



**SOCIAL INEQUALITY AND WHY IT MATTERS FOR THE
ECONOMIC AND DEMOCRATIC DEVELOPMENT OF
EUROPE AND ITS CITIZENS: POST-COMMUNIST
CENTRAL AND EASTERN EUROPE IN COMPARATIVE
PERSPECTIVE**

**DELIVERABLE 2
DESK RESEARCH**

CZECH REPUBLIC AND SLOVAKIA COMPARED

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Section 1. Comparison of the Social Structure in Historical Perspective

1.1 From the foundation of Czechoslovakia (1918) until 1950's

- When Czechoslovakia was founded in 1918, the Czech lands were already largely industrialized while Slovakia was very much an agrarian country.
- Between the WWI and WWII, the industrialization of Czech lands continued. Approximately one-third of the workforce left the agriculture sector to work in industrial areas. Small businesses were also affected by the industrial production. Slovakia economy maintained its agricultural nature. The industrialization of Czech lands went hand in hand with the development of infrastructure (transportation, business and services).

Table 1.1: Professional and class structure: Comparison of the First Republic (1918-1938) with 1950 and 1961 (economically pre-active people were categorized according to their father's profession, economically post-active according to their status before retirement) (%)

	1921	1930	1950	1961
Bohemia, Moravia, Salesia				
Workers	54.5	60.3	58.9	56.5
Other employees	7.0	7.6	18.4	30.0
Small and middle farmers	20.5	17.3	15.7	2.1
Small businessmen and craftsmen	13.5	8.9	3.3	0.5
Capitalists (entrepreneurs, large farmers)	4.5	5.9	3.3	-
Cooperative farmers	-	-	-	9.6
Other cooperative workers	-	-	-	1.3
Slovakia				
Workers	42.5	47.6	49.5	55.8
Other employees	4.2	4.5	10.9	23.0
Small and middle farmers	38.3	37.5	32.2	6.9
Small businessmen and craftsmen	10.7	6.0	4.9	0.3
Capitalists (entrepreneurs, large farmer)	4.0	4.4	2.3	-
Cooperative workers	-	-	-	13.1
Other cooperative workers	-	-	-	0.9

Source: Historical Yearbook, SNTL and Alfa, Praha 1985

Even though statistics for the WWII period are missing, we may presume that because of the militarization of the industry, structures established previously were largely maintained (even though with some alternations). The Czechoslovak post-

1948 focus on heavy and machinery industry had yet intensified this trend adding an extensive dimension to it. This was more than an outflow of people from the agriculture sector – the economy saw an outflow of the male workforce from the light industry, which led to the nearly complete involvement of women in the work process. This resulted in a sort of second industrialization of the Czech lands. In Slovakia, the first industrialization wave was related to the construction of brand new facilities (built “on green meadows”) leading to the outflow of workforce from the agriculture production and from rural areas generally.

In the post-1945 period (and especially after 1948), ownership relations have changed dramatically. During the First Republic, the ratio of small businessmen and farmers accounted for approximately one-third of all economically active people, in Slovakia this number was close to one half (mainly because of the large number of small farmers). Post-war confiscations and nationalization decrees have eliminated large and middle-size business owners and marked the beginning of the gradual and complete elimination of small businessmen and farmers. In agriculture, this process was little bit slower: full-scale collectivization took place around 1955 (first in Czech villages and then in Slovakia). Statistics comparing years 1921, 1930, 1950 and 1961 (Table 1.1) reflect the changes in the ownership relations well but with a certain delay. This is caused by the fact that people in post-productive age (retired people) were categorized according to their last active economic status before retirement.

It is interesting to add to the statistic census data information from specific sociological researches examining, inter alia, information on first jobs of the respondents.

The situation of people, who started their economic activity before WWI, was very similar to the situation of the previous generation. Only the following years saw a sharp decrease in the numbers of people starting their career as private farmers (from the original 25% in Czech lands, 45% in Slovakia, to 8% and 12% respectively in the end of the First Republic, down to negligible numbers in 1960's). Another significant moment is the elimination of large and small private businesses in a historically short period (starting in 1945). People born after 1930 did not start their professional career in the private sector (though until 1940's, more than 40% of the population started their career here). The continuous decrease in the numbers of small farmers (and agriculturists generally) illustrates the industrialization process: Czech lands were slightly advanced since the Austria-Hungarian empire times while Slovakia showed great acceleration in the industrialization process in 1930's. The collectivization of villages is not reflected by the statistics as the people involved were already working as farmers or agricultural workers.

1.2 From 1960's until the Velvet Revolution

Basic information on the development of the “class” structure in the Czech and Slovak society during the socialistic times can be found in Table 1.2 (which is based on data from the public censuses). It might be more proper to talk about a quasi-class structure as the “classes” as well as the general classification is a hybrid corresponding only partly to the classical (Marxist) social classes categorization. Besides the basic breakdown by ownership relations (state, cooperative and private), it divided data into manual and non-manual categories (inspiration by the “blue” and “white” collars division in an attempt to categorize the so-called working-class). However, this applies only to employees; cooperative workers were divided into two categories - agricultural and other cooperative workers. The quasi-class scheme used in the post-WWII censuses included the following categories of economically active population: workers (employees in manual professions in both production and non-production sectors, employees of state companies and cooperatives), employees (in non-manual professions in the above mentioned sectors), members of agricultural cooperatives, members of other cooperatives (production cooperatives etc.), private owners (i.e. independent farmers) and others (i.e. so-called free professions).

**Table 1.2: Class structure of economically active population (in thousand, %)
Czech Republic**

	Economically active	Workers	Employees	Coop. farmers	Workers of other cooperatives	Private farmers	Independent workers	Others
1961	4 695	2 499	1 431	618	77	59	11	-
1970	4 984	2 885	1 520	417	123	16	23	-
1980*	5 364	3 085	1 824	364	74	2	17	-
1980*	5 364	2 494	2 414	364	74	2	17	-
1991	5 421	2 338	2 471	331	78	-	97	102
<hr/>								
1961	100	53.2	30.5	13.2	1.6	1.3	0.2	-
1970	100	57.9	30.5	8.4	2.5	0.3	0.4	-
1980*	100	57.5	34.0	6.8	1.4	0.0	0.3	-
1980*	100	46.5	45.0	6.8	1.4	0.0	0.3	-
1991	100	43.1	45.5	6.1	1.4	-	2.0	2.0

Slovak Republic

	Economically active	Workers	Employees	Coop. farmers	Other cooperative s' workers	Private farmers	Independent workers	Others
1961	1 744	862	439	312	19	107	5	-
1970	1 999	1 118	571	221	34	40	15	-
1980*	2 485	1 496	783	208	18	1	6	-
1980*	2 485	1 193	1 059	208	18	1	6	-
1991	2 618	1 159	1 141	188	27	1	30	72
1961	100	49.4	25.2	17.9	1.1	6.3	0.3	-
1970	100	55.9	28.6	11.1	1.7	2.0	0.7	-
1980*	100	59.1	31.5	8.4	0.7	0.0	0.3	-
1980*	100	48.0	42.6	8.4	0.7	0.0	0.3	-
1991	100	44.3	43.6	7.2	1.0	0	1.2	2.8

* Different categorization of some workers professions previously categorized as non-workers.

Source: Historical Statistical Yearbook (Historická Statistická ročenka), SNTL, ALFA, Prague 1985, Census of People, Houses and Flats, 1991, Federal Statistic Office, Prague 1992.

As different methodology was used for the categorization of manual professions in 1930, 1950 and 1961, reflecting ideological disputes on who in fact belongs to the working class, it is difficult to assess quantitative changes in the ratio of workers among economically active population after 1948. We may presume that trends, revealed by the comparison of years 1961 and 1970, are rooted back in 1950. This means that the number of Czech working-class members was rising steadily until the beginning of 1980's when it reached its climax. Since then we have witnessed continuous decline. In Slovakia, the increase in the number of workers was much sharper and it continued until the end of 1980's. The increase in the "working-class" volume was accompanied by the decline in the numbers of agriculture workers and by the higher employment rate among the population (including people in post-productive age). The number of (other) employees (i.e. employees in non-production sectors of the national economy) began to rise in the Czech lands only in 1980's. In Slovakia, where initial circumstances were different, we saw the gradual increase of both categories of employees during the whole socialistic era. **In the beginning of 1990's, the professional class structure in both republics was similar.**

In 1980, a new employment classification was introduced: manual professions were divided into working-class manual professions (in production sectors) and non-working-class manual professions (services, transportation, and business). People in non-working-class manual professions were categorized as employees. According to this new classification system, working class in the Czech Republic (1980) accounted for 46.5% of the population, with the ratio of employees being 45.0%

(48% in the CR and 46.2% in Slovakia). The same categorization (dividing professions to workers and employees) was used also during the 1991 public census. The census data indicate (see Table 1.2) that during the last socialistic decade the situation had not changed much. **It means that in 1980's, both Czech and Slovak society stopped at a certain level of the industrialization process.**

Economic changes of the 1960's to 1980's (referred to in the above text as the termination of the industrialization process) can be illustrated by the different participation of individual economy sectors (agriculture, mineral production, industry, construction, transportation etc.) in the area of employment. The numbers indicate that in the end of 1970's, the extensive economic growth in the Czech lands stopped (and slowed down in Slovakia) and that the structure of individual sectors became more stabile. In the following years, the numbers of agriculture worker continued to decline (for demographic reasons as well as in result of the continuing mechanisation and chemization of the agricultural production). In 1980's, the Czech Republic saw a drop in the numbers of industrial workers; in Slovakia, this number was still rising, nevertheless, the increment was not that high. Even though more people were working in the so-called "quartary" sector (health, schooling, social services), this increase did not correspond to trends existing in developed countries. This time period also witnessed a certain modernization of the production and the introduction of new technologies. However, these were all partial processes, which did not affect the fundamental nature and orientation of both economies focusing on heavy and machinery industry (and on other industrial sectors with high labour force demands).

1.2 Changes in the social structure after 1989 (and particularly after the split-up of Czechoslovakia)

Shortly after 1989, Czechoslovakia became a well-functioning parliamentary democracy (with certain national specifics). Political entities in both parts of the Federation formulated their programmes and political, social and cultural strategies for the period of the so-called post-communistic transformation. Interactions between political and economic reforms and the inherited social structures together with the slowly changing behaviour patterns have led to a number of changes in both successor states - including changes in the social structure. Most of them were oriented on the overcoming of principles inherent in the socialistic system. These changes certainly could not have been implemented quickly as processes in social structures must overcome certain inertia force.

Changes in the structure of the economies' sectors, in educational structures, qualification backgrounds and in the vocational structures related to modernization processes were not yet sufficiently developed. The process of living standards' differentiation was slower as it had to overcome long-term impacts of the previous redistribution of sources (benefiting certain social groups) and the economic transformation therefore took some time to demonstrate their full effect.

1.3.1 Business activities boom in the first transformation years

In 1980's, the Czechoslovak private sector was surviving only in the form of very few independent farmers, who were slowly dying out (see data from public censuses). In 1985, an official decree allowing the establishment of small business was issued (community services, accommodation); however, the private sector did not gain much importance before 1989. In the end of 1988, the total number of small businessmen in Czechoslovakia was 4,500. Many more private "entrepreneurs" were active in the so-called grey zone. These workers frequently filled the gaps in the underdeveloped services sector (using materials, tools and often also the work time of their legal employment to carry out their own income generating activities). No data are available on the number or scope of the services provided in this manner; however, qualified estimates expect that they made up to one third of the volume of communal services. These "entrepreneurs" enjoyed high status and many houses, weekend cottages or flats would not have been built without their assistance. This hard-working group of people must be not be confused with the so-called "greengrocers", who used their work or status in the services/business sector for their own enrichment. However, "greengrocers" had funds to support the activities of the "entrepreneurs" - that which closed the vicious circle and supported the prosperity of the economy grey zone.

It was only the legislative reforms of 1990's that led to the renaissance of small and middle-size businesses; these were based on three sources: private facilities (agriculture production, privately owned housing estates), privatized facilities (meaning small privatization) or restituted state/communal companies and cooperatives, and above all individual activities of citizens (usually performing their own profession on the basis of a private licence).

Data from the 1991 public census (Table 1.2) reflect the very beginning of the private sector revitalization. Year 1991 saw only the beginning of the private business area expansion, which had its climax in 1993 when over one million business licences were issued in the Czech lands and approximately 350,000 in Slovakia. However, these awe-inspiring numbers did not imply that the businesses were the main

income generating activities; especially in the beginning, business licences often accompanied standard activities of regular employees. Information from specific surveys indicates that in the end of 1992, "full-time" business activities were carried out by approximately 500,000 people in the CR and 200,000 people in Slovakia. The coming years of separate development saw the increase in the numbers of entrepreneurs with employees (successful individual businessmen). The representation of individual licence holders in the Czech Republic went up by 35%, while in Slovakia it decreased by approximately 15% (100% = the number of licence holders and entrepreneurs with employees in 1992).

1.3.2 The restructuring of the national economy as reflected by the numbers of workers in individual sectors

Within a relatively short period of time, significant restructuring of both national economies took place; it included the decrease of the employment rate in both the primary sector (agriculture, mining) and secondary sector (industrial production) and the increase of the employment rate in the area of services, state administration etc. One-per-cent statistical change means that changes affected the situation of approximately 50,000 employees in the CR/30,000 people in Slovakia. Several-per-cent changes therefore reflect the closure of many industrial companies, the establishment of banks and their branch offices, new administration offices (financial offices, employment offices, administrations related to the new territorial division and establishment of Czech-Slovak borders etc.), the construction of supermarkets, commercial areas, petrol stations etc.

The above described changes in the sectoral structure were reflected in the scope and structure of the (long-term) unemployment: when Czechoslovakia broke down in the end of 1992, the unemployment rate was 3% in the CR and 10.5% in Slovakia; in the end of 2001 this number was 9.2% in the Czech Republic and 16.4% in Slovakia. Approximately one third of the unemployed people were people jobless for over two years, most of them being unqualified workers from industrial production sectors. These differences in the development of national economies in the beginning of the transformation process, which occurred during the time the common state existence, were naturally reflected in many other areas of the life of the society – from living standards up to the elections' results.

Important changes in the sectoral structure, in comparison to the stagnant economy of 1980's (before and after the split-up of Czechoslovakia), are reflected by Table 1.3.

Table 1.3: Current sectoral structure: comparison of 2001, 1992, 1989 - average numbers of workers in individual years (%)

	Czech Republic				Slovak Republic			
	1989*	1992	2001	2006	1989	1992	2001	2006
Agriculture, forestry and fishing	11.1	7.8	4.7	3.7	14.4	11.8	6.6	4.4
Minerals production	-	2.4	1.4	1.2	-	1.5	1.2	0.7
Industrial production	39.1	31.8	27.8	28.2	33.5	26.6	25.7	26.4
Production and distribution of electricity, gas, water	-	1.9	1.9	1.6	-	2.2	2.8	1.8
F Construction	8.2	8.3	8.8	9.0	10.3	9.1	7.9	9.8
G Business	9.0	11.3	12.9	12.6	9.0	10.4	12.3	12.6
H Restaurants and hotels	0.8	2.2	3.5	3.8	0.9	1.3	3.1	4.4
I Transportation and communications	6.4	7.5	7.8	7.5	6.3	7.4	7.9	6.8
J Banks and insurance companies	0.5	1.2	2.0	1.9	0.4	0.9	1.7	2.2
K Real estates and rent, business activities	-	6.7	5.4	6.8	-	6.9	4.3	5.7
L Public administration and defense	1.9**	2.7**	7.1	6.8	1.9	3.9	7.5	7.0
M Education	7.4	7.0	6.5	5.9	8.2	9.3	7.7	7.2
N Medical and social care	5.0	5.6	6.5	7.0	5.3	5.9	7.0	6.7
Op Other services	-	3.4	3.6	4.2	-	2.8	4.3	3.9

* Different sectoral structure - data included only for sectors categorized in an identical manner

** Without defense

Sources: Statistical Yearbook 1992 (Statistická ročenka 1992), Slovak Statistical Yearbook 1994 (Štatistická ročenka 1994), VSPS 2002 2007

1.3.4 Developments in the area of class professional structure

The structure of sectors slightly distorts information on the ratio of individual socio-professional groups among Czechs and Slovaks (same professions can be carried out in many sectors). More important perhaps is the structuring of the society from the perspective of traditional/less traditional social groups and classes and the changes in this structuring (the representation of working-class, qualified experts, businessmen etc. in the total population).

Table 1.4: Class professional structure in 2001; comparison with 1992, amended EGP classification* (%)

	Czech Republic			Slovakia	
	1992	2001	2006**	1992	2001
Top experts	9.2	12.2	9.5	9.8	10.9
Middle experts	14.2	12.2	14.3	15.0	11.6
Standard non-manual workers	9.8	13.1	19.7	11.8	13.3
Entrepreneurs with employees	2.4	4.4	4.4	1.9	1.4
Independent workers	7.8	6.1	12.8	5.9	3.6
Masters	3.2	4.9	2.9	3.7	3.9
Qualified workers	18.0	16.9	14.3	17.4	15.5
Non-qualified workers	30.6	28.3	19.3	28.6	34.7
Agricultural workers	4.8	1.9	2.7	5.8	5.0

* EGP is an internationally recognized classification of the social class hierarchy.

Source: Survey on Stratification in Eastern Europe after 1989 (1993) (Šetření stratifikace ve Východní Evropě po roce 1989 (1993)); MML 2001, MEDIAN

** Data only for CR; Social and Cultural Cohesion 2006 (Sociální a kulturní soudržnost 2006), Institute of Sociology of the Czech Academy of Science, Social Structure Studies Centre

At the time of the Czechoslovakia split-up, the class structure in both republics was very much alike. The largest difference was perhaps in the representation of independent workers (entrepreneurs without employees) and in the ratio of the so-called standard non-manual workers (this refers to mainly to clerks, routine counter workers and some employees in the services field). During the following decade, the social class structure has gradually changed in both republics and the changes were not the same. The resulting social class structure is therefore more different now than at the time of the common state breakdown. Some of the reasons for this have already been mentioned: the drop business activities in Slovakia, much higher unemployment rate, different course of the restructuring process and the national economy modernization. This and many other, less obvious factors affected the resulting structure.

The fact that the number of experts with university education background increased in both countries indicates that gradual modernization took place. Moreover, in the Czech Republic the ratio of both qualified and unqualified workers decreased. The situation in Slovakia in this area is more complicated - the decline in the numbers of qualified labour force was more than compensated by the influx of half-qualified and non-qualified work force (services, transportation, assemblage etc.).

Both countries have seen the increase in the numbers of administrative clerks and the decrease in the numbers of middle experts (probably production technicians, some of whom found work in the private sector).

Changes in the numbers of entrepreneurs and agricultural workers correspond to trends described above on the basis of official data sources.

1.4 Developments in the educational structure

The extensive industrialization process, which has started in 1950's, needed workers qualified in the area of engineering. This initiated the process of radical quality changes in the educational structure, the inertia force of which has been affecting the current educational structure of the adult population in both republics. This inertia force was affected also by the fact that the centrally planned economy did not regulate only the economic production, but also the outcomes of the education system using special quota tools. These quotas specified how many children will be able to attend secondary schools, how many children will go to vocational training and how many secondary school graduates will be accepted at universities as well as the numbers of boys and girls in individual sectors and areas. This free job-market substitution was one of the main causes of the stagnation - the professional composition of the next generation was decided about years in advance and job positions were maintained in line with the plan. The dynamics of changes in the educational structure of the citizens was much higher in Slovakia, which in the end meant that the educational level of the youngest generations in both republics has not only become the same but that, as far as the proportion between "vocational graduates" and "secondary school graduates" is concerned, Slovakia took lead.

Table 1.5: Educational structure, nationals over 15 years - highest completed education (%)

	1991		2001	
	Czech Republic	Slovakia	Czech Republic	Slovakia*
Primary	33.1	38.2	23.4	26.5
Vocational training	35.3	28.1	37.9	29.5
Secondary	22.9	24.2	28.3	32.2
University	7.1	7.7	8.9	9.8

Note: The remaining part of population either did not finish primary education or did not provide this information.

* 16 years and over

Source: Public census 1991, 2001

The above emphasized changes in the educational structure can be illustrated best by data from post-war public censuses (age category 25-29 years. i.e. people who have finished their standard education, mostly in daily courses). While in 1950 and 1960, approximately 70% of young people terminating their education during the war or immediately after the war in Czech lands had only primary education (in Slovakia this number was 80%), ten years later the ratio was only 30% in both republics. This trend continued also in the next years and has been supported by various

administrative measures. In 1991 (public census), just 10% of the population of the given age group had only primary education. It is worth noticing that in the end of 1970's, when the industrialization process in the Czech lands was basically finished, the number of people with vocational training was at its peak. In Slovakia, industrialization was still going on (even though at a slower pace) and this can be seen also in the rising number of people with vocational training (mainly among women). Changes in the numbers of people with completed secondary education took place all over Czechoslovakia only in 1980's. In comparison to Western Europe countries, this meant a delay of approximately twenty years.

Table 1.6: Current educational structure of economically active people and its dynamics during the past seven years (%)

	Czech Republic			Slovak Republic		
	1994	2001	2006	1994	2001	2006
Primary	13.6	7.2	5.9	11.6	8.4	8.0
Vocational training	45.0	43.3	41.4	40.2	36.5	36.5
Secondary	31.0	36.2	37.6	35.3	41.3	40.7
University	10.1	13.3	14.8	12.9	13.8	14.8

Source: Special Survey on Labour Force (Výběrové šetření pracovních sil), 1994, 2001, 2006

1.5 Income differences among individual socio-professional groups from 1970's

Up to now, we have focused on slightly abstract issues (though considered fundamental by sociologists from the perspective of basic social processes). For most people, the key element of social movements (social imbalances, social stratification) is money. The description and understanding of changes in the social structure certainly requires both approaches. Very important are also relations between socio-professional and education structures on one hand and the income differentiation process on the other hand (egalitarian society versus performance society, social justice etc.). The income differentiation process (or rather income nivelization process) of the past times is well documented by many data (and the same applies also for the current period).

Table 1.7: Differences between average net income among socio-professional groups, EGP classification* (average in Czechoslovak Crowns, Czech Crowns and Slovak Crowns, index)

Czech Republic

		1978		1984		1992		2001	
		Average	Index	Average	Index	Average	Index	Average	Index
Top experts	Male	3156	1.53	3811	1.42	6789	1.63	16135	1.42
	Female	2308	1.12	2930	1.09	5228	1.26	13115	1.15
Low experts	Male	2591	1.25	3116	1.16	4650	1.12	12757	1.12
	Female	1797	0.87	2178	0.81	3712	0.89	9910	0.87
Standard non-manual	Male	2398	1.16	3096	1.16	4195	1.01	11902	1.05
	Female	1588	0.77	2212	0.83	3230	0.78	9762	0.86
Entrepreneurs with employees	Male	-	-	-	-	8490	2.04	21072	1.85
	Female	-	-	-	-	5421	1.30	15175	1.34
Entrepreneurs without employees	Male	-	-	-	-	5866	1.41	15569	1.37
	Female	-	-	-	-	4715	1.13	11192	0.99
Qualified workers	Male	2401	1.16	3123	1.17	4225	1.01	11418	1.01
	Female	1450	0.70	2151	0.80	2760	0.66	8163	0.72
Non-qualified workers	Male	2250	1.08	3036	1.13	4044	0.97	11169	0.98
	Female	1537	0.74	1921	0.72	2708	0.65	7507	0.66
Agricultural workers	Male	2200	1.06	2758	1.02	3475	0.83	9638	0.85
	Female	1673	0.81	2246	0.83	2899	0.70	7779	0.68

Slovak Republic

		1978		1984		1992		2001	
		Average	Index	Average	Index	Average	Index	Average	Index
Top experts	Male	3057	1.54	3608	1.42	5643	1.42	13435	1.48
	Female	2286	1.15	2805	1.10	4171	1.05	10236	1.12
Low experts	Male	2493	1.26	2887	1.13	4510	1.13	10486	1.15
	Female	1705	0.86	2035	0.80	3625	0.91	8284	0.91
Standard non-manual	Male	2255	1.14	2941	1.15	3997	1.00	9543	1.05
	Female	1497	0.76	2394	0.94	3297	0.83	7790	0.85
Entrepreneurs with employees	Male	-	-	-	-	7504	1.88	18125	1.99
	Female	-	-	-	-	3779	0.95	14250	1.57
Entrepreneurs without employees	Male	-	-	-	-	6381	1.60	12250	1.46
	Female	-	-	-	-	4624	1.16	12533	1.38
Qualified workers	Male	2286	1.15	2909	1.14	4043	1.01	9529	1.05
	Female	1576	0.79	1867	0.73	2746	0.69	6947	0.76
Non-qualified workers	Male	2101	1.06	2824	1.11	4086	1.03	8756	0.96
	Female	1468	0.74	1771	0.69	2656	0.67	6024	0.66
Agricultural workers	Male	2104	1.06	2685	1.05	3331	0.84	7723	0.85
	Female	1475	0.75	2001	0.78	2913	0.73	5666	0.62

* EGP is an internationally recognized classification of socio-professional status named after its authors (Goltorp, Erikson and Portocaré).

Note: The index is the ratio of the average income in the given group compared to the total average income.

Source: Survey of Class and Social Structure (Šetření třídní a sociální struktury), 1978, 1984. Social Stratification in Eastern Europe after 1989 (Sociální stratifikace ve Východní Evropě po roce 1989). MML Research 2001, Median.

Data on average income in individual national economy sectors (information from employers) together with data on average income in main socio-professional groups (special surveys see Table 1.7) indicate the extent, in which egalitarian income

policy was applied all over Czechoslovakia, and the degree of changes introduced after November 1989. The income nivelization, existing at least since 1970's, discouraged personal initiatives, led to low work productivity and to an overall stagnation. It was related to populist ideas of social justice ("our stomachs are the same", "all according to their abilities"). In order to implement the egalitarian income policy, many mechanisms were put in place ensuring the redistribution of funds for the benefit of low qualified workers in selected industrial sectors (see the index of income in both manual categories in 1978 and 1984 in comparison with middle/top experts). The low income differentiation implied low consumption differentiation. Data on monthly average income in selected sectors in 1960-1990 clearly indicate that for thirty years differences between individual sectors were minimal. Even though comparable data for 1990 are missing, we may presume that the situation at that time remained similar. In 1960-1990, the maximum difference between individual sectors was 15-20%. It must be noted that sectors with the lowest income were mostly feminized sectors (light industry, schooling, state administration, financial institutions etc.). For three decades, the development of salaries in both parts of Czechoslovakia was identical.

After 1992, significant differences in the development of incomes and salaries occurred. Even though post-1989 sectoral differentiations were similar in both successor states, very different was the overall increase in salaries (and similar development was registered also in the area of real salaries). The relationship between socio-professional groups remained the same as in 1992. It is very interesting that the ratio of income of professional groups with different educational background did not really change since the end of 1970's (with the exception of workers). Similarly, also the rate between male/female incomes (from the same socio-professional groups) remained unchanged. Even though salaries of workers went down in the beginning of 1990's, similar increase in the salaries of university or secondary school graduates did not take place. If we tie the expertise to performance, neither the Czech Republic, nor Slovakia came close to the performance society model. If we establish a link performance to decision-making/responsibility (typical for entrepreneurs or higher management), then significant income differentiation did take place.

Many of the above mentioned data indicate that after 1989 (and especially after the split-up of Czechoslovakia), the changes that took place in both republics were similar. However, the intensity of these changes varied and certain deflexions were registered: different scope of restructuring processes, different developments in the area of unemployment, different developments in the area of income and income differentiation, different dynamics/scope of the

private sector. In the end of 1980's, the social structure of both republics was nearly identical but the transformation decade changed this situation. These differences were certainly caused by different strategies of national political and economic leaders, by different positions of both successor states in Europe and by the different "burden" of the past. It is difficult to prove empirically, which factors were more important than the others.

Section 2. Comparison of living standards (long-term)

Before focusing on the comparison of living standard levels in the Czech Republic and Slovakia, we will look at differences in the demographic development. The unit of the living standard analysis is a household. The (demographic) structure of households certainly depends on long-term processes in the demographic area. Moreover, developments in the area of demographic behaviour include much information on general social movements (e.g. changes of values and living strategies among the young generation in connection with the transformation processes in both national societies).

1.3 The demographic structure and its development, changes in the demographic behaviour and households composition

2.1.1 Demographic developments

In the past several years, the Czech public and experts have been troubled by the low birth rate, one of the lowest ones in Europe, which inspired the fears of nationalists ("the nation is dying out") as well as fear of economists and many other people ("Who will work for us in twenty or thirty-year time?"). Slovakia has also been heading slowly into the "red numbers" as far as the difference between the number of children born and the number of people deceased is concerned. The Czech Republic has been in red numbers ever since 1994, which indicates that the so-called second demographic transition (revolution)* became a reality in both countries.

* This modern change in the reproduction behaviour leading to a significant drop of the birth rate, which occurred in most Western countries in 1960's and 1970's, was caused mainly by changes in values and life style (individualism, emphasis on consumption and enjoyment of life at the expense of values related to family life and children upbringing). These changes were also related to the nivelization of the educational background between men and women, to the arrival of women at the job market and the subsequent quick economic independence of women (non-dependence on man as the breadwinner), i.e. to significant changes in social and family gender roles. Socialistic countries have in 1980's maintained a high marriage and birth rate, even though the emancipation of women at the job market took place. This can be explained by the limited possibilities for self-fulfilment and by people focusing on their own families.

Table 2.1: Demographic events (number per 1,000 inhabitants)

Year	Marriages		Divorces		Divorces per 100 marriages		Live births		Abortions		Natural increment	
	CR	SR	CR	SR	CR	SR	CR	SR	CR	SR	CR	SR
45-49	9.9	10.0	1.1	0.2	11.5	2.3	21.3	25.3	*	*	7.8	11.4
55-59	7.5	8.2	1.3	0.5	18.1	6.2	15.9	24.9	8.8	7.4	5.9	16.1
65-69	8.8	7.3	1.8	0.6	20.8	8.7	14.4	18.0	9.1	7.9	3.1	9.6
75-79	9.0	9.1	2.6	1.2	28.3	13.7	17.9	20.6	8.4	8.2	5.5	10.9
85-89	7.9	7.3	3.0	1.6	37.5	21.7	12.8	16.3	12.2	9.7	0.3	6.2
1992	7.2	7.1	2.8	1.6	38.6	22.8	11.8	14.1	10.6	9.3	0.1	4.0
1994	5.7	5.3	3.0	1.6	52.9	30.7	10.3	12.4	6.5	7.7	-1.0	2.8
1996	5.2	5.1	3.2	1.7	61.4	34.2	8.8	11.2	5.8	5.7	-2.2	1.7
1998	5.3	5.1	3.1	1.7	58.8	32.7	8.8	10.7	5.4	4.9	-1.8	0.8
2000	5.4	4.8	2.9	1.7	53.7	38.1	8.8	10.2	4.6	4.4	-1.8	0.4
2002	5.2	4.8	3.1	1.7	60.2	40.4	9.1	9.4	4.4	4.2	-1.5	-0.1
2004	5.0	4.8	3.2	1.9	64.3	43.8	9.6	9.8	4.2	4.2	-0.9	-0.3

* Data since 1953, year 1955, 1960, ... 1990

Source: Period 1960-1989; Statistical Yearbook 1992 (Statistická ročenka); period after 1992: Statistical Yearbook of the Czech Republic (Statistická ročenka), 2004, Statistical Yearbook of the Slovak Republic 2004 (Štatistická ročenka)

Without commenting in detail on the individual information, let us try to summarize the above (even though with certain simplifications) using some additional facts:

- The **marriage rate** has been and is similar in both countries. Until the end of 1980's, the high marriage rate meant that more than 90 people out of 100 entered into marriage at least once during their lifetime. The average first-marriage-age of women was 22 (24 for men). This led also to the high number of second (and further) marriages. The drop in the marriage rate after 1992 (coincidentally corresponding to the year of the Federation split-up) is connected with the increase in the numbers of unmarried couples living together (not only young and single people ones but also divorced people), to the above mentioned change of values, life objectives and lifestyle of (not only) young generation (see the second demographic transition). The lower marriage rate is certainly related to the drop in the birth rate. In many people's opinion, children should be born only after marriage. For many years, more than one half of marriages were entered into because of the pregnancy of the woman. Although this remains to be a valid reason, the significant drop in the numbers of abortions indicates that modern contraception forms are widely used and that marriage does not serve as a tool to address situations of unplanned pregnancies any more.
- The **divorce rate** has always been much higher in the Czech Republic than in Slovakia (about twice as high). This certainly results from religious traditions, the size of families, the co-living of several generations in one household and to certain social control (norm) existing in smaller locations.

- The higher **birth rate** in the Slovak Republic can be explained by similar reasons as the lower divorce rate. Roma ethnic members also play certain role in this context, with their much higher presence in Slovakia than in the Czech Republic.

2.1.2 The households' composition

The following table includes information on the composition of households in the Czech Republic and Slovakia:

Table 2.2: Type of households, Czech Republic and Slovakia (nationals aged 20-69 years)(%)

	1993		2001	
	Czech Republic	Slovak Republic	Czech Republic	Slovak Republic
Single	15.1	7.6	15.7	9.8
Couple without children	24.2	13.7	19.4	14.0
Couple with one child	16.7	16.3	20.2	17.8
Couple with two children	20.8	24.3	17.8	25.3
Couple with three and more children	6.3	12.1	3.3	10.7
Couple living with parents	0.8	1.7	*	*
Full three-generation household	1.8	5.5	1.1	6.7
Not complete three-generation household	0.5	1.0	0.4	1.2
Single-parent family	6.2	5.2	8.9	8.9
Other	7.6	12.5	3.2	6.4

* not asked

Source: Stratification in Eastern Europe after 1989 (Stratifikace ve Východní Evropě po roce 1989), MML 2001, Median

As definitions of households in the surveys were not identical, we cannot examine differences in the representation of the remaining category “other household compositions”. The same applies also for the possibilities to compare other household types. Eight years of “demographic revolution” brought changes in the representation of single households (the often mentioned “singles”, a new type of a family (or more precisely non-family) behaviour pattern among young, financially independent people, both male and female) as well as in the number of children brought up in complete families. This shift fully corresponds to changes in the family behaviour of young generation (lower marriage rate). Nevertheless, the data also indicate that the overall society (which includes all generations) reflects new facts only after some period of time (inertia effects resulting from the traditional family behaviour of older generations). **However, important are findings indicating that the current structure of households in the Czech Republic and Slovakia differs significantly cumulating developments since 1950’s (including of course traditional behaviour patterns rooted way back in distant past).**

Important note: Analyses focusing on the household composition (and living standards) must always address the problem of which measurement unit should be used: should the data relate to an individual or to a household? We may either ask, in which types of households people live, or what is the representation of individual household types among all households. The first approach would show that 15.7% of adult Czechs currently live in single households; the second approach would indicate that approximately 25% of households in the Czech Republic are one-member households (if we focus on the 20-69 age group; the total number of single-member households is higher because of the old people who often live alone).

1.4 The comparison of living standards

1.4.1 Housing

It must be noted that the following information on ownership relations in the area of housing could be more precise if “census” data were used; these differ as they use households as units (and not people aged 20-69 years). In this case, our intention is not to characterize the urbanization process or changes in the area of housing but to specify the characteristics of people who, on the basis of a certain selection procedure (ensuring the appropriate representation of both urban and rural inhabitants in the relevant regions), became “anonymous information sources”.

Table 2.3: Types of housing according to the size of settlement (different selected locations, %)

	Total		Small village		Small town		Prague	Bratislava
	CR	SR	CR	SR	CR	SR	CR	SR
Family house	34.4	45.8	70.2	85.9	31.6	27.4	8.3	23.4
Own flat	11.2	24.8	4.8	4.3	13.7	31.0	15.3	42.9
Cooperative flat	17.6	17.3	5.7	3.5	20.0	26.6	21.5	19.9
Rented flat (owned by municipality)	26.0	7.2	9.7	2.3	23.5	8.5	33.4	7.5
Rented flat (private owner)	6.3	0.7	5.9	1.1	4.5	0.6	5.3	1.2
Lodging	2.9	2.6	1.7	1.6	3.7	4.2	4.7	3.1
Other	1.6	1.6	2.1	1.4	1.3	1.7	1.4	1.9

Source: MML 2001, Median

Significant difference between both republics can be seen in the ratio of family houses; this may not be as surprising as Slovaks live in rural areas more frequently than Czechs (settlements with less than 5,000 inhabitants). However, as indicated by data for Prague and Bratislava, nearly one quarter of Bratislava inhabitants live in family houses (compared to less than one tenth of Prague inhabitants). This

difference is caused on one hand by the different circumstances of both cities and by their different historical background in the area of housing construction (especially developments of the first half of the 20th century and modern settlements construction in 1970's) and on the other hand by administrative decisions, which e.g. in case of Prague, did not include into Prague territory the currently booming construction of suburban housing for rich clientele.

Another difference can be seen in the number of people living in private flats. It can reasonably be expected that in November 1989, the flats ownership structure (blocks of flats) was similar in both parts of Czechoslovakia. This is confirmed also by our data on the housing ownership situation in 1984 and 1993 reflected by the following table (illustrating the constant ratio of flats owners and the smaller volume of accommodation in family houses caused by moving into new state/cooperative flats in large cities). The rise in ownership housing in Slovakia within the last decade is certainly not connected to the construction of new fancy family houses, but to the difference process and scope of state/municipal houses privatization.

1.4.2 Equipment of households, 1984-2001

In mid-1980's, the level of equipment of Czech and Slovak households varied significantly. Over the next decade, however, living standard levels in the CR and Slovakia became similar (if we equate living standard with the existence of durable assets in the household not taking into account the make/age of the asset; however, we may presume that Slovak households were equipped with newer assets). This can be most clearly seen in the presence of modern innovations (video-recorders, microwaves, PCs) reflecting similar patterns of consumer behaviour among certain households (more educated part of younger middle generation, i.e. those establishing future "social norms"), similar purchase strength and also similar lifestyle. This was different in 1984 – see differences in the presence of colour TVs in households. Differences were often the remains of the past times – traditional departures of Czechs to their weekend houses, different use of washing machines by different generations, in cities and rural areas, living in family houses in Slovakia.

The current situation in the area of households' equipment is more balanced than in the beginning of 1990's. This is slightly surprising taking into account what we know about the developments in the area of Czech/Slovak crown strength, real salaries, unemployment rate and mainly the perceived differences in living standards after ten years of separate development. The current situation is well-balanced even in areas, which had displayed long-term differences (weekend houses, washing machines). The increase in the number of weekend houses indicates that some Slovak

households (in large cities) did prosper after all. The gradual nivelization in the area of washing machines is related to the change of generations. Perhaps only the dishwasher use and makes of cars purchased may support the general opinion of the lower living standards of Slovak households.

Table 2.4: Equipment of Czech and Slovak households (%)

	1984		1983		2001	
	CR	SR	CR	SR	CR	SR
Washing machine	45.5	32.3	63.6	53.8	75.1*	71.4
Video player	-	-	21.8	22.8	44.0*	40,7
Video camera	-	-	-	-	9.9	6.9
Cable TV	-	-	-	-	22.2	20.4
Satellite dish	-	-	8.2	14.9	11.3	38,2
Audio system	33.6	28.9	-	-	33.1	29,0
Independent CD Player	-	-	-	-	18.2	17.1
Microwave oven	-	-	8.1	7.7	56.9	54.8
Deep fryer	-	-	-	-	51.7	43.4
Separate freezer	16.6	14.6	66.6**	66.0**	37.0	46.3
Refrigerator with freezer	-	-	-	-	53.9	70.9
Dishwasher	-	-	-	-	8.9	2.2
Sewing machine	72.2	59.8	-	-	58.4	52.5
Personal computer	-	-	5.7	6.3	-	-
Color TV	20.3	13.9	83.2	79.4	98.8	97.7
Car	55.2	41.4	51.8	45.6	58.1	53.5
Weekend house	15.0	6.4	14.3	6.2	16.7*	12.4
Garden, wine-yard	61.3	65.0	-	-	46.9*	57.9
Family house, own apartment	42.9	56.5	40.8	53.1	50.2	70.6
Dog	-	-	-	-	34.5	41.1
Cat	-	-	-	-	17.9	22.6

* Information of 2000; in 2001, the questions mentioned only washing machine and distinguished between video-player and video-recorder, weekend houses, possibility of garden use

** Could be part of refrigerator

Source: TSS83 survey: Stratification in Eastern Europe after 1989 (Stratifikace ve Východní Evropě po roce 1989); MML 2001, Median

It is obvious that people do not include in their evaluations housing-related factors (house/flat ownership requires strong financial potential), garden ownership etc. There is a generally accepted view that living standards in rural areas are lower than those in cities. Lower rural standards is not related (not even in mid-1980's) to the equipment of households with durable assets (perhaps only the vacuum cleaner was less common in villages). In their evaluation, people took into account all city-related attributes – the availability of shops, theatres, movie houses, cafés, job opportunities etc. Even though the equipment of households in both republics is similar and has

improved in a similar manner, the assessment of living standards greatly favouring the Czech Republic can be considered as objective. People don't take into account only ownership rights, TVs, cars, washing machines, microwaves, freezers, video recorders etc. but also the currency strength, makes of cars, shopping possibilities, travelling opportunities and living-style as such.

The situation in mid-1980's can be characterized by the following phenomena:

- a) Low equipment of Slovak rural households (in comparison to urban households and Czech rural areas);
- b) Socially differentiated ownership of washing machines (in the Czech Republic and even more in Slovakia);
- c) Similar equipment level of households of top experts in both parts of the Federation (unlike other households);
- d) Significantly lower living standards of Slovak technicians, not only in comparison to similar households in the CR, but also in comparison to other categories in Slovakia;
- e) Significantly higher level of equipment of cooperative farmers' households in the CR in comparison to non-qualified workers in the CR;
- f) The presence of colour TV independent of social status in the Czech lands in comparison to the difference between manual and non-manual professions and rural-urban areas in Slovakia.

In ten-year period, probably still before 1989, the Czech and Slovak standards level became more balanced (at least as far as the above mentioned items are concerned) and differences between the level of equipment among all types of houses became much smaller. In fact, only two differences were left from the above mentioned list: the lower equipment of rural Slovak households and the socially conditioned ownership of washing machines. However, in both areas nivelization trends were visible. It was the PCs that have again opened the scissors (their ownership being tied to the profession/age of the head of the family and computer-literacy in the family).

Taking into account that colour TV is can be nowadays found in basically all Czech and Slovak households and that the level of washing machines presence is more balanced (depending mainly on the age and size of the household/individual), we have decided to use other items for the assessment of current social differences.

Table 2.5: Comparison of equipment of selected households, 2001 (%)

a. Urban and rural households

	Car		Dishwasher		Freezer		Microwave		Video recorder	
	CR	SR	CR	SR	CR	SR	CR	SR	CR	SR
Capital city	55.6	57.0	14.5	5.2	26.0	36.6	50.1	61.9	56.0	49.6
Over 100,000 inhabitants	50.0	48.6	8.4	3.3	29.2	29.0	50.7	47.5	53.9	45.4
20,000-99,000 inhabitants	53.5	50.0	7.4	1.8	29.8	35.3	53.6	53.4	49.1	37.5
5,000-19,000 inhabitants	57.3	49.5	8.1	2.6	37.5	40.1	64.0	57.4	53.8	43.2
1,000-5,000 inhabitants	65.2	55.3	9.9	1.9	46.7	58.6	56.8	56.3	49.9	41.1
Less than 1,000 inhabitants	70.3	57.9	8.5	0.5	49.8	61.5	63.5	49.3	47.5	35.4

b) Younger/older households

	Car		Dishwasher		Freezer		Microwave		Video recorder	
	CR	SR	CR	SR	CR	SR	SR	CR	SR	CR
Single under 35	38.4	27.3	5.8	1.2	17.2	7.8	40.8	31.3	30.1	31.1
Young family with children	71.2	60.1	13.6	2.3	35.0	33.4	69.1	63.6	69.8	51.2
Middle-aged family with two children*	77.4	68.1	13.6	3.8	45.5	51.4	70.4	66.9	73.8	51.1
Single-parent family	33.8	23.3	4.1	2.1	34.2	37.6	47.3	48.5	34.3	38.5
Pensioners' household	59.4	46.2	4.6	1.0	42.2	51.9	48.9	42.4	30.3	16.4

* The level of durable goods equipment in families with different number of children is similar (except multi-children families with four and more children).

c) Families, breakdown by the socio-professional status of the head of the family

	Car		Dishwasher		Freezer*		Microwave		Videorecorder	
	CR	SR	CR	SR	CR	SR	SR	CR	SR	CR
Managers	75.5	75.6	14.4	6.8	42.5	56.6	73.2	70.6	71.9	63.8
Top experts	65.5	60.4	14.8	4.2	35.0	45.0	63.7	59.1	58.7	46.3
Technicians	65.1	57.8	10.7	2.5	35.8	44.6	60.1	63.9	56.6	45.0
Clerks	50.6	49.4	8.0	2.2	32.4	44.9	55.2	53.9	50.9	37.5
Qualified workers	58.1	61.5	6.3	1.4	36.8	47.5	57.7	54.4	50.3	40.7
Services	56.9	52.5	7.2	1.1	37.4	49.3	57.5	51.0	50.1	37.0

* Separate freezer.

Source: MML 2001, Median

As already mentioned above, nearly all households in both Czech Republic and Slovakia (over 95%) possess a colour TV, washing machine, refrigerator, radio, vacuum cleaner (previously not often present in rural areas) and stove with a baking oven. Most households have also bicycle, camera, hair-dryer, mixer, electric kettle (in the Czech Republic; in Slovakia, kettle is included in another group). Second most frequent items include microwave ovens, video-players and also cars. About 50% of households own a fume-hood, food processor, CD/audio player, deep fryer, electric drill and sewing machine; the percentage of households with these items is lower in Slovakia (with the exception of the sewing machine). One-third of households possess toaster, coffee-maker, knitting machine and lawn-mower. Similar was the situation also in the end of 1980's. With few exceptions (dishwasher, see Table 2.8, and latest audiovisual items), the equipment of households "stabilized" in both countries on similar levels, including the ratio of households with washing machines, microwave ovens or video-players. An important living standard indicator is not the existence of a particular item as such, but its quality and upgrade frequency, which varies significantly (different speed of wear-out, technical upgrades etc.). The situation in this area is influenced by the age of households, their current income situation and many other factors.

However, it is true that in 1990's differences in living standards between households have grown. This was caused by the increase of income imbalances - the level of household equipment signals significant social differentiations (dishwasher, new cars). Even though living style, which affects and is affected by the equipment of households, certainly depends on the age, work status, education, life cycle of the particular person, most Czech and Slovak households would not refuse a dishwasher or a new car or another (less costly) item belonging to the standard equipment of "well-situated" families. The above mentioned "stabilization" therefore results from significant social imbalances between households of businessmen, managers and partly also top experts on one hand and workers, unemployed people and pensioners on the other hand.

2.3 Households' incomes

2.3.1 Developments before the split-up of Czechoslovakia

First transformation years (while Czechoslovakia still existed) saw a significant drop in the area of real incomes (to approximately two-thirds of the original value). This drop (inflation) was caused by the "normalization" of prices in areas previously strongly subsidised by the State: housing costs (including services charges), energy payments, public transportations, food, children clothing etc. This "normalization" did

not affect everybody in the same way. The main areas of changes (where prices went up by hundreds of per cent) indicate that family budgets of certain households (families with small children, families in rented flats) were affected much more. Price movements (inflation) were accompanied also by changes in the income of various professions, amount of pension benefits and other social support (child allowances, parental support, unemployment benefits). These "movements in the area of income differentiations" have in fact multiplied the effect of the price normalization. Only few years changed the egalitarian Czech and Slovak societies (with only small differences in income, consumption and living standards) into societies with large disparities in the area of living standards. This objective change was multiplied by the way it was perceived by people: for many years, people were used to see the same living standards all around (good or bad according to what they were compared with - East or West); this suddenly was not true any more. On general level, "rules" setting out ideas about what is socially just or unjust simply changed, led to significant social imbalances and affected also the legitimacy of the new social system.

Table 2.6: Evaluation of family income (%)

	Retrospective assessment of 1988		1993	
	Czech Republic	Slovak Republic	Czech Republic	Slovak Republic
Well below average	2.4	2.4	7.1	9.8
Below average	19.1	17.2	33.3	38.0
Average	71.2	73.8	50.1	45.2
Above average	6.6	6.3	7.7	5.9
Well above average	0.7	0.3	1.8	1.1

Source: Survey on Stratification in Eastern Europe after 1989 (Výzkum stratifikace ve Východní Evropě po roce 1989).

According to data provided by respondents on their income and the income of other household members (including the non-employment income such as pension benefits, social support etc.), the average income of Czechoslovak households in 1992 was 7,648 Kcs and 7,406 Kcs respectively (the difference of 250 Kcs does not in fact exceed the limits of statistical error). However, differences (important from the statistical perspective) in the financial situation of Czech and Slovak households in 1992 existed if we take into account the so-called per capita income. Because of the different household structure (Slovakia has more multi-generation and multi-children households); the small difference in total income becomes more distinct when recalculated per capita: 2,931 Kcs in the CR and 2,437 Kcs Slovakia. In the area of daily consumption this difference is important and may explain national differences in the perception of "income deprivation" discussed in detail in the following sub-chapter.

Regardless of similarities between individual and overall income of household members in both states, Slovakia has since 1993 experienced much sharper drop in the family budgets. Approximately two thirds of households perceived their financial situation as worse in comparison to 1988 (while in the CR this number was approximately 50%). Similar was also the perception of the drop in the living standards. The explanation for this is not so much the good-old-times nostalgia but rather differences in the per capita income. During first transformation years, price rise affected mainly daily costs (food, housing related payments such as heating, electricity, water etc.), i.e. things, the consumption of which multiplies with the number of family members. For things purchased only occasionally (TV, washing machine), prices did not change so dramatically; nevertheless, funds for their purchase were hard to find in tight family budgets (which led to the decrease of the living standard).

Table 2.7: Comparison of the situation of households in 1993 and 1988 (%)

	Finances		Living standard	
	Czech Republic	Slovak Republic	Czech Republic	Slovak Republic
Has improved	23.3	16.9	15.3	10.8
Is the same	27.1	21.7	35.5	27.9
Has deteriorated	49.7	61.4	49.2	61.3

Source: Survey on Stratification in Eastern Europe after 1989 (Výzkum stratifikace ve Východní Evropě po roce 1989).

2.3.2 Situation ten years after

A decade later, the situation has changed; the overall income of households in the Czech Republic has risen significantly (this difference being multiplied by the different value of the Czech and Slovak crown). This is obvious even more if we look at the per capita income, since changes in the demographic behavior occurred in Slovakia later on. The original 5-10% difference between Czech and Slovak households in the lowest income categories has doubled over the past ten years (per capita income).

Table 2.11 illustrates differences in the per capita income for various types of households (single households, couples, families with children) and households with different social status of the family head. The data do not reflect different exchange rates of the Czech/Slovak crown (approximately 8:10 in 2001), which would yet multiply the differences (though the issue is more complex because of the different price relations of daily goods).

Table 2.8: Average per capita income, breakdown by type of households, social status of the head of family; separate for young and older families with children, aged 20-69 (in CZK, SK; 100%=average income)

Type of household	Czech Republic		Slovak Republic	
	CZK	%	SK	%
Single under 35	8755	110.7	5687	114.5
Couples under 35 without children	10986	138.9	7105	143.1
Parents under 35 with children	5755	72.8	3876	78.0
Single aged 35-55	9840	124.5	8361	168.4
Couples aged 35-55 without children	10355	130.9	6640	133.7
Parent 35-55 with children	6897	87.2	4280	86.2
Single over 55	7816	98.9	4896	98.5
Couples over 55	7976	100.8	4837	97.4
One-parent families	4298	54.4	3357	67.6
Others	7792	98.5	4589	92.4
Total average	7906		4966	
Selected social types of households				
Employees	8314	105.1	5037	101.4
Independent workers	9337	118.1	6511	131.1
Entrepreneurs	13304	168.3	8975	180.7
Unemployed	4497	56.9	2677	53.9
Households of employees, breakdown by education				
Primary	7234	91.5	4611	92.8
Vocational training	7417	93.8	4556	91.7
Secondary	9034	114.3	5291	106.5
University	12218	154.5	6931	139.6
Complete families under 35, breakdown by number of children				
One child	6679	84.5	4678	94.2
Two children	4903	62.0	3625	72.9
Complete families 35-55, breakdown by number of children				
One child	8182	103.5	5413	109.0
Two children	6328	80.1	4375	88.1
Three children	5217	65.9	3454	69.5

Notes:

- "Single" does not mean one-member household; respondents could have been living with their parents.
- Breakdown of households according to their social status and education was done according to the status of the "head of the household". In the area of education, it refers to households of employees and male "heads"; breakdown by education corresponds roughly to the division of households between top/middle experts and workers.
- In case older households, children do not necessarily need to be dependent.

Source: MML 2001. Median

Interesting data have been highlighted in the table: these reflect the different situation of Czech and Slovak families with children (middle aged/young/incomplete vis-à-vis the national average). In the Czech Republic, the income of all these families is lower than in Slovakia. This can be explained partly by the different ratio of family-related benefits vis-à-vis household incomes and partly also by the socially

differentiated fertility rate (Czech nationals with higher income have less children and start families less frequently). Large differences can be seen in the case of young families (caused probably by the disproportion between parental benefits and two incomes).

2.4 Deprivation of households before and after 1989

2.4.1 Situation in mid-1980's

Table 2.9: Evaluation of households' living standard in 1984 (%)

	Total		Incomplete family		Pensioners' household		Workers' household		Working intelligence household	
	CR	SR	CR	SR	CR	SR	CR	SR	CR	SR
Living from one pay-day to another	8.5	17.3	21.4	38.6	15.7	28.3	9.5	18.7	3.0	8.2
OK with standard costs; for purchase of cloth we must borrow money	29.2	29.2	35.7	29.5	35.0	35.5	30.7	32.7	24.9	17.6
We are doing OK, we even manage to make some savings; however, we must borrow money for the purchase of durable goods	39.7	37.0	33.3	20.5	32.5	24.8	39.7	35.8	43.2	47.1
No problem with purchase of durable goods but we can't afford car or more expensive holidays	16.7	13.3	8.3	9.1	13.5	10.1	15.6	11.3	20.1	22.4
We can consider buying also more expensive goods (car)	5.2	2.5	1.2	2.3	2.9	0.7	4.0	1.3	7.1	3.5
We can think of building a family house	0.6	0.6	-	-	0.4	0.7	0.5	0.2	1.8	1.2

* Self-placement; "working intelligence" = socialistic term for experts with university education (top experts).

Source: Survey on Class and Social Structure 1984 (Šetření třídní a sociální struktury 1984)

The comparison of incomes of various professional groups and the respective differences between the Czech Republic and Slovakia (approximately two-hundred crowns difference between similar professional groups) could make us expect that the perception of living standards (reflected in responses to the question "How do you make ends meet and what can you afford with your family budget?") will be approximately the same. In former Czechoslovakia, pensions and social benefits did not differ. Nevertheless, information contained in the following table indicates otherwise. **In mid-1980's, the perception of income deprivation in Slovakia was significantly higher in all social groups. This was the result of differences in**

living standards (equipment of households and possible also savings). Czech households "had gained" more already in 1960's and 1970's and that affected the level of income deprivation feelings.

In both republics, however, differences between households with different socio-professional status were not so large (income nivelization), while the sharp drop of the pensioners/incomplete families' households was in comparison with other households very significant. This confirmed the need for two incomes in a family, which may explain the nearly 90% employment rate among women and the very high number of working pensioners (about three times higher in comparison to mid-1990's).

We may presume that with the gradual nivelization of the living standards level between Czech and Slovak households (see the equipment of households), differences in the feelings of tense family budget decreased and the perceived income deprivation level became more balanced.

2.4.2. Situation in the beginning of 1990's

A survey carried out in 1993 in both republics, focusing on the evaluation of social changes, did examine also feelings of having sufficient funds for food, housing, household equipment, standard non-food items, services, culture, traveling, medical care, studies of family members (a total of ten consumption areas). At the same time, the research examined retrospectively the respondents' situation in this area before 1989. (Please note, that in the beginning of 1990's approximately half of Czechs and nearly two thirds of Slovaks perceived their pre-1989 living standard as better.)

Unlike in mid-1980's, income deprivation was felt (with certain exceptions such as traveling) in the area of basic, daily needs. Nevertheless, even when we take into account this difference, retrospective evaluations of the end-1980's perceived the situation of Czech and Slovak households in a balanced manner. Two fifths of Slovak households and one third of Czech households have retrospectively assessed their financial possibilities as fully sufficient for all above mentioned daily needs, with 6% of households rating themselves as deprived ("just enough money to buy food"). Nivelization was perceived also in the assessment of the situation of different households (pensioners' households, single-parent families, workers' households etc.) with the exception of multi-children families.

The deterioration in the area of real income (more apparent in Slovakia) together with all events of the first post-communist transformation years were reflected by

family budgets objectively as well as subjectively. The perception certainly combined feelings of social insecurity (unemployment, lack of pension benefits valorization, higher prices of basic daily needs) with memories of the relatively idyllic socialist times (at least as far as social security was concerned).

**Table 2.10: National differences in income deprivation:
"Our household had/has enough funds for:" (%)**

		Minimum of needs (1 or 2 areas)	Less than half of the needs	More than half of the needs	For everything (10 areas)
Retrospective assessment of 1989	CR	6.4	9.4	53.7	30.5
	SR	6.6	6.9	45.5	40.9
1993	CR	37.3	25.4	27.3	10.1
	SR	64.6	16.8	14.9	3.7

Note: Survey Opinions on Social Changes 1993 (Názory na společenské změny 1993).

The number of households feeling originally income deprivation (6%) went up significantly in 1993 - 37% of Czech households and 64% of Slovak households perceived their financial situation as critical. An opposite experience (fully covered needs) was felt more often by Slovaks than Czechs. At the same time, objective data on incomes indicate that the financial situation in both republics was very similar (with Slovakia having lower per capita income). The retrospective assessment contradicts therefore in certain extent these facts and can be explained perhaps as a reaction to the sharp decline of the living standard in Slovakia in comparison to the Czech Republic.

2.4.3 The current situation (2001)

The 2001-data might give the impression of being less dramatic than in the beginning of 1990's. Although they do not reflect the transformation shock any more, the result is not very encouraging if we add to the current evaluation also short-term comparison and future perspectives.

Six out of ten Czech households (and eight out of ten Slovak) have problems with their family budget; this information is made important by the comparison with the last year and the low optimism vis-à-vis the future. Nevertheless, negative expectations of one third of Czech households and half of Slovak households do not seem to be well-founded. Especially in the case of the Czech Republic, the inflation rate has been very small in recent years, salaries in the public sector have increased and the Czech crown is strong. We may ask what is more real - the actual financial situation of households or the way it is perceived by people? The data seem to indicate that financial requirements are growing on annual basis and that some

households cannot cope with this situation. It is hard to decide, in which extent this situation is determined by more demanding consumption behavior patterns (designer clothing, modern equipment) and how much it is affected by the increase of prices of basic needs and services.

Table 2.11: How do various households make ends meet? (%)

Czech Republic

	Very difficult	Difficult	Rather difficult	Rather easy	Easy*
Young families with children	4.7	8.6	52.4	30.2	4.1
Middle-aged families	3.2	8.6	42.7	38.9	6.6
Single-parent families	11.9	16.0	50.9	19.4	1.9
Households of pensioners	2.0	8.7	49.7	35.5	4.1
Households of entrepreneurs	1.7	5.6	28.3	53.0	11.1
Households of unemployed	29.5	21.8	38.2	7.7	2.1
Top experts	1.4	5.7	35.7	48.4	8.7
Technicians	3.3	6.6	42.3	42.4	5.0
Clerks	3.8	11.5	44.9	35.2	4.2
Qualified workers	4.1	10.1	50.0	32.5	3.0
Non-qualified workers	8.9	17.5	53.0	19.1	1.4

Slovak Republic

	Very difficult	Difficult	Rather difficult	Rather easy	Easy*
	8.5	16.5	52.7	20.5	1.9
Young families with children	7.1	15.3	55.8	19.7	2.3
Middle-age families	19.3	21.6	45.1	10.6	3.4
Single-parent families	7.7	19.4	56.4	14.9	1.6
Households of pensioners	1.1	6.2	46.1	37.7	9.0
Households of entrepreneurs	31.8	26.2	38.0	3.9	-
Households of unemployed	7.4	13.2	51.6	22.3	5.5
Top experts	5.8	12.8	55.0	23.4	2.9
Technicians	10.5	16.5	53.4	17.3	2.3
Clerks	9.9	18.1	26.4	14.4	1.3
Qualified workers	16.4	23.4	50.0	9.3	1.2

* The "Easy" answer includes also the answer "very easy", which have occurred only very exceptionally
Source: MML 2001, Median

The situation of different types of households does not vary very much (although we could expect so on the basis of the per capita income data). Besides the difficult situation of households dependent on unemployment benefits, households seem to perceive their situation in a very similar manner. Differences identified are not adequate to income differences and indicate different expenditure levels of different households (different needs of family budgets).

Responses to the question "What can your household afford with its income" give us information on the financial situation of individual households. One quarter of households of unemployed people claims not to have enough money for food. Funds only for basic needs (such as food) has approximately one third of young families, half of workers' households and half of pensioners. One fifth of experts with university degree or entrepreneurs can cover only their basic need. On the other hand, 25% of entrepreneurs' households and nearly one fifth of experts' households have sufficient funds to purchase quality household equipment (and this is not exceptional even among the young ones).

Table 2.12: What can your household afford with its income? Different types of households, Czech Republic (%)

	Not enough even for basic needs	Enough for food only	Enough for basic needs	Enough for standard equipment	Enough for more than average equipment	No need to restrict any needs
Young families with children	3.5	29.9	34.9	25.0	5.0	1.7
Middle-age family	2.3	25.5	30.3	28.8	9.2	3.9
Types of households (breakdown by the head of household)						
Entrepreneur	1.8	16.2	23.0	33.2	16.1	9.9
Top expert	1.7	20.1	28.4	32.4	11.1	6.2
Worker	8.0	46.5	30.8	12.3	1.9	0.5
Unemployed	25.3	51.0	18.0	4.6	0.5	0.5
Pensioners	6.6	45.5	30.9	14.3	2.1	0.6
Total	8.5	29.2	39.7	16.7	5.2	0.6

Source: MML 2001, Median

Similarities in questions examining the perception of consumer possibilities in mid-1980's and in the MML 2001 survey allow us to conclude that in seventeen years the situation of households did not change principally. More significant was perhaps only the change in the ratio of households, which have funds to purchase standard equipment, at the expense of those, who have just enough to cover their basic needs (food, clothing, and housing). Although we can see the rise in the numbers of

households with extensive consumption possibilities and a decline in the numbers of households living in complete deprivation, these changes amount to just few per cent. If we consider differences between various types of households (social status, life cycle etc.), it is obvious that much has changed in fifteen years: the situation of pensioners has improved (not dramatically but at least a bit) and we can see also differences between households with different social status (decline in the case working-class families).

Our research does not take into account living on loans and debts; this situation is frequent on the level of the state/companies. In the area of "family economics", we have seen only the beginning of this phenomenon (see e.g. the survey of MML 2001 indicating that 11.3% of families took loan in order to purchase a car).

Data for Slovakia are not easy to compare, as "income deprivation" issues were examined through several questions (not one). The resulting differences between individual household's types are lower than in the Czech Republic, which is certainly caused by the more distinct deprivation of all households.

Table 2.13: The level of income deprivation in various types of households, Slovakia (%)

	0 - 1 area	2 areas	3 areas	4 areas	5-6 areas	7 and more areas	Will buy, what he/she likes
Young family with children	14.8	16.1	27.1	16.1	17.0	9.0	28.0
Middle-age family	14.2	14.0	27.1	16.7	16.3	11.7	28.3
Types of households, breakdown by the head of household							
Entrepreneur	12.4	9.9	19.6	15.3	20.4	22.3	40.1
Top expert	14.7	14.7	22.4	20.8	17.6	9.9	29.4
Worker	26.6	19.2	25.8	14.0	11.3	3.2	21.2
Unemployed	29.4	25.5	29.1	9.8	4.9	1.3	18.4
Pensioners	20.7	23.1	29.8	15.4	8.0	2.9	12.4
Total	18.2	15.9	25.3	16.5	16.8	8.3	27.6

* Percentage of those, who may buy something small they like.

Source: MML 2001, Median

The last column indicates the percentage of positive replies to the question whether the respondent can easily buy something small just for pleasure - differences between replies of respondents from different household types are not as large as differences between the level of their households' deprivation. The explanation of

this can be hidden in the different perception of the term "buy something small just for pleasure".

It is somehow automatic (even though we tried to prevent it) that developments of social imbalances are perceived mainly through "pitfalls at the edge of poverty", "deprivations", "social needs" etc. In the structuring of the society and in the examination of households we focus on those handicapped in one way or another: single-parent families, multi-children families, pensioners' households, households of unqualified workers and unemployed people. Our approach certainly emanates from efforts to identify and emphasize social problems and the idea of social cohesion being threatened by high social imbalances. We are aware that well-off parts of the society get much less attention - we do not focus very much on the analysis of their situation. Nevertheless, the middle or high middle class, which is currently being formed, is very important for both national societies.

Section 3. The level of content within the society

In the end of 1993, e.g. one year after the split-up of Czechoslovakia, Czechs were rather content with the politics and rather unhappy with the economy. Slightly higher was the discontent in the area of living standards and the overall social situation. The level of content within the Slovak society was significantly lower in all areas examined.

Table 3.1: How content were people with domestic politics, national economy, their living standard and with the overall situation in the society in 1993 (%)

	Politics		Economy		Living standard		Overall situation	
	CR	SR	CR	SR	CR	SR	CR	SR
Very content	6.9	1.2	6.9	0.9	3.3	0.3	2.4	0.2
Rather content	47.7	18.1	38.8	12.0	33.9	10.9	31.9	9.5
Rather discontent	37.3	58.1	41.4	49.7	44.0	42.9	49.8	52.5
Very discontent	8.1	22.6	12.8	37.4	18.9	45.9	15.9	37.6

Source: Research Opinions on Social Changes (Názory na společenské změny), 1993, Institute of Sociology, Czech Academy of Science

The discontent with politics in the autumn of 1991 in the Czech Republic was much higher than in 1993: 57% of respondents were rather discontent and 16% very discontent. In Slovakia, the situation was similar: 61% of respondents were rather discontent and 25% very discontent (Transformation of Social Structure (Transformace sociální struktury), Institute of Sociology, Czech Academy of Science). In 1991, the level of discontent in the area of economy was similar to the one of 1993 in both parts of Czechoslovakia.

In the end of 1993, differences in expectations among Czechs and Slovaks in the area of future social developments were not that large. Although it is true that Czechs often expected the situation to improve and Slovaks were rather pessimistic (thinking that only small positive changes can be expected), the difference in the ratio of pessimists was approximately 10-15%.

Table 3.2: What were the 1993 expectations of the public for the next 3-5 years (%)

	Politics		Economy		Living standard		Overall situation	
	CR	SR	CR	SR	CR	SR	CR	SR
Quick improvement	3.1	1.9	4.1	1.2	2.1	1.2	1.5	1.4
Gradual improvement	45.7	29.3	48.4	29.6	38.6	23.4	37.4	25.1
Only small changes	44.2	51.1	35.5	43.4	36.6	35.2	42.6	40.8
Gradual deterioration	6.2	14.3	9.5	20.1	19.3	30.5	14.9	23.7
Quick deterioration	0.7	3.4	2.1	5.6	3.4	9.7	3.7	9.0

Source: Opinions on Social Changes (Názory na společenské změny), 1993, Institute of Sociology of the Czech Academy of Science

In mid-1990s, the level of public content started to be characterized by the term “bad mood” (used by President Václav Havel in one of his public statements). This catchy characteristics certainly reflected the inevitable disillusion of the public expecting that the Czech society will within few years reach the level of Western countries not only as far as living standards are concerned but also in the area of political culture and other fields important for the modern society and state. The term “bad mood” became very popular among various observers and the actual existence of “bad mood” (not supported by hard, empirically confirmed data) was not questioned. In fact, the mid-1990’s data reflecting the mood of (ordinary) people and their expectations for the future do not include any strong “bad mood” tendencies, especially in comparison with the current situation (2001), when “bad mood” seem to have retired from the spotlights.

At the turn of the century, the level of discontent in the area of politics (politicians, political events, political institutions etc.) was high in both countries. In Slovakia, the level of discontent was approximately the same as in 1993 (high). In the Czech Republic, the number of discontent people increased, however, it has not yet reached the Slovak level (see the recalculated Table 2.20b). In other areas of life, people are often content (most often in their own life assessment). Slightly surprising is the fact, taking into account data from the beginning of 1990’s and especially our findings from the area of income, households’ living standards and feelings of income/ consumption deprivation, that the structures of Czech and Slovak responses are nearly identical: one third of respondents are content with their living standard,

one eighth of people is discontent. It is true that the number of very content people has increased only slightly in comparison with 1993, however, the ratio of discontent people has dropped significantly (especially in Slovakia).

Table 3.3a: Level of content among population in 2001 – five-point scale* (%)

	Politics		Living standard		Society		Own life	
	CR	SR	CR	SR	CR	SR	CR	SR
Very content	1.7	0.7	4.8	4.7	5.4	8.6	12.7	14.7
Rather content	12.5	7.3	30.2	29.9	29.8	29.9	49.4	49.3
Fifty fifty	46.9	31.0	47.8	43.4	49.4	39.1	30.8	29.6
Rather discontent	25.4	31.3	13.2	15.2	12.2	16.0	6.0	4.7
Very discontent	13.5	29.7	4.2	6.7	3.2	6.4	1.4	1.6

* Re-coding: (1=1)(2 3=2)(4 5 6=3)(7 8=4)(9=5), 1=the lowest level of content, 9=the highest level of content

Source: MML 2001, Median

This surprising result made us think about the methodics used - was it the same? Could the results be affected by the use of the nine-point scale with a natural centre, i.e. neutral position, in comparison to clean-cut options (content-discontent) of the previous researches? After an amendment, which we consider adequate, results in the area of content/discontent did not really change as the ratio of hesitant people was the same in both republics (with the exception of politics).

Table 3.3b: The level of content among people in 2001 – four-point scale* (%)

	Politics		Living standard		Society		Own life	
	SR	CR	SR	CR	SR	CR	SR	CR
Very content	6.5	3.3	21.0	20.3	21.6	24.6	42.7	44.4
Rather content	27.8	14.0	44.4	41.4	46.2	38.6	44.1	43.9
Rather discontent	35.2	28.1	23.7	22.2	22.5	19.5	9.2	8.0
Very discontent	30.5	54.2	10.7	16.1	9.7	17.3	3.9	3.7
Response missing	19.9	12.3	19.0	18.9	20.1	16.7	12.0	13.4

* Re-coding (to four-point scale): (1 2=1)(3 4=2)(6 7=3)(8 9=4), 1= the lowest level of content, 9=the highest level of content

Source: MML 2001, Median

However, the different setting of high/low content level has increased the number of people who are very content with their living standard and with living in this society (in this system). This number is approximately one fifth and it corresponds approximately to the representation of socio-professional groups successful during the transformation period (high income, high living standard, status, i.e. entrepreneurs, many independent workers, some qualified experts). This is confirmed also by the following table, which shows (using average values) the

different level of content among various socio-professional groups, unemployed people, pensioners and students.

Table 3.4: The level of content* in selected social groups (%)

	Politics		Living standard		Society		Own life	
	SR	CR	SR	CR	SR	CR	SR	CR
Entrepreneurs	4.2	3.1	6.3	5.9	5.9	5.2	7.0	6.8
Experts with university degree	4.4	3.1	5.9	5.4	5.7	5.4	6.8	6.9
Workers	4.1	3.0	5.3	5.1	5.5	5.3	6.5	6.6
Unemployed	3.7	3.1	4.2	4.5	4.9	5.1	5.5	5.8
Pensioners	3.9	2.9	5.1	4.9	5.4	5.3	6.5	6.5
Students	4.3	3.5	5.6	5.6	5.6	5.7	7.1	7.1

* Calculation of average from original none-point scales: 1=the lowest content level, 9=the highest content level
Source: MML 2001, Median

There are significant differences between individual groups, especially in the area of content with living standards (the opinions of Czechs are more differentiated: entrepreneurs and experts with university degree are more content, unemployed people are less content). In Slovakia, however, differences between these groups are not that large. This may explain the similar distribution of answers to questions about the content with living standards (which was so surprising in the overall comparison of both countries). The Czechs seem to reflect more often objective imbalances in the living standards, while Slovaks differ less in their assessment (even though the gaps are certainly similar): successful people are less content and unsuccessful people are less discontent. These positions may also reflect fears of the future, which are more common in Slovakia.

Slightly surprising is the uniform perception of politics by all groups (of course separate for each country), with the exception of Czech unemployed people (low content) and Slovak students (surprisingly high level of content). The “internal group agreement” together with the differences between both countries indicate that direct links between politics and living standards do not exist and that the level of content with politics emanates from different grounds. No strong ties to the level of content with the society system can be found (this follows from the comparison between the Czech Republic and Slovakia).