

The socialist labor market: Equal treatment for everybody?

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Abstract—The Czechoslovak socialist regime declared equal treatment of people on the labour market. This position reflected Marxist-Leninist ideology. The goal of this paper is to find out how this formal equal treatment was implemented in everyday practice. The answers are based on our unique research among managers of socialist companies from the 1970s and 1980s. We found out that in practice the regime discriminated some sub-groups on the labor market positively as well as negatively even though the wages were formally set in a remarkably equal way.

Keywords—labor market, socialism, wage leveling, discrimination

I. Introduction

The socialist regime in Czechoslovakia boasted about its equal treatment of all members of the society. It therefore reported equal conduct towards all members of the society, as well as equality of income among the various jobs and also between men and women. However, the everyday practice differed considerably from political declarations. The discrepancies mainly concerned preferences of certain types of professions, favouritism of the Communist Party members to non-members, and, last but not least, a significant gap between the wage valuation of men and women. **The aim of the this paper is to find out to which extent the socialist ideology declaring equal treatment of its labor market was really implemented and respected in practice.**

Our approach is based on the outputs of our research based on interviews with the Czechoslovak socialist managers from the 1970s and 1980s. Nearly eighty interviews have been conducted. The respondents were people from a great variety of branches (heavy engineering, agriculture, energy and steel industry, mining, textile manufacturing, etc.). Almost all of them had held positions that gave them access to the planning process and its consequent realization. The collection and analysis of the interviews were based on the qualitative methods of the grounded theory approach.

First of all, the contribution deals with Marx's concepts of surplus-value and exploitation and its implementation in the socialist Czechoslovakia that was expressed by the formal equal settings of the system. The following part deals with the everyday practice. Firstly, it concentrates on wage levelling.

Subsequently, it refers to the preferential treatment which some groups of workers received from the regime. Then it moves to the discrimination of dissidents and women. The last section presents conclusions to our research.

II. Surplus and discrimination in Marxism-Leninism and their practical implementation in socialist Czechoslovakia

As a part of the Eastern Bloc, socialist Czechoslovakia had to accept the Soviet way of managing the economy, influenced by the Marxist-Leninist ideology. The basic building block of this ideology was the concept of *surplus value* and the closely related concept of ownership. The surplus-value was defined as “the difference between the value produced by the worker and the value of his own labor-power“ (Mandel, 1973: 24). “In capitalist society, labor-power is a commodity, and like the value of any other commodity, its value is the quantity of labor socially necessary to produce and reproduce it, that is to say, the living costs of the worker in the wide meaning of the term“ (*idem.*). The worker creates therefore some value which is greater than his living costs, but he only receives the remuneration in the value of these costs. The difference between the value he creates and the one he receives is the surplus value that goes into the hands of the capitalist.

Part of the surplus value is unproductively consumed by the capitalist, as he must feed himself and his family. The rest is accumulated and transformed into capital. Hence, factories, machines and other capital are just the product of the surplus value materialization that is transformed into private ownership, i.e. into the capitalist capital. The capitalist is thus enriched to the detriment of the laborer, which impelled Marx to use the term of *exploitation*.

Socialism and its abolition of private property expected to solve these problems and establish a new, better society, in which the labor force would be fairly rewarded (Mandel, 1973). According to Engels (1884), the abolition of private property was also expected to solve gender inequality, the origin of which was the organization of a family in capitalism.

The formal equality among the people was used for propagandist goals of the regime (e.g. Možný, 1991). Elimination of the institution in which one person exploits another person was one of the pillars of the system (Havelková, 2009b). At the same time, the regime declared to be historically the first system that equalized men and women

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as well. The 1960 Constitution (no. 100/1960 Coll.) declared that:

- (1) All citizens have equal rights and equal responsibilities.
- (2) The equality of all citizens without regard to nationality and race is guaranteed.
- (3) Men and women have the same status in the family, at work and in public activities.
- (4) The society of workers ensures equal rights for citizens by creating the same possibilities and opportunities in all spheres of society.

However, the formal system setting together with wage levelling created room for preferential access to certain groups of workers and discrimination against others.

III. Wage levelling

One way of eliminating differences among people was to reduce wage differentiation. The wage policy reflected the centrally planned character of the economy. The centre not only decided on the allocation of workforce, it also had a monopoly on determining the main part of the worker's wages. Despite the general lack of labor force, wages were very low. Nevertheless, according to Šulc (2004), a large part of the people's income was financed from the state budget (costs of education, social benefits, subsidised prices of goods, etc.).

In practice, there were very small differences in wages across the population. According to Gros and Steinherr (2004), Czechoslovakia was a country with the highest levelling among all Eastern Bloc states (and probably in the whole world) and its Gini coefficient in 1986 was 19.7.

According to our respondents, there were almost no differences among the wages of the leading workers and the manual ones: "*Differences in wages were relatively small. Well, it was not really the director who earned the biggest money. Usually, these were prominent workers. And service workers, who could travel abroad*" [Economic planner in engineering company <ID008>]. This fact did not differ across sectors, as was stated for example by a factory manager in agriculture: "*a good tractor driver often earned more money than the head of the cooperative*" [<ID010>].

Differences in qualifications and workforce engagement and consequently in wages were therefore not the cause of the different households' living standards. The main cause was their size and composition, *i. e.*, it depended on the number of economically active people. However, other unofficial sources of income were also important. These were for example other labor incomes, the various privileges allowed by the Communist Party or sources generated by the gray economy (Večerník, 1992). Notwithstanding, in general, in comparison with other Eastern Bloc countries, the gray economy in Czechoslovakia was not widely spread (Aslund, Boone and Johnson, 2001).

Indeed, the paternalistic state was omnipresent. The system was built on an ideology that gave people the impression that it would take care of them "from the cradle to the grave". This was manifested, among other things, by low wages and

subsidies for basic goods and services. Tanzi (1995) writes: "The financial wage is much lower than the total reimbursement. A large portion of the total income comes in the form of subsidized rent, free education and healthcare, subsidized transport, food and vacations. In other words, numerous individual consumer decisions are done by the state (or the state company for which he/she works)."

Moreover, Kalinová (2012) highlights that this share of subsidized goods and services was growing during socialism, which led to a decline in the share of wages in the total private income. Specifically, between 1960 and 1983, there was a decline from 70 to 61 per cent. For example in agriculture, there were common pays in kind: "payment in kind was often used, but mainly grain" (Planner, <ID045>).

IV. Preferential treatment of some groups of employees

Despite the ideological premises and the formal wage levelling, there were groups of workforce that were given preferential treatment. These were labor force in workers professions and the Communist Party members.

A. *Preferential treatment of workers' professions*

The communist demand for the overthrow of the bourgeoisie and the abolition of private property was expected to be followed by the liberation of man from the domination of others (Havelková, 2009b). In practice, following the 1948 coup, the Communist party began to work on increasing the role of the working class. For this reason, a large number of workers were placed in the state and economic apparatus, and they were also allowed access to further education, in order to achieve growth in the social hierarchy. The party's political commitment to fair wage policy led to significant levelling of wages. The political relaxation in late 1960s, known as the Prague Spring (1968), was an attempt at political and economic reforms. The movement was hardly suppressed by the intervention of the troops of the Warsaw Pact and its supporters cruelly punished. Many of them were unskilled labor in workers' professions. Some of them were, under the political scrutiny, forced to leave the Communist Party. Nevertheless, they did not have a problem finding a job, because this workforce was always requested (Kalinová, 2012) and the Czechoslovak economy was a shortage one (Křížek, 1983). At that time, the workers were no longer automatically promoted to leadership positions due to higher qualification requirements, as well as, in some cases, their involvement in the 1968 reform movement.

The basis for determining wage rates was the preference of certain industries by the state. This was the so-called "steel concept" from the early 1950s, which resulted in an extraordinary wage advantage for heavy industry workers and an associated low labor force appreciation in the light industry

and in services that lasted even in the years to come (Kalinová, 2012). A CEO in the textile industry <ID073> said: “That was the biggest problem, you know, that you were marked as light industry, there was some average wage, right, and you got wage rise of some 1.5% and that was it. So, these women, they worked for some 600 or 800 crowns in the factories. Yes, some of them made much better money, for instance in stocking manufactures and such, but these were just a few groups with higher wage rate that they had, but otherwise not”.

Table 1 shows that higher wages were given to workers in mining, metallurgy and power engineering, i. e., low skilled ones. On the contrary, labor force in education and health care did not even reach the wage of workers in the processing industry. Therefore, wages did not reflect the qualification requirements of the corresponding professions. It was rather the result of the working conditions of every job [Kalinová 2012]. This was corroborated by a respondent from an engineering company: “My brother was an ordinary worker and I worked in high management, but he earned twice as much as I did. Workers were a real power. And miners too, you know” [Foreman <ID015>]. Moreover, the period under consideration was characterized by considerable real wage stability. For example, during the 1980s, the growth was 3.9%, equivalent to 0.47% per year [Hiršl, 1992].

B. Vertical mobility

Another group of employees that received preferential wage treatment were the members of the Communist Party. Kohout and Kolář (1966) deal with vertical mobility, especially with the influence of potential job promotion on employees' productivity. They conclude that the aspirations of the Party members were generally higher. Moreover, the possibility of getting to a higher position was often associated with the Party membership (Mlčoch, 1990).

In general, the membership was in many cases not a result of ideological convictions. It was more about fulfilling the necessary conditions for getting a leading position in the company. Citizens therefore only moved within the limits set by the system in order to maximize their utility function (Klaus, 2009).

TABLE I. WAGES OF WORKERS BY MAIN OCCUPATION GROUPS IN 1984

Job groups	Average wage
Processing industry workers	3,086
Agriculture workers	3,170
Workers in mining, metallurgy and power engineering	4,174
Construction workers	3,177
Operational and service workers	2,564
Technicians	3,708
Management and administration staff	3,116
Education, culture and health workers	3,011
Workers in science, research and development	4,052

a. Source: Kalinová (2012)

As was corroborated by the majority of our respondents, orderly workers were not obliged to enter the Party. In the case of senior posts, however, Party membership was mostly decisive. For example, a sectional construction manager in the building industry (<ID023>) said that: “In the expert posts, the influence of the Party was crucial, determining. I had a colleague, who worked as sectional road construction manager (...) he was efficient, smart, and even, you would say, ambitious, but as long as he was not in the Party, he did not have a chance to be promoted. He could easily work as a vice-chair or something. So, in the end, he just broke and although he was deeply religious and a really honest person, he did join the Party. And he came to me and said: “Vlád’a, you know, I would get stuck otherwise, I know it is not something to be proud of, but I just had to do it.” (laughter) Well the higher posts, it was all Party approved, I mean company directors, deputies, such posts – directly party decisions. And then lower posts, such as sectional and department heads – there was strong influence by the local corporate Party branch.”

However, in the case of highly qualified workers, which the firm necessarily needed, there was a possibility of an exception: “in those years, the Party had some million and eight hundred thousand members. My husband (...) worked as designer in an electrical engineering company and he said, yes, Party membership played a role (...) someone was needed to be put in charge of the department. And they had some, I don’t know, twenty applicants (...) and about a third of them were not in the Party, the other were. And some were outed, for political reasons, for example, but out of the rest, they chose the best candidate. I mean, really, objectively the best, not politically most suitable, you know? (...) They chose the most suitable candidate, and he even had a daughter living abroad, but they just needed him, so, you know, it was possible sometimes.” (Designer and leading worker in construction, <ID031>).

Nevertheless, not everyone aspired to be promoted. On the one hand, some had moral principles and refused to enter the Party, on the other, in reality leadership mostly meant only more responsibility and problems without higher wage valuation (Operating deputy in transport, <ID009>).

Vertical mobility discrimination had its specific manifestation also in gender discrimination.

v. Discrimination on the labor market

Some groups of workers were preferred. Others, on the other hand, were directly discriminated against. This was particularly true for dissidents and women.

A. Dissidents

The practical impossibility of dismissing workers was disturbed by the events of the Prague Spring, which led to the adoption of a new law that allowed the dismissal of a worker in case his activities disrupted the socialist social order, for

which reason he could no longer be entrusted with his current job responsibilities. This law was consequently used against political opponents of the regime and dissidents (Havelková 2009b). The latter were a small heterogeneous group of people who showed active (non-violent) resistance against the regime and strived for plurality of political opinions and freedom of expression. The dissident movement was enlarged after 1968 by former regime supporters, disgusted by the suppression of the reform movement. Their leader during the period under consideration was Václav Havel, whose political activities resulted in multiple imprisonments (5 years in total). In addition to imprisonment, the regime persecuted its opponents at work or in their personal life, or victimized them by targeted propaganda. A large number of them, even though they were often very intelligent and highly literate, were forced to do hard manual work without the possibility of promotion.

B. *Women’s participation in the labor market and their wage valuation*

As has been previously stated, the regime declared equality between men and women and the socialist society was expected to facilitate women the possibility of being involved in the labor process. It was supposed that the society would take care of the children. The elimination of capitalist relations was believed to bring about equality between the sexes, as women in the capitalist household could not accumulate surplus value (Engels, 1884).

In practice, the 1960 Constitution (no. 100/1960 Coll.) proclaimed that men and women had the same status in family, work, and public life. In public life, this equality had to be proven almost formally by the relatively high proportion of women among MPs compared to other countries. For example, in 1971 and 1976, the number of women in the House of the People represented 26.5% and 29.5% of the total members and their ratio in the House of Nations was 24.7% and 27.3%. At the same time, there were only between 3 and 6.5% of women in the British Parliament (House of Commons Information Office, 2010). However, the executive, according to Havelková (in Hašková et al., 2006), remained female forbidden because in the 1970s and 1980s there was no woman in the government.

On the labor market, special emphasis was placed on involving women in the work process. It was, however, a result of the lack of men in some areas of the economy as a consequence of their shift into the heavy industry, rather than an implication of the ideological premises.

The initial efforts of the early years of socialism (1948-1955), which were halted in the following years as a result of the political and economic crisis, were resumed at the end of the 1960s and continued to be maintained in the period under consideration. Nevertheless, it was particularly difficult to involve some women in the working process, especially those with small children. For this reason, crèches and nurseries were established, as well as facilities of corporate meals, company laundries, family recreation, and summer children’s camps. In spite of the regime’s endeavors, however, the

possibility of shorter-term work still lagged behind (Jechová, 2012). According to our respondents from the Party apparatus, the effort to employ a larger number of women was particularly evident in the last decade of the socialist period: “when I, for instance, remember the 80s, after some Party conference, it was declared that a region is seriously undersupplied with female workforce, and there were big pressures to create work places for women. And this gave rise to the creation of these Tesla companies (...) these were simply manufactures where women could be employed outside the heavy industry, so like electronics. This meant that thousands of employees worked there and out of that some 90% were undoubtedly women.” (Secretary of the National Committee, <ID026>).

As regards women’s wage valuation, Jechová (2012) mentions that there was a relatively lower wage differentiation among women than among men and that women were generally lower in earnings.¹

These were on average 35% lower, often even when women had the same education and qualifications. In many cases, it resulted from the fact that men more often performed more physically demanding tasks, worked in three-shift operations, or attended work trips to remote departments. However, in some enterprises, for example Vagónka Studénka (engineering company), women performed the same hard work as men whose salary was 1.000 crowns higher. It was the direct consequence of a belief that the man is the breadwinner of the family, and the income of the woman was just a supplement to the family budget. According to a foreman from an engineering company: “they [women] were paid three to five crowns per hour and when they needed to use the bathroom, they had to ring a bell and ask a pardon (...) real hard labor it was, real. And they would work shifts, night shifts too. You can’t compare this, really” (<ID015>).

Wage differentiation between the sexes was also evident in sectors with a higher degree of feminisation, such as light industry and services. Sectors characterized by the predominance of female labor force, can be seen in Table II. These wage differences were the result of both horizontal and vertical directing.

TABLE II. SECTORS WITH WOMEN PREDOMINANCE

Industry	Share of women
Commerce and public catering	76.9%
Health and social care	75.5%
Housing	62.2%
Finance, insurance	60.6%
Education and culture	59.0%
Connections	54.0%
Communal services	53.0%
Agriculture	52.0%

a. Source: Jechová (2012)

¹According to Večerník (1992), the differences between male and female wages were stable during the whole period.

For the most part, it was the state's preference for the heavy industry, from which women were subjected to legal protection. This legal protection, according to Havelková (2009a), should protect the woman as a mother against the unfortunate effects of some jobs on her health. However, the regime abstained from these measures at times when there was a shortage of labor in those sectors. When there were enough male workers again, the protection clause came into force once more, and women were disabled from voluntarily deciding whether to take the risks and perform these, much better paid, jobs.

From the point of view of vertical inequalities, attention should be drawn to the fact that almost all leading positions were occupied by men. Women did not access to leadership positions even in sectors where they dominated in numbers, even if they had sufficient qualifications (Jechová, 2012).²

According to Scott (1974, in Havelková, 2009a) in the early 1970s, only 4-5% of leading positions were occupied by women and only 20 of the total 5,800 agriculture cooperatives were captained by women. This greatly contrasted with the regime's declarations of equality between men and women.

Although the regime declared equality between the sexes, this equality was far from achieved despite the liquidation of capitalist relations.

VI. Conclusion

Both Marxism-Leninism and the Czechoslovak socialist regime formally boasted equal treatment and opportunities for all people. However, the practice differed from the promises and propaganda. A system was created that, on the one hand, prevented wage differentials between professions with strong preferences for heavy industry workers, on the other, tolerated unjustified differences in wages between men and women. Unjustly treated were also dissidents who the regime tried to silence with heavy manual work. In none of these cases was wage policy based on labor productivity, but on decisions made by the centre.

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² For this reason, there were only two women among our eighty respondents.

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