants from the revolution, but they fell an easy prey to the counterrevolutionary propaganda”*.⁴¹ The brochure *The Land belongs to you* constituted a milestone in the relations between Károlyi and the Communists. In the 1930s, these relations were developing under different conditions and in different ways.

In 1931 Lucien Vogel, editor of the Paris magazine *Vu*, intended to publish a special issue of the magazine and invited Károlyi and his wife to join a group visiting the Soviet Union. As mentioned by Károlyi in his memoirs, he accepted the offer with pleasure as *“this provided us a great opportunity to personally witness the results of the Marxist experiment”*. After his return, Károlyi wrote enthusiastic reports on his visit to the Soviet Union being enchanted by the fact that, as he believed, for the first time exploitation was eliminated and the first attempt was made to implement the economic principles that he, too, had adopted. *“I considered it very important to prove that socialism was not an inapplicable theory of a German professor from the late 19th century, but a feasible vital alternative. ... The West appears to be falling into a total economic chaos while in the East planned economy has managed to control unemployment, does not know the problems of overproduction, and has been able to demonstrate its first results.”* Admirable, as Károlyi believed, was also the fact that the Soviet Union could resolve the difficult and complicated problem of national minorities.⁴²

During his stay in the Soviet Union Károlyi offered direct collaboration to the Communists, but the Komintern leaders considered it more useful for Károlyi to make use of his contacts with the Hungarian émigrés in the West and popularize Communism in order to prepare “a second Hungarian Commune.”

Aggravation of Károlyi’s relations to the Hungarian social democrats and the “Octobrists” (1925–1930)

In 1924–1925, Károlyi repeatedly tried to unite the broader Hungarian democratic emigration, but his attempts failed, one of the reasons being the fact that in many articles published in Hungarian emigration periodicals he not only

⁴¹ *Ibid.*, p. 305.

⁴² M. KÁROLYI, *Hit, illúziók nélkül*, pp. 335–336.

condemned the Horthy regime, but he also strongly criticized the previous mistakes made by the social democratic leaders. He reproached them with ignoring the antiwar campaign, with having supported the coalition government headed by Károly Huszár set up on 24 November 1919, and with the agreement between the Bethlen government and the Social Democratic Party concluded in December 1921. Thus, the contradictions were increasing. This was not only due to the fact that the social democrats had failed to make every effort to fight for a democratic republic; the aggravation of discussions in the late 1920s was also connected with a number of events at both international and national level, such as the global Great Depression, the political orientation of European social democrats tending to the right, and also the strategic doctrine of the Communist International that at its VI Congress held in 1928 formulated the “Class against Class” strategy. This strategy hindered a broader democratic united front. As to the internal political events in Hungary, of great importance was the consolidation of the Bethlen regime, which made many *“Octobrists and many social democrats return home. Those who returned formulated then less radical requirements than before. Due to all these phenomena Károlyi increasingly tended to the left wing of Hungarian emigration and to the Communists. Side by side with them, Károlyi was ready to part with those who were unwilling to follow the way of socialist revolution.”*⁴³

In the late 1920s, Károlyi finally dissociated himself from his previous political fellow-travelers, primarily from Jászi. In summer 1920, he wrote to Jászi: *“There is one point where I disagree with you, namely your anti-Marxist views. If there is no middle way between socialism and Bolshevism, then – as you believe – the only way of progress is that of total democracy. But this is exactly the way that I cease to believe in.”* Károlyi further declared that the ongoing Depression clearly showed that democracy was absolutely unable to develop and apply an efficient remedy. With much disappointment he spoke about the situation in Hungary where, as he put it, *“the local pinks and Bethlen gang up”*.

The shifts in Károlyi’s political views strongly disappointed his old friends. Jászi wrote about Károlyi in January 1930: *“All those who exchanged letters with the President or had the opportunity to speak with him in recent years felt that he had changed in many respects, and doubts have arisen everywhere whether this man of genuine character and exceptional fantasy continues to be the leader of the October (Aster) Revolution, or whether he is seeking a solution to the sad Hungarian problem in new ways, differing from our old goals. This doubt cannot be left unsettled as it brings about a disastrous situation with the masses not knowing whether their leader really is their leader, while the leader does not know if he can*

⁴³ J. JEMNITZ – G. LITVÁN, *Szerette az igazságot*, p. 309.

in his today's programs rely on the support of his old friends and enthusiastic masses." And he concluded by saying: "I am hardly wrong if I call Károlyi a Bolshevik sympathizer. Actually, it does not matter much. Bernard Shaw, too, falls in this category. Therefore, Károlyi is in a nice company. But what is dangerous is the fact that while the latter named is not a political leader, Károlyi has been the leader of our political movement and makes us totally uncertain about the extent to which he would like to apply the Soviet experience to his practical policy".⁴⁴

Jászi stressed that Károlyi as a political leader had to choose between his western or eastern orientation. He reconfirmed the correctness of their October program of 1918 and wanted to have a "clean table" in this matter. If Károlyi considers this program to be 'passé' so "we must call upon the Hungarian people to seek new leaders to fight for Károlyi's old ideals".⁴⁵ His opinion was shared by other representatives of the Hungarian democratic non-Communist emigration. Nevertheless, Károlyi had already made up his mind. As he put it in conclusion of his memoirs *Belief without Illusions*: "My belief in socialism has compensated me for everything I lost. ... It is in socialism that I have always seen the only way how to cure the diseases of our society".⁴⁶

⁴⁴ Ibid., pp. 311–312.

⁴⁵ Ibid., p. 312.

⁴⁶ M. KÁROLYI, *Hit, illúziók nélkül*, p. 459.

PART IV.

**Reflection of the Welfare Idea
in European Authoritarian Regimes and Dictatorships**

Economist's View of Social Policy in the Protectorate of Bohemia and Moravia

Introduction

The topic of this paper is an examination of the social policy in the Protectorate of Bohemia and Moravia (Protectorate) from an economic perspective. By social policy we mean the policy of the state and its treatment of legal entities and corporations. Since 1989, there have been no mono-thematic studies of this issue. However, there are many works dealing with the economic and political history of the Protectorate which more or less reflect social issues and social policy. This chapter mainly relies on that literature.

Our goal is to identify the main “tools” of social policy in the Protectorate and to evaluate their benefits. Some authors admit that the Protectorate's social policy could be in some respect beneficial.¹ But if taking into account Nazi plans for the Protectorate Jews and with Czechs, we can not see the Protectorate social policy in the contemporary terminology as some form of social policy (i.e. a policy based on some moral values and human rights) as we it is seen today. It is more a policy of utilitarian steps with some impact on the welfare of employees and public with its primary goal to secure the interest of the German Reich. As we will show, in some cases there was not even a defined financial coverage of populist “social” policies.

In order to identify changes of social policy during the Protectorate we also pay attention to the development of social policy in Czechoslovakia before the Nazi occupation. In the first chapter we briefly describe main developments of the Czechoslovak social system up to the Munich Agreement. The conceptual shift in social policy during six months of the second Czecho-Slovak Republic is described in the second chapter. The third chapter deals with the core issues of this paper and offers our analyses of the Protectorate social policy.

¹ Detlef BRANDES, *Češi pod německým protektorátem. Okupační politika, kolaborace a odboj 1939–1945* [Czechs under German Protectorate. Occupying Policy, Collaboration and Resistance 1939–1945]. Praha 2000, p. 184.

1. Social Policy in the interwar Czechoslovakia

The Czechoslovak state could be proud of its relatively progressive social policy, which in some areas was outpacing trends in the developed western countries. Social issues and policy had become an important agenda for leading Czech politicians already during last decades of the Austrian-Hungarian Empire. We can mention “Social Questions” by Tomáš G. Masaryk and “Social Policy” by Karel Kramář. Some authors, e.g. Igor Tomeš, even speak about the Czech school of social policy. Legislative formation of social policy gained important victories even within the very fragmented political scene of the interwar Czechoslovakia.

The mood of the Czechoslovak population was very radical after the World War I. It was given by the difficult living conditions for much of the population with the Czechoslovak economy suffering with high unemployment and insufficient supply of resources. For these reasons, a row of legal norms dealing with social issues had already been adopted in December 1918.

Governmental decree on tenant protection introduced rent regulation and the special status of the “unfounded eviction”. The law on unemployment benefits (Act 63/1918 Sb.) was adopted which covered just half of the unemployed as agriculture, forestry and seasonal workers were not covered. Unemployment benefits were related to the insured individuals salary and family conditions.²

The Czechoslovak Parliament adopted a law on an eight-hour working day for a six-day week (Act 91/1918 sb.). It was a radical change for many professions, because at that time, factory workers worked 11 hours per day and craftsman and merchants 12 hours per day. The new law allowed exemptions for menial workers, maids and drivers. Overtime work was possible merely with permission from authorities. Czechoslovakia became one of the few countries in the world which had limited work time to 48 hours per week before the International Labour Conference in Washington D.C. in 1919. It was probably a reason why the Czechoslovak Minister Edvard Beneš was appointed a member of the Commission on International Labour which was constituted by the Treaty of Versailles and adopted at the Paris Peace Conference. The Commission was composed of nine countries and its mission was to promote joint action between nations for improving labour conditions.³

The proposal for the law on social insurance of employees for disability, old-age and sickness was handed to Parliament in October 1920. After a half year of

² Václav PRŮCHA et al.: *Hospodářské a sociální dějiny Československa 1918–1992* [Economic and Social History of Czechoslovakia 1918–1992]. Part 1 (1918–1945). Praha 2004, p. 77. This law remained in force until 1925.

³ *Ibid.*, p. 75.

discussions with no consensus, the legislative process was interrupted. Parliament delegated the Ministry of Social Care to establish an expert commission.⁴ Professor Schönbaum from Faculty of Mathematics and Physics of Charles University and other leading experts on social policy as Winter, Brabec, Jánošík, and Riedel, followers of Engliš from Law Faculty of Charles University, played an important role.⁵ The commission submitted a new proposal of the law after two years. It took another year and half of political discussions before the law was passed in 1924.

It was for the first time in Europe that all parts of the social security system were unified. There was created one system for the whole private and public sphere. From the point of view of an insured person, the new law represented complex coverage against all main risks – sickness, disability, old-age. Unification just did not include disability and old-age insurance of higher state officials from 1908. The idea of the unified social security is a basic concept of the British national social security reform from 1942. In Czechoslovakia, it had already been adopted 18 years before.⁶ The Czechoslovak model also inspired the Greek social security system in the thirties.⁷

The interwar legislation gave employees some powers which limited ownership rights of companies and mines. Workers were permitted to establish committees or councils (*závodní rady* či *výbory*), who had some authority over laying off employees, quality of working conditions, and in the case of mines they could even decide about spending 10% of profits for some social or health cause.⁸ Organised employees had a right to sign collective wage agreements.

Unemployment benefit policy was changed in 1925. The Ghent system was introduced which gave benefits only to the labour union members. One of reasons for its implementation was the abuse of the former state unemployment system.⁹ Coming years of economic crises brought dramatic increases in unemployment. The labour unions were immediately short of finances and the state had to step in. While the labour brokerages registered 35 thousand unemployed looking for jobs in 1929, this number exploded to 920 thousand by 1933. However, according to other estimates there were about 1.3 million unemployed in

⁴ Petr MILLER, *Sociální model České republiky. Konference Evropský sociální model 2005* [Social Model Czech Republic. Conference of the European Social Model 2005]. <http://www.blisty.cz/art/21732.html>.

⁵ Igor TOMĚŠ, *Stručný přehled a specifika československého a českého sociálního pojištění. Příspěvek na Konferenci 80 let sociálního pojištění* [Quick Overview and Specifics of Czechoslovak and Czech Social Insurance. Contribution to the Conference 80 Years of Social Insurance]. www.cssz.cz 2004.

⁶ *Ibid.*

⁷ Martin POTŮČEK, *Sociální politika* [Social Policy]. Praha 1995, p. 25.

⁸ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 80.

⁹ www.psp.cz – Record of the hearing PS 1930.

1933.¹⁰ The state treasury paid labour unions 2.44 billion crowns from 1925 to 1937. An additional 1.455 billion crowns was paid for the food assistance program, under which the unorganised unemployed had been eligible for food stamps from August 1930. Beginning in 1934 there were established labour camps for unemployed. Paradoxically the first one was set up in the Terezin, where the Jewish Ghetto was established later in 1941.¹¹

Despite the fact that the economic development had started to improve from the mid thirties, the economic growth never reached strength of previous decades. The Czechoslovak economy was awaiting another shock – The Munich Agreement.

2. Second Republic, Czecho-Slovakia 1938–1939

Occupation of the border regions of Czechoslovakia following the Munich Agreement was a great shock from which the economy did not have a chance to recover. Traditional economic ties were dismantled and totally new social issues had to be addressed because of the refugees from the occupied Sudetenland. Escaping Czechs, Jews and German antifascists had to find new livelihoods (i.e. housing and jobs) in the smaller Czecho-Slovakia.

The program of the new government, which was delivered by its premier Beran in front of the lower chamber of Parliament on 13 December 1938, gives a complex view on where the Second Republic was heading, including its social policy. Beran distanced himself from continuation of the First Republic. He made clear that Germany will play new role in the international relations of the new state. According to Beran, national ideology was released from constraints of strange ideologies, it overcame shallow political fights of parties and gave birth to the new political movements.

Beran was very explicit in his speech, that the new state will have strong influence on the economy. He said that, based on public opinion, the fundamentals of Czecho-Slovakia will stand on the social policy. His definition of social policy was that everyone would have a job and a salary that would correspond to his working performance. He promised that the government will help every citizen find a job, on the other side, every citizen will be obliged to work. The government was supposed to prepare a reform of unemployment benefits policy

¹⁰ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 399.

¹¹ *Ibid.*, p. 402.

and, with assistance of private companies and public institutions, secure work for a high number of people.¹²

According to the report of the Ministry of Interior (from December 3, 1938) 151,997 refugees left occupied boarder regions.¹³ State administration had to transfer an additional 40 thousand former state employees from that area.¹⁴ There were 180 thousand registered people looking for a job in Czecho-Slovakia by January 1939.

The real number was probably much higher (Venkov magazine reported 40 thousand people more). People had a motive not to be registered with labour brokerages as there was a governmental decree No. 223/1938 from 11 October 1938 under which unemployed older than 18 years had to be placed into working units. Regional offices ordered individuals to join a working unit which was run in a military style. People who tried to avoid this order would face a penalty of half year in prison. There were more than 10 thousand people in the working units by the end of January 1939. Every person would get a free military uniform, food and collective accommodation. Salaries were very low: 1.5 crown per day plus 40 halers per each hour of work.¹⁵

At the same time when the decree on labour units was adopted, the government also reformed the unemployment support scheme. All unemployed had to register with the regional office, if he would not be drafted for the labour unit he could apply for unemployment benefits under the Ghent system. From 1 March 1939, the number of unemployed who were eligible for state unemployment benefits decreased and at the same time payments were significantly lowered.¹⁶

Another governmental policy fighting unemployment was to arrange work for unemployed abroad. This practice was in place already before the Munich Agreement when the Ministry of Social Care under Minister Jaromír Nečas placed almost 8 thousand miners and other workers in Belgium and France.¹⁷ Beran's government prepared an agreement with Germany about sending 40 thousand workers into the Reich. They were supposed to work in agriculture, mining and on railroad constructions.¹⁸

The agreement was signed in January 1939 and it guaranteed the Czechoslovak workers the same wage and social conditions as German workers. In addi-

¹² <http://icv.vlada.cz/assets/historie/1938-1939-csr/rudolf-beran/ppv-1938-1939-beran.pdf>.

¹³ Collective of authors, *Rozumět dějinám* [Understand the History]. Gallery, Praha 2002, p. 132.

¹⁴ Jan GEBHART – Jan KUKLÍK, *Velké dějiny země Koruny české XV.a (1938–1945)* [Comprehensive History of the Bohemian Crown Lands XV.a (1938–1945)]. Paseka, Praha 2006, p. 128.

¹⁵ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 445.

¹⁶ J. GEBHART – J. KUKLÍK, *Velké dějiny země Koruny české XV.a (1938–1945)*, p. 129.

¹⁷ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 397.

¹⁸ *Ibid.*, p. 445.

tion, they were also eligible for separation allowance and transport fare. The recruitment started already before 15 March 1939 but workers were placed in the Reich under the Protectorate.

State and public employees were subject to quite dramatic changes because of over employment. People were sent into early retirement, leaving voluntarily with severance pay, married women were dismissed. About 20 thousand female state employees lost their jobs. Other restrictions were limiting payments to the current and former state employees on their salaries and pensions. Married female pensioners lost their old age pensions.¹⁹

The flood of refugees from the occupied regions caused a housing crises. The government introduced rent regulation under which a landlord could either pay a fine of 50,000 crowns or be imprisoned for six months for excessive rent prices.²⁰

The Beran government approved a decree on establishing punitive labour camps on 2 March 1939. “*People above 18 years avoiding work who can not prove a proper source of income*” and also “*those members of working units..., who are abrasively undisciplined and who intentionally neglect their tasks*” could be send to those camps.²¹ This decree was one of the steps for the Second Republic which showed its development towards becoming a fascist dictatorship.

3. The Protectorate

The occupation of the rest of Czechoslovakia on 15 March 1938 brought a number of propaganda events that were focused on obtaining the favour of the socially weakest segments of the population. Immediately after the arrival of the Nazis in Prague the train of *social assistance* “*Hilfszug Bayern*” also arrived and hungry and needy people were giving out food as a gift from the Reich.²² In March 1939 the number of registered job seekers reached 90,975 persons and in June of the same year it fell to 16,912 persons. This was primarily due to the tens of thousands of Czech workers who found work in the Reich. Reports of the Nazi Security Service (SD) were trying to asses the attitudes of the Czech society. They usually brought positive assessment of unemployment reduction, the positive experience of working in the realm of the Reich and appreciation for the penalties for black market and wage increases.²³ These reports were probably far

¹⁹ Ibid., p. 446.

²⁰ J. GEBHART – J. KUKLÍK, *Velké dějiny země Koruny české XV.a (1938–1945)*, p. 129.

²¹ Ibid.

²² Leopold CHMELA, *Hospodářská okupace Československa* [The Economic Occupation of Czechoslovakia]. Praha 1946, p. 121.

²³ D. BRANDES, *Češi pod německým protektorátem*, p. 184.

from reflecting true views of the population. But it is certainly important to note that from March to September 1939 there were already 70 thousand Czech working in the Reich, of whom only 2 thousand returned back to the Protectorate over this period.²⁴

The Protectorate was established by Hitler's decree in remaining area of the Czech lands of 16 March 1939. The main power was given into the hands of the Reich Protector, who was to promote and defend German interests. This position was given to Konstantin von Neurath on 18 March 1939. Karl Hermann Frank was appointed State Secretary and was Reich Protector deputy. Formal autonomy of the Protectorate was represented by the President Emil Hácha. The Parliament was closed down, and the government was the main political body. The Ministry of Social and Health Administration and the Ministry of Public Works were active in the sphere of social policies. Neurath resigned and he had been replaced by Representing Reichsprotektor Reinhard Heydrich from 28 September 1941.

Heydrich defined one of the main short-term challenges for “*peace in the region*” was weapons production at a meeting with high German officials in 2 October 1941.²⁵ In terms of interpretation of social policy, it is also important to mention the content of the Heydrich letter to Martin Bormann in 6 November 1941. It states that “*a clear line of action is maintaining a semblance of autonomy and as part of this autonomy will be internally liquidated; by getting Czechs to implement all of the measures which cause indignation, and Germans to implement the measures which result in a good effect*”.²⁶

Top German bodies controlling Protectorate planned economy were ministries in Berlin and Hitler's envoy for the four-year plan, Hermann Goering. An important role in the system of planned economy was played by the Central Union of Industry of Bohemia and Moravia. Its president Adolf Bernhard in a secret document “*Tasks of industry in the Germanization of the Protectorate of Bohemia and Moravia*” also formulated the goal of the social and labour policy:

“*Hunger makes revolutionaries but a strong increase in the standard of living of Czechs would increase fertility rate. Therefore it is necessary to stick to a reasonable middle way*”.²⁷

²⁴ Ibid.

²⁵ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 452.

²⁶ Václav KRÁL, *Otázky hospodářského a sociálního vývoje v českých zemích v letech 1938–1945* [Questions of Economic and Social Development in the Czech Countries in 1938–1945], Part I. Praha 1952, p. 20.

²⁷ *Memorandum Adolfa Bernharda z 15. 1. 1941* [Memorandum Adolf Bernhard of 15. 1. 1941]. Národní archiv (NA) [The National Archives (NA)] Praha, Fund 110, sign. 110-4-2.

Bernhard wanted through the industry to meet the goal of solving the Czech question that did not result with the increase of the Czech population. The fact remains that the birth rate during the war increased, paradoxically, because of the drastic policy of forced labour.

From 19 January 1942 a new protectorate government began operating. It had seven members, one of which was the German Minister Walter Bertsch, who was in charge of the newly established Ministry of Economics and Labour. In other ministries there were assigned German experts. In August 1944, the German government established the Ministry of Bohemia and Moravia, whose head became K. H. Frank.

The occupation can be divided from the political point of view into three main periods of the Protectorate, which can be called by the leaders of the occupation administration as Konstantin von Neurath era, an era of Reinhard Heydrich, and the era of Karl Hermann Frank.²⁸

To study the needs of economic and social policy, the author prefers the Protectorate to be broken into following four phases.

1. From 15 March 1939 to the outbreak of war – The functioning of the Protectorate was focused on stabilisation of German control and it was supposed to give the advantage to Germany in the world markets.
2. From the German invasion of Poland to the end of 1942 – At this time, there is infiltration of German economic influence, the Protectorate government reorganisation and concentration of the economy. The Ministry of Economy and Labour, which was under the direct control of Germany, was created in January 1942. The Protectorate is actively being prepared for inclusion into the German economic area. On 25 May 1942 Hitler issued a regulation that directives for the Reich Protector may be issued also by Goering if there are needs of war economy.
3. Period of total war in the years 1943 to 1944.
4. In 1945, the final period of the war was already radically conditioned by the approaching front and the battle taking place on the territory of the Protectorate.

The Protectorate functioned as a command economy. Social policy was not only determined by the social security system, but it was also given by the wage and price control, and by central commands of the labour market. A special role in the field of social policy was played by the united labour unions in the Protectorate.

²⁸ Stanislav KOKOŠKA, *Stále aktuální monografie k dějinám protektorátu* [Current Monograph on the History of the Protectorate]. *Soudobé dějiny* Vol. 7, No. 3, 2000, p. 367–372.

3.1. Labour Unions²⁹

Efforts to unify the various partisan labour unions were evident already during the Second Republic. The first joint meeting, which formed the basis of single “neutral” labour union organisation - National Center of Employee Labour Unions (NOUZ – Národní odborové ústředny zaměstnanecké), was organised on 18 March, 1939. It was however subordinate to the political leadership of the National Unity (Národní souručenství). The Protectorate government approved the composition of the governing bodies of NOUZ in June 1939. The former Social Democrat Antonín Zelenka became the chairman.

Labour Unions consisted of two main parts: Headquarters of Workers Unions (Ústředí dělnických jednot) and Headquarters of Private Employees Unions (Ústředí jednot soukromých zaměstnanců). They encompassed 26 separate unions (e.g. Metalworkers Union – Jednotu kovoprůmyslového dělnictva).³⁰ Labour unions could not pursue their demands through strikes.³¹ Although in theory as unified unions they represented the largest political power in history, their manoeuvring position in relation to the political reality of the Protectorate was very limited. Over time, the labour unions were losing even these limited powers.

Unions lost their right to negotiate collective wage agreements at the very beginning of the Protectorate. This competence was transferred to the payroll department at the Ministry of Social and Health Administration. From 1940, this department had been under German authorities. NOUZ was a visible tool of different policies in the Protectorate. It opposed the black market in an activist manner. It “prevented” workers from the idea of resistance;³² it organised collection of clothing for Czech workers in mines or in the Reich. The Reich Protector established a special body for contact with the Czech trade unions in February 1941. It was led by a representative of the German Labour Front (DAF) W. Köster. Under his leadership, both headquarters of employee and workers’ unions were dissolved and the previous 26 trade unions were reorganised into 11 labour union groups. According to Köster they were not existing to do politics, but they were supposed to take care only for the welfare of workers – i.e. their wages, social security and recreation.³³ This goal certainly corresponds to

²⁹ This chapter relies on Dalibor STÁTNÍK, *Mezi odbojem a kolaborací. Případ Arno Haise* [Between Resistance and Collaboration. A Case Arno Haise]. *Soudobé dějiny* Vol. 8, No. 4, 2001, pp. 692–717.

³⁰ D. BRANDES, *Češi pod německým protektorátem*, p. 271.

³¹ *Ibid.*, p. 272.

³² There were organized so called “Company Roll-Calls”. About 400 thousands workers participated in 385 companies.

³³ D. BRANDES, *Češi pod německým protektorátem*, p. 272.

the mission of newly established organisation Joy and Work, which was founded in early 1942. It operated under NOUZ. In the same year, Joy and Work distributed to workers for free 200,000 tickets to the cinema, theatre and football. It organised 698 entertaining performances for 350,000 workers in factories. Seven thousand workers from the defense industry were offered free vacations in 1942.³⁴ This so-called Heydrich recovery action, which was initiated by Frank, was financed by the companies and health insurance institutions. Because the workers themselves did not want to apply for the vacations, the chosen companies were told the numbers of employees they would have to send to the vacations program.³⁵

Heydrich used the official representatives of the workers and farmers for a number of propaganda events. Shortly after his arrival on 24 October 1941 he gave audience at the Prague Castle to 39 “*representatives of the Czech working class*”. This meeting was communicated to the public in a way that the Czech working people did not only received high honours, but also this audience clearly demonstrated the care and interest of the Reich paid to all honest and hard working people living within its territory. Heydrich planned everything very well in advance and the next day he announced a “*generous help of the Reich*”, under which there was increased allocation of fat to workers.³⁶ This step was pre-negotiated with Hitler, Frank and State Secretary of the Reich Ministry of Agriculture.³⁷ By 28 October 1941 (National Day of Czechoslovakia) Heydrich succeeded to level the fat allocations for Czech workers in heavy and 24-hours operating industries with allocations in Germany. He also ordered the distribution of 200,000 pairs of shoes to workers in munitions factories.³⁸

A few weeks later, on 5 December 1941, Heydrich gave an audience to 40 Czech farmers in folkloric costumes. The delegation was led by Adolf Gross, who later became Minister of Agriculture in the Protectorate government. Representing Reich Protector with “the handshake to each of them made it clear that he greets men of hard work, with whom he wants to speak openly as he recently did with representatives of the workers,” was written in the official report of this meeting. Heydrich also criticised farmers for sabotage of agricultural censuses and he allowed eight additional days for reporting.³⁹ It was part of a campaign against the black market, which was preceded by a decision of the extraordinary agricul-

³⁴ Ibid., p. 275.

³⁵ L. CHMELA, *Hospodářská okupace Československa*, p. 121.

³⁶ Jan GEBHART – Jan KUKLÍK, *Velké dějiny země Koruny české XV.b (1938–1945)* [Comprehensive history of the Bohemian Crown Lands XV.b (1938–1945)]. Paseka, Praha 2006, p. 61.

³⁷ D. BRANDES, *Češi pod německým protektorátem*, p. 273.

³⁸ Ibid., p. 274.

³⁹ J. GEBHART – J. KUKLÍK, *Velké dějiny země Koruny české XV.b (1938–1945)*, p. 62.

tural census on 24 October 1941. The October census differs e.g. in the number of pigs and piglets compared to the census of 4 September 1941 as the number of pigs increased by 678 thousand. In part, this was a seasonal increase. The October census indicated 492 thousand piglets under eight weeks, while the September census registered only 277 thousand piglets in this category. But, to a large extent this increase was caused by the legalisation of unreported pigs using the amnesty of Heydrich. This intervention significantly reduced the possibility of supplies from the black market and it also increased its prices due to higher risk without the legal supply of meat being improved.⁴⁰

After half a year in the Protectorate, Heydrich reconsidered some views on the operation of the unified labour unions - NOUZ. He realised that trade union officials, who carry out the instructions of the Reich Protector Office, were not perceived by workers as their representatives. In May 1942, he wrote in a letter to Borman among other things: *“Workers ... feel the need to have their own representatives against corporate management of, who are the real workers from the company, and therefore the real supporters of their interests. Management, by contrast, has interest in direct contact with the workers, not just through trade union officials. This double-tracking opens the possibility of influencing, increases tensions and prevents the development in the direction of Spann ideas about the absolutely “non-political” Christian state”*.⁴¹ Heydrich from the beginning dealt with ways to “depoliticise” the Czech workers. He wanted that NOUZ would gain more confidence from workers than protectorate political leadership. It seems that he was aware that this plan was not coming out. He introduced a proposal to set up delegations of workers councils that could directly address their problems to the Premier of the Protectorate government, the State President and the Reich Protector.

Leadership of NOUZ, by virtue of their offices, had to socialise and regularly meet with representatives of the Protectorate and it visibly collaborated. Chairman of NOUZ Stočes, who replaced Zelenka in 1941, and his deputy Hais spoke e.g. at the gatherings condemning the assassination of Heydrich. In the name of the workers, they distanced themselves from assassination and the exile government in London. In October 1942, Hais and members of the NOUZ leadership participated in a Nazi-organised visit to the occupied part of the USSR. This trip was planned to show to the Czech workers and farmers the inanimateness of Bolshevism.⁴² Trade union leaders were in a very difficult situation. They were

⁴⁰ Miroslav KÁRNÝ, *Nad novou Heydrichovou biografií* [Above the New Biography of Heydrich]. www.holocaust.cz.

⁴¹ D. BRANDES, *Češi pod německým protektorátem*, p. 276.

⁴² Tomáš PASÁK, *Český fašismus 1922–1945 a kolaborace 1939–1945* [Czech Fascism 1922–1945 and Collaboration 1939–1945]. PRÁH, Praha 1999, pp. 328–329.

mostly people with a long history in the socialist movement and now they had to weigh the interests of the workers and the collaboration with the Nazis. It was hard place to be. With the example of Arno Hais, it is possible to show how such a fight took place.

Arno Hais (1893–1971) started as a communist, but gradually he had entered into conflict with Gottwald leadership. He left the Communist Party in 1929. He turned to the Social Democratic movement and he worked in its trade union – Employee Labour Unions Headquarter. His life was split in two after the German occupation. On the one hand, he became one of the leaders of NOUZ (in 1941 he became Vice Chairman). On the other hand, Hais actively worked in the domestic resistance movement. He was a member of the trade union group of the Petitions Committee “Faithful Forever!” (PVVZ – Petiční výbor “Věrní zůstaneme!”)⁴³ and he participated in the formulation of its program “For freedom in the new Czechoslovak Republic.” He also played an important role as a mediator between PVVZ leadership and workers, trade union representatives from individual companies. In front of his comrades in the resistance, according to their claims, he expressed pro-Soviet sentiments. As a result of increasing repression after the assassination of Heydrich the democratic resistance including PVVZ was, to a great extent, eliminated. Hais was arrested by the Gestapo in December 1942 and he was kept in prison till the end of the war. But he was not brought to court because of the intercession of Karl Hermann Frank, who appreciated his previous propaganda activities for the benefit of the occupying power. After the war, Hais was investigated because of his collaboration and together with Václav Stočes was brought before the National Court. Both were released without charges.

NOUZ experienced significant change in 1943, when, after the arrest of Hais and resignation of Stočes, the General Secretary became František Kolář. He maintained close links with the representative of the German supervisory authority in NOUZ. Kolář said in January 1944 on a course for trade union secretaries in Český Šternberk “*NOUZ guarantees peace in companies ... Czech nation has sustained in its peaceful work and just to this task must be given great attention and effort ... I am ordering all of you to closely monitor situations in the factories and made immediate reports of improprieties and hazards which could rise.*” Trade unions cooperated with Emanuel Moravec of the Public Education Service and the governing board for Youth Education at this time.

⁴³ This fact is also mentioned in: J. GEBHART – J. KUKLÍK, *Velké dějiny země Koruny české XV.b (1938–1945)*, p. 269.

3.2. Price Regulation⁴⁴

Prices were regulated in the Protectorate. Price regulation was responsibility of Highest Price Authority (NUC – Nejvyšší úřad cenový) established in May 1939. Its leadership was entrusted to former Minister of Social Welfare Jaromír Nečas. In July 1939, Protectorate government issued a ban on price increases above the level of 20 June 1939. NUC mission was to decide the prices of goods and services and supervision of compliance. Binding price lists were issued with fixed or maximum prices for consumers and wholesale purchase. An order was issued that required all merchants to mark merchandise with price tags. In 1940, NUC relaxed its regulation and selected companies and industries which were allowed autonomous pricing based on their own price calculations.

NUC did not only concentrate on price control, it also monitored stockpiling, tying purchases with sale of other goods, and the refusal to deliver goods in stock. Offences were punished by a fine, imprisonment or cancellation of business.

Although they were officially determined prices, inflation rose quite rapidly until the turn of 1941–1942. The price level was stable in the last years of the war. By April 1945, the index of wholesale prices reached 162% of price levels from 1938. Price index for the cost of living for a workers family in Prague reached 173%, which corresponds to the increase in retail prices for consumer goods and services.

However, the total money stock increased almost sevenfold from 31 December 1939 to April 1945. It created room for rapid increase in prices on the black market. In some cases the black market prices were 40–70 times the official prices. Because official prices did not correspond to market prices there had to be introduced a rationing system, which came into force in October 1939. People in the Protectorate received the food stamps by division into different categories: normal consumers, hard and very hard working, children etc. Food stamps also differed based on the citizenship statute for Germans, Czechs and Jews.

3.3. Regulation of Wages and other Incomes

Wages were subject to regulation as well as prices in the Protectorate. Collective agreements could be concluded with the approval of the authorities there in 1939, but from 1940 it had been only with the consent of the Ministry of Labour and Social Care. There were issued more than 130 regulations of wages and la-

⁴⁴ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 458.

bour conditions in various professions, regions or companies by 1942. In December 1941, the occupying regime tried to stop rising inflation by freezing not only prices, but also freezing wages.⁴⁵ An order was issued prohibiting wage increases, which remained intact until the end of the war. Higher wages were only possible for better performance. However, in agricultural production the purchase prices were higher than the retail prices and the difference was paid by subsidies from the Protectorate budget.⁴⁶ In 1943 an order was issued which extended weekly working hours from 48 to 60 hours, if it was required by situation in a factory.⁴⁷

The increase of wages was performed selectively in those areas most relevant to the conduct of the war. There was not adopted any conceptual solution, but mostly it addressed short-term goals. E.g. in 1939 the salaries of workers in the metal industry were increased by 5%. In December of that year, their salaries increased again by 15% and the miners got a 10% rise. In contrast, workers from non-preferred sectors such as the textile industry and forestry complained of low wages. Therefore, the lowest wages were increased in all sectors probably in June 1940. People with an income of up to 3000 crowns a month got extra 50 hellers for each hour worked.⁴⁸ While workers in the armaments industry lived relatively well, the rest of the population complained about inadequate rations of meat, potatoes, eggs, oil and butter from September 1940. Czech trade unions demanded a wage increase of 35%. Even though the German authorities considered an increase by 20% appropriate in September, there was introduced only a one-time flat surcharge of 2% in October. Even the German authorities assessed the situation as very bad. German commissioner for trade unions Köstler stated in his report in September 1941 that if there would be no improvement in wages and supplies one could “fear the worst”.

A government decree on general unemployment benefits was issued in March 1940. It abandoned the Ghent system and so it could be seen as a significant improvement of workers security. However, unemployment was not a problem at all in the Protectorate, which involved all free labour for the needs of war. There was improved social insurance of workers and miners in early April 1942. But increases in pensions were paid from sources of the Protectorate and the employee contributions to the system were not changed. German journalist Franz Husty wrote about it in the Magazine of Protectorate Bohemia and Mähren: “*The government of the Protectorate brought in life principles, which had been already emphasised by the Representing Protector (i.e.*

⁴⁵ D. BRANDES, *Češi pod německým protektorátem*, p. 276.

⁴⁶ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 459.

⁴⁷ J. GEBHART – J. KUKLÍK, *Velké dějiny země Koruny české XV.b (1938–1945)*, p. 202.

⁴⁸ D. BRANDES, *Češi pod německým protektorátem*, p. 186.

Heydrich) since taking his office, that all the inhabitants of the Protectorate, who recognise and fulfil their obligations to the Reich, can participate in its social achievements." In addition, there were increased disability and old-age pensions by about 20%, widows' pensions by about 33%.⁴⁹ Selected groups of workers such as miners had advantages. They did not have to pay taxes on Sunday and overtime wages; they received special allocations of cigarettes, alcohol, and southern fruits.⁵⁰

Wage policy ran into unsolvable problem. The government under the Nazi authorities could in various ways introduce new forms of "financial security" to citizens of the Protectorate, but poor supplies were insurmountable. Earnings itself were not important. What people could buy mattered. Walter Bertsch wrote a surrender report of Protectorate social policy already in this respect in September 1941. Future Protectorate Minister of Economy and Labour, when he served as a Head of the Economic Section by Reichsprotektor Neurath made the conclusion that due to problems with food supplies, performance of the defence industry declined by 15–20%.⁵¹ Meat supply clearly illustrates this trend in Table A.

Table A:

Meat Supply in the Protectorate 1939–1944⁵²

| Year | Monthly Meat Consumption per person kg (%) |
|----------------------------|--|
| 1939 | 3,06 (100%) |
| 1940 | 2,62 (86%) |
| 1941 | 2,33 (76%) |
| 1942 | 2,08 (68%) |
| 1943 | 2,01 (66%) |
| 1944 (January - September) | 1,68 (55%) |

3.4 Labour Market and Total Mobilisation

Protectorate government issued a Regulation (No 193/1939 Coll.) on 25 July 1939, in which it decided to set up Labour Offices. They replaced the employment agency and later were even controlled directly by the Reich Protector Office. They did not address the problem of unemployment, but rather a short-

⁴⁹ Ibid., p. 275.

⁵⁰ Ibid., p. 379.

⁵¹ Ibid., p. 189.

⁵² Ibid., p. 378.

age of labour for the war economy in the Protectorate and the Reich. Labour offices conducted retraining of workers for the needs of war industry, forced recruitment of youth for clearance work of most bombed parts of Germany, forced recruitment for trench work, etc.⁵³

The labour market had been regulated since the beginning of the Protectorate and there had been introduced various restrictions on the free choice of employment. At the end of March 1939, the government issued a regulation about the possible transfer of agricultural workers into other sectors of the Protectorate economy. In the summer of the same year, there was proclaimed a general labour duty “to perform a particularly important task” for all men 16 to 25 years old. This obligation was established for one year with possibility of extension. All new employment agreements and employment terminations had been subject to control of the Labour Office from December 1939. In January 1941 the government issued a Regulation on work duties for all men and women aged 18-50 years. In July, it was already decided to introduce labour books.⁵⁴

Announcement of total war went along with total mobilisation. Hitler appointed Fritz Sauckel NSDAP Gauleiter of Thuringian to be General Plenipotentiary for Labour Deployment in March 1942. His task was to ensure a sufficient number of foreign workers to replace young Germans in factories who had to join the army. Therefore, this increased demand also for Czech forced labourers, which was also supported Heydrich’s vision that work in the Reich would help the Germanisation of the Czech nation. In May 1942, the Protectorate government issued a decree (No. 154/1942 Coll.) that allowed for virtually calling everyone into work, which would serve to “defend the country, production of consumer goods and food, economic land use, improvement of traffic conditions, as well as overcoming emergencies and natural disasters”. Based on this decree, Bertsch’s Ministry of Economics and Labour could decide to limit or stop operations of companies that were not important to the war economy.⁵⁵ In February 1943, the government adopted regulations that explicitly focused on closures and mergers of companies. This restriction explicitly included also the closure of innkeepers and bartenders businesses, bars and entertainment venues, luxury restaurants. By April 1943, 3630 enterprises were closed down and there were 12,000 workers released for wartime production.⁵⁶

Sauckel requested the Protectorate deliver 100,000 workers for the Reich over the period from June 1942 to April 1943. This represented 10,000 people every month. The occupation authorities decided to deploy all youths born be-

⁵³ L. CHMELA, *Hospodářská okupace Československa*, p. 122.

⁵⁴ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992*, p. 460.

⁵⁵ J. GEBHART – J. KUKLÍK, *Velké dějiny země Koruny české XV.b (1938–1945)*, p. 199.

⁵⁶ *Ibid.*, p. 201.

tween 1918 and 1922. There were eventually 70,000 of those who finally left for forced labour in the Reich. The Protectorate failed to meet the required quota, because it had to keep its own war production going. Drafting people for forced labour in the Reich had a very drastic course. Protectorate police raided the cafes, restaurants and entertainment businesses. Anyone who was not able to show working papers was transferred to the Labour Offices in order to be listed for labour transports into the Reich. District authorities were preparing lists of people, who had to go through the special drafting committees. In May 1943, the Protectorate quota was reduced to 6,000 workers per month. In August, Frank reported that internal reserves of the Protectorate were already exhausted, and he feared that the rough method of obtaining labour for Reich could have a serious impact on the political situation in the Protectorate. In September 1943 there was a discussion about workers for the aviation industry. It was decided that the Protectorate would send to the Reich youth born in 1924. After 10 months they were supposed to return to the Protectorate to work in aircraft factories. 27,000 young people left to the Reich between January and May 1944. As their deployment radicalised the situation in Bohemia and Moravia, after ten months they returned to the Protectorate. Probably the peak of forced labourers in Germany was reached in September 1943, when there were working 286,663 persons there.⁵⁷

Many people tried to avoid forced labour in the Reich. The most common way was to marry because the Labour Offices took into account the statute of married men. As young mothers and single mothers were exempt also from the forced labour in the Reich, the number of newly born children increased significantly in this period.

children

Table B:

Number of marriages per thousand unmarried women 1935–1941–1942⁵⁸

| Age Cohort / Year | 1935 | 1941 | 1942 |
|-------------------|--------------|--------------|--------------|
| 15–19 years | 17,2 (100%) | 48,5 (282%) | 58,1 (337%) |
| 20–24 years | 130,2 (100%) | 165,4 (127%) | 200,1 (154%) |
| 25–29 years | 128,5 (100%) | 150,1 (117%) | 159,2 (124%) |

⁵⁷ Ibid., pp. 199–203.

⁵⁸ D. BRANDES, *Češi pod německým protektorátem*, p. 368. Retrieved from: Václav KRÁL, *Otázky hospodářského a sociálního vývoje v českých zemích v letech 1938–1945* [Questions of Economic and Social Development in the Czech Countries in 1938–1945], Part III. Praha 1958, p. 382.

Table C:

Number of births in the Protectorate 1938–1943

| Year | Number of Births |
|------|------------------|
| 1938 | 103 642 |
| 1939 | 107 122 |
| 1940 | 120 036 |
| 1941 | 122 606 |
| 1942 | 130 538 |
| 1943 | 150 414 |

It is ironic that to “protect” themselves before being sent to the Reich for forced labour, people decided to choose planned pregnancy. The selection of this strategy by a significant number of the population is both an interesting side effect of government intervention in the labour market, but also speaks well of living conditions in the Protectorate. While Adolf Bernhard warned that social policy should not increase fertility rate of Czechs (see Part 3), paradoxically the unwanted trend was caused by drastic conditions of forced labour in the Reich.

At the end of the war, the Czech labour force was deployed on fortification work mainly in the Protectorate and Austria. This was done along the decree of K. H. Frank from 4 January 1945. 50,000 workers were working in the Protectorate, 10,000 in Austria, and 2,000 in Sudetenland. A total of 600,000 people were deployed for forced labour in Reich according to the post-war investigations of Ministry of Labour and Welfare. The corresponding average number of workers during the entire war was 265,000. Some 600,000 people and indirectly 2 million were involved in the German war production in the Protectorate.⁵⁹

Conclusion

Social policy in the Protectorate was a result of the Nazi ideology and the needs of a war economy. Some authors show the common ideological roots of National and Marxist Socialism based on their similar anti-capitalist and anti-liberal rhetoric, the rejection of the principles of laissez-faire and their common “Viennese roots”. There were two rising stars of Austrian liberalism Victor Adler and Georg von Schönerer in Vienna before 1873. Originally good friends, they had become bitter enemies. Adler worked his way up to become the continent’s

⁵⁹ L. CHMELA, *Hospodářská okupace Československa*, p. 123.

most respected Marxist leader and Schönerer founded the first anti-Semitic political party that later inspired Adolf Hitler. It was also the Viennese mayor Karl Luger (anti-Semitic socialist elected to office in 1897), who was the first politician in the world to nationalise urban transport and energy company.⁶⁰

Therefore, it should not be surprising to see a poster with following slogan in the Protectorate: *“We are part of Germany - the only socialist state of the world”*.⁶¹ Members of the occupying power devoted much of their public appearances to convince citizens of the Protectorate of the unsustainability of Soviet socialism, which implemented Stalin’s model of central planning. National Socialism promoted a different model of a state-driven economy, which in the Czech case also meant German control over the occupied territory and strengthening the influence of German capital in the Czech lands, primarily through Aryanisation.

The protectorate economy preserved private ownership with exception of Protectorate Jews and Gypsies. However most of the decisions, which are ordinarily taken by private agents in the free market, were made by protectorate authorities. Prices of goods and services, as well as wages were regulated. Labour Offices decided on placement of workers. The free market was replaced with directives and individual firms were obliged to be part of different industry associations. From 1942 the economic and social spheres were under full German control.

In the social area, some systemic laws on social security were adopted which improved the coverage of insured persons (e.g. the general unemployment insurance and improved old-age insurance for widows and orphans). Their real impact on the standard of living in the Protectorate was very limited. Unemployment almost disappeared and increased income, even under regulated prices, failed to bring any real improvements because of problems with poor supplies.

The social policy was a very visible part of the rhetoric from representatives of occupying authorities. It was also defined as an instrument for political struggle. We may mention Heydrich’s “depoliticisation Czechness” and “ensuring peace” for war production. Or we may recall Frank’s gaining support of “the silent majority” of the population of the Protectorate for work in favour of a war economy.⁶² It should be emphasised that these “social improvements” were always incorporated with repression and terror of the population through the old tried and tested policy of “carrot and stick”. The occupying authorities divided the various benefits to “preferred” groups of workers; they increased wages, they

⁶⁰ Peter F. DRUCKER, *The New Realities*. Harper Business. New York 1989, p. 6.

⁶¹ J. GEBHART – J. KUKLÍK, *Velké dějiny země Koruny české XV.b (1938–1945)*. Photo Pelhřimov July 1944, p. 367.

⁶² *Ibid.*, p. 357.

provided special vacations and free stays, they distributed special food supplies, etc. In this context, some historians mention that Heydrich's social policy allegedly had a politically neutralising effect on the Protectorate population. But Kárný (1980) showed that, under Heydrich ruling, the social position of workers did not improve. For example, increases in nominal wages did not cover rising prices for the necessities of life in the rationing economy, so even the index of real income in the industry declined. If we follow the real weekly earnings in the industry as a whole, the index declined from July 1941 to October by 3.4 points, followed by a further decline of 2.8 points in January 1942 and a later increase again. The index of real income in industry in July 1942 was lower by 1.2 points than in July 1941, before Heydrich was appointed to be Representing Reich Protector. It should be also mentioned that when the occupying authorities decided on "social improvements" they did not care about the fiscal consequences.

It can be summarised that most of the Protectorate policies on wages, labour market, trade union, etc. focused on short-term stabilisation of the political situation in order to reach its goal of effective war production for the Reich. With the ongoing years of war, the growing shortage of raw materials in the Protectorate, along with drastic Reich requirements for forced labour generally worsened the social situation of the population. When evaluating "the social policy" in the Protectorate, we must not forget the terror and murders which were committed by Nazis. In the overall historical context, the Protectorate brought no improvement to living conditions of the population of the Czech lands as a whole. It is interesting, however, that elements of social demagoguery used by the Nazis were later taken up and developed by the communist regime. It is, however, a subject for another essay.

Visions and Reality of the Welfare State in the First Slovak Republic (1939–1945)

Recently, the theory and practice of the social welfare programmes in the First Slovak Republic (also referred to as the Slovak State), existing in the years 1939–1945, has been discussed by Slovak historians as well as journalists and the general public quite often. Yet, monothematic scientific papers devoted to this topic have been published only sporadically so far. The issues of the welfare system and the social status of people in the Slovak State after 1938 began to be dealt with partially already by the Marxist historiographers in the 1950s and 1960s. Papers on the social ideology of the ruling Hlinka's Slovak People's Party (Hlinkova slovenská ľudová strana – HSĽS) and the welfare conditions in the Slovak State have been published e.g. by P. Hoffmann, A. Hornová, M. Vietor and others.¹ J. Pleva, M. Tichý a Z. Holotíková focused on the ideas of Christian solidarity and the history of the Christian trade unions.² J. Faltus a V. Průcha, L. Lipták and some other historians assessed the social developments during World War II in their papers on economic and social history.³ During the so-called “normalization” period, these topics were considered to be of peripheral importance by Slovak historiographers. Yet, for example L. Suško, I. Kamenec or

¹ Pavol HOFFMANN, *Sociálno-ekonomická ideológia ľudákov* [Social and Economic Ideology of the People's Party]. *Ekonomický časopis* 5, 1957, pp. 284–308; Anna HORNOVÁ, *O hmotnom postavení pracujúcich za Slovenského štátu* [On the Material Situation of the Working People in the Slovakian State]. *Ekonomický časopis* 8, 1960, pp. 61–64.

² Ján PLEVA – Miloš TICHÝ, *Kresťanské odbory na Slovensku* [Christian Trade Unions in Slovakia]. Bratislava 1967; Zdenka HOLOTÍKOVÁ, *K činnosti a ideológii ľudáckych odborov na Slovensku v radoch slovenskej robotníckej triedy 1921–1945* [Activity Among the Slovak Working People and Ideology of the Trade Unions Controlled by the People's Party]. *Historický časopis* No. 9, 1961, pp. 50–67; Martin VIETOR, *Príspevok k objasneniu fašistického charakteru tzv. slovenského štátu* [A Paper Helping to Explain the Fascist Character of What is Known as the Slovakian State]. *Historický časopis* No. 8, 1960, pp. 482–508.

³ See e.g.: Jozef FALTUS – Václav PRŮCHA, *Prehľad hospodárskeho vývoja na Slovensku v rokoch 1918–1945* [Review of the Economic Development of Slovakia in 1918–1945]. Bratislava 1969; Lubomír LIPTÁK, *Politický režim na Slovensku v rokoch 1939–1945* [The Political Regime in Slovakia in 1939–1945]. In: *Slovenské národné povstanie roku 1944*. Bratislava 1965, pp. 20–49; Lubomír LIPTÁK, *Prípravy a priebeh salzburských rokovaní roku 1940 medzi predstaviteľmi Nemecka a slovenského štátu* [Preparation and Course of the 1940 Talks between the Representatives of Germany and of the Slovakian State]. *Historický časopis* No. 13, 1965, pp. 329–364.

A. Hrnko tackled them at least marginally.⁴ The socio-economic development of the First Slovak Republic (1939–1945) came to the fore again after the year 1989. Slovak exile historians and some members of the older as well as the new generation of historians came up with uncritical apologetics of the social reality in the Slovak State, the role of the Christian trade unions or the ideology of Christian solidarism. We can mention for example the works of M. S. Ďurica or the former leader of the Christian trade unions, R. Čavojský.⁵ Since late 1990s, more objective but also some rather controversial papers have started to appear, either monothematic or dealing with these issues in the context of the assessment of the Christian social movement, the Christian social theory, the social welfare system, the social development of the Slovak State and the socio-economic context of the Holocaust, written by authors belonging to the older and middle generations of Slovak historiographers, such as M. Katuninec, E. Nižňanský, I. Kamenec, L. Lipták, D. Kováč, K. Hradská or M. Fabricius, as well as by young historians (J. Benko, I. Baka, M. Schvarc, R. Letz, M. Syrný, M. Sabol, O. Podolec, M. Lacko, J. Hlavinka, P. Sokolovič, P. Mičko, and others).⁶

⁴ See e.g.: Ivan KAMENEC, *Snem Slovenskej republiky a jeho postoj k problému židovského obyvateľstva na Slovensku* [The Diet of the Slovakian Republic and Its Attitude to the Jewish Population in Slovakia]. *Historický časopis* No. 17, 1969, pp. 329–362; Ladislav SUŠKO, *Počiatky hospodárskej exploatacie Slovenska nacizmom (marec 1939 – august 1940)* [Beginnings of the Economic Exploitation of Slovakia by the Nazis (March 1939 – August 1940)]. *Československý časopis historický* No. 25, 1977, pp. 682–714; Anton HRNKO, *Fašizácia slovenského štátu do leta 1940* [Fascization of the Slovakian State until Summer 1940], *Historický časopis* No. 33, 1985, pp. 529–552.

⁵ See e.g.: Rudolf ČAVOJSKÝ, *Spomienky kresťanského odborára* [Memories of a Christian Trade Unionist]. Bratislava 1996; Milan Stanislav ĎURICA, *Slovenská republika 1939–1945, Vznik a trvanie prvého slovenského štátu 20. storočia* [Slovakian Republic 1939–1945. The Beginning and the Existence of the First Slovakian State in the 20th Century]. Bratislava 1999.

⁶ See e.g.: Ivan KAMENEC, *Po stopách tragédie* [Tracing a Disaster]. Bratislava 1991; Same, *Politický systém a režim Slovenského štátu v rokoch 1939–1945* [Political System and Regime of the Slovakian State 1939–1945]. In: *Slovensko v rokoch druhej svetovej vojny*. Bratislava 1991, pp. 13–23; Eduard NIŽŇANSKÝ (head editor), *Holokaust na Slovensku, Diel 1 až 7* [The Holocaust in Slovakia, Part 1 through 7]. Bratislava 2001–2005 (Editions of Sources); Lubomír LIP-TÁK, *Geopolitické predstavy o Slovensku počas druhej svetovej vojny, ich vplyv na režim a odboj* [The Geopolitical Notions of Slovakia during the World War II, Their Impact on the Regime and the Resistance Movement]. In: M. Gletter – L. Lipták – A. Mišíková (eds.), *Nacionálno-socialistický systém vlády. Riška župa Sudety, Protektorát Čechy a Morava, Slovensko*. Bratislava 2002, pp. 213–226; Milan KATUNINEC, *Kresťanské odbory v spolupráci a konfrontácii s komunistickými odborami* [The Christian Trade Unions in Collaboration with and in Opposition to the Communist Trade unions]. In: Xenia Šuchová (head editor), *Ludáci a komunisti: Súperi? Spojenci? Protivníci?* Prešov 2006, pp. 76–82; Juraj BENKO, *Socialistická ideológia v konfrontácii s religióznym slovenským prostredím v prvej štvrtine 20. storočia (Politizácia kresťanskej tradície a sakralizácia socialistickej vize)* [Socialist Ideology in Confrontation with the Religious Slovakian Milieu in the First Quarter of the 20th Century (Politization of the Christian Tradition and Sacralization of the Socialist Vision)]. In: *Ibid.*, pp. 12–19; Igor BAKA, *Politický systém a režim Slovenskej*

The vision and practice of the welfare state in the First Slovak Republic (1939–1945) developed in three basic planes: the ideological, the economic and political, and the socio-political ones. The ideological plane was initially based on a long-term development vision of the socially equitable socio-economic system contained in the thoughts and practical policy of Hlinka's Slovak People's Party leaders. These ideas began to be formed in the phase of the People's Party origination, before 1914, on the basis of the Christian solidarism principles contained in the papal encyclical "Rerum novarum" (1891) by Leo XIII. In accordance with the main postulates of the encyclical, the conservative People's Party leaders, headed by Andrej Hlinka himself, searched for the golden mean between the liberal and the socialist movements in the Christian social doctrine. The establishing of the Slovak People's Party was closely related to the said encyclical. In response to it, the conservative Christian social movement, represented by the Christian People's Party (Néppárt), came to existence. This political direction, supporting the interests of the high clergy and the aristocracy owning vast landed property, formed a part of the conservative stream in the international spectrum of the political movements with Christian-social orientation. It agitated against the secularization of social life and the growing influence of the big financial and industrial capital. It tried to appeal to the general population, especially religious peasantry, but also to the working class ever growing in number, using the basic theses of the encyclical "Rerum Novarum" about the social settlement of labour and capital. The Slovak branch of the Hungarian Christian-social movement conducted the political struggle in collaboration with the countrywide Néppárt. However, significant differences in the national and political opinions led to its going independent. Thus, the Slovak People's Party was established, which formed the conservative wing of the Slovak national movement. Since it consisted of the representatives of lower clergy and rural intelli-

republiky 1939–1940 [Political System and Regime of the Slovakian Republic 1939–1945]. Bratislava 2010; Miroslav SABOL, *Až na dno blahobytu. (Hojnosť alebo chudoba slovenských rodín v Slovenskej republike 1939–1945)* [Down to the Bottom of Welfare. (Wealth or Poverty of Slovakian Families in the Slovakian Republic 1939–1945)]. In: Peter Sokolovič (head editor), *Život v Slovenskej republike. Slovenská republika 1939–1945 očami mladých historikov IX*. Bratislava 2010, pp. 384–386; Ondrej PODOLEC, *K niektorým prvkom prvej slovenskej ústavy a ich reálnej aplikácii v politickom systéme štátu* [On Some Elements of the First Slovakian Constitution and Their Real Implementation in the Political System of the State]. In: Martin Lacko (head editor), *Slovenská republika 1939–1945 očami mladých historikov*. Trnava 2002, pp. 11–31; Peter MIČKO, *Pracovné, sociálne a kultúrne podmienky slovenských robotníkov v Nemeckej ríši v rokoch 1939–1945* [Working and Cultural Conditions of the Slovakian Workers in the German Reich in 1939–1945]. *Historický časopis* No. 57, 2009, pp. 659–678.

gentsia, it was close to the reform wing of the international Christian-social movement.⁷

In the interwar years, the idea of social justice based on the Christian solidarity principles found in the policy of the People's Party, now already having the new official name, Hlinka's Slovak People's Party (HSLS), obtained a whole new dimension and new stimuli. It was linked to the criticism of the economic problems of Slovakia, which – as interpreted by the People's Party – were caused by the liberal economic policy of the Czech bourgeoisie and the economic circles of the Czechoslovak government in Prague, and at the same time, it was closely associated with the political struggle against the whole range of socialist parties, especially against the Communist Party and its directions for dealing with the socio-economic problems of the country. The long-term stagnation of industrialization in Slovakia resulted in a difficult social situation, which has aggravated even more by economic crises. Therefore, the issue of social welfare became a key instrument of the ideological struggle at the political scene of interwar Slovakia. The struggle against the scourges of capitalism as well as against the democratic system in the ideology of the People's Party got substantially more severe after 1918 and it was closely connected with the ever more radical anti-Czech attitudes. The critical attitudes of the People's Party towards the Czech bourgeoisie and the economic policy of the government were almost identical to the rhetoric of the Slovak communists. Yet, the People's Party kept on seeing the solution of the contemporary social situation in the Christian social doctrine.⁸

⁷ For more information on this topic see e.g.: Jozef BUTVIN, *Hlasisti, vznik klerikálneho a malo- agrárneho hnutia v rokoch 1898–1904* [The “Hlasists”, the Beginning of a Clerical and Small Farmers’ Movement in 1898–1904]. *Historický časopis* No. 31, 1983, pp. 727–748; Michal POTEMRA, *K vývinu slovenskej politiky v rokoch 1901–1914* [On the Evolution of Slovakian Policy 1901–1914]. *Historický časopis* No. 27, 1979, pp. 49–111; Dušan KOVÁČ, *Politická dráha Andreja Hlinku do roku 1918* [Andrej Hlinka and his Political Career Prior to 1918]. In: Andrej Hlinka a jeho miesto v dejinách. Bratislava 1991, pp. 42–56; Roman HOLEC, *Tragédia v Černej a slovenská spoločnosť* [The Disaster of Cernova and the Slovakian Society]. Martin 1997.

⁸ For more information on this topic see e.g.: Alena BARTLOVÁ, *Andrej Hlinka*. Bratislava 1991; Vladimír DANIŠ, *K organizačnému a štruktúrálnemu vývoju HSLS v období Československej republiky* [Organizational and Structural Evolution of the HSLS during the Existence of the Czechoslovak Republic]. *Studia historica Nitriensia* No. 6, 1997, pp. 9–25; Alena BARTLOVÁ, *Návrhy slovenských politických strán na zmenu štátoprávneho usporiadania ČSR v rokoch 1918–1935 a zapojenie HSLS do vládnej koalície 1927–1929* [Proposals Made by Slovakian Political Parties to Change the Constitutional Order of the Czechoslovak Republic between 1918 and 1935 and the HSLS's Involvement in the Government Coalition 1927–1929]. In: Valerián Bystrický – Milan Zemko (head editors), *Slovensko v Československu 1918–1939*. Bratislava 2004, pp. 123–164; *Pokusy o politický a osobný profil Jozefa Tisu. Zborník materiálov z vedeckého sympózia Časťá – Papiernička, 5.–6. mája 1992* [Attempts of Depicting the Political and Personal Profile of

New ideas for solving social problems in the interwar years came from several European countries and also from the Soviet Union. The HSLS leaders found inspiration in various programmes of building a corporatist political system, coming in the 1920s from Italy and after 1930 also from Portugal, Spain and especially from the neighbouring Austria, where the power was taken over by the clerical Christian-Social Party with a political profile very similar to that of HSLS.⁹ The conservative leaders of HSLS, headed by A. Hlinka himself, acting within the context of the democratic Czechoslovakia, voiced prudent attitudes towards the authoritarian elements in the corporatist political systems and distanced themselves from the national socialism of the Nazi Germany. The idea of the corporatist political system in relation to the democratic parliamentarism was legalized and also clearly defined by the new papal encyclical “Quadrogesimo Anno” (1931) by Pius XI, which adjusted the Christian solidarism principles to the circumstances of the interwar period and the Great Depression. The People’s Party leaders clearly supported the idea of the corporatist political system in line with the interpretation provided by the new encyclical.¹⁰

In the practical policy of HSLS, Christian solidarism was manifested particularly by building Christian trade unions. They developed largely independently from the conservative leaders of HSLS and thus represented a sort of a plebeian current in the political life of HSLS. Their prominent figures refused both the Italian fascism and German national socialism. Yet, the solution for the removal of antagonisms between labour and capital they saw in the social reconciliation. From the international viewpoint, they formed a part of the movement of Christian socialists. Inspired by the encyclical “Quadrogesimo Anno”, they refused the socialist predicate even though they used it quite commonly in the 1920s. Like the HSLS leaders, in the first period of the existence of the Czechoslovak Republic the Christian trade unions also cooperated with the countrywide Christian-social people’s party entitled the Czechoslovak People’s Party (Československá strana lidová). But then there came a split with regard to the governmental regime and the nationality issues. The one-sided focusing of the Slovak Christian trade unions on employees and the working class of Slovak nationality and their connection with the political catholicism of HSLS narrowed the scope

Jozef Tiso, Proceedings of the scientific symposium held in Casta – Papiernicka on 5 and 6 May, 1992]. Compiled by Valerián BYSTRICKÝ and Štefan FANO. Bratislava 1992.

⁹ For more information see: Milan KATUNINEC, *Charakter rakúskych a slovenských kresťanských odborov v prvej polovici 20. storočia* [Character of the Austrian and Slovakian Christian Trade Unions in the First half of 20th Century]. Historický časopis No. 55, 2007, pp. 699–720.

¹⁰ Juraj BENKO, *Socialistická ideológia v konfrontácii s religióznym slovenským prostredím v prvej štvrtine 20. storočia (Politizácia kresťanskej tradície a sakralizácia socialistickej vízie)* pp. 12–19.

of possible activities of their members. Attempts to create, together with the Protestant Slovak National Party (Slovenská národná strana), a common trade union central office entitled the Christian National Protective Association (Kresťanský národný ochranný zväz) ended in failure. The People's Party organized labourers from 1923 within the trade union central office entitled the Association of the Slovak Trade Unions (Združenie slovenských odborových organizácií). It encompassed several trade unions, mainly from the ranks of civil servants. However, it was the Christian-Social Workers' Trade Union (Kresťansko-sociálne odborové združenie robotníkov), formally operating within the Association of Trade Unions (Združenie odborových organizácií), that was able to attract a wider membership base in everyday social clashes. The leading figure of the Christian trade unions became Rudolf Čavojský. Other important personalities were for example František Slameň and Ján Mora. The majority of the members of the Christian trade unions came from among railway employees and textile workers. In 1930s, the Christian trade unions had approximately 26–45.5 thousand members.¹¹

The idea of the welfare state manifested in the ideology and the programme of the Slovak People's Party mainly in the form of the requirements to replace the antagonistic relation between the social groups or classes with the Christian love and to restrict competition on the capitalist market, protect small producers from the pressure of the big capital, strengthen the role of the State in economy, accelerate the process of building the infrastructure, control prices, introduce fair wages for workers, complete the land reform and waive the debts of peasantry. With its ideological programme described above, HSLs entered the period of the disintegration of Czechoslovakia in late 1938 and early 1939, when, after the Declaration of Independence of Slovakia, it became the only party represented in the government of the Slovak State, with the Party of Slovak National Unity (Strana slovenskej národnej jednoty) attribute. As soon as an authoritarian regime was established under its leadership, favourable conditions occurred for the rapid formation of the vision about the desired Slovak form of the corporatist state to be built according to the guidelines contained in the respective papal encyclicals but also after the models of the Italian syndicalism and corporatist systems in other authoritarian regimes. The contours of the new

¹¹ Milan KATUNINEC, *Kresťanské odbory v spolupráci a konfrontácii s komunistickými odbormi* [The Christian Trade Unions in Collaboration and Confrontation with the Communist Trade Unions]. In: *Ibid.*, pp. 76–82; Jakub RÁKOSNÍK, *Limity pôsobení ľudáckého odborového hnutia ve 30. letech* [Limits of Activity of the HSLs-Controlled Trade Unions in the 1930s]. In: *Ibid.*, pp. 88–92.

For more information, see: J. PLEVA – M. TICHÝ, *Kresťanské odbory na Slovensku* [Christian Trade Unions in Slovakia]. Bratislava 1967.

social system became evident after the establishing of the independent Slovak State. One of the main and most topical programme objectives was the immediate transition to the corporatist system based on the Christian solidarism principles according to the guidelines contained in the Constitution of 21st July 1939. In the short period from the origination of the independent Slovak State on 14th March 1939 till the adoption of the Constitution, the ideologists of HSELS compiled, in an eclectic way and based on several premisses, the specific idea of the corporatist Slovak State.¹²

The ideological sources, objectives and the content of the corporatist system were interpreted by one of the leaders of the People's Party and the vice-president of the Slovak Council (Slovenský snem), Karol Mederly, in a programmatic article on the future Constitution, published in the HSELS's bulletin entitled *Slovák*. Following the adoption of the Constitution, he reviewed its key provisions in another article and summed up his approach in a separate booklet. The author pointed out that the aim of the new State was to establish a harmonious social system, but within an authoritarian regime. In his first article, he still admitted the benefits of democracy and parliamentarism but he also pointed out that a transition towards autocratic political regimes occurred widely in the contemporary world. K. Mederly understood the authoritarian regime as the system of governance by persons with natural authority. In his opinion, the new political system should preserve individual liberty and universal suffrage of the people, but the election should have a form of a plebiscite in which a group of legislators should be elected from among the persons pre-selected by a government agency of authoritarian nature. This group would consist of up to ten most significant people, appointed by the ruling party and the corporatist associations. The role of such a body of the new type were to be played by the State Council (Štátna rada). It was created in 1940 on the basis of the Constitution but its powers were unclear. It represented a kind of an intermediate stage between the government and the parliament, and its function consisted in the protection of the moral principles of the Christian doctrine against the misconduct of state institutions. It symbolized the shift from parliamentarism, with the electoral system based on the quantitative ratio of votes, towards a higher qualitative nature of the electoral and political system of the authoritarian regime. In fact, during the existence of the First Slovak Republic (1939–1945), no parliamentary elections took place.¹³

¹² P. HOFFMANN, *Sociálno-ekonomická ideológia ľudákov*, pp. 284–308.

¹³ Karol MEDERLY, *Zásadné smernice slovenskej ústavy* [Main Directives of the Slovakian Constitution]. *Slovák*, Year 21, 7th June 1939, pp. 3–4; See also: Same, *Ústava Slovenskej republiky a jej zásadné smernice* [Constitution of the Slovakian Republic and Its Main Directives]. Bratislava 1939.

In his second article on the purpose of the Constitution, K. Mederly firmly rejected democracy and parliamentarianism. He did not see any difference between the political struggle of various parties and the idea of the class struggle. In the democratic Czechoslovakia, the Slovak People's Party conducted a political struggle for the national and countrywide interests that it had already justified, and thus further political struggle against HSLS as the ruling political party in the State would be a fight of the nation against itself.¹⁴ Therefore, the parliamentary system should be replaced by a harmonious national community with the corporatist system. In particular, the author noted: "...Discord, cantankerousness and total split of the parties and classes showed very clearly in the former republic how the State can be destroyed... It is necessary to create indivisible unity of interests and mutual concord of all the groups and classes and to form a harmonious community based on fair understanding. It is necessary to create it on the basis of two pillars: the Christian worldview and nationalism. Thus, we will reach a solid ground of Christian and national solidarism as an essential condition for the Slovak State..."¹⁵ According to the author's interpretation, democracy should be replaced with a social system based on Christian and national principles. The two cornerstones of the new system were interconnected and based directly on the Holy Scripture and the Ten Commandments. In particular, K. Mederly pointed out: "...Slovak nationalism is in natural connection with the religious and moral basis of Christianity..."¹⁶ By the one-sided emphasizing of the Slovak national and Christian principles the ideologists of the Slovak People's Party *a priori* excluded other ethnic groups and religious communities from this foreseen harmonious society of the new State.

Another fundamental pillar of the oncoming social system was seen in the social welfare principle, derived from the principles of Christian solidarism and Christian social doctrine based on the contents of the respective papal encyclicals. K. Mederly considered the parliamentary system of liberal democracy as incapable of further development in particular because it failed to eliminate social welfare problems. He thought that their solution was possible only in a harmonious corporatist system: "...Political freedom, based on democratism, was not sufficient to address all the issues of the human society... and especially social welfare issues,... to raise the cultural level of people... to make them... not only politically but also socially... free... this cannot be reached politically by passing a vote... it must evolve naturally... in harmonious cooperation. And it is solidarism that

¹⁴ KAROL MEDERLY, *Vyberme to čo je dobré a prispôsobme duši a potrebám slovenského ľudu* [Let us Choose What is Good and let us Adapt it to the Sould and Needs of the Slovakian People]. Slováč, Year 21, 23rd July 1939, p. 2.

¹⁵ K. MEDERLY, *Zásadné smernice slovenskej ústavy*, p. 3.

¹⁶ *Ibid.*

*should serve this cooperation...*¹⁷ The main postulates of the social welfare agenda of the new State were compiled by K. Mederly in line with the contents of the respective encyclicals. Basically, the programme reflected the social welfare requirements of HSLS formulated prior to 1938. As regards social welfare issues, he believed that the Constitution should contain the provisions that: “...*the State has the legal right and duty to guide and regulate the economic and social life at the highest level using these instruments:*

- 1) *Establish the balance of employment, capital and labour*
- 2) *Protect the national economy against parasitic commercial, industrial and agricultural exploitation that is in contradiction to the higher social interests and ethical principles of the national community*
- 3) *Achieve the lowest possible prices and highest wages, comparable to the equitable remuneration of production factors, due to improving the technology and credit*
- 4) *Improve the situation of the population using appropriate measures, protect and promote the family as well as emigrated members of the national community*

*The State should support private business activities and make the cooperation between all the components of the national community possible by eliminating uncontrolled competition. Private property is inviolable, it can be restricted only by law..., but its use is limited by the need for social coexistence...*¹⁸

In addition to the requirement of social harmony, the welfare programme requirements also included the need to protect the family, which, again, was associated with the contents of the respective encyclicals. The idea of a new social system was also applied to the members of the national community outside Slovakia, thus not being confined just to the territory within the state boundaries. The author emphasized the natural inalienable right to private property but left open the possibility of limiting it by law if contrary to the principles of social coexistence (not specified in more detail, though). By this, he clearly aimed at a possible limitation of ownership rights of the Jewish community. The concept of the corporatist system is derived directly from the generally applicable provisions of the encyclical “*Quadregesimo Anno*”, yet he also demanded the establishment of a special form of a corporatist system that would correspond to the specific circumstances of the Slovak society. Regarding this issue, he pointed out: “...*Thus, the core of the corporatist system, which must be sufficiently represented in our economic life, is defined for us by our highest Church authority. It is only necessary to adjust it to the Slovak circumstances. We cannot just assume the number of various estates and their layout by copying blindly a foreign model, but*

¹⁷ K. MEDERLY, *Vyberme to čo je dobré a prispôbme duši*, p. 2.

¹⁸ Same, *Zásadné smernice slovenskej ústavy*, pp. 3–4.

*we have to create them according to our specific Slovak circumstances...*¹⁹ Ultimately, the author, speaking on behalf of the contemporary regime, concluded that regarding the issue of the social welfare system the new State did not need to imitate anyone because the only real source of solutions to social welfare problems was the Christian doctrine. The programme of building the corporatist State based on the Christian solidarism principles was enshrined in the Constitution of the Slovak Republic adopted on 21st July 1939. The then inherently antagonistic structure of the society was meant to be replaced by a harmonious system of six estates (or “corporations”), divided according to the respective production activities into agriculture, industry, commerce and trade, banking and insurance, professional services, and civil servants and educational workers. Within the individual estates, the existing conflicts between employees and employers were expected to be overcome and common economic and social objectives to be achieved due to mutual support. Specifically in paragraph 62, the Constitution described the activities of the estates as follows: “...*The estates take care about economic, social and cultural interests of their constituent members, seeking in particular to increase their productivity and living standards, to adjust labour relations, to reach the balance of interests and to provide necessary guidance regarding the relations between various estates as well as between producers and consumers, and to settle any disputes between employers and employees...*”²⁰ The estates were planned as self-governing units, representing a decentralizing, autonomous element of the authoritarian regime. However, their officials had to be politically organized, so they had to be members of HSLS. Although enshrined in the Constitution, it was a rather vague system, allowing for different interpretations by various ideologists and representatives of the regime. Yet, the main idea remained the same: it was an attempt to avoid the pitfalls of capitalism and find a balance between liberal democratic parliamentarism and the Marxist totalitarian system, such as that applied in the Soviet Union.

The government planned to put the corporatist system into practice in several stages after it was substantially re-defined by a special law. The first stage was meant to consist in the implementation of the principles of the corporatist system into the structure and everyday life of trade unions. An outline of the Government Decree, having the power of a law, on compulsory organizing of employees with a view to prepare the corporatist system was submitted on 21st December 1939 as an instrument for reaching that goal. The decree envi-

¹⁹ Ibid., p. 4 further below.

²⁰ Section 62 of the Constitutional Law of 21st July 1940 on the Constitution of the Slovak Republic, No. 185. In: Slovenský zákonník, Vol. 1939, Section 41 of 31st July 1939, p. 381.

saged compulsory membership of all employees in government trade unions.²¹ The only officially permitted trade union central office in that period was the former Association of Slovak Christian Trade Unions (Združenie slovenských kresťanských odborových organizácií), consisting of five estates-based trade unions. It was the result of the consolidation of the authoritarian regime during the period of Slovak autonomy and in the first period of the existence of the Slovak State. At that time, the Christian-social trade union movement experienced the largest but also the last expansion. Liquidation of political parties in autumn 1938 was accompanied by gradual disappearance of most trade unions or their centralization into a single corporation. The prime minister of the autonomous government, J. Tiso assigned the main representative of the Christian trade unions, R. Čavojský, the task of developing the concept for further development of trade unions. According to his proposal, trade unions were meant to be merged into one trade union central office of “Slovak and Christian direction”. Thus, all trade union movements of non-Slovak and non-Christian nature as well as the trade unions with central offices outside Slovakia were meant to disappear and others were to join a single central office. This process accelerated even further after March 1939. As the ideological nature and organizational structure of the Association of Slovak Christian Trade Unions (Združenie slovenských kresťanských odborových organizácií) matched the ideas of building the corporatist system, Christian trade unions had been initially supported by the members of the government of the new State. All the other trade unions ceased to exist and the only option for an employee was to join the Christian trade unions. The membership base of the workers’ trade union of the Slovak Christian-Social Trade Union Association was therefore rapidly expanding and by mid-1941 it reached 135,000 members organized in 1,064 local groups. Yet, the representatives of the Christian-social movement also started to feel more pressure from the authoritarian regime.²² The Constitution, in its Section 87, in fact deprived them of the right to strike. The draft of the Government Decree of 21st December 1939, stipulating that employees were unconditionally obliged to respect the results of wage negotiations with employers, had the same aim. It was foreseen that the structure of the trade union central office would be adapted to the corporatist system planned. Trade unions, trading corporations as well as the business community objected to this draft openly. Big companies, banks and institutions had had the relations with their employees embodied in their codes of conduct for a long time and the adoption of the draft would undermine this

²¹ For a more detailed analysis of the regulation see: I. BAKA, *Politický systém a režim Slovenskej republiky 1939–1940*, p. 185.

²² M. KATUNINEC, *Kresťanské odbory*, pp. 83–86.

proven system. Ultimately, the draft was also questioned, especially as regards the issues of compulsory membership and withholding membership fees directly from wages, by president J. Tiso himself, and thus the completion of the draft was postponed.²³

The proposed Act on the corporatist system, that was being prepared so frantically and that was submitted at the beginning of January 1940, had a similar fate. The respective bill, presented under the official title of “*Act on the Organization, Activities and Powers of the Estates and on the Supervision over them*” was very extensive (having 71 sections) and it was intended to govern all the aspects of the new social system. Regarding the composition of the estates and the compulsory membership, it was based on the text of the Constitution. On the other hand, it dealt with the membership of foreign nationals and Jews explicitly. They had to join the corresponding estate upon reaching 18 years of age, but without any active or passive suffrage. The bill defined the new social system as a very complex and highly structured one. Except for the state public servants and educational workers, all the other estates were meant to be segmented into employers’ associations and employees’ associations. These associations were meant to be created at all levels of territorial self-government and organized on a nationwide basis in central unions of professional associations, separate for employers and for employees. The central body of an estate was meant to be the convention and the controlling bodies were meant to be estate councils, created on various levels of territorial self-government and consisting of the presidency and the board of delegates to which both employers and employees would send their representatives in a parity ratio. It was stipulated that the delegates had to be members of HSLS, over 30 years of age. At the top of the whole hierarchy of the estates, there was to be the supreme council of the estates, consisting of the representatives of the presidency and the board of delegates, with the representatives from the central bodies of individual estates in a parity ratio of employees and employers. The supreme council of the estates was meant to be headed by the president of the estates, appointed by the head of State, and two vice-presidents, elected by the council of representatives. The activities of individual estates were to be coordinated by inter-estate bodies. The Act contained specific provisions defining the autonomous, decentralizing position of the estates in relation to the State and its authoritarian regime. It was stipulated that the State would only supervise the estates and monitor the fulfilling of the tasks imposed on them by law. Yet, it would be authorized to dissolve any of the estates bodies in case of breach of the respective legal provisions. Minor disputes and disciplinary offenses were to be addressed by the estates courts, whose structure was to

²³ I. BAKA, *Politický systém*, pp. 185–186.

be codified by means of a separate Act. The main source for financing the estates was meant to consist in the member contributions deducted from the employees' wages. Naturally, this provision was objected, just like the intention of the bill to integrate trade unions and business corporations into the corporatist system.²⁴

The bill became a target of criticism from various positions. Objections were also expressed by the presidential office which considered the splitting of the estates into the associations of employers and employees to be the possible seed of class warfare. This wave of criticism was gradually joined by various ministries, state institutions and economic organizations, especially industrial associations and chambers of commerce, as well as professional associations regarding the planned social system a potential possibility of their liquidation. The criticism focused on the too branched structure of the corporatist system of estates, which seemed to be very costly and bureaucratic. Critics were afraid that friction of various lobbies and corruption would soon appear within the individual estates and between them. They concluded that putting the system into practice in the foreseeable future without proper preparation was unrealistic in the existing war situation. In the end, this legislative proposal was suspended as well.²⁵

In that situation, the preparation of the corporatist system got back to the level of theoretical considerations. One of them was published in *Slovák* daily in May 1940, a few months after the submission of the legal proposal, by Michal Salatňay, associate professor at the Slovak University. He paid particular attention to the autonomous dimension of the programme of the corporatist system and to its social aspects. It was this decentralizing element that was meant to distinguish this programme from similar systems in other countries. Salatňay described the relation between the organization of the estates and the power of the State as follows: "... *What characterizes the organization of the estates is just its freedom, certain autonomy in being in charge of the estates' interests. By taking care of the estates' interests it somehow relieves (but not weakens) the State, decentralizing the power of the State... It is a kind of bonding agent between the estates and the State...*"²⁶ Salatňay also clearly defined the specific features of the corporatist system compared to Italian syndicalism. In the imagination of HSLŠ' theoreticians the corporatist system was meant to be much more democratic because it promoted the equality of employers, intelligentsia and working class as members of one big family. In particular, M. Salatňay wrote: "... *Unlike syndicates –*

²⁴ For a more detailed analysis of the Act see: *Ibid.*, pp. 187–188.

²⁵ *Ibid.*, pp. 189–190.

²⁶ Michal SALATŇAY, *Stavovské zriadenie 1.* [Corporate Constitution, Part I]. *Slovák*, Year 22, 8th May 1940, p. 4.

and this is one of its merits – the corporatist system includes not only employees (workers), or only employers, but all of them: employers, engineers, technicians, workers... In the corporatist system, people are grouped not according to what place they have in the labour market, but depending on what kind of work they do. Thus, pursuing one common goal, they form a single family where all of them are brothers...²⁷

In the economic sphere, individual estates were meant to control a mutually balanced, proportional development of production and consumption, which would prevent excessive accumulation or lack of products. Organizations of the estates (or “professional organizations” as they are often referred to) would also protect their common professional interests, particularly from the competing foreign capital and labour of migrants, foreigners and various parasites. The main roles in the political sphere consisted in protection and promotion of the rights of all members of professional organizations in the structures of political power and governance. The estates were also meant to enter the Parliament, where, by means of their activities based on the principles of Christian solidarity, they would replace the antagonistic struggle of political parties and the individualism of liberal parliamentarism. In the social welfare sphere, the author provided the list of the strategic roles, stating that a professional organization “...1. decides the length of working hours, 2. work for women and children in industry and commerce, 3. apprenticeship conditions, 4. conditions for employers working for wages, 5. checks the work, 6. organizes or supervises social insurance, professional education and training a other supportive measures. In short, it decides all matters relating to the general welfare of the estates...²⁸

In fact, at that time, the programme of establishing the estates was already put out of the running. The criticism of the corporatist system by economic or professional corporations was sharp, but it did not cover the ideological foundations of the Christian solidarity. The attack against the ideological principles of the corporatist system came from the radical national-socialist wing of the ruling regime and in particular from the representatives of the German minority in Slovakia and from the government elite of the Nazi Germany. From the summer of 1939, a sharp struggle between the moderate conservative wing and the radical wing was deepening behind the scenes of the new regime. The prominent figure of the radical wing, Dr. Vojtech Tuka, expressed already in autumn 1939, at a meeting with the leader of the German minority in Slovakia, Ing. Franz Karmasin, clear opposition to the corporatist system, which he called the work of a group of priests. Although the draft of the Act on the corporatist system

²⁷ Ibid.

²⁸ Ibid., p. 4 further below.

formally guaranteed the rights of minorities, the German minority was concerned that the new social system would disrupt its integrity. The leading figures of the German minority, headed by F. Karmasin, considered the corporatist system to be an obstacle to their far-reaching ambitions in Slovakia.²⁹ Yet, the major attack against the corporatist system and its ideological principles came from Germany. In April 1940, the German ambassador in Bratislava, Hans Bernard, sent a message to the Foreign Office in Berlin, in which he expressed a clear opinion that the Slovak State, as a close ally of the Nazi Germany, cannot continue to follow the political ideology of Catholicism and that it was unacceptable for the Slovak State to build the corporatist system based on the ideological sources of the Papal encyclical “Quadregesimo Anno” along the same lines as the corporatist system existing in Austria in the 1930s, the period of the regime of the Nazis’ mortal enemy, E. Dolfuss. He also pointed to the danger of the corporatist system for the further development of the German minority and to the interference of the new system with the economic life and the rights of economic corporations, in which German entrepreneurs held prominent positions. The gradual domination of the German capital and its representatives in the Slovak business life at that time was another major obstacle to putting the corporatist system into practice.³⁰

The position of the German embassy was a clear incentive to give up the whole programme of establishing the corporatist system in the Slovak State. The long-term genesis of ideas about a social system based on Christian solidarism was suddenly broken. Majority of the ideologists and most leaders of the Slovak State significantly changed their attitudes regarding social organization in the summer of 1940, when the national-socialist orientation of the regime was put through at the negotiations in Salzburg under the personal duress of A. Hitler. Thus, the radical wing of the government, led by Vojtech Tuka and Alexander Mach, strengthened its position in the political structure of the Slovak Republic. Supporters of the radical wing had long been promoting the solutions to numer-

²⁹ For more details see: Michal SCHVARC, *Pozícia Karmasinovej Deutsche Partei vo vnútropolitickej kríze na jar a v lete 1940* [Position of Karmasin’s “Deutsche Partei during the Internal Political Crisis in Spring and Summer 1940]. In: Martin Pekár – Richard Pavlovič (head editors), *Slovensko medzi 14. marcom a salzburskými rokovaniaми*. Acta Facultatis Philosophicae Universitatis Prešovensis, Historický zborník No. 9, 2007, p. 80.

³⁰ *Správa nemeckého vyslanca v Bratislave H. Bernarda na Zahraníčný úrad z 1. 4. 1940 ohľadne nemeckého postoja k slovenskému zákonu o stavovskom zriadení* [Report Sent to the Aussenamt by H. Bernard, German Ambassador to Slovakia, dated 1 April 1940 on the German Position Concerning the Slovakian Corporate Constitution Act.] In: E. Nižňanský (head editor), *Slovensko-nemecké vzťahy v dokumentoch I. Od Mníchova k vojne proti ZSSR*. Bratislava 2009, Document No. 278, pp. 758–762; See also: Dušan KOVÁČ, *Nemecko a nemecká menšina na Slovensku (1871–1945)* [Germany and the German Minority in Slovakia (1871–1945)]. Bratislava 1991.

ous issues of the contemporary social system in line with those used in the Nazi Germany. The political circumstances that had changed so suddenly provided them with the chance to adopt overtly a Slovak form of national socialism. Thus, the idea of the corporatist system in the circumstances of Slovakia was finally buried.

Already during the negotiations of A. Hitler with J. Tiso in Salzburg in July and August 1940, V. Tuka openly declared that it was necessary to build the socio-economic system on the principles of national socialism. At the public manifestation organized in Bratislava at the end of July 1940 by the Slovak government to display German-Slovak friendship, V. Tuka proclaimed that one of the major benefits of the cooperation with Greater Germany was the transfer of the idea of national socialism into the Slovak ideological and social environment and declared: "...*For us, Slovaks, Salzburg [negotiation] brings about a new blissful time because it means entering an era when national socialism will prevail in Slovakia after the German model. What is national socialism? There is a very easy answer to that question. It is not possible to live here without working. Everyone needs to get a job and fair reward for that. National socialism means unity, discipline, enjoying work...*"³¹ Although V. Tuka claimed that the essence of national socialism was quite clear, his explanation was vague and inconclusive. Therefore, ideologists and theoreticians loyal to the regime had to explain role of national socialism in the Slovak environment.

In the coming months, a new suite of theoreticians and ideologists, including many members of the clergy, sought ways to reconcile the previously advertised idea of Christian solidarity with the German model of nationalist socialism, which combated all manifestations of Christian humanism. The ideologists who learned the new direction of social theory very quickly included Doc. Dr. M. Salatňay. Although in the spring of 1940 he analysed the corporatist system and proclaimed it to be the only social system really suitable for the circumstances of Slovakia, already in September 1940, in an article published in the *Slovák* daily, he searched for parallels between national socialism and the papal encyclicals.³² Similarly, the Catholic priest, prelate and member of parliament, Dr. Ján Ferenčík, found natural links between national socialism and the Christian doctrine. In October 1940, he answered, in the "*Slovák*" daily, the question undoubtedly asked by many priests at that time: "...*What should be the attitude of a Catholic*

³¹ *Slobodné Slovensko si vytvorí v novej ére blaženú prítomnosť. Reč predsedu vlády a ministra zahraničných vecí Dr. Vojtecha Tuku* [Free Slovakia Shall Create in the New Era a Cheerful Existence. Speech by Prime Minister and Foreign Minister Dr. Vojtech Tuka]. *Slovák*, Year 22, 1st August 1940, p. 1.

³² Štefan POLAKOVIČ, *Slovenský národný socializmus* [Slovakian National Socialism]. Bratislava 1941, p. 17.

priest towards the Slovak national socialism? I have one answer ready: thoroughly positive. There is no need to shy away from the Slovak national socialism, it is necessary to keep filling its concept with the spirit of Christ, with active love for the nation and its State...”³³ Supporting initiatives also came from the grassroots, from the lower ranks of clergy. For example, at their Beluša meeting in early October 1940, priests of the Nitra Diocese adopted a joint resolution clearly supporting the concept of national socialism.³⁴ Even the president and priest Jozef Tiso, who had objected against the concept of socialism for all his life, expressed his positive attitude towards national socialism, declaring: “...Today, I am not afraid of the word socialism any more... it ceased to be internationalist and it became nationalist... it ceased to be materialistic and it began to cultivate the spirit as well...”³⁵

The convergence of national socialism with the Christian social doctrine and with the ideology of Slovak nationalism was justified by Štefan Polakovič, associate professor at the Slovak University, in a separate monograph. In his interpretation, national socialism was based on the same foundations as the Slovak version of the corporatist system, that is on the Christian doctrine and the national idea. The aim was to build a harmoniously organized national community. This concept had also been used by the theoreticians of the corporatist system. That construct, however, was meant to be refined and enriched by new impulses from German national socialism. Š. Polakovič presented the social system of the Nazi Germany as a universal guide for the whole of the so-called “new Europe”. It was only necessary to adapt it to national specificities. “...Although German national socialism was combined with many other ideological components... the original nature of national socialism is defined by the pursuit of social justice for the whole nation... national socialism can be regarded as a global movement, which alone is able to stabilize the socially fluctuating Europe and save it from the destructive extremes of the capitalist economic system and communism... National socialism is an export article and an inevitable system that must be adopted by every nation...”³⁶ Adapting German national socialism to the circumstances of Slovakia involved not only adjusting it to Slovak national specificities but above all harmonizing it with the principles of Christianity. Š. Polakovič saw no problems or conflicts in this respect. In line with the declarations of V. Tuka, he found a kind of dialectic unity between the idea of national socialism and the national-social efforts of A. Hlinka. “...Dr. Tuka said that the essence of Slovak national socialism

³³ Ján FERENČÍK, *Sme sa národný socializmus* [We Stand up for National Socialism]. Slovák, Year 22, 24th October 1940, p. 1.

³⁴ Š. POLAKOVIČ, *Slovenský národný socializmus*, p. 17.

³⁵ P. HOFFMANN, *Sociálno-ekonomická ideológia ľudákov*, p. 306.

³⁶ Š. POLAKOVIČ, *Slovenský národný socializmus*, p. 16.

*consists in the fact that its spirit is Hlinka's but the methods are Hitler's...*³⁷ This statement served as a basis for defining the nature of Slovak national socialism. *"... Yet, Hlinka's spirit is that of a Christian. This means that the Slovak community adapts national socialism to its own spiritual prerequisites, ensuing especially from the Christian tradition of our nation...."*³⁸ The theoreticians who created the Slovak form of national socialism demanded sweeping changes in the Constitution and the introduction of the leadership principle of state governing after the model of Germany. Š. Polakovič presented the leadership principle as the most suitable replacement for the "obsolete" system of liberal parliamentarism. *"... National socialism is characterized especially by the leadership principle. This principle is the reaction of national socialism against the parliamentary system of the State propagated by democratic liberalism... The essence of the leadership principle is that the head of State is a Leader, not a dictator. The Leader is an unrestricted representative of the nation, and therefore the nation always follows the Leader..."*³⁹ Š. Polakovič also suggested replacing the republican system with the popular national state, or national community, and delegating executive and governmental powers upon the Leader in the capacity of the chief of the ruling party and the Government. The Leader was meant to appoint the members of the government at his own discretion. The Parliament was to be replaced by the Supreme Chamber, consisting of the representatives of various interest organizations, appointed by the ruling party.

Other leaders and ideologists of the Slovak State had similar visions and plans of building a political system without "atavisms" of parliamentarism. Some of them presented their Slovak versions of national socialism that were even more radical, as in the case of Secretary of Matica slovenská, Stanislav Mečiar, or the leading figure of the radical wing, A. Mach. Nevertheless, the leadership principle with the necessary constitutional changes according to the suggestions by Š. Polakovič was applied only partially in the legislative sphere and in practice. It was introduced by means of the Act on HSLS from 1942. At the same time, government theoreticians formed a new social system, based on the Slovak interpretation of national socialism during 1941. Again, they found the stimuli in the Nazi Germany. This effort resulted in the system of the Slovak Working Community (Slovenská pracujúca pospolitost'), built on the principle of national unity within the HSLS structures in the same way as the German Labour Front (Deutsche Arbeitsfront, DAF) within the ruling party, NSDAP, in Germany. The guiding principles and the structure of the Community were codified by a special Act of 6th May 1942. The Community consisted of four interest associations

³⁷ Ibid., p. 21.

³⁸ Ibid., p. 21 further below.

³⁹ Ibid., pp. 30–31.

created according to the type of productive activity and employment: the Agricultural Association (Pôdohospodárske združenie), the Association of Industry, Trade and Finance Workers (Združenie príslušníkov priemyslu, živnosti a peňažníctva), the Association of Freelancers (Združenie príslušníkov slobodných povolání) and the Association of Civil Servants and Public Employees (Združenie štátnych a verejných zamestnancov). Like in the case of the corporatist system, membership in interest associations was mandatory for all members of the Slovak nation working for wages or receiving a pension. Membership was compulsory even for the unemployed. Employees had to be signed up to the associations by their employers. Unlike the corporatist system, there was no decentralizing element and no self-governing functions of these employee corporations. The associations, acting as legal entities, were meant to be integral parts of the HSLS structures and their main purpose was to facilitate reaching economic and social objectives of the ruling party. The Slovak Working Community served as the umbrella organization for all the member associations. It represented the associations externally and supervised their activities. It was headed by a chairman, appointed by the chairman of HSLS. Each association was governed by an organizational statute, endorsed by the top presidium of HSLS, based on the proposal submitted by the Community chairman. Each association had its own chairperson, appointed by the chairman of HSLS, based on the proposal submitted by the Community chairman. They could split into sections as well as other unspecified organizational branches. All the Community members had to pay membership fees, usually amounting to 0.5% of their income. Any breach of legal provisions on the structure and the construction of the Community by the association members and officials or by employers was sanctioned by means of fines or other penalties under well-defined rules.⁴⁰

Against the background of the formation of the government projects aimed at fundamental changes in the social system, the development of Christian-social trade union movement continued. Changes in the distribution of power within the government in the middle of 1940 brought about a sudden fall of the Christian trade unions. The representatives of the national-socialist wing of the regime objected to the existence of trade unions because these did not fit into the ideological concept of their social experiment. The leaders of HSLS, who had promoted and organized the socio-Christian trade union movement for the whole decade, abolished, by way of the resolution adopted by the Select Committee of HSLS on 4th September 1941, all trade unions in Slovakia, which at that time meant dissolving just the mere structure of Christian trade unions.

⁴⁰ *Zákon č. 70 zo dňa 6. 5. 1942 o Slovenskej pracujúcej pospolitosti* [Act No. 70 of 6.5.1942 on Slovakian Working Community]. In: *Slovenský zákonník*, Vol. 1942, pp. 508–510.

The activities of the Slovak Social-Christian Trade Union Association (Slovenské sociálno-kresťanské odborové združenie) were taken over by a new corporation entitled the Association of Catholic Workers (Združenie katolíckych robotníkov), fitting into the system of interest associations within the Slovak Working Community. The leaders of the defunct Christian trade unions were assigned new posts. However, they were only tolerated by the governing regime and gradually started to sympathize more and more with the resistance movement.⁴¹

Already in the first period of its existence, the regime of the Slovak State also formulated a programme of particular social welfare measures. One of its versions was presented by the government to the Slovak Council in late November 1939. The programme was analyzed by the Prime Minister, V. Tuka. In line with the idea of social harmony, it promised to eliminate antagonisms between labour and capital. This key objective was to be achieved by controlling retail prices, avoiding price rises and demanding fair wages from employers. Already in the previous months of 1939 the government introduced partial measures against price rises having the form of various penalties including imprisonment. However, the foreseen inflation increase at the background of the war conflict required systemic measures to combat price rises and the Prime Minister promised to adopt such measures in the future. Fair remuneration for work was to be facilitated by the introduction of the so-called “family wage”. Its concept was that when setting the wages the employer would, in addition to the employee’s qualifications and performance take into account also their social standing, i.e. their marital status and the number of children. This social standing would be reflected in special allowances for the spouse and children. The financial resources for the allowances would be drawn from the so-called “compensation fund”, to which contributions were to be remitted by the employers with the proportion of single and childless employees higher than the generally defined national average. Nevertheless, V. Tuka considered wage increases as a tool to be used in the future when the young State (being at risk by inflation) attains economic stability. Pressure on increasing wages, particularly in the form of mass strikes, could trigger an inflationary spiral in the current economic situation. Therefore, V. Tuka allegedly agreed with the representatives of the working class about a temporary moratorium on payroll fight. In fact, strikes were illegal. Since the protection of the family had a key role in the Christian social doctrine, the majority of social measures ultimately aimed at strengthening the position of the family in the State and nation and increasing the population curve, of course, among people of Slovak nationality. In this context, the regime emphasized the role of a woman – mother as a guardian of the family hearth, which coincided with the un-

⁴¹ M. KATUNINEC, *Kresťanské odbory*, pp. 83–86.

derstanding of a mother's mission in the Nazi Germany. The support of the family and health of the nation was meant to be conducted by building the public healthcare system. Government representatives realized that the precondition for satisfying social welfare needs was to accelerate economic development. They planned to achieve that especially by legislative and financial support of the founding wave in industry and by the upswing of tourism. An important tool for increasing employment was seen by V. Tuka in sending labourers to the German Reich. In spite of the negative aspects of the separation of workers from their families, he considered this cooperation with Germany to be a strategic task until the end of the war. The whole of the social welfare programme was prepared by the government under the motto of "Happy Slovakia". Later, this term was used for referring to the system of particular social welfare measures. V. Tuka saw the economic and social future of Slovakia as a project of building "eastern Switzerland".⁴²

The specific results of the theoretical and ideological concepts of the new model of society and its social functions in the Slovak Republic of 1939–1945 reflected the circumstances of the international and national developments at that time against the background of the global military conflict. Members of the government of the Slovak State had little time for putting their concepts of the welfare state into economic and social practice. Also, several theoretical constructs proved to be completely impractical and fictitious from the very beginning. The goal of building a social system focusing on welfare aspects got actually expressed especially by strengthening the State's role in economy and by adopting social welfare measures of a systemic or partial nature. Despite efforts expended by the ideological front of the government regime, projects aimed at fundamental changes of the social system were least successful. The programme of the Slovak Working Community achieved only modest results, even though the government had used considerable financial and human resources to bring the activities of various interest associations to life. In the second half of 1942 the government implemented a promotional and public awareness campaign among the broadest layers of the population in order to make them familiar with the ideological and socio-economic purposes of the programme of the Slovak Working Community. The promotional campaign was organized by the central office for public awareness at the Ministry of National Education and Public

⁴² *Starostlivosť vlády o pracujúci ľud. Predseda vlády dr. Tuka prehovoril dnes v sneme Slovenskej republiky* [The Government's Care for the Working People. Prime Minister Dr. Tuka Spoke Today in the Diet of the Slovakian Republic], Slovák, Year 21, 1st December 1939, pp. 1–2; *Usmievavé Slovensko. Dokončenie reči predsedu vlády dr. Vojtecha Tuku na konci debaty o vládnom vyhlásení* [Smiling Slovakia. Completing the Speech of the Prime Minister Dr. Vojtech Tuka at the End of the Debate on Government Statements]. Slovák, Year 21, 2nd December 1939, p. 3–4.

Awareness of the Slovak Republic with the assistance of district and local awareness-raising commissions in all districts and municipalities of Slovakia. They organized a cycle of numerous promotional lectures held at public meetings in various municipalities and handed out questionnaires in which the local activists recorded the responses of the people to questions of economic, social, cultural and ideological nature relating to the future activities of the association.⁴³

The real picture of the development of the promotion campaign was described at the end of 1942 by one of the ideologists of the regime, Dr. Jozef Magala. He assessed, in a detailed statistical way and also verbally, the responses of the population regarding the preparation for the operation of the Agricultural Association, which was expected to cover most of the population, because about 60% of Slovak employees worked in agriculture. He published the data in his capacity of the central secretary of the Agricultural Association in an economic periodical *Hospodárska obroda*. The attitudes of peasants were evaluated according to various criteria. One of the main criteria was the number of participants at the promotional lectures in proportion to the total number of inhabitants of a given municipality and district. The data suggested that the lectures were attended by an average of about 10% of the population of each district. The total number of participants reached 170 thousand, which was 6.4% of the population of the Slovak State. The questionnaires were sent to all 2,657 municipalities. 992 questionnaires returned, which means that the answers were sent back by 37.5% municipalities. The answers to different types of questions were evaluated also statistically. The government needed to find out what an ordinary citizen expected from the new organization of the social system.⁴⁴ J. Magala admitted that most peasants did not have a clear idea of the mission of the Slovak Working Community and their attitudes towards the government objectives were quite reserved. In underdeveloped regions, Agricultural Association was understood as a state corporation that people expected to receive just certain assistance from. J. Magala particularly stated: “... *What do our peasants expect from the Association? In a large proportion of municipalities no specific and uniform response to this question has been given. The inhabitants have not expressed their specific requirement, they just a sort of unconsciously suggested that they expected some help from the Association...*”⁴⁵ More educated farmers from economically productive

⁴³ Jozef MAGALA, *Poslanie Pôdohospodárskeho združenia v očiach slovenského roľníctva (Pokračovanie)* [Tasks of the Agricultural Association in the Eyes of the Slovakian Farmers (Continue)]. *Hospodárska obroda* Vol. 2, No. 11, 1942, pp. 258–259.

⁴⁴ *Ibid.*, pp. 259–263.

⁴⁵ J. MAGALA, *Poslanie Pôdohospodárskeho združenia v očiach slovenského roľníctva (Dokončenie)* [Tasks of the Agricultural Association in the Eyes of the Slovakian Farmers. (Final part)]. *Hospodárska obroda* Vol. 3, No. 12, 1942, p. 308.

areas were interested in technical assistance and consultancy on technological issues. There was a slightly higher interest in the ideological goals and organizational structure of the Agricultural Association there. However, most agricultural producers required from their association mainly the promotion of higher purchase prices of agricultural products. The general disgust and opposition was provoked by the statutory principle of compulsory membership in the interest associations and especially the introduction of compulsory membership fees. The evaluation of the promotional campaign concluded: “...*Compulsory membership and the related payment of membership fees upset the peasants’ and workers’ community very much... When the people were told in the first lecture that every farmer, agricultural and forest worker or officer would have to be a member of PZ (Pôdohospodárskeho združenia – E. H.) they usually did not turn up at the second lecture, and in many municipalities people lost their interest in AA completely as soon as they learned that they would have to pay membership fees...*”⁴⁶ The author of the evaluation analysis also concluded that in some regions where the agrarian party had had greater influence before 1939 and also in areas dominated by evangelical population (Myjava, Martin, Liptovský Mikuláš, etc.), the responses to the promotion of interest associations had been really negligible. After the promotional campaign, the central administration of the Agricultural Association started establishing local groups and other organizational units. Other interest associations proceeded in a similar way. In 1943 and 1944, the positive impact of the wartime economic boom gradually declined and supply failures and other problems became more frequent. Interest of the population in the government projects was decreasing. The government regime of the Slovak State had to deal with the issues of its own existence and thus the implementation of the Slovak Working Community programme was put to the sidelines.

The economists and ideologists of the regime considered the enhancing role of the State in economy to be one of the main prerequisites of social development. They believed that direct economic interventions of the government were an important attribute of the welfare state formation, which largely corresponded with the economic program of the Nazi Germany as well as with the ideology of the communist movement. Regarding economic interventions of the State, for instance the secretary of the Agricultural Association, Dr. Jozef Kosorín presented his views in “Hospodárska obroda” newspaper as follows: “...*the socialization effort finds its manifestation in different ways... for example in economy it takes the form of both direct and guidance interventions of the State in the sphere of private business. The State intervenes as the ultimate decision-maker using its powers generally and enforcing its will in all business fields. The motive*

⁴⁶ Ibid., p. 309.

*and goal of these interventions is to implement the objective common interest of the nation. We can see this in the Soviet Russia... in Italy, Germany, Portugal...*⁴⁷ The Slovak State consolidated its positions in economy by building a system of state-monopolistic corporations, by adopting legislative measures to promote industrialization and individual economic sectors and also through direct public investments, especially in infrastructure and agriculture.

The tool for controlling economy consisted in the state-monopolistic corporations created in the 1930s as well as the newly founded institutions. The state regulation covered the sphere of pricing, employment and wage policies, trade, agriculture and industry. In 1940–1942 the State replaced partial interventions with a complex system for managing the entire economy. Institutions such as the Price Office (Cenový úrad) and the Central Labour Office (Ústredný úrad práce) were created. They had an important role in the social welfare field. The Price Office supervised the development of wholesale and retail prices, divided by the State into regulated and free ones. The control of retail prices was a part of the government campaign to protect consumers and their “fair wages” by creating the balance between the price level and wages. The Central Labour Office was meant to be a tool for systematic and purposeful increasing of employment. The most profound state-monopolistic interventions took place in agriculture. In this field, a key role was assumed by the Grain Company for Slovakia (Obilná spoločnosť pre Slovensko), founded in April 1939 as the successor to the inter-war Czechoslovak Grain Company (Československá obilná spoločnosť). It managed the trade and distribution of cereals, flour-mill semi-products and some other crops with the main task of directly influencing the prices. In the sphere of animal products, initially only foreign trade was subject to the state monopoly. However, due to supply problems, in 1941 the monopoly was extended to the domestic market of animal products by way of the Slovak Agricultural Association for Selling Farm Animals and Animal Products (Slovenský poľnohospodársky zväz pre speňažovanie hospodárskeho zvieratstva a živočíšnych výrobkov), known under the acronym “Slovpol”. Trade in milk, dairy products and some crops was controlled by monopolistic syndicates. In industry, the State authorities regulated primarily the sphere of distribution and use of raw materials, but later they intervened directly in the production programmes and the management of individual enterprises. Plants directly subjected to the German military command under the interstate agreement of January 1940 were under permanent control.⁴⁸ Due to the deepening of the war conflict during the years 1941

⁴⁷ Jozef KOSORIN, *Tendencia k ľudovosti* [Tendency to Folksiness]. *Hospodárska obroda* Vol. 2, No. 11, 1942, p. 255.

⁴⁸ *Verejná správa, vojnové hospodárstvo a právny poriadok* [Public Administration, Wartime Economy, and Law]. *Slovenský priemysel*, 1941, pp. 42–45; *Regulované hospodárstvo a zásobovacia*

and 1942 the development of the state-monopolistic system of economic management was transformed into a programme of building the wartime economy structure after the model of the Nazi Germany. The institutional development of the central management of economy peaked in 1942 by the foundation of the Supreme Supply Office (Najvyšší úrad pre zásobovanie, NÚZ) combining the Price Office with the central offices for managing agricultural production. In the following years, the Supreme Supply Office played a key role in regulating the structure of the whole Slovak economy.⁴⁹

The government economists exerted enormous efforts to create favourable legislative preconditions for accelerating economic development, especially to boost industrialization. To demonstrate their departure from the economic liberalism of the interwar Czechoslovakia, they adopted measures along the lines of industrialization policies of the former Hungary. This applies especially to Acts Nos. 299 and 307 from the year 1940 on the support of industry and on tax reliefs. These laws copied some provisions of the Hungarian industrialization law from the year 1907. They provided for discounts from railway fares, customs reliefs and even government subsidies to cover the redemption and interests on investment loans. The condition for receiving tax reliefs was to use the saved funds for new investment or for social welfare purposes for the benefit of employees, which contributed to the improvement of the social situation in factories. The government adopted other incentives as well, particularly in the form of high depreciation rates for both old and new investments.⁵⁰

The successful aspects of the economic development of the Slovak Republic with a greater impact on the quality of life of the population consisted mainly in the programme of building the infrastructure. In the sphere of railway transport, the government managed to complete the interwar projects for the creation of the railway network by constructing a technically very demanding track from Martin to Banská Bystrica. A new track built at that time led from Prešov to Strážske. In total, the Slovak State managed to construct 83 km of new railway tracks. The costs of construction and reconstruction the railway network reached 1,514 million Slovak crowns by the year 1943.⁵¹ The development of the

politika [Regulated Economy and Procurement Policy]. Slovenský priemysel, 1942, pp. 97–100; J. FALTUS – V. PRŮCHA, *Prehľad hospodárskeho vývoja na Slovensku v rokoch 1918–1945*, pp. 524–525, 350–355.

⁴⁹ For more details on forming the wartime economy in Slovakia see: Rudolf BRIŠKA, *Vojnové hospodárstvo* [Wartime Economy]. Bratislava 1942.

⁵⁰ *Zákon č. 299* [Act No. 299]. In: Slovenský zákonník, Vol. 1940; *Zákon č. 307* [Act No. 307]. In: Slovenský zákonník, Vol. 1940.

⁵¹ *Železničné stavby* [Railway Structures]. Slovenský priemysel, 1943, pp. 86–87.

road network progressed by the construction of state roads, which was accelerated in the second half of the 1930s. The geographical orientation of the main roads, however, had to comply with the strategic goals of Germany. From 1939 to 1943 almost 280 km of state roads were added, which required the costs of 805 million Slovak crowns. During this period, the proportion of hard-surfaced roads increased from 13% to 28% of the total road network. Another positive phenomenon was the acceleration of the development of bus lines. For example, in 1942, buses transported 8.3 million passengers on the lines having the total length of 1,829 km.⁵² Power engineering experienced successful development as well. Significant was extending the Váh river cascade with two new hydroelectric plants: near Ilava and near Dubnica nad Váhom. At the same time, the construction of the Orava reservoir was commenced. The costs of hydraulic structures including the costs of canalizing major rivers during the period of 1939 to 1943 amounted to 535 million Slovak crowns. Electrification progressed from the regional level to the countrywide stage of development after five regional electricity companies were merged in 1942 to form a single company entitled Slovenské elektrárne, úč. s., with the majority capital share of the State. It was one of the first countrywide electrification companies in the world. Between the years 1938 and 1943, production of electricity increased by 71%.⁵³ Also telephone line installation in new areas accelerated significantly as well as the modernizing of the telephone network by way of constructing new automated exchanges and underground cabling to replace external telephone lines.

The economic development and the improvement of the living standards in Slovakia was significantly influenced by the legislative and financial support for agriculture, which provided employment and food for the majority of the population. After losing most fertile southern territories, the State adopted effective legislative measures to extend the area of cultivated land. They aimed in particular at completing the transition from the three-field crop rotation system to the continuous crop rotation system, initiating ploughing fallow lands, accelerating land amelioration and merging small plots into larger units. Other legislative steps of the government were aimed at motivating and creating funds for culti-

⁵² *Cestné práce za Slovenskej republiky* [Road Construction Work in the Slovakian Republic]. In: *Skúsenosti pri stavaní ciest na Slovensku*. Bratislava 1943, p. 31; *Autopreprava Slovenských železníc* [Road vehicle transportation by Slovakian railways]. Slovenský priemysel, 1943, pp. 85–86; *Cesty* [The Roads]. Slovenský priemysel, 1943, pp. 91–92.

⁵³ Ján VÁVRA, *Päť rokov sústavnej elektrifikácie Slovenska 1939–1943* [Five Years of Systematic Electrification in Slovakia 1939–1943]. Bratislava 1944; *Vodné stavby* [Water structures]. Slovenský priemysel, 1943, pp. 87–88. For more details on electrification see: Miroslav SABOL, *Elektrifikácia v hospodárskom a spoločenskom živote Slovenska 1938–1948* [Electrification in the Economic and Social Life of Slovakia 1938–1948]. Bratislava 2010.

vation of grazing land, growing valuable forage crops and bread grains.⁵⁴ Act No. 49 adopted in March 1942 was meant to bring systemic changes into the development of intensification. Under this Act, the State supported the increase of agricultural production by investments amounting to 100 million Slovak crowns. The funds for this beneficial campaign were intentionally focused on individual intensification factors. They allowed to accelerate the development of seed cleaning shops, stations for breeding new varieties of grain and maize suitable for planting at higher altitudes. Farmers received from the State cheap appropriations of high-quality seed potatoes, oleaginous plants, technical crops and especially maize. Subsidies were directed to the intensification of livestock production. Purchases of breeding cattle in different European countries were also significant. The funds allowed small farmers to upgrade their equipment and facilities for livestock production such as stables, dunghills, silage and urine pits. This modernizing also helped to increase the overall level of cultural life in farmyards. Technical level of agriculture also improved partially. The subsidies covered 25% to 50% of the cost of purchasing machinery for about 13 thousand peasants. The intensification programme was coordinated with the three-year plan of Slovak-German cooperation in agriculture, under which Germany provided mainly expert assistance and technical know-how under favourable conditions.⁵⁵

The regime planned to implement significant social changes in the Slovak countryside by completing the interwar land reform and removing its negative factors. In February 1940, a new law on the land reform was adopted. This authorized the State to purchase agricultural property from owners with holdings of over 50 hectares, but only with their consent. Forced purchase was possible in case of farms owned by Jews and in case of land left uncultivated for a long time. Agricultural property could be forcibly purchased or even confiscated from the political leaders of the former Czechoslovakia, who had allegedly acquired the land illegally, particularly in the form of the so-called “residual” large farms. The State originally promised to sell the total of 1,619 thousand hectares of land, 39% of which was agricultural land and the rest was forest land. The largest proportion of land was meant to be obtained by purchasing it from its Aryan owners and by way of revising the interwar land reform, while a smaller proportion was meant to be obtained by purchasing it from foreign nationals and Jewish owners. The main objective was to create medium-sized prosperous farms belonging to Slovak peasants with the area over 15 hectares, which would

⁵⁴ *Zákon č. 171 a 172* [Act No. 171 and 172]. In: *Slovenský zákonník*, Vol. 1940; *Zákon č. 4* [Act No. 4]. In: *Slovenský zákonník*, Vol. 1942.

⁵⁵ *Zákon č. 49* [Act No. 49]. In: *Slovenský zákonník*, Vol. 1942; Vladimír BAUCH, *Polnohospodárstvo za slovenského štátu* [Agriculture in the Slovakian State]. Bratislava 1958, pp. 70–72.

not be allowed to be divided in the future, after the German model of the so-called hereditary farms. However, the new legislative measures adopted in 1941 changed the nature of the land reform so that it became the aryanization of Jewish land by means of nationalization and its subsequent sale to Slovak or Aryan bidders. A small proportion of the land divided accounted for the property of the regime opponents. According to the data from the post-war restitution of the property that had belonged to Jewish and political opponents of the regime, the State offered 45.4 thousand hectares of Jewish and confiscated land. About 22.5 thousand farmers, landowners and other bidders took part in the process of land division. However, most of the land was allocated to small farmers with an average area of about 1 hectare, just like during the interwar land reform. The visions of modern medium-sized farms were met to some extent only by 50 indivisible inherited farms, with the area of up to 20 hectares, and 632 new properties created by voluntary sale of Jewish land, with the average area of 8.4 hectares. In total 44 large farms were sold to new owners from among the regime followers and the family members of government officials. From the above, it can be concluded that the impact of land reform on the social welfare situation of Slovak farmers and peasants was only marginal.⁵⁶

The regime of the Slovak Republic was able to get support of thousands of citizens by means of particular measures in the social welfare field. By the end of 1943, thanks to economic growth, the State managed to fulfil many social welfare programmes. Among the specific results, we can mention the elimination of the chronic problem of the interwar period: the unemployment. New possibilities of finding jobs and carrying out economic activity were created for all segments of the population, with the exception of the Jewish community and the Czech minority. Already in the first period of the existence of the Slovak State, the Czech people were forced to leave the country. The wartime economic boom increased the employment in industry by about 50%.⁵⁷ Other jobs could be found in Germany, or in the Reich to be more exact, where people voluntarily went from all over the Slovak State, attracted by the prospect of relatively high earnings. They worked mainly in industry and agriculture, but also in some other economic areas. Women also worked as housemaids. They found jobs in various parts of the Reich. Numerous workers found longer-term or seasonal jobs in the Protec-

⁵⁶ *Zákon č. 46* [Act No. 46]. In: Slovenský zákonník, Vol. 1940; *Pozemková reforma* [Land reform], Slovenský priemysel, 1940, pp. 62–63; V. BAUCH, *Polnohospodárstvo za slovenského štátu*, pp. 28–49; Samuel CAMBEL, *Slovenská dedina (1938–1944)* [The Slovakian Village (1938–1944)]. Bratislava 1995, pp. 36, 47, 49–51.

⁵⁷ *Stav jednotlivých odvetví slovenského priemyslu* [State of Particular Industries in Slovakia]. Slovenský priemysel, 1943, pp. 22–49; J. FALTUS – V. PRŮCHA, *Prehľad hospodárskeho vývoja na Slovensku v rokoch 1918–1945*, p. 531.

torate of Bohemia and Moravia. Also commuting to border areas of Moravia and Silesia was quite common. The data about all the people who had ever been working in Germany during the existence of the Slovak State indicate that the total number ranges between 140 and 200 thousand. The key set of rules governing the systematic outflow of workers to the Reich was defined by the German-Slovak Agreement of 8th December 1939. The terms of that agreement included the rules for the workers' compensation. While staying in the Reich, Slovak citizens were subject to the German social security legislation. Yet, the real status of the Slovak workers reflected this only partially. The Slovak State monitored the activities of its citizens in Germany and evaluated them using sociological methods. It also provided cultural and spiritual enjoyment for the workers in their free time using the services of professional entertainers and priests sent to the Reich.⁵⁸

Even the Slovak intelligentsia found new possibilities of getting jobs after 1938. After the departure of the forcibly displaced people of the Czech nationality, almost 20 thousand jobs were left vacant for civil servants, officials, engineers, doctors, teachers, officers, artists and other members of the intelligentsia. Thousands of jobs for intelligentsia, workers and other categories of employees became vacant after the deportation of Jews in 1942. Employees of Jewish origin were gradually made redundant already in the previous period. Due to the aryanization of the Jewish corporate property the base of self-employed persons and medium entrepreneurs of the Slovak nationality was expanded and strengthened. The Number of Slovak self-employed persons and entrepreneurs increased by about 2,200 due to the aryanization of small and medium-sized Jewish businesses. The liquidation of about 10 thousand other small Jewish firms, competition was eliminated and the business opportunities of Slovak entrepreneurs were widened. Yet, the plan to form a strong layer of Slovak entrepreneurs by way of nationalizing Czech and Jewish capital failed because the key positions in the Slovak business sector were dominated by the German capital.⁵⁹

The wartime economic boom also brought about a rapid increase in nominal wages. According to the statistic data from that period, the average monthly wage

⁵⁸ P. MIČKO, *Pracovné, sociálne a kultúrne podmienky slovenských robotníkov v Nemeckej ríši v rokoch 1939–1945*, pp. 659–678.

⁵⁹ Jan RYCHLÍK, *K otázke postavenia českého obyvateľstva na Slovensku v rokoch 1938–1945* [Situation of the Czech Population in Slovakia in 1938–1945]. *Historický časopis* 37, 1989, pp. 403–410; Zlatica ZUDOVÁ-LEŠKOVÁ, *Postavenie Čechov v Slovenskej republike 1939–1944* [Situation of the Czechs in the Slovakian Republic 1939–1944]. *Historie a vojenství* 11, 1991, pp. 48–76; Ludovít HALLON, *Arizácia na Slovensku 1939–1945* [Aryanization in Slovakia 1939–1945]. *Acta Oeconomica Pragensia* 15, 2007, No. 7, pp. 148–160.

in the productive economy and in the tertiary sector grew by about 97% from 1938 to 1944. At the same time, the cost of living soared and inflation progressed, especially since the end of 1943. From the comparison of the development of price indices and the respective calculations it can be concluded that the increase in real wages compared to pre-war status on a national scale occurred only in 1941 and 1942 and amounted to about 4% to 9%. In late 1943, skilled workers in industry received an average wage of 800 to 900 Slovak crowns per month. However, the basic wage was generally supplemented with various bonuses, especially for high performance, overtime work or unsafe working conditions, as well as allowances for clothing, etc.⁶⁰ Officials of major institutions and prosperous economic operators received allowances for housing, functional supplements called “daily allowances” (i.e. subsistence allowances), allowances for separation from the family in case of working away from home, allowances for depreciation of clothing when working with office equipment, allowances for language skills, etc. With the advancing inflation and price increases, a new phenomenon appeared: high-cost assistance in the form of one-time or permanent allowances. These were received by employees in the manufacturing sphere and the tertiary sector based on the agreements between trade unions and the factory committees with employers. Basic salaries and allowances had to be approved by the Central Labour Office and starting from 1942 also by the Supreme Supply Office. All the facts above show quite clearly that there were significant differences between basic wages or salaries and the real earnings. For example, the average monthly salary of an official at the end of 1943 was around 1,240 Slovak crowns, but the average monthly earnings reached about 2,400 Slovak crowns. Unskilled workers in the productive economy and tertiary sector and especially waged agricultural workforce had significantly worse labour conditions. Due to price increases, their average monthly salary of about 250 to 300 Slovak crowns represented just the subsistence level of earnings. Farm workers could improve their low incomes only in the form of allowances in kind. A discriminated group of employees, especially in the manufacturing sphere and to some extent also in the tertiary sector, were women. Their average earnings in industry and agriculture amounted to only about 50% of the earnings of male workers. Jewish workers were in a special position because since autumn 1940 the legislation set the salary cap for

⁶⁰ The exchange rate of the Slovak crown against the Reichsmark was fixed at 1 : 11.62. Archív Národnej banky Slovenska (hereinafter ANBS), Fund: Správy Odboru pre výskum konjunktúry (hereinafter Správy OVK), box 309, *Ceny a životné náklady*, in: Slovenské hospodárstvo v prvom polroku 1944. Správa Ústavu pre výskum hospodárstva. Bratislava 1944, pp. 25–30, 80–88; A. HORNOVÁ, *O hmotnom postavení pracujúcich za Slovenského štátu* [The Material Situation of Workers in the Slovak State]. Ekonomický časopis Vol. 8, 1960, pp. 50–53.

them amounting to 1,500 Slovak crowns.⁶¹ Large income disparities existed between different sectors of the economy and between different regions of the country. High wage levels were in machine engineering, chemical and other factories of the military-industrial complex and from the regional perspective higher incomes were in the well-developed south-western and north-western Slovakia. Workers in textile production and light industries and workers in the eastern and southern regions received lower wages. Yet, at the same time, the prices in the economically lagging eastern and southern regions with less shops were on the average higher than in Western Slovakia.

The popularity of the new regime was supported by the one-off as well as some systemic, social welfare measures. One of the most important systemic measures was the introduction of family allowances for dependent children starting from 1940. A prerequisite for obtaining family allowances was membership in any social insurance institution. This measure reached also the wider layers of policyholders among workers. After completing at least 60 shifts, they were entitled to the monthly allowance worth 10 to 40 Slovak crowns for each child. The allowance amount was dependent on the number of shifts worked. Family allowances meant the implementation of one of the key elements of the government social welfare programme consisting in the introduction of the worker family wage taking into account the family situation. Employees of major companies, banks or institutions could receive substantially higher allowances for their children within the social insurance schemes in pension funds. For example, the pension fund of the largest financial institution, “Tatra banka”, paid its employees monthly allowances of 200 to 300 Slovak crowns for each child. In the years 1939 to 1944, a common aspect of life of employed people consisted in family holidays with financial contributions from trade unions and company councils. Employee organizations or employers provided funds to cover part of the cost of the family holiday. These events usually formed a part of propaganda campaigns such as “Happy Slovakia” or “Joy of Work”, in the spirit of the German movement “Kraft und Freude”. Other systemic measures included partial extension of paid holiday. The number of days of paid holiday could vary substantially, depending on the professional status and the number of years worked. For example, officials could have 10 to 42 days of paid holiday a year.⁶² Some significant one-off social welfare campaigns of the regime, such as the

⁶¹ Roman HOLEC – Ludovít HALLON, *Tatra banka v zrkadle dejín* [Tatra Bank in the Mirror of History]. Bratislava 2007, pp. 245–249; ANBS, Fund Správy OVK, box 309, *Ceny a životné náklady* [Prices and the Living Costs]. In: Slovenské hospodárstvo v prvom polroku 1944. Správy Ústavu pre výskum hospodárstva. Bratislava 1944, pp. 25–30, 80–88.

⁶² Ludovít MŤNANSKÝ, *Slovenská sociálna výstavba* [Social Construction in Slovakia]. Bratislava 1944, pp. 12–22; R. HOLEC – L. HALLON, *Tatra banka v zrkadle dejín*, pp. 250–252; J. FAL-

project of constructing houses for the working class with the assistance of the State, had positive effects, too. Government authorities handed out 5 thousand baby layettes to workers' families free of charge and paid holiday trips for a couple of dozen children from socially weaker families. Within its own structure, the ruling party created a social welfare department, which organized annual "Winter Assistance" for the poorest people in the form of financial contributions and collections of clothing and food. Starting from 1940, the State withheld 1% to 2% of the salaries of civil servants and used the money for this purpose. The Hlinka Guard gradually became involved in the Winter Assistance, together with the ruling party units and representatives of state and local governments. The contributions were used for buying clothes or food for the poor. Later, the Winter Assistance funds were meant to be also used for improving the municipal environment. The activities of HSLS in cooperation with the General Construction Company had a significant effect, too: they were focused on the systematic construction of housing and cultural facilities. At the enterprise level, the possibility to deduct investments used for social welfare purposes off the tax base helped extend the scope of social welfare measures. This possibility motivated the management of numerous companies to construct e.g. some 145 factory canteens, toilets, restrooms and modern bathrooms, changing rooms, company flats, sports facilities and swimming-pools, crèches and nurseries as well as company recreation facilities. For example, in 1941, the investments for social welfare purposes in the business sector amounted to about 62 million Slovak crowns. High levels of employees' social welfare conditions were characteristic for numerous companies dominated by the German capital. For example, the Dynamit-Nobel company in Bratislava used a vast area within its premises for constructing a complete employee wellness centre with a variety of sports facilities including tennis courts, a swimming pool and a sauna bath, the first in Slovakia. The sports facilities served its purpose during the whole second half of the 20th century.⁶³ Such measures helped to improve the social welfare situation of a large part of the population. It should be noted, however, that the most abundant layer of the Slovak society still were individual farmers, who stood aside most of the new social welfare measures.

After 1938, changes also occurred in the overall social welfare system, i.e. in the pension, sickness and accident insurance system. The system built upon the

TUS – V. PRŮCHA, *Prehľad hospodárskeho vývoja na Slovensku v rokoch 1918–1945*, pp. 541–542.

⁶³ E. MŮTŇANSKÝ, *Slovenská sociálna výstavba*, pp. 12–22; Juraj ČEČETKA, *Sociálna služba* [Social Service]. *Gardista* 2, 5th November 1940, p. 1; A. HORNOVÁ, *O hmotnom postavení pracovních za Slovenského štátu*, pp. 59–60; M. SABOL, *Až na dno blahobytu*, pp. 387–388; I. BAKA, *Politický systém*, pp. 177–178.

achievements of the interwar period. The national offices of the two largest social insurance institutions in the former Czechoslovakia, the Central Social Insurance Company (Ústředná sociálna poisťovňa) and the General Pension Institution (Všeobecný penzijný ústav) in Bratislava, were singled out as separate institutions for the territory of the Slovak State, keeping their policyholders. These institutions, together with the Slovak part of the health insurance system, were operated on the basis of the principles defined during the interwar period. They were confronted with a lack of funds and loss of policyholders, yet they managed to keep on working without major problems. A more important consequence of the division of the Central Social Insurance Company consisted in the creation of two separate scales for stepping up the contributions, as well as two scales of social welfare benefits, one for the Czech lands and the other for Slovakia. On the average, the values in the scales for Slovakia were 11% lower.⁶⁴

The dark side of the socio-economic status of the waged working population in the Slovak State consisted in the loss of numerous fundamental rights. The governmental regime abolished the interwar structure of the democratic trade unions and deprived the employees of the right to strike and to conclude collective agreements with employers. In 1941, the system of Christian trade unions was destroyed as well. Only rarely any group of waged workers dared stand for their wage demands and other welfare requirements openly by means of a strike or other more radical forms, as was the case of the miners from Handlová in 1940 or the employees of the textile factory in Žilina in 1943.⁶⁵

The most tragic chapter of the social development of the Slovak State was the fate of the Jewish community in the original number of about 89 thousand people. After the adoption of anti-Jewish legislation, the Jews in Slovakia were deprived of all kinds of property ownership rights and lost all their belongings including personal assets. Jewish property was nationalized and then made available for various forms of aryanization. Along with the loss of property, Jews were gradually losing civil rights and freedoms. By the end of 1941, they became a lawless, pauperized mass, totally dependent upon the social welfare system, thus representing a big social burden for the State. The government regime could solve the situation by eviction of Jews based on an agreement with the government of the Nazi Germany or by gathering them in labour camps in Slovakia. The government and the parliament first decided to use the first option. After the deportations of 58 thousand members of the Jewish community to extermination camps in autumn 1942, a decision was taken to stop the trans-

⁶⁴ Eudovít HALLON, *Pod ochranou zákonov* [Under the Protection of the Law]. *História* 3, 2003, No. 6, p. 28.

⁶⁵ M. KATUNINEC, *Kresťanské odbory*, pp. 83–86.

ports and concentrate the remaining Jews into work camps in Sereď, Nováky and Vyhne. Another 8 thousand “economically significant” Jews worked in various economic spheres under conditions that were getting worse and worse. In labour camps, Jews were spared just their bare existence and they obtained basic life necessities including attendance of school and preschool facilities only by means of slave labour. However, whole families lived there under armed supervision and without the possibility to leave the camp. They were liberated due to the Slovak National Uprising in August 1944, but after the occupation of Slovakia by German troops, most of them were subject to the second wave of deportations.⁶⁶

Due to the war conflict escalation, the supply of the majority of the population with food and other basic goods was deteriorating. Although the market supplying was smoother than in the neighbouring countries, the range of scarce goods gradually grew. First, the supply of luxury and imported goods became instable, but from about mid-1940, the supply of domestic industrial goods and then also the supply of basic living necessities started to get into serious problems. The loss of the southern part of the Slovak territory with the most fertile soil resulted in the permanent tension in the supply of better types of grain, flour and fat. The temporary shortfall in the supply of flour and other basic foodstuffs became perceptible already in the early stages of the war with the Soviet Union. Proportionally with the supply problems, black market expanded, where the population purchased at significantly higher prices than in the lawful trade sphere with prices supervised and later directly regulated by the State. The government economists were faced with a dilemma how to ensure regular supply of basic living necessities for the population while avoiding the unpopular system of ration cards implemented in the majority of European countries. Finally, they arrived at a compromise in the form of the so-called “collecting books”, introduced in 1940. At first, these books were used to regulate the marketing of basic foodstuffs, particularly the scarce meat, sugar, bread, flour and

⁶⁶ For more details see e.g.: Eduard NIŽŇANSKÝ – Ján HLAVINKA (head editors), *Arizácie. Acta historica Posoniensia XI, Judaica Et Holocaustica 1*. Bratislava 2010; Eduard NIŽŇANSKÝ – Ivan KAMENEC – Igor BAKA, *Holokaust na Slovensku 5. Židovské pracovné tábory a strediská na Slovensku v rokoch 1938–1944. Dokumenty* [Holocaust in Slovakia 5. Jewish Work Camps and Centers in Slovakia in 1938–1944. Documents]. Bratislava 2004; Eduard NIŽŇANSKÝ, *Holokaust na Slovensku 6. Deportácie v roku 1942. Dokumenty* [Holocaust in Slovakia 6. Deportations in 1942. Documents]. Bratislava 2005; Ján HLAVINKA – Eduard NIŽŇANSKÝ, *Pracovný a koncentračný tábor v Sereďi* [Labor and Concentration Camp of Sereď]. Bratislava 2009; Katarína ZAVACKÁ, *Protižidovské zákonodarstvo slovenského štátu* [Antijewish Legislation in the Slovakian State]. In: *Tragédia slovenských Židov. Materiály z medzinárodného sympózia Banská Bystrica 25. – 27. marca 1992*. Banská Bystrica 1992; L. HALLON, *Arizácia na Slovensku 1939–1945*, pp. 148–160.

lard. Later, the government extended the scope of regulation to industrial products such as shoes, tyres and various types of raw materials and fuel, namely wood, coal, coke and petrol. The government regime controlled the supply system by means of other measures of administrative nature as well. For example, the security forces were authorized to enter homes and take action against collecting excessive stocks of bread. Mandatory saving recipes for bread, pastries, dairy products, beer and sausages were implemented. Restaurants were forbidden to serve certain meals prepared from scarce ingredients. The difficulties of providing the necessities of life were deepened by fulfilling the obligations towards Germany. Other measures taken by the State with the negative impact on the population included the introduction of a general obligation to work for people from 18 to 60 years of age, the introduction of the so-called “labour service” in the army or the setting a maximum wage.⁶⁷

While initially the government regime provided the citizens with some benefits, later it was forced to limit the providing of even the basic life necessities. The list of goods allotted on the basis of the collecting books only was getting longer and longer. The citizens gradually found out that their wages were rising more slowly than the prices in the shops, not to mention the black market. The worsening of the social welfare situation, especially from the end of 1943, eroded the confidence of the nation in the government and gradually more and more people started to be discontented. This development, along with other factors such as the alliance with the Nazi Germany, the reinforcing of the repressive authoritarian regime and the persecution of Jews made more and more people become involved in passive opposition or even active resistance. The aims of the socio-economic development and the far-reaching changes in the social welfare system were based on the political ideology of Catholicism and on the theoretical vision of the Christian social doctrine. However, after the establishment of the authoritarian regime of HSLS as the ruling party in the State, the only of the programme goals that the government, in close cooperation with Germany, managed to put into everyday practice was the strengthening of the role of the State in economy and the implementation of the social welfare measures of both systemic and partial nature. The main objective, to establish the corporatist system based on the principles of Christian solidarity, proved as illusory in the contemporary domestic and international political context. Despite extensive efforts to implement it, the system of the Slovak Working Community, built on the ideological basis of national socialism and promoted both by Germany and the radical domestic political circles, remained on the brink of the social practice.

⁶⁷ M. SABOL, *Až na dno blahobytu*, pp. 384–386; A. HORNOVÁ, *O hmotnom postavení pracujúcich za Slovenského štátu*, pp. 61–64.

A part of the socio-economic programme was really put to practice due to the positive impact of the wartime economic boom and through a number of legislative measures. With the deepening of the war conflict, the socio-economic development became more and more complicated and the social welfare programmes remained implemented only partially.

Czech Home Resistance Movement and Its Concepts of Modern Welfare State

The question of new state constitution after its liberation was of interest of the Czechoslovak resistance movement from its very beginning. Reflection of the dramatic events of autumn 1938 and the subsequent occupation of the remaining part of Bohemian Lands by Nazi Germany made practically all classes of society long for a new, modern, and internally strong state.¹ The programmatic work done by the leaders of home illegal organizations can be divided into three stages that were influenced both by the development of military operations and by the situation in the resistance movement in exile.

The first stage covers the period from spring 1939 to summer 1940 and was strongly influenced by the opinion that the war would soon come to an end. Mainly in cooperation between the military resistance organization Nation's Defense (Obrana národa – ON) and the Political Center (Politické ústředí – PÚ) represented by Přemysl Šámal, President's ex-Chancellor, first draft bills were prepared already in autumn 1939 to be passed after the liberation. The key document was the Restoration Act of the Czechoslovak Republic that contained only nine paragraphs. Its preamble reads: "*Mindful of the great past of the Czechoslovak nation, mindful of the legacy of Tomáš G. Masaryk, we are committed to ensuring for the Czechoslovak nation a free development in the spirit of democracy, freedom, and social justice*".² The subsequent paragraphs planned a three-member directorate, cancelled the autonomy of Ruthenia, restored the law and order back as at 13 March 1939, and invalidated the international agreements signed by the occupation countries and related to the Czechoslovak territory. Since the Munich crisis was viewed as a failure of the parliament-based political system, dictatorship was to be installed for a limited period of time under the auspices of President Beneš with the primary task of organizing a national revolution. Other legislation that was being prepared was related to the German population. The provisional law about citizenship deprived almost all Germans of Czechoslovak

¹ For details see: Stanislav KOKOŠKA, *Mnichov a česká společnost* [Munich and Czech Society]. In: *Mnichovská dohoda. Cesta k destrukci demokracie v Evropě*. Praha 2004, pp. 41–55.

² Gen. Čeněk Kudláček's papers (via Jan Kudláček; now available in Vojenský ústřední archiv – Vojenský historický archiv Praha (VÚA – VHA Praha) [Central Military Archives – Military Historical Archive in Prague (VÚA – VHA Prague)]. Translation of Prague Gestapo Office Report No. 54/55-39g-II BM of 12. 2. 1940 on Czech National Resistance.

citizenship, the law about Czechoslovak compensation fund prepared the seizure of their property, and the law about education system closed in fact all German schools.³

The above approach was only partly shared by the third major resistance organization named 'We Remain Faithful Petition Committee' (Petční výbor Věrní zůstaneme – PVVZ) referring to a famous 1938 manifesto.⁴ With its membership it embraced a wide left spectrum from Workers' Academy activists, through trade union workers to members of the Evangelic Church. Thus, it was primarily the PVVZ that within the resistance movement pushed through the idea of large-scale modernization of the future Czechoslovakia. In summer 1939 its representatives informed President Beneš that a shift to the left could be observed in society, which was "*naturally due to the fact that we do not fight only against the Germans, but also against fascism, against the international reaction whose victim Czechoslovakia was*".⁵ In October 1939 PVVZ officials sent another message to London explaining their views of the outcome of World War II. The most important task in their opinion was to immediately reattach the severed territories back to the Bohemian Lands prior to a peace conference deciding on it. The question of national minorities and the punishment of traitors had to be solved very quickly, too. Unlike the other resistance groups the PVVZ believed that the restoration of Czechoslovakia would not mean just a return to the pre-war situation: "*Additional measures are discussed, such as revision of the Constitution and electoral system as well as urgent economic measures that will be required for both national and social reasons. Anyway, a very radical democratic movement must be expected that will not be content with formal political democracy. That is why it appears useful to work out a general economic plan until 1948 (thirtieth anniversary of Czechoslovakia)*".⁶

The second stage of shaping programmatic ideas of the home resistance movement covers the period from 1940 to 1944. In spring 1940 the Central Leadership of Home Resistance was set up as a coordinating body of the above major groups of non-Communist resistance movement: ON, PÚ, and PVVZ. The key international event of that period was the military defeat of France in sum-

³ Ibid.

⁴ For details of its history see Jan KUKLÍK: *K problematice vzniku národní fronty v domácím odboji. Vývoj odbojové organizace PVVZ na území Čech v letech 1939–1941* [On the National Front beginnings in the Home Resistance Movement. PVVZ History in Bohemia's Territory 1939–1941]. Praha 1976.

⁵ *Věrní jsme zůstali. Účast sociální demokracie v domácím a zahraničním odboji* [We Remained Faithful. Participation of Social Democracy in Domestic and Foreign Resistance Movement]. Praha 1947, p. 12.

⁶ Archiv bezpečnostních složek Praha (ABS Praha) [Archives of Security Organizations (ABS Prague)], sign. 305-370-4, *PVVZ report from 6 October 1939*.

mer 1940 that put an end to the hopes of a rapid course of the war, but also had a strong impact on the political considerations of the leaders of home military resistance. The new leadership of Obrana národa established in spring 1940 following the destruction of the first resistance network and headed by General Bedřich Homola believed that France had not been defeated by the German military power only, but mainly due to its internal political and social quarrels. For instance, in one of the regular articles in the illegal review *V boj* the following comment was published: “*The French fateful defeat revealed the imperfections of the quarrelsome and selfish democracy. Instead of a soldier’s firm hand the country was governed by selfish people, dryasdust businessmen, bankers, and butchers who valued their purses higher than the French spoils and the sweet French country.... Now that France is in ruins... every Frenchman must be made responsible for it. For every hour idled by the French worker on strike France has paid with ten fallen soldiers. For every pacifist word pronounced in the political arena ten innocent children were killed by a German bomb. Historical responsibility for the destroyed villages and towns shall fall on all French politicians who, huckstering and playing with words, led the country and the nation to the disaster*”.⁷

With the same sharp criticism, including blunt words the Czechoslovak Army elite had commented on the Munich surrender and the subsequent split of Czechoslovakia. After the defeat of France, however, the leaders of Obrana národa realized that the very cause of these defeats had not only been the ill-working parliament-based democracy, but also the internal heterogeneity of the state. This shift in opinion can be clearly observed in the situation report sent to London by Lt.Col. Josef Balabán on 1 October 1940. In its introductory part describing the relations with *Petiční výbor Věrni zůstaneme* and *Politické ústředí* he stated that all the three major groups of home resistance movement were widely cooperating, which fully complied with the concepts of Obrana národa. Simultaneously, however, he drew the attention of his military colleagues in London to the fact that the entire Czech society was strongly shifting to the left: “*Most people here are wishing a better and more efficient social system than before and there is no doubt that they are right. Today, people often speak very much about nationalization, namely of mines, about a new land reform, limitation of large and heavy industry, nationalization of banks, etc. These ideas are spreading inside the nation, no matter whether some people like it or not, but this is reality*”.⁸

The rapid convergence of views between the leaders of ON and those of PVVZ in the fall of 1940 can also be traced in some other documents. Therefore, the

⁷ *V boj* [In the Fight]; illegal periodical. D. II. 1939–1941. Praha 1995, p. 346.

⁸ Libuše OTÁHALOVÁ – Milada ČERVINKOVÁ, *Dokumenty z historie československé politiky 1939–1943* [Documents from the History of Czechoslovak Policy 1939–1943], Vol. 2. Praha 1966, document No. 424, pp. 574–576.

historian Václav Kural could quite aptly say in this context that a unique situation emerged in the Czech resistance movement with Czechoslovak Army officers, unlike those in Poland, shifting their views toward... actually socialist programmatic positions.⁹ Of great importance in this respect was also the fact that the new leadership of Obrana národa had abandoned their previous plans of installing a temporary military of presidential dictatorial government and started considering also other options as to how to make Czechoslovakia an internally strong and stable country. Karel Bondy, one of the leaders of Petiční výbor Věrní zůstaneme, described this shift as follows: “*Finally, the officers have fully recognized that the conditions needed for military dictatorship are not available and have formulated their position so that they want to participate in building the political structure of the state and that they imagine the future Army as a political body being fully in Masaryk’s spirit, i.e., an army animated with the political ideals governing the state*”.¹⁰

In the fall of 1940, the Central Leadership of Home Resistance started working out its complex political program known as *Za svobodu: Do nové Československé republiky* [For Freedom: Into a New Czechoslovak Republic]. It is also a unique document in the context of European resistance both as to its detailed structure and to its size. It contained 56 pages of text and was subdivided into six following chapters: From the past to the present day; Task number one: Rapid and vigorous reconstruction; Political life in the restored republic; Economic and social matters; Culture for everybody; and Free Czechoslovakia. Little is known about the preparation of the program. It was based on different studies on the prospective structure of post-war Czechoslovakia that PVVZ had started preparing already in autumn 1939. Its main political authors were two leading representatives of the Workers’ Academy: Professor Josef Fischer and the leading social democratic journalist Volfgang Jankovec.¹¹ Materials for the particular thematic areas were prepared by groups of experts, but the overall edition of the content was mostly due to Professor Josef Fischer. The first version of the program was submitted to the other resistance groups for discussion in January 1941. As mentioned by Vladimír Krajina in his memoirs there were “high level” political talks that were attended on the part of PÚ mostly by the ex-social democratic official Václav Holý, lawyer Vladimír Hora, and journalist Antonín Pešl. ON was mostly represented at those programmatic talks by Colonel Josef

⁹ Václav KURAL, *Vlastenci proti okupaci. Ústřední vedení odboje domácího 1949–1943* [Patriots against Occupation. Central Leadership of Domestic Resistance 1949–1943]. Praha 1997, p. 108.

¹⁰ Ibid.

¹¹ Jaroslav VOZKA, *Hrdinové domácího odboje* [Heroes of Domestic Resistance]. Praha 1946, pp. 79–81.

Churavý and Lieutenant-colonel Josef Balabán.¹² The difficult way of seeking common positions can be demonstrated by the fact that the initial program text saw six editing revisions.¹³ From Karel Bondy's testimony follows that the main opponents were primarily representatives of the illegal organization Politické ústředí and that the final edition was strongly influenced by the search for acceptable compromises. "Our social radicalism," stated Bondy, "met with an effort to concentrate all components of the nation, including those whose interests or views would be affected by our formulation of social requirements." Politické ústředí would have therefore preferred, as further witnessed by Bondy, "if there had not been so many strong views that we had strived for."¹⁴

The final text of common home resistance program was approved in May 1941.¹⁵ The final wording was done by the editing committee; its members were Professor Josef Fischer, writer K. J. Beneš, lawyer Karel Bondy, and journalist Wolfgang Jankovec. In summer 1941, the program *For Freedom: Into a New Czechoslovak Republic* was printed at the Albrecht Printing-House in Prague with the total number of 3000 copies. The PVVZ leaders decided to send by courier one of the preliminary copies to London; however, the attempt apparently failed. In the accompanying letter, which is still available, it was explained that the text had been prepared so as to reflect the opinion of the absolute majority of the nation. The copy was intended for President Beneš and his close collaborators only, who were all asked to treat the document as confidential. "Many concrete details have been deliberately omitted in the program," continued the text. "This is quite deliberate, and not a temporary gap to be filled. The program must be sufficiently broad, flexible, and general so that there is no need to alter its fundamental items; still, it should set the firm course to coping with particular tasks. These, of course, are continuously discussed; i.e., the program is complemented with a number of studies.... Some of these things must be kept in great confidence, such as the plans concerning the Germans, so as not to lose the advantage provided by surprise."¹⁶

As confirmed by its authors, the program *Za svobodu* was formulated so as to maintain the democratic tradition and continuity of the Czechoslovak Republic. The word "socialism" is not expressly mentioned in the text; nevertheless, its chapters contained clearly defined ideas of democratic socialism. The backbone thesis stated that the revolution must not be a political matter only, but mainly a social and economic one. As the authors believe, this task draws on T. G. Ma-

¹² Vladimír KRAJINA, *Vysoká hra. Vzpomínky* [High Game. Memoirs]. Praha 1994, p. 78.

¹³ VÚA – VHA Prague, sign. 308-36-3, PVVZ undated report.

¹⁴ Václav VRABEC: *Petiční výbor Věrní zůstaneme* [We Remain Faithful Petition Committee]. In: *Z počátků odboje*. Praha 1969, p. 229.

¹⁵ V. KRAJINA, *Vysoká hra. Vzpomínky*, p. 77.

¹⁶ VÚA – VHA Prague, sign. 308-36-3, PVVZ undated report.

saryk's ideas meaning a completion of his own work. Much attention was also paid to political parties; these were to be rebuilt on a new foundation that would eliminate the previous partisan spirit. The whole program was intended to harmonize economic and social democracy and thus create a new political system that would make possible wide participation of "all people who really live on their own work, physical or intellectual, i.e., farmers, tradesmen, craftsmen, small businessmen, free-lance workers, and members of middle classes in general".¹⁷

The largest chapter was the part entitled *Věci hospodářské a sociální* [Economic and social items]. It was based on the progressive idea that democratizing economy means subordinating it to social goals, such as humanization of working conditions or satisfaction of human needs. The key idea of that part consisted in the thesis that the wages did not just raise the living standard, but in the form of population's purchase power determined also the performance level of national economy. The need for economic planning was recognized, and so was also the working people's self-government, which was supposed to counterbalance the administrative management. Social policy was primarily intended to prevent the "asocial form of rationalization that was increasingly depriving employees (i.e., consumers) of their jobs and thus undermining production". The new republic was expected in this respect to ensure the right to work for all inhabitants. The social demands were then specified in subchapters on pensions, education, health care, and culture; the last named segment was to be made accessible to everybody and thus fulfill its social role.¹⁸

It is not quite clear what the Central Leadership of Home Resistance planned to do with copies of the *For Freedom: Into a New Czechoslovak Republic* program. Available sources indicate that at least at the PVVZ level the scope of its publication was discussed as its leaders did not intend to reveal too early to the occupation authorities that there was a strong resistance movement in the Protectorate with a clear and detailed political program.¹⁹ Therefore, the whole number of copies was probably planned to be distributed at the moment of Third Reich's collapse. This hypothesis is supported also by the fact that even the PVVZ clandestine network failed to be informed about the full text of the program and that only a brief summary nicknamed "catechism" was produced for its members.²⁰ Most copies were liquidated by the Gestapo during its raids in the fall of 1941. "Due to the arrests," said Karel Josef Beneš, ex-member of the *Petiční výbor Věrní*

¹⁷ *Za svobodu do nové republiky. Ideový program domácího odbojového hnutí vypracovaný v letech 1939–1941* [For Freedom: Into a New Republic. Ideological Program of Domestic Resistance Movement Worked out from 1939 to 1941]. Praha 1945, p. 49.

¹⁸ *Ibid.*, pp. 81–109.

¹⁹ VÚA – VHA Prague, sign. 308-36-3, PVVZ undated report.

²⁰ J. KUKLÍK, *K problematice vzniku národní fronty*, pp. 118–119.

zůstaneme leadership, after the war, “the final wording of the program remained unknown to the broader political public, including the illegal bodies”.²¹

In 1944, only the famous Moravian resistance organization Rada tří [Council Three] was leaning on the ideas of that program. A brief one-page summary entitled *Naše Desatero* [Ours Ten Commandments] was printed and distributed among its members. After the three-year interval, the wording of that document became much more radical than the initial ideas of the program *Za svobodu* and the following demands were raised:

- “1. *New life in the republic for the people, not for the political parties.*
2. *Democracy to be of benefit for all with personal responsibility of everybody whom the people will charge with governing the state.*
3. *A state without Germans and Hungarians, and exemplary punishment of traitors.*
4. *Fight against economic, professional and political selfishness and against exploitation of human labor.*
5. *New distribution of landed property so as to secure the economic existence of those who labor on the land and of their families.*
6. *Capital must be put at the service of labor, the large companies must be removed from private hands and made the nation’s property.*
7. *Right to work and insurance against sickness and old age must be secured.*
8. *Physical and moral education must serve the nation.*
9. *Building national culture that should equal that of the most advanced nations of the world.*
10. *The nation’s future must be secured in as close cooperation with Russia as possible*”.²²

The third stage of evolution of the programmatic concepts of home resistance took place in 1945 and was mostly related to the Czech National Council. At that time the hegemonic position of the resistance movement, whose programmatic concepts were diffused in the Protectorate by the London and Moscow radio. Although in the program leaflets of the Czech National Council from the end of April 1945 some common features with the *For Freedom* program or the Council Three *Ours Ten Commandments* can be found, such ideas as that of national committees or National Front system were already taken over from the program of the newly set-up Košice government. The Czech National Council stated in

²¹ *Za svobodu do nové republiky*, p. 13.

²² *Český odboj a květnové povstání. Sborník dokumentů* [Czech Resistance Movement and the May Uprising. Collected Documents]. Praha 1975, document No. 55, p. 203. See also Karel VESELY-ŠTAINER, *Cestou domácího odboje. Bojový vývoj domácího odbojového hnutí v letech 1938–1945* [The Ways of Domestic Resistance. History of Battles of the Home Resistance Movement 1938–1945]. Praha 1947, p. 131.

one of its declarations: “*We identify with the political, social, economic, and cultural program in the liberated country as outlined in the declaration of our government in Košice.*”²³

Although the *Za svobodu* program with its comprehensive concept finally failed to be fully applied to the reconstruction of Czechoslovakia, it is a remarkable document of state-forming thought. The fact that it had been created at the time of worst suppression reflected also in its language showing not only belief in the future, but also much humbleness. “*We have reached a divide between ages,*” say the authors in the final chapter, “*where the development of technology and the fair social order must relieve man of the curse to labor hard in order to survive. Poverty is no more a virtue or a God-pleasing state, but a vice and guilt of society. Machine-based civilization will only be justified if man does no more live to labor in poverty with the sweat of his brow, but to work and live like a human being and enjoy upswing. We are at the starting point of a great liberation process of man and mankind, and we are mindful of Masaryk’s postulate that there is only one remedy against the grieves and pains of the emerging freedom: more freedom and true freedom!*”²⁴

²³ *Český odboj a květnové povstání*, document No. 38, pp 148–152.

²⁴ *Za svobodu do nové republiky*, p. 127.

Czechoslovak Representatives in Exile and Their Thoughts on Social Transformation in Czechoslovakia

Czech historiography has already coped with the question how the restoration of Czechoslovakia after World War II was influenced by the theory of continuity of the Czechoslovak state aimed at securing its very existence and national independence and, in particular, its pre-war borders. There were difficult international negotiations on the recognition of the state's representation in exile and its international position, nullification of the Munich Agreement, joining the anti-Hitler coalition, relations to the Allied powers, deportation of the German and Hungarian population, and also full security of Czechoslovakia's post-war borders.

This continuity, however, was not supposed to apply to the future internal Czechoslovak constitution. This topic, as witnessed by the Czechoslovak diplomat Jan Opočenský in his diary, was discussed as early as 4 April 1941 at the regular tea party held in President Edvard Beneš's apartment in London where the President declared: "*Continuity is our main weapon for the future peace conference, while revolution and its recognition breaks the continuity and so we join the overall revolutionary movement... How to separate the sphere of continuity from that of revolution? Continuity for the positions abroad, for our recognition by the Allied states, in the matter of our borders, that's where continuity applies. To the internal constitution, however, the principle of revolution applies. We are at war with Germany, we do not revolt, this is the principle of continuity, but how we shall organize our internal matters, it does not depend on us, maybe we shall have to do that in a revolutionary way.*" As to the scope of changes, however, his position was rather reserved.¹ A more radical declaration could be heard from the resistance movement inside the country, particularly from representatives of the Committee of the Petition "*We Shall Remain Faithful*" (Petiční výbor Věrní zůstaneme – PVVZ) who in their programmatic intentions required "*a revolution, not a mere restitution*".²

¹ Jana ČECHUROVÁ – Jan KUKLÍK – Jaroslav ČECHURA – Jan NĚMEČEK (eds.), *Válečné deníky Jana Opočenského* [Wartime Diaries of Jan Opočenský]. Karolinum, Praha 2000, minute from 4. 4. 1941, pp. 105–106.

² Jan GEBHART – Jan KUKLÍK, *Velké dějiny země Koruny české XV.a (1938–1945)* [Comprehensive history of the Bohemian Crown Lands XV.a (1938–1945)]. Paseka, Praha 2006, p. 272.

Thus, the questions concerning radical changes in the political, economic and social system in Czechoslovakia after its liberation were discussed in the resistance movement both at home and abroad. Right in the beginning we wish to stress the fact that there was mutual influence between the two centres and that the above question was subject to evolution as the war went on and the political opinions developed. An example of how the discussions taking place in London were strongly influenced can be seen in the short version of a key document of the Central Leadership of Home Resistance (ÚVOD) smuggled to London, namely of its programme entitled *For Freedom: Into a New Czechoslovak Republic* as a follow-up both to the programmatic declaration “*What do the socialists want?*” of 1934 and to the PVVZ’s programmatic documents from the early days of occupation.³

The above programme drew on the political legacy of President-Liberator Tomáš Garrigue Masaryk not only with selected quotations in its introduction but mainly with most of its content. Czechoslovakia was to be restored within its pre-war borders, but in internal affairs far-reaching changes were required not only in the country’s Constitution, Parliament, constitutional system, political parties and ethnic questions, but also in its economic and social system. Again, the important idea of combining political democracy with economic, social and cultural democracy was stressed. Only this type of democracy was in the programme prologue proclaimed to be “*true democracy*”.

Therefore, “*a democratic reconstruction of society and, in particular, of its economic system*” was required. Capitalism was to be replaced with a “*socially more just and economically more effective order*”. The relation between the public (state) sector and the private sector as explained there was based on the idea of “*subordinating the private interest fully and totally to that of the community*”, i.e., to the public interest.

Elimination of all private property and private business was not required, but their public control was planned, the main goal being social justice and a purposeful and economical satisfaction of human needs. Thus, a sort of “*mixed economy*” was expected to be created where “*beside the collective sector also – under public supervision and within a general economic plan – individual economic activities exclusive of any private monopoly will be represented*”.

The programme contained also the traditional requirement of “*socialization*” consisting in the participation of “*working people*” as “*fully qualified elements*” in the organization of “*all economic life*”. “*Working people’s self-management*” was required, i.e., participation of employees in the management of companies. Of

³ *Za svobodu: Do nové Československé republiky. Ideový program domácího odbojového hnutí, vypracovaný v letech 1939–41* [For Freedom, for a new Czechoslovak Republic. Ideological Programme of Home Resistance Movement Worked out in 1939–41]. Dělnická akademie, Praha 1945.

great importance was also the suggestion that the economic system serve “the people” and not authoritarian regimes, which was to be ensured at the level of “political” democracy.

Nationalization was also mentioned in the programme and the notions “collectivization” and “socialization” were used, meaning also communal and/or co-operative property. It said: “Some sectors of economic activity are ready for collectivization, some for socialization, while in others private enterprises will remain under public supervision. This will be regulated by law depending on the company size. Subject to socialization will be the sectors that are of great public importance (for the state), primarily those that have been monopolized.” Potential compensation was not to be provided to the population hostile to the state.

Non-bureaucratic management of the nationalized sector was also mentioned by requiring “flexible administration, economical and productive management, personal initiative and responsibility”. Nationalization of some banks, including the National Bank, was explicitly suggested (the others were to be socialized or subject to public supervision). The nationalization of banks was expected, due to their investment participation, to enable nationalization of mines, natural resources, and heavy industry, including the armament sector. Another suitable field subject to socialization according to the programme was transport.

The above programmatic document of the home resistance movement suggested a “second land reform” that was supposed to include also a revision of the first agrarian reform. First of all, large estates were to be collectivized. Land was to be expropriated with compensation; however, no compensation was to be paid if evidence of “anti-state activity” was available. In this context, German land property is also discussed; this was to be treated as part of the whole “enemy property”. A larger portion of cooperative form was planned and land was to be granted only to farmers working on it.

These changes were connected with the requirement of “planned economy”. First, economic recovery of the country was planned until 1948. Planning was believed to be the only efficient tool against huge economic recessions like the Great Depression of the early 1930s. However, planning was not to be of “military type”, but “reasonable, well-considered, and of sufficient flexibility” so that “the beneficial variability, variety and complexity of economic life can manifest themselves”. Economy was to be governed by the National Economic Council consisting of specialists appointed by the parliament and the government.

Beside the above programmatic declaration of the ÚVOD (it should be mentioned that no such well elaborated document was prepared by the Czechoslovak representation in exile until the end of World War II) programmatic questions were also discussed by party-based resistance groups. Early in 1940, as witnessed by Oldřich Berger, the new “Central Illegal Action-Committee” of the

Czechoslovak Social Democratic Party (its members were, among others, Václav Majer, Blažej Vilím, František Petr, Václav Škoda, Ladislav Koubek, and František Veselý) gave its view of the “*fundamental need for socialist goals in all of our liberation efforts*” and in its economic and social programme for the post-war period “*nationalization of banks and industry*” was required in the first place.⁴

The plans and programmatic considerations of the home resistance movement were first communicated to the Czechoslovak National Committee, top body of the Czechoslovak foreign resistance that had been formed in mid-October 1939 in Paris, and then to the Czechoslovak Government-in-exile that was provisionally recognized by the British Government in July 1940.

Some prominent members of the home resistance went into exile and thus symbolized the interconnection of the home and the foreign resistance. Most of them supported E. Beneš in his struggle for political leadership. The first wave of them included Prokop Drtina, František Hála and General Sergej Ingr, who were later joined by František Němec, Jaromír Nečas, Václav Patzak, Václav Majer, Generals Jaroslav Čihák (code name Znamenáček) and Bedřich Neumann (code name Miroslav), Colonels Čeněk Kudláček and Bruno Sklenovský (code name Bosý), and Ladislav Feierabend; they succeeded in escaping from the country after some time spent in the Protectorate and could thus provide authentic information on home resistance after the outbreak of the war and deliver the programmatic declarations. The above-mentioned programme of the social democratic Illegal Central Action-Committee was sent by courier to London to the social democratic leader Bohumil Laušman.

The post-war social consensus in the question of social changes started already in the exile and was based on difficult political discussions and international situation. The main slogan raised also in post-war discussions consisted in complementing political democracy with economic democracy and in replacing capitalism with “*a socially more just and economically more efficient order*”.

The far-reaching economic and social reforms were repeatedly commented on primarily by E. Beneš, chief ideologist of the foreign resistance movement, who strongly (but not fully) influenced the Czechoslovak Government-in-exile, the State Council, and the Czechoslovak community in London. As reported by the journalist and later diplomat Hubert Ripka Beneš had spoken as early as November 1938 about the necessity to be prepared for large social transformations that Europe would experience in case of a military conflict.⁵ The ex-Presi-

⁴ Oldřich BERGER, *Velké dílo: hospodářsko-politický profil československého znárodnění* [Great Work: an Economic and Political Profile of Nationalization in Czechoslovakia]. Dělnické nakladatelství, Praha 1946, p. 18.

⁵ Edvard BENEŠ, *Šest let exilu a druhé světové války* [Six Years of Exile and World War II]. Orbis, Praha 1946, preface by Hubert Ripka, pp. 16–17.

dent, who was at that time teaching at the University of Chicago, concentrated on theoretical concepts related to the social and economic changes to be experienced by the world during and particularly after the expected war.

Beneš reflected his Chicago lectures in his fundamental work *Democracy today and tomorrow*⁶ and formulated there, based on T. G. Masaryk and on the left part of home resistance, the idea that political democracy had to be complemented with economic and social democracy. The necessity of fundamental changes in the political, and also economic and social system of pre-war Czechoslovakia was even more stressed, as he believed, by the crisis of the liberal economic system during the Great Depression, and the new system had also to respond to the rise of totalitarian (Communist, Nazi, and Fascist) regimes in the interwar period and to the weakness of democratic countries and their economies. Thus, he linked his ideas of reform and change to the preservation of the democratic system, which – as Beneš believed – would not survive a conflict with the totalitarian regimes unless it had successfully coped with its internal social and economic problems. He reckoned with large-scale state interventions in the economy as well as with nationalization and economic planning. These were expected to bring about fundamental social changes. Therefore, he used such terms as “*revolutionary*” or “*socialization changes*”. Preconditions of socialization would be created during the war by eliminating the differences between the classes, planning military production and using state interventions in the economy. He also believed that coexistence and collaboration between “*the Soviet socialist system and the new reconstructed democracy*” was possible. Thus, liberalism was to be replaced by a higher type of “*socializing democracy*”.⁷ Beneš’s considerations were also influenced by his own experience from the World War I and from coping with the most radical movements of the early post-war period. Particularly in the initial phase of his second exile he expected that the situation of the World War I would largely repeat, although he admitted that the events occurring after the end of World War II might be even more radical.

In 1945, he retrospectively declared that he wanted to change, in the spirit of the previous legislation, what had not proved to be worthwhile in the First Czechoslovak Republic and what the new conditions would enforce as revolutionary changes. He wanted to “*open the gate to a change in the social and eco-*

⁶ This was a modified version of the original English book (Edvard BENEŠ, *Democracy today and tomorrow*. London 1940). The changes were related, e.g., to the assessment of the communist totalitarian regime, and Beneš only said in his preface that “actually all has already been said in the English text”. Edvard BENEŠ, *Demokracie dnes a zítra* [Democracy today and tomorrow]. London 1941, Preface, p. 5.

⁷ *Ibid.*, particularly pp. 187–192.

nomie structure of our national society in the sense of socialization". Nevertheless, he emphasized that he did so in order to maintain the unity of Czechoslovak exile, including an agreement with the Moscow (Communist) centre.⁸ Of course, he was aware of the potential international implications of such actions, and he blunted the edge of his plans, particularly in relation to the British and American diplomacy.

To present his ideas to the western public, Beneš gave several interviews to the Canadian journalist Compton Mackenzie in 1944. Speaking about the social and economic changes he declared that he viewed them as a "Socialist", but not Marxist. The President endeavoured also to include his ideas of necessary reforms related to the new economic and social system in post-war Czechoslovakia in his communications to the home resistance movement, in his radio speeches,⁹ and also in his regular annual messages for the State Council. In his – rather exaggerated – optimism he predicted as of late 1941 that the war would end soon. This, nevertheless, had a positive effect, as he asked both the government and the State Council on such occasions to accelerate their preparation for the peace conference and for post-war reforms and reconstruction. He also insisted on the preparation of reforms because he believed Czechoslovakia would become a model country in Central Europe where fundamental changes and reconstruction would take place and whose social and economic solutions would be a model not only for its neighbours. Until 1943, Beneš as well as other government officials reflected economic questions also during the talks on a Czechoslovak-Polish confederation. Harmonized economic and social policy of the new confederation was discussed as well as the fundamental question whether the different social, economic and political concepts of both parties did not interfere with the confederation project. Bringing the economic and social structures in both countries closer together was considered another *conditio sine qua non* of a success at this point. This can already be seen in Beneš's memorandum *Échange des vues sur la collaboration polono-tchécoslovaque après la présente guerre*¹⁰ in which the conditions of a successful Czechoslovak-Polish union were explained.¹¹

⁸ Edvard BENEŠ, *Světová krize, kontinuita práva a nové právo revoluční* [Global Crisis, Continuity of Law, and New Revolutionary Law]. In: Edvard Beneš, *Přednášky na Univerzitě Karlově 1913–1948*. Společnost Edvarda Beneše, Praha 1998.

⁹ E. BENEŠ, *Šest let exilu a druhé světové války*, pp. 208–214 and 237–241.

¹⁰ Ivan ŠTOVIČEK – Jaroslav VALENTA, *Czechoslovak-Polish Negotiations on the Establishment of the Confederation and Alliance 1939–1944*. Karolinum, Praha 1995, doc. No. 28, pp. 59–63.

¹¹ Jan NĚMEČEK, *Od spojení k roztržce. Vztahy československé a polské exilové reprezentace 1939–1945* [From the Alliance to the Rift. Relationships between Czechoslovak and Polish Exile Representations 1939–1945]. Academia, Praha 2003, pp. 90–95.

Within the Czechoslovak Government the social and economic reforms were prepared within the competence of the Ministry of Social Care and the Ministry of Economic Revival. Key notions were nationalization or socialization, land reform, planning, active employment policy, social legislation, incorporation of social rights in the constitution, etc. A complex system of “*social security*” was discussed that would embrace all population and not selected groups only as it had been the case before the war.

The new Ministry of Economic Reconstruction, created after the first reconstruction of the Czechoslovak government-in-exile in autumn 1941,¹² was to some extent a product of debates on the concept of reforms. The first minister named by Beneš on 21 October 1941 was the social democrat Jaromír Nečas, although there was another interested candidate, Feierabend,¹³ who was later appointed Minister of Finance. Contrary to the socialist concepts Feierabend, in cooperation with another agrarian, Ján Lichner of Slovakia, intended to develop international cooperation on the agrarian programme and wanted, in particular, to push through a different concept of agrarian reform that could curb the socialist concepts, as it was the case in the interwar period.

He presented that concept at informal meetings of agrarian politicians from seven countries of Central and Southeast Europe (Poland, Yugoslavia, Czechoslovakia, Greece, Rumania, Bulgaria, and Hungary) held under the auspices of Chatham House and of some British officials (Robert W. Seton Watson and Doreen Warriner) in London early in 1942. In July, these representatives of agrarian parties issued the so-called Central European Manifesto summarizing the agrarian requirements concerning the post-war changes. Under the motto “*Land to Farmers*” these requirements included expropriation of large country estates and their redistribution as one of the fundamental social reforms.¹⁴ Other suggestions required better conditions in the country, particularly better health care, industrialization, and also some crucial reforms in favour of the farmers, such as development of agrarian financial and insurance services, stabilized prices of agricultural products, greater variety of plants, development of agricultural technology and transport, elimination of nationalist interests, and post-war aid from Great Britain, United States and USSR.

¹² Jan KUKLÍK, *Mýty a realita tzv. Benešových dekretů* [Myths and Reality of the so-called Beneš's Decrees]. Linde, Praha 2002, p. 36.

¹³ Ladislav Karel FEIERABEND, *Politické vzpomínky* [Political Memoirs], Part II. Atlantis, Brno 1994, p. 110.

¹⁴ Ladislav FEIERABEND, *Příklad poválečné spolupráce* [An Example of Post-War Cooperation]. Čechoslovák 4, 1942, No. 31–32, p. 8. The manifesto was also published by the author in his memoirs (L. K. FEIERABEND, *Politické vzpomínky*, Part II, pp. 330–337).

Feierabend informed about the above programme both people in his occupied home country through BBC radio broadcast¹⁵ and the Czechoslovak Government-in-exile.¹⁶ His action, namely the signing of the Central European Manifesto and primarily his presentation of the programme on the radio, was heavily criticized mostly by the leftist State Council members who complained to the State Council and to the President. State Minister Hubert Ripka in his reply to Václav Majer, who represented the protesters, stated that it was Feierabend's personal position only and that it was necessary to maintain the unity of foreign action and not to make troubles.¹⁷ The President answered to a State Council delegation protesting against the Central European Manifesto that it was a private matter and "*the socialists should not wonder at the agrarians advocating their opinions that the socialists dislike*".¹⁸

This, however, failed to stop the wave of protests; on contrary, the dispute escalated even more owing to Majer's response to Feierabend's presentation of his proposal in the Government newspaper *Čechoslávák*. Majer criticized many points of the Central European Manifesto, particularly the idea of individual farming property, and stressed "*the excellent results*" of collective farming in the USSR and the cooperative farms in Scandinavian countries; he also protested against the slogan "*Land to Farmers*" arguing that Czechoslovak farmers had enough land, but the cottagers, small peasants and farm workers only little. He also criticized the incompleteness of the proposed programme that failed to include many questions, such as land tenancy or health, disablement, old age and accident insurance of peasants. The anti-Soviet orientation of the Central European agrarian programme was also criticized.¹⁹

Feierabend flatly rejected Majer's critical remarks, particularly the alleged "*excellent results*" of Soviet collective farming ("*Can't Mr. V. Majer remember the negative results that he certainly must have seen well?*"), while (quoting the Manifesto: "*The nations in this region /i.e., Central Europe/ must pursue a common policy in close agreement with Great Britain, the Soviet Union and the USA.*") denying the accusation of having excluded the Soviet Union from the collaboration; at the same time, however, he confirmed that the programme was based on

¹⁵ Jan NĚMEČEK – Jan KUKLÍK – Ivan ŠŤOVÍČEK – Helena NOVÁČKOVÁ (eds.), *Zápisy ze schůzí československé vlády v Londýně 1942* [Records from the Meetings of Czechoslovak Government in London 1942], Vol. II. Praha 2011, Annex E, Record of 77. Meeting of the Government-in-exile (Feierabend's Radio Speech Broadcast in BBC Czechoslovak programme 11. 8. 1942), pp. 821–823.

¹⁶ *Ibid.*, pp. 788–793.

¹⁷ *Ibid.*, Annex F, pp. 823–824.

¹⁸ L. FEIERABEND, *Politické vzpomínky*, Part II, p. 195.

¹⁹ Václav MAJER, *To není příklad poválečné spolupráce* [This is not an Example of Post-War Cooperation]. *Čechoslávák* 4, 1942, No. 35 of 28 August, p. 9.

private land property owned by those who work on it.²⁰ Majer stated in another response that the declaration made by Feierabend in his BBC speech differed from the formulation in the Central European Manifesto which really said: “*Land to Farmers*”.²¹ We can only speculate about the role of the Soviet intervention in the dispute by the Soviet envoy to the Czechoslovak Government, Alexander Yefremovitch Bogomolov, with the State Minister of Foreign Affairs H. Ripka, where the Soviet diplomat “*spoke extremely sharp against Feierabend’s plan for Central European agriculture*”.²²

As to the competence of the Ministry of Economic Reconstruction, all ministers eventually agreed that its main task would include nationalization of key industries, agrarian reform, and “long-term” economic planning, including a “*planning centre*”.²³ They talked both about studying the respective proposals submitted by other allied states and about “*preparing socialization of key industries and shaping a new system of industrial enterprise*”. The plan of socialization, nationalization, state support of private enterprise as well as of planning was not questioned by any party within the Czechoslovak Government-in-exile, in spite of potential different approaches. The Ministry also complemented the preparation work done by the Ministry of Social Care controlled by social democrats and headed by František Němec.

Nečas revealed his concept in one of his first public speeches while speaking before the Economic and Social Committee of the State Council on 16th February 1942; he declared that he predicted substantial economic reforms to take place after the war not only in Czechoslovakia, but literally all over the world in order to avoid a new global economic depression. National economy was to be organized on a new, socialized and collectivized basis where “*the labour element should play the decisive role*”. Economy in post-war Czechoslovakia was to be based on “*controlled and planned economy and on nationalization*”, and Nečas suggested in that connection also socialization of mines, heavy industry, transport, natural resources, electrical power production, and of the National Bank, while the whole financial and insurance system was to be “*built on a new*

²⁰ Ladislav FEIERABEND, *Moje odpověď* [My Reply]. Čechoslávák 4, 1942, No. 36 of 4 September, p. 11.

²¹ Václav MAJER, *Místo odpovědi* [Instead of Replying]. Čechoslávák 4, 1942, No. 37 of 11 September, p. 9.

²² Jan NĚMEČEK – Helena NOVÁČKOVÁ – Ivan ŠTOVÍČEK – Miroslav TEJCHMAN, *Československo-sovětské vztahy v diplomatických jednáních 1939–1945* [Czechoslovak-Soviet Relations in Diplomatic Negotiations 1939–1945], Vol. I. Praha 1998, doc. No. 186, pp. 386–389, Ripka’s record of the meeting with A. Y. Bogomolov 21. 8. 1942.

²³ Jan NĚMEČEK – Jan KUKLÍK – Ivan ŠTOVÍČEK – Helena NOVÁČKOVÁ (eds.), *Zápisy ze schůzí československé vlády v Londýně 1940–1941* [Records from the Meetings of the Czechoslovak Government in London] 1940–1941], Vol. I. Praha 2008, pp. 697–700 and 730 ff.

foundation".²⁴ The reconstruction thus conceived was supposed to contribute to a socially just order ensuring as high a standard of living as possible while preserving the civil and human freedoms guaranteed by the Constitution.

In opposition to the Czechoslovak Government-in-exile and to its political activity a group of left-oriented social democrats headed by Zdeněk Fierlinger and Rudolf Bechyně was set up in London in spring 1941. They were expressing their opinions in collaboration with Václav Patzak in the traditional socialist magazine *Nová svoboda*. Also Bohumil Laušman was in contact with that group. It was Fierlinger who formulated their programme. First, early in 1941, he published a book bearing a characteristic title *Dnešní válka jako sociální krize* [Today's War as a Social Crisis] and then, in the May volume No. 3 of the magazine *Nová svoboda* he published an article entitled *Nejdříve jasnou myšlenku a program* [First a clear idea and a programme] where he demagogically criticized the fact that the programme-related questions are almost not discussed in the Czechoslovak exile and he rejected the orientation to a mere restoration of the pre-Munich status quo.

In the economic section of his programme he spoke about a consequent application of "*true economic democracy*" that he identified with economic and social reforms in the socialist spirit. He suggested "*the socialization of all means of production, provided they served private capitalist purposes*" and the cooperative form of economic activity, particularly in agriculture. Private property was to be allowed only where it was not used to "*exploit work of other citizens for the purpose of capitalist enterprise*". It was mainly Fierlinger who supported the nationalization of banks, which would enable both "*socialization*" of industry and the state control of economy. Nationalization was in his opinion closely connected with economic planning. He and the politicians of "*his group*" professed a "*true revolutionary socialism*" and rejected the old "*revisionist*" ideas and "*phantasms*". They were planning a "*social revolution*" and construction of a "totally new social order", and there was no doubt that they saw a model in the political and economic system of the Soviet Union. The left-wing social democrats were thus very close to the communist concept of revolutionary conversion of the whole society. This shift can also be observed in B. Laušman's views after his "*study trip*" to the Soviet Union in 1942²⁵ and collaboration was confirmed between

²⁴ Karel JECH – Karel KAPLAN (eds.), *Dekrety prezidenta republiky 1940–1945. Dokumenty*. [The Presidential Decrees 1940–1945. Documents]. Doplněk, Brno 1995, Vol. II., doc. No. 32.1.

²⁵ Bohumil Laušman described his impressions in "*Nová svoboda*" in his article *Co jsem viděl v Sovětském svazu* [What I saw in the Soviet Union]. London 1943. For more information about Laušman's visit to Moscow and his cooperation with Z. Fierlinger and communists see the critical work by František NĚMEC, *Jak byla v exilu připravována likvidace strany* [How the Par-

Bechyně's group and Fierlinger, who then returned to the Soviet Union in the position of Czechoslovak envoy (later ambassador) in summer 1941.

Contrary to him, the relatively right-oriented, or better to say moderate part of social democrats represented at that time particularly by J. Nečas and later by F. Němec shared the government's position and, logically, supported also the moderate plans of the Ministry of Social Care and Ministry of Economic Reconstruction. It became apparent, however, that the radicalized left social democrats made also the moderate members submit socialization plans that caused justified concern among the non-socialist circles. Nečas was said to have declared during one of the discussions that the maximum land property allowed in the new Czechoslovakia would be 50 hectares, which was opposed by Minister of Interior Juraj Slávik who just used the old socialist slogan: "Everybody must have as much land as he and his family are able to bring under plough."²⁶

The discussions taking place among the Czechoslovak exiles and the preparation of restoration of Czechoslovakia had also an important international aspect. The social democrats endeavoured naturally to promote international cooperation with the socialist exile in London. Quite intense were their contacts with Polish socialists based, until 1943, on the above-mentioned concept of Czechoslovak-Polish confederation. Cooperation was also established with Austrian social democrats led by Oskar Pollak as well as with French, Belgian and Dutch socialists in exile.

The Czechoslovak exile, particularly its left part, was strongly influenced by the policy pursued by the British Labour Party, whose representatives were in frequent contact with the social democratic members of the Czechoslovak Government or State Council. Obviously, they were also influenced by the pre-war discussions on socialization. The very first scheme of social reforms entitled Beveridge Report (Report on Social Insurance and Allied Services), characterized by state interventions in the Keynesian spirit (particularly in the employment-fostering policy and the social care system) in Great Britain was presented by Lord William H. Beveridge, important liberal politician and philosopher, on 20 November 1942. The Czechoslovak Government welcomed the plan and used it as a basis of its own activities.

The Beveridge Report was discussed by the wartime cabinet in February 1943 and was generally approved by the British Government. However, its author had some controversy, particularly with Prime Minister Winston S. Churchill.²⁷ The Czechoslovak exile watched carefully the dispute over its approval: the govern-

ty's Liquidation was Prepared in Exile]. *Demokracie a socialismus, list čs. sociální demokracie*, London, July 1955, No. 32.

²⁶ Bohumil LAUŠMAN, *Kdo byl vinen* [Who Was Guilty]. Vienna 1953, p. 33.

²⁷ The National Archives, London, CAB 21, 3762.

ment-controlled newspaper *Čechoslávák* commented on the document as follows: “*The Beveridge Report is a sort of symbol around which the progressive forces in the country concentrate while the forces of reaction have associated against its implementation*”.²⁸ The article *Krise o vlas zažehnaná* [The crisis averted by a hair breadth] summarized the serious contradictions, particularly the fact that the British government had approved Beveridge’s suggestions, but refused to accept any obligations concerning their implementation, which provoked a strong opposition of the Labour Party. Its leader Arthur Greenwood stated in this matter: “*If we fail to achieve social and economic security for our brave nation, then this war will mean our defeat*”.²⁹ However, as the author of the article correctly added, the dispute over Beveridge’s proposals had not been closed with the government’s discussing it and the subsequent debate in the House of Commons; in fact, it had only started by that. This could be seen in the debate over the proposal in the House of Lords where Beveridge was supported not only by the left forces, but also for instance by Lord Lang, ex-primate of the Anglican Church, and also by some officials linked to the Conservative Party.³⁰

Nevertheless, the Beveridge proposals did not contain any nationalization programme. The Labour Party started working more intensely on such programme under the guidance of Labour Minister of Interior Herbert Morrison at its annual conference held in autumn 1944 in connection with the programme of economic revival. That helped Attlee’s Labourites – for some people unexpectedly – to beat the wartime hero Winston Churchill and form the first post-war government. Nationalization was planned particularly for coal mining industry, transport, and – in the financial sector – for the Bank of England.

Among the Czechoslovak exiles in England the report raised so much interest that its Czech (reduced) translation with the author’s preface was published for them.³¹ Beveridge pointed out in the document that although the question of social insurance was common to all countries, their variety meant also a variety of insurance principles in those countries. He explained the specific features of Great Britain, namely that it was a small, but highly industrialized country without autonomous farmer class, with homogeneous population, similar standards of life all over the country, with the existing habit of contributing to social secu-

²⁸ P. HARAS, *Krise o vlas zažehnaná* [The Crisis Averted by a Hair Breadth]. *Čechoslávák* 5, 1943, No. 9 of 26 February, p. 9.

²⁹ *Ibid.*

³⁰ P. HARAS, *Beveridge ve sněmovně lordů* [Beveridge in the House of Lords]. *Čechoslávák* 5, 1943, No. 10 of 5 March, p. 6.

³¹ *Výtah z Beveridgeovy zprávy o sociálním pojištění a příbuzných službách* [Extract from the Beveridge Report on Social Insurance and Related Services], preface by Sir William Beveridge for Czechoslovak readers, introduced by Ján Bečko, Minister of Social Care. London 1942.

rity and with a strongly developed scheme of optional insurance in “friendly societies” and labour organizations. He mentioned three reasons why the experience of one country was of importance also to the other countries in spite of the differences existing between them:

1) Comparative studies by specialists in one country with the situation in other countries are “*instructive and encouraging*”.

2) People will start migrating after the war in search of sources of living and it is desirable that the social systems in particular countries be compatible with each other so as to transfer the individual’s social rights from his mother country to his new home.

3) His suggestions aim at “*making the words of the Atlantic Charter reality*”. His intention is not to increase the wealth of the British people, but to redistribute the resources that will be available here so as to solve the most important problems and satisfy the basic material needs: “*My proposals express conviction that the goal to be pursued by the governments in the time of peace and war is not glory of sovereigns or of races, but happiness of every individual. My proposals do not constitute efforts of one nation to achieve advantages for its citizens at the expense of their comrades fighting for a common goal, but a contribution to that common goal*”.³²

Regarding the differences between Britain and Czechoslovakia Beveridge pointed out that there was a “*sad*” difference between them: the occupation and devastation of Czechoslovakia by the “*common enemy*” meant the necessity of “*huge preliminary work on material reconstruction*” of that country. Only after that “*institutions may be permanently reorganized so as to eliminate the scourge of unemployment and the poverty caused by the loss of income*”.

Czechoslovak exiles watched very carefully also the French reforms, particularly the declaration – or charter – of the National Resistance Council (Conseil National de la Résistance) of 15 March 1944 where, in addition to the punishment of traitors and the restoration of the freedom of press a system of social insurance was required as well as “*controlled economy*” and far-reaching social, economic, and political changes. The most radical part of the French charter demanded to “*return back to the nation*” various key economic sectors, such as mining, power, banking, and insurance. Large-scale nationalization of the means of production was also required as well as participation of workers in company management, and nationalization combined with the punishment of collaborators was symbolized by Louis Renault. The combination of retribution (in French “*réparation*”) and nationalization was clearly expressed in the chapter dealing

³² Ibid., pp. 4–5.

with material sanctions, prohibition of exercising managing positions, and confiscation.³³

Another model country was the Soviet Union. This could be best seen after Beneš's visit to that country in December 1943. The President, like some other influential western politicians, cherished the illusion of gradual transformation of the Soviet system and of its convergence with western democracies. In particular, he could not imagine that the Soviet Union alone would be able to manage the post-war reconstruction of its devastated economy, and he – as well as many others – therefore believed that the wartime coalition would continue in the post-war conditions. He also idealized the Soviet system, including its planning system and “*scientific management*”.

During his talks in Moscow with the Soviet People's Commissar for Foreign Affairs Vyacheslav Mikhailovitch Molotov Beneš handed to his Soviet counterpart also a memorandum on post-war economic cooperation. The President stated that the future economic orientation of Czechoslovakia should be fifty per cent to the West and fifty percent to the East, instead of the existing strong orientation toward the West. Beneš did not want Czechoslovakia to be exclusively dependent on the West only in the supply of raw materials. Cooperation with the Soviet Union in the economic field was expected to be facilitated by important changes to be implemented in the economic and social system of Czechoslovakia bringing the two countries nearer to each other. Of fundamental importance in that connection was supposed to be planned economy. The memorandum was based on the assumption that the key Czechoslovak industries, such as coal mining and processing, power sources, metallurgy, as well as transport etc. would be nationalized after the war. Also the very important arms industry was to be nationalized, one of the reason being the facilitation of cooperation between the two countries.³⁴ Economic cooperation was also part of the treaty between Czechoslovakia and the USSR on friendship, mutual assistance and post-war cooperation signed in Moscow on 12 December 1943.³⁵

This trend of Czechoslovakia's orientation was also confirmed by the establishment of the Society for Cultural and Economic Contacts with the Soviet Union in London, whose members were, beside Communist officials such as

³³ Julian JACKSON, *Francie v temných letech 1940–1944* [France in the Dark Years 1940–1944], BB/art, Praha 2006, p. 495.

³⁴ Jan NĚMEČEK – Helena NOVÁČKOVÁ – Ivan ŠŤOVÍČEK – Miroslav TEJCHMAN, *Československo-sovětské vztahy v diplomatických jednáních 1939–1945* [Czechoslovak-Soviet Relations in Diplomatic Negotiations 1939–1945], Vol. 2. Praha 1999, doc. No. 65, pp. 169–171.

³⁵ *Dokumenty a materiály k dějinám československo-sovětských vztahů* [Documents and Materials on the History of Czechoslovak-Soviet Relations], Vol. IV/1. Praha 1982, doc. No. 324, pp. 455–458.

Bohuslav Laštovička and left social democrats represented by B. Laušman, also Beneš's secretary Eduard Táborský and State Council Chairman Prokop Maxa. Again, it was Laušman who stressed the role of the Soviet Union as a new principal model for Czechoslovak economic reforms, including nationalization.³⁶

Except for the agrarians Lichner and – in particular – Feierabend, this new political, but also economic and social orientation was welcomed by the whole Czechoslovak government-in-exile. As a result, Feierabend started supporting the idea of post-war cooperation with the British and American side and he intensified his negotiations about post-war credits for Czechoslovak economy. He felt more and more that the propagated idea of nationalization complicated his work. During his stay in the USA he therefore declared for “*the ears*” of US government and investors that he supported the idea of combining the state sector, which was particularly suitable for mines, heavy industry and some sectors of transport, with the state-controlled sector and the big sector based on the “*principles of free competition*”. Nevertheless, the Americans refused to grant the credit, formally for different reasons: a breach of the Johnston Act of 1934, according to which no loans could be granted to those who failed to have repaid American loans in the past, which was the case of Czechoslovakia during the Great Depression.³⁷

However, even the Soviet officials damped the enthusiasm of Czechoslovak exiles over the Soviet experience and stressed the necessity of taking always into consideration the specific local conditions. Also the initially reserved position of the Czechoslovak communists in such matters as nationalization or far-reaching social reforms should to be attributed to this fact. The strategy of the Communist Party of Czechoslovakia as determined by its leaders in Moscow followed the line openly formulated by Georg Dimitrov during his talks with Czech Communist representatives in Moscow late in 1944 when he declared that the question of Czechoslovakia's Sovietisation should not be raised; Czechs and Slovaks themselves, through their own experience had to find their way to the Soviet-type power and through systematic political and ideological work the nations were to be prepared for socialism and the Soviet power.³⁸

³⁶ O. BERGER, *Velké dílo: hospodářsko-politický profil československého znárodnění*, p. 53.

³⁷ Ladislav Karel FEIERABEND, *Politické vzpomínky* [Political Memoirs], Part III. Brno 1996, pp. 157–158.

³⁸ Valentina Vladimirovna MARYINA, *Sovietski a československi komunisti na prahu mieru: vypracovanie spoločného politického algoritmu v rokoch 1944–1945* [Soviet and Czechoslovak communists on the Threshold of Peace: Elaboration of Common Political Algorithm in the Years 1944–1945]. *Historický časopis* 46, 1998, No. 4, p. 619.

When opening the fourth State Council session on 4 February 1944 President Beneš spoke again about the post-war reforms.³⁹ After reviewing the international development and the work done by the provisional state representation in 1943 he described the year 1944 as “*a year of preparation of a nation-wide revolution in the country*” and in that connection he mentioned also the establishment of national committees at the local and district level as a basis for the creation of revolutionary national committees at the land-level and of the Provisional National Assembly. Regarding the validity of the 1920 Constitution he declared that the restored Czechoslovak Republic would start keeping to it immediately after the defeat of Germany and Hungary while adding, however, that “*it would be modified and amended as soon as possible in accordance with our new post-war needs and in full fraternal and democratic agreement between the Czechs, Slovaks, and Ruthenians*”.

According to Beneš, the initial period after liberation would be characterized by new tasks of the government, particularly “*identifying and punishing physically and materially the Germans and their Czechoslovak collaborators*”, securing the democratic political order, and ensuring immediately economic activities. The President also spoke about the necessity of nationalization, particularly of heavy industry, mining, banking and insurance, and of a revision of the first agrarian reform. These “*socializing*” and “*revolutionary*” changes were expected to take place immediately after the war in the area of social legislation; however, some other fields of the law were also subject to changes. In this particular area, and in many other questions as well, he drew on the experience from the end of World War I and the early years of independent Czechoslovakia, predicting also a decline of the revolution wave and a subsequent correction of the most radical measures⁴⁰ He declared that all the government steps explained above would only be provisional and that their final confirmation must be done “*in a true democratic way, i.e., ratified either by the Revolutionary National Assembly, or by the first duly elected post-war Parliament which I expect to be summoned after the first democratic elections held no later than six months after the cease-fire*”. Such parliament in his opinion had also to elect a new President of the country. This speech before the State Council was followed up by all Czechoslovak political streams within the provisional state representation in London.

Early in September 1944 Beneš drew up a detailed programme of final preparations for the interim period after Czechoslovakia's liberation. In its economic

³⁹ *Na cestě k vítězství. Čtvrté poselství presidenta republiky Státní radě* [On the Road to Victory. The Fourth Message of the President to the State Council]. London 1944.

⁴⁰ See also Jiří KOCIAN, *Program obnovy Československa v českém politickém spektru v letech 1939–1945* [The Programme of Czechoslovakia's Recovery in the Czech Political Spectre in the Years 1939–1945]. *Moderní dějiny* 2, 1994, p. 167.

section he planned to prepare and issue a decree on the confiscation of German and Hungarian property, a decree on the property of traitors and collaborators, a decree on Germanized property, and a decree on the property of Czechoslovak patriotic, social and other associations and institutions confiscated by Germans. Beside the measures of confiscation and/or restitution the seized property had to be secured so as not to hinder the reconstruction work.

The President further demanded that specific technical and economic measures be promptly taken during the interim period (customs, trade, export and import, etc.), monetary actions taken and preparatory work on agrarian reform further developed, including a decree on the creation of a responsible office while the reform itself was to be carried out following the relevant detailed decisions of the first national government.⁴¹

However, the above speech was held in a situation that had emerged after Beneš's talks with the Czechoslovak Communist representatives in Moscow. During the talks, their leader in Moscow, Klement Gottwald, submitted proposals intended as a basis of the follow-up negotiations.⁴² Unlike the social democrats in exile and the home resistance movement the Communist Party of Czechoslovakia showed a rather reserved attitude to the social and economic reforms, except for the confiscation of enemy's property, the reason being not ideological, but tactical and political. The communists preferred a "national" and not purely "socialist" revolution to occur first. The communists did not apparently know how the far-reaching reforms planned by them would be perceived "at home" and did not want to put at stake their image of resolute, but constructive party.

As a matter of fact, the discussion on communist policy in this field continued until July 1945. The most important requirements of Czechoslovak communists in Moscow included fostering the active home resistance, punishing war criminals as well as local collaborators, determining the constitutional position of Slovakia, and issuing a proclamation aimed at the German minority according to which not all Germans, but only active Nazis were to be punished by the government. The communists required for the interim period that all economic entities seized by Germans on nationalist or racial grounds be "torn out" of their hands and the previous property transfers be proclaimed null and void. Property worth less than 500,000 crowns was to be promptly returned to the original owners. Larger property was to be put into "public national trust" and the post-war parliament would decide on it. Thus, its potential nationalization was made possible. However, all property of Germans as well as that of traitors and col-

⁴¹ HIA, Stanford, Táborový Collection, box 7.

⁴² Miloš KLIMEŠ – Petr LESJUK – Irena MALÁ – Vilém PREČAN, *Cesta ke květnu. Vznik lidové demokracie v Československu. I/1. svazek* [The Way to May. The Emergence of People's Democracy in Czechoslovakia. Vol. I/1]. Praha 1965. Doc. Nos. 1 and 2, pp. 35–59.

laborators was to be confiscated immediately and it was planned to be used in favour of the victims of occupation and distributed among those in need.⁴³

Gottwald communicated the results of Moscow talks to the Czechoslovak communists in London; these were active members of the State Council, but refused to take co-responsibility for the government-in-exile. Gottwald informed them with his famous letter of 21 December 1943⁴⁴ where he stated that “the President generally agreed with these proposals” and added that “*his plans are even more far-reaching*”.

Thus, the communist economic plans were subsequently discussed also by Czechoslovak communists in London, namely – apart from those who were members of the State Council – also among the group around the young economist Ludvík Frejka, who at that time still used his original name Freund. They used to meet in his apartment where compared to the official moderate policy a radical concept of nationalization was born reckoning not only with the nationalization of banks and large industries, but also with far-reaching state interventions in medium-size and small businesses. After the war, they obtained the chance of implementing their plans. Members of the group were, among others, František J. Kolár and Josef Goldmann.⁴⁵ Also the above-mentioned left politician B. Laušman closely collaborated with Frejka. Frejka published some of his economic and political considerations in the newspaper *Čechoslovák*. Of special significance was his article of 11 February 1944 entitled *Problémy poválečné výstavby* [The problems of post-war construction] where he suggested far-reaching economic reforms, including the nationalization of mines, large industrial enterprises and banks that were expected to become “*property of a democratic people’s state*” and not of “*other capitalists*”. In addition, other state interventions in economy and planning were considered. Nationalization, in his opinion, was a step to break the power of Nazi criminals. He extended his views on 6 October 1944 with his article *Zásah do hospodářství v osvobozených zemích* [Intervention in the economy of liberated countries] dealing both with the future state trust and with the treatment of seized property. He suggested confiscation of enemy-held property, while the “*duly elected National Assembly*” would decide on the nationalization of smaller businesses.

⁴³ Ibid.

⁴⁴ Ibid., doc. No. 3, p. 59 and *Znárodnění 1945* [Nationalization 1945]. *Dokumenty z fondů Státního ústředního archivu v Praze*. Praha 1988, doc. No. 1.

⁴⁵ Ludvík FREJKA, *26. únor 1948 v československém hospodářství* [The 26 February 1948 in Czechoslovak Economy]. Praha 1948. Preface by J. Dolanský. See also Zdeněk JIRÁSEK, *Dopad znárodnění v roce 1945 na československou ekonomiku* [The Impact of Nationalization in 1945 on Czechoslovak Economy]. In: Hynek Fajmon – Stanislav Balík – Kateřina Hloušková (eds.), *Du-sivé objetí. Historické a politologické pohledy na spolupráci sociálních demokratů a komunistů*. Centrum pro studium demokracie a kultury, Brno 2006, pp. 119–120.

As of late 1943 regular Monday meetings of national socialists (Hubert Ripka, Jaroslav Stránský, František Uhlíř, Julius Fürth, Juraj Slávik and Ivo Ducháček) with representatives of the London communists were held where the methods of restoring the political, social and economic system of Czechoslovakia and thus also the economic reforms were discussed.⁴⁶

Like Gottwald, also Z. Fierlinger informed the social democratic politicians in London in his letter about the Moscow talks and their results. He formulated there also his own suggestions concerning the post-war system and pointed out that his information was based on mutual consultations with communists. Fierlinger's letter of 21 December 1943, classified as "highly confidential", was addressed to B. Laušman and R. Bechyně, and it is quite interesting that Fierlinger had copied the communist programme and tactics by recommending the "Left Group" members not to join under any conditions the Czechoslovak government in London. In general, Fierlinger's letter corresponded to that of Gottwald; Fierlinger, however, added his ideas concerning the further development of the Social Democratic Party whose future he saw mainly in collaboration with the communists.

After Beneš's return from Moscow in January 1944 talks between the Czechoslovak politicians in London on the restoration of political parties and on their relation to the first post-war government intensified. Thus, the National Front concept emerged, one of its most important problems being the envisaged collaboration between communists, social democrats and national socialists, i.e., left and socialist parties, within the "socialist bloc".⁴⁷ The national democrats were represented by J. Stránský, H. Ripka, J. David, and F. Uhlíř, the social democrats by F. Němec, J. Bečko, R. Bechyně, and B. Laušman, and the communists by Václav Nosek, Josef Valo, Gríša Spurný, and Bohuslav Laštovička. During these talks the Draft National Programme for Working People in Towns and Villages was approved that had been prepared by the communists in February 1944 and then submitted to national socialists and social democrats for discussion.⁴⁸ And these talks also strongly influenced the final form of the Košice Government Programme.

⁴⁶ Deník I. Ducháčka, záznamy z 2. 2. a 29. 3. 1943 [I. Ducháček's Diary, Records from 2 February and 29 March 1943]. HIA, Stanford, Ducháček Collection, box 1.

⁴⁷ Bohuslav LAŠTOVIČKA, *V Londýně za války. Zápasy o novou ČSR 1939–1945* [In London at war. The struggle for a new Czechoslovakia 1939–1945]. Praha 1966. Klecanda's documents regarding the negotiations see Archiv Ústavu T. G. Masaryka (AÚTGM) Praha [Archive Institute T. G. Masaryk Prague], fund. 38 (V. Klecanda), a. u. 207–209.

⁴⁸ M. KLIMEŠ – P. LESJUK – I. MALÁ – V. PREČAN, *Cesta ke květnu. I/1. svazek*. Doc. No. 8, pp. 82–92.

The Programme included, in particular, public trust for “*all enterprises that are managed by German and/or Hungarian occupants or by their treacherous accomplices*”. This applied not only to industrial, agricultural, trade and financial enterprises, “*but also to state and other public enterprises, savings banks, insurance companies, cooperative associations, etc....*”⁴⁹ The property thus secured could be then either confiscated (and thus redistributed) or nationalized (and thus remain in state’s hands). This is what Gottwald and Slánský suggested in some of their articles published in “*Československé listy*” in Moscow in April and May 1944.⁵⁰ The considerations regarding property restitution should also be mentioned here; however, according to the socialist parties restitution was subject to proving national or racial persecution and to the social status of the applicants. Again, the communists did not speak publicly about nationalization or planning.⁵¹

L. Frejka (Freund) was more open in the magazine *Čechoslovák*. In its number 38 of 29 September 1944 he published an article entitled *Zásah do hospodářství v osvobozených zemích* [Intervention into the economy of liberated countries] where he suggested not only forced administration of enemy’s property, but also of the property of collaborators and traitors, and did not exclude far-reaching economic reforms in relation to the property thus seized.

Thus, representatives of the National Socialist Party and, in particular, those of the Social Democratic Party showed even more radicalism in the matter of nationalization than the communists. The position of the restored National Socialist Party can best be seen in H. Ripka’s opinions. As proved by Ducháček, it was H. Ripka who declared as early as 30 July 1943 at a dinner with Karel Macháček, František Klátil and Karel Hanuš that it would be necessary to establish “*a group that will negatively differ from the social democrats and communists, that will aim at incorporating all people, from small farmers through Catholics to workers, and that will express with its positive programme the idea of national socialism, i.e., not the old party of Klofáč, but its idea, a socialism shaped according to the possibilities and needs of the whole nation*”.⁵²

Like the social democrats, also the national socialists started organizing their party from among the government and State Council members late in January 1944.⁵³ A stimulus to this was the discussion on orally communicated informa-

⁴⁹ Ibid.

⁵⁰ Karel KAPLAN, *Znárodnění a socialismus* [Nationalization and Socialism]. Praha 1968, p. 12.

⁵¹ Václav VRABEC, *Znárodnění 1945* [Nationalization 1945]. Dějiny a současnost, 1991, No. 1, p. 49.

⁵² Record in I. Ducháček’s diary from 30. 7. 1943. HIA, Stanford, Ducháček Collection, box 1.

⁵³ See also Jiří KOČIAN, “*Benešova strana*” a “*její*” *prezident za druhé světové války* [“Beneš’s Party” and “its” President during the Second World War]. *Moderní dějiny* 3, 1995, p. 167.

tion about Gottwald's above-mentioned letter.⁵⁴ In their declaration that they handed to the communist State Council members on 24 January 1944 at a meeting in Ripka's apartment the national socialists renamed themselves as Czechoslovak socialists and agreed with negotiations about the idea of "United National Front". Their programme was generally based on the above ideas of E. Beneš in political and economic matters. Their programmatic declaration of 31 January 1945, apparently under a strong editing influence of H. Ripka (and after consultation with E. Beneš), envisaged "*socialization of mines, coal trade, metallurgy and heavy industry as well as of all medical resources and spas and, in the sector of public finances, absolute state control of all banking*".⁵⁵ Thus, it drew on the speech made by Beneš in the State Council in February 1944. The national socialists intended to include this position also in the programmatic declaration of the new Czechoslovak government in the liberated territory of the country. They demanded a full agrarian reform; however, small private land property and voluntary cooperatives were to be allowed. In all state territory the presidential decrees prepared in London were to be enforced, including the economic decrees. In September 1944, H. Ripka confirmed to L. Feierabend the position of national socialists in the matter of nationalization stressing that nationalization would particularly include the mining and arms industries and that nationalization would be carried out also "*because of national reasons, against the Nazi Germans*".⁵⁶

Even more radical was the position of social democrats in London; it was first discussed in their club of government and State Council members headed by R. Bechyně and F. Němec and based on the previous Socialist Club of social democratic State Council members.⁵⁷ On 28 January 1944 J. Bečko and F. Němec met with B. Laušman and V. Patzak and agreed on the establishment of a united social democratic group.⁵⁸ Then, on 15 February 1944, its members met with E. Beneš to discuss the role of social democrats in the preparation of post-war political life. The establishment of the social democratic group was eventually confirmed at the conference of social democratic officials held on 27 February 1944 where a compromise between the groups headed by B. Laušman and F. Němec was reached. The conference adopted a programme of social and economic

⁵⁴ AÚTGM Praha, fund 38 (V. Klecanda), a.u. 209, Klecanda's note on the document.

⁵⁵ M. KLIMEŠ – P. LESJUK – I. MALÁ – V. PREČAN, *Cesta ke květnu. I/1. svazek*. Doc. No. 111, p. 341.

⁵⁶ K. KAPLAN, *Znárodnění a socialismus*, p. 12.

⁵⁷ Jiří HORÁK, *Českoslovenští sociální demokraté v druhém odboji* [Czechoslovak Social Democrats in the Second Resistance Movement]. Svědectví, 1957, No. 5, p. 42.

⁵⁸ *Deník Eduarda Táborského* [Eduard Táborský's Diary]. Record from 28. 1. 1944. Stored in: HIA, Stanford, Táborský Collection, box No. 2. J. Bečko informed him about the agreement by phone.

reforms based on the Action Programme of 11 February 1945.⁵⁹ A new leadership of the “*foreign social democratic group*” was formed, mostly from members of the pre-war Central Executive Committee. The conference adopted a programme envisaging the nationalization of industry and banking and the agrarian reform. It also supported a reform of the state administration based on “*national committees*”. The Social Democratic Party was to be considered part of the National Front, and the party’s attitude to international policy was also expressed. The final resolution was sent to E. Beneš on 9 March.⁶⁰ The party’s situation was weakened due to the merge of the Social Democratic Party and the Communist Party in Slovakia. In his diary E. Táborský pointed out that particularly B. Laušman would like to go the same way (Táborský strongly disagreed with that).⁶¹

The group of “social democratic representatives abroad”, now without Bechyně and also without the government delegate F. Němec and his advisor B. Laušman, decided at their meeting on 11 February 1945 to prepare prior to the departure of government and State Council members for Moscow an action programme on political arrangement in the liberated country.⁶² The elaboration of the programme was strongly influenced by E. Táborský, E. Beneš’s secretary and legal advisor, and it is highly probable that the President was informed about the programme prior to its final formulation.⁶³ The programme was handed to the social democratic representatives on 9 March 1945 in the morning so that it could be used during talks on the government programme in Moscow.⁶⁴

The foundations of new “*economic and social life*” in Czechoslovakia after liberation were explained in the chapter entitled “*For a new economic and social order*” and were based on the principles of democratic socialism. That means that the main property and enterprise subjects were supposed to be the “*state, land, district, community, and autonomous interest associations*” whereas the subjects of private property were to be individuals or their associations (cooperatives, societies). Public property and enterprise, i.e., the area where nationalization and/or socialization was planned, included natural resources, banking, institutions providing financial and credit services, and also “*all companies in heavy*

⁵⁹ Ibid., Record from 11. 2. 1945.

⁶⁰ Ibid., Record from 9. 3. 1944.

⁶¹ Ibid., Record from 8. 12. 1944. On 17 November E. Táborský mentioned that he and V. Beneš tried to initiate opposition against a potential merge of the Social Democratic Party with the Communist Party and against “*social democrats becoming a weather-cock turning with the communist wind.*”

⁶² Ibid., Record from 11. 2. 1945.

⁶³ Ibid., Record from 14. 2. 1945.

⁶⁴ AÚTGM Prague, fund 38 (V. Klecanda), a.u. 208.

industry as well as large companies in other industries, all transport and large distribution enterprises”.⁶⁵

Although none of the most important political groups in exile rejected nationalization, some experts and individual politicians pointed to the problems related to it and called for a well-considered and rational action.⁶⁶ Moderate approach to the post-war reforms was particularly demanded by Prof. Antonín Basch, important economist working in the USA during the war. The same can also be seen in the book *Československo a jeho hospodářská budoucnost* [Czechoslovakia and its economic future] by František Munk.⁶⁷ Munk admitted state intervention in national economy and also nationalization, but preferred a reasonable combination of private and public sectors (“mixed economy”) and drew also on some ideas of Feierabend’s. He expected more nationalization in Czechoslovakia after the war than in Great Britain or in the USA, but less than in the Soviet Union. He also suggested a different type of planning than in the Soviet Union, namely the ‘indicative’ method of planning.

As to the plans and programme-related discussions among the Czechoslovak representation in exile both in London and in Moscow it can be said that in the question of economic and social reforms a political and – to some extent – legal framework was agreed within which also the debates in the liberated territory of Czechoslovakia were held. However, all political and ideological streams were more or less waiting for the end of the war and for the liberation of the country so that also “*the people at home*” could say their word.

⁶⁵ M. KLIMEŠ – P. LESJUK – I. MALÁ – V. PREČAN, *Cesta ke květnu. I/1. svazek*, Doc. No 122, p. 360.

⁶⁶ See, e.g., L. K. FEIERABEND, *Politické vzpomínky*, Part III, pp. 20–21.

⁶⁷ Václav PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992* [Economic and Social History of Czechoslovakia 1918–1992], Vol. 2. Brno 2004, p. 49.

PART V.

**The Welfare State – Ways to Its Implementation
in Post-War Europe. Continuity and Discontinuity
of Thought**

Continuity and Discontinuity of Evolution of the Czechoslovak Welfare State (1924–1951)

The above period of time may seem illogical at first glance. Although these years are of little importance in political history, they constitute a significant historical milestone in the evolution of the Czechoslovak welfare state. Normally, the duration of social protection structures is rather long; however, Czechoslovakia applied three totally different models of social protection during this short period of time: the Bismarckian (until 1948), the Beveridgian (1948–1951), and the Soviet state paternalist (as of 1951). The rapid changes were primarily due to the changing political situation, which is particularly stressed in the present paper. The employment policy, on the other hand, exhibits strong features of continuity between the period of the Second Republic (1938–1939), the German occupation of the remaining parts of Bohemian Lands (1939–1945), and the era of people's democracy (after 1945). And these elements of continuity and discontinuity in social policy constitute the topic of this study.

In 1924 the evolution of social insurance culminated with the passage of the Act No. 221/1924 Coll. on sickness, invalidity, and old age insurance of employees embracing all hired labor, including families. As a follow-up to this law an analogical legal regulation was also adopted for self-employed persons (No. 148/1925 Coll.); this, however, never came into effect.¹ And with a new law on the insurance of private employees in higher services (No. 26/1929 Coll.) the building of an insurance system of German (Bismarckian) type (stressing the individual's status and minimizing the redistribution between income groups) in the 1920s was accomplished.

As pointed out by Antonín Klimek, the smooth passage by the legislature of the above employees' insurance bill was a political barter inside the coalition: social insurance of workers in exchange for agrarian customs for peasants. As soon as the insurance bill had been adopted, however, the socialist parties were reluctant to support the protectionist measures in favor of farmers; the customs protective measures were unpopular because they eventually led to higher prices of foodstuffs, which certainly would not have been welcomed by the voters. This was one of the reasons why the tension inside the then right-left coalition ex-

¹ Self-employed persons were not subject to sickness insurance according to that law, only to old-age and disability insurance.

ceeded the tolerable level and premature elections were then held in 1925.² Such barter between right and left were no exceptions; indeed, they were quite common in the formation of political will in the First Czechoslovak Republic. The bargaining in Parliament often had a bizarre form, as for instance in 1930 when voting on the cattle duties combined with an amendment to unemployment benefits.³ Scandalous though such procedures may appear to the current reader they provided the political system in the First Republic with much more stability than in other Central European countries.

The following period of 1926–1930 can be regarded as a period of social care reconceptualization starting with the disintegration of the right-left social reform consensus that had been typical of the first years of existence of independent Czechoslovakia after 1918. The right parties, which in 1926 managed to set up a government without socialist counterparts, were now reluctant to support new social legislation; actually, using the competitiveness of economy as an argument, they made every effort to avoid charging the payrolls with social taxes (social insurance reform of 1927–1928). The government was ready to listen to the complaints of small and medium businesses about the premiums constituting a big burden for them. In October 1927 Minister of Social Care Jan Šrámek, who was a member of the People's Party, suggested a reform that later developed into the first social insurance amendment.⁴ The Socialists and particularly Communists managed to mobilize “the street” against the government plans; due to a series of mass demonstrations at the turn of 1927 the coalition was forced to make corrections. The government eventually achieved a compromise with the opposition leaders that somehow took its edge off; thus, in November, the Act No. 184/1928 Coll. was adopted. By this, underage workers (under 16) were exempted from the insurance scheme and some other modifications were made (insurance classes, reduction of widow's pension, trousseau allowance).⁵

After the elections of October 1929 the broad right-left coalition was restored and, as a result, the trend of reducing social expenditures declined a little, which was reflected in a new legal regulation of unemployment benefits in the middle

² For details see Antonín KLIMEK, *Boj o Hrad* [Struggle for the Castle], Part II. Praha 1996, p. 312. According to the author this was the biggest blow to the then coalition during the whole time of its existence.

³ Antonín KLIMEK, *Velké dějiny země Koruny české XIV. 1929–1938* [Comprehensive History of the Bohemian Crown Lands XIV. 1929–1938]. Paseka, Praha – Litomyšl 2002, p. 57.

⁴ For criticized stipulations see Lev WINTER, Evžen ŠTERN, *Útoky na sociální pojištění* [Attacks against Social Insurance]. Praha 1927.

⁵ For details see Zdeněk DEYL, *Vývoj dělnického sociálního pojištění v Československu v letech 1924–1938* [The History of Workers' Social Insurance in Czechoslovakia 1924–1938]. Československý časopis historický 23, 1974, pp. 517–523.

of 1930. At that time, however, the first serious signs of economic depression were already observed.

The consequences of the Great Depression dominated in the following period of 1931–1938. The situation of governments in the 1930s was not easy: the tax incomes were declining and there were serious social impacts of the Depression that the governments had to cope with by means of unemployment benefits or by supporting various investment plans. As a result, the socialist parties appeared in a defensive position under the pressure of the civic parties. Therefore, they focused their activities (often without success) on conserving the existing standards of social legislation and gave up any efforts aimed at a more ambitious reform policy. The proportion of government expenditures to the GDP did not exceed much the European average level, but the problem of fiscal policy in Czechoslovakia was not the main concern of that time.⁶ During the Depression the governments failed to efficiently reduce the tax burden of the population. While the GDP was declining, the taxation tended to grow, which failed to stimulate economic growth, and this was certainly a reason (but not the only one) of Czechoslovak economy's slowly overcoming the Depression. The country's debt grew accordingly so that in the last years of existence of the First Republic its level achieved two thirds of the GDP (in 1937 the GDP was 72.2 billion Kč and the debt 43.9 billion Kč).⁷

In the first Depression years the government failed to have a long-term systematic antidepression policy. Only Jan Malypetr's government pursued a more consequent deflation policy as of autumn 1932 trying to cut the state expenditures, including those on unemployment benefits (No. 161/1933 Coll.). Following the devaluation of Czechoslovak currency in February 1934 signs of economic recovery appeared. The next government headed by Milan Hodža, inaugurated before Christmas 1935, tried to stick to the motto that „an efficient solution consists only in pro-employment policy, not in the policy of benefits“;⁸ however, the government was hardly seeking a consensus as to how the maxim could be carried out. In addition, fear of Germany was quickly increasing, which largely predetermined the priorities of government policy. Armament started

⁶ Roger MIDDLETON, *The Size and Scope of the Public Sector*. In: S. J. D. Green – R. C. Whiting (eds.), *The Boundaries of the State in Modern Britain*. Cambridge 1996, pp. 86–145; B. R. MITCHELL, *International Historical Statistics: Europe 1750–1988*. Basingstoke 1992.

⁷ Alena MAYTOVÁ – Jiří NOVOTNÝ – Jitka PEKOVÁ, *Československé veřejné finance v letech 1918–1938* [Czechoslovakia's Public Finances 1918–1938]. *Acta Oeconomica Pragensia* 6, 1998, No. 5, pp. 27–36.

⁸ Quoted from Zdeněk DEYL, *Sociální politika Československa ve druhé polovině třicátých let* [Social Policy of Czechoslovakia in the Latter Half of 1930s]. In: *Sborník k dějinám 19. a 20. století* 13, Praha 1993, p. 269.

and the public debt was increasing accordingly. On the other hand, the employment rate was rising, too.

In contemporary foreign historiography Czechoslovakia is sometimes equated with the then Sweden. At counterfactual level we could say, based on this opinion, that only little was needed for the Scandinavian model of welfare state to emerge not in Northern Europe, but in Prague. In Sweden, like in Czechoslovakia, the coalition was based on a red-green alliance (socialist-agrarian). Gregory M. Luebbert, whose argumentation follows this line, describes Czechoslovakia's policy of the latter half of 1930s as follows: „The break with (financial) orthodoxy came in 1934, and combined a devaluation of the crown (repeated in 1936) with agricultural relief measures, improved social assistance, import restrictions, and fiscal stimulus. Social Democrats and Agrarians in Czechoslovakia actually did what their Scandinavian counterparts have merely been credited with having done: they used large fiscal deficits to stimulate a recovery“.⁹ Luebbert mentions a number of public work projects, but totally ignores the key sector of such high-cost plans: the arms industry. In view of the current state of historical research we can say that the dramatically growing state debt was primarily motivated by the foreign political threat to the country on the part of Hitler's Germany and not by the deliberate effort of the red-green coalition to consequently apply the “Scandinavian” procedures. Luebbert also overestimates the improvement of social legislation in the 1930s. While the Scandinavian countries implemented a legislation that was improving the existing situation, Czechoslovakia was rather restoring the state from the late 1920s that had worsened with the deflation interventions by the government. As more adequate in this respect should be considered the conclusion made by Zdeněk Deyl on a stagnation of social-reform legislation in the 1930s and on some helplessness of the governments as to the concept of future social policy.¹⁰ We can only speculate whether after the Depression the social-political regime would have continued the expansionary trend of evolution from the early 1920s. Instead, the destruction of Czechoslovakia at the end of September 1938 and the following outbreak of World War II pushed the social political development in the Bohemian Lands and Slovakia onto a totally different way.

The Munich Agreement, followed by the loss of large border areas of the country, constituted also a milestone in social policy. Primarily, it was necessary to take care of the refugees from border areas. Firstly, short-term emergency measures were taken, such as the Decree No. 228/1938 Coll. on extraordinary

⁹ Gregory LUEBBERT, *Liberalism, Fascism, or Social Democracy: Social Classes and the Political Origins of Regimes in Interwar Europe*. Oxford 1991, p. 291.

¹⁰ Z. DEYL, *Sociální politika ve druhé polovině třicátých let*, pp. 249–271.

housing measures forbidding overcharged rents. Secondly, new, long-term measures appeared, particularly in the field of employment policy. A step in that direction was the Decree No. 223/1938 Coll. on labor units aimed at making use of the unemployed for public good purposes. District offices were authorized to send a citizen over 19 to such units. The heyday of these units came with the beginning of the Protectorate, in spring and summer of 1939, when about a quarter of the total number of unemployed were covered by the scheme. Due to its nature, it was not a popular institution and many interesting documents of trade unions are available proving that the trade unions tried to sabotage the labor units. Refusing to join the unit was a reason to deny the unemployment benefits within the Gent System. Therefore, some trade unions sought secret ways of supporting their members who had not applied for unemployment benefits fearing that they would be sent to such unit.¹¹ The creation of labor camps was also criticized for not being an adequate measure, and further steps were therefore suggested. Which ones? We can find the answer in a contemporary study that was published in the trade union periodical *Hlas práce*: „We believe that all citizens in our country should be subject to a labor duty; however, this duty must be imposed on everybody and not only on those who are checked in and out with sickness insurance companies“.¹² Thus, not only unemployed workers, but all those who due to their political or administrative examination were considered parasitizing on the work of others were to be forced to work. The quoted text does not specify expressly who is meant. However, this way of controlling the labor market opened the door to a repression of a number of persons that could be labeled with deliberate, time-conditioned tags, such as speculators, annuitants, bourgeois, etc.

The Decree No. 72/1939 Coll. creating prison camps is at first glance a similar document, albeit of different nature. While the labor units were intended for unemployed people, the prison camps were planned for “*work-shy persons*”. A unit member could be transferred to the prison camp if he/she showed a great lack of discipline and/or failed to perform his job with due conscientiousness.

The slogan of the Second Republic “*Small, but ours*” was also reflected in the employment policy, as clearly shown by a circular of the Czechoslovak Trade Federation of December 1938 which reads: „*An economic principle of the new state must be that no head and/or hand able to work should be idle. The working*

¹¹ Všeodborový archiv Českomoravské konfederace odborových svazů (ČMKOS) [Trade Unions Archives Czech-Moravian Confederation of Trade Unions (VOA ČMKOS)]. Fund: Staré odborové spolky, OSČ, box 135, sign. 1727.

¹² *Pracovní tábory a zkušenosti s nimi* [Labor Camps and Their Experience]. *Hlas práce* 19, 3 December 1938.

duty is but a consequence of the right to work that must be ensured.¹³ Thus, the idea of national self-preservation merged with the necessity to provide work for refugees, which opened the way to an administrative control of the labor market and to a large-scale application of repression methods to achieve these goals. From these Second Republic declarations there is a direct continuous line to wartime and post-war measures, including the Communist employment policy after 1948.

As the supply of voluntary manpower failed to keep pace with the growing war industries a more consequent administrative control of labor force distribution was required. For this purpose, the Central Labor Office was established in Slovakia in 1940 (No. 147/1940 Coll.) to define wage policy and regulate the labor market through a network of district labor offices. In the Bohemian Lands, too, similar offices existed as of 1939 (Nos. 193/1939 Coll. and 202/1939 Coll.). In connection with that, employment books (cancelled in 1919 due to their extreme unpopularity among workers) were reintroduced to facilitate the registration and distribution of manpower needed in war industries. The establishment of labor offices was one of the few changes that were welcomed by the London emigration. Due to their important wartime role the offices were well staffed and materially well equipped.¹⁴ Compared to the unsatisfactory situation in labor employment agencies in the interwar period these institutions showed much progress and they were expected to remain also after the war. A certain problem was their extreme unpopularity among the population.¹⁵ The easiest solution to the problem was chosen after the war – they were renamed.

Employment as a traditional field of private law passed into that of public law during the war. Typical infringements of working-morale that in the market-based economy are settled within the regime of private law offences (such as compensation of damage, reduction of wages, sacking) often fell in the competence of labor offices and were resolved with public law sanctions (administrative punishment and criminal offences). Czechoslovakia's economy after 1945 was in this aspect much more like war economy and unlike Czechoslovakia's economy prior to 1938.

¹³ VOA ČMKOS. Fund Staré odborové spolky, OSČ, box 454, sign. 453/6470.

¹⁴ National Archive Praha (NA Prague). Fund: Ministerstvo sociální péče-Londýn (further MSP-L), box No. 47, sign. 11-17/11/2.

¹⁵ In his 1944 speech Minister Bečko stated: „*On the other hand, they were among the most hated political instruments serving the Germans. Our primary task in this point will be to get those offices rid of pro-Nazi elements, fill them with a new democratic spirit serving the nation's needs, and incorporate them in the mechanism representing the people and the employees.*“ NA Prague. Fund MSP-L., box No. 46, sign. 11-17/1.

Another “standard” wartime measure was the imposition of labor duty. This was introduced in the Protectorate in summer 1939 by the Decree No. 190/1939 Coll. on general labor duty (see also No. 195/1939 Coll.). The measure was initially motivated by the intention to ensure sufficient seasonal manpower, particularly in agriculture and building industry where a lack of labor was felt due to labor recruitment for Germany. This view is supported by the relative age limitation (men from 16 to 25). With the Decree No. 46/1941 Coll. labor duty was imposed on all Protectorate citizens at the age from 18 to 50.¹⁶ Finally, the growing lack of labor brought about a radical extension of the labor duty in 1942 and practically all population able to work was subject to that duty and, if needed, could be deployed abroad (Nos. 10/1942 Coll. and 154/1942 Coll.). Labor duty was introduced by law also in Slovakia where all men and women aged 18-60 were subject to it. As a matter of fact, labor duty was no exceptional measure in Europe; it was introduced in the belligerent states here both in World War I and World War II. In the Bohemian Lands (less in Slovakia), however, it was extremely unpopular because it was viewed as forced labor for the illegitimate occupation power.

War economy required also administrative wage regulation, both in order to motivate workers and due to the inflation. The rising price level influenced necessarily also the social insurance pensions. The changes in allowance schemes sometimes failed to ensure adequate payments needed to maintain the income-expenditure balance. The huge resources of the Central Social Insurance Company tempted to be used for military purposes by means of bonds and other financial instruments. Actually, the Company had served as principal creditor of the state and local self-government already in the First Republic. The corporate structure of social insurance as inherited from the First Republic did not formally change. In fact, however, it did. All bonuses added to the assessed allowances preferred the low-income pensioners; as a result, the equalitarian trends in the insurance scheme increased, which contradicted its corporate logic.¹⁷ The average worker’s pension in the Bohemian Lands had increased 2.6 times by 1944; in 1947, compared to 1939, it was almost sixfold. Contrary to that, the clerk’s pension increased only 1.1 and 1.9 times, respectively. Should the subsequent period from 1944 to 1947 be considered, then the worker’s pension rose

¹⁶ Zdeňka KOKOŠKOVÁ – Jaroslav PAŽOUT – Monika SEDLÁKOVÁ, *Pracovali pro Třetí říši. Nucené pracovní nasazení českého obyvatelstva Protektorátu Čechy a Morava pro válečné hospodářství Třetí říše 1939–1945* [They Worked for the Third Reich.]. Praha 2011, p. 17.

¹⁷ For more information about insurance in both parts of Czechoslovakia during the war see Vladimír WERNER, *Národní pojištění* [National Insurance]. Praha 1947, pp. 27–49; see also *Dvacet let Ústřední sociální pojišťovny* [Twenty Years of Central Social Insurance Company]. Praha 1946, pp. 13–19.

by 123 %, while the clerk's pension by 62 % only. An even greater level of equalization of benefits can be observed in health insurance.¹⁸ And this growing equalization can be considered the principal continuous feature that had started under German occupation, but fully continued also after 1945; this created the conditions needed to get more easily rid of the Bismarckian type of insurance and replace it with the equalitarian model of national insurance of 1948.

It should be pointed out here that obvious equalitarian trends can also be observed in the rationing scheme that existed in Czechoslovakia until the end of May 1953. At first glance, even the black market can be viewed to some extent as an equalization factor. In the case of small peasants and tradesmen, their profits from it should not be exaggerated; the group of "profiteers" with enormous profits from this type of speculation was relatively small, while the income of better situated persons that could afford buying in the black market was largely set off by the price level there that was extremely high.

The necessity of fundamental reform of the existing social insurance scheme was generally recognized during the war by the Czechoslovak resistance movement in London, Moscow, and at home. A large programmatic document called *For Freedom: Into a New Czechoslovak Republic* was elaborated in the Protectorate as early as 1941. It was formulated by left-oriented resistant movement members; though, it was intended to constitute a common program of the home resistance. In spite of being a sort of compromise reflecting the different ideological streams in the home resistance movement, it contained a promise of a post-war social order that would be fairer owing to the realization of economic and social democracy. Therefore, much attention is paid in the program to the questions of economy and social protection. One can find there the requirement of consequently planned economic development as well as of Keynes-inspired policy striving for full employment and sufficient demand in economy. The spirit of the document is well expressed in the chapter devoted to the implementation of the right to work, which was supposed to be also a commitment of the citizen to society: „*Social disparagement must not go too far and create again a class of social outcasts, unemployed, who lower the level of all working people. This will be the principal task of the public administration [...] At the same time, the freedom of every worker shall be respected, no one shall be reduced to a mere object of economic activity*“.¹⁹

¹⁸ See *Důvodová zpráva k návrhu zákona o sjednocení některých předpisů o veřejnoprávním sociálním pojištění* [Explanation of the bill on unification of public law regulations of social insurance]. NA Prague. Fund: Úřad předsednictva vlády, běžná spisovna, box No. 751.

¹⁹ *Za svobodu do nové Československé republiky* [For freedom to new Czechoslovak Republic]. Praha 1945, p. 99. On beginning and importance of the document see Lenka KALINOVÁ, *Východiska, očekávání a realita poválečné doby: k dějinám české společnosti v letech 1945–1948*.

The considerations of Czechoslovak émigrés in Britain followed a similar line. They had a clear idea as to how the function of social policy should change, already a long time before the publication of the Beveridge Report. This was confirmed by František Němec, Minister of Social Care in exile, in the end of July 1942: „*Social policy [...] cured the consequences of the individualistic economic system; it cared for the unemployed and improved the health of individuals who had lost it as a result of exaggerated work efforts. Social policy in the new economic system must not follow the same line. Its goal must be care for the individual based on the principle of collective responsibility of all*“.²⁰

The Communists in Moscow did not care too much about social policy during the war and concentrated to other controversial questions. Those Communist Party members who were in London, however, participated very actively in the negotiations of state bodies in exile (mostly the State Council) on social problems and in working out plans for Czechoslovakia after the liberation of the country.²¹ They even had no problems with accepting the ideas of social policy conceived by experts of the government in exile or in the home resistance movement. Looking into the minutes of the Moscow talks in March 1945 where the National Front parties were discussing the final wording of the government program (later known as the Košice Government Program) it appears that social policy was one of the least controversial topics.²² There are many reasons of this – at first glance surprising – agreement on the basic parameters of post-war social policy and they certainly are not due to an unconditioned enlightenment of the political elite or to an extreme influence of the Communists in the Third Republic (1945–1948). The reasons of the strong social reform consensus in the Third Republic should be sought in the overall impacts of the Great Depression and World War II on European national communities, and Czechoslovakia is no exception to this rule.²³ The Košice government program, which was printed in 200 thousand copies and which, as Communist Minister of Information Václav

Česká společnost po roce 1945 [Starting Points, Expectations, and Reality of the Post-War Time: on the History of Czech Society in the Years 1945–1948. Czech Society after 1945], Vol. 1. Praha 2004, pp. 35–38.

²⁰ *Sociální péče v zahraničí* [Social Care Abroad]. Čechoslovák 4, 31 July 1942.

²¹ For more information see Jakub RÁKOSNÍK, *Czechoslovak Social Politics and Its Representatives in London Exile during Second World War*. In: Prague Papers on the History of International Relations. Prague – Wien 2008, pp. 429–443.

²² Miloš KLIMEŠ – Petr LESJUK – Irena MALÁ – Vilém PREČAN, *Cesta ke květnu. Vznik lidové demokracie v Československu* [The Way to May. The Emergence of People's Democracy in Czechoslovakia], Vol. I/2. Praha 1965, Doc. No. 132, p. 422.

²³ For deeper insight in this topic through the thesis of long 1930s in the history of 20th century Europe see Jakub RÁKOSNÍK, *Dlouhá 30. léta (1929–1945)* [The Long Thirties (1929–1945)]. Dějiny – teorie – kritika 7, 2010, pp. 222–238.

Kopecký not inaptly put it, „has become a Gospel, a Bible of the new Czechoslovakia“²⁴ was according to Jiří Maňák's older works based on a survey from spring 1946 fully supported by 62.9 % responders while less than 2 % expressly opposed it and the others expressed objections against some of its points.²⁵ The survey of public opinion of May 1947 shows similar results. To the question whether the nationalization of industry was right 65.5 % of answers were affirmative while fully negative statements accounted for some 10 to 15 % answers.²⁶

The most important new feature in the field of social policy of the Third Republic was the preparation of the above-mentioned national insurance scheme that was supposed to be the main element of its commitment to a complex social reform as contained in the Košice Government Program. The trade unions participated very actively in its preparation. Their chairman revealed on 25 July 1945 *An Outline of National Insurance Principles*. The maxims explicitly expressed there were the same as those on which the Act No. 99/1948 Coll. was later based: universality, increased benefits, protection against any major social events, and simplified administrative system. The political parties, too, showed interest in the preparation of national insurance scheme as they became aware of the significant matters that were dealt with therein, such as interests of private physicians, insurance benefits of middle and higher classes, or supervision of the administrative apparatus of insurance companies. Due to conflicts over these questions the national insurance scheme became an important political issue before the February 1948 Coup. The third anniversary of the end of WW II was approaching and the social reform had not started yet because the political parties were unable to agree on its final form. The government started discussing the respective bills at the least convenient time: on 13 February 1948. The conflict within the National Front was imminent and culminated between 20 and 25 February with a political crisis and subsequent reconstruction of the Gottwald government, which is generally considered to be the beginning of Communist dictatorship here.

From that time on nothing hindered the approval of national insurance. Moreover, the Communists needed to legitimize their position. They had presented themselves for a long time as consequent advocates of the Košice Government Program, whose implementation was allegedly hindered by the reactio-

²⁴ Michal PEHR, *Zápas o nové Československo 1939–1946* [The Struggle for a New Czechoslovakia 1939–1946]. Praha 2011, p. 161.

²⁵ Jiří MAŇÁK, *K problematice a postavení čs. inteligence v letech 1945–1953* [On the Problem and Position of Czechoslovak Intelligentsia 1945–1953]. *Revue dějin socialismu* 8, 1968, special issue, p. 1011.

²⁶ Quoted from Lenka KALINOVÁ, *Společenské změny v čase socialistického experimentu* [Social Changes in the Period of Socialist Experiment]. Praha 2007, p. 105.

nary bourgeoisie. Many different laws were then passed in spring 1948, including the National Insurance Bill (No. 99/1948 Coll.). It was probably its hasted passage that prevented a more consequent adoption of the Soviet practice. The Czechoslovak national insurance scheme cannot be viewed as a mere reception of the British model, either. There were significant differences in its construction compared to the Beveridge Plan.²⁷ Secondly, in the milieu of home resistance during the war (we mean here the insurance experts of socialist parties and trade unions) plans of universal insurance were worked out that were independent of any foreign inspiration. And thirdly, national insurance can be regarded as an implementation of the older domestic plans by social reformers of the early 1920s who had prepared the reform of 1924–1925 mentioned above.²⁸

At the II General Congress of Trade Unions that was held from 11 to 15 December 1949 the national insurance scheme that had been introduced only shortly before, in October 1948, was heavily criticized. Prime Minister Antonín Zápotocký stressed in his speech at the Congress that in the future it would be necessary to make national insurance more dependent on production, transfer the administration to enterprises, and link the insurance organization more closely to the united trade union organization. In conclusion he stated: „*We do not submit any concrete proposals to this Congress. We wish to point out that the organization of national insurance is a problem that has not been finally solved in this country yet*“. Evžen Erban was more precise in his Congress speech pointing to some alleged imperfections revealed during the implementation of the National Insurance Act and partly also in its construction. In addition, he declared that it was necessary to administratively unite (i.e., nationalize) health care. The immediate tasks in his opinion consisted in transferring the national sickness insurance agenda to the trade unions and in nationalizing the health care system.²⁹ It was here at the latest that the way toward a consequent Sovietization of the Czechoslovak welfare state started.³⁰

The above requirements of the II General Trade Union Congress were implemented by the National Insurance Reconstruction Act (No. 102/1951 Coll.) that was passed by the end of 1951. As long as the removal of the Bismarckian prin-

²⁷ The Czechoslovak insurance scheme was less equalitarian, more redistributive and more generous compared to the Beveridge concept of “national minimum”.

²⁸ For more information on this topic see, in particular Zdeněk DEYL, *Z historie přípravy a vzniku zákona o pojištění zaměstnanců pro případ nemoci, invalidity a stáří* [History of the Law on Employees' Insurance for the Case of Sickness, Disability, and Old Age]. *Československý časopis historický* 21, 1973, pp. 527–552.

²⁹ *II General Trade Union Congress on national insurance*. Svěpomoc 56, 1949, p. 178.

³⁰ For details see Jakub RÁKOSNÍK, *Sovětizace sociálního státu. Lidově-demokratický režim a sociální práva občanů v Československu 1945–1960* [Sovietization of the Welfare State. The People-democratic Regime and Social Rights of Citizens in Czechoslovakia 1945–1960]. Praha 2010.

ciples from traditional Czechoslovak social insurance, i.e., different insurance principles for different categories of employees was demanded, it was clearly viewed by the equalitarian Communists as a positive measure. Nevertheless, as soon as national insurance was viewed as a tool contributing to the economic development more differentiation of benefits was required that was supposed to constitute the key guideline to the changes taking place. This was also confirmed by one of the internal documents of the CP Central Committee of June 1950: „*The national insurance benefits must be therefore constructed so as to stimulate a higher productivity of labor, increase the attractiveness of important, hard, dangerous and neglected jobs [...] National insurance must be an efficient instrument of fighting absenteeism, undesired fluctuation, and premature departure from the working-process*“.³¹

The above Act No. 102/1951 Coll. divided the uniform insurance scheme in two sections. Old-age insurance, combined from now on with the insurance agenda of war-handicapped persons, was transferred to the state and the State Pension Office was entrusted with its administration. Sickness insurance and family allowances were now the responsibility of trade unions. The Central Insurance Company became redundant now and was dissolved. By 1956 this implementation of the Soviet model of social insurance had been accomplished and no major changes were made therein until 1989.

³¹ NA Prague. Fund: Ústřední výbor KSČ 1945–1989 (Central Committee of the Communist Party of Czechoslovakia 1945–1989), Praha – komise – hospodářská rada, Vol. 53, a.u. 394.

The Origins of the French Welfare State: the Post-World War II Period and the French Social Security Plan of 1945

Czechoslovakia has played a special role in the emergence of the French Welfare State. Eric Jabbari, a former student of Professor Jose Harris, the biographer of William Beveridge, stated in his doctoral thesis on ‘Pierre Laroque and the origins of the French social security’,¹ that the French social security system, set up in 1945, had not only been influenced by the *Beveridge report*, but also by “*the social insurance system of Interwar Czechoslovakia*”. He suggested that information about the Czechoslovakian system was available in France before World War II. Pierre Laroque, the *father of the French social security system*,² was in contact with the director of the health insurance system and he accepted his invitation to contribute an article on French social insurance for publication. Alfred Costes, a deputy of the Communist Party, who served as the President of the Labour Commission in the Parliament under the Blum Government, the *Front Populaire (1936-37)*, visited Prague with a delegation and declared himself impressed by the Czechoslovakian system. After World War II, during the legislative debate concerning social security, he presented this system as a model for its organisation combining central control and decentralisation.

In this article, I argue that the concept of “plan” and the objective of “universalism”, used in the French social security plan of 1945, come from the *Beveridge Report*, whereas the organisation comes from the Interwar Czechoslovakian system. I will start by presenting the context of the Post-World War II Period in France, then I will analyze the content of the French social security plan – guiding principles and main objectives - and finally I will explain the failure of the main ideas of the French plan.

¹ My references to Eric Jabbari’s research are based on his doctoral thesis (Oxford University 1999). Eric JABBARI published a book, in March 2012, under the title: *Pierre Laroque and the welfare state in post-war France*. Oxford 2012.

² Peter BALDWIN, *The politics of social solidarity. Class bases of the European Welfare State 1875–1975*. Cambridge 1990.

Context

In June 1940, an armistice between France and Germany was signed by the Vichy Regime, under the leadership of Maréchal Pétain, who was known for his victory of Verdun in World War I. Général De Gaulle made his appeal for resistance to the French population from London (“l’appel du 18 juin 1940”). The central organisation of the French Resistance, the CNR, founded in 1943, promised in its Program for the afterwar “*to set up a social security plan in order to guarantee to each citizen the means of support necessary if he is incapable to obtain them by work*”. The article of the Program drew on the *American Social Security Act* (1935) and on the *Beveridge Report* (1942). A priori, the Post-World War II Period has been considered by the Resistance as the appropriate moment for a revolutionary reform in France.

After the Normandy landings, the D-Day, and the Liberation of Paris, Général De Gaulle formed the first post war Government with the Christian Democrats, the Socialists and the Communists. Alexandre Parodi, a member of the CNR, became Minister of Labour with the mission to introduce a social security system. Pierre Laroque, a civil servant, who worked with him during the 1930ties and who joined the Resistance in London in 1943, was appointed as the Director of the Social Insurance at the Ministry for Labour. His task was to work out a social security plan with the objective to mobilize all the working forces in order to rebuild the French economy.

But the fight between the Vichy Regime and the Resistance left two opposing parties. There were, on the one hand, more than 7 million members of the trade-unions, especially in the Confédération Générale du Travail, close to the Communist Party, which participated actively in the French Resistance, who defended a compulsory social protection system. On the other hand, part of the French employers and the Mutual Aid Societies, who had largely collaborated with the Vichy regime and who had been defeated, defended a voluntary social protection system. They clashed during the debates on the future of the French Welfare State and, afterwards, during the implementation of the plan.

Content

A social security plan based on guiding principles

In order to elaborate a new social system, the French reformers adopted Beveridge’s method, the instructions for use defined in his report; that means that they worked out a social security plan based on guiding principles. They bor-

rowed from the Beveridge report the concept of “plan”, which Laroque defined in the following way: “A plan aims to integrate under a general scheme all the measures pursuing the same objective and to connect them together in order to make them be effective socially, administratively and financially”³

The general objective of the French social security plan was to guarantee each person to be able - under any condition - to maintain the means of support for himself and his dependants. I deliberately use the words “himself” and “his”, because the social security plan was meant for the male breadwinner and his family.

The first guiding principle of the French plan was to find a balance between the past and the future. Laroque agreed with Beveridge’s following statement: “A revolutionary moment in the world’s history is a time for revolutions, not for patching” (Beveridge report N°7). But the meaning of the term of “revolution” differed. In Great Britain, it referred to the national unity, produced by the German attacks on London and on several other towns, which made it possible to introduce a social security system. In France, it was more the idea that the plan had to be in break with the past; the ambition of the reformers was to transform the French society by building up a “new social order” founded on the emancipation of the working classes.

The second guiding principle was to integrate the social security plan into a global policy. In the Beveridge report, it was said that “the organisation of social insurance should be treated as one part only of a comprehensive policy of social progress” (Beveridge report N°8). The French reformers based the social security plan on work, arguing that each person normally gains the means of support from work. Also, they opted for a broad approach of the meaning of social security as “economic security for the individual”. Therefore, a social security policy would first include employment security, which would be guaranteed by full-employment policy. It would also include income security, which would be guaranteed by a policy on wages and a policy on family support. Next step would be security of the capacity for work, which would be guaranteed by a policy on prevention of industrial accidents and by a policy promoting health services. Last but not least, social security would guarantee the security of the means of support in case of sickness, invalidity, industrial accident, old age, which refers to the traditional coverage of social risks.

But the French reformers took also into account the demographic situation of France in the Post-World War II Period. The social security plan would divide French society into age classes and generations in relation with production and

³ Pierre LAROQUE, *Les grands problèmes sociaux contemporains*. Institut d’études politiques, Les cours de droit (2 Vol.). Paris 1963–1964.

define priorities inside this framework. First, birth rate, which was constantly diminishing, had to be raised thanks to family policy. Secondly, decent pensions had to be guaranteed to elderly people, who grew poorer during the 1930ties. Thirdly, the employment rate and the performance of adult workers had to be raised in order to strike the balance between the working population and the non working population.

The third guiding principle was the relationship between the individual and society. The Beveridge report stated that “*social security must be achieved by co-operation between the State and the individual. (...) The State in organising security should not stifle incentive, opportunity, responsibility*” (Beveridge report N°9). This guiding principle raised three major questions.

How should the social security plan be financed? Beveridge and Laroque were in favour of a contribution paid by the individual. In France, this contribution collected on the wages had to be completed by a contribution paid by the employer, the firms. Both contributions, one paid by the worker and one by the employer, were in line with the Bismarckian approach of a social insurance system in place in France before World War II.

Which role should play social assistance in the social security system? For Beveridge, “*social insurance should be comprehensive it should not leave either to national assistance or to voluntary insurance any risk, so general or so uniform that social insurance can be justified*” (Beveridge report N°308). It was clear that, in Beveridge’s report, social insurance was given an absolute priority and that national assistance had to play a secondary, limited role. In France, the link between social insurance and “public assistance” has never been discussed. The reformers thought that expansion of social insurance would cover progressively the entire population and put an end to public assistance. Therefore, public assistance had to remain outside the social security plan. It conflicted also with the legal support obligation of the Civil Code, which compelled family members to maintain other family members in need.

How much room should be left to private initiative? In Beveridge’s view, the social security plan had to guarantee a minimum leaving higher standards to the free choice of the individual and to voluntary insurance. “*The State should make sure that its measures leave room and encouragement for such voluntary insurance*” (Beveridge report N°302). French reformers opposed the idea of uniformity of benefits and preferred a guarantee of the standard of living. But they introduced a ceiling for the contributions and the benefits in order to cover the standard of living of people with a low income, considered as the “normal standard of living” covered by the social security system. It would be the duty of people with a large income to get a voluntary insurance if they wanted to maintain a standard of living above the “normal”. In Great Britain and in France, this

position could be explained by the will of the reformers to reserve some space for the Mutual Aid Societies, very active in both countries.

Main objectives of the French social security plan

The French reformers founded their social security plan on four main objectives: unity, democratic management, universalism, and guarantee of the standard of living. The creation of a *Caisse unique* covering all the social risks and the promotion of the participation of the representatives of the workers on the board of the social security administration were considered as pre-conditions. They were the main issues at stake in 1945. Surprisingly, benefits and costs have not been at the heart of the debates.⁴

Unity and democratic management: the diffusion of the Czechoslovakian model

Before World War II, the organisation of social protection in France was very complex. A compulsory social insurance scheme, inspired by the German social insurance system, had been created at the end of the 1920ties. It covered blue-collar workers and employees with low wages. White-collar workers with higher living standards were protected on a voluntary basis by Mutual Aid Societies. Moreover, some legal schemes protecting the members of one profession or sector, which existed before the reform, survived in the 1930ties: for instance, the special scheme for miners or the scheme for the agricultural sector, covering both workers and employers, organised by the *Mutualité sociale agricole*, a Mutual Aid Society.

After World War II, the French reformers decided to make a fresh start and to put in place the *Caisse unique*, a single administration covering all social risks and responsible for the pooling of contributions and the disbursement of the benefits. A network of single administrations covering given geographic areas had to be established in order to rationalise the social insurance structure and to increase the efficiency of the social security plan. Strong opposition aroused against the proposal of the single administration, mainly by the Mutual Aid Societies: rationalisation of the social insurance structure would threaten freedom, which was associated with administrative pluralism.

⁴ Bruno PALIER, *Gouverner la sécurité sociale: les réformes du système français de protection sociale depuis 1945*. Paris 2005.

Here we have to come back to the Czechoslovakian model and its force of diffusion. As Eric Jabbari stated in his doctoral thesis, “*the Czechoslovakian social insurance program was a useful counterpoint to the confused structure of its French counterpart*”.⁵ Its system appeared “to embody a perfect equilibrium” between central control and preservation of the autonomy of the various administrations, “a *via media*” between the chaos of the existing French social insurance system and the British administrative centralization. Did this ideal appeal to Laroque’s own policy objectives? There is no evidence of a direct influence, but the French reformers decided that the administration of the *Caisse unique* had to be managed by the representatives of the workers and the representatives of the employers under the control of the State. By giving responsibility for the management to the “social partners”, the Government intended to give them a compensation for their support to the unity principle.

In France, “democratic management” must also be understood as mistrust of the State and of bureaucracy. Another explanation draws on the financing of the social security plan, which was only based on contributions - and not on taxes - paid by the workers and the employers. Contributions represented a percentage of the wages. Therefore, the interests of the contribution payers had to be defended by their representatives on the management board. Finally, the idea to give more responsibilities to the representatives of the workers was part of the emancipation process of the working classes in order to build a “new social order”.

Universalism: Beveridge’s great idea

The French social security plan had to cover all citizens against all social risks. This objective refers explicitly to Beveridge’s doctrine.⁶ Experts in the social security field agree on the fact that “*universalism has been Beveridge’s main contribution to the modern concept of social security*”.⁷ Universalism regards social needs/risks and beneficiaries.

In the Beveridge report, “*the plan for social security starts with consideration of the people and their needs*” (Beveridge report N°310 to 319). Eight primary cau-

⁵ Eric JABBARI, *Pierre Laroque and the origins of the French social security 1934-1948*. Doctoral thesis. Oxford 1999.

⁶ William BEVERIDGE, *Social insurance and allied services. Report presented to Parliament by command of his Majesty, November 1942*. New York 1969.

⁷ Guy PERRIN, *The Beveridge Plan: the main principles*. *International Social Security Review* 45, January 1992, No. 1-2, pp. 39-52. Available online: <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-246X.1992.tb00902.x/abstract>.

ses of need are listed: unemployment, disability, loss of livelihood, retirement, marriage needs of a woman, funeral expenses, childhood, physical disease or incapacity. In relation to social security the population is divided into four main classes of working age – employees under contract of service, other gainfully occupied, housewives, others of working age not gainfully occupied – and two others below and above working age – children and retired persons [Beveridge report N°19 (ii)]. Each class will receive benefits according to the needs. Experts speak about “selective universalism”.

The realisation of the French social security plan differed from the objectives. Article 1 of the *Ordonnance* of 4 October 1945 on the organisation of the social security system stated that “the workers and their family members would be guaranteed against all risks reducing or withdrawing their capacity to support themselves and that maternity and family costs would be covered. (...) Later, legislation could extend the coverage to other categories of beneficiaries and to other risks”, in accordance with the economic recovery of France. This method, which foresaw a progressive extension of the social security system, step by step, is known in France under the concept of “generalisation”.

In 1945, the social security system put in place in France integrated the traditional social insurance risks, namely sickness, maternity, invalidity, old age, industrial accidents and diseases, family costs. Unemployment remained outside the social security scheme, officially because France had no unemployment problems. Regarding the population covered by the new scheme, it was obvious that the plan pursued a general objective in the long term – the coverage of the entire population – and that the priority in the Post-World War II Period was to make the social security an instrument for the emancipation of the working classes through the guarantee of a financial security and the democratic management of the *Caisse unique*.

Guarantee of the standard of living: back to Bismarck

France did not follow the Beveridge report on uniformity. Beveridge opted for uniformity of contributions and benefits. “*Compulsory insurance should provide a flat rate of benefit, irrespective to earnings in return for a flat contribution from all*” (Beveridge report N°31). His aim was to rationalise the social security system. But he refused also to bring the social security in line with the disparities of the labour market.⁸ “*All insured persons, rich or poor, will pay the same contributions for the same security; those with larger means will pay more only to the extent*

⁸ Ibid.

that as tax-payers they pay more...” (Beveridge report N°305). The British social security plan would combine horizontal redistribution based on contributions with vertical redistribution based on taxes. The latter would finance national assistance, family benefits and the National Health Service.

Uniformity has been rejected by the French reformers arguing that “*uniformity was not compatible with French psychology*”.⁹ In France, security was of a different meaning for each person. Therefore, social security had to guarantee for each person, during periods of inactivity, the standard of living normally gained by working. As a consequence, contributions and benefits had to be defined as a percentage of the wages. Benefits would be in line with wages and replace them. By contrast to Beveridge, French reformers chose a social security system based on the hierarchy of the wages, on the class differences. They maintained one of Bismarck’s main principles while integrating white-collar workers in their system. The duty of the latter category would be to get a voluntary insurance in order to guarantee their standard of living above “normal”. The French social security plan was based on a horizontal redistribution, from healthy people to sick people, from working population to retired population etc.

Failure of the French social security plan

At the end of the 1940ties, it was clear that the two main innovations of the social security plan – unity and universalism - would fail.¹⁰ What were the causes of this failure?

France did not succeed to make “*tabula rasa*” of the past. The Government had to cope with different kinds of protest movements, which altogether violently rejected the idea of a *Caisse unique*: representatives of legal existing schemes protecting members of one profession or one sector – white-collar workers with large income, namely “*les cadres*”, and their recently created trade-unions – the self-employed and middle-class organisations – family oriented and nativist lobbyists etc. This opposition culminated in 1947 when the Government tried to introduce a universalist pension scheme covering the entire ageing population. According to the law of 13 September 1946, contributions had to be levied on all gainfully occupied from the 1st January 1947 on. A campaign of civil disobedience was launched by several hostile organisations, which asked their members to refuse to register with the authorities and to pay contributions.

⁹ P. BALDWIN, *The politics of social solidarity. Class bases of the European Welfare State 1875-1975*. Cambridge 1990.

¹⁰ Pierre LAROQUE, *De l'assurance sociale à la sécurité sociale: l'expérience française*. *Revue Internationale du Travail* 57, 1948, No. 6, p. 61.

The Government surrendered. This decision sounded the death knell for a social security system based on unity and universalism and consecrated particularism.

As at the end of the 1920ties, when the social insurance scheme was created, legal schemes protecting the members of one profession or sector survived also in the Post World War II Period. Self-employed were allowed to create their autonomous social protection schemes outside the social security scheme and the *Caisse unique*. Trade-unions defending the interests of the white-collar workers with large income negotiated with the representatives of the employers the creation of a complementary pension scheme limited to “*les cadres*”. Family oriented non-governmental organisations obtained the creation of a special scheme regarding family benefits and family policy outside the *Caisse unique* with representatives of the families on the board. Particularism dismissed the objective of unity and, of course, the objective of universalism. The guarantee of a living standard reinforced this trend.

It is possible – some 60 years later – to argue that the method of generalisation, chosen by the French reformers, did not succeed to reach the objective of universalism. Practice proved also that it was not possible to switch from a social security scheme based on work or professional activity to a scheme based on social citizenship.

Conclusions

The French Welfare State was set up during the most troubled period of modern France. Unlike Great Britain, where World War II was a factor of unity, France was deeply divided not only between collaborators and Resistance fighters, but also between social classes. The achievement of a social security system based on objectives like unity and universalism appeared to be a challenge too difficult to be taken up.¹¹

Moreover, it has repeatedly been said that, from the origins inwards, there was perhaps a structural bias. Beveridge’s objectives - a social security plan, universalism - had to be achieved with Bismarck’s means - democratic management, guarantee of the standard of living. The Beveridge report and the French social

¹¹ Nicole KERSCHEN, *L'influence du rapport Beveridge sur le plan français de sécurité sociale de 1945*. In : La protection sociale en perspectives. Revue française de Science Politique, Vol. 5, août 1995, No. 4. Available online: http://www.persee.fr/web/revues/home/prescript/article/rfsp_0035-2950_1995_num_45-4_403559.

security plan appeared to be radically different social policy projects.¹² Unity and decentralisation, the objectives of the Czechoslovakian model, turned out not to be strong enough to save the plan.

Finally, there was no public interest for the social security plan. Eric Jabbari showed in the conclusions of his doctoral thesis that “*despite the support of the major working class organisations, these initiatives had been developed in the midst of widespread popular indifference*”. No wonder that the revolutionary program failed!

¹² Eric JABBARI, *Pierre Laroque and the origins of the French social security 1934–1948*. Doctoral thesis. Oxford 1999.

West European Socialists and the Arising Cold War Challenges: An Example of the Ruling Labour Party in Great Britain (1945–1951)

I

Soon after World War II the west of Europe saw a remarkable swing “to the left” that seemed to be in line with the prophets of radical socialist reconstruction of the Continent as anticipated, among others, by Harold Laski, a leading ideologist of the British Labour Party, or by some other politicians who had fought against Germany and who, after the war, entered the political arena. Whereas the “reformist” socialism seemed to have totally failed in the late 1930s, with the exception of Scandinavia and to some extent also of France and Czechoslovakia, Socialists came to the fore in seven West and North European countries, and in some other countries they could largely participate in the national administration.¹ As the key political force the Socialists returned to all cabinets in Scandinavia, and the Norwegian Labour Party could obtain even a majority of mandates in the first post-war election, which made it possible for the teams headed by Knut Kristensen, Einar Gerhardsen and Per Albin Hanson to continue building the social democratic model thus conceived.² The Left became the mainstream also in France after its liberation and the restored SFIO with its traditional leader Léon Blum obtained over 23 per cent of votes in the first election held in 1945 (the strong Communist Party obtained 19 per cent). Even better results were achieved by the Socialists headed by Camille Huymans in the neighbouring country, Belgium, where with 32 per cent of votes they remained a decisive force determining the country’s policy for many years. And even earlier, in July 1945, the Labour Party beat Churchill’s Conservatives also in Great Britain with a surprisingly high score. Quite successful was also the reformist party of the same name in the Netherlands (with 28.3 per cent the second largest party in

¹ See a review, e.g., in Donald SASSOON, *One hundred Years of Socialism: The West European Left in the Twentieth Century*. London 1997, chapters 5 through 7. Much concrete information is available in the handbook: Władysław MICHALSKI (ed.), *Partie socjaldemokratyczne Europy: zarys encyklopedyczny*. Warszawa 1983.

² For the development in Scandinavia, see recent detailed work by Francis SEJERSTED, *The Age of Social Democracy. Norway and Sweden in the Twentieth Century*. Princeton, New Jersey 2011, particularly chapters 7 and 8.

the first election),³ as well as the restored socialist parties in some defeated enemy countries, such as Italy and Austria, where they joined coalition governments.⁴

The socialist leaders, collaborating in Central Europe and in some parts of Western Europe with local Communists, often based their policy on the visions of radical transformation of their countries that all included more or less nationalization of the key sectors of national economy, planned economy, and improved social care systems, which were soon referred to with the English term of “welfare state”. Very soon, however, they had to cope with challenges that often went beyond the initial assumptions. As early as 1946, the economic reconstruction of the Continent devastated by the war and occupation proved more difficult and could only take place – even in such a rich country as Britain – with the help of financial support from overseas, mainly the United States and – partly – Canada. Moreover, most West European socialists, particularly those represented in government bodies in Paris and The Hague, soon faced the national liberation movement in their overseas territories, which were often supposed to contribute to the government’s reconstruction concepts. The most important factor, however, that often largely undermined the initial plans was the disruption of the previous antifascist coalition, which could be observed in the “big politics” as early as 1946. This had far-reaching consequences not only in foreign policy (including the necessity of dealing with the Soviet “threat”), but also in the internal life, such as the split between the two left streams. This, too, had serious consequences in some countries, primarily in France.

II

The Labour victory in Britain in July 1945 was a surprise to most of the international political public and many questions were raised in that connection. On the one hand, the new government was set up by Labour leaders headed by Clement Atlee,⁵ who were no unknown politicians (some of them, including the Prime Minister and the new Foreign Minister Ernst Bevin, had already been

³ Dutch coalition governments between 1947 and 1957 were also headed by Socialists.

⁴ In the first named country further progress was complicated by the internal conflicts inside the Italian Socialist Party of Proletarian Unity, PSIUP, which eventually, early in 1947, caused its split and (obviously with US financial support) the creation of the “rightist” PSLI headed by G. Saragat.

⁵ The fundamental work on the first post-war Labour government is still the monograph *Labour in power 1945–1951* by Kenneth O. MORGAN, Oxford 1985. The most detailed biography of the prime minister is the book *Atlee* by Kenneth HARRIS, London 1984. A good review of the prime minister’s foreign political views is available in the essay: Raymond SMITH – John ZA-

members of the Churchill Wartime Coalition) and who, unlike the above-mentioned Harold Laski, mostly did not belong to the radical Labour leftist wing or to its intellectual “think tank”. On the other hand, however, the glorious victory of the Left, which provided an overwhelming majority of 393 mandates to the Labour Party compared to 220 seats for the Conservatives, indicated that the Party would be able to implement substantial parts of its political programme, mainly in the economic and social fields. And the Attlee Government really started soon taking rather radical steps in contrast with the British tradition that made it possible to create within the period of five years a true “welfare state” and thus completely transform the economic foundations of Great Britain. Social legislation was strengthened, state health care introduced, and some key economic sectors were nationalized, such as the Bank of England or some parts of transport and later also of heavy industry, particularly steelworks.⁶

Many – not only foreign – observers started worrying already in 1945 about Britain’s future foreign policy, as it had always been closely interconnected with the developments inside the country. It was no secret that both the leftist wing within the Labour Party and – at least immediately after World War II – most leaders of that party were sharing the vision of a ‘third way’ between the capitalism of American type on the one hand and the Stalinist Communism on the other.⁷ Attlee, whose first major concern in the field of Britain’s foreign relations was the “India” problem and its solution, intended initially to entrust Hugh Dalton, known for his uncompromising views concerning, e.g., the relations to Germany, with the key position of Foreign Minister. Eventually, however, the Foreign Office was headed for almost six following years by the robust Ernest Bevin, who undoubtedly left his specific imprint on Britain’s foreign policy after the war. This was not only due to his previous work in trade unions, but also to his preference of pragmatic views and, last but not least, to the long-rooted mistrust (soon turning into aversion) of Communism.

METICA, *The Cold Warrior: Clement Attlee reconsidered, 1945–47*. International Affairs 61, 1985, No. 2, pp. 237–252.

⁶ Various authors estimate that Attlee’s government nationalized about one quarter of Britain’s economic sector in the years 1945–1950. In addition to the original literature mentioned see also the work by Martin KOVÁŘ – Jaromír SOUKUP – Stanislav TUMIS, *Vznik a vývoj britského sociálního státu ve 40.–60. letech 20. století* [The Rise and Development of the Welfare State in Britain in the 1940s Through 1960s]. In: M. Kovář – V. Nálevka (eds.), *Dvacáté století. Ročenka semináře nejnovějších dějin Ústavu světových dějin*. Praha 2006, pp. 245–263.

⁷ For the “third way” concept see also Jonathan SCHNEER, *Hopes Deferred or Shattered: the British Labour Left and the Third Force Movement. 1945–49*. *Journal of Modern History* 56, 1984, No. 1, pp. 197–226; Same, *Labour’s Conscience: The Labour Left, 1945–51*. Unwin Hyman, Boston 1988; for broader context see also the relevant parts of D. SASOON, *One hundred Years of Socialism: The west European Left*, ch. 7.

Bevin's personality should be better described here, as he became (soon after his premature death in spring, 1951) the topic of passionate debates.⁸ Most British historians, and also some of his former Foreign Office colleagues considered him an outstanding member of Attlee's government, and he was repeatedly referred to as the best British Foreign Minister ever since Palmerston's days. This, in view of the numerous traditional leftist caricatures of White Hall bureaucrats, is a remarkably high opinion of a man who had started his career before World War I as a beverage boy and an organizer of minor strikes of Bristol dockworkers.⁹ On the other hand, some English leftist authors never ceased reproaching the former trade unionist and strong critic of Ramsey MacDonald's "National Government" for his gradual, almost unreserved support of "Truman's" America after 1946. E. P. Thompson, a well-known Marxist historian, repeatedly called him one of those politicians who had been responsible for the failure of the allegedly forthcoming European revolution of 1945.¹⁰ Bevin's views and attitudes really showed a major shift, particularly during the first two post-war years. This, however, was due to the international political situation, primarily to the rising expansionism of Stalin's Russia colliding with the interests of the British Empire, and – in that connection – to the more aggressive political course of Communist parties, including those in Western Europe.

Looking into the 1945 foreign political concept of the Labour government it appears that its main features did not differ too much from the later Conservative concepts, as best represented, e.g., by Anthony Eden, a long-time head of wartime and post-war diplomacy. In both cases, the concept was actually determined both by Britain's previous war experience (and the country's disastrous economic and financial situation) and by the situation of "its" empire at the time "zero" when it was quite clear that because of many reasons a return back to the situation prior to 1939 was not possible. Labour Government historians speak in that connection of three or four main priorities in the least, although they rarely

⁸ An inexhaustible source of information about Ernest Bevin in his position of foreign secretary is still the third part of the large biography by Alan BULLOCK, *Ernest Bevin: Foreign Secretary, 1945–1951*. London 1984. Short, but comprehensive biographical sketches focussing on his foreign political career can be found in: Avi SHLAIM – Peter JONES – Keith SAINSBURY (eds.), *British Foreign Secretaries since 1945*. David & Charles, London 1977, and in the anthology of Labour leaders: Kenneth O. MORGAN, *Labour People: Leaders and Lieutenants: Hardie to Kinnock*. Oxford University Press 1987; criticism from the left "revisionist" positions can be found in the monograph: John SAVILL, *The Politics of Continuity: British Foreign Policy and the Labour Government 1945–51*. Verso, London 1994. Additional literature references are in the footnotes below.

⁹ Cf, e.g., Frank Kenyon. ROBERTS, *Ernest Bevin as Foreign Secretary*. In: Ritchie Ovendale (ed.), *The Foreign Policy of the British Labour Governments, 1945–1951*. Leicester 1984, p. 21.

¹⁰ Cit from Kenneth O. MORGAN, *Ernest Bevin*. In: Labour People: Leaders and Lieutenants. Oxford 1987, p. 149.

agree on the hierarchy of their importance. It is evident that Attlee's Cabinet and Bevin in particular considered it strongly desirable that the "rich" America not only contribute to Britain's recovery, but that it also in view of the problem of Germany and of the increasing power of the Soviet Union be, at least for a certain period of time, present in some form in Europe. Another priority was undoubtedly the vision of partial reconstruction of the Empire, particularly a final solution to the above-mentioned problem of India, whose independence, no matter how limited or unlimited, was already beyond any dispute.¹¹ The third key item was a reconstruction of Europe, primarily of its western part, although most Labour politicians, contrary to Churchill, avoided the federalist visions, just because they did not expect that the democratic left forces would come to power in most West European countries in the foreseeable period of time; moreover, as can be proved, they feared a potential renaissance of Germany's power.¹²

Like in the interwar period, the Labour Party's foreign political views were far from being homogeneous and their heterogeneity anticipated various disputes and conflicts to arise in the near future, which jeopardized the stability of the whole "workers" government, particularly as of 1949-50. From the very beginning of Attlee's government strong voices could be heard requiring a "socialist" foreign policy; some of them reckoned even (mostly temporarily) with cooperation with the "socialist" Russia. Mostly, however, close cooperation with west European socialists was demanded following the "third way" or, as it was sometimes referred to, "bridge-building" between the USA and the USSR. Denis Healey, head of the Labour International Department and later an important Labour politician in the 1960s and 1970s, believed that the government should actively support socialist (i.e., social democratic) revolutions in Western and Central Europe. The most logical partner in seeking the "third way" seemed to be the French Socialists headed by the SFIO Nestor, Léon Blum, and the non-communist socialist Left in Italy with its leader Pietro Nenni. However, such visions were not limited to Europe only. Some believed that the key element of the alleged third way could be the Commonwealth, slowly transformed, where the Labour governments in Australia with Ben Chifley and in New Zealand with Peter Fraser at their head appeared to be suitable potential partners.¹³ An important element of such considerations soon became also Pundit Nehru's govern-

¹¹ Contrary to that, the British positions in Africa, Southeast Asia, and particularly in the Middle East were supposed to remain unchanged. This opinion was shared by most of the key Labour politicians.

¹² This was strengthened by the bad experience gained by Labour Party leaders during the first post-war years with the then leadership of the (West) German SPD and its head, Kurt Schumacher.

¹³ K. O. MORGAN, *Labour in power 1945-1951*, pp. 236-237.

ment in India, now independent, which had adopted many elements of the economic theory of British socialism.

Although, as will be explained below, many initial assumptions concerning the post-war cooperation between the Anglo-Saxon Powers and the USSR proved wrong as early as the first year after the war, Bevin's "official" policy was soon strongly criticized by the leftist wing of the ruling party in some renowned periodicals, such as *New Statesman* and *Tribune*. Initially, in 1946-47, the critics were not only the Communist "fellow travellers", including the uncompromising supporters of cooperation between Socialists and Communists, such as MPs Koni Zilliacus and John Platts-Milles. Also various "authentic" leftist Labour politicians, including the soon-to-be-known party faces such as Richard Crossman, Michael Foot, Tom Driberg and Ian Mikardo, showed a critical attitude to Bevin's political course, which resulted in the *Keep Left* fraction created in 1947. The fraction criticized not only the close cooperation of the government with the USA, but also the British policy in Greece and in the Middle East, the British support of the Dutch efforts aimed at re-conquering Indonesia, and other political aspects. Nevertheless, the events taking place in the near future, primarily the Communist coup in Czechoslovakia in February 1948, made most of those sincere socialists join again fully the government line. The Party settled the problem of a handful of pro-Communist elements, including the above-mentioned Zilliacus and Platt-Milles, by expelling them; by this, formal unity was temporarily restored.¹⁴ However, not for a long time, as we shall explain later in connection with the Korean War and its impacts and with the pressure coming mostly from Washington to further increase armament and, in particular, to start *rearmament* of West Germany.

III

Foreign Secretary Bevin hoped in the early period of time in his office, in spite of his total rejection of Communism, that his government would be able to further continue cooperating in the spirit of the previous wartime alliance also with Stalin's Russia following the principle "*Left speaking to the Left in comradeship...*" However, this expectation failed, the reason being not only the totally different meaning of *comradeship* in the British Labour Party and in the Stalinist concept of socialism, but also the collision of the "national", or rather imperial interests of Great Britain and Russia. These became evident for the first time during the

¹⁴ In fact, none of these left-wingers were able to renew their mandate in the 1950 election; cf: *Ibid.*, pp. 405-406.

final talks in Potsdam, where Bevin replaced A. Eden, and then at the first conference of foreign ministers held in London in September and October 1945. Symptomatically, these talks concentrated less on the different views of some problems in Europe and much more attention was paid to the disputed future influence in the East Mediterranean Region and, soon afterwards, also in the Middle East. The British were logically among those who strongly opposed the Soviet efforts to obtain trusteeship over some of the former Italian colonies, such as Tripolitania. Equally symptomatic was also the fact that not only the Conservatives, but also the ruling Labour representatives classified such demands as an immediate threat to “the lifeline of the Empire” and endeavoured to incorporate those territories (i.e., mostly the future Libya) in their *own* transforming Empire. It was particularly this collision in the Mediterranean Region (in addition to the above-mentioned dispute over Tripolitania there were also Soviet pretensions to Turkey, Russian support of the Yugoslavian demands in Trieste and, last but not least, their support of the Azerbaijani separatist movement in Persia) that largely contributed to the insurmountable gap between Bevin and Molotov in spite of the compromise that could be soon achieved in some of the disputed questions.¹⁵

It is not our intention to go here into details of or analyze Britain’s foreign policy in the subsequent period. Though, it is worth mentioning that the conflict of imperial interests between London and Moscow actually anticipated the forthcoming Cold War together with the rapidly worsening Soviet-American relations, which became evident in spring 1946 at the latest, although the reasons thereof were often misinterpreted. When former Prime Minister Churchill spoke in Fulton on 11 March of the same year and in his later famous speech, among other things, referred to an iron curtain dividing Europe, the Labour Government denied through its Foreign Secretary that this was in line its own position; though, in private talk, Bevin rather agreed with the statement of his wartime superior.¹⁶ Only three days later the official of the British Embassy in Moscow, F. K. Roberts, sent to London the first part of his three-part “long message” stating that nothing in the Soviet policy indicated that Moscow continued considering Britain its ally, and (realistically) predicted (based on analyses of the pre-election speeches of Soviet leaders) that the world might be heading towards a sort of repetition of the 16th century religious wars “*where the Soviet Communism will struggle with the Western social democracy*

¹⁵ In September 1945, at an open session (!) during the conference of foreign ministers, Bevin likened Molotov to Hitler, which certainly did not avail him much in their future contacts. His relations to Molotov’s deputy (later temporary head of the NKID), A. Vyshinsky, were even worse.

¹⁶ A. BULLOCK, *Ernest Bevin: Foreign Secretary, 1945–1951*, pp. 224–226; K. O. MORGAN, *Labour in power 1945–1951*, pp. 245–246.

*and the American version of capitalism for future predominance...*¹⁷ Nevertheless, it was symptomatic (and is certainly worth mentioning) that Roberts, as well as other Foreign Office officials, did not see the roots of the forthcoming Cold War in power collisions only, whose detailed list is available in the above-mentioned “long message”, but also in the *ideological* field, namely in the Soviet effort to deny the results achieved by a government which is also believed to be socialist.

Although the Cold War is usually supposed to have begun one year later with the announcement of what is known as the Truman Doctrine a detailed examination of the British policy shows that such approach is rather questionable, and the same applies to the simplified – now outdated – view of the early stage of Cold War as a purely American-Soviet problem. Already the meeting of foreign ministers held in Paris in April and May 1946 revealed a whole catalogue of problems between the USSR and the two Anglo-Saxon powers (joined at that time also by the French diplomacy headed by Georges Bidault) both in Europe and overseas. And in spite of the fact that some disputed questions (such as peace treaty conditions with Germany’s former allies or the future of Italy’s former colonies) could be solved at the following meetings in early autumn, no solution could be found to the greatest problem of Europe, i.e., the future of Germany and its constitution. And it was the British approach to what is known as “the German question” in the following months that was to become an important moment leading to a closer coordination of British and American policy (in spite of Bevin’s personal animosity against the then head of the State Department in Washington, James Byrns) and that also put a final end, at least at the government level, to the above-mentioned Labour idea of potential “comradely” communication between the western and eastern “Left”.

In spite of his public rhetoric, Bevin began already in 1946 – like other key representatives of the Labour Party – to see the main future rival of Great Britain not in Germany, but in the Soviet Union¹⁸, despite the frequent talks in Paris on a future alliance of the two traditional West European liberal democracies whose main goal was common defence against any new “Teutonic” invasion.¹⁹ The

¹⁷ Cit from: Kenneth. M. JENSEN (ed.), *Origins of the Cold War: The Novikov, Kennan and Roberts “Long Telegrams” of 1946*. Washington 1993, here p. 41. Roberts sent his message only three weeks after the much better known “long telegram” sent by his American counterpart, G. F. Kennan of 22 February, 1946.

¹⁸ Various authors mentioned similar statements of the Foreign Office Head as early as May, 1946.

¹⁹ These led to the British-French alliance agreement signed in Dunkerque on 5 September, 1946 and intended to ensure common defence against any potential new German attack; cf, e.g., Philip Michael Hett BELL, *France and Britain, 1940–1994: The Long Separation*. Longman London – New York 1997, pp. 77–78.

existing occupation regime in Germany, rather ill-working due to the increasing conflicts between the Soviets and the Anglo-Saxons, became a great economic burden for Britain. It is estimated that the costs related to the occupation of the Ruhrgebiet, one of the most productive region of the former Reich, amounted to 80 million pounds in 1946. The British budget, burdened with the consequences of the war, could hardly afford this for a long time; therefore, Britain made every endeavour as of mid-1946 to make major changes in the approach to the German question. These efforts resulted in the Bevin Plan, also referred to as the Second Potsdam, whose aim consisted – as well demonstrated by Anne Deighton – not only in a reform of the existing occupation policy, particularly of its economic component, but also in a prevention of Communist penetration into the western zones and, last but not least, in a longer US involvement in the European Continent.²⁰ When the Soviet diplomacy rejected the “Second Potsdam Plan”, the British felt free to unite their zone with the American one and thus create the famous Bizonia, although by doing so they had to give up some of their own elements of occupation policy.

No less important development, parallel to the changes taking place in Germany, can also be observed in Britain’s policy in the Mediterranean Region, which was becoming another important arena of the beginning Cold War. Let’s remember that Attlee’s government, following the line of the Churchill Cabinet at the end of the war, continued supporting the Greek royalists and conservative elements, although it had been expected that after the first post-war election the British troops would be withdrawn from that country. However, the situation in the southern Balkans was rather worsening and Britain, initially planning limited participation in the post-war revival of Greece only, had to provide increasing financial and direct aid to that country. It is known now that starting from autumn 1946 His Majesty’s diplomats tried to persuade the Americans to participate in a similar aid; this, however, was also more and more required by Turkey. This development culminated in the interventions, now revealed, by the British Ambassador with the new US State Secretary George Marshall on 21 and 24 March 1947 stating in a dramatic form, motivated by the bad financial situation, an end to the economic aid to the above pro-Western governments as at 31 March of the same year.²¹ It is certainly not necessary to discuss here the following American reaction in the form of aid promised both to Greece and Turkey by the President personally and its subsequent approval by the House and

²⁰ Anne DEIGHTON, *The ‘frozen front’: The Labour Government, the Division of Germany and the Origins of the Cold War, 1945–1947*. International Affairs Vol. 65, 1987, No. 15, pp. 449–465.

²¹ Discussion on this diplomatic step was summarized by Robert FRAZIER, *Did Britain start the Cold War? Bevin and the Truman Doctrine*. Historical Journal Vol. 27, 1984, No. 3, pp. 715–727.

the Senate, which also meant a step towards direct confrontation with Moscow's interests.²²

Even after the Truman Doctrine declaration the British-American relations were not developing smoothly, without conflicts. There was much dissonance in the approach of occupation bodies inside the now united Bizonia (the attitudes of the American commander L. Clay were necessarily getting into conflict with the socializing concepts of the British administration) and there were also growing disputes over the further fate of Palestine where the British policy was increasingly criticized not only by the "Jewish" lobby, but also by President Truman.²³ However, the Attlee Government had to cope with too serious financial problems, including the growing lack of dollar reserves needed for foreign trade (and thus for the economic existence of the Empire) to compete in any way with the American policy. When - also under the influence of the bad situation in the western occupation zones of Germany - State Secretary G. C. Marshall revealed the famous plan of American aid to Europe early in June of the same year, it was his British counterpart Bevin that grasped fully at that opportunity and with all his proverbial energy and organizing skill largely contributed to its transformation into real action despite the fact that it could start influencing the British (and West European) economy as late as the middle of the next year.²⁴

Still in June 1947, after suppressing the doubting and critical Thomases in his own party²⁵, Bevin convinced the government to prepare a detailed plan of the aid required, which was then discussed at the Paris Conference attended also by his French colleagues and in its initial stage, as is well known, also by representatives of the Soviet Union.²⁶ Many British expectations considerably dif-

²² For details, see the work (now classical) of John Lewis GADDIS, *United States and the Origins of the Cold War*. New York 1972, and other editions; among our authors, see Karel KRÁTKÝ, *Marshallův plán. Příspěvek ke vzniku studené války* [The Marshall Plan. A Contribution to the Beginning of the Cold War]. Plzeň 2010, pp. 218–216.

²³ Cf. e.g., F. S. NORTHEGE, *Britain and the Middle East*. In: Ritchie Ovendale (ed.), *The Foreign Policy of the British Labour Governments*. Leicester 1984, p. 149 ff. Bevin's attitudes were also criticized by some of his Party colleagues, such as Lord Exchequer H. Dalton and some younger MPs.

²⁴ For more details, see A. BULLOCK, *Ernest Bevin*, pp. 404–408 ff.

²⁵ It is worth mentioning that the head of International Department of the Labour Party Executive Committee, D. Healey, called Marshall's idea a mere "loud gossip".

²⁶ It is useless to quote here all the substantial literature on Marshall Plan genesis; let us mention just the fundamental monographs by Alan S. MILWARD, *The Reconstruction of Western Europe*. Berkeley - Los Angeles 1984; and Michael J. HOGAN, *The Marshall Plan: America, Britain and the Reconstruction of Western Europe 1947–1952*. Cambridge 1988, whose main ideas were also published in the inspiring anthology: Charles S. MAIER (ed.), *The Cold War in Europe. Era of Divided Continent*. 3rd Ed. Princeton, New Jersey 1996. For important details related to Britain,

ferred from the American plans; for example, the British intended to use the American loans primarily for a reconstruction of their “own” sterling block, i.e., the links within the Commonwealth and with minor countries in western and northern Europe having strong economic relations with Britain. The West European expectations concerning the scope of the American aid as announced in summer 1947 exceeded, as soon became clear, what had been offered to them from the other side of the Atlantic Ocean. Nonetheless, Bevin was able to shape the subsequent measures mostly in line with the British ideas and push through the election of Oliver Franks, former high official of the wartime Ministry of Supplies and professor at the Queen’s College in Oxford, as Chairman of the Committee for European Economic Co-operation, CEEC, established in September 1947, who was to play an important role as an organizer of the initial stages of American aid and later also as Ambassador of the United Kingdom to Washington during the most critical years of the Cold War.²⁷

There is no doubt that the promise and subsequent implementation of financial aid as well as the delivery of raw materials and goods strongly influenced British economy in the subsequent period of time, although – particularly later – in a little different way than in other West European countries.²⁸ Quantitatively, with more than 12 billion dollars received in the years 1948–51, Britain became the biggest Marshall Plan beneficiary. In addition, the approach of Atlee’s Labour Government to the US plan helped some West European socialists overcome their mistrust in this matter, as best demonstrated by the change of views of the Socialist Government in Norway. On the other hand, however, as stated by Professor Donald Sassoon, one of the best experts in West European Socialism, “*the acceptance of the Marshall aid meant also an acceptance of some form of American hegemony*” and, consequently, another step away from the “third way” concepts shared at that time only by the leftist minority of Labour Party members.²⁹ The American conditions supposed not only that the western

see additional studies, such as C. C. S. NEWTON, *The Sterling Crisis of 1947 and the British Response to the Marshall Plan*. Economic Historical Review Vol. 37, 1984, No. 3, p. 391 ff., or Peter G. BOYLE, *Britain, America and the Transition from Economic to Military Assistance, 1948–51*, Journal for Contemporary History Vol. 22, 1987, No. 3, p. 521 ff. A detailed monograph on the genesis of the American project is now available also in Czech language; see K. KRÁTKÝ, *Marshallův plán* [The Marshall Plan], particularly chapter 4.

²⁷ Oliver Shewell Franks (1905–1992), a liberal, was British ambassador to the USA from 1948 to 1952 and attended the crucial talks preceding the creation of NATO. Later, he was general director of Lloyds Banks for many years, and then Chancellor of the University of East Anglia.

²⁸ Until the approval of its own European Reconstruction Plan by US Senate in spring 1948, Britain could only make use of the remaining portions of the 1945 loan, whereas France and Italy were granted considerable funds in autumn 1947.

²⁹ D. SASSOON, *One Hundred Years of Socialism*, p. 173.

occupation zones of Germany would be included in the reconstruction scheme, which was still hardly acceptable for some Labour Party members, but also that the principle of West European integrating multilateralism would be adopted as a key element of what the Norwegian historian Geir Lundestad called “an empire by invitation”.³⁰ And this, together with the a priori mistrust of any supranational European visions among the overwhelming majority of Labour Party representatives, constituted the roots of a problem that largely complicated not only the future relations to (West) Europe by the end of the term of Attlee Administration, but also the work of next Labour governments during the two or three following decades.

IV

Britain's financial crisis and the promise to address it by means of additional loans and – later – deliveries within the Marshall Plan were not the only important factors in that *annus horrendous* by the end of which not only the United Kingdom, but in fact all the world was fully involved in the Cold War. The year 1947 was also the most important period in the transformation of the British Empire, although many key events had already been decided on before. Let us mention the most important ones that largely predetermined the subsequent British (as well as, to some extent, global) policy. In February 1947, after long discussions, the Attlee Government decided to completely withdraw from India while it had granted full independence to Burma earlier that year. In spite of all efforts of the Prime Minister no agreement could be achieved between the Indian Congress, representing the majority of population, and the Moslem League, Britain accepted in June 1947 the idea of dividing the previous “pearl” of the Empire into India and Pakistan, and two months later, on 15 May 1947, both countries became formally independent states within the transforming Commonwealth.³¹ This was of great importance for the future foreign policy of the Labour Government which soon recognized also the republican constitution of India, as in the socialist-oriented Prime Minister of India, D. Nehru, it had an important partner that could help solve problems in the Far East. Britain's withdrawal from the other parts of its global Empire was less successful and sometimes brought about turmoil, like in the Middle East after the British final deci-

³⁰ Geir LUNDESTAD, *Empire by Invitation? The United States and Western Europe 1945–52*. Journal of Peace Research 23, 1986, No. 3, p. 263 ff.

³¹ For additional information on this topic, see S. N. SEN, *History of Modern India*. Delhi 2006, chapter 17; for further development of India's foreign policy, see B. N. JAIN, *Global Power: India's Foreign Policy 1947–2006*. Lanham 2008.

sion to withdraw from Palestine.³² In general, however, Britain could mostly keep its power also in the following period, which made it possible for its government not only to actively interfere in international affairs, but temporarily even to aspire to political leadership in West Europe.

The “European” policy of Attlee’s Government or of Foreign Secretary E. Bevin in the years 1947–49 has been repeatedly discussed by historians. At the political level, Britain could eventually achieve its main goal, i.e., close political and strategic cooperation of Britain, France, and the Benelux countries with direct US participation.³³ As can be proved, Bevin strived as of the latter half of 1947 for a closer unity of the above West European democratic states, which were supposed to be later joined by Ireland, Italy, and also by Portugal (irrespective of its authoritarian regime). This trend was even more stressed by the total failure of the conference of foreign ministers in New York in December of the same year. As the fate of the small countries to the east of the divided Germany, with the temporary exception of Czechoslovakia,³⁴ was regarded as sealed, Bevin’s first initiative in the form of the later notorious Parliament plan of “West European Union” of 22 January 1948 was primarily intended for Paris and the Benelux capitals. Like other events, also the talks on this initiative were strongly influenced by the smooth success of the Communist coup in Czechoslovakia a month later. Paradoxically, it was the position of Prague democrats as well as the starting Soviet pressure on the government in Helsinki to sign a far-reaching political alliance with Moscow that largely contributed to the rapid coup. On 17 March of the same year representatives of Great Britain, France, and the Benelux countries signed the Brussels Pact, the preamble of which speaks about the necessity of common defence against the potential restoration of Germany’s aggressiveness, but its spirit aimed more at collective defence against the

³² Ritchie OVENDALE, *The Palestine policy of the British Labour Government 1947: the Decision to Withdraw*. *International Affairs* 56, 1980, No. 1, p. 73 ff.

³³ In addition to the above works quoted see, in particular, Geoffrey WARNER, *The Labour governments and the Unity of Western Europe 1945–51*. In: Ritchie Ovendale (ed.), *The Foreign Policy of the British Labour Governments, 1945–1951*. Leicester 1984, pp. 61–82; Jan MELISSEN – Bert ZEEMAN, *Britain and Western Europe 1945–51: opportunities lost?* *International Affairs* 63, 1987, No. 1, pp. 81–95.

³⁴ Bevin sent to Prague as a new ambassador his Parliament Secretary Pierson Dixon and advised him to make every effort to prevent Czechoslovakia from getting behind the Iron Curtain. His effort was futile, as the British diplomacy had no effective instruments to efficiently support the Czech democrats in their defence against the Communist offensive. For details, see Jindřich DEJMEK, *Britská diplomacie a komunistický převrat v únoru 1948* [British Diplomacy and the Communist Coup in February 1948]. *Slezský sborník* 101, 2003, No. 3, pp. 344–360; Same, *The Communist Coup d’Etat in Czechoslovakia in February 1948 and Democratic Western Europe*. *Historica*. Series Nova 12, 2005, pp. 115–142.

rising Soviet threat.³⁵ Nonetheless, this first real result of Bevin's initiative was far from being the only response to the sovietisation of Czechoslovakia.

In contrast to the relative passivity during the short crisis in Czechoslovakia the British joined immediately the Americans in their more or less open support of the Christian Socialists in Italy during the elections that were in many aspects crucial for that country. It was particularly their economic aid that undoubtedly contributed to de Gasperi's victory in April in spite of the socialist mainstream in Italy.³⁶ Politically (e.g., with declarations in Parliament) and diplomatically they tried hard to support the Finns facing the Soviet pressure. Nevertheless, Bevin's by far most important reaction to the Prague coup was his secret probe in Washington (and in Ottawa), parallel to the final negotiations about the Brussels Pact, into potential American, or "Atlantic" guarantees of the arising West European alliance. Following the favourable response of Marshall (and of Canadian Prime Minister Mackenzie King) to this probe the first highly confidential talks in the Pentagon started on 22 March 1948 leading to the first version of multilateral defence treaty, the future North Atlantic Treaty Organization. The talks, which understandably cannot be summarized here, were far from being easy or straight-lined, as the US representatives from the very beginning refused to provide unilateral guarantees for the brand new Brussels Pact and were only ready to speak about a multilateral defence system as anticipated by the UN Charter, Art. 51. Further Soviet aggressive steps, particularly the full blockade of the western occupation zones in Berlin introduced that year in June, showed again the effect of catalyst, although the final alliance treaty was signed after nine more months of hard negotiations.³⁷

V

The signing of the Washington Treaty in April 1949 closed the diplomatic and political dimension of West Europe's security and, in addition, symbolized a new

³⁵ See the Pact text in: John A. S. GRENVILLE, *The Major International Treaties 1914–1973. A History and guide with texts*. London 1974, pp. 399–401; and also John BAYLIS, *Britain, the Brussels Pact and the Continental Commitment*. *International Affairs* 6, 1984, No. 4, p. 615 ff. (particularly pp. 616–617).

³⁶ In fact, the Foreign Office leaders were not willing to accept all American proposals in that matter, such as potential participation of Italy in the administration of its former colonies, or revision of the military stipulations of the peace treaties signed a year before. British officials typically pointed to the danger of precedence during next talks with the Germans and to their expected "revisionism".

³⁷ For details of these talks see Cees. WIEBES – Bert ZEEMAN, *The Pentagon negotiation, March 1948: the launching of the North Atlantic Treaty*. *International Affairs* 59, 1983, No. 3, pp. 353–354; Don COOK, *Forging the Alliance: NATO, 1945–1950*. London 1989, pp. 128–133 ff.

recognition of the real American predominance; for the British, it anticipated increasing military expenditures. While in 1949 the Attlee Government planned expenditures for military purposes amounting to approximately 780 million pounds (which was more than 100 million less compared to the year 1947 when the post-war reduction of the Army and Navy had started), 1.11 billion was already planned for the fiscal year 1950–51, which represented a dramatic increase of military expenditures from 6 to 10 per cent of the national budget and which naturally had to be compensated by savings in other sectors.³⁸ However, the Labour Party was not homogeneous in that matter (the government was soon to be paralyzed by conflicts with the left-oriented Minister of Health, Aneurin Bevan, who strongly opposed the charging of the recently introduced health care), and this all– together with the growing criticism by Conservatives – was reflected in the Party’s general position.

When Attlee asked the voters in February 1950 to legitimize his further policy, the party could still gain some more votes than four and half years before; 46 per cent voted now for the Labour, namely 13.3 million citizens in the Kingdom. On the other hand, the Conservatives strengthened their position, too (43 per cent, mostly on the account of the liberals), and the government majority was reduced to just a few seats.³⁹ The draw of the results was also stressed by the fact that 7 ministers and their deputies lost their posts, including Arthur Creech Jones, head of the Colonial Office and one of the authors of the Empire reform. Even in these conditions, Attlee’s new team tried to further follow the existing line; one of his first measures was the nationalization of the major part of steel industry. In the field of foreign affairs Britain took, also in connection with the above measure, a negative attitude to the Schumann Plan envisaging the creation of a West European “pool” of coal and steel, which was viewed by most of the responsible Labour Party representatives as a mere new cartel whose creation would jeopardize the other anticipated reforms and that could complicate the economic relations with the Commonwealth.⁴⁰ The British socialists, however, had to face the biggest challenge in connection with the Korean War that started in June 1951, and with its economic and social, as well as international consequences.

³⁸ These numbers are mentioned by K. O. MORGAN, *Labour in power 1945–1951*, pp. 279–280. According to other calculations, the British paid for armament in 1951, in proportion to population, more than the USA.

³⁹ *Ibid.*, pp. 404–405. None of the previously expelled “leftists” favouring collaboration with the Eastern Bloc, such as K. Zilliak or D. N. Pritt, were elected MPs.

⁴⁰ Cf. Geoffrey WARNER, *The Labour Governments and the Unity of Western Europe 1945–51*. In: Ritchie Owendale (ed.), *The Foreign Policy of the British Labour Governments, 1945–1951*. Leicester 1984, p. 72 ff.

The Attlee Government had no problems with supporting the USA diplomatically in the United Nations, and then militarily (Britain's participation was rather modest) in the US-led operations under the UN flag. Most Labour Party left-wing representatives, even former radicals such as Michael Foot, agreed with the actions initiated by Washington. The British foreign policy makers promised that the British participation in international operations taking place under the UN flag would make it possible for London to influence the US policy towards China and in Southeast Asia.⁴¹ The Attlee Government, aware of the necessity to protect their own economic interests in China (and, generally, trying to preserve the political unity of the Commonwealth) had formally recognized the Communist regime in Beijing already in January 1950 and its attitude to the American support of the remaining Kuo Min Tang forces in Taiwan was rather reserved. It also feared a withdrawal of most of the US armed forces from Europe in the case of military conflict in the Far East.⁴² And this was precisely the threat that soon appeared as a result of the Chinese support of the North Koreans.

At the UN autumn session, Bevan initially supported the idea of Korea's unification following the defeat of the Communist forces, in the spirit of the UN plans from the year 1947 (which did not mean unreserved support of the South Korean dictatorship). The Americans, however, rejected any talks on Korea's reunification with the "Communist Chinese" who, in the State Department's eyes, were but executors of Stalin's orders. The US-led coalition forces soon crossed the 38th parallel and, in spite of the Chinese warning, were soon approaching the Korean border with China. Then, when massive Chinese forces intervened in the conflict in November 1950, the western forces had soon to withdraw back to the south and Washington threatened with the use of atomic weapons. This scared the Attlee government in London and most of their West European allies as well. In reaction to this a "sudden" visit of the British Prime Minister and of some other ministers to Washington occurred early in December 1950, which has often been analyzed since, and the talks with US top officials lasting several days covered not only the Korea-related problems, but also a number of other key issues concerning the western policy.⁴³

⁴¹ For more details see, e.g., Michael Lawrence DOCKRILL (ed.), *British documents on foreign affairs: reports and papers from the Foreign Office confidential print / Part 4, From 1946 through 1950. Series M, International organizations, Commonwealth affairs and general*. Frederick MD 2000 – And other editions.

⁴² For details of Attlee government's attitudes to Communist China see Ritchie OVENDALE, *Britain, the United States and the recognition of Communist China*. *Historical Journal* 26, 1983, No. 1, p. 139 ff.

⁴³ The talks were also mentioned in his rather brief memoirs by Clement Attlee: Francis WILLIAMS, *A Prime Minister Remembers*. London 1961, pp. 232–238; Harry S. TRUMAN, *Memoirs By Harry S. Truman Volume Two: Years of Trial and Hope*. New York 1956, pp. 396–412.

A positive result of Attlee's Washington talks between 4 and 8 December, 1950 was the assurance by American officials that they were not going to use atomic bombs in Korea and that they did not plan any direct attack against China, either. This enabled the Prime Minister to present himself upon return to London as a "peacemaker". In many other questions in their negotiations with the Americans, however, the British were less successful. (Acheson refused again categorically any negotiations with representatives of the People's Republic of China). Moreover, the British were confronted with a number of economic and political requirements. The most important one was the US demand that its island ally invest in the following three years in defence additional 6 billion pounds in the least. After the previous increases of the respective budget items this demand was an astronomical amount whose acceptance would bring about restrictions of many social reforms that had been achieved before.⁴⁴ The most important political demand (addressed also to Paris and to the other allied countries) was the requirement to agree with the rearmament of West Germany.⁴⁵ These two problems were so crucial and complicated for the British left government that their solution dragged on almost until the government's premature end and, in addition, deepened the previous contradictions inside the Party, which brought about its biggest crisis since 1945.

The American *rearmament* plans for West Germany, prepared earlier, met with strong resistance in the Attlee Government and it needed more than three quarters of the year to come to some consensus in that matter. The head of Foreign Office, Bevin, who in other matters did his best to please Washington, opposed the plan, and it faced frenzied resistance on the part of the third most important member of the team, ex-Minister of Finance H. Dalton, and of other ministers who simply could not overcome their hatred of the former enemy. Typically, the British yielded to the American pressure in this matter as late as autumn 1951, in a different international situation and, last but not last, when both the Foreign Minister and the Chancellor of the Exchequer were replaced in their position by other politicians, H. Morrison and H. Gaitskell.⁴⁶

Also the discussions on changes in the national budget were dramatic and historians often interpreted them later as a struggle between the "pro-American" Hugh Gaitskell and the "leftist" A. Bevan. Gaitskell, who had replaced S. Crips in the position of Minister of Finance, suggested a state budget reckoning with a growth of military expenditures to 4.7 billion pounds in the next three-year

⁴⁴ K. O. MORGAN, *Labour in power 1945–1951*, p. 432 ff.

⁴⁵ Cf. e.g., David C. LARGE, *Germans to the Front: West German Rearmament in the Adenauer Era*, Part I/2. Chapel Hill 1996.

⁴⁶ For latest review see Sabine LEE, *Victory in Europe: Britain and Germany since 1945*. London 2001, particularly pp. 53–58.

period. Some of these expenditures were supposed to be covered by new health care payments, and also by a new “head tax” imposed on the citizens irrespective of their income. This plan was strongly opposed by Aneurin Bevan, now Minister of Labour, who called the steps suggested by the Chancellor of the Exchequer an attempt to demolish the social state being built. As a result of the collision lasting several days Bevan submitted his final resignation by the end of April 1951, followed by Minister of Trade (and future Prime Minister 1964–1970) Harold Wilson and by one of the deputies of the Minister of Supplies. From the long-term political point of view, however, the consequences of the crisis were much more serious.⁴⁷ A new leftist stream inside the party gathered around Bevan after his resignation, known as “the Bevanists” (including some future labour ministers in the 1960s, such as B. Castle, R. Crossmann, and also some left-oriented intellectuals), and their disputes with the new majority mainstream certainly hampered the Party’s fitness for action in the remaining months of Attlee’s administration, and also in the coming years.⁴⁸

In spring 1951, the situation of the Attlee Government was aggravated not only by the internal disputes, but also by the increasingly complicated international situation, and even more by the lasting imperial ambitions of its leaders, as well as by the physical exhaustion of the key members of the team. The Prime Minister himself was repeatedly handicapped by health problems requiring hospital treatment; however, the most important change was the replacement of Bevan, who was seriously ill, by Herbert Morrison as head of the Foreign Office in March 1951.⁴⁹ The former long-time London Council Member and Member of Parliament (for the first time elected in 1923) was an excellent organizer who, in his position of Deputy Prime Minister repeatedly represented Attlee during his illness. Nevertheless, he was little qualified for the position of Foreign Minister of the third most important world power, which was later misused both by his partners and by his subordinates caricaturing him as a politician whose “whole outlook is parochial”.⁵⁰ Nevertheless, it was Morrison who now had to resolve not only the open questions remaining on the agenda from his predecessor

⁴⁷ Cf. K. O. MORGAN, *Labour in power 1945–1951*, pp. 457–458.

⁴⁸ For both men see, e.g., John CAMPBELL, *Nye Bevan and the Mirage of British Socialism*. London 1987; Brian BRIVATI, *Hugh Gaitskell*. London 2006.

⁴⁹ Bevan, formally appointed Lord Keeper of the Privy Seal, died on 14 April 1951 at the age of seventy.

⁵⁰ “Morrison’s whole outlook is parochial...”, complained Ambassador Gladwin Jebb, one of the then permanent Foreign Office (FO) under secretaries. For his details see Bernard DONOGHUE – George W. JONES, *Herbert Morrison: Portrait of a Politician*. Weidenfeld and Nicolson, London 1973 (now a new edition); his seven-month position of FO head is well summarized in: A. SHLAIM – P. JONES – K. SAINSBURY, *British Foreign Secretaries since 1945*, pp. 70–80.

sor, such as first of all the efficient integration of West Germany into the West European defence structure, but also some new problems, such as the series of crises in the Middle East. The new solution chosen at this point did not differ much from the attitude of the Tories in opposition, or from the opinion of General Staff officers who considered the preservation of key British positions in that region a condition of further existence of the functional Commonwealth.

The Attlee Government was facing nationalist emancipation processes in Egypt, where almost 40 thousand troops were deployed to protect the Suez Canal. Now it had to cope not only with the demand of Nahas Pasha's government in Cairo to withdraw the British soldiers from the Egyptian territory before expiration of the Alliance Agreement (1955), but also with the requirement that London give up its participation in the condominium administration of Sudan.⁵¹ No less important was then in spring 1951 the rapidly accelerating crisis in the relations to Iran, whose new government headed by Dr. Moussadeck had soon nationalized the Anglo-Iranian Oil Company, one of the greatest oil producers in the world. Although the endeavour to retain the remaining imperial territories in that area did not enjoy any support on the part of Washington, which had followed its own interests in the area since the war,⁵² Morrison repeatedly declared that the British would not withdraw from Egypt. The Imperial Staff was even preparing an invasion in Iran aimed at occupying the Abadan Island with the allegedly biggest oil refinery in the world.⁵³ The venture was stopped early in July after Attlee's return as head of the Cabinet, and a temporary *modus vivendi* was achieved between London and Tehran when the Iranians promised to continue delivering oil and, moreover, to pay compensation to the AIOC owners. The Cabinet's approach exhibits strong features of imperial thinking also among that part of the British political spectre.

Disputes in the party, repercussions of the additional economy measures on trade union leaders (adopted due to the incessantly growing defence expenditures as mentioned above), very small Parliament majority, whose uncertainty was increased by the existence of the leftist "Bevanite" stream – this all made Attlee "ask the voters" again after one and half years. The ruling Labour Government entered the premature election campaign with the slogan *Distribution of Wealth and Income* signalling a new income tax and a unified "capital levy" as well. However, it had to fight both against the Conservatives, who were obviously supported by

⁵¹ For more information see, e.g., Karol SORBY, *Arabský Východ 1945–1958* [The Arab East 1945–1958]. Bratislava 2005.

⁵² They were best represented by the American company Aramco, possessing refineries in Saudi Arabia whose ruling dynasty was already oriented to Washington at the time.

⁵³ Mary Ann HEISS, *Empire and Nationhood: The United States, Great Britain, and Iranian Oil, 1950–1954*. New York 1997.

most of the press, and against the attacks by the Party's left wing. Nevertheless, the result achieved in the election held in mid-October was not too bad for the Labour Party as it obtained 48.8 per cent, more than in 1950 and a little more than the Tories (48%). In spite of that, the Attlee team resigned soon after that. Due to the pre-election agreement with the liberals and to the irregular wards the Conservative Party enjoyed a majority of 26 mandates in the new House (of which 21 had been gained at the expense of the Labour Party). As a result, the next government was chaired by the wartime Prime Minister, Winston Churchill, now seventy-seven years old.⁵⁴ With him, a new chapter of Britain's post-war history started, highlighting the conservative dominance for almost one and half decades; however, the Conservatives had to face mostly the same problems, primarily in foreign policy, as those that had arisen in the international arena in the previous period.

Actually, the end of the Attlee Cabinet symbolized to some extent in West Europe also an end of the post-war period that had started with the above-mentioned rise of the Left. Now, the social democrats, or democratically oriented socialists were in all the free parts of the Continent on the defensive, except for Norway and Sweden. The SFIO in France, opposing the Stalinist CPF as of 1947, could only participate as a weak member of the coalitions led by the Catholic MRP, and in 1951 lost temporarily even that position. Unlike that, the PSI, a previous leading party in Italy (also owing to its collaboration with the Communists), was now in opposition. The arising most powerful West European country, the Federal Republic of Germany, was developing during the first two post-war decades under the dominance of the Christian Democratic Union (CDU) collaborating with the liberals. Except for Austria, still occupied at that time, the reformist parties could keep some positions (however, in the position of weaker coalition partners) in Belgium and the Netherlands only, and the construction of welfare state could fully develop only in a part of Scandinavia.⁵⁵ There is no doubt that this trend was also largely due to the atmosphere of the culminating Cold War, and naturally also to the new Republican Administration of President D. Eisenhower in the USA inaugurated in 1953 that showed even less feeling for any socialist "experiments" than its democratic predecessors. A great challenge to most socialist leaders, and even greater to their electorate, was their attitude to the starting West European integration initiated by the predominant Catholic democratic Right. A renaissance of the West European socialism, and in connection with that also further construction of the *welfare state* could only start in the latter half of the next decade, in a totally different international climate of "*détente*".

⁵⁴ K. O. MORGAN, *Labour in power 1945–1951*, pp. 487–488.

⁵⁵ Cf well explaining notes by D. SASSOON, *One Hundred Years of Socialism*, chapters 9 and 10.

The Two German Welfare States since 1945: Comparative Economic History.

1. Introduction

According to a conventional wisdom held by social historians and historians of social rights: there exist two main tasks as well as two corresponding goals regarding social policy. The first concentrates on work. Namely, every adult should have the possibility to work and thus to earn an income, and, in order to support him and herself and also their dependents. Indeed, creating an economic environment that offers meaningful work and sufficient income should be considered as an important criterion for social policy. Social security serves as a second dimension to social policy goals. Under conditions that it proves difficult for someone to carry on with work and earning income as wages and salaries through active participation in the labour market, then social security, supported by transfer income should be made available under conditions related to health and age, as well as because of failures in economic policy resulting in the loss of employment. Important to note is that chronic and mass unemployment was, in the times of Fordist mass production times leading up to the middle of the 1970s, an exceptional phenomenon. Nevertheless even in those years hundreds of thousand or even millions of workers experienced difficulties in earning wages and salaries in the labour market and thereby needed social assistance.¹

This inquiry analyses how both of these social welfare goals were met in Germany after World War II. Both competing German states developed different social systems that clearly became differentiated by the start of the 1950s and this lasted through the decade of the 1980s, but without denying their common origins. The creation of a united social welfare system in unified Germany after the start of the 1990s will be considered in some detail.

¹ Compare Hans ZACHER, *Grundlagen der Sozialpolitik in der Bundesrepublik Deutschland*. In: *Geschichte der Sozialpolitik in Deutschland seit 1945*, Bd. 1. *Grundlagen der Sozialpolitik*. Baden-Baden 2001, p. 348; *Der Sozialstaat*. Bonn 1990, p. 18.

2. Failures in Forming a Comprehensive Social Policy after World War II

In Germany the legal framework for the welfare state had been created between years 1881 and 1927. That is, the formative years for Germany's social welfare state took place in the era when Bismark was influential, and also during the Weimar republic. This welfare state, however, collapsed with the end of Nazi rule and as Germany lay in ruins in 1945 at the end of World War II.

Efforts to form a post-1945 reconstructed welfare state were based upon an understanding of key institutions in place up to 1933 when the Nazis took power. Building upon the pre-1933 notions of a German welfare state, it was considered that health insurance, accident insurance, disability pensions, unemployment insurance and a host of pension schemes should be reconstructed according to the same criteria in all of the four occupation zones of postwar Germany.

The postwar prospects for offering a pan-German welfare state were promising indeed, for the occupation powers of Britain, France, the US and the Soviet Union shared common goals. The first important challenge involved was offering a universal social insurance system, and this was proposed by the Soviet leaders in the, then, governing body known as: the Allied Council for Germany. The Soviet's proposal was, however, shelved with the start of year 1947. In the Anglo-American Zones that included the northern and southern regions of western Germany, the political parties of the centrist and right wing, namely, the Christian Democrats (CDU) and Free Democrats (FD) intervened in the interest of employers, free lancers and other self employed. Representatives of these two parties managed to convince their occupation powers not to support the Soviet proposed move towards a universal social insurance system. Representatives went so far as to renounce such a comprehensive system as a "communist invention."

But, it is important to consider that in the France's Zone, universal social insurance was introduced – at least some of its dimensions, and was offered with the hope for realizing a comprehensive universal social system for all of occupied Germany. But after the foundation of the Federal Republic in 1949 the first West German government, led by Federal Chancellor Konrad Adenauer (CDU), abolished these French efforts.² The outcome was that in West Germany several health insurance companies competed against each another for premiums from the paying public. And, the pension scheme differentiated between blue and white collar workers.³

² Hans Günter HOCKERTS, *Sozialpolitische Entscheidungen im Nachkriegsdeutschland. Alliierte und deutsche Sozialversicherungspolitik 1945–1947*. Stuttgart 1980, p. 41 ff.

³ Franz Xaver KAUFMANN, *Der deutsche Sozialstaat im internationalen Vergleich*. In: *Geschichte der Sozialpolitik in Deutschland seit 1945*, Bd. 1. Grundlagen der Sozialpolitik. Baden-Baden 2001, p. 835.

At this point in my inquiry I needs to be emphasized the postwar fracturing of the social insurance system was not related to efforts by the occupation powers to thwart the German's efforts. That is, neither the British tried to introduced their ideas of the uniform social insurance system as fixed in the Beveridge plan,⁴ nor did the Soviets seek to bring to an end the equal payment system for social insurance, based upon employees as well as employers paying an equal share – despite it had no tradition in the Soviet Union.

3. Social Insurance Systems After Germany's division into East and West.

That the Soviet-proposed universal social insurance system was rejected in the west of Germany, this resulted in the development of two divergent welfare states out of what had been a unified system. That is, despite the common heritage, the welfare state began to develop in different directions with different underlying logics and proclaimed goals in the western and eastern parts of post-war Germany.

Consider, for example, the challenge of unemployment in Germany after World War II and then the policy prescriptions for dealing with it. With year 1949 the German Democratic Republic was founded, and its responsible government sought to address the challenge of unemployment by activating a range of social policies. On the one hand, for those who were without jobs – often returnees or war disabled persons – courses for professional rehabilitation were financed generously. On the other hand, as monetary transfers, unemployment benefits remained small, providing an indirect but strong incentives for those out of work to take any and every job offered. In judging this social policy, the West German social historian Manfred G. Schmidt termed the GDR approach as “... a mixture of a workfare and of a welfare state”.⁵

With the start of the 1950s the GDR's labour-orientated social policy was, by and large, administered by the trade unions and remained focussed at the enterprise level. And this policy proved successful according to several criteria. In East Germany the immediate postwar unemployment rate diminished rapidly. By 1950, not more than 3.5 % of the workforce relied upon the meagre unemployment benefits. By 1955 this percentage had fallen to 0.5 %. The 1968 GDR

⁴ Ibid, p. 881 ff.

⁵ Manfred G. SCHMIDT, *Grundlagen der Sozialpolitik in der Deutschen Demokratischen Republik*. In: Geschichte der Sozialpolitik in Deutschland seit 1945, Bd. 1. Grundlagen der Sozialpolitik. Baden-Baden 2001, p. 699; Marcel BOLDORF, *Gesundheits- und Sozialpolitik*. In: Clemens Burrichter – Detlef Nakath – Gerd-Rüdiger Stephan (Hrsg.), *Deutsche Zeitgeschichte von 1945 bis 2000. Gesellschaft – Staat – Politik*. Ein Handbuch. Berlin 2005, p. 831.

constitution guaranteed the right of every citizen to employment. Those in the labour market were offered the free choice to take this or that job. Also announced was the “duty to work”.⁶ Year 1977 marks the end of unemployment benefits in the GDR, as unemployment had wholly disappeared and remained so up until the end of 1989.⁷ Only in February of 1990 did payments as unemployment benefits have to be introduced again because of the re-emergence of unemployment in eastern Germany, which came along on the coat tails of introducing market economy into what had been the socialist planned economy of the GDR.⁸

In the wake of the World War II, in 1950, the Federal Republic exhibited a comparatively higher unemployment rate: estimated at between 8 % and 12 %.⁹ What proves markedly different is that those who were out of work in West Germany received remarkable higher unemployment benefits. In West Germany, and from the middle of the 1950s to the middle of the 1970s, rates of unemployment also ran relatively low, and for many of these years registered at around 1.5 percent.¹⁰ However, it is important to consider that a “right to work” was never declared and encoded in law in West Germany. Selected social historians have characterised the GDR manner for mitigating unemployment as part of a “mobilizing” employment policy. Likewise, they note that the FRGs offered a “passive” employment policy.¹¹

Though social policy for dealing with employment and unemployment differed in West and East Germany, social policy for dealing with war losses differed even more drastically.

Of the inhabitants of the Federal Republic in about 1950, a good eight million had moved in as refugees after having lost their homes and properties in Central and Eastern Europe. Additionally as many as three million German in the West had lost their property as result of allied bombardments and fights on the ground during the last months of World War II, when the war was waged in Germany proper. At the end of the 1940s every third refugees coming in from the east registered as unemployed. Consequently, poverty proved wide spread, and many even lacked sufficient clothing and basic household goods. The other portion of

⁶ Artikel 24, Absatz 1 der Verfassung der DDR von 1968 in der Fassung von 1974. Copare SCHMIDT, *Grundlagen der Sozialpolitik*, p. 703 ff.

⁷ *Statistische Übersichten zur Sozialpolitik in Deutschland seit 1945. Band. SBZ/DDR*. Hrsg. von Bundesministerium für Arbeit und Sozialordnung. Bonn 2006, p. 155 ff.

⁸ *Verordnung über die Gewährung staatlicher Unterstützung und betrieblicher Ausgleichszahlung an Bürger während der Zeit der Arbeitsvermittlung*. In: Gesetzblatt der DDR (GBl. DDR), Teil I, 1990, p. 41.

⁹ H. ZACHER, *Grundlagen der Sozialpolitik*, p. 483.

¹⁰ *Statistische Übersichten zur Geschichte der Sozialpolitik in Deutschlands seit 1945. Band. West*. Hrsg. von Bundesministerium für Arbeit und Sozialordnung. Bonn 1999, p. 120.

¹¹ *Ibid.*

the West German population totalling about 35 million, that, fortunately, were not so severely affected by the war and its consequences, were obliged to transfers a share of property to the 11 million who had suffered war damages.¹² The Federal government voted in favour of an equalization of burdens between both parts of the population. What is termed: “Lastenausgleich” served as the transfer scheme carried out mainly between 1949 and 1952. The policy concentrated on transfers of incomes, and shied away from significant property transfers.¹³ Between 1949 and 1952, about 2.4 million persons were awarded compensation for loss of homes related to war damage and also evacuations from the areas lost toward the end of the war. In 1953, another 2.2 million received compensation. And, 1.1 million in 1954. In the years leading up to 1964 about one more million west Germans received compensation for loss of homes.¹⁴

In the East of Germany the share of families who had lost their property related to war damage and from hasty evacuations ran parallel. For example, at the start of the GDR in 1949 about every fourth citizen was registered as a refugee. In the northern region, known today as Mecklenburg-Vorpommern, every second person had arrived as a war refugee.

In East Germany the main direction of compensation was not directed to redistribution between the haves and have nots. The East German authorities sought another way. That is, property and income of those who had suffered most under war damages should be brought incrementally into line with those composing the workforce. As many as 341,000 refugees were awarded plots during the GDR’s land reform, and took on the profession of farmer.¹⁵ More important to consider is that up to the beginning of the 1950s, as many as 1.5 million refugees gained permanent jobs in industry and trade, and among this 1.5 million, half a million were considered youth.¹⁶

Social policy affecting women serves as another feature differentiating East and West Germany. In the GDR women were granted equal rights that was also recognized in labour policies. The quote: “the same wage for the same job” became a popular slogan and also an actual government policy in East Germany.¹⁷ Benefiting from day nurseries, women with infants and small children were of-

¹² Werner ABELSHAUSER, *Deutsche Wirtschaftsgeschichte seit 1945*. Bonn 2004, p. 332, 334.

¹³ H. ZACHER, *Grundlagen der Sozialpolitik*, p. 467, p. 501.

¹⁴ *Statistische Übersichten West*, p. 275.

¹⁵ Siegfried KUPPER, *Zone- Macht-Staat. Politische und ökonomische Entwicklungen in der sowjetischen Besatzungszone*. Schkeuditz 2010, p. 185;

¹⁶ Jörg ROESLER, *The Refugee Problem in the Soviet Occupation Zone 1945–1949*, GDR-Monitor 2, 1989, p. 5; *Statistisches Jahrbuch der Deutschen Demokratischen Republik 1955*. Hrsg. von Staatliche Zentralverwaltung für Statistik. Berlin 1956, p. 32.

¹⁷ Matthias KRAUSS, *Wo die Bundesrepublik sich die DDR zum Vorbild nahm. Ein Steinbruch guter Ideen*. Neues Deutschland vom 14.–15. Mai 2011, p. 6.

ferred solid opportunities for participating actively in the workforce. In 1950 only 1.2 % of all children up to three years old had a place in *chrèches*. By 1960 this had risen to 14 percent; in 1970 to 29 percent; in 1980 to 61 percent; and in 1989 to 80 percent.¹⁸ This incremental improvement in mothers' access to child care enabled more and more women to carry on in a profession and gain benefits of permanent employment. By 1950, the GDR boasted a 50 percent female labour force participation rate. By the middle of the 1970s this rate had risen to 80 percent. And by 1989 to 82.9 percent, rendering the GDR's female labour force participation rate as among the highest, if not the highest in the industrialized world.¹⁹

Equal rights for both men and women had also been promised in the West German constitution that was promulgated in 1949, the year of its founding. However, this promise only became law in 1957.²⁰ For a long span of time the "Family Ministry," that had been founded in 1953, was convinced that married women should remain outside of the labour market and stay at home with their children. Consequently, the building of *chrèches* and even kindergartens was not an ostensible government strategy. For at least two decades this conservative policy was supported by a host of CDU-led Federal governments.²¹

In 1950 a quarter of married women in the Federal Republic could boast a job. By the 1960s this segment increased to about 33 percent. And, by 1989 it increased to 44 %.²² The fact remained that many women in West Germany suffered constrained opportunities for joining the work force because of a lack of day nurseries and kindergartens. In 1979, in West Germany the number of available spots for children benefiting from kindergartens reached 1.4 million. In contrast, in the GDR that had but 20 percent of the total population of the Federal Republic, these numbered 624,000. Places in day nurseries in the same year numbered 27,000 in West Germany. In East Germany the number of places in day nurseries ran ten times higher than in the Federal Republic.²³

¹⁸ *Statistische Übersichten SBZ/DDR*, p. 245.

¹⁹ *Ibid.*, p. 149.

²⁰ H. ZACHER, *Grundlagen der Sozialpolitik*, p. 496.

²¹ Katrin SCHÄFGEN, *Frauen- und Familienpolitik*. In: Clemens Burrichter – Detlef Nakath – Gerd-Rüdiger Stephan (Hrsg.), *Deutsche Zeitgeschichte von 1945 bis 2000. Gesellschaft – Staat – Politik. Ein Handbuch*. Berlin 2005, p. 854 ff.

²² *Statistische Übersichten West*, p. 231.

²³ *Statistisches Jahrbuch der Bundesrepublik Deutschland 1981*. Statistisches Bundesamt (Hrsg.). Stuttgart – Mainz 1981, p. 400; *Statistisches Jahrbuch der Deutschen Demokratischen Republik 1980*. Staatliche Zentralverwaltung für Statistik (Hrsg.). Berlin 1980, p. 288.

4. Mutual Influences Affecting Both West and East Germany.

Both German states – with their respective social systems – remained in a protracted competition during what is also thought of as the Cold War. Respective government officials remained aware that members of the population looked across the fences to the “other” Germany. Especially, members of the GDR population took careful note of what was going on over in West Germany.²⁴ It seems that every German government tried to convince its own population that it represented the better German state. And, levels of social welfare proved integral to this competition. From time to time one or both governments was obliged to assume responsibility for social welfare benefits in order to compensate deficits of their own social policy. This happened several times. Two examples will be given:

First example concerns subsidies for apartment buildings. In the GDR, housing construction was characteristically subsidised. This policy ensured that rents remained low relative to wages and salaries. In contrast, in the Federal Republic the amount of rent tended to be market determined. One result was that the shares of income spent for rents in West Germany – at the end of the 1940s – ran four times higher than in the East. Relatedly, the poorer segments of the West German population ran into difficulties in finding and holding on to an apartment. In 1950, the West German Parliament known as the Bundestag, launched a program that translates as “social house building.” This program’s goals were to rely upon state subsidies in order to bring down rents. The three political parties represented in the parliament agreed to this scheme – but anonymously. The historian Thränhardt notes that these measures, undertaken because of the neediness of the population, exhibited a “strong socialist character.”²⁵

As a second example we shall consider the number of hours in the workweek. Between Years 1956 und 1962, the 40 hours week with only five working days had become standard in West German industry, and this is related to the strength of the trade unions there at that time. Since the beginning of the 60’s East German wage workers and salaried employees demanded an end to the traditional 48 hour and six day working week.²⁶ For years the leaders of the governing Socialist Unity Party (SED) argued against a decrease in working hours that would aggravate challenges associated with labour scarcity in the GDR. In 1967, the

²⁴ Jörg ROESLER, *Momente deutsch-deutscher Wirtschafts- und Sozialgeschichte. Eine Analyse auf gleicher Augenhöhe*. Leipzig 2006, p. 92.

²⁵ Dietrich THRÄNHARDT, *Geschichte der Bundesrepublik Deutschland*. Frankfurt am Main 1996, p. 129.

²⁶ Peter HÜBNER, *Konsens, Konflikt und Kompromiss. Soziale Arbeiterinteressen und Sozialpolitik in der SBZ/DDR 1945–1970*. Berlin 1995, p. 93.

GDR government felt pressured to introduce the free Saturday: for this had become the rule in West Germany a full five years earlier.²⁷

The East German social system had been developed and applied faster as effective policies in the aftermath of world war two, certainly when compared to the West German social welfare state. And, there are related consequences to consider. Historian Christoph Klessmann judges that: “*without any doubt many social achievements (of the Federal Republic) can be explained only as result of the systemic competition*”.²⁸

In the climate of the Cold War, it registered as standard for one of the German states to denounced the other as evil. As one German state responded to the other with improvements in social welfare programs, the true reasons for the developments were typically not stated.

5. The Dynamism of Social Policy in the Two German States

During the 1960s, 70s and 80s social policies in both German states altered to measurable degrees. In the Federal Republic during the 1950s numerous improvements took place during the government led by Chancellor Konrad Adenauer. Additional improvements were introduced during the government under the leadership of Willy Brandt (1969–1974). Brandt’s successors, on the other hand, proceeded with a dismantling of the policies of the welfare state he introduced. Of special note is that when Helmut Kohl (1982–1989) served as chancellor, the range of social welfare benefits were systematically, thought slightly reduced.²⁹

With respect to the Federal Republic of West Germany, historians tend to refer to “three great phases” of social development. These included a reconstruction and new beginning from 1949–1954. The second phase involved a reform and expansion 1955–1976. Since 1977, social development includes retractions and a shifting into crisis mode.³⁰

Hockerts and some like-minded historians approach social development over shorter time periods.³¹ Deserving of note is that historians tend to agree that the

²⁷ Jörg ROESLER, *Wandlungen in Arbeit und Freizeit der DDR-Bevölkerung Mitte der sechziger Jahre*, Zeitschrift für Geschichtswissenschaft 12, 1989, p. 1061 ff.

²⁸ Christoph KLESSMANN, *Die doppelte Staatsgründung. Deutsche Geschichte 1945–1955*. Bonn 1986, p. 16.

²⁹ *Statistische Übersichten West*, p. 32.

³⁰ *Der Sozialstaat*, p. 17.

³¹ Compare Hans Günter HOCKERTS, *Periodisierung des Gesamtwerks. Abgrenzung der Bände*. In: *Geschichte der Sozialpolitik in Deutschland seit 1945*, Bd. 1. Grundlagen der Sozialpolitik. Baden-Baden 2001, p. 188 ff.

period of 1969 to 1975 marked the climax of advances in social policy in the Federal Republic. During this time the social expenditure – measured by its share of the nominal GDP – rose from 25.5 % to 33.4 %. This was markedly evident during the period that Willy Brandt served as Bundeskanzler.³² During the period between 1982 and 1989 when Helmut Kohl ruled West Germany these percentages diminished slightly from 33 % to 30 %.³³

In the GDR, the climax of social welfare benefits was reached in the 1970s, when communist party chief Erich Honecker pursued his “unity of economic and social policy”.³⁴ Constructing of public housing registered as this policy’s core program. In 1971, Honecker publically promised that housing, which at that time proved relatively low in price in GDR – though generally scarce and of a relatively low quality – should be resolved as a social challenge affecting the GDR population. Between 1971 and 1980 the number of apartments constructed increased markedly on an annual basis from 76,000 to 121,000.³⁵

In the 1980s in the Federal Republic, lower rates of economic growth combined with related tax increases provided pressure for dismantling selected social welfare benefits.³⁶ In the GDR, the gaps between revenues derivable from diminishing growth and funding the East German welfare state were filled with loans internally financed and also coming in from abroad. These financing efforts generated rising internal and external indebtedness, contributing to inflationary pressures observable at the beginning of the 1980s.³⁷

6. The Unification of Germany and the Accompanying “Social Union”

Additional developments to the social welfare regimes found in the East and in the West of Germany failed to contribute to marked differences. However, it remains important to consider effects associated with intensified protests and street revolts that broke out in the late summer and autumn of 1989. After elections in March of 1990, by 03 October of 1990 the two German states were unified. The most pressing tasks were to deal with pressing security, economic and political challenges associated with Germany’s reunification. In this turbulent

³² *Statistische Übersichten West*, p. 32.

³³ *Ibid.*

³⁴ Andreas MALYCHA – Peter Jochen WINTERS, *Geschichte der SED. von der Gründung bis zur Linkspartei*. Bonn 2009, p. 214 ff.

³⁵ *Statistische Übersichten SBZ/DDR*, p. 272.

³⁶ Reimut ZOHLNHÖFER, *Die Wirtschaftspolitik der Ära Kohl. Eine Analyse der Schlüsselentscheidungen in den Politikfeldern Finanzen, Arbeit und Entstaatlichung, 1982–1998*. Opladen 2001, p. 104 ff.

³⁷ Jörg ROESLER, *Geschichte der DDR*. Köln 2012, p. 85 ff.

environment unifying social policy likewise arose as a pressing challenge. The citizen movements that dominated the “Round Table” revolutionary government of GDR from December, 1989 to March, 1990 favoured a fusion of the East and the West German social systems. A so-dubbed “*Sozialcharta*” (social constitution) was elaborated and sought to determine selected basic social rights that should become common law in the unified Germany. Rights delineated included the right for a job for every man and women. There was likewise an ending to the “duty to work.” Then, there was the right for everyone to have an affordable apartment. Included were equal rights involving the education of children, that included equal chances for every child to participate in middle-level and higher education. The Round Table revolutionaries – as they were known – also demanded that trade unions should be given a certain responsibility to control the introduction and realisation of these rights. Those who created the *Sozialcharta* defended most of the social rights that were protected in the GDR. These members also sought to build a dam, that is, to protect members of East German society from selected social policies that were characteristic of the old Federal Republic, especially policies that had been introduced since the beginning of the 1980s. The *Sozialcharta* politicians denounced West Germany social policy as being overly influenced by successes measured in pecuniary values that included profitability. Members of this group insisted especially on the “social right to work”.³⁸

A majority percentage of East Germans supported the Round Table proposals. That is, many favoured in their minds that unification would proceed as a creative combination of the West German standard of living with East German social standards. However, many politicians of the Federal Republic argued against the *Sozialcharta*, denouncing it as “the rotten egg of the Round Table”. Critics stressed that it could not be financed.³⁹ Some other West German politicians simply presented their opinion that there did not exist any better welfare state system in the world than that of the Federal Republic. And, the East Germans should be happy to be invited to join in the benefits.

Representatives of the East German government lead by de Maiziere, that ran from April into October of 1990 negotiated the specifics of the unification treaty with the Kohl government. These representatives sought to have some of the demands insisted upon by the *Sozialcharta* included in the unification treaty. However, their efforts fell short. In May of 1990 the treaty related to “currency, economic and social union” was signed. The signing of this treaty meant that

³⁸ Uwe THAYSEN, *Der Runde Tisch. Oder: Wo blieb das Volk? Der Weg der DDR in die Demokratie*. Opladen 1990, p. 16 ff.

³⁹ Gerhard A. RITTER, *Der Preis der deutschen Einheit. Die Wiedervereinigung und die Krise des Sozialstaates*. München 2006, p. 298 ff.

that the West German social system applied to all of the reunified Germany. On July 1 of 1990 the code of laws of the Federal Republic became valid for the region of the former GDR. Only some interim regulations were allowed.⁴⁰ This lopsided fusion suggests that the term “Social Union” was not really a social union. A real union would have occurred with the merger of the respective social welfare regimes into a third type of regime. However, such a fusion failed to occur. What did occur was that West German social welfare benefits were made available to citizens of East Germany.

The relevant non governmental institutions of the GDR which had been of importance for the development of the East German social system, the industrial enterprises and the trade unions were not allowed to play a role in the formation of the post 1990 social welfare system. One of the problems emerged related to the fact that the lion’s share of the East German enterprises were ruined between 1990 and 1994 in the privatization process led by the Treuhand Anstalt⁴¹ In addition, the GDR trade unions were incorporated and effectively subsumed into their counterparts found in the west of Germany.⁴²

All in all, besides some transitory regulations that ended in 1991 or 1992, the West German social system was forced upon the eastern region – lock-stock-and barrel. Thought there exists some formulations of the *Sozialcharta* that can be found in the constitutions of the five federal states, founded in autumn of 1990, these articles are, however, only declarations of intent that are not legally binding.⁴³

The question arises and begs answering. That is, do the East Germans, nevertheless, enjoy the benefits of the West German social system, which was effectively thrust upon them with the Unification Treaty of 1990?

The answer is threefold.

The first answer relates to the question: do those making their homes in eastern Germany benefit from equal treatment under the law? My research suggests that the quotas on social spending, which in 1991 were but two-thirds of the western level, had been equalized by year 2001.⁴⁴

Secondly, because of the failed economic transition of the former GDR, these failures led to the region’s effective deindustrialization, rendering the citizenry

⁴⁰ Zeno ZIMMERLING – Sabine ZIMMERLING, *Neue Chronik der DDR*, 6. Folge. 19. März 1990 – 6. Mai 1990. Verlag Tribüne 1990, p. 64.

⁴¹ Jan PRIEWE, *Ostdeutschland 1990–2010. Bilanz und Perspektive*. In: *Ostdeutschland – eine abgehängte Region? Perspektiven und Alternativen*. Dresden 2001, p. 22 ff.

⁴² Dieter SCHOLZ, *Die Gewerkschaften und die Treuhand. Das Beispiel IG Metall*. In: Ulla Plener (Hrsg.), *Die Treuhand – Der Widerstand in den Betrieben der DDR – Die Gewerkschaften (1990–1994)*. Berlin 2011, pp. 121 ff.

⁴³ G. A. RITTER, *Der Preis der deutschen Einheit*, p. 90.

⁴⁴ *Statistische Übersichten West*, p. 25.

placing with relatively higher levels on social services, compared with the western region. These and related challenges could be not effectively filled by a social system that fails to differentiate between eastern and western Germans. In addition, and related, as result of deindustrialization the number of unemployed since nearly two decades in the eastern region has run at close to double the rates in the west. For example, in Year 2011 the eastern rate of unemployment was at 11.3% compared to 6.0 % for the western region.⁴⁵ Also, as result of the economic decline in the eastern region, percentages of those who are defined as low income and poor – according the usual statistical criteria used in Germany, e. g. those who have less the 60 % of the earnings of an average citizen – is significantly higher in the eastern states (19.5% in 2011) when compared to the western states (12.9%). At the extreme, we find the State of Mecklenburg-Vorpommern where 24.3% of the population exhibit incomes of less than 60 percent of the German average.⁴⁶

Regarding a third dimension: in 1990 eastern Germans have not only taken over the social benefit system found in the western part of Germany, but also inherited its tendencies. Tendencies identifiable since the beginning of the 1980s in the Federal Republic suggest reductions in levels of social spending for citizens. This is taking place largely through the privatising social welfare benefits.⁴⁷ As is well established in the literature, such a tendency proves biased against those with lesser incomes⁴⁸, which obviously prevails in the eastern region. As result of this trend the real social differences between the eastern und the western states of Germany, which were not eliminated during the first years after unification fail to diminish year by year – as promised in 1990. Rather, these social differences are increasing, especially in the areas of old age pensions. Knowing this tendency, many East Germans define themselves as “second class citizen” of the German welfare state.⁴⁹

Indeed, an historian could draw the following conclusions as the main result of the unification process of the different German social systems. The collapse and ending of the GDR, and its annexation as the lesser, under-privileged and powerless family member in to the fold of the Federal Republic failed to result in any advances in the development of social policy in Germany. That is, through

⁴⁵ *Arbeitsgruppe Alternative Wirtschaftspolitik Deutsche Zweieit – Oder: Wie viel Unterschied verträgt die Einheit? Bilanz der Vereinigungspolitik.* Köln 2010, p. 68; *Bundesagentur für Arbeit. Quoten der Erwerbslosigkeit in den Bundesländern im Mai 2001.* Neues Deutschland vom 1. 6. 2011.

⁴⁶ *Arbeitsgruppe Alternative Wirtschaftspolitik Deutsche Zweieit,* p. 70.

⁴⁷ Compare Joachim ROCK – Ulrich SCHNEIDER (Hrsg.), *Der verrückte Sozialstaat. Zwischen Leistungsverweigerung und Symbolpolitik.* Hamburg 2010.

⁴⁸ Josef STIGLITZ, *Der Preis der Ungleichheit. Wie die Spaltung der Gesellschaft unsere Zukunft bedroht.* München 2012, pp. 61–66.

⁴⁹ *Arbeitsgruppe Alternative Wirtschaftspolitik Deutsche Zweieit,* p. 70

a creative combining of the most favourable characters of both GDR and FRG social welfare systems. This failed to occur.

7. Conclusion: Classification of the Two German Welfare States

Research of social historian Manfred G. Schmidt suggests three main types of welfare regime. These are: the liberal, the conservative and the social democratic.⁵⁰

According to criteria advanced by Schmidt, the Federal Republic of Germany, undoubtedly, registers as having a conservative welfare regime. The conservative character of the welfare regime proves puzzling for the former Federal Republic was governed for more than one decade by the Social Democratic Party. And, during this decade of leadership social policy had been furthered especially during the years that Willy Brandt served as Chancellor. Beginning with the first Kohl government in 1982, but especially during the two decades after the “Anschluss” or annexation of the GDR, the social policy of Federal Republic developed new characteristics that included the conversion of the conservative welfare state into a more liberal one, in the economic sense. This trend continued despite an interim of seven years of a social democratic government when Gerhard Schröder served as Chancellor between 1998 and 2005.

Important to note is that it proves difficult to neatly classify the GDR welfare state according to categories advanced by Manfred Schmidt. Concerning the relatively large share of state funds in financing social expenditure, the family orientated profile of social measures, the size of social expenditure compared with GDP, as well as some other criteria: the GDR registers and weighed in as a “social democratic welfare state.” However, what helps to further differentiate the GDR from other social democratic welfare states is that “work for all” was not only the wanted aim, but was also a goal realized during most of the history of the East German state, especially from years 1955 through 1989. Somewhat different from some other social democratic welfare states, pensions measured as shares of the wages and salaries, proved comparatively meagre in GDR. But if we consider the comparatively low price levels for foodstuff and rents, this helps to explain the relatively low shares. Concerning shares of social expenditure, the GDR welfare state was actually closer to a liberal welfare state than to the social democratic one. Common with the liberal welfare state, in the GDR there existed

⁵⁰ Manfred G., SCHMIDT, *Ursachen und Folgen wohlfahrtsstaatlicher Politik. Ein internationaler Vergleich*. In: Same (Hrsg.), *Wohlfahrtsstaatliche Politik: Institutionen, politischer Prozesse und Leistungsprofil*. Opladen 2001, pp. 33–53.

strong incentives “to be flexible” in looking for a job. But what helped to differentiate the GDR from other liberal welfare states is that during the decades of the 1970s and 1980s there was an accompanying law regarding one’s duty and obligation to engage in work.

Despite the total defeat and unconditional surrender of Germany in 1945 at the end of World War II and the parallel creation of different social systems since after 1948, there were, however, several of the basic structures of the social system created by Bismarck that remained common to both German states. These included: the equal payment of employers and employees for social benefits in case of illness, injury, old age. Since 1927 approaches and measures for dealing with unemployment remained stable. In the liberal tradition found in Great Britain after World War II, the Labour government of Clement Attlee completely changed the British social system according to plans developed by Beveridge Commission undertaken during the war years.⁵¹

The social historian Franz-Xaver Kaufmann offers insightful conclusions for us to consider. Compared with west, north and other middle European states, Germany had become during the 20th century “the country with the least political continuity.” Political discontinuity can be characterized by the shift from the Prussian Empire to the Weimar Republic, to Nazi Germany, to the Federal Republic and to a united Germany. Despite these ruptures and discontinuities the social welfare structure of Germany remained relatively stable compared with that of most other European states. Therefore, Kaufmann argues “*Germany can be named as the country with the highest social political continuity*”.⁵² Kaufmann’s assertion holds up even when the GDR is included into that comparison. The change to a social welfare system like the Soviet one, when all social expenditure had been financed by the state completely – did not occur in East Germany. If one proves so inclined to engage in hyperbole, one could exaggerate by noting that the communists in the GDR and the capitalist rulers in the FRG remained captives of Bismarck’s policies that provided foundation for a fairly constant welfare state.

⁵¹ Arthur MARWICK, *The Labour Party and the Welfare State in Britain 1900–1948*. The American Historical Review, Vol. 73, No. 2, 1967, p. 380 ff.

⁵² F. X. KAUFMANN, *Der deutsche Sozialstaat*, p. 977.

Transformations of the Welfare State in Czechoslovakia from the Start of ‘Normalization’ to 1989

The notion *Welfare State* was not officially used in Czechoslovakia in the years 1948–89. In both of its parts and later successor countries it became frequent after November 1989, referring initially mostly to the characteristics of social evolution in West European countries. Nevertheless, a retrospective analysis of the social reality in Czechoslovakia leads to the conclusion that significant features of the welfare state manifested themselves also here; though, they differed a little from those in western market economies. Interestingly, the frequency of occurrence of the above notion is increasing in connection with the endeavors to restrict and eliminate it. This produces a defensive reaction to the restriction of past achievements in western countries and Czechoslovakia. The struggle for survival of the welfare state intensified at international level and in the Czech Republic following the outbreak of recession by the end of the first decade in the 21st century.¹

The concept of *Social Policy* in post-war Czechoslovakia derived from different ideological sources. First, it was the criticism of social conditions in the interwar period; then, the ideas of the domestic and foreign resistance movement concerning a fair social system, and the influence of some foreign theoreticians, such as J. M. Keynes and W. Beveridge must not be omitted, either. The social parts of programs of the political parties in the years 1945–46 contained many similar aspects; though, there were also some major differences between them, such as different stress laid on the requirements of particular classes and social groups, on the level of elimination of differences in property and income, or on the eventual form of social security.

From February 1948 it was the Communist Party that possessed a monopoly in deciding on the orientation of social policy. The content of that policy was in some features close to the western concept of welfare state, but differed in other

¹ In the Czech Republic, the government headed by P. Nečas introduced a number of limitations in the welfare state in the years 2011–12. In Slovakia, the same trend was interrupted following the election victory of the left party Smer advocating the welfare state, including a revision of some measures already taken. Czech President V. Klaus formulated during his visit to the USA in May 2012 eight points “*of remedy for Europe*”. The first point requires “*to eliminate the unproductive social market economy*”, the third point “*to reduce, in particular, the mandatory government expenditures, and not to seek solution in increasing taxes*” (Právo, 23. 5. 2012).

features. The differences were also due to the fact that social policy in one part of Europe was implemented under the conditions of capitalist market economy and indicative planning, whereas in the other part of the continent it was through a central directive system of economy control. In Czechoslovakia, where the state sector had become an overwhelming part of economy, it was the concept of reducing the differences in income between classes and between the workers and other, better salaried employees, while in Western Europe private entrepreneurs could retain a considerable part of the total national income in the period of welfare state heyday.

On the long run, a kind of competition between West and East in implementing social improvements can be observed, where Czechoslovakia had a specific position as the most advanced member of the Soviet bloc. In some cases the country's progressive legislative regulations surpassed the West European countries; in other cases, they lagged behind. A disadvantage of the whole Soviet bloc in this "social contest" consisted in the rather modest resources available to social policy.

Of special importance in Czechoslovakia's history is the latter half of the 1960s when an economic reform was launched and liberalization started in many fields of social life.

Following the suppression of the reform efforts culminating the period of "Prague Spring", under the pressure of foreign intervention, a return to the pre-reform situation, known as *normalization*, started. A milestone was the period 1969–70.² The political reforms, both introduced and planned, were abandoned, and the economic reform was stopped.

1. The reform period of 1960s and the start of 'normalization'

After ensuring the essentials of life of the population, providing for them in the case of sickness, disability and old age, liquidating unemployment and eliminating the extreme social and regional differences as well as the inequality in property during the first twenty post-war years, some *new features in social policy* emerged in the latter half of the 1960s in addition to the ongoing trend of improving the main aspects in the standard of living. The working-hours were cut by making Saturday a day of rest, a better balanced proportion between the production of consumer goods and that of means of production was

² It is not our intention in this study to explain the unclear question of using the notion 'normalization', or to say whether this term, which is generally used in Czech historiography, applies to the whole period until 1989 or to its beginning only.

achieved, and the portion of the tertiary sphere in the employment structure was increasing.

The progress achieved in the social area was made possible by the high dynamism of economic growth compared to the stagnation in the first half of the decade, by greater investments in the tertiary sphere, and by improved nourishment owing to the starting rapid development of agricultural production. The level of education increased, the “class criteria” in personnel policy weakened, more stress was laid on the qualification of both managers and workers, more differentiation in salaries and wages was slowly introduced, as had been proclaimed before, and the low income and old-age pension of cooperative farmers were slowly leveled with those of employees. Modernization and broader use of long-life goods brought about a change in the way of life. The difference in economic situation between Slovakia and the western part of the state and between the rural and the urban regions in the whole country continued decreasing.

Economic theory concentrated on the transition from the extensive to an intensive type of economic growth, which also required a more efficient use of the country’s labor potential. A hot topic of discussion was the phenomenon of “overemployment” and the equalization of wages and salaries. *The Communist Party Action Program*, which was a fundamental document of the Prague Spring adopted in April 1968, pointed to the harmful effect of equalization and to the need of strengthening the role of qualification and performance in remuneration. It stated: “*Unless there are professionally competent, well-educated cadres in the managing posts, socialism will be unable to compete with capitalism. This will require a change in the existing cadre policy, where for many years the criteria of education, qualification and competence have been underestimated.*” Corrections to the existing social policy were suggested and its future priorities were defined. The very substance of the economic reform required, e.g., the size and growth of wages in productive sectors to be dependent on the volume of production and the wages in non-productive sectors to be regulated so as not to lag behind the average income in national economy. With some exceptions, the prices were to be determined by the proportion of offer and demand in the market. The declining birth rate and the problems of socially weak groups of population were to be countered by means of measures in favor of families with children and of pensioners, including increased house construction. Part of the Action Program was also a six-point plan of development of schools and education process and suggestions of improvement for health care, social care, and better utilization of the country’s scientific potential.³

³ Publication of *Akční program* [Action Program]. In: Rok šedesátý osmý v usneseních a dokumentech ÚV KSČ. Praha 1969, pp. 103–145, quotation of p. 112.

In the period of Prague Spring and also after the foreign intervention of August 1968 the interest of society in social problems weakened as the hot political problems and the resistance to the Warsaw Pact pressure came to the foreground. Following the cadre changes in the Communist Party and country leadership in spring 1969 it became apparent that the reform program was abandoned. Directive central control of economy was restored and the measures taken in the social area reminded of the “policy of sugar and whip”. The two-year *Consolidation Program* accented the “strengthening of social certainties” by means of ‘stabilizing’ measures. The inflation trends were stopped by damping the growth of monetary income of the population, stabilizing the price level, and offsetting the high income of the population in the preceding years by increasing the production of consumer goods. House construction capacities were increased and in 1970 for the first time since the war more than 100 thousand apartments could be constructed in one year.

Simultaneously, a huge, politically motivated purge of leading political representatives, teachers and economic managers began. In social sciences a new campaign of dogmatism was launched with the slogan of “fight against revisionism” within which many workers, often highly qualified were sacked. Lenka Kalinová, a Czech historian who has been systematically researching into modern social history of Czechoslovakia and of the Czech Republic, commented on the then purge as follows: “*The attacks against the reform ideas and their carriers culminated in a purge that eliminated from the leadership and from public life almost half a million members of the ruling party as well as hundreds of non-party members. This single purge, strongly affecting the very existence of many of the previous political, cultural and economic élite was a unique action in its size and range, even in comparison to the other socialist countries*”⁴

With the beginning of ‘normalization’ the need for a ‘workers’ policy’ was stressed; however, the real personnel policy was inconsistent with it. The sociologist Pavel Machonin stated in that matter: “*The worker’s origin ceased to be an important criterion of cadre policy; preference was given to people who often failed to prove competent with their abilities, but always proved to be highly disciplined,*

⁴ Lenka KALINOVÁ, *Konec nadějí a nová očekávání. K dějinám české společnosti 1969–1993*. [End of Hopes and New Expectations. The History of Czech Society 1969–1993]. Praha 2012, p. 62. Social history of Czechoslovakia since 1945 has been dealt with by the author also in other works: *Východiska, očekávání a realita poválečné doby. K dějinám české společnosti v letech 1945–1948*. [Starting Points, Expectations and the Reality of the Post-War Period. The History of Czech Society 1945–1948]. Praha 2004 and: *Společenské proměny v čase socialistického experimentu: K sociálním dějinám v letech 1945–1969* [Societal Changes in Time Socialist Experiment. The Social History in the Years 1945–1969]. Praha 2007. She has also described social history in the monograph Václav PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992* [Economic and Social History of Czechoslovakia 1918–1992], Vol. 2, 1945–1992. Brno 2009.

i.e., they showed a high level of conformity and obedience to the Soviet Union and to the actual domestic leadership of the party and state".⁵

The "class criteria" were restored for the admission of students to higher educational facilities and to some secondary schools. However, it proved impossible to accept the number of students from worker's and peasant's families corresponding to the social structure of society. As being of worker's origin were therefore generally regarded also those whose parents, one or both had worked in worker's jobs, even for a short time in their youth.

Heavy blows were aimed against the trade unions. In 1968, the labor movement became an autonomous political force and a partner to the government, and after the occupation in August 1968 and in the beginning of the following year the trade unions supported the reform policy. The 'normalization' of that largest mass organization proved to be a very difficult task for the new party leadership, which was crowned with the enthronement of a new leadership in March 1971. In the companies where works' committees had been set up with the labor support those bodies were gradually dismissed in 1969.

The amendment to the *Labor Code* that came into effect early in 1970 introduced severe punishments for employee's lack of discipline and, in case of management workers, for evading wage and other regulations in the companies managed by them. This was facilitated by the conditions of notice for workers affected by the political purge. The International Labor Organization responded to this and to other measures by putting Czechoslovakia on the list of countries applying discrimination in employment for political opinions and not observing the ratified international agreements.⁶

The personnel-related and other interventions in the 'normalization' era weakened those features of welfare state that were related to the democratic principles of its construction. This must be also taken into account when positively assessing the improvements achieved owing to the social policy in the following years. In western countries, too, there were imperfections compared to the ideal form of welfare state, such as extreme social differentiation, limited access of less wealthy citizens to education, health care and some jobs, as well as unemployment, bad situation of immigrants, etc.

When analyzing the 'normalization' measures L. Kalinová has come to the conclusion that the political development often exhibits sudden reversals and even the economic systems may change in a short period of time, but that the social systems exhibit certain inertia and tend to return to its trajectory via par-

⁵ Pavol FRIČ – Pavel MACHONIN – Martin NEKOLA – Milan TUČEK, *Elity v české postsocialistické transformaci 1989–2007* [The Elite in the Czech Post-Socialist Transformation 1989–2007]. Studie Národohospodářského ústavu Josefa Hlávky, 2011, No. 8, p. 58.

⁶ L. KALINOVÁ, *Konec nadějím*, pp. 55–58, 74–75.

tial changes. This generalization may be supported by an analysis of some sub-systems, such as social security, education, and health care (no major changes were made here immediately after November 1989). At the beginning of 'normalization', in spite of the discontinuity in political and economic areas, social policy still followed the social program of the years 1966–68. The freeze of wages in 1969, the elimination of bonuses and shares in economic results, the danger of losing the recently obtained rights in works committees – all this contributed to increasing social tension. In that situation the Party and state leadership considered it necessary to compensate the population for the abandoned reform. The above social program was the only reform document that was taken over with some minor amendments by the new Communist leadership. The document defined the goals of social policy until 1972 and 1975. The most urgent tasks included support of families with children, solution to the housing problem, and increase of low pensions.⁷

In the two decades from the start of 'normalization' till November 1989 the following four periods of social policy can be distinguished: 1971–75, 1976–80, 1981–82, and 1983–89. This periodization has derived from the transformations of economic policy, fluctuating dynamism and effectiveness of economic growth, and from the irregular production of resources that could be used for social purposes.

2. Social policy 1971–1975 and its results

The smooth economic development in the first half of 1970s created favorable conditions for the implementation of positive social measures in Czechoslovakia. The annual increments in macroeconomic indicators exhibited surprising regularity. For instance, the annual growth of national income fluctuated between 5.2 and 6.2%.⁸ In the industrial sector the same dynamic growth can be

⁷ Ibid., pp. 23, 86; V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992* (text by L. Kalinová), p. 900. In journalistic works and Party propaganda the formulation of welfare program is only mentioned in connection with the 'normalizing' XIV Congress of the Communist Party of Czechoslovakia. In his book *Sociální jistoty v Československu* [Social certainties in Czechoslovakia]. Praha 1985 the then Minister of Labor and Social Affairs, Vladimír Mařík (p. 7), stated that "the social program was initiated by the XIV Party Congress held in 1971". One of the tasks of economic policy as formulated by the Congress is quoted: "To start developing and implementing a social program of the Party. To put to its foreground primarily measures aimed at improving the growth of population, increasing aid to families with children and to young families. To improve the pension scheme..."

⁸ Statistical data copied or calculated from the official reports of the Federal and Czech Institute of Statistics: *Historická statistická ročenka ČSSR* [Historical Statistical Yearbook (further HSR)].

observed both in the manufacture of the means of production and in that of consumer goods. Owing to the growth of agricultural production the self-sufficiency in foodstuffs increased; the grain crop rose almost 30 %. The economists show contradicting opinions when explaining the relatively positive economic development: from reverberations of the previous reform policy to adoration of the ‘normalization’ measures.

The fifth five-year plan 1971–75 was the last medium-term plan until 1990 whose most goals were achieved. The average annual increase of personal consumption was almost 5 %, and even more dynamical was the increase of material social consumption. As the living costs showed much stability, the rate of growth of both nominal and real income of the population was the same, which is an exceptional phenomenon in social history. Some tasks were not carried out, particularly those related to the scientific and technical development and to the growth of productivity of labor. The table below shows the annual average increments of the macroeconomic indicators directly related to the social area. The information is structured according to the periods with different dynamism of economic growth.⁹

An important feature of social policy in the first half of 1970s consisted in its pro-population measures. The maternity leave, increased in 1968 to 26 weeks with 90% average net wage, was now extended as unpaid leave until the child reached the age of two years. Then, some improvements in the financial support for families with children followed, combined with favorable credits on apartments and their furnishings that were partly wiped off when children were born. Thus, a comprehensive system of support for families with children developed, which also included some previous stimulations, such as tax reductions, fare reductions, lower rents, reasonable nursery prices, lower prices of industrial products for children, elementary school necessities free of charge, or scholar-

Praha 1985; *Statistické ročenky ČSSR a ČSFR* [Statistical Yearbooks of Czechoslovak Socialist Republic and of Czechoslovak Federal Republic (further SR)], mostly the volumes 1988–1992; *Statistická ročenka České republiky 1993* [Statistical Yearbook of the Czech republic 1993] (part concerning ČSSR). Some of the percentage data are own calculations from absolute numbers.

⁹ *National income produced* is the sum of new produced values in production branches (including trade, freight transport, and part of communications). *National income utilized* is that part of the national income that is utilized for non-production consumption and accumulation (also influenced by foreign economic relations and by material losses). *Individual consumption* is paid from individual incomes of the population. *Social consumption* includes material consumption in non-production branches and is funded from national resources, exclusive consumption that is not directly related to the standard of living (public administration, armed forces, etc.). *Retail turnover* embraces the sale of goods from market funds to direct consumers, mostly to the population. *Living costs* are related to worker's and employee's households. The indicator *pension scheme* is a sum of all types of social benefit paid.

ship for students. With the number of new apartments per 1000 inhabitants Czechoslovakia occupied one of the top places in Europe in the 70s.

Economic and social development 1971–1989

(average annual growth in %, constant prices)

| Indicators | 1971–75 | 1976–78 | 1979–80 | 1981–82 | 1983–89 |
|---|---------|---------|---------|---------|---------|
| National income produced | 5,7 | 4,1 | 2,9 | 0,0 | 3,1 |
| National income used | 6,0 | 5,2 | 1,9 | -0,4 | 4,6 |
| Employment – A | 0,4 | 0,3 | 0,5 | 0,2 | 0,6 |
| Employment – B | 1,4 | 2,2 | 2,7 | 1,5 | 1,8 |
| Capital construction – A | 8,4 | 5,8 | 3,1 | -2,1 | 2,1 |
| Capital construction – B | 7,9 | 2,1 | -1,6 | -6,6 | 1,3 |
| Gross agricultural output | 2,5 | 2,6 | 0,7 | 1,2 | 2,0 |
| Industrial production – C | 7,0 | 5,9 | 3,7 | 1,6 | 3,1 |
| Industrial production – D | 7,0 | 4,4 | 3,1 | 1,5 | 2,9 |
| Personal consumption ^{a,b} | 4,9 | 3,0 | -0,3 | -0,3 | 2,2 |
| Social consumption ^{a,b} | 6,7 | 5,1 | 5,4 | 5,7 | 5,5 |
| Retail trade turnover ^b | 5,4 | 4,4 | 2,8 | 2,6 | 3,5 |
| Costs of living | 0,0 | 1,3 | 3,2 | 2,8 | 0,8 |
| Nominal wages ^a | 4,6 | 4,1 | 3,3 | 2,8 | 2,8 |
| Social security benefits paid out ^a | 4,9 | 6,2 | 6,3 | 1,7 | 3,9 |
| Money incomes of population ^{a,c} | 5,2 | 4,2 | 3,8 | 3,4 | 3,3 |
| Real incomes of population ^a | 5,2 | 3,0 | 0,6 | 0,7 | 2,5 |
| Deposits in financial institutions ^a | 12,7 | 7,4 | 4,3 | 2,8 | 3,4 |

A – Material sector, B – Non-material sector, C – Means of production, D – Consumer goods.

^a Total population.

^b Current prices. ^cIncluding remuneration of agricultural cooperative members.

Source: HSR, Praha 1985; SR ČSFR 1990 and 1991, different parts. Partly calculated from absolute data.

The active pro-population policy brought about a surprising growth of birth rate: the number of living children born per 1000 inhabitants rose from 14.9 in 1968 to 19.5 in 1975. While in the latter half of the 1960s Czechoslovakia occupied in this indicator one of the lowest places, its standing rose to the 4th place in Europe by 1974 (behind Albania, Iceland, and Ireland). This achievement can also be explained by the large number of women born after the war that achieved now fertility age; still, however, the positive trend was mostly due to the social measures taken in the country.

Active care for employees was also a matter of companies and trade unions, particularly in such fields as labor safety, company canteens, company recreation, and support of house construction. Thus, the range of company social con-

sumption increased. The public opinion polls of the mid-1970s revealed a high level of satisfaction with the social level. Most of the critical remarks were related to the environment and to the quality of services.

4. Social policy 1976–1989 and its results

The sudden changes in global economy after the oil shock of 1973 hit initially Czechoslovakia a little less than those socialist countries whose foreign trade was more oriented to capitalist states. The sum of unfavorable factors manifested themselves fully after 1975, causing a slowdown of economic growth, which limited also a progress in the social area. Apart from the problems caused by the two oil shocks the reasons of difficulties consisted in delayed economic reforms, hesitant modernization of economic structure, and - related with this - in the slow adaptation to the changes taking place in global economy. From the above table it follows that the average annual indicator growth compared to the first half of 1970s was decreasing stepwise from 1976 to 1978 and in 1979–1980, to finally stagnate in the years 1981–82. Then, the economic growth resumed, but was slower and less regular than in the early 1970s.

In spite of the less dynamic growth in the latter half of the 1970s in most of the macroeconomic indicators the highest absolute growth rates of all five-year periods between 1951 and 1990 were achieved (measured in cumulative sums of the five-year growth levels expressed in fixed prices). Also, the maximum number of new apartments had been constructed (648 thousand). However, the absolute five-year growth level of the living standard decreased, namely the volume of personal and material social consumption, the monetary income of the population, and the retail trade turnover. By the end of the decade a several-year period of stagnation of the population's purchasing power and personal consumption began. From 1976 on a declining trend can be observed in the additional resources for improving the quality of life of the population, in spite of using those that had been obtained through foreign credits. The creditor's position of Czechoslovakia was stronger than the country's debt, but some of the Czechoslovak claims in socialist and developing countries were uncollectible.

It proved impossible to break the vicious circle of "production for production" that was typical of the centrally planned economy. Items of unmet demand in trade and services were growing. Instead of the previous stability of prices the living costs were now slowly increasing. Due to the fear of unfavorable "social impacts" many necessary steps were delayed, including those in price- and subsidy-related policy that could reduce the economic disequilibrium even within the existing system.

At the turn of the 1970s both the external and internal conditions influencing the country's economy became more complicated. Apart from the second oil shock it was particularly the aggravation of Cold War connected with rising armament expenditures and the increased western embargo on the trade with socialist countries. After the second oil shock the prices started rising again in international markets and, in addition, they were expected to rise also in the trade with the Comecon countries where the prices were based on five-year floating average level of international prices. In fact, instead of the proclaimed integration of the Comecon block a disintegration of the grouping started.

The progress achieved in the country was also due to the stabilization and development of farmers' cooperatives; these bodies, in addition to their production, contributed to the social life in villages, organized excursions, possessed their own financial sources for this purpose, and often possessed also recreation buildings and means of transport. Agricultural production could rise so that the threshold of self-sufficiency in moderate zone products was almost achieved in the late 1980s, which brought about a decrease of food imports; still, the chronic weak point in the structure of imported goods consisted in the low proportion of industrial consumer goods. The proclaimed goal of enriching the domestic market with foreign consumer goods was hindered in the early 80s by the anti-import policy aimed at reducing the foreign debts.

The social policy declared for the years 1981–85 pursued a more modest goal than in the past, namely "to maintain and improve the high living standard achieved by the population and their social certainties". In order to maintain the level of personal consumption the proportion of investments in the national income was cut, which reduced the potential of innovations and the application of latest results of science and research. In spite of this reduction of capital construction the personal consumption of the population could rise only 5 % in the years 1981–85. Although the citizens subjectively considered personal consumption to be a substantial part of the standard of living where they realized their financial income and determined its structure, from the mid-1970s this part of consumption was developing slowly compared to social consumption.

The new economic growth, which started in 1983, was due to some social improvements aimed to stimulate birth rate, but actually had a compensation effect only as it compensated for the inflation and failed to increase the number of children in families. In 1983 newlyweds' loans were introduced with state support and with the maturity period of 10 (later 15) years. The maternity allowance of women with two and more children was extended in 1985 to mothers with one child. In the same year one more week was added to the annual vacation and in 1987 the children allowance was increased progressively, depending on the number of children, and the maternity leave was increased from 26 to

28 weeks. The maternity allowance was increased and was paid for one more year, until the age of three of the child. Old-age pensions were amended and with new, higher pensions the ratio between the average pension and the wage increased from 41 % in 1975 to 49 % in 1989.

The unmet demand for trade-related and other services was addressed by the government by granting the citizens the right to provide individual services and repair work. This had already been allowed by law in 1965, but its practical application was negligible. As of 1987-88 private shops were also allowed.

Early in the 1980s an attempt of modest changes in the system of national economy control failed, which increased the skepticism about a real reform of economic mechanism within the existing political system. Czechoslovak economy entered a stage where partial changes had no effect and only a fundamental reconstruction of the economic mechanism could overcome the retarding trend. In 1986, like in the USSR, a *strategy of accelerated development* was adopted with a prognosis of national income growth of 3.5 % a year until 1990 and in the subsequent decade (the real growth in the years 1986-89 achieved 2.2 %). However, the program failed to be based on relevant systemic changes and the changes were expected to take place later, within the project of “complex reconstruction of economic mechanism”, which was supposed to be implemented gradually and come into effect in 1991 (the time limit was later shortened by one year).

Liberalization in economic theory and literature started in 1980s, which reverberated in a rather open exchange of opinions in economic, social and ecological matters and some very critical studies on the state of economy and its declining international position were published. However, some experts who had been victims of the purges after August 1968 were still excluded from the public debate. Because of tactical reasons the common features of the new reform with that of the late 1960s were not mentioned. Although the global civilization trends were reflected in the country's economy in spite of its low dynamism of growth, the negligible improvement of living conditions reverberated in social consciousness as part of the increased criticism of the regime. Still, the main reasons of the 1989 revolution have to be sought in the political area.¹⁰

¹⁰ L. Kalinová points to the fact that in the 1970s and 1980s, contrary to the preceding period of time, the structure, position, values, and behavior of population fundamentally changed. The basic needs were already met and social certainties were considered natural... The new generation was informed about the way of life in advanced countries, longed for freedom, for the possibility to travel, for life in a democratic country. The events of November 1989 were no social revolt, but a political resistance of the civic movement that – apart from the external conditions – contributed to the fall of the system. Lenka KALINOVÁ, *Opakovaná rozcestí sociální politiky – v 50. letech a začátkem 90. let* [Repeated Crossroads of Social Policy in 1950s and early 1990s]. In: *Historie prožité minulosti. K šedesátinám Oldřicha Tůmy*. Praha 2010, p. 86.

5. Characteristics of selected segments of social area in the 1980s

The population of Czechoslovakia increased between 1970 and 1989 from 14,334 thousand to 15,638 thousand, respectively. The strong population born in the 1970s rejuvenated the age structure of society. The largest ten-year-interval age group in 1989 was the group aged 10 to 19 followed by that of 30 to 39.9 % of men and 14 % of women exceeded the age of 65. The birth rate was decreasing in the 1980s, which was a typical process in all Europe. By the end of the decade, Czechoslovakia was still a little ahead of the West European average level.

Evidence of the high level of utilization of the labor potential of society was the proportion of labor force in the total number of population. This achieved 51.4 % in 1980, namely 56.2 % of men and 46.7 % women. A higher level of activity in western economies in the 1980s could be observed only in Finland, Sweden, and Canada (USA and Japan 50.9 %). The share of foreign workers did not mostly exceed 0.5 % of labor. Women steadily accounted for 45 to 46 % of employees, more than in most of the advanced countries. This was possible owing to the large network of nurseries and kindergartens, but also to the possibility of returning back to the job after the maternity leave of two and even more years. Of the employees who achieved the retirement age almost one third remained in full-time employment, accounting for 9 to 12 % of total labor. Unemployment did not exist in Czechoslovakia, which cannot be ignored when comparing the situation here with that of advanced economies where in the late 1980s the rate of unemployment mostly achieved 5 to 10 % (in Spain 20 %, the lowest level of 2 % in Switzerland, Sweden, and Japan).

In unemployment structure the outflow of labor from the primary sector continued while the employment rate was growing in the tertiary sphere. The number of permanent workers in agriculture fell between 1969 and 1989 approximately one quarter, the age structure of labor improved and men mostly prevailed. Agriculture became attractive to young people and many qualified experts were coming here from cities. As to the age structure expressed in five-year intervals, the information from 1983 shows that the largest employee groups were those between 25 and 39 years, while in 1965 the largest group had been that from 50 to 59, with a great portion of workers over 60. With the start of large-scale production a transition from the universally oriented farmer to a specialized worker was accomplished.

The tertiary sphere exhibited, in spite of its rising trend, a lower proportion of labor than in advanced market economies, but Czechoslovakia could achieve their level in some leading branches of that sphere: science and research, education, culture, health care, and social care. The total proportion of these five

branches in the total labor force rose from 4.2 % in 1948 to 16.6 % in 1989. Compared to western countries there was a low rate of employment in administration, justice, trade, tourism, and particularly in the finance sector.

Labor relations were governed by the Labor Code that was passed in 1965. Companies were obliged to compensate employees for damage due to employment accident or to vocational disease. Notice by company and/or institution was subject to the consent of trade union organization and, in case of disabled persons, to the consent of respective public administration body. During the 'protection' period notice was not allowed in case of illness, hospital treatment, pregnancy, care for a child up the age of three, military service, and/or difficult situation not caused by oneself. There were severe conditions of assigning a worker to another type of job or to another department in contradiction to his/her employment contract; this could only be done for a period not exceeding 30 workdays and without affecting the worker's salary. Workers could be transferred to another town or institution without their consent only exceptionally and for a period not exceeding one year (e.g., health care workers or teachers). Under the above conditions it was very difficult for a company or institution to get rid of redundant or bad workers. Some Labor Code provisions were ignored with the start of 'normalization', or were amended with short-term measures.

Working hours were reduced in 1966–69 with the introduction of a five-day working week from 46 to 42 ½ hours a week, in two-shift production departments to 41¼ hours, and in non-stop production departments and in mining industry to 40 hours a week. In 1982, the 41¼- and 40-hour week was extended to non-production organizations working in several shifts. A 15-minute break for food and refreshment was included in the working hours. Selling in shops ended on weekdays at 18 o'clock, on Saturdays at 12 o'clock. Large supermarkets could add one or two hours to this. In case of holidays the government announced a transfer of days so that a sequence of three days of rest was achieved. From 1970 on the total number of workdays per year was set at 260, which in practice led to several working Saturdays announced by the government; these were then gradually abolished until 1986. Overtime work could only be required in urgent cases and should not exceed 150 hours a year. An advantage of the agricultural cooperatives as compared to private farms consisted in the possibility of shift work. Thus, members of the farmers' cooperatives were relieved of the whole-day workload, their leisure increased and they could enjoy vacation.

Until 1984 most employees were entitled to 14 days of *recreation leave* only. Next year, one more week was added to the basic vacation, paid at the average wage rate. Simultaneously, the period of vacation was increased for some groups or workers: for apprentices and for all workers after 15 years of employment to 4 weeks; for teachers, to 6 or 8 weeks. People working in hard or harmful condi-

tions were entitled to one additional week of vacation. The above 15-year period of employment included also the time of completed studies, service in armed forces, and care for children until the age of three.

The sum of *nominal incomes of the population* grew from 1971 to 1975 annually at the average rate of 5 %, later of 3 to 4 %. The evolution of *real incomes* in the first five-year period corresponded to that of nominal incomes; later, however, it was slower due to the growing costs of living. The wages accounted mostly for 60-66 % of the population's incomes, the incomes from social security for the rest. Some sources of income consisted in the interest of the population's deposits that were valorized on the long run, as the interest rates exceeded the rise of living costs.

Evidence of the high level of *income leveling* was the small differentiation of wages. Average wage was a more representative indicator in Czechoslovakia than in the market-based economies where most of the population failed to receive the average wage, as the average level was calculated from all salaries, including the top incomes. In May 1981, with the average wage achieving 2677 Kčs, 57 % of employees were receiving gross wage between 2 and 3.5 thousand Kčs, only 3 % were receiving more than 5 thousand Kčs, and 8 % earned less than 1600 Kčs. These data do not include the incomes in farmers' cooperatives, which as of 1980 exceeded the average wage of employees (between 1960 and 1989 they rose from 65 % to 114 % of average wage).

To maintain at least a modest standard of living of the socially weakest groups of population the *minimum wage* and the *minimum old-age pension* were set. The people who were never employed or who were not entitled to any other form of social security were receiving social pensions (their number fell from the maximum of 313 thousand in 1953-54 to 19 thousand in 1989). Only 1 to 3 % of population was living below the subsistence level.¹¹

Companies, institutions and farmers' cooperatives were obliged to have a subsidized *Cultural and Social Support Fund* to help their workers, family members, and pensioners. Its money could only be used with consent of the trade union, namely to support educational activities, improve working conditions, company canteens, construction and operation of company's health, recreation and sports facilities, support company kindergartens and nurseries, contribute to spa treatment, recreation in the country and abroad, grant interest-free loans for apartment construction and reconstruction, social support, etc. Non-monetary pre-

¹¹ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918-1992* (text by L. Kalinová), p. 918. According to OECD standard the subsistence level is a personal income amounting to 0.42 % of average income in national economy. In early 1970s, 2.3 % and in 1985 1 % of families lived below that level in Czechoslovakia.

miums were granted to appreciate employee's initiatives, mark employment and personal anniversaries, and say thanks to those who retired.

In *personal consumption* similar trends can be observed as in advanced economies. In the population's expenditures the proportion of food and traditional consumer goods was declining while that of long-life products was increasing. The differences in Czechoslovakia were due, apart from the rather modest offer of goods and some services in the market, also to the state's price policy and to some services that were provided free of charge. This considerably reduced the proportion of expenditures on housing, school aids, health care and culture in the structure of household living costs. Owing to the growing domestic food production the demand could be met in spite of the growing trend in food consumption. Unlike the past, food production showed now more respect for the needs of different generation groups and for special medical requirements (food for babies and children, diet products, etc.). In long-life consumer goods Czechoslovakia was not lagging behind the advanced countries, but most of the products were of lower technical quality. The short-fall items included in different periods of time particularly electronic products, furniture, southern fruit, some construction materials, home telephones, and initially also passenger cars (the automobile waiting-lists were abolished early in 1970s; then, the sale of cars started rapidly growing, so that in 1989 there was one passenger car per 5 inhabitants).

The credits granted to population were dramatically growing in 1971–78. Apart from socially motivated loans with minimum interest the number of loans on the purchase of goods, particularly passenger cars, furniture and TV sets rapidly increased. The mean interest rate on such loans amounted to 4.2 % in 1985–89. Savings and repayment of credits accounted for 6 % of household expenditures, and the same proportion was related to various financial payments. Among the tax regulations to be mentioned here it is particularly the cancellation of motor vehicle tax after the rise of fuel prices in April 1974 and the reduction of agricultural tax related to gardens and private farming. Exempted from the population income tax were the amounts from sale of property, insurance compensations, winnings, supports, etc. Heritage and donations were subject to progressive fees for remote relatives and for unrelated citizens.

With the development of cooperative large-scale agricultural production the role of natural farmer's consumption of own production was decreasing; this survived to some extent only in pork, products from small domestic animals, fruit, and vegetables. The equipment of cooperative farmer households was better as of the end of 1970s than that of employees, particularly in the number of cars, motorcycles, bicycles, washing-machines, and the same in TV sets (98–99 %) and refrigerators.

Evidence of the improved *housing conditions* is the fact that in 1971–89 a total of 2,083 thousand new apartments were constructed and, together with the reconstructions of non-dwelling spaces and other rebuilding work, a total of 2,165 thousand new apartments were built.¹² With the average number of three persons per apartment (3.09 persons according to the housing census of 1980) it can be estimated that almost 6.5 million people, i.e., about 42 % of population moved in new apartments in the period of 19 years. Fewer apartments were constructed in the 1980s than in the preceding decade, but the apartment area increased. Villages in the country, with a great proportion of new family houses, reported a greater apartment area than the worker households in cities. Of the total number of family houses completed in 1989 79 % apartments had 4 or more rooms, whereas in state, cooperative and company housing blocks such apartments accounted for 11 % only.

The most popular housing form was cooperative construction, followed by family houses (in the past, state and company construction prevailed). Cooperative construction was supported by the state through subsidizing most of the construction costs or through favorable long-term credits. In individual house construction it was possible to obtain a loan with the average interest of 2.3 % (in 1985–89). The apartment census of March 1991 shows much improvement in the housing standard compared to that of December 1970. In that period of time the proportion of apartments in the first of the four quality categories increased from 24 to 72 %, and that of apartments with three or more rooms from 17 to 56 %. However, the low rent of state and company apartments brought about deficits in the economy of housing organizations and, as a result, delays of repair and modernization work. While the economy of housing cooperatives showed higher incomes than expenditures, the income from state and company apartments covered 42 % of the costs only.

An important feature of the welfare state was the comprehensive *system of family support* that included monetary and non-monetary allowances, benefits and services at different stages of family life, as well as care for children, and support of apartment furnishing. Following main forms were available in the 1980s:¹³

- Balancing wage bonus in pregnancy and after childbirth for women that had been temporarily transferred to less paid position due to health risk. Benefit upon childbirth and monetary aid during maternity leave. These benefits compensated for the wage or sickness benefits.

¹² Information relating to apartments and rents are taken from *HSR*, pp. 375–377; *SR ČSFR 1991*, p. 548, *SR ČR 1993*, p. 432. Due to the liquidation of inconvenient apartments or to the conversion of houses into recreation buildings the net increase of housing stock between 1971 and 1989 was 1,762 thousand apartments.

¹³ *Sociální jistoty v Československu*, pp. 51–65.

- Maternity allowance to mothers (or husbands) that had interrupted their employment in order to care for small children. This was paid during one year or, in urgent cases, for two years, and its amount was dependent on the number of children. About 85 % of entitled women made use of the allowance.

- Children allowance (in case of students, apprentices and handicapped children until the age of 26). This was paid to employees, pensioners or other persons caring for the children. The allowance was increasing progressively until the fourth child; then, the same increments were added. The allowance was higher in case of handicapped children.

- Existence allowance to wives and children of men in military service, support equal to sickness benefits in case of nursing a family member, and in socially justified cases interest-free loans, allowance to provide essentials of life and food if the mother could not start work due to a great number of children or if one parent failed to provide alimentation.

- Loans to married couples until the age of 30 with state contribution to acquire and furnish an apartment. The interest of loans for apartment acquisition was 1 % per year and that of loans for furnishing 2.5 %, but was waived as soon as the child born after signing the contract achieved the age of one year. The state contribution had the form of loan write-offs when children were born. Within a period of 15 years a total of 1,363 thousand loans of this type were issued. The initial ten-year period of maturity was extended to 15 years.

Employment of women was facilitated by the construction of nurseries, kindergartens, and after-school centers in elementary schools. In mid-1980s, there were some 3000 nurseries with 120 thousand places in cities, villages and companies. In 1970, 58 % children aged 3–5 visited kindergartens; in 1983, for the first time more than 90 % used those facilities. With the culminating birth boom the number of children in kindergartens exceeded 700 thousand. The number of children registered in after-school centers in 1980 exceeded 400 thousand. Almost all pre-school facilities and elementary schools provided cheap boarding, which also spread in secondary schools (in 1985 more than 2.4 million children enjoyed meals in school canteens, exclusive of those of universities and colleges).

When family education failed the children were placed in children's homes, adopted by new families, or put in foster-parents' care. The health care system included suckling's and baby homes until the age of three; the Ministry of Education provided education for children with sensory-organ difficulties and for problem children. The other physically and mentally handicapped children were placed in social care institutes.

In 1989 9.7 % of the total budgets of the federal, republican and local governments were expended on the social aid to families with children, of which 59 %

in monetary form, 22 % in kind, and 19 % in indirect form. The support in kind included mostly nurseries, kindergartens, suckling's institutes, children's' homes, and school boarding; the indirect aid took the form of reduced income tax, fares, and rents.

Contrary to the past, the *pension system* was based on the principle of universality and organizational unity. Social security contributions were paid by the companies and institutions. Employees did not pay insurance premiums (except for cooperative farmers and self-employed persons) and their pensions were born by the national budget.

There were three categories of employees within the pension scheme. The 1st and 2nd categories were privileged and included people working in difficult conditions; most of the others fell into the 3rd category. After at least 25 years of employment the retirement age limit in the 1st category was 55 or 58 years, in the 2nd and 3rd category, 50 years. Women were entitled to pension, depending on the number of children, at the age of 53 to 56 years; childless women at 57 years (in West European countries men mostly retired at about 65, women between 60 and 65¹⁴). The pension basis amounted to half the average monthly income in the last years of employment; in preferred categories to 55 or 60 %. For persons that did not meet the condition of 25 years of employment and that did not quit their position after becoming entitled to pension the basic level of future pension increased 4 % every year and, as of 1976, 7 %.

In 1989, there were 4,173 thousand pensioners and 22 % of the national budget was expended on social security benefits. Among the nine pension types the old-age pensions prevailed, followed by widow's, disability, orphan's and spouse's pensions; in total, the social allowances and benefits accounted for 22 % of the aggregate state expenditures. Social and personal pensions, long-time employment bonuses and remaining older pensions were less numerous. Arbitrary, individually considered benefits were the spouse and social pensions granted to persons aged 65 if the condition of minimum period of employment was not met. The period of employment required for the entitlement to pension included also the time of study after leaving elementary school, the time of apprenticeship, military service, nursing a child until the age of three, and nursing a relative. The pension assessment was higher for resistance movement members and for disabled persons.

From the beginning of 1970s it was possible for workers and in some other professions to receive *both pension and salary*; in other professions the annual

¹⁴ For detailed comparison of Czechoslovakia and West Europe in 1970s, see Václav SOVA – Vojtěch KREBS, *Sociální zabezpečení na Západě a v ČSSR* [Social Security in the West and in Czechoslovakia]. Rudé právo, 18. 1. 1979.

salary of pensioners was limited. Most of the working pensioners were women, which was due to their lower age of entitlement to pension and to the endeavor to compensate in this way for their mostly lower old-age pension compared to that of men. Pensioners were mostly employed in lower-paid positions, such as gate-keepers, cleaners, or other auxiliary jobs.¹⁵

On the average, disability pensions were lower than old-age pensions. Partial disability pensions were awarded to workers who due to medical reasons were transferred to a lower-paid job. In positions that were very detrimental to health the retirement age was reduced; if that chance was not used, a long-time employment pension was awarded. Widow's pension was paid for one year after the husband's death, and in case of high age, disability or care for children even longer; in case of concurrence with salary or old-age pension the widow's pension was reduced. Orphan's pension was granted at 30 % (in case of full orphan 50 %) of the pension of the deceased father/mother until the end of compulsory school attendance, and in case of training or study until the age of 26. Privileged activists, some scientists, artists, etc. were awarded personal pensions. From 1980 to 1989, their number rose from 3 thousand to 19 thousand. By the end of the above period the average size of personal pensions exceeded almost by one third the level of all old-age pensions.

One of the chronic problems of the pension scheme was the very slow adjustment of low old-age pensions from the years prior to 1957. The average pension level of cooperative members compared to the old age pension of employees increased in 1970-89 from 61 % to 83 %. Old-age pensions of self-employed people remained at the level of 56-60 %.

In *education* it can be pointed out that in 1980s most of the children at the age from 3 to 5 were going to kindergartens. The proportion of pupils who were employed right after completing their compulsory school attendance fell down to 1 % only. Many thousand young people were preparing for worker positions in apprentice training schools, which with the length of study (usually 3 years) and with the growing number of training subjects were almost equal to secondary schools. In highly demanding 4-year training schools almost 5 % of students used the opportunity to take 'Abitur', which opened the way to university study. The admittance quotas in particular branches were assigned with respect to the age structure of the youth, the needs of national economy, and the chances of future employment. Technical branches were preferred.

The network of higher educational facilities considerably increased and diversified in the first post-war decade; then, only few changes occurred (a total of

¹⁵ V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918-1992* (text by L. Kalinová), pp. 905-906.

36 facilities with 110–112 faculties). In 1980, 15.4 % of the young people aged 18 in Bohemia and 17.6 % in Slovakia joined higher education facilities. The number of university and college students culminated about 1980 with almost 200 thousand students; then, it fell more than one tenth owing to the weak population years and to the reduced time of study in some faculties. The number of distant students in secondary schools, universities and colleges was declining as those who wished to complete their education had already made use of that opportunity before.

Education in all types of schools was free of charge and many students were granted scholarship. The quality of apprenticeship centers, secondary schools, universities and colleges in Czechoslovakia was good, as proved by western analyses or as evidenced by the current unpleasant data showing a lower level of knowledge compared to the period prior to November 1989 and a decline of Czechoslovakia in the international rating of graduates from schools of various types. However, a reliable international comparison of the level of education is difficult due to the differences in education systems. For instance, 30 and more percent of young people aged 18 in western countries joined universities and colleges, but many of them could only complete 2 or 3 years of study, which was not possible in Czechoslovakia. On average, 11 % of the population in OECD countries aged 24 to 64 had full university-level education in 1992, while in Czechoslovakia it was about 9 % of the labor force in 1989. The number of workers in Czechoslovakia with only elementary education fell in 1970–1989 in the Bohemian Lands from 54 to 25 %, in Slovakia, from 60 to 28 %.¹⁶

When assessing the level of education of the population different forms of company and off-company education facilities must also be taken into consideration. Great economic losses were due to the insufficient utilization of qualification and to the disrespect for education in remuneration. The low wages in some professions made often the apprentices and school-leavers take jobs in other branches than those corresponding to their training.

Health care constituted a unified state-funded system. Its organization was based on hospitals and maternity homes, specialized treatment centers and institutes, polyclinics, as well as regional, company and other ambulant facilities including care for children and women, preventive care, clinics, etc. Health care

¹⁶ For more information about education system see the publication of the Institute of Information in Education *Vysoké školství v České a Slovenské federativní republice* [Higher Education in the Czech and Slovak Federal Republic]. Praha 1991, p. 81; *Československé školství v mezinárodním srovnání ve statistice OECD 1991* [Czechoslovak Education System in International Comparison in OECD Statistics 1991]. Praha 1993; *Education at a Glance, OECD Indicators*. Paris 1995; L. KALINOVÁ, *Konec nadějí*, pp. 246–263; V. PRŮCHA et al., *Hospodářské a sociální dějiny Československa 1918–1992* (text by L. Kalinová), p. 932.

contributions were deducted from payrolls and Czechoslovak citizens enjoyed health care free of charge, including treatment in medical facilities, medication, medical materials, and transportation of patients. The role of previous health insurance companies passed over to companies and their trade unions. Sickness benefits amounted to 90 % of net wage and in the first three days of disablement to 70 % of wage, except for labor accidents or vocational sicknesses. The average percentage of disablement fluctuated between 4.0 and 4.7 % of the labor, and the mean period of sickness was about 17 days (this was already influenced by the long-term treatment of tumors, blood circulation, pregnancy complications, and serious injuries).

In some health care indicators Czechoslovakia ranked among the leading countries in the world, such as density of medical facilities, low number of inhabitants per 1 physician and hospital bed, care for children, sickness prevention, hygiene service, fighting infectious sicknesses, and availability of ambulant service of doctors and pharmacies. Modern pharmaceutical industry was developed.

In 1989 there were 270 inhabitants per 1 physician, which was the best result after Italy and the USSR. Baby death rate fell to 11 cases per 1000 new-born living children. The proportion of births in medical facilities exceeded 99 % since the late 1960s compared to 38 % in 1948. In spa facilities, whose network included almost 60 locations, 2,033 thousand patients were treated in 1985–89, of whom – exclusive 109 thousand foreigners – only 6 % paid for the treatment. The number of TBC patients and deaths dramatically dropped, and almost totally eliminated were such sicknesses as diphtheria, tetanus, trachoma, typhoid fever, whooping cough, and measles. In infantile paralysis Czechoslovakia was number one in the world in mass vaccination of children and as of 1960 the sickness was no more detected in Czechoslovak territory.¹⁷ A rising trend could be observed, on the other hand, particularly in tumors and vascular sicknesses.

The health care costs were rising owing to improved health care and harmful environment, as well as to wrong diet, lack of movement, smoking, and other factors which contributed to the spreading of civilization sicknesses. In the regions hit by exhalations and by other ecological harmful effects state compensations were paid to employees for harmful living conditions until 1978 and convalescence stays and ‘schools in the nature’ were organized for the local youth.

Of the chronic health care problems we should primarily mention – apart from the limited resources that were available for this sector and for medical

¹⁷ For more information, including other data showing high level of Czechoslovak health care, see Luděk DANEŠ, *Čtvrtstoletí bez dětské obrny* [A Quarter of Century without Infantile Paralysis]. Rudé právo, 31. 7. 1985.

research – the low access to top technology and to some foreign drugs, long waiting-lists for some surgical operations, limited patient's chance to choose his general practitioner, frequent cases of having “pals” and of bribery in medical care, and also the misuse of benefits in case of fictitious illness. Salaries were low, especially those of the medium level medical staff.

Whereas the health care system had been built prior to 1970 and then was only further improved, the main development of social care took place later, in the 1970s and 1980s. A basic network of old-age homes and other social care institutes had already existed in the country before (in 1989, their number achieved 729) for seniors and for those who were physically or mentally handicapped. After 1970, new forms of social care developed, particularly nursing homes with accommodation or for commuters. Training of handicapped people was organized in special training centers that enabled their reemployment. Between 1970 and 1989 the total number of staff employed in social care more than doubled and the state expenditures on this area increased 3.6 times.

Typical features of the 1970s and 1980s included various forms of recreation. The trade unions were running about one hundred central recreation centers and, in addition, there were over six thousand company recreation facilities. In 1989 a total of 718 thousand people enjoyed recreation (partly abroad) provided centrally by the trade unions, more than 2.5 million people stayed in company recreation facilities, and almost 1.5 million young people took part in the events organized in the school year 1988/89 – schools in the nature, vacation camps, etc.¹⁸ The number of people travelling every year abroad for recreation or for short stays started with 4 million in the 1970s and culminated with 10 million in 1978. Construction of private cottages was so massive that probably only Sweden could compete. Modernization of old rustic houses accelerated to accommodate urban population for some parts of the year. The “cottage culture” was related to the low level of the environment and, in addition, to the self-realization efforts in personal property (gardens, handicraft work). Investments in private enterprises being impossible, wealthier people sought other forms of making use of their savings.

* * *

As evidenced by the above review, to which additional positive features could be added, there was a well-developed system of social protection of and care for population in Czechoslovakia in the 1970s and 1980s. Unlike many other countries, including those that were more advanced than Czechoslovakia, there was

¹⁸ *Sociální jistoty v Československu*, p. 33; *SR ČSFR*, p. 576.

no unemployment or extreme poverty in the country and all population was protected in the case of sickness, disability, and old age. The increasing general cultural level of the population was due to financially accessible literature and cultural facilities. The regional economic and social differences, like those in the standard of living between cities and villages, were smaller than in most of the European states. In terms of economy and social matters, the difference between Slovakia and the Bohemian Lands diminished, although Slovakia's delay in some indicators was 30 to 60 years. The improving conditions in rural areas were also due to the dense network of bus lines facilitating the employment of rural population and the attendance of schools in cities, to the extended network of shopping facilities, including traveling shops in small communities, and to the overall rise of education among the rural population.

As to social legislation, Czechoslovakia was among the leading advanced countries; however, the social certainties brought about trends toward not exceeding the average and relying on one's needs being met by the state, without one's own efforts. The high level of social achievements was in contradiction to the insufficient resources available in the low efficient economy. The social distance behind West Europe was particularly apparent in the level of real incomes of the population. This was reflected in the personal consumption, which is an area that in everyday life appears to be a highly important criterion of the standard of living. Many chronic problems could not be eliminated, such as insufficient use of qualified labor, equalization of wages and salaries, or limited availability of consumer goods and commercial services. The quality of the environment did not start improving until the 1980s. Dissatisfaction, particularly among the youth, was provoked by the limited possibility to travel to the West. Contrary to the past, illegal forms of enterprise were spreading, combined with thefts of materials from companies, bribery, and foreign currency and other speculations.

The growing backwardness in the economic and civilization level behind the most advanced states was stressed, owing to the more liberal atmosphere of the late 1980s, in analytical studies of research institutions as well as in reports submitted to the supreme state and Party bodies. Attention was also paid to some aspects of the redistribution processes that were abandoning their initial goal of damping the differences in living conditions between various social groups and in their earned and social income. This included, for instance, the irregular consumption of subsidized services, such as communal housing, higher education, culture, spa treatment etc. that were more frequently used by employees than by workers and farmers.

Based on the analyses of weak points and contradictions in social reality *priorities of future social policy* were suggested, some of which were formulated after

November 1989 in the government's *Social Reform scenario*.¹⁹ This document did not constitute a comprehensive program yet and concentrated mainly on short-term tasks deriving from the beginning economic transformation.

Economic and social evolution 1971–1989

(average annual growth in %, fixed prices)

| Indicator | 1971–75 | 1976–78 | 1979–80 | 1981–82 | 1983–89 |
|--|---------|---------|---------|---------|---------|
| National income, created | 5,7 | 4,1 | 2,9 | 0,0 | 3,1 |
| National income, utilized | 6,0 | 5,2 | 1,9 | –0,4 | 4,6 |
| Employment rate in production sector | 0,4 | 0,3 | 0,5 | 0,2 | 0,6 |
| Employment rate in non-production sector | 1,4 | 2,2 | 2,7 | 1,5 | 1,8 |
| Investments in production sector | 8,4 | 5,8 | 3,1 | –2,1 | 2,1 |
| Investments in non-production sector | 7,9 | 2,1 | –1,6 | –6,6 | 1,3 |
| Agricultural production | 2,5 | 2,6 | 0,7 | 1,2 | 2,0 |
| Industrial production A ^a | 7,0 | 5,9 | 3,7 | 1,6 | 3,1 |
| Industrial production B ^a | 7,0 | 4,4 | 3,1 | 1,5 | 2,9 |
| Individual consumption ^{b,c} | 4,9 | 3,0 | –0,3 | –0,3 | 2,2 |
| Social consumption ^{b,c} | 6,7 | 5,1 | 5,4 | 5,7 | 5,5 |
| Retail turnover ^b | 5,4 | 4,4 | 2,8 | 2,6 | 3,5 |
| Living costs | 0,0 | 1,3 | 3,2 | 2,8 | 0,8 |
| Nominal wage ^{b,c} | 4,6 | 4,1 | 3,3 | 2,8 | 2,8 |
| Social security benefits ^b | 4,9 | 6,2 | 6,3 | 1,7 | 3,9 |
| Monetary income ^{b,d} | 5,2 | 4,2 | 3,8 | 3,4 | 3,3 |
| Real income ^b | 5,2 | 3,0 | 0,6 | 0,7 | 2,5 |
| Deposits ^b | 12,7 | 7,4 | 4,3 | 2,8 | 3,4 |

^a A – manufacture of production means, B – manufacture of consumer goods.

^b Population in total.

^c Current prices.

^d Including remuneration of cooperative farmers.

Source: HSR ČSSR. Federální statistický úřad, Praha 1985; SR ČSFR 1990 and 1991, different places. Partly calculated from absolute data.

¹⁹ The Scenario was approved in August 1990 and published in: *Hospodářské noviny*, 4. 9. 1990.

The Road to a Distinct System? The Development of the Welfare State in the Czech Republic

The aim of this paper is to assess the development of the welfare state in the post-1989 Czech Republic, showing how differences from older EU member states can be explained in terms of the heritage of the communist past. The focus is on the immediate post-1989 period which is seen as crucial for shaping the new system. In this period, the policy makers needed to react to the new challenges involved in introducing the market mechanism (the emergence of unemployment) and the expected social consequences of transition policies (employment decline). Moreover, the existing systems of social provision had to be adjusted to the new context of the market economy.

In contrast to the idea of ‘emergency welfare states’ with policy makers pragmatically reacting to new challenges,¹ we show how the apparent pragmatism was shaped by the specific ideas of deservedness among the new elites. Our argument here is that the choices made can be explained in terms of the communist past, but it is not a matter of continuity in institutional forms.² The key issue is the political thinking formed from past experiences. The term ‘political memory’ is often used to refer to how political forces create or manipulate interpretations of the past. Here the issue is rather one of how memories of particular experiences lead to interpretations of policies and hence policy preferences in a later period.

The point is clear from the post-World War II expansion of welfare states. The indiscriminate destruction by the war created a sense of solidarity and prepared the ground for a wider sharing of risks.³ What is more, widespread memories of unemployment and poverty in the interwar period and fears within political elites that that experience contributed to the rise of fascism and hence to war, all contributed to a determination to create a more just, secure and stable society. Those were lasting memories that lived on with the generation that had experienced the preceding period. The politics and welfare-state outcomes in individual

¹ Tomasz INGLOT, *Welfare States in East Central Europe, 1919–2004*. Cambridge University Press, Cambridge 2008.

² Analysed in Tomasz INGLOT, *Ibid*.

³ Richard Morris TITMUS, *Problems of Social Policy*. H. M. Stationery Off., London 1950; Thomas Humphrey MARSHALL, *Social Policy*. Hutchinson, London 1965.

countries, of course, differed considerably.⁴ There were different personal memories and interpretations of that past, but there was a very clear move to the left in political allegiances across the whole of Europe and an acceptance across the political spectrum that major changes were needed and had to be respected in the following years.

The situation after 1989 was very different from this. Memories were largely of the communist period and that left a very different basis for political thinking. It also brought to the fore a new elite with a particular kind of life-time experience. This elite had a particularly important role in shaping social policy at the time. In the early period, characterised by among others Leszek Balcerowicz, Poland's Minister of Finance in its first post-communist government, as one of 'extraordinary politics', the elite was relatively free from direct pressures or inputs from society. There was no preceding tradition of an active public opinion, of independent media or of interest representation to control them. At the same time, there were differences in the autonomy the policy makers enjoyed. In particular, in some particular spheres professional groups and trade union organisations could limit the freedom of the elites. Those influences were most visible in health, discussed below, and in employment relations, an area not covered here.

The section that follows outlines the main features of the 'welfare state' under state socialism and compares the outcomes of early restructuring to welfare states in the countries of East-Central Europe with the position in older EU members. State socialist welfare institutions represented a starting point for reforms. Moreover, the experience with the state-socialist social model shaped the political memory that informed the reforms in the early 1990s. The comparison with the West shows the specificities of the Czech model. The similarities across Central Europe indicate that the forces for change and outcomes were in many respects similar also in other post-communist countries.⁵ The second section identifies the new elites and summarizes the key themes that characterize the political memory that influenced policy making.

The next step is to set these ideas against policy making in key areas, including health care, education, pensions, family policy, and unemployment protection. There were some areas of substantial conflict, but only where a vocal interest group could raise its voice. That was the case in health where the medical profession proved very articulate. Education policy was a remarkable contrast,

⁴ E.g., Peter BALDWIN, *The Politics of Social Solidarity: Class Bases of the European Welfare State 1875–1975*. Cambridge University Press, Cambridge 1992.

⁵ Cf. Martin MYANT – Jan DRAHOKOUPIL, *Transition Economies: Political Economy in Russia, Eastern Europe, and Central Asia*. Wiley-Blackwell, Hoboken, New Jersey 2011. Czech translation: Martin MYANT – Jan DRAHOKOUPIL, *Tranzitivní ekonomiky: Politická ekonomie Ruska, východní Evropy a střední Asie*. Academia, Praha 2013.

with changes leading to a substantial centralisation of powers and few critical voices were raised in parliament. Policies towards pensions, maternity and parental leave and associated benefits, and unemployment benefits were also only occasionally influenced by pressure from particular interests. Here policy was shaped more by thinking derived from an implicit critique of past social policies and by concerns over the political consequences of the social costs of transforming the economic system.

Czech social model in comparative perspective

The starting point was a socialist system of social protection with a dominant role of the state.⁶ The state thus provided pensions and pursued a family policy, supporting women in reconciling family care and participation at the workplace.⁷ Organized around employment as a basic social right, and obligation, provision of many services was linked to the workplace. There was thus no need for unemployment protection.

The health care system was organized by the state. The centralized service guaranteed a universal entitlement to comprehensive and free coverage. There was some preferential treatment for elites and paying foreigners. However, the indicators of the population's health were good by international standards, with some variation in individual areas of treatment. The state also organized the education system, which could be characterized as rigidly vocational. Secondary education had a strongly practical orientation: 60% of the relevant age cohort attended a secondary vocational school, a further 20% were in technical schools, and less than 20% were enrolled in a general curriculum, similar to the German gymnasium model.⁸ The share of the respective cohorts pursuing tertiary education was somewhat lower than in Western Europe with about 14% of the 20–24 age group completing tertiary education in 1988.⁹

The system of old-age insurance had origins in the occupational schemes gradually introduced from 1906. It was transformed into a universal pension system organized by the state and funded from general taxation. There was little

⁶ See Ibid., Chapters 1–2.

⁷ Only in 1987 were men allowed to take the maternity leave in exceptional cases (i.e., an inability of the mother to care).

⁸ Ivan T. BEREND, *From the Soviet Bloc to the European Union: The Economic and Social Transformation of Central and Eastern Europe since 1973*. Cambridge University Press, Cambridge 2009, p. 227.

⁹ Calculated from *Statistická ročenka České a Slovenské Federativní republiky 2009* [Statistical Yearbook of the Czech and Slovak Federative Republic 2009]. Praha 2009, pp. 101 and 615.

differentiation according to the previous income. Preferential treatment was enjoyed by special groups, such as those in particularly physically demanding or unhealthy working conditions. Pensions were generally modest, rising to 64% of gross wages in 1989. The poverty rate among pensioners was estimated at 36.6% compared to 7.5% for the population as a whole, using a present-day methodology.¹⁰ Pensioners therefore had an incentive to remain in employment to earn extra income and this was allowed and encouraged.

In family policy, a shift toward supporting full-time motherhood occurred in the 1970s, allowing women to choose whether they preferred to use childcare facilities or provide care at home. This was motivated by declining fertility, but it reportedly also reflected pressure from the official women's organizations for the idea, apparently popular among the population, that children should be taken care of by the family.¹¹ Paid maternity leave was extended slightly over the period, reaching 28 weeks in 1988. This was supplemented with a flat-rate Maternal Benefit, first introduced in 1970, to mothers staying at home to care for children beyond the first one. In 1987 it was extended from two to three years and also to a first child, albeit in that case only for one year. The use of public childcare facilities, however, kept increasing, with participation rising to 81% for 3–5 years old and 22% for those under the age of three.¹²

Comparative data, including a breakdown of expenditure on social services and protection at the beginning of and during transition are shown in Table 1. Spending levels in the Czech Republic seem to correspond to what was common in the other countries of East-Central Europe. The trends show a high degree of continuity, with a significant increase in spending on health care and an apparent drop in spending on social assistance and unemployment. Data in Table 2 on the outcomes of transition allow a comparison of the Czech case with the welfare states in both East-Central and Western Europe. Throughout the 1990s, the total social spending levels in East-Central Europe were very similar, with only Slovenia exceeding the regional average significantly. They were well below the levels of Western Europe. All East-Central European countries introduced unemployment benefits, but the spending levels in this field were relatively low. Table 3 shows a more detailed comparison of unemployment protection poli-

¹⁰ Jiří VEČERNÍK, *Czech Society in the 2000s: A Report on Socio-Economic Policies and Structures*. Academia, Praha 2009, p. 146.

¹¹ Vojtěch KREBS et al., *Sociální politika* [Social Policy]. ASPI, Praha 2005; Hana HAŠKOVÁ, *Factors Contributing to the Decline in Childcare Services for Children under the Age of Three in the Czech Republic*. In: A. Scharle (ed.), *Manka Goes to Work: Public Childcare in the Visegrad Countries 1989–2009*. Institute for Policy Analysis, Budapest 2010.

¹² Michal BULÍŘ, *Zařízení předškolní péče a výchovy v ČSR: Retrospektiva let 1881–1988 a 1921–1988* [Pre-school Facilities for Children in Czechoslovakia: Retrospective Years 1881–1988 and 1921–1988]. Český statistický úřad, Praha 1990.

cies, going beyond the spending indicators that are also biased by the numbers of unemployed. It shows that the benefit levels in the Czech system were comparable to those common in the West, but the duration of payments was much shorter.

Overall, in comparison to Western Europe, the Czech welfare state is much more modest. The provision is similar in form to a western European norm for health and education. Spending on pensions was sustained, albeit at a lower level than that common in the West. In the early 1990s, pension administration and funding underwent some modernization, replacing the socialist social security with a modern pension insurance system based on employee contributions. Provision is significantly less for various state benefits, notably for the unemployed.

However, a different philosophy has been applied for family and childcare policies. Spending on these areas actually reaches the levels common in Western Europe (see Table 2). The emphasis, however, shifted from allowing women choice towards encouraging full-time mother-care.¹³ Thus, the expenditure on parental leave on a per capita basis, if adjusted for the purchasing parity, was more than four times the average for EU15 in 2005.¹⁴

In 1995, in the context of an expectation of increasing unemployment¹⁵, paid parental leave was prolonged to four years, but the obligation of the employer to reemploy the parent remained at three years. All fathers were made eligible for the flat-rate parental benefit in 1990, but in contrast to women, men did not enjoy full job protection until 2001 and the time on parental leave was not automatically counted for men as an insured period in the pension system until 2007. In any case, only about 1% of those taking the parental leave were men. In contrast, state funding for nurseries was cut and the number of nurseries declined dramatically in the 1990s, leaving only about 0.5% of the respective age group placed in nurseries by the end of the decade.¹⁶ At the same time, the reduction in the number of kindergartens (3-5 year olds) was gradual, reflecting declining fertility. The Czech Republic thus ranked among the countries with the lowest percentage of children under the age of three in formal childcare, while the percentage of children in kindergartens is above the European average.

¹³ Cf. Lenka FORMÁNKOVÁ – Ivana DOBROTIČ, *Mothers or Institutions? How Women Work and Care in Slovenia and the Czech Republic*. Journal of Contemporary European Studies 19, 2011, No. 3, pp. 409–427.

¹⁴ *Social Protection in the European Union*. EUROSTAT, Statistics in Focus 46, 2008. In 2005, a flat-rate allowance used throughout the 1990s was still at place.

¹⁵ H. HAŠKOVÁ, *Factors Contributing to the Decline in Childcare Services*, pp. 4–20.

¹⁶ Věra KUCHAŘOVÁ – Kamila SVOBODOVÁ, *Sít zařízení denní péče o děti předškolního věku v ČR* [Network of Day-Care Facilities for Pre-school Children in Czech Republic]. VÚPSV, v. v. i., Praha 2006.

Table 1

The starting point and transition: Social spending, % of GDP in early 1990s

| | Health Expenditure | | Education Expenditure | | Pensions | | Family and maternal allowances | | Social assistance and unemployment | |
|-----------------------|--------------------|----------|-----------------------|----------|----------|----------|--------------------------------|----------|------------------------------------|----------|
| | 1990 /91 | 1994 /95 | 1990 /91 | 1994 /95 | 1990 /91 | 1994 /95 | 1990 /91 | 1994 /95 | 1990 /91 | 1994 /95 |
| Poland | 5 | 4.7 | 5.2 | 5.2 | 10.3 | 13.6* | 1.9 | | 1.2 | |
| Czech Republic | 5.9 | 7.6 | 4.2 | 4.5 | 8 | 8.3 | 3.5 | 3.6 | 2.3 | 0.9 |
| Hungary | 6.7 | 7 | 5.6 | 5.9 | 10.1 | 11.4 | 4.1 | 3.3 | 0.8 | 2.7 |
| Slovakia | 5.4 | 7.1 | 6 | 4.8 | 8.2 | 8.5 | 3.5 | 2.6 | 0.8 | 1.8 |
| Slovenia | 5.8 | 7 | 4.7 | 4.8 | 11 | 13.7 | 1.4 | 1.5 | | 2 |

Source: Unicef, TransMONEE Database, reported in UNITED NATIONS DEVELOPMENT PROGRAMME, *Poverty in Transition*, New York, 1998; * Polish Social Insurance Fund, data for 1994, In: Tomasz INGLOT, *Welfare States in East Central Europe, 1919-2004*. p. 256.

Table 2

Outcomes: Social protection expenditure, % of GDP in 1995 and 2000

| | Total | | Old age + survivor benefits | | Family and children benefits | | Unemployment benefits | |
|-----------------------|-------|------|-----------------------------|------|------------------------------|------|-----------------------|------|
| | 1995 | 2000 | 1995 | 2000 | 1995 | 2000 | 1995 | 2000 |
| Czech Republic | 17 | 19.5 | 6.5 | 8.2 | 2 | 1.6 | 0.4 | 0.7 |
| Slovakia | 18.7 | 19.3 | 6.9 | 7 | 2.5 | 1.7 | 0.6 | 0.9 |
| Hungary | | 19.3 | | 7.9 | | 2.5 | | 0.8 |
| Poland | | 19.7 | | 10.6 | | 1 | | 0.9 |
| Slovenia | | 24.6 | | 10.9 | | 2.2 | | 1 |
| EU15 | 28.2 | 27 | 12.1 | 12 | 2.1 | 2.1 | 2.3 | 1.6 |
| Germany | 28.9 | 29.3 | 11.8 | 11.9 | 2.1 | 3 | 2.5 | 2.4 |
| United Kingdom | 28.2 | 26.9 | 11.6 | 12.6 | 2.4 | 1.8 | 1.5 | 0.8 |
| France | 30.5 | 29.5 | 12.6 | 12.2 | 2.9 | 2.5 | 2.3 | 2 |
| Netherlands | 31.7 | 26.4 | 11.1 | 10.5 | 1.3 | 1.1 | 2.9 | 1.3 |

Source: EUROSTAT, *European Social Statistics: Social Protection Expenditure and Receipts*, Luxembourg 2005; EUROSTAT, *European Social Statistics: Social Protection Expenditure and Receipts*, Luxembourg 2008.

Table 3

Unemployment protection generosity

| | Replacement rate* | | Duration of payments (weeks) | |
|-----------------------|-------------------|-------|------------------------------|------|
| | 1995 | 2000 | 1995 | 2000 |
| Czech Republic | 54.14 | 45 | 26 | 26 |
| Slovakia | 68.56 | 58.5 | 34.6 | 39 |
| Hungary | 61.47 | 54.73 | 52 | 39 |
| Poland | 37.9 | 28.28 | 52 | 52 |
| Slovenia | 41.85 | 51.48 | 104 | 39 |
| Germany | 60 | 60 | 52 | 52 |
| United Kingdom | 20.96 | 19.03 | 52 | 26 |
| France | 70.27 | 68.35 | 91 | 91 |
| Netherlands | 63.75 | 72.27 | 104 | 104 |

* % of the average production worker wage, single

Source: Detlef JAHN, Kati KUITTO and Nils DÜPONT, *Welfare Policies in the Enlarged Europe: Interim Report of the Research Project Funded by the German Research Foundation DFG (JA 638/12-1)*. University of Greifswald, Greifswald 2011.

The new elite and its thinking

The new elite came from three main backgrounds; those who had been active dissidents, or at least had some links to opposition thinking in the closing period up to November 1989; those who had worked in research institutes and shown some independent thinking; and those who had worked within the old structures.¹⁷ Those with some kind of opposition credentials enjoyed great prestige and this gave considerable effective power to newly-appointed ministers and MPs.

The ideas that politicians used to win public trust were mostly very general and/or quite far removed from the details of economic or social policy. They referred to themes of creating a democratic state, ensuring the rule of law, reforming the economic system, overcoming the legacy of the past. Indeed the last of these, incorporating attitudes to the communist past, were much more im-

¹⁷ This is an adaptation of the framework used by Gil EYAL – Iván SZELENYI – Eleanor R. TOWNSLEY, *Making Capitalism Without Capitalists: Class Formation and Elite Struggles in Post-communist Central Europe*. Verso, London – New York 1998.

portant than detailed social policy proposals in marking divisions between politicians.¹⁸ That is different from the nature of politics in so-called consolidated democracies where policy thinking has had time to develop, where public trust is based on longer-term experience in policy making and where differences of opinion can be over quite small points of detail. However, this was a period in which important and formative decisions were taken on economic and social policy. They were taken by the new elite working in government and parliament – this was a crucial arena for policy making and MPs acted largely as individuals in the absence of disciplined political parties - and it is very clear that experiences and opinions developed in the past had a strong influence over those decisions.

The general direction of thinking can be summarised under six points which, it is hoped, capture the key themes that influenced policy making. They are not justified here with evidence from statements and writings of leading figures. That would be possible, but only in a considerably longer piece. They are, however, consistent with evidence provided later on policy making in particular spheres.

It should be re-emphasised that these are not intended to encompass the whole thinking of those individuals active on the political scene. We leave out the general themes that played roles in the political thinking of parts of the new elite. These points are intended only to summarise the driving forces behind practical policy making in the welfare sphere. They do not add up to a coherent political philosophy. They appear as an eclectic mixture. However, it is a mixture that emerged very logically from views held within the new elite, which were probably shared across much of society, deriving from a broad, albeit unwritten and unsystematised, critique of the state socialist past.

1. The previous system was repressive, controlling and over-centralised. Change should therefore relax central controls and decentralise power to lower levels.
2. The solution to past failings exists in following the example of Western Europe, but this was very rarely favoured for its own sake. It was always trumped by policies that gained support from thinking based on a more direct reaction to the state socialist past.
3. The previous economic system failed. Introduction of market relations will provide a solution.

¹⁸ This is also clearly demonstrated in the studies of emerging political parties after 1989 in: Adéla GJURIČEŤVÁ – Michal KOPEČEK – Petr ROUBAL – Jiří SUK – Tomáš ZAHRAĐNÍČEK, *Rozdělení minulostí. Vytváření politických identit v České republice po roce 1989* [Separated by the Past. Emergence of Political Identities in the Czech Republic after 1989]. Knihovna Václava Havla, Praha 2011.

4. The previous system did not live up to promises of social justice. It had failed to provide adequate health, education and pension systems. It had failed to provide equal opportunities or security in employment due especially to widespread discrimination on political grounds.
5. The previous system provided too much security and rewarded the indolent. A market system would shake people up and show them that they really had to work.
6. The changes that are needed will bring some costs at least to somebody. There is therefore a danger of opposition and social unrest and that justifies creating a social safety net.

These points characterise the thinking that was most visible in the period after 1989. Although there probably was consensus around most of this, there were differences in how points were interpreted across society. Thus, for example, on the second point, experiences and knowledge of Western Europe were limited and often sketchy or, on the fifth point, it was usual to assume that it was somebody else who was valued above their worth. Those on higher incomes were likely to justify increasing pay differentials while those on lower incomes, when making practical choices rather than expressing general views, implicitly favoured greater equality, but their voices were rarely heard in this period. There were also very noticeable differences on the sixth point with some fearing a safety net meant too much security for the undeserving.

Health policy

Reform in the health system stemmed from two broad themes. The first was a view that the sector had suffered from inadequate resources, limited by the state budget, leading to low relative pay and morale. This was a view shared across much of the public and MPs were quickly made aware of complaints from their local areas. Raising health to an appropriate international standard figured in election programmes and government programmes. The second was a view that the old system had been over-centralised, leading to restrictions on freedom of choice for the patient and, it was argued, to waste and inefficiency. An additional theme, not pressed so frequently, was that the old system had embodied inequalities, with better treatment for some, including foreigners who could pay for it. Although that was not heard as frequently as the first two, it could have reinforced the assumption that the introduction of market elements could not be allowed to lead to inequalities in access to health care.

The detailed reform of the health system had low salience with the public – at least in the sense that there was not much coverage in media or election pro-

grammes – but quite high salience among those who worked in the sector, especially the medical profession. Thus in this case there was a potentially strong voice from outside government. A number of small groupings emerged in early 1990 with views on how to reform the health sector¹⁹, but the medical profession at large was soon won over to following the western European example of a system based on universal, compulsory insurance supporting payments for individual services. This was seen as a means to higher status, by confirming doctors' professional independence, to higher pay, as could be seen applying in western Europe, and also to patient choice and a better service to the public. In fact, the medical profession already enjoyed high status and its opinions – public statements suggest considerable agreement – were well-reflected in parliamentary debates, most obviously because a number of MPs were themselves doctors, reaching more than 5% of the Czech parliament in June 1990.

An initial programme for reforming the health system was published in June 1990 as part of the Civic Forum election programme. Following elaboration and debate in parliament and in parliamentary committees, it was accepted by the Czech government in December 1990. There was some influence from foreign examples, but it was largely ad hoc and random, without any systematic attempt to study practice elsewhere.²⁰ The key element was acceptance of a 'Bismarckian' insurance system. The Czech Minister for Health Martin Bojar, a doctor who was trusted thanks to some involvement in opposition activity, worked out a programme of legislative steps aimed to have the new system operating in January 1993. There was initially no alternative conception, but Bojar came in for strong criticism over the pace he was setting. His most consistent critic in the Czech parliament was Petr Lom, also a doctor, who won approval in February 1991 for an acceleration of the timetable to have the new system in place in January 1992.

However, implementing change was quite complex, requiring consultation with newly-established professional bodies so as to specify what medical treatment the insured public could expect – this was embodied in the Health Regulations, a legal document approved on 8 April 1992 – and to formulate a system of charges for items of treatment. Progress was slow when compared with the new timetable and also when set against the fanfare surrounding, and the apparently rapid progress of, economic reform. Perhaps most seriously of all, the level of charges for items of treatment was set too low to offer doctors the kind of improvement in incomes that they were hoping for.

¹⁹ Pavel OVSEIKO, *The Politics of Health Care Reform in Central and Eastern Europe: The Case of the Czech Republic*. PhD thesis, Oxford University, Oxford 2008, pp. 100–108.

²⁰ *Ibid.*, pp. 121–122.

The medical profession complained through newly-established professional bodies that they still remained state employees, working within hierarchical organisations, and therefore, it can be added, still with limited scope for extra earnings. That led to open expressions of discontent with government policy that were echoed in parliament by Lom and others. Other health workers were even less happy with continuing low pay alongside increased workloads as they were required to record all items of treatment in preparation for the full introduction of the new system.²¹ Hopes that a less centralised system would lead to greater efficiency proved unrealistic. Bojar took much of the criticism. Thus at an election meeting in 1992 he was told that ‘doctors in the hospital here are saying you are a fool’.²² He was replaced after the 1992 election by Petr Lom of the Civic Democratic Party.

There was an element of free-market naivety in a change to the original proposals such that, thanks to a law passed on 28 April 1992, newly-established insurance companies could compete for customers. The idea came from MPs who were free-market enthusiasts rather than medical professionals. It was also supported by organisations that saw an opportunity for a lucrative business activity, including firms and trade unions. It was given spurious justification both from simplistic economic theory and from a vague awareness that there had been multiple insurance companies in the inter-war period. The number grew rapidly. However, as is well known from elementary economic theories of market failure, that would logically lead to private companies taking the healthiest customers and providing no cover to those in most need of treatment. This would not have been noticed by those who had read only Hayek and Friedman – the latter ignored all forms of market failure and advocated a completely free market in health care with anyone free to practice as a doctor – whose simplistic ideas were driving the thinking of professional economists. The dangers were soon clear to those charged with implementing policy.

Thus, following a decision by ministers, the system was modified prior to its introduction to impose a redistribution mechanism so that insurance companies with higher incomes would transfer funds to those with less. That effectively ended competition between them. The move was criticised by emerging private funds, notably ones set up by trade unions. Lom’s reaction was to argue for egalitarianism. ‘I consider it unjust for the state to care only for pensioners’, he maintained, warning that companies catering only for employees allowed for ‘the creation of an enclave of Sanopzes of privileged groups’. Sanopz had been

²¹ Martin BOJAR, addressing the Czech parliament, 31 January 1992, www.psp.cz.

²² Martina RIEBAUEROVÁ, *Unavený ministr* [The Tired Minister]. *Lidové noviny*, 12. 6. 1992, p. 15.

the pre-1990 system that allowed one Prague hospital to cater only for diplomats and paying foreigners, providing in return a very high level of service. It had been decided in February 1990, in response to demands raised from the local population, to transform the hospital to give priority to Czechoslovak citizens, abandoning services for paying foreigners at least for the foreseeable future. Lom took up the image of opposition to any privileges in health treatment, painting a colourful picture of the dangers by warning of possible 'trips for health taken abroad to the seaside at the expense of insurance companies'.²³

Thus health reform moved in a clearly western-European direction, with public opinion setting limits while medical professionals led the thinking and brought the knowledge they had of systems abroad. There were thoughts of moving further towards a free market but, in the context of tight budgets – so that the state could not take responsibility alone for the most demanding customers – a clearly egalitarian element was retained which limited the scope for market relations. An initial move towards decentralisation was held in check by a measure of recentralisation.

Education

Changes in education differed from those in health as the main professional groups were less vocal, their views less welcome and their representation in parliament, or at least that part able to articulate a position, limited to only a part of the education profession. However, initial thinking was similar. This was seen as a sector that had been under-resourced and its staff undervalued. Its centralised administration had restricted development. It had been an arena of discrimination and unfairness, giving currency to a slogan of ensuring equal access to education for all. Beyond that, there was little public interest in the details of policy and the interests and views of ministers and MPs were dominant in policy making. In this case the voice of the profession – school teachers – was as likely to be ignored or even overruled.

The Czech Minister of Education was Petr Vopěnka, a prominent mathematics professor who had suffered political discrimination after 1968. He knew much more about higher education than other kinds and MPs also were much keener on discussing themes relating to universities. As was suggested in one debate, so many of them had 'gone to school (i.e. university)²⁴ in the past. Re-

²³ Petr LOM, *S tím si jako ministr nechci smířit* [As a Minister I am not going to Tolerate This]. *Sondy*, No. 49–50, 7. 12. 1992, p. 2.

²⁴ Ladislav JAKL, Czech parliament 9 July 1991, www.psp.cz.

markably, reforms in schools included a recentralisation, giving substantial powers to the minister. The reason was a distrust of the municipal authorities, many of which were small and yet had implicit responsibility for provision beyond their boundaries. Vopěnka cited reports from municipalities of opposition to various kinds of special education continuing in their areas.

Thus fear of the unknown reactions of the population's representatives led to a limited and gradual policy for introducing self-management at the school level. The voice of the teaching profession was not clear and strong enough to press successfully for any alternative model and there were no prominent references to any outside model that could be followed. Nor was any alternative pressed within parliament. The loudest message from public opinion was the demand, expressed according to Vopěnka in many of the 5,000 letters and resolutions he received, for greater speed in organising the new structures in education.²⁵ This was evidently not specific enough to constrain, let alone change, his thinking on the kind of organisational structure required. The law clearly relegated self-management bodies to an advisory role while real power was given to bodies appointed by the minister.

For higher education Vopěnka accepted a proposal, one that he had previously viewed with great scepticism, for the creation of five regional universities. That was an important step, laying foundations for an expansion in higher education. More immediately, it led to a lengthy, heated, and predictable parliamentary debate with concerns over standards and devaluation of the university title if it could be given as a concession to perceived regional lobbying. MPs were keen to express their views – 29 took part in the debate although only 5 proposed amendments – and parliament was divided along regional rather than party-political lines.

The importance of personal experience in influencing thinking was even clearer in a debate over a proposal to change the title of a veterinary school in Brno. The MP Rudolf Němeček proposed in mid debate that it should be given the title of a university, a point he had apparently raised in private with the minister. He was enthusiastically backed by Bohumil Kubát, Czech Minister of Agriculture, who had spent five years there and assured parliament that 'it genuinely has a splendid name in the world.'²⁶ The proposal gained substantial support, narrowly failing to win parliamentary approval.

Thus education was an area for open policy debate, but the debate was most relevant only when it touched MPs' experiences. It can be added that education is an even more difficult area for introducing a market system than health, but

²⁵ Petr VOPĚNKA, addressing the Czech parliament, 13 December 1990, www.psp.cz.

²⁶ Bohumil KUBÁT, addressing the Czech parliament, 29 April 1992, www.psp.cz.

Vopěnka rather oddly suggested on occasion that the market would lead to much greater efficiency. It appeared to be empty rhetoric with no policy significance. He also echoed some other standard thinking about the need for tougher conditions for employees, for example arguing that university teachers should be forced to work by having three-year contracts, 'as in the West'.²⁷ He was taking up a student demand, but one that could not be implemented without changes in labour law to take away the rights of those on permanent contracts. He claimed that he would welcome this, but employment law was to follow a course closer to the usual Western European practice, such that contracts could only be ended with good cause. He did not indicate which western country he was referring to.

Instead, the overall direction of changes in education was towards recentralisation, leading Vopěnka to comment on the trust parliament was placing in his personal judgement in view of all the powers he was given. He promised to 'use it wisely', but nevertheless asked MPs to keep a close check on him to ensure that he never abused his authority.²⁸ It can be added that the obvious indicator of the sector's status, the level of relative pay, showed a slight decline in the period 1989 to 1993.

Pensions – a means to reduce social tensions?

Policy on new welfare systems developed from four thoughts. The first was the view that the old system had been unfair to certain groups. The second was a view that a modern market economy required social support networks, and that this was a means to ensure support for economic reforms. The third, albeit voiced more cautiously, was an aim of removing part of the labour force from active participation so as to reduce the expected increase in unemployment. The fourth was a view that the state budget could not afford much and that benefit levels should be limited to maintain work incentives. That last view was held most firmly, and put most strongly, by the emerging political right. Thus the Civic Democratic Party stated firmly in its 1992 election programme 'We reject "blanket" social support' but accept help for those in need, through no fault of their own 'within the limits of what is possible'.²⁹

Establishing the relative weight of these elements is not easy and varied over time and with the precise policy area. Recent discussion over the development

²⁷ Petr VOPĚNKA, addressing the Czech parliament, 9 July 1991, www.psp.cz.

²⁸ Petr VOPĚNKA, addressing the Czech parliament, 13 December 1990, www.psp.cz.

²⁹ *V rozsahu možnosti* [Within what is Possible], *Ekonom* 36, 1992, No. 20, p. 21.

of welfare systems after 1989 has been influenced by the contribution from Pieter Vanhuyse which hypothesises a very systematic link between economic reform and social policy.³⁰ His argument, covering Poland, Hungary and the Czech Republic, was that governments took steps deliberately to head off potential protest and that this shaped much of the emerging welfare states. Unemployment could be seen as an issue with ‘high salience’³¹ and governments reacted, heading off protests from the group most likely to protest, seen by Vanhuyse as older workers whose jobs were under threat. In Poland there were improvements in pensions in 1990 and 1991, albeit only in relative terms at a time of falling living standards. There was also encouragement to early retirement, leading to an ‘abnormal pensioner boom’. In practice, the actual level of protests was small, but a powerful pensioner constituency had been created that could resist erosion of its living standards.

Vanhuyse does not provide detail to show the actual decisions that led to policy choices, assuming rather than proving that welfare policies grew as a result of short-term political aims. There is no doubt that, as made clear in the Czech government’s programme of July 1990, social policy was intended to ‘ensure that the transition to a market economy did not lead to great social conflicts or the loss of social certainties’³², but that does not rule out other reasons for long-term commitments to protecting specific social groups. Pensioners and young families were frequently quoted, but this was presented as a matter of social justice rather than as a tactic to head off possible opposition. As Pithart put it in presenting the government’s programme ‘economic policy must at the same time be social policy’. Thus evidence on policy formation for Czechoslovakia does not give full support to Vanhuyse’s hypothesis, but it can support a weaker version in showing, as is demonstrated below, an input to policy making from a desire to reduce the labour force without undue pain and to create space for the incoming generation: young rather than older workers were frequently mentioned as the biggest problem area. However, evidence on actual policy formation does not confirm that there was a single causal root for new welfare policies.

Reduction of the employed labour force definitely was an important issue. It fell by 12% between 1989 and 1993 and this was a potential source of discontent, or even outright disillusionment with reform in general. That danger may have been reduced by the way how the burden was spread across society. It was

³⁰ Pieter VANHUYSE, *Divide and Pacify: Strategic Social Policies and Political Protests in Post-communist Democracies*. Central European University Press, Budapest – New York 2006.

³¹ *Ibid.*, p. 37.

³² Petr PITHART, presenting the government programme to the Czech parliament, 2 July 1990, www.psp.cz.

accounted for by a drop in working pensioners (9.5% of the labour force in 1989 and the reduction in their number was equivalent of 4.5% of the 1989 total labour force), by almost all foreign workers returning home (0.8% of the 1989 labour force), by a registered unemployment level equivalent to 3.9% of the 1989 labour force and by others leaving the labour force into retirement, family roles or unrecorded inactivity. Policy measures did help to reduce the active labour force, but they also followed from, or at least were backed up by, references to the need to overcome injustices from the past.

This was the initial basis for early verbal commitments to improve pensions for the worst off and to protect pension levels in general by indexation, all backed with rhetoric about the failures of the old system to provide a dignified life for everyone. There was very early talk of raising pensions³³ and a clear commitment from the government meeting of 5 April 1990 to raise the minimum pension to the accepted subsistence minimum level,³⁴ to create a system of unemployment benefits, to improve conditions for maternity leave and to create new services to support families. The first area to attract public attention was that of pensions and retirement.

The pensioners' voice was potentially significant as retired people were a large enough group to influence election results. They could also be considered a possible base of support for the old system. At first governments did increase pensions roughly in line with average earnings, but that soon dropped off, possibly as fears of a base for political opposition faded. The average old-age pension for previously insured employees fell from 63.1% of average pay in 1989 to 60.7% in 1991 and to 48.9% in 1992. No powerful representative body emerged that could mount serious opposition to this.

The retirement issue was raised forcefully by miners, who gave government ministers a very uncomfortable time.³⁵ Although seen as somehow 'privileged' under the old system, they quickly raised complaints about unhealthy working conditions and long hours, apparently being forced to work on holidays and Sundays to maintain energy output. The miners' trade union formulated a position that nobody should work underground for more than 15 years³⁶ and that nobody over retirement age should be working underground. A delegation met government representatives and agreement was reached on these points without any visible difficulty at the time.³⁷ A further result of miners' pressure was a fe-

³³ Reported in *Rudé právo*, 16. 1. 1990.

³⁴ *Svobodné slovo*, 6. 5. 1990.

³⁵ 'The worst meetings are with the miners,' Petr MILLER, Federal Minister of Labour and Social Affairs, quoted in *Financial Times*, 29 May 1990.

³⁶ Reported in *Rudé právo*, 22. 3. 1990.

³⁷ Reported in *Svobodné slovo*, 6. 5. 1990.

deral government decree of 30 November 1990 setting out conditions for retirement at 50 for miners. The willingness of the government side to agree could have reflected genuine sympathy for the miners' case, concern to avoid conflict with a potentially powerful group or, finally, pleasure that an easy means had been found to reduce the labour force without provoking any opposition at all. It was at the time taken for granted that the weight in the economy of traditional industries was set to decline.

It is impossible to pick on a single motivation for policies supporting pensioners and retirement. The same measure could be supported by different groups out of different motives. However, the link between retirement and reducing the labour force was very clearly present. The fact, as indicated above, that pensions declined relative to average earnings fairly quickly after 1990, could suggest that concern over pensioners' social plight rather faded into the background. It can be added that miners' representatives were not satisfied with subsequent developments in the pension system, but their voice may have been less feared as the danger of social unrest subsided.

The agenda of encouraging retirement, and of encouraging older workers to give up regular employment, became clearer in later months when there was some explicit public debate over using retirement as a means to reduce labour market pressure and to create space for the next generation. The key issue was to persuade working pensioners to leave the labour force. Thus Helena Woleková, Deputy Minister of Labour and Social Affairs in the Federal Government, saw a solution to the problem of potential difficulties in employing school leavers from 'a level of reserve space' represented by reducing the number of working pensioners alongside longer maternity leave and longer health recuperation leave. 'We cannot ask enterprises to sack pensioners, as that would be discrimination', she acknowledged, but it was still possible to use 'psychological pressure to persuade people to leave' and to encourage Labour Offices not to allow firms to employ pensioners.³⁸ Others echoed the view, repeating that it was not easy to say that pensioners should not work, but they could be eased out by making sure the pension was high enough to live on and by taxing pay in such a way as to force a choice between work and a pension.³⁹ The level that was 'high enough' evidently did not prove difficult to attain in later years. This policy direction, it can be noted, was a clear reversal from thinking under state socialism when pensioners had been actively encouraged to contribute to the labour force.

³⁸ Helena WOLEKOVÁ, interviewed in *Práce*, 27. 9. 1990.

³⁹ Stanislav NOVÁK, Minister of Labour and Social Affairs, Slovak government, *Bez práce člověk strádá* [One Suffers Without Work], *Práce*, 15. 2. 1991.

Family policy

The issue of maternity leave and associated benefits followed a course that took the Czech Republic further away from the direction of changes in Western Europe. Initially the issue was dominated by thinking linked to the implicit critique of state socialism and this remained even more important than in the case of pensions. However, it was a critique that had been finding expression in policy changes before 1989 with the moves to make it easier for women not to work, as outlined in an earlier section. Numbers on maternity leave were therefore set to arise anyway and the big jump came in 1990, equivalent to 1% of the active labour force.

There was a quite remarkable degree of consensus around the aim, expressed in the federal government programme of 19 December 1989, of enabling 'women with small children to stay at home'.⁴⁰ Czech Prime Minister Petr Pithart spoke very clearly in the Czech government programme of 2 July 1990 of the aim of basing social policy on 'the family'. He acknowledged that there were different views 'on the place of women in the family and in society' but claimed 'there are certain constants on which we can all agree', such as the need to 'return the mother to the family, to restore the dignity of her work for the family'.⁴¹

This was an issue of high salience, figuring in election programmes in 1990 with candidates bidding to make the most generous offers so as to reassert women's role in the home even more strongly than the policy changes of the 1980s. The federal minister clearly stated the aim of raising support for maternity leave to three years and improving child benefits because 'the high employment of women limits their ability to fulfil their maternal mission'.⁴² One other party suggested that women could stay even longer at home in exchange for receiving a pension later⁴³ while another wanted leave extended to 15 years.⁴⁴ Later discussions in the federal parliament over unemployment benefits rules led to the suggestion – ultimately not supported despite strong backing from Slovak MPs – for giving full right to unemployment benefit to a woman who returned to work after raising a child to the age of 14.⁴⁵

The important change under the new regime was a federal law of 18 September 1990 broadening Maternal Benefit to three years for all children, with the

⁴⁰ Marian ČALFA, addressing the federal parliament, 19 December 1989, www.psp.cz.

⁴¹ Petr PITHART, addressing the Czech parliament, 2 July 1990, www.psp.cz.

⁴² Petr MILLER, *O důchodech, rodině, nezaměstnanosti ... a KSČ* [On Pensions, Family, Unemployment... and the Communist Party], *Rudé právo*, 24. 5. 1990.

⁴³ *Svobodné slovo*, 20. 3. 1990.

⁴⁴ *Lidová demokracie*, 4. 5. 1990.

⁴⁵ Michal KOVÁČ, addressing the federal parliament, 3 December 1990, www.psp.cz.

continuing condition that the parent had to be at home and not working any significant number of hours. This was also renamed Parental Benefit, but the rhetoric in the parliamentary and public debates was still overwhelmingly about the desirability of mothers staying at home with their children. The choice of the new elite to emphasise even more strongly the aim of returning mothers to the home was portrayed as a departure from the collective child care of state nurseries. It thus fitted with a critique of the past, following acceptance of claims of scientific evidence of the alleged advantages of children staying at home in their earliest years.⁴⁶ The importance of the changes after 1989 can be indicated by the federal minister's estimate that the cost to the state budget would increase from the equivalent of 0.22% of GDP to 0.53% of GDP.⁴⁷

Ministers were soon boasting about longer maternity leave as a major improvement in social conditions. The Czech Minister of Labour and Social Affairs claimed it as 'the fulfilment of a long standing dream' that 'a child can remain in the arms of its mother'.⁴⁸ It remains slightly ironic, in view of the rhetoric of the time, that the financial support was renamed Parental rather than Maternal Benefit in the 1990 law. This apparent nod towards recognition of the changing perception of parental roles elsewhere in the world is the only clear sign of seeking guidance from examples elsewhere in the world. It had little immediate practical impact in Czechoslovakia at the time.

As indicated above, extended support for parents at home could have been encouraged by thoughts of removing one section of the population from the labour force, so as to reduce a possible source of social discontent and to as to create space for the new generation. Its overall impact is unclear – the share of women in the working population declined only very slightly – and the driving force behind the idea of enabling women to return to the home appeared as one of principle rather than pragmatism. The view seemed to be that one of the failings of state socialism was the high level of female employment. Keeping open space for the next generation of employees was at most an added benefit, reinforcing the direction of policy. A longer maternity leave was to become a lasting shift, followed by a further increase to four years in 1995 and accompanied by running down child-care facilities over the following years

⁴⁶ V. KREBS et al., *Sociální politika*, p. 382. During the debate in the federal parliament, the respected child psychologist Boleslav BARTA, who had suffered political victimisation in the preceding years, maintained that his own research, backed by that of others, had shown that 'five years in the family', rather than organised childcare, was 'optimal', www.psp.cz.

⁴⁷ Petr MILLER, addressing the federal parliament, 18 September 1990, www.psp.cz.

⁴⁸ Milan HORÁLEK, addressing the Czech parliament, 24 April 1992, www.psp.cz.

Unemployment protection

The introduction of unemployment benefits, perhaps more clearly than any other, was seen as a means to lessen the social costs of the new market system. It was not in itself controversial, but the level and conditions did attract controversy. Western European practice provided a ready example and new Labour Offices were set up especially quickly in the Czech Republic using expertise from Germany and then the UK. There was a comforting but very widespread belief that, despite experience in advanced capitalist economies, a significant level of unemployment would only be a short-term problem until the new economic system led to its elimination. There was also clear reluctance from part of the new elite to paying benefits to people not working and Milan Horálek, the Czech minister responsible, was effectively predicting substantial abuse before the system started.⁴⁹

The new system started operating in January 1991 and the level of unemployment benefit was set at 60% of previous pay for six months and 50% for the next six months. However, perhaps as it became clear that the unemployed were not threatening social stability, there was very soon pressure for tightening conditions and reducing eligibility. By the latter months of 1991 stories were circulating of abuse of the benefit system. There were reports of various ways for benefits to be claimed for people working for private firms⁵⁰ and reports of claimants clearly not interested in working.⁵¹ Assertions that 10-15% of those claiming benefits were not even interested in working led to calls to make it harder for the many who 'are exploiting the broad-mindedness of the current law'.⁵²

That set the scene for cutting benefits from the start of 1992 from 12 to 6 months – three at 60% of pay and three at 50%. Thus one of the elements of the welfare system, modelled on western examples but never generous when set against that standard, was reduced in scale almost as soon as it had been introduced. It can be added that no serious estimates had been made of the numbers of successful fraudulent claims, but a fall in unemployment in early 1992 led government representatives to argue that they could have been substantial. Thus Horálek was quick to claim that it had brought benefits as 'the so-called volun-

⁴⁹ Czech parliament, 10 October 1990, www.psp.cz.

⁵⁰ Hana MALINOVÁ, *Nezaměstnanost jako realita?* [Unemployment as Reality?], *Lidové noviny*, 16. 6. 1991, p. 4.

⁵¹ Václav PERGL, *Chtějí všichni skutečně pracovat?* [Do They All Really Want to Work?], *Rudé právo*, 3. 10. 1991.

⁵² O. TOSECKÁ, *Velkorysý zákon: nezaměstnanost má kladnou i zápornou stránku* [A Generous Law: Unemployment has its Positive and Negative Aspects], *Práce*, 12. 9. 1991.

tary unemployed have dropped out,⁵³ while the Czech Deputy Minister for Labour and Social Affairs claimed estimates from Labour Offices had shown that about 30% of those taking benefits had not been interested in working.⁵⁴ The proof, again, was said to be that unemployment was falling. This is at best a hypothesis. Unemployment was falling in the Czech Republic, but it rose in Slovakia. There were other reasons for the better position in the Czech Republic as new private businesses were absorbing labour.

The striking point here is the weakly-rooted nature of the new unemployment-benefit system. It was not supported by an organised force – the unemployed are typically passive and silent – and there was no natural sympathy from the new elite. Indeed, personal experience was prominent in only one issue relating to entitlement, that being whether the unemployed could be obliged to work in jobs that did not use their qualifications. This struck a chord with former dissidents who had faced precisely such discrimination.⁵⁵ However, they had not previously experienced the kind of unemployment emerging in 1991, any more than had members of the general public. It was therefore very easy for members of the elite to take an unsympathetic stand and to believe stories of the negative effects of the unemployment-benefit system.

Conclusion

The new welfare state was created by maintaining and adapting elements from the past that were part of everyone's experience and that were close to western European experience – universal pensions, health and education systems. Differences from Western Europe relate to those cases where life experiences led to very different political memories. An obvious example is unemployment benefit: it is much easier for those who have lived for 40 years without first-hand experience to believe that the unemployed are typically fraudulent claimants. Differences also followed in cases where Western Europe had changed the most, reflecting the rise of new social forces. Thus, conceptions of the position of women in society had moved much less in central than Western Europe, suggesting that an important legacy of the communist period was to leave thinking paralysed in the pre-communist period.

⁵³ Reported in *Lidové noviny*, 14. 3. 1992.

⁵⁴ Z. DOSTÁL, quoted in *Rudé právo*, 23. 4. 1992, p. 13.

⁵⁵ See the contributions of J. MLYNÁRIK and E. ZÁLEŽÁKOVÁ to the federal parliament, 3 December 1990, www.psp.cz. The latter of these complained that she was forced to work as a cloak-room attendant.

The early post-1989 period was important for shaping the new welfare states and broader social models in central and Eastern Europe. They did change in the following years, but broad differences from Western Europe remained. The least firmly rooted and hence most susceptible to change were elements that were created with an eye to heading off potential protests, purely to follow a western European example or in response to memories of injustice under communism. Among the most firmly rooted were those elements that were universally available and firmly rooted from the past, such as universal health, education and pension systems.

The welfare state created in the immediate post-1989 period appears to have weaker roots in society than welfare states created earlier in Western Europe. The direction of changes since the early 1990s shows common ground with some western European countries, but the neo-liberal trend in post-communist countries, including the Czech Republic, is significantly stronger. There are much more powerful pressures for reducing the already very low levels of direct taxes on personal incomes – often around the slogan of a ‘flat tax’ – for more restricted welfare provision and also for still less employment protection. Thus ‘reform’ is a continuing slogan, but it no longer means change from the state socialist system.

PART VI.

**The Welfare State Crisis of in 1990s.
Transformation Challenges
and the Modern Welfare State.**

Programs to Enhance Human Potential vs. Socio-Political Reality. The Czech story¹

The lifetimes of human societies are occasionally punctuated by revolutionary moments when something that for many years had been beyond the unthinkable suddenly appears to be within reach. Old institutional frameworks collapse and ingrained forms of behavior are transformed and replaced by others (or at least they would seem to be). Thousands of individual and collective projects enter the public realm, struggling for limited political, economic, and intellectual resources. Exceptional individuals have a greater chance of shaping the ongoing changes according to their vision of what direction society should take in the future... I myself have had the bad luck and good fortune to experience two such turning points in person. The first such event, the passionate days of the Prague Spring, was filled with positive (though in many ways idealistic) energy and resolve, but surprisingly quickly descended into twenty chilly years of “normalization”. The second event, November 1989, opened up enormous possibilities for the inclusion of Czech society into the mainstream of European culture and civilization, but over the past twenty years, the ethos of the revolution has continuously run up against the substantial cognitive and moral limits of the populace, politicians, and bureaucrats, as well as institutional barriers.

I have written this paper in the first person, since I was involved in the creation and/or implementation of the majority of program documents that I have chosen to analyze and compare with actual developments in the country – thus offering me the opportunity to apply the method of participant observation. For this reason, I must naturally be all the more cautious in what kind of interpretations I present for further discussion in the following text. I shall start with a few words about the ways in which I was or was not prepared, in 1989, to comprehend the problems facing the country and its inhabitants. Between 1975 and 1989, I had worked in the gray zone of research, attempting – together with many other of my colleagues – to come up with a solid methodo-

¹ Prepared for the international project “*Theory and practice of the Welfare State in Europe in 20th century. Ways to the Welfare State*”, Prague 2011. An updated version of: Martin POTŮČEK, *The Sociopolitical Dimensi on of Changes in Society, 1989–2009. Programs vs. Reality*. In: Libor Prudký (ed.), *Tehdy a teď. Česká společnost po 20 letech [Then and Now. Czech Society after 20 Years]*. Praha 2010, pp. 123–130.

logy for the social sciences and to name social problems by their true name.² In the second half of the 1980s, I led a team consisting of representatives from several institutions, disciplines, and areas of research, focused on the role of sectors responsible for human development (education, healthcare, culture, physical fitness, and social welfare) in cultivating and realizing human potential³ Our analyses and forecasts led to the clear conclusion that, compared to the situation in the West, the former regime was in conflict with human health⁴ Czechoslovakia had by that time already clearly run out of breath and was significantly lagging behind its neighbors on the other side of the Iron Curtain in terms of life expectancy or its approach to education, culture, lifestyle; the polluted environment threatened people's lives, but economic performance - perversely measured primarily in terms of megatonnes of coal mined and steel produced - continued to get the green light.

On 19 November 1989, I became active in the Civic Forum's coordinating center. I felt that it was important to create a political program that would give the Forum's political activities a sense of direction. The natural platform for my endeavors was the Forum's program committee, at that time headed by the unforgettable Josef Vavroušek. After Milan Petrušek (sometime in late January 1990) decided to fully devote himself to founding the new Faculty of Social Sciences at Charles University, I took over his chairmanship of the social committee, one of several specialized committees of the program committee. At the same time (until my departure for the London School of Economics in September 1990), I participated in the activities of the Sociological Initiative (which had been active since May 1989 under the leadership of Josef Alan) and in the newly founded (after November 1989) Sociological Forum, and I headed the Working Group for the Reform of the Czech Healthcare System. I have selected three program documents from the year 1990 and other four consecutive initiatives. I have compared their proposals with the actual course of events over the subsequent more than two decades.

² 1975–1983 Comprehensive Modeling Department, Sportpropag Prague, 1983–1988 Institute for Social Medicine and Organization of Health Services, Prague.

³ Martin POTŮČEK, *Lidský potenciál v rozvoji čs. společnosti* [Human Potential in the Development of Czechoslovak Society]. *Politická ekonomie* 36, 1988, No. 2, pp. 175–188; Same, *Lidský potenciál československé společnosti* [Human Potential in the Development of Czechoslovak Society]. *Sociológia* 21, 1989, No. 3, pp. 325–342; Same, *Člověk v měnící se společnosti – příklad Československa* [People in a Changing Society – the Example of Czechoslovakia]. *Sociologický časopis* 26, 1990, pp. 269–275; Same, *Pojetí lidského potenciálu* [The Concept of Human Potential]. *Psychologie v ekonomické praxi* 26, 1991, No. 3, pp. 115–124; Same, *The Concept of Human Potential and Social Policy*. *Acta Universitatis Carolinae. Oeconomica*, 1992, No. 1, pp. 51–67.

⁴ Same, *Sociální determinanty zdraví československé populace* [The Social Determinants of Health Czechoslovak Population]. *Čs. zdravotnictví* 38, 1990, No. 8–9.

1. Declaration of Sociologists (letter to the President)
2. Civic Forum Social Program (a comparison with the Forum's Electoral Program)
3. Plan for Social Reform
4. OMEGA Project - civic affinity, human solidarity (1994)
5. Social Doctrine of the Czech Republic (2002)
6. Jsme občané (We the Citizens) (2007)
7. ProAlt (For Alternatives) (2010)

In my opinion, these comparisons need not be (and should not be) understood as a mere nostalgic look back at a past that cannot be changed. We can also use them to draw relevant conclusion on what moves society; when, who, and how we can influence the form and manner in which public and social policy are implemented; and perhaps we may even infer the fate of similar future activities...

DOCUMENT 1:

Created: Early 1990

Declaration of Sociologists (letter to the president)

Martin PUTŮČEK, *Křižovatky české sociální reformy*. [Czech Social Reform at a Crossroads]. Sociologické nakladatelství, Praha 1999, pp. 237–239.
Reprinted In: Sociologický časopis, Vol. 40, No. 5, 2004, pp. 763–764.

Description:

The document informs the president of the urgent need to keep in mind social issues during the transformation of society, and to look for answers among the social sciences and practical social policy.

Reality 22 years later:

The document astutely diagnosed certain dangers that fully manifested themselves during subsequent social and political developments: the deficiency of neoclassical economic recipes when it comes to addressing social problems; the difficulty of coordinating decision-making across various disciplines as a result of measures enacted by the National Economic Council on the basis of one-sided economic perspectives; and the resulting risk of neglecting the social sphere, which influences “the use of the potential hidden within our people and which, if not activated, will cause even the best intentions of economists or politicians to remain unfulfilled.”

DOCUMENT 2:

Created: February 1990 (31 March 1990)

Civic Forum Social Program
(a comparison with the Forum's Electoral Program)

In: M. PUTŮČEK, *Křižovatky české sociální reformy*. [Czech Social Reform at a Crossroads], pp. 240–245.

Description:

The social sphere is defined primarily as a target, not as a source.

Society should be socially just (in the sense of providing equal opportunities).

Society should be socially sensitive, must provide aid and support to those who are not succeeding in the more difficult climate of a society geared towards output and performance.

The state should guarantee a living minimum and should implement differentiated social programs for the protection and support of disadvantaged individuals, including those persecuted by the previous regime.

In the substance of the program's aims, we can find an independent strategy for revitalizing and promoting the health of the populace; social welfare and support for the elderly, the disabled, and families; an accelerated expansion of the populace's level of knowledge and education; the development of leisure time service; and expanded independence for towns, municipalities, and regions. In coordination with economic reforms, the document anticipates the development of a system for the protection of employees and consumers, an active employment policy, and an attempt at dealing with issues related to the Gypsy minority. The document anticipates the creation of an independent agency (the Social Council) for coordinating and consulting initiatives at the federal level; this agency would be responsible for preparing and implementing an independent and comprehensive social policy that would be regularly updated to reflect the overall development of society. (The Forum's Electoral Program, edited by Miloš Zeman, diverges significantly from the basic priorities of the Social Program described above: "If we are to avoid entering the European Community as a poor cousin on the lookout for pity and handouts, our return must be based not only on the things advanced countries have in common - political democracy and market economics - but also on what can be specific to Czechoslovakia. This could be the ability to reshape national pride into a willingness to make sacrifices. In view of our current state of underdevelopment, we will have to work harder than the others, to consume fewer of the

fruits of our labor and reinvest more”.⁵ Significantly, the paragraph on “Social Policy” contained in the section entitled “Pathways” is located after the paragraphs “Democratic Political System,” “Foreign Policy,” and “Economic Policy”. The document mentions state-guaranteed social minimums and support and the creation of a reliable “social safety and support net” at the local level. It also proposed indexing all social welfare payments and handouts.)

Reality 22 years later:

With some minor deviations on both sides, we can essentially say that reality unfolded in accordance with the policies of the Electoral Program, i.e., with an emphasis on the formation of a democratic political system and a market economy, while ignoring the concept of the welfare state.⁶ As a result, the final “victory” of economists over sociologists had already been sealed at the outset of the political battle regarding the goals and principles of the future direction of society.⁷

DOCUMENT 3:

Created September 1990

Social Reform

Hospodářské noviny, 1990, 4 September, pp. VI–VII.

Reprinted in: M. POTŮČEK, *Křižovatky české sociální reformy*. [Czech Social Reform at a Crossroads], pp. 246–254.

Description:

This remarkable document was enacted by the Federal Government of the Czechoslovak Federal Republic at the same time as the Plan for Economic Reform. In its introduction, it calls attention to the fact that the government has bound itself to building up the rule of law and to an environmentally oriented market economy. Its main efforts are supposed to be drawing up a constitution and legal, economic, and social reforms. The economic reform plan formulates the humanist foundation for governmental policy, i.e., social justice and protecting the weak and those

⁵ Civic Forum Electoral Program, p. 4.

⁶ This is remarkably similar to the Copenhagen criteria for the accession of new member states, as formulated by the European Union in 1993.

⁷ As we know, when privatization was planned and launched several months later, the economists “beat out” the lawyers as well.

who cannot work. Social strategy is focused on employment policy (the completion of an institutional system for employment), employment income policy (relying on mechanisms of collective bargaining and collective contracts and the introduction of the concept of minimal wages), family policy (a system of social support consisting of handouts, services, and shelters), and social security (reforming the manner in which pension payments are calculated, including regular adjustments to reflect changes in the cost of living and wage increases and transferring social security financing into a system of funds existing separately of the state budget).

Social policy will have to be tentatively conceived not as a goal of social development, but as a corrective mechanism alleviating the negative impact of economic transformation on people.

Reality 21 years later:

The concept of a socially oriented market economy remained only on paper. In practice, social policy received only marginal attention from Czech political representatives, all the more so because, following the 1992 elections and the disintegration of Czechoslovakia, public debate and actual politics were dominated by the ideology of a pure free market economy.

The institutional foundations for employment policy were laid right at the beginning of the 1990s (the Ministry of Labor's Employee Services Administration, a regional network of employment offices). Collective bargaining was retained and minimum wages introduced. Families paid the most for the path towards transformation that we chose - state support for the family was significantly cut back. In 1995, child benefits were redefined not as universal support, but as welfare support for the poor. The first comprehensive family policy concept was not created until 2005. A state social security administration was established, but we did not manage to build a comprehensive and independent system of professionally equipped agencies with boards of directors. The social security fund was not separated from the state budget.

DOCUMENT 4:

Created: March 1992

The OMEGA Project: civic belonging, human solidarity

In: M. PUTŮČEK, *Křižovatky české sociální reformy*. [Czech Social Reform at a Crossroads], pp. 255–259.

Description:

This informal citizens' movement attempted to stimulate public debate regarding the conception, substance, and tools of social policy. The ALPHA of societal transformation had been the introduction of a free market. Because the free market was being discussed left and right while the creation of opportunities for a sense of civic reciprocity (state-guaranteed public social services) and human solidarity (activities on the part of civic sector organizations inspired by a sense of empathy and the need to help others in need) were left to shiver on the sidelines, the group chose to call itself OMEGA. These themes - which were incorporated into several documents and offered at public discussions and at seminars in Prague, Brno, and Bratislava - included a conception of social policy, relations on the employment market, relations on the market for goods and services, inherited and new poverty, the tax system, education and culture, the health of the nation, housing, families, and minorities. OMEGA was active between December 1991 and June 1994. Reality 20 years later:

This type of grassroots movements with a broad thematic range found little public reception within Czech society. Only a few dozen specialists and activists were actively involved in the organization, and only rarely did individual politicians or bureaucrats show an interest; media interest was minimal.

DOCUMENT 5:

Created: 2001

Social Doctrine of the Czech Republic 2002. Social Policy, no. 1–2, pp. 7–11.

Description:

Work on this program document took almost three years and involved dozens of experts from various institutions, scientific disciplines and ideological and political directions. The project involved five preparatory conferences organized by the SOCIOKLUB civic association. All the participations were unified in their conviction that social policy as it existed in practice lacked a long-term direction. They hoped that this document might represent a minimum shared starting point for those involved in shaping and implementing Czech social policy in the future. The document was presented for discussion, criticism, and - potentially - acceptance on the part of Czech politicians and bureaucrats regardless of party membership, ministry, level of government or association in the hope that it might become a starting point for long-term conceptual work that would

ensure that future Czech social policy would keep up with the changing demands of the time and with public expectations.

The document described certain objectives and defined its approach to addressing social issues in the Czech Republic in the broader context and in the long-term perspective. It described the values on which it was based, defining human and social rights as its main goal, and provided a list of priorities for practical social policy as well as ways of implementing this doctrine within social policy. Reality 10 years later:

In 2001 and 2002, the Social Doctrine of the Czech Republic was presented at several public discussions organized in part by the Ministry of Labor and the Czech Senate. Following the 2002 elections, the document was mentioned in the coalition agreement between the ČSSD, KDU-ČSL and Freedom Union as a foundation for the work of the emerging coalition government. It was assumed that the document would be further discussed and subsequently implemented in actual social policy. In reality - despite the document's authors' repeated and unanswered urging of the chairmen of the coalition parties at the turn of 2002/2003 - this never happened: any actual decisions made in this area were either made *ad hoc* in response to immediate pressures or were the result of lobbying on the part of specific interest groups.

DOCUMENT 6:

Created: 2007

Jsme občané (We the Citizens)

<http://www.jsmeobcane.eu> (The website is no longer active.)

Description:

This civic initiative operated for the first time in the Czech Republic with the help of the internet. Announced in January 2007, thirty years after Charter 77, it was focused on fundamental inequalities in Czech (social) political practice resulting from the neo-liberal doctrine; on the wording of the Czech constitution regarding the rights of ethnic minorities and migrants; discrimination of young people, women and the elderly; the life of homeless people existing outside the realm of elementary human dignity; and the shrinking space for public discussion of these issues. Between January 2007 and 7 February 2008, this appeal was signed by 661 citizens.

Reality 5 years later:

693 citizens signed the document between January 1, 2007 and November 24, 2008. Some information appeared in the print media, but none of it reached the “*media highway*”. No significant influence of this initiative upon public policy has been observed. The website of the initiative was not in the operation in the beginning of 2009.

DOCUMENT 7:

Created 2010

ProAlt (For Alternatives)

<http://www.proalt.cz>*Description:*

ProAlt is the civic initiative criticizing the governmental reforms and promoting alternatives. It brings together people of all professions, generations and opinions, who refuse insensitive cuts and reforms in pensions, health, social and family policy, employment law, education, science and culture, as prepared by the current government coalition, and want to actively refuse them. Its short term goal is to stop or at least mitigate the reforms in these areas. Its long term goal is to create confident, active, inclusive and sustainable society.

Reality 1 year later:

ProAlt has been the first Czech civic initiative in the field of social issues, which was able to effectively penetrate into the public space, including “*media highway*”. It has organized public hearings, discussions and demonstrations. Nevertheless, its influence is still rather limited.

Conclusion

How come is it that the Czech welfare state has not yet collapsed but continues to function despite its clear failure to meet its duty to sufficiently cover even the most basic needs, and despite the fact that the public is clearly dissatisfied with the quality and extent of public social services?⁸ In fact, attacks on the essence of

⁸ For more detail, see: Martin POTŮČEK, *The Czech national model of the Welfare State. Tradition and changes*. In: St. Golinowska – P. Hengstenberg – M. Zukowski, (eds.), *Diversity and Commonality in European Social Policies: The Forging of a European Social Model*. Warsaw 2009, pp. 33–69. Available at <http://www.martinpotucek.cz/ebooks/Ebert.pdf>.

the welfare state have not let up, and have been growing stronger with the crisis at whose outset we currently find ourselves. The answer to this question is far from simple. The institutions of the welfare state show a high level of inertia, and any changes in their form and functions or in the services they provide require perseverance and determination - and even then, this is a long-term task. Another factor is the inability of our political representatives to reach an agreement on political compromises enjoying broad political support.⁹ Also, for the entire 22-year period, the Council for Economic and Social Agreement functioned quite well. Thanks primarily to the informed standpoints of labor unions, the council managed to act as a last-ditch safety mechanism for preventing the potentially most destructive excesses. Nevertheless, there were numerous deficits¹⁰ in the level of communication among the broader spectrum of public actors, which under other circumstances might have led to improved decision-making.¹¹ The analysis of the briefing on social rights (Potůček in print) leads me to conclude that communication has been fragmented into several independent areas of discourse (administrative, political, profession, and civic) without any greater overlaps or synergetic effects.

Neither the Czech Republic nor its inhabitants or political representatives have matured to the point of realizing that their first and foremost political task is ensuring the quality of people's lives, creating the conditions for cultivating and applying human potential, or developing human abilities and inclinations through public social services. This is why all program documents that formulated the issue in this manner were only realized to a very limited extent in practice. Essentially, there has been no change since November 1989 in the general factors influencing the reproduction and development of society, in particular when it comes to setting key political priorities and the manner in which public budgets are created and distributed: despite many differences, in this country active social policy that improves the quality of people's lives and the cultivation of human potential through sectors responsible for human development runs up against barriers similar to those that existed during the time that we had, in those heady moments twenty two years ago, hoped to quickly forget... In addition, we must point to the influence of the neo-liberal paradigm, which

⁹ At the time, one herald of better times was the so-called Bezděk Commission, which - with the support of all parliamentary parties and their experts - focused on the possibilities of reforming the pension system. However, as soon as the commission's recommendations made it onto the parliamentary floor, all promises of change immediately disappeared.

¹⁰ Aleš KROUPA - Zdenka MANSFELDOVÁ, *Participace a zájmové organizace v České republice* [The Participation and Interest Organizations in the Czech Republic]. Sociologické nakladatelství, Praha 2006.

¹¹ Paul SABATIER, *An Advocacy Coalition Framework for Policy Change and the Role of Policy-Oriented Learning Therein*. Policy Sciences 21, 1995, pp. 129-168.

has set the tone of public debate and politics on a global level and which has been much easier to promote in the post-communist world (including the Czech Republic) than in the established western democracies. In the twenty two years since November 1989, a decisive segment of our political representatives, the media and the general public has not managed to free itself from the idea that the primary goal of our efforts should be a booming economy, and that human lives, capabilities and skills are merely the tools necessary for achieving this simple goal.

Corporatism, Consumerism or Social Citizenship? Changing Modes of Public Involvement in Bismarckian Welfare States in Times of Crisis

1. Introduction

Bismarckian countries have a long tradition of integrating organised interests into the processes of policy making and policy implementation. Corporatist governance becomes evident especially in the field of social policy. One distinctive feature of traditional Bismarckian welfare governance is the so-called social self-administration model, which allows for the participation of affected interests in social insurance funds.

In the past years, however, the Bismarckian model of welfare administration has been facing increasing pressure for change. Against the background of both tighter budgets and changed ideas of public involvement recent public administration literature promotes ideas of new governance. Governance as a reform concept aims at an 'intelligent' mix of different mechanisms of coordination: market-based solutions should help to increase the efficiency and competitive drive of public organisations. In contrast to early mere managerial reform concepts, however, recent reform concepts stress the necessity of supplementing them with network-oriented forms of collaboration. The latter raise the level of public interaction and thus allow the delivery of public services linked more effectively to the needs of the users.

Combining market-based modes of governance with public involvement based on democratic ideas of fighting organisational deterioration is, however, not an invention of recent public administration literature, but was described in Albert O. Hirschman's concept of exit and voice.¹ His main argument was that the consumer model and social citizenship are not mutually exclusive. Both the possibility of 'exiting' an organisation in case of dissatisfaction and to choose from alternative offers, and the possibility of raising one's voice and articulating dissatisfaction can help to make organisations more responsive.

Our contribution to the literature considers the model of self-administration, which gives labour unions and employer associations a prominent position in the governance of social insurance funds, through the lens of Hirschman's con-

¹ Albert O. HIRSCHMAN, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. MA: Harvard University Press, Cambridge 1970.

cept of exit and voice. It raises the question of whether and to what extent there are shifts in power relations between the main actors involved in social self-administration, and how these shifts can be described. Our focus is therefore on social self-administration in statutory health insurance funds. The article takes a comparative approach and describes the adjustment of the self-administration model to changed policy ideas in three different countries. Germany and Austria are two countries from the core group of the Bismarckian welfare regime. Developments in these two countries are contrasted with those in the Czech Republic whose welfare state regime was once, at the end of the 19th century, highly influenced by the Bismarckian model and which found a partial return come-back to Bismarck, in terms of welfare administration, in the aftermath of the Velvet Revolution.

We begin with a short introduction into Hirschman's concept of exit and voice, which has been modified to study social self-administration (section 2–5). Section 6 presents the results of the three case studies. The data was gathered from qualitative case studies and expert interviews.² The conclusion is rather pessimistic: when it comes to modern ideas of public involvement, the three countries analysed missed their opportunities to modernise existing institutions and to adjust them to new challenges.

2. Corporatist welfare governance in Bismarckian welfare regimes

Bismarckian welfare states such as Germany or Austria have social protection systems that are based on the social insurance principle, and the social partners – trade unions and employer associations – play a decisive role in social policy making. The countries of the Bismarckian welfare regime belong to those with a comparatively high ranking on the corporatism scale.³ Above all, corporatist governance can be seen in the field of social policy where the social partners

² The case studies presented in this paper were part of a larger research project conducted at the Centre for Social Policy at the University of Bremen. The project “Social Self-Administration in International Comparison” made a systematic comparison of the development of social self-administration in three insurance branches (old age, sickness and unemployment) in a number of conservative welfare states. Apart from the three named, five additional European countries which employ – or at least once employed – social self-administration as an instrument of participation were included in the study (France, the Netherlands, Belgium, Luxembourg and Hungary) (Tanja KLENK – Frank NULLMEIER – Philine WEYRAUCH – Alexander HAARMANN, *Das Ende einer Bismarck-Tradition? Soziale Selbstverwaltung zwischen Vermarktlichung und Verstaatlichung*. Sozialer Fortschritt, Vol. 58, 2009, No. 5, pp. 85–92).

³ Alan SIAROFF, *Corporatism in 24 industrial democracies: Meaning and measurement*. European Journal of Political Research, Vol. 36, 1999, No. 2, pp. 175–205.

have institutionalised roles in all phases of the policy cycle and are involved in policy formulation as well as in policy implementation.

This systematic 'sharing of public space'⁴ between the state and social partners can be explained by the specific history of this welfare regime. Early social insurance schemes in the late 19th century and the early 20th century were designed to give social protection to the newly evolving working class. In most cases the newly founded statutory funds had their origins in self-help organisations run either by workers' associations or paternalistic employers. Both employers and employees continued to fund social insurance schemes via income-related contributions, even after the funds had become public institutions.

With regard to implementation and administration, the idea of self-administration plays a major role in Bismarckian corporatist welfare governance. This specific mode of administration delegates considerable responsibility to non-state actors and allows for the participation of those being affected by the decisions. Self-administration is applied for the governance of social insurance funds. Social insurance funds in Bismarckian welfare states are not part of public administration. They are para-public institutions, which have their own scope of action with corresponding responsibilities, and act with a high degree of independence from state intervention. These para-public institutions have boards consisting of representatives of the stakeholders of the organisations. The right to participate is first and foremost devolved to the labour unions and the employer associations.⁵

3. The analytical framework

How can we describe participation in welfare administration from a more analytical perspective and how does the Bismarckian way of participative welfare governance relate to others? Albert O. Hirschman's concept of exit, voice, and loyalty⁶ offers a fruitful framework for this purpose. Hirschman's concept contrasts 'exit' and 'voice' as two repercussive mechanisms which should make organisations more responsive to the needs of their users. Exit is thereby associated with economic markets and is considered the typical recovery mechanism for business enterprises operating in competitive markets. Exit refers to the possibility of the user switching to an alternative product or organisation. The user's

⁴ Colin CROUCH, *Industrial Relations and European State Traditions*. University Press Oxford 1993.

⁵ Reinhard HENDLER, *Selbstverwaltung als Ordnungsprinzip: Zur politischen Willensbildung und Entscheidung im demokratischen Verfassungsstaat der Industriegesellschaft*. Köln – München 1984.

⁶ A. O. HIRSCHMAN, *Exit, Voice, and Loyalty*.

dissatisfaction with a service provider can be measured either by looking at the *intention* to leave the present health provider or product or the *actual switch* to another health provider or product.⁷

Voice, by contrast, is usually found in public bodies or in democratically responsive organisations. It relies on means of communication to express dissatisfaction with a product or a service. Voice can range from soft complaints and proposals for change to strong protest. It includes individual complaints as well as the “collective voice” such as voting and/or critical discussions in the organisational boards.⁸ People may raise their voice or vote in a selfish manner in order to gain an *individual* advantage, but voice can also be an act of altruism which intends to achieve better quality for the *collective* consumer.⁹ Voice can be measured according to the number of complaints or petitions signed, voting in local, ‘social’ or general elections, or collective participation in health care, such as through patient movements and sickness funds.¹⁰

Exit and voice are not mutually exclusive and can be combined. Even more, Hirschman strongly recommends making use of both mechanisms as the one can eliminate the weaknesses of the other: “*In order to retain their ability to fight deterioration those organisations that rely primarily on one of the two reaction mechanisms need an occasional injection of the other. Other organisations may have to go through regular cycles in which exit and voice alternate as principal actors ... an awareness of the inborn tendencies toward instability of any optimal mix may be helpful in improving the design of institutions that need both exit and voice to be maintained in good health*”.¹¹

Nonetheless one should bear in mind that these two modes of participation are based on different understandings of the user’s behaviour. The exit option sees users as consumers with no strong affection or feelings of loyalty to organisations; they simply shop between different options and try different offers. Voice, on the contrary, is exercised especially in cases where there is either no competitive market or when people feel loyal to an organisation and believe that the shortcomings they experience are of a rather coincidental nature and that

⁷ Keith DOWDING – Peter JOHN, *The Three Exit, Three Voice and Loyalty Framework: A Test with Survey Data on Local Services*. Political Studies Vol. 56, 2008, No. 2, pp. 288–311.

⁸ Ibid.

⁹ Keith DOWDING – Peter JOHN – Thanos MERGOUPIS – Mark Van VUGT, *Exit, voice and loyalty: Analytic and empirical developments*. European Journal of Political Research, Vol. 37, 2000, No. 4, p. 473; Dennis R. YOUNG, *Exit and Voice in the Organization of Public Services*. Social Science Information, Vol. 13, 1974, No. 3, p. 50; Brian BARRY, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organization, and States by Albert O. Hirschman*. British Journal of Political Science, Vol. 4, 1974, No. 1, pp. 92–93.

¹⁰ K. DOWDING – P. JOHN, *The Three Exit, Three Voice and Loyalty Framework*.

¹¹ A. O. HIRSCHMAN, *Exit, Voice, and Loyalty*, p. 126.

their organisation could do better.¹² According to Hirschman voice is based on the idea of democratic process and is “political action par excellence”.¹³

Further differences between the two modes of participation need to be taken into account. Exit requires market knowledge, namely information about price, the quality of the product or service, and about alternative offers. Exit also requires an individual to be capable of making use of their knowledge. In the case of health care, however, these pre-conditions are absent or marginal. Due to the wide information gap between physicians and patients the quality of service and appropriateness of its price cannot be assessed by the patient. Patients must trust treatment plans developed by the professionals. Moreover, patients tend to most need health care services when they are least capable of assessing them clearly, when they are distracted by illness and pain or are worried about their prognosis or treatment. In these cases advocacy groups who raise their voice for these vulnerable groups are indispensable for effective interest representation.

Albert Hirschman's concept has been widely accepted and applied to manifold fields of research. Hirschman's notion of loyalty has thus attracted criticism: if it is understood as the user's commitment to an organisation and as their interest to improve the performance of the organisation instead of showing complete disregard for it, loyalty is difficult to distinguish from voice. Recent taxonomies therefore focus first and foremost on exit and voice while omitting the notion of loyalty. A comparatively new refinement of Hirschman's classical concept, which can be especially found in the Anglo-Saxon literature on public administration and social policy,¹⁴ is the introduction of the ‘choice’ option. In public service provision where the state has the organisational monopoly or at least an oligopoly position, ‘real’ exit is not an option. This is the case for instance in the UK National Health Service (NHS), where private provision is the exception rather than the rule and not affordable for the majority of users. Nonetheless recent public administration and social policy reforms in the UK have tried to increase the responsiveness of public services by simulating markets and giving users more ‘choice’ between different public providers and the services offered by them. Choice options have been introduced in the health care sector both at the meso- and the micro-level: today patients can choose for example between different public hospitals or between different treatment plans.¹⁵

¹² Ibid., p. 38.

¹³ Ibid., p.16.

¹⁴ Julian LE GRAND, *Motivation, Agency and Public Policy: Of Knights and Knaves, Pawns and Queens (revised edn)*. Oxford University Press, Oxford 2006; Ian GREENER, *Choice and Voice – A Review*. Social Policy & Society, Vol. 7, 2007, No. 2, pp. 255–265.

¹⁵ Susan PICKARD, *Choice, Voice and the Structures of Accountability in the new NHS*. In: Alison Hann (ed.), *Health Policy and Politics*. Hampshire 2007, pp. 75–86.

Modes of public involvement in health insurance administration in corporatist welfare states

| Modes of involvement | Scope of action of the insured |
|----------------------|--|
| Choice | Possibility to select between different tariffs of a certain insurance |
| (+) | |
| Exit | Right to decide about what insurance the insured want to be member of |
| (+) | |
| Individual Voice | Individual and direct voice, expressed via customer surveys or the establishment and monitoring of consumer friendly service standards |
| (+) | |
| Collective Voice | Collective and representative voice, expressed via boards consisting of the stakeholders of the organisations |

4. Social self-administration: public involvement in a corporatist design

How can these three modes of participation – exit, voice, and choice – be used to conceptualise participation in the governance of statutory health insurance? In the above mentioned project we have developed an analytical framework which uses the term ‘exit’ to describe the possibility of changing one’s sickness fund, while the term ‘choice’ is used to describe the possibility of selecting between different tariffs of insurance. The voice mechanism is differentiated through individual and collective voice. While the former refers to individually expressed (dis-)satisfaction via customer survey or institutionalised complaint mechanisms, the latter is used to describe participation via boards consisting of the stakeholders of the organisations.¹⁶

Through the lens of this analytical framework the traditional governance system of health insurance funds in Bismarckian countries can be described as a participatory governance model based on the mechanism of collective voice. The stakeholders of the health funds are directly involved in the organisational decision making process: the board of stakeholders can for instance shape the coverage and quality of the services provided. Within the Bismarckian welfare

¹⁶ Alexander HAARMANN – Tanja KLENK – Philine WEYRAUCH, *Exit, Choice – and what about voice? Public involvement in corporatist healthcare states*. Public Management Review, “Special Issue on Welfare governance reforms and effects in the Post-Golden Age”, Vol. 12, 2010, No. 2, pp. 213–231.

regime and throughout history however, differences can be observed with regard to the *composition of the board*, the *mode of selection* and the *competences of the board members*. It is one distinctive feature of the Bismarckian welfare regime that the right to participate in the governance of the health insurance funds is first and foremost devolved to representatives of the trade unions and the employer associations – this is where the corporatist character of the Bismarckian regime stems from. Variations, however, can be observed with regard to the question of whether the social partners are equally represented or if, for instance, the workers' representatives are in the majority. The same applies for the modes of board member selection: countries differ and mechanisms of either appointment or delegation are deployed, as well as specific 'social insurance elections'. Concerning the board members' competences, finally, options range from mere advisory boards to governing boards controlling the actions of the executive boards.

Different aspects of collective voice

| Feature of the board | Possible characteristics |
|--|--|
| Composition of the board | Direct participation of insured Pre-defined associations representing the interests of the insured |
| Mode of selection of the board members | Election, appointment, or delegation |
| Competences of the board members | Advisory boards with counselling rights, governing boards with encompassing decision rights, or controlling supervisory boards |

5. Social self-administration in critique

Although participative governance is in general highly appreciated and in line with modern ideas of public administration, the social self-administration model in particular is critically discussed. Three aspects of the social self-administration model raise criticism: the influence of the board on the management of health insurance funds, the lack of communication between the board and those being represented by the board, and the composition of the board.¹⁷

Due to their status as lay members and because meetings are regular, but few per year, board members are affected by a lack of awareness of the internal pro-

¹⁷ Ibid., pp. 218–219.

ceedings of the organisation. This insufficient insight into organisational matters is exacerbated by CEOs only hesitantly sharing information with the stakeholder board. The board members – in a critical self-assessment – consider themselves not in a condition to fully understand the performance of the organisation and lament difficulties in contributing to strategic decision making as well as efficient control of the CEOs.¹⁸

Next to problems in the interaction between CEOs and the stakeholder board, problems of interaction between representatives sitting on the board and those being represented are well known. Here, too, the flow of information is often non-continuous. Moreover, interaction often proceeds in a passive way by publishing, for instance, information leaflets instead of getting into active exchanges with members of the organisation. Do board members really know the preferences of the members they represent?

While difficulties in the relationship between CEOs, stakeholder boards and the stakeholder themselves are general problems of participative governance in public administration, the third short-coming of the Bismarckian welfare administration model results from its corporatist design and is specific to the social self-administration model. In the scientific literature as well as in broader public discussion the predominance of corporatist actors in the composition of the board is critically discussed. In terms of democratic theory, self-administration constitutes a mechanism of interest representation which exists in parliamentary democracies additionally to representation via the parliament. The idea of offering different channels for citizen participation is consistent with the concept of new governance, but it is strongly questioned whether, in times of shrinking labour union membership, the trade union's role as representative of the insured is still justifiable. The problem becomes even more pressing if one takes into account that the former worker insurance schemes have developed over time into inclusive citizen insurance schemes: next to employees today unemployed, self-employed, pensioners and family members belong to the same membership of statutory health insurance funds. Should trade unions still be the preferential group for advocating the interests of the members of statutory health insurance? Or is it necessary to open the self-administration model to new advocacy groups in order to further develop corporatist participation into a model of social citizenship?¹⁹

¹⁸ Bernard BRAUN – Stefan GREß – Heinz ROTHGANG – Jürgen WASEM (Hrsg.), *Einfluss nehmen oder aussteigen? Theorie und Praxis von Kassenwechsel und Selbstverwaltung in der Gesetzlichen Krankenversicherung*. Berlin 2008; Chris CORNFORTH (ed.), *The Governance of Public and Non-Profit organisations: What Do Boards Do?* London 2005.

¹⁹ T. KLENK – F. NULLMEIER – P. WEYRAUCH – A. HAARMANN, *Das Ende einer Bismarck-Tradition?*, pp. 85–92.

6. The case studies

General reform trends in public administration

In the last twenty years European public administration underwent a deep process of transformation, usually termed New Public Management (NPM) or – in its latest version – New Public Governance. This process has meant the introduction of new mechanisms for governing public administrations. This reform process has taken two relevant directions, among others:

- an attempt to increase the efficiency of public administration by introducing more competition or quasi-market logic in the service provision and/or by managerialising internal organisational structures and modelling public organisations on the patterns of private for-profit organisations
- efforts to increase the role of network and collaborative forms of governance

While early public administration reforms have focused solely on the introduction of market based instruments, the second reform wave, which started in the mid-1990s, supplemented the early market-oriented reforms with ideas of participative governance, thereby taking seriously the idea that there is, and should be, a fundamental difference between the public and private sectors. Whereas market-based governance reforms consider citizens as consumers and increase their options of exit and choice, mechanisms of voice such as the idea of collaborative decision making through the involvement of stakeholders are strongly supported by the trend to network governance.

How do these changing ideas of public administration affect welfare administration in Bismarckian countries? Are all three mechanisms of involvement described above combined with each other, or is one given the preference? And how will this mix look in the different Bismarckian welfare states - can convergent or divergent reform trends be observed? Finally, how do different countries deal with the corporatist legacy of Bismarckian welfare administration? Are there trends to transform corporatist involvement into citizen involvement?

The following sections show the reform paths three Bismarckian countries have taken in order to adapt their welfare administration to changed circumstances.

6.1 Germany

Until recently, Germany has been considered the ideal type of a conservative-corporatist social insurance state.²⁰ The statutory health insurance funds, which are at the centre of the health care system, ensure coverage for the major part of the population (approx. 87 %). Only the self-employed, civil servants, and employees with an income above a certain ceiling are allowed to opt out and choose private health coverage (approx. 10 %). The statutory health insurance funds are organised as corporations under public law: they design their own statutes, and the agency head is appointed by a board consisting of representatives of the employers and the insured. The board members are – as a general rule – elected by the insured and the employers respectively.

The move to health care markets: allowing exit, increasing choice

The 1992 Health Care Structure Act (*Gesundheitsstrukturreformgesetz-GSG*) was intended to progressively introduce competition among public health insurance funds – the *Krankenkassen* or ‘sickness funds’ – by giving statutorily insured individuals a free choice among them. As services were not allowed to differ beyond legislatively defined limits, competition for members was based on the level of contribution rate in order to fulfil the main goal of the reform: the stabilization of the contribution rate level (which differed greatly between funds before the reform).

The situation changed totally in 2007 with the introduction of the so-called Health Fund (*Gesundheitsfonds*). Payroll contribution rates are now set in a centralized manner, with a unified payroll contribution rate for every sickness fund. The Health Fund collects the contributions and taxes financing the statutory health insurance and redistributes it to the different sickness funds. While health insurance funds have on the one hand lost a great deal of discretion with regard to the financing dimension, they received on the other hand new scope of action in terms of service provision. The basic package is still legally defined and equal for all members of statutory funds. In 2004, however, the Health Insurance

²⁰ Thomas GERLINGER – Rolf SCHMUCKER, *A Long Farewell to the Bismarck System: Incremental Change in the German Health Insurance System*. German Policy Studies, Vol. 5, 2009, No. 1, p. 3; Nils BANDELOW, *Health Governance in the Aftermath of Traditional Corporatism: One Small Step for the Legislator, One Giant Leap for the Subsystem*, *Ibid.*, pp. 3–20; Karl HINRICHS, *A Social Insurance State Withers Away. Welfare State Reforms in Germany – or: Attempts to Turn Around in a Cul-de-sac*. In: Bruno Palier (ed.), *A Long Goodbye to Bismarck? The Politics of Welfare Reform in Continental Europe*. Amsterdam University Press, Amsterdam 2010, pp. 45–72.

Modernization Act (*GKV-Modernisierungsgesetz*) has already enabled health insurances to offer more tailor made services for their members. Beyond the guarantee of the basic package, health insurance funds can now differentiate the range of services available to their enrolees by selectively contracting with networks of local providers and by developing prevention or disease management programmes. The 2007 law reinforced the opportunities given to sickness funds to conclude special agreements with individual doctors or groups of doctors, particularly concerning integrated care.²¹ The reforms brought about a new role for consumers: the new options of exit and choice allowed them to shop around in the health insurance market and look for attractive offers. Empirical studies however, show that only a minority actually makes use of these newly gained options. Only 4–6 % per year of all members of statutory health insurance funds 'exit' their fund and become members of a new fund. Age and health conditions impact the likelihood of switching to alternative insurance. Young, healthy members are more likely to exit than old or sick members.²²

Weak voice due to board failure and 'friendly elections'

While exit and choice options are available, but rarely used, the voice mechanism is also a weak mechanism of interest representation. Boards of stakeholders show unsatisfying performance with regard to both interplay with the head of the fund and their relationship to the insured.

Parallel to the introduction of competition in the 1990s the internal organisational structures of the health insurance funds were reorganised. The organisational structures of stock companies with strong and independent CEOs and equally strong boards acting as countervailing power, and controlling the CEOs in an effective way were taken as a model.²³ Today, 15 years later, it has become clear that this reform has missed the mark: there are still strong imbalances between the professional CEOs and the stakeholder board with its lay members. The latter is rarely capable of shaping the governance of the health insurance funds in a decisive way.

²¹ N. BANDELOW, *Health Governance in the Aftermath of Traditional Corporatism*, pp. 3–20; T. GERLINGER – R. SCHMUCKER, *A Long Farewell to the Bismarck System*, pp. 3–20.

²² B. BRAUN – S. GREß – H. ROTHGANG – J. WASEM (Hrsg.), *Einfluss nehmen oder aussteigen?*, pp. 31–32.

²³ Dagmar FELIX, *Verwaltungsrat und Vorstand in der gesetzlichen Krankenversicherung – Aufgaben und Befugnisse*. In: Friedrich E. Schnapp (Hrsg.), *Funktionale Selbstverwaltung und Demokratieprinzip – am Beispiel der Sozialversicherung*. Frankfurt am Main 2001, pp. 43–64.

There has also been obvious board failure in the interplay between boards and members of health insurance funds: the majority of those insured are not aware that their health insurance fund displays participative governance structures and that interest representation is possible.²⁴ Firstly, active communication between board and members rarely takes place and the members of the funds know little about the work of the stakeholder board.

Secondly, the German social security law allows for cancellation of social elections. Normally, social elections proceed every 6 years. In a case where the campaigning lists agree on the distribution of the seats, however, active elections can be dispensed with. This process, called friendly elections, turns the stakeholder boards into a closed shop. Campaigns in which different candidates present their profile and electioneer don't take place. The appointment of board members is neither public nor transparent, but tacitly negotiated among the 'usual suspects'. Friendly elections are heavily criticised in public discussion, but despite this no attempt is made to reform these rules. Both the government and the social partners justify them as requiring less bureaucracy and lower costs. It might be true that 'real' elections are more time-consuming and costly – but they would help to turn social self-administration into a mechanism of broad public participation.²⁵

Resume: recuperation mechanisms available, but ineffective

The German example shows that it is not sufficient to implement recuperation mechanisms when the preconditions for their effective application are not taken seriously. In the German case measures to qualify lay members for the boards and to professionalise their work are lacking, as well as instruments to make the stakeholder more accountable to those they represent. Thus, the voice mechanism remains weak. In the case of health insurance funds this matters profoundly: voice here is a necessary recuperation mechanism as health insurance funds have by definition a high number of vulnerable members who cannot make use of exit and choice.

²⁴ B. BRAUN – S. GREß – H. ROTHGANG – J. WASEM (Hrsg.), *Einfluss nehmen oder aussteigen?*

²⁵ Bernard BRAUN – Tanja KLENK – Frank NULLMEIER – Felix WELTI, *Geschichte und Modernisierung der Sozialversicherungswahlen*. Baden-Baden 2009.

6.2 Austria

Austria is considered to be the ideal-type of a corporatist consensus oriented democracy. Corporatist participation is highly institutionalised and the state supports corporatist governance by enforcing statutory membership in parapublic associations for employees as well as for employers, which exists in addition to free trade unions and employer associations.

Health insurance is obligatory for employees in Austria, and the majority of the population – 95% – are members of the statutory health insurance. Due to the highly inclusive structure of the statutory health insurance, the role of private health insurance is negligible. Only 2% of Austrians have completely private insurance: slightly more than a third of the Austrian population has some additional private health insurance which covers, amongst other things, the costs of individual rooms in hospitals.

Austria features the typical semi-public social insurance funds of the Bismarckian welfare regime, with boards consisting of representatives of the social partners. In the case of health policy, 15 funds – 9 territorially organised funds and 6 company health insurance funds – are entrusted with the organisation of health insurance. Compared to the German self-administration model, two major differences should be highlighted: First, welfare administration in Austria is much more centralised. All social insurance funds (health, pension, accident) are members of one umbrella organisation – the so-called Hauptverband – which represents the interests of the social insurance funds in the political decision making process and ensures a uniform appearance across the social insurance system. Secondly, the mode of board member selection differs: whereas board members in Germany are elected directly in social elections (except for those funds which have decided for ‘Friedenswahlen’) in Austria indirect elections take place. These elections for the employee’s and the employers official representatives also determine the distribution of seats in the social insurance funds; the official representatives for the employees and the employers delegate representatives to the social insurance funds in an appropriate manner.

Statutory health insurance in Austria: no exit, limited choice

As in other European countries, health-care reforms in the last 20 years have been primarily concerned with reducing expenditure. Austria, however, constitutes a remarkable exception within the European countries, as market based governance is not the preferred solution. Though the introduction of competition has been discussed, Austrian health policy is still supply oriented, and regu-

lated by and large through administrative plans and service quantities.²⁶ There is official consensus that a market-based provision of health services is incompatible with welfare state objectives.²⁷ There is thus no competition between health insurance funds, which means that the insured have no option to exit their health insurance fund. They are affiliated to one of the 15 health insurance funds according to their type of employer and/or the location of their workplace.

Patients enjoy choice with regard to the selection of their physician, but even here they are expected to select a physician within the group of SHI accredited physicians. Consultation of non-accredited physicians is possible, but patients are charged to cover the additional administrative effort.

The politics of reforming voice

Critical discussion concerning corporatist welfare administration began in 1999 when a coalition of the centre-right party (ÖVP) and the liberal party (FPÖ) took over government. The general elections of 1999 are considered a decisive turning point in the contemporary political history of Austria. Up to then, the centre-left social democratic party had always played a major role in government. The swing to the right brought about a major reorientation of social policy in Austria with regard to both policy and politics. The unwritten rule that policy change should be negotiated at tripartite round tables ceased to be valid. The change of government heralded a departure from the old corporatist Austria.

The government programme of the new coalition also comprised plans for a major reorganisation of the social self-administration model.²⁸ There were two important reform steps in this reorganisation. The first was a professionalisation of the management of the umbrella organisation, the 'Hauptverband'. The management was modelled according to the management of a for-profit corporation which implied increased discretionary for the CEOs and where the competences of the stakeholder board were realigned from strategic management to control.

²⁶ Maria M. HOFMACHER, *Gesundheitspolitik seit 2000: Konsolidierung gelungen – Umbau tot?* In: Emmerich Tálos (Hrsg.), Schwarz – Blau: Eine Bilanz des "Neu-Regierens". Wien – Münster 2006, p. 235.

²⁷ Maria M. HOFMACHER – Herta M. RACK, *Gesundheitssysteme im Wandel: Österreich. Kopenhagen, WHO Regionalbüro für Europa im Auftrag des Europäischen Observatoriums für Gesundheitssysteme und Politik*. Kopenhagen 2006, p. 209.

²⁸ Alexander HAARMANN, *Österreich: Verfestigung des Selbstverwaltungs-korporatismus*. In: Tanja Klenk – Philine Weyrauch – Alexander Haarmann – Frank Nullmeier, *Abkehr vom Korporatismus? Der Wandel der Sozialversicherungen im europäischen Vergleich*. Frankfurt am Main 2012, pp. 121–180.

The second reform step was an alteration of the composition of the board. Hitherto the representatives of the employees had a 2/3-majority, now there is a balanced distribution of the seats.

What is interesting from a German point of view is that the general legitimacy of the self-administration model has been questioned neither by the government nor in broader public discussion. As the elections for the social insurance funds are linked to elections in the official representations for the employees and the employers (in which membership is mandatory) voter turnout is comparatively high and the legitimacy of the system is not doubted generally. Moreover, the government for its own part had no interest at all in abolishing the self-administration model. Their main goal was to ensure centre-right influence in the social insurance system and to turn the once 'red' oriented institution into a 'black' one.

It is probably the strong adherence to the idea of self-administration in Austria and the high esteem for the inclusion of non-state actors in the political-administrative system that explains why the reform model of the ÖVP/FPÖ-government has raised criticism from the juridical court. The idea of equal representation of employees and employers was not criticised, but the attempt to restrict the ability of the self-administration board from actual strategic decision making to mere control of strategic decision making. The idea of self-administration, as argued by the juridical court, requires that non-state actors who are legitimated by the people and selected by elections have a major influence on the self-administrative units. With the new management model, however, the chain of legitimacy between the population and the decisive leaders of the Hauptverband – the professional CEOs – has been cut off. In contrast to the stakeholder board the CEOs are *not* elected and thus *do not* enjoy legitimacy by the people. Accordingly, the court rescinded the reform and reconstituted the original state.²⁹

The elections of 2006 brought the Social Democrats back to government. One major project of the new government, under chancellor Gusenbauer (SPÖ), was a reform of the constitution. Although the issue of self-administration played only a minor role in the reform discussion it is remarkable that the idea of social self-administration has been fixed in the constitution (Art. 120 a-c B-VG). Even more, the constitution entails a denomination to *corporatist* governance (Art 120a Abs 2 B-VG).³⁰

²⁹ Theo ÖHLINGER, *Die Verankerung von Selbstverwaltung und Sozialpartnerschaft in der Bundesverfassung*. Journal für Rechtspolitik, Vol. 16, 2008, No. 3, pp. 186–192.

³⁰ Michaela SALAMUN, *Der Begriff der Sozialpartnerschaft nach der verfassungsrechtlichen Verankerung in Art 120a Abs 2 B-VG*. Journal für Rechtspolitik, Vol. 18, 2010, No. 1, pp. 33–42.

Resume: many party politics, little policy innovation

The reforms of social self-administration in Austria are very much driven by party politics. The first decade of the 2000s experienced a zigzag course with regard to welfare administration, and only little policy innovation as a result. Opening the self-administration model for public involvement beyond corporatism, allowing the insured direct participation and/or increasing their self-responsibility through options of exit and choice are issues which are not on the political agenda in Austria.

6.3 The Czech Republic

In the development of the Czech welfare state three periods can be distinguished, marked by the fundamental political regime shifts the country has experienced throughout its history. The early period began in 1888/89 with the then Austrian Prime Minister Eduard Taaffe introducing statutory health insurance for workers according to the Bismarckian model. Following the foundation of Czechoslovakia in 1918 the social security system was enlarged, step by step.³¹ In the case of health policy a sharp increase in the number of health insurance funds could be observed: they leaped to over 300. A central social security institution (Ústřední sociální pojšťovna, ÚSP) was founded to supervise the funds. The funds were administered by self-administration boards with employers and employees equally represented, although the employers' interests dominated political debate.

At the end of the socialist period from 1948–1990, the Czech welfare state again underwent a major shift. With the Velvet Revolution of 1989 the new government set the stage for a political return to the Bismarckian model. The neoliberal-conservative swing under the following government of Václav Klaus (1992–97) as well as the growing influence of the European Union obstructed a full 'comeback to Bismarck'; however.

The turn to market based governance: introducing exit and choice

In the initial stage of the Velvet Revolution the majority of physicians engaged in the revolutionary citizens' movement voted for a contribution-based health

³¹ Petr FIALA – Miroslav MAREŠ, *Nach der Reform ist vor der Reform: Das tschechische Wohlfahrtssystem*. In: Klaus Schubert – Simon Hegelich – Ursula Bazant (Hrsg.), *Europäische Wohlfahrtssysteme: Ein Handbuch*. Wiesbaden 2007, pp. 109–126; Erich SCHMIED, *Die soziale Sicherung der Tschechoslowakei*. Jahrbuch für Ostrecht, Vol. 23, 1982, No. 1–2, pp. 153–200.

insurance system with public provision. The chairman of the parliamentary health policy committee, Petr Lom, however, supported employer interests and was in favour of a privatised health insurance system with competing private funds. When he became health minister after the elections of 1992 he effected his reform plans. In the following years, the number of new private funds sloped upwards: in 1995 twenty six health insurances existed, including the para-public health insurance VZP (*Všeobecná zdravotní pojišťovna České republiky*). They competed with predatory pricing for new members – bankruptcy of several funds was the consequence. The government – although being responsible as a last resort for the debt liquidation of the bankrupted funds – neglected tighter regulation of the health care market.

It was not until 1996 that the new health minister Jan Stráský implemented measures for market consolidation and enforced a reduction of the number of funds. Nonetheless the insured still enjoy broad options of exit and choice: changing one's fund is possible every second year. Although legally forbidden since 1997, offering advantageous premiums to new members is still a widespread practise. Following the experience of collapsing health insurance markets, the public health insurance fund has risen in the estimation of the insured. Today, many prefer membership in the public fund where there is no risk of bankruptcy.³²

Voice: who represents the interests of the insured?

In terms of 'voice' health insurance administration in the Czech Republic features two different models.³³ The model of the private health insurance funds is quite close to that of the traditional Bismarckian self-administration model. Private health insurance funds have two boards with representatives of the stakeholders: a board of directors which has the ability to appoint and recall the chairman of the fund, and a supervisory board whose main task is control of the budget. Both boards have a tripartite structure and include representatives of the state, employees and employers.

³² Ulrike GÖTTING, *Transformation der Wohlfahrtsstaaten in Mittel- und Osteuropa: eine Zwischenbilanz*. Opladen 1998; Martina ROKOSOVÁ – Petr HÁVA, *Health Care Systems in Transition. Czech Republic*. European Observatory on Health Systems and Policies, Vol. 7, 2005, No. 1 (Jonas Schreyögg – Reinhard Busse /eds./). WHO. Available from: <<http://www.euro.who.int/document/e86823.pdf>>.

³³ Claudia MATTHES, *Tschechische Republik: Unvollständige Wiedereinführung korporatistischer Selbstverwaltung*. In: Tanja Klenk – Philine Weyrauch – Alexander Haarmann – Frank Nullmeier, *Abkehr vom Korporatismus? Der Wandel der Sozialversicherungen im europäischen Vergleich*. Frankfurt am Main 2012, pp. 482–525.

The public health insurance fund VZP also has an administrative structure with two boards. The composition of the board and the mechanisms of board member selection, however, differ widely from those of the traditional Bismarckian model. The board of directors consists of 30 members, of whom 10 are appointed by ministers concerned with health policy; the remaining 20 persons are elected by the chamber of deputies of the Czech parliament according to the proportional representation of the ruling parties in government. The board of directors is responsible for the strategic management of the fund; since 2005 it is also responsible for appointing and recalling the chairman of the fund, a task which has formerly been fulfilled by the chamber of deputies. The supervisory board consists of 13 members; the ministries of health, finance, and labour each appoint one member. The remaining 10 members are elected by the chamber of deputies. The supervisory board is responsible for the financial control of the fund. Its room for manoeuvre, however, is restricted as the budget is already debated and decided by the chamber of deputies.

Both models, those of the private funds as well as the VZP-model, are criticised as ineffective when it comes to representation of the interests of the insured. In private funds, the trade unions consider themselves in a comparatively weak position with few possibilities to shape the scope and the quality of the services delivered. They are dominated by the two other groups who share common interests, namely cost containment. In the VZP, no board member *explicitly* stands for representation of the insured. The board members are legitimised by general elections what implies that they could be legitimised by the insured or by employers or investors. Expert interviews have revealed that some board members instead support the interests of investors or those of health service providers – although independence from conflicting interests is legally required. Due to undisclosed conflicts of interests, the boards have difficulty in agreeing a shared strategy – and therefore remain comparatively weak.³⁴

There have been discussions about how to improve the voice dimension in the health insurance administration: trade unions brought forward reform proposals to transfer the tripartite model of private funds to the VZP. The reform ideas of the government, quite to the contrary, aimed to increase state influence in private insurances. None of the reform proposals have been given a serious try, however.

³⁴ Ibid., p. 506.

Resume: self-administration in a competitive environment

In the Czech Republic only a partial return to Bismarck could be observed. All health insurance funds, public as well as private, are semi-autonomous funds with boards of stakeholders responsible for the governance of the funds. These funds, however, operate in a highly competitive environment. Exit and choice, the typical recuperation mechanisms of private for-profit companies, are well developed while the mechanisms of voice remain insignificant in everyday management. Organisational proposals in favour of the interests of the insured are not initiated because the responsible group considers itself too weak and overruled by the others – this is the case in the private funds – or because there is no member at all acting explicitly as delegate of the insured, which is the case in the VZP.

7. Conclusion: exit and choice and non-working voice

The three case studies demonstrated that the three countries examined take very different paths to adapting health insurance administration to new challenges. Within the three countries the Czech Republic has most clearly opted for market solutions. Members of health insurances are considered to be consumers rather than citizens with democratic rights. They are thus granted options of exit and choice in order to express (dis-)satisfaction with the organisational policy of their fund. The institutional preconditions for collective voice – namely stakeholder boards – exist. Expert interviews, however, have shown that the potential of the boards to shape organisational decision making remains weak, especially when it comes to representation of the interests of the insured. In the public fund (VZP) the stakeholder boards replicate the political constellations of parliament. While this model helps to avoid critical discussions concerning the legitimacy of board members as they are known in Germany, it does not provide additional mechanisms for citizen participation. The literal idea of self-administration, namely to complement and counterbalance representative parliamentary democracy by establishing supplementary mechanisms of public involvement, is not met by this model.

While the Czech Republic has taken only a half-step forwards to Bismarck in the aftermath of the Velvet Revolution, Austria has confirmed its commitment to corporatist welfare governance. Reform initiatives were not driven by dissatisfaction with the performance of the self-administration model, but by party politics. For the time being, the social democrats prevailed and made use of the window of opportunity created by the constitutional convent to fix the corporatist notion of self-administration in the constitution.

Germany finally introduced exit and choice while retaining voice. Does Germany follow Hirschman's recommendation to create an optimal mix of exit and voice to fight organisational deterioration?³⁵ Certainly not: the dysfunctions of the traditional Bismarckian mechanism of voice resulting from its corporatist design and the possibility of regularly omitting social elections by replacing them with 'friendly elections' have been well-known for years. Nonetheless, no effort is being made to adapt the voice-mechanism to changed circumstances by opening it up for non-corporatist actors and developing it to a model of social citizenship.

In terms of modern participative governance, to give a final conclusion, the three countries presented compare unfavourably. They have bypassed the opportunity to provide health insurance with a sound mix of exit, choice, and voice thereby making welfare administration responsive to the 'users' needs.

³⁵ A. O. HIRSCHMAN, *Exit, Voice, and Loyalty*, p. 126.

The Welfare State Model in the Programs of Social Democratic Parties of Visegrád Group Countries at the End of 20th Century

When analyzing the dynamism of social development in Central and South-Eastern Europe, particularly in the countries that formed the Visegrád Three (Four after 1992) in the late 20th century, it should be stated that the ideas of socialist orientation and the corresponding practice are far from having been “thrown away to the rubbish dump of history” as predicted by President Reagan and his enthusiastic followers. Within less than five years after the revolutions of late 1980s the programs of social democratic parties in the Visegrád Group countries (further referred to as V-4) had not only been formulated, but had acquired a high level of complexity.¹ All of them exhibited both common and different features. Those that were common include the stress laid on the introduction of market-based economy while simultaneously pursuing an active social policy. This combination of seemingly antagonistic features proved attractive to the program authors as they believed that both goals could be achieved almost simultaneously. Practice showed, however, that it was a rather utopian project. Nevertheless, just the fact that it had been (in different ways) implemented in all countries where social-democratically oriented parties had come to power (to lose it later, and then regain it as the “political pendulum” swung to the opposite position and then back again) requires a thorough analysis of these programs and of the respective welfare state contours contained therein.

The introduction of market-based economy in these countries in the early 1990s brought about a number of serious problems that made many social groups disappointed, particularly some workers. There was often a lack of resources to follow an active social policy. This is the objective reason explaining the slow rate of progress in achieving the above double goal. Besides, however, there were also some reasons of subjective nature. It was mainly the fact that the

¹ The author had already by the end of 1990s analyzed the programs and activities of social democratic and socialist parties in Central and Southeastern Europe, which made it possible to determine typologies of the Central European social democracies and their classification in three groups, namely: 1) authentic or historical parties whose origins go back to the 19th century; 2) reformed or former ruling communist parties that declared themselves “social democratic”, “socialist”, etc.; and 3) newly established parties that because of different reasons started to call themselves social democratic. See: Ella G. ZADOROZHNYUK, *Social-demokratija v Central'noj Evropje* [The Social Democracy in Central Europe]. Moskva 2000, pp. 3–4.

potential for achieving these goals was overestimated. Many pioneers of social democratic ideas in these countries ignored more or less the fact that both market economy and active social policy had been cultivated for a long period of time to form the West European model of social democracy (mainly of Scandinavian type) and had not been artificially fostered at an accelerated rate according to some “plan”. Contrary to that this type of “planning” was present in the V-4 countries, which was actively used by the social democracy’s opponents, as proved by the history of disputes between parties in the V-4 countries after the revolutionary events of the late 1980s.

It cannot be said that the coming to power of V-4 social democratic parties fully complied with the expectations of their western neighbors as the social democratic idea was being revised to some extent in that period of time. It was at that time that the “third way” ideas were emerging that were then fully developed in Blair’s and Schröder’s Manifesto² at the end of the 20th century. Even in Sweden, a stronghold of the of the Scandinavian model of social democracy, complex processes could be observed that were connected with a revision of the very foundations of the social democratic idea, including a transformation of the welfare state model contours.

As to the social democracies in V-4 countries, they came to power in the first half of the 1990s, but while implementing the above double goal they were either lagging in the active social policy, or were realizing it with great difficulties. Hungarian socialists had to face great problems as they were introducing the free market model in a way that was “more papal than the pope himself”. The inability of the Hungarian Socialist Party (MSZP) to manage a number of pure market-type processes made Hungary face much greater problems than it would have had to if a more moderate political line had been followed. A specific reaction to these difficulties in the first decade of the new century consisted in manifestations of nationalism and of ethnonational policy (or even ethnocratism as the Russian scientist V. K. Volkov calls it).³

The first half of 1990s can be described as a period of restoration or establishment of social democratic parties in the V-4 countries, including the idea of welfare state. These processes exhibit some features of utopism and the expectations of social-democratically oriented forces were exaggerated. In spite of this, the real policy proved successful and acceptable for voters. This period consti-

² Tony BLAIR – Gerhard SCHRÖDER, *Europe: The Third Way/ Die Neue Mitte*. 1999. Available from: www.labour.org.uk/lp/new/labour.

³ The term “ethnocraty” was used for the first time in Russian historiography by V. K. Volkov. For details see: Vladimir K. VOLKOV, *Etnokratija – nepredvidennyj fenomen posttotalitarnogo mira* [The Ethnocraty – Unexpected Phenomenon of Post-Totalitarian World]. In: *Političeskije issledovanija* [Political Studies], No. 2, Moskva 1993, pp. 40–48.

tuted a specific test that all the social democratic forces in these countries successfully passed. What did the success consist in? It was in the ability to come to power in free elections and later lose it, while the loss was not final.

Thus, the idea of welfare state as developed in the programs of social democratic parties was exposed to a hard test of its viability while getting rid of many features of social utopianism. In the latter half of the 1990s, in the disputes with other political parties, primarily with those of neoliberal or nationalist orientation, it already acquired the form of convincing concept for real social policy.

The formation of the welfare state idea is in many respects of great importance also for today's Russia. A need is felt to further develop this idea by Russian researchers against the new historical background.⁴

The 1990s can also be called a period of restoring the social democratic potential in Central Europe aimed at the welfare state values. Paradoxically, further implementation of the state projects of this type in Western Europe was experiencing critical processes. Both the historical and social analysis of programs of the above parties in V-4 countries where these parties came to power after the revolution and soon thereafter lost it in accordance with the specific political pendulum law and the implementation of the values contained in those programs show that the very idea of welfare state was enriched with new significant features. One can even say that efforts were made to add a "human face" to that state, which is not a mere reference to the Prague Spring concept and practice.

Firstly, the idea of welfare state as expressed in the program documents became politically and economically much more differentiated, which is quite apparent in the program of the Czech Social Democratic Party (ČSSD) adopted in 1993. Compared to the other social democratic parties in the region it came to power relatively late and always had to share it with its political opponents. In spite of that it has been one of the biggest political parties in the region and its activities attract the attention of international social democracy.

Secondly, much interest was aroused by the program of the Social Democratic Party of Slovakia (SDSS) oriented at the transnational structures and adopted in 1992.

Thirdly, in the Manifesto of the Hungarian Socialist Party (MSZP, 1994) as well as in the program of the Social Democracy of the Polish Republic (SDRP,

⁴ See Boris P. GUSELETOV, *Stanovljenje social-demokratičeskich i socialističeskich partij stran Centralnoj i Vostočnoj Jevropy i SNG: idejno-političeskaja samoidentifikacija v ramkach sovremennogo mirovogo socialističeskogo dviženija* [Becoming a Social Democratic and Socialist Parties in Central and Eastern Europe and the CIS: the Ideological and Political Identity in the Modern World Socialist Movement]. Moskva 2011; Boris GUSELETOV – Natalija VELIKAJA, *Social-demokratičeskije i socialističeskije partii v stranach SNG* [Social-Democratic and Socialist Parties CIS]. Moskva 2011.

1993) the idea of welfare state and its implementation received new legislative elements.

Although the social democratic parties after coming to power in the V-4 countries were often forced to adapt to the hard free market conditions, the idea of welfare state “with human face” has not lost its attractiveness even in the early 21st century.

We shall now thoroughly analyze the manifestations of the welfare state idea in the first program documents of V-4 social democratic parties as adopted after the revolutionary events of 1989. In the ČSSD program adopted at the Party Congress held in Hradec Králové on 26-28 February 1993 two contradictory points were stressed that were developing the given idea: the interdependence of individual success as the motive force of economic development, and of civic solidarity which, as underlined in the program, absolutely cannot be replaced with egoism. Of importance is also a well-balanced social policy that does not only rely on generosity of the rich.

“We want social policy,” the declaration said, *“to change the very sense of its action, to stimulate activity of individuals and whole groups, and to lead to independence and responsibility for one’s own social situation. Simultaneously, however, it must provide guarantees for and social protection of those who need it temporarily or constantly while fully respecting their dignity”*.⁵

The above goal is then specified in particular parts of the program. Economic development is there connected with support for private business activities, and founding joint stock companies is recommended so as to increase the number of persons sharing the company profits. An increasing role of the trade unions was planned in order to strengthen the participation of employees in decision-making processes. The trade unions were supposed to be an equal partner to the government and employers in spite – due to their nature – of being impartial.

The program reads: *“Together with the trade unions we want to seek ways to substantially increase the participation of staff members in making decisions, as it is the case in our neighboring countries, Austria and Germany. We also want in collaboration with the trade unions to make use of our political weight to put through all rights of the wage earners in all types of company, including the public sector and state administration in the scope as contained in the European Social Charter and in the respective conventions of the International Labor Organization”*.⁶

⁵ Program of the Czech Social Democratic Party adopted at the XXVI Party Congress held in Hradec Králové on 26–28 February 1993. Praha 1993. Available from: http://www.cssd.cz/soubory/ke-stazeni/volebni_program_hradec_kralove_1993.pdf.

⁶ Ibid.

In the chapter entitled “*Our concept for the future of Czech economy*” the following fundamental motives are stressed: “*We believe that in all strategic decisions establishing the long-term and irreversible trends for our economy the following fundamental criteria must be consequently respected:*

- *our economy must be social and its adaptation must not exceed the threshold of social tolerability,*
- *environment-friendliness and the criterion of sustainable growth must gradually prevail in all business plans,*
- *orientation to top technologies based on the qualification of our people and development of the existing manufacturing traditions must be the basis of dignified integration of the Czech economy in modern world economy.*

*The social democratic concept consists in a dynamical and at the same time well-balanced growth making use of the modern market to increase the quality and level of life of this country’s citizens”.*⁷

When the Czech social democrats sought resources needed to restore economic growth they did not combine them with full privatization, and as far as the coupon privatization is concerned, they stressed the risk related to it. The market, as they believed, must be fully functioning, particularly as to the balance of supply and demand. The whole economy must be dynamical in its nature, but the measures leading to its modernization must be socially acceptable.

Chapter 9 of the ČSSD Program called “*For a fair social policy*” says that after the “*Velvet Revolution*” of 1989 market economy was “*promoted to a universal remedy. But the social democrats all over the world know that market economy is socially and ecologically oriented. We are convinced that only this orientation can restore civic dignity and sovereignty, appreciation of human initiative and enterprising spirit, and respect for human and civil rights*”.⁸ The ČSSD maintained that the greatest “*threat to the large masses consists primarily in the economic policy of the current government. The determining factor is undoubtedly a total change of the existing trend in the development of economic dynamism. A further drop of the standard of living, which is to be expected, will become unbearable for a major part of the population, and it is therefore necessary to change the state’s economic policy and aim it at modernization. We want to promote a social policy that will be comprehensible for everybody. Of the specific projects enumerated in the program (“system of social policy”, “social insurance”, “state social support”, “social aid”, “labor market”, “unemployment structure and the attitude to it”, “small policy in favor of employment”, “great policy in favor of employment”, “public beneficial work”, “housing policy”, “consumer protection”)* and focused on different aspects of social

⁷ Ibid.

⁸ Ibid.

policy stress was particularly laid on the following three: social insurance, state social support, and social aid.⁹

“The social democrats”, the Czech social democrats stressed in the final part of their program, “as a party with the longest history of all Czech political parties is aware of its firm place in Czech history and its predestined responsibility for the evolution of Czech society. In the cultural and political sense our community includes those who are dead, alive, or not yet born. We care for our traditions and try to multiply our heritage, we struggle against alienation, indifference, and the egoist view of life as an arena of wolf’s morale, as a war with everybody fighting against everybody, and we are open to the future challenges of information- and participation-based society, a society based on education and participation”.¹⁰

For a general assessment of the welfare state idea and its place in the above program it is important that the idea was formulated in the document according to the German and Austrian model. It was particularly the German version of the welfare state that the Czech social democrats considered inspiring. In the feedback sent by the ČSSD Program to the parties in those countries stress was laid on the humane values and their role in society. One can say that the Program authors constantly refer to the values of *“socialism with human face”*, although this term is not expressly mentioned in the document.

Thus, we can almost with certainty maintain that the above inspiration is due to the efforts of Czech social democrats to justify the possibility of attaching a *“human face”* to the current dynamically developing capitalism; hence the interest of international social democracy for their ideas and practice.

The Hungarian Socialist Party (MSZS) Manifesto was issued in Budapest in 1994 and reflected the difficult economic situation in Hungary which, as stated in the document, was on the brink of ruin. Naturally, such statement revealed the necessity to seek new ideas for the further development of the country. The Manifesto therefore stated: *“We need a type of economy that is based on the dominance of individual and corporate ownership and that guarantees the equality of different forms of property. We are convinced that economy can be efficient and sound if it respects the interest of legal entities”*.¹¹

The authors of the Manifesto emphasized that the speedy privatization threw overboard small investors and businessmen and gave birth to corruption and abuse, which inevitably reflected in the rate of economic growth. The answer to this situation must naturally be a requirement to fairly distribute the burden of

⁹ Ibid.

¹⁰ Ibid.

¹¹ E. G. ZADOROZHNYUK, *Social-demokratija v Central'noj Jevrope* [The Social Democracy in Central Europe]. Supplement: Programmy social-demokratičeskich partij stran Višegradskoj gruppy, p. 260.

social costs among the citizens, which will be a manifestation of true equality. The dynamism of economic development must not slow down, but it must not create sharp social contradictions, either; stress must be laid on the support of particular decisions.

An analysis of the document shows that the Hungarian socialists were mostly oriented toward the ideas of neolaborism and demanded Hungary's joining the European Union as soon as possible. They also stressed the great importance of parliament-based democracy and supported the idea of not expensive state, independent justice, and lower costs of bureaucracy. They also expressed support for direct forms of democracy through legally guaranteed participation of citizens in decision-making processes. A concept of "*social constitutional state*" was developed that was oriented toward the legalistic foundation of everyday social policy.

The Manifesto is closed with following words: "*We call for social peace. Eliminating the crisis means meeting the need of social consensus, of a transparent agreement between the government and society on how to achieve the preset goals, divide duties, and compensate those whose interests will be affected*".¹²

The Hungarian socialists relied less on general humane values, although they are often mentioned in the program text, than on seeking legalistically formed social mechanisms of the free market functioning in harmony with a productive social policy.

The program of the Social Democracy of the Republic of Poland was adopted in Warsaw in 1993. A specific feature of the program was the stress laid on legalistic procedures in the support of social institutes ensuring the economic welfare of society. The program implicitly reads: "*The state must serve man. We reject the egoistic concept of society as an arena where lonely individuals struggle for their existence and success. Personal success must be combined with care for common welfare, with mutual aid and collaboration*".¹³

When explaining the above viewpoint the Polish social democrats emphasized that in the concept of socially oriented market economy its basic elements can, and even must be connected with the state's social policy, and the requirement of efficient economy with a fair distribution of fortune, equal chances and social certainties. Of great importance is the setting of tax policy to ensure the accomplishment of this goal. Such policy will result in the investment in man through legally guaranteed programs in the field of health care, education, and culture.

Such line of building a welfare state is more efficient, as the Polish social democrats believe, than the monetarist policy with its narrow social horizon. They rely

¹² Ibid., p. 271.

¹³ Ibid., p. 273.

in this respect both on the principles of neolaborism and on the political line of French socialists. They maintain in their program that social investment always brings an economic profit. In its closure the program says: “...we are not a party of one class or social layer, but a party of those whose values and goals are subordinated to the welfare of working people who constitute a majority in our society”.¹⁴

The case of the social democracy in Slovakia was certainly not smooth or easy. This is due to the fact that after the “velvet” divorce of Czechoslovakia and the creation of an independent Slovak state the Slovak social democrats came for the first time to power as late as 2006. This is a difference from the other V-4 countries, such as the Czech Republic, where after 1998 parties of right-central and left-central orientation kept alternating.

The restoration of Slovak social democracy after the “gentle” revolution took place parallel to the restoration of an authentic Czechoslovak Social Democratic Party in the whole country. It should be mentioned that those who most actively engaged in the process were the “Men of the year 68”, primarily A. Dubček.¹⁵ The constituent congress of the Social Democratic Party of Slovakia (SDSS) was held in Bratislava on 3–4 February 1990 to restore the party that had ceased to exist in 1948.¹⁶ The SDSS set itself as its goal to create a democratic, socially fair and economically strong society. The Party acknowledged its support of the general principles of the Socialist International – freedom, justice, democracy, and solidarity. Later, during the election campaigns of 1990 and 1992, these principles were more specified at the SDSS Congresses. The Party expressed its support for efficient forms of state, cooperative and private property, and for reasonable privatization.

The SDSS Program adopted in Bratislava and intended for the 1992 Parliament Elections exhibited new and well thought-out ideas. It was conceived in the social democratic spirit and contained rather bold new items compared to the program of analogical V-4 parties.

¹⁴ Ibid., p. 280.

¹⁵ For details see Michal ŠTEFANSKÝ, *Osudy sociálních demokratů v letech 1948–1989* [The History of Social Democrats 1948–1989]. In: Stanislav Sikora et al., *Kapitoly z dějin sociální demokracie na Slovensku*. Bratislava 1996; Ivan LALUHA et al. (ed.), *Cesty k listopadu 1989: aktivity Alexandra Dubčeka* [The Ways to November 1989: the Activities of Alexander Dubček]. Nová doba, Bratislava 2000; Ivan LALUHA, *Alexander Dubček – politik a jeho doba* [Alexander Dubček a Politician and His Era]. Nová práca, Bratislava 2000; Jiří HOPPE – Miloš BARTA (eds.), *Úloha Alexandra Dubčeka v moderních dějinách Československa* [The Role of Alexander Dubček in the Modern History of Czechoslovakia]. Masarykova dělnická akademie, Praha 2002; Miroslav LONDÁK – Stanislav SIKORA et al., *Rok 1968 a jeho místo v našich dějinách* [The year 1968 and its place in our history]. Veda, Bratislava 2009.

¹⁶ The SDSS had 10 thousand members in 1992 and obtained 4.8 % votes in Slovakia. This can be viewed as a great success compared to the results achieved by the ČSSD in the whole common state. See *Právo lidu*, 21. 11. 1992.

When analyzing the program the fact must be stressed that as to its importance the SDSS was not as a powerful political force as the parties whose programs have been analyzed above. On the other hand, the Paneuropean principles of welfare state are the best manifested in its program.

It should be emphasized that it was the program of a relatively small party entitled “*The program of dignified today and of humane tomorrow*” that determined the direction of search for all forces of social democratic orientation in Slovakia. The first step toward mutual collaboration of the left forces in Slovakia was an agreement signed in August 1992 which, based on the recognition of federalism and of struggle for an active social policy,¹⁷ coordinated the efforts of Slovak social democrats and ex-Communists (Party of Democratic Left – SDL). Although due to various reasons this alliance did not last long, the hopes of overcoming the split of left-oriented forces that it had produced at the very beginning of the 1990s bore fruit as early as the end of the decade. Mutual collaboration of the left spectrum of the Slovak political arena resulted in the establishment of a new party of social democratic profile called Smer – Tretia cesta (Direction – Third Way).¹⁸ Its young leader Robert Fico, who was elected Chairman of the Party, aimed at luring not only small social democratic groupings but also a part of reformed Communists from the SDL. Six years later, in November 2003, an important event occurred in the history of the political parties of left and left-central orientation – a unification of the Slovak left-oriented forces under the umbrella of one political entity.

At the V Congress held in December 2004 the integration process of the Slovak left political parties entered its final stage and the Party changed a part of its name by replacing the attribute “Third Way” with “Social Democracy”. Since then the Party’s name has been Smer – Sociálna demokracia (Direction – Social Democracy).¹⁹ In total, six political entities merged into the party Smer – SD: Center Party (Strana demokratického stredu – Democratic Center Party (STRED), Civic Understanding Party (SOP), Left Bloc (Ľavicový blok), Democratic Left

¹⁷ Socialist International, 1993, No. 1, p. 11.

¹⁸ For more details see Juraj MARUŠIAK, *Smer sociálna demokracia?* [Towards Social Democracy?]. Britské listy, 6. 1. 2004. Available from: <http://www.blisty.cz/art/16443.html>.

¹⁹ At the VI Congress held on 3 December 2005 the Smer-SD Party declared support for the welfare state concept (program “Return to human dignity”) and demanded a fair distribution of the economic results. In the new program the following requirements were stressed: higher education free of charge, pensions ensuring dignified life at old age, right to work according to education, guaranteed minimum wages, right of all Slovakia’s regions to their specific development. Health care is also mentioned; it must be available to all citizens at the same level. One of the priorities was also a growth of the investments in education to 5 % of GDP, and an abolition of higher education fees.

Party (SDE), Social Democratic Party of Slovakia (SDSS), and Social Democratic Alternative (Sociálnodemokratická alternatíva – SDA).

As the Social Democracy is the most dynamically developing political force in Slovakia we can reasonably believe that it is this Party that sets the line of development also for other political parties of the same orientation in other countries of the region that have been experiencing a period of crisis since the beginning of the second decade of the new century. The parliament elections in Slovakia held on 12 June 2010 showed, as many analysts had expected, a victory of the strongest political party – Smer-Sociálna demokracia (Smer-SD). The Party obtained 37.79% votes (in 2006 it had been 29.12%). In spite of that, the government was set up by its political opponents, the right-central Slovak Democratic and Christian Union – Democratic Party (SDKÚ-DS) with 15.42%, the new party Freedom and Solidarity (SaS) with a very charismatic leader and a rather contradictory program of neoliberal type and populist features that obtained 12.4% votes, the Christian-Democratic Movement (KDH) with 8.52%, and another new party – Bridge-Híd (representing the ethnic Hungarians) with 8.12%.

A paradoxical situation developed in the country at first glance: a new government was to be set up by parties whose preferences were much lower than the level of popularity of the Slovak social democrats. Moreover, representatives of the four right parties that had gained Parliament seats declared after the elections that they would not negotiate with the party Smer-SD about its potential participation in government coalition.

The situation appeared paradoxical at first glance and for a short time only. Already in the fall of 2011 the Freedom and Solidarity Party almost made the coalition fail and the government saved its existence only owing to the promise to organize premature parliament elections. Analysts predicted a victory of the Social Democracy, which would require search for a new collaboration with the old parties, including those in the government coalition. It could be expected that the Slovak social democrats, who were able in the bad times to stick to the basic principles of their 1992 program, would enrich after ten years the palette of opinions of Central European social democracy both at the general level and with the principles of welfare state as well.

Coming back to the SDSS program of 1992 we should pay attention to its main thesis which is the call for social democracy to be social and show solidarity. It emphasizes that *“the Social Democracy requires absolute observance of the human rights and freedoms, the principles of law-based state and parliament-based democracy”*. However, the program considers the existing political democracy in Slovakia insufficient. *“A type of democracy where we all have the same political rights, but where the effect of the ‘pure’ market condemns some to*

poverty while others are disproportionately rich; an economic policy that does not grant equal chances for everybody – such democracy and policy are insufficient".²⁰

Democracy, as stressed by the Slovak social democrats, must respect the principles of solidarity, which means orientation to a socially oriented law-based state and to its democratic control; it presupposes participation of citizens in making decisions at all vitally important levels; social partnership of employees and employers, not leveling, but mutually stimulating; humanization of labor with the help of trade unions; and help in raising the cultural level of citizens. To this end, collaboration of the Party with all organized democratic movements is inevitable.²¹ The aim of responsible state interventions in support of welfare society is to stress the social responsibility of ruling parties and political bodies for granting social guarantees, providing emancipation of women as much as possible, strengthening the trust of all citizens in the possibility to meet their basic needs at the subsistence level, preventing unemployment, and protecting the socially weak.

However, the necessary condition of a humane social policy is the economy aimed at an efficient and socially oriented market system. Its introduction was very difficult in the conditions of splitting the common state (which occurred while the program was being formulated and subsequently published), breaking the existing economic ties, restructuring the industry and, consequently, growing unemployment. Nevertheless, this – as emphasized in the program – provides also totally new chances for the implementation of the "National Revival Project" where the state, relying primarily on domestic resources, can considerably foster the development of a number of economic branches with increased speed of technological progress and development of scientific technologies. The most important factor of this consists in investing in people (not in unemployment), increasing the competitiveness of Slovakia's industry, and reviving the manufacturing and social infrastructure. The "National Revival Project" is also interesting in its emphasis laid on the possibility of combining various social forces to achieve the economic goals, and in its orientation toward post-industrial economy. The program believes that the "Project" is not only a matter of the SDSS, but a matter of all democratic forces in the country. While the liberals set up a "welfare train" that will accommodate on the way to Europe less than a third of the country's population, the social democrats orient themselves on the Pan-European civilization stream granting welfare to everybody. "*We shall not allow a journey to Europe*", stresses the document, "*with the train that would accom-*

²⁰ E. G. ZADOROZHNYUK, *Social-demokratija v Central'noj Jevrope*, p. 282.

²¹ See: *Ibid.*, p. 74.

*modate only one third of our population while the remaining two thirds would stay at the poverty station”.*²²

When further specifying this particular thesis, the Slovak social democrats planned a transition from the dictatorship of majority to general solidarity and to the participation of every citizen in the decision-making process. They believe that a social rescue network exhibiting a social dimension must be created, a social minimum level granted to all citizens, and social revival ensured; all these principles are – or should be – of transnational nature and create a kind of European (within the United States of Europe, as mentioned in the SDSS program), and prospectively even global space of humanism. Such or a similar transnational structure must ensure a fully valuable existence of socially united Europe where the chasm between the huge fortune of some and the poverty of the others (both states and citizens) will disappear, where the fundamental social principle will be solidarity and where equal partnership of all European nations will be implemented. In a chapter of the program called “*Efficient economy – a tool of social democratic policy*” where production exploiting the scientific knowledge and the investment in people is stressed such future is envisaged and even humanist principles are required.

These and similar ideas were inspired by the Communist Party leader, Prague Spring hero and one of theoreticians of “socialism with human face”, Alexandr Dubček, who died after a road accident in October 1992, ten months after the program in question had been adopted.

In the closing part of their program the social democrats declared: “*Consequently, Europe has a chance if it is a social Europe. The same standard of living, clean environment, and social security – this is the foundation of unified Europe. Increasing the chasm between the welfare of some and the misery of others must not be allowed. There is no other political force in the map of Europe but social democracy whose policy is based on solidarity. This main motto of social democracy comes particularly here to the fore*”.²³

In general, we can say that the SDSS focused mostly on the principles of Scandinavian variations of the welfare state, at least at the level of its declared theses. Although in the 1990s the welfare state programs in the North of Europe were implemented with increasing difficulties, they remained attractive to the center of the Continent.

By way of conclusion we can say that both the ideas of “socialism with human face” and the projects of welfare state reflecting the program documents analyzed above are far from having been fully implemented in the V-4 countries since

²² Ibid., pp. 294–295.

²³ Ibid., p. 302.

the 1989 revolutions. This was prevented by the too high expectations related to the reinstallation of free market, the political situation characterized by a long absence of parties of social democratic orientation, and also by the processes of economic recession that acquired a global character.

It is worth mentioning that one of the reasons why the above welfare state project has not been duly implemented is ignoring the experience with its implementation in socialist countries, no matter which one, starting with the “goulash” welfare state in Hungary to what is known as “normalization”. Their citizens justly rejected that political practice, but were reluctant to reject what was referred to as “achievements of the working people” and what was a model for the social democratic parties in West European countries.

Naturally, the above experience is not quite relevant in all aspects, but the rejection and even humiliation of its carriers by the parties of right orientation proved counterproductive. That is why it was so difficult to implement the ideas of welfare state in Poland where the working people constituting the large mass of the Solidarity Movement were almost the first to experience the impacts of the shock therapy. Social democrats came relatively soon to power there after their victory in both parliament (1993) and presidential (1995) elections, but they also suffered a number of considerable defeats.

As for the Czech Republic, the hypercriticism of the “ideas of socialism with human face” became dominant here and created an ideological screen enabling a restriction of many employees’ rights. However, it must be taken into consideration that the shock therapy effect was here much less dramatic, although the ČSDS came to power here much later. It was very difficult for the people in this country to give up their social achievements.

Slovakia is a country whose politicians mostly insisted on preserving the social benefits from the past era of socialism. However, a strange paradox can be observed here. The commitment to the above principles as confirmed by Vladimír Mečiar was used as an excellent cover for privatization processes whose effect was often economically counterproductive. But there is one more important fact: Slovakia has become a country where the reconsideration of welfare state qualities acquired new stimuli. This is closely linked with the political ideas and activities of Robert Fico.²⁴

²⁴ For more details see Juraj MARUŠIAK, *Smer – from Pragmatism to Social Democracy? Seeking Identity*. In: Lubomír Kopeček (ed.), *Trajectories of the Left. Social Democratic and (Ex-) Communist Parties in Contemporary Europe: Between Past and Future*. Brno 2005, pp. 165–177; Same, *Fenomén strany Smer: medzi “pragmatizmom” a sociálnou demokraciou* [The phenomenon of Smer Party: between “pragmatism” and social democracy], *Stredoevropské politické studie* 8, 2006, No. 1, pp. 19–55; Ella G. ZADOROZHNYUK, *Social-demokraticeskaja model’ v regione “real’nogo socializma”* [Social democratic model in the region of real socialism].

And finally it was Hungary, the country once considered a “shop window” of socialism, where the welfare state principles suffered the greatest deformations of almost irreversible nature, while the theses of the above-analyzed Manifesto were ignored not only by its ideological opponents. It is here that a situation has developed in which the social democracy is the greatest advocate of free market, even greater than its political opponents and even more dogmatic in this point than they are.

The concept of “socialism with human face” and its implementation, though not quite successful, is a nice chapter in the social history of Europe. Viewed from the macrolevel this concept has cast doubt on the validity of the ideas of both “real socialism” (ironically, it was called “advanced”) and classical capitalism. Its reverberations were reflected in the transformation period in some political parties, namely the Czech Social Democratic Party and the Social Democratic Party of Slovakia and were used as a starting point of their efforts aimed at a welfare state.

The idea of the above type of state is now being literally “buried”. The French economist Guy Sorman has stated with satisfaction that in 2010, after 65 years of prevalence of this idea one can say: “*Rest in peace, the welfare state!*”²⁵ The magazine “Economist” says in this connection in an article entitled “*The North Star*” that the welfare state was born in Sweden around the year 1932 and ended in 2006, and states that “*the social democratic Sweden was once an etatist paradise. Now it is the right that seeks inspiration in the North*”²⁶ and praises the trend there to strongly cut the social expenditures.

As far as the V-4 countries are concerned, the Swedish economist Anders Åslund believes that they succeeded in avoiding an “overheating” (of economy) and a crisis because “*the policy and the color of governments do not play an im-*

In: Jevropejskije levyye na rubeže tysjačeljetij [European Left at the Turn of Millennium]. Moskva 2005; Same, *Central'nojevropejskaja model' social-demokratii: slovackij variant* [Central European Model of Social Democracy: Slovak Version]. In: Social-demokratija v rossijskoj i mirovoj istorii: obobščeniye opyta i novyye podchody [Social-Democracy in the Russian and World History: the Generalization of Experience and New Approaches]. Moskva 2009, pp. 411–421; Same, *Social-demokratija v Slovakkii i Čechii: variativnost' modelej i političeskije realii* [Social Democracy in Slovakia and the Czech Republic: the Variability of Models and Political Realities]. In: *Krizis jevropejskoj social-demokratii: pričiny, formy pojavlenija, puti preodolenia* [The Crisis of European Social Democracy: Causes, Forms and Ways to Overcome]. Moskva 2010; Same, *Vybrané aspekty sociálnodemokratického diskurzu na Slovensku na prelome 20. a 21. storočia* [Selected Aspects of the Social Democratic Discourse in Slovakia at the Turn of the 20th Century]. Studia Politica Slovaca, 2011, No. 2, pp. 3–16.

²⁵ Guy SORMAN, *Gosudarstvo vseobščego blagosostojanija, mir prachu tvojemu* [Welfare State, Peace be Upon Your]. Available from: <http://www.project-syndicate.org/commentary/sorman13/Russian>.

²⁶ *The Swedish Economy. North Star*. Available from: <http://www.economist.com/node/18805503>.

portant role here".²⁷ That means that social democracy is not pushed here to a secondary position as it is the case of England and Sweden.

If all programs of the V-4 social democratic parties are viewed through this prism it must be stated that the principles of welfare state have been paid much attention here while these principles experience a crisis in Western Europe, although they have not been fully rejected. It can be realistically expected that the welfare state ideas, once stimulated to some extent by the ideas of "socialism with human face", have not only successfully passed the examination of the time, but that they will be even more actively used in the second decade of the 21st century that has recently begun.

²⁷ Anders ÅSLUND, *I poslednyje stanut pervymi: finansovyy krizis v Vostočnoj Jevrope* [The Last Shall Be the First: The East European Financial Crisis]. Translation from English. Moskva 2011.

ABBREVIATIONS

| | |
|---------------|---|
| BBC | British Broadcasting Corporation |
| CDU | Christlich Demokratische Union Deutschlands [Christian Democratic Union of Germany] |
| CEEC | Committee for European Economic Co-operation |
| CEO | Chief executive officer |
| CESES | Centrum pro sociální a ekonomické strategie [Centre for Social and Economic Strategies] |
| CDK | Centrum pro studium demokracie a kultury [Center for the Study of Democracy and Culture] |
| CPH | Communist Party of Hungary |
| CRIP | Caribbean Regional Indicative Programme |
| CSIC | Central Social Insurance Company |
| ČMKOS | Českomoravská konfederace odborových svazů [Czech-Moravian Confederation of Trade Unions] |
| ČSFR | Československá federativní republika [Czechoslovak Federal Republic] |
| ČSSD | Česká strana sociálně demokratická [Czech Social Democratic Party] |
| ČSSR | Československá socialistická republika [Czechoslovak Socialist Republic] |
| ČTK | Československá tlačová kancelář [Czechoslovak Press Agency] |
| DAF | Deutsche Arbeitsfront [German Labour Front] |
| DGB | Deutschen Gewerkschaftsbundes [German Trade Union Federation] |
| DP | Diplomová práce [Diploma thesis] |
| ECJ | European Court of Justice |
| ECOSOC | Economic and Social Council |
| EMMA | European Media Management Education Association |
| ESM | European Social Model |
| ETUC | European Trade Union Confederation |
| EU | European Union |
| FDI | Foreign Direct Investments |
| FDP | Freie Demokratische Partei [Free Democratic Party] |
| FED | (Informally) Federal Reserve System |

| | |
|-----------------|---|
| FO | Foreign Office |
| GDP | Gross Domestic Product |
| GDR | Deutsche Demokratische Republik [German Democratic Republic] |
| HSES | Hlinkova slovenská ľudová strana [Hlinka's Slovak People's Party] |
| HSR | Historická statistická ročenka [Historical Statistical Yearbook] |
| HÚ AV ČR | Historický ústav Akademie věd České republiky [Institute of History, Academy of Sciences of the Czech Republic] |
| IEA | International Association for the Evaluation of Educational Achievement |
| IMD | Institute for Management Development |
| IMF | International Monetary Fund |
| IRA | International Reading Association |
| ISEA | Institut pro sociální a ekonomické analýzy [Institute for Social and Economic Analyses] |
| ISJ | Index of Social Justice |
| JOC | Jeunesse Ouvrière Catholique [Catholic Workers' Youth] |
| KDH | Křesťanskodemokratické hnutie [Christian Democratic Movement] |
| KNOZ | Kresťanský národný ochranný zväz [Christian National Protective Association] |
| MI | Management Index |
| MSZP | Magyar Szocialista Párt [Hungarian Socialist Party] |
| NHS | National Health Service |
| NOUZ | Národní odborové ústředny zaměstnanecké [National Center of Employee Labour Unions] |
| NPG | New Public Governance |
| NPM | New Public Management |
| NS | Národní souručenství [National Unity] |
| NSDAP | Nationalsozialistische Deutsche Arbeiterpartei [National Socialist German Workers' Party] |
| NUC | Nejvyšší úřad cenový [Highest Price Authority] |
| NÚZ | Najvyšší úrad pre zásobovanie [Supreme Supply Office] |
| OECD | Organisation for Economic Co-operation and Development |
| ON | Obrana národa [Nation's Defense] |
| OSČ | Odborové sdružení československé [Czechoslovak Trade Union Association]. |
| OÚZ | Odborové ústředí zaměstnanecké [Employee Labour Unions Headquarter] |
| PIRLS | Progress in International Reading Literacy Study |
| PISA | Programme for International Student Assessment |

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|--------------|---|
| PVVZ | Petiční výbor Věrní zůstaneme [Petitions Committee Faithful Forever] |
| PZ | Pôdohospodárske združenie [Agricultural Association] |
| SAV | Slovenská akadémia vied [Slovak Academy of Sciences] |
| SD | Sicherheitsdienst [Nazi Security Service] |
| SDA | Sociálnodemokratická alternatíva [Social Democratic Alternative] |
| SDE | Strana demokratickej ľavice [Democratic Left Party] |
| SDRP | Socjaldemokracja Rzeczypospolitej Polskiej [Social Democracy of the Polish Republic] |
| SDSS | Sociálnodemokratická strana Slovenska [Social Democratic Party of Slovakia] |
| SED | Sozialistische Einheitspartei Deutschlands [Socialist Unity Party of Germany] |
| SFIO | Section française pour l'Internationale ouvrière [French Section of the Workers' International] |
| SGI | Sustainable Governance Indicators |
| SNS | Slovenská národná strana [Slovak National Party] |
| SOP | Strana občianskeho prozumenia [Civic Understanding Party] |
| ST | Statistická ročenka [Statistical Yearbook] |
| STRED | Strana demokratického streda [Democratic Center Party] |
| TNC | Transnational Corporation |
| TOR | Terms of Reference |
| ÚDJ | Ústredí dělnických jednot [Headquarters of Workers Unions] |
| ÚJSZ | Ústredí jednot soukromých zaměstnanců [Headquarters of Private Employees Unions] |
| UNECE | United Nations Economic Commission for Europe |
| USA | United States of America |
| ÚSP | Ústřední sociální pojišťovna [Central Social Security Institution] |
| USSR | Union of Soviet Socialist Republics |
| ÚVOD | Ústřední vedení odboje domácího [Central Leadership of Home Resistance] |
| VZP | Všeobecná zdravotní pojišťovna ČR [General Health Insurance Company of the Czech Republic] |
| WB | World Bank |
| WCY | World Competitiveness Yearbook |
| WTO | World Trade Organization |
| WZB | Wissenschaftszentrum Berlin [Berlin Social Science Center] |
| ZOO | Združenie odborových organizácií [Association of Trade Unions] |
| ZSOO | Združenie slovenských odborových organizácií [Association of the Slovak Trade Unions] |

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SUMMARY

The Welfare State, also referred to as social state or social service state or a state bearing another similar attribute, is a phenomenon based on the idea that the individual's social conditions are a responsibility of the whole society and as such it will never stop attracting our attention because it concerns us all, no matter whether we are actually confronted with or affected by one of the “great evils”, such as poverty, illness, unemployment, bad accommodation, or lack of education (William H. Beveridge), or whether we belong to the opposite social spectrum, i.e., to those who can afford to waste giant resources and demonstratively consume everything (Thorstein Veblen). Most people on our planet appreciate the value of full employment meaning regulation of market economy, universal social services including certainty of income, education, health care, social security, and also social aid to reduce poverty (Ramesch Mishra).

Nevertheless, every existing definition of the philosophical nature of the Welfare State (both in broad and narrow sense) is far from being unambiguous and oscillates between considering the characteristics of a particular state, society, or form of political system, and taking into account the level of public services provided in the social area only. This is despite the fact that independently of this variable and dialectic (in the sense of formal logic) perception of the Welfare State this phenomenon has already passed in its history (after the attempts and mistakes from the late 19th century to the 1930s) through several evolution stages that led to its strengthening, golden age, but also to stagnation and to reform attempts, which is apparently the state that we are witnessing now. The Welfare State has undoubtedly seen deep transformations in the period of its existence, and the current transformation of the Welfare State concept is today – not only in connection with the globalization processes – an inevitable part of almost any political discourse in Europe. However, some doubt was cast particularly on the European welfare model in the mid-19th century (Miloš Pick) due to the lack of what is referred to as the knowledge factor of scientific and technical development whose non-application can (compared to the USA and its economic policy) neither lead to a higher valuation of outputs nor to a simultaneous rise of productivity of labor and capital. As a result, the European welfare model has been criticized in all its aspects, mainly for being too wasteful in the social and health care areas. Although the complaints are in some cases justified (Václav

Klusoň) we cannot ignore the fact that owing to the increasing quality of medical care and also to the decreasing birth rate the population is getting older, and if the public expenditures in this particular area dramatically decreased the “human life expectancy” would become but a sort of commodity. This is a way that apparently makes the Welfare State miss its central point.

The history of Welfare State (or *social state*, *social service state* or *assistance state*, which is the most frequent term currently used in the Czech national space) theory is undoubtedly as rich as its practice: while the functionalists (Talcott Parsons, Robert K. Merton and others) put the Welfare State “causes” in connection with the emergence of national states and the subsequent modernization processes (particularly industrialization and secularization) that changed the structure of society and created new needs definable by a general concept scheme, according to others (such as Waltr Korpi or Assar Lindbeck) the emergence and functioning of the Welfare State was fully subject to the policy and activation of mainly trade unions and left-oriented parties. Of course, there is also a “third way” in between that activates forces – factors, diffusions, structures, techniques, cooperation – contributing to the emergence and functioning of the Welfare State.

Both theory and practice eventually required that the very nature of the Welfare State be defined and its typical models determined; we actually work primarily with the typology developed by Richard M. Titmuss, who distinguishes several Welfare State types: residual, institutional, and work-performance based, and with that of Gøsta Esping-Andersen, who also advocates three basic types of the Welfare State, namely: liberal (Anglo-Saxon), conservative (corporatist), and social-democratic (Scandinavian). Of all attempts to specify the meaning of the term “Welfare State” the most significant for the Central European Region in our opinion is the definition developed by Martin Potůček, leading Czech analyst and also forecaster of the processes of forming and carrying out public and social policy not only in the Czech Republic, but also in other post-Communist countries, who says: „*The welfare state is a state where in laws, in the consciousness and attitudes of people, in the activities of institutions and in practical policy the idea is spreading that the social conditions in which people live are not only a matter of individuals or families, but also of public interest.*“

Of course, there are latent and even stubborn critics of the Welfare State, both in the left-hand as well as the right-hand spectrum of philosophical thought and political science; this fact, however, also proves that the idea is still alive and it appears that for the time being it cannot be replaced by any other idea in the theoretical or practical meaning of the word.

Being aware of the actual significance of the Welfare State the scientific research workers of the Institute of History, Academy of Sciences of the Czech

Republic, v. v. i., have implemented the project “*Theory and Practice of the Welfare State in Europe in the 20th Century*” which in its five basic segments provides the reader with a review of its historical, political-scientific, sociological, legal, and also economic perception. The Work is a strongly interdisciplinary product of a large international team of authors; this, logically, could not avoid affecting the aim of covering the given topic both thematically and chronologically in order to present a comprehensive picture providing the reader with a clear review of the genesis of the Welfare State concept in the 19th century, its evolution in the 20th century, and also of its peripetias and problems, including the discussion on a Welfare State concept crisis. It is up to the reader to judge to what extent the historians, sociologists, philosophers, economists, political scientists and lawyers have succeeded in coping with their task. The Work is certainly not meant to be a mere reading-book or instruction; instead, it is intended to be an invitation to learn and seek the nature of what is known as the Welfare State.

Zlatica Zudová-Lešková, Emil Voráček.

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