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IVO MOŽNÝ

## THE CZECH FAMILY IN TRANSITION FROM SOCIAL TO ECONOMIC CAPITAL

1.

The Czech family has belonged to the „West European type of the family” [Hajnal, 1965]. Through the first half of the 20th century, the relatively high age at marriage; a marginal, but relatively high share of never married men and women in the population; voluntary childlessness as socially acceptable marriage strategy; and some other of its traits have been associated with a capitalist or „market” society of the Western type [Mitterauer and Sieder, 1982; Stone, 1977].

Some reactions of the Czech family to the big experiment with planned society in this country have supported this hypothesis. Since the beginning of the fifties, family behavior has changed in all of the above mentioned aspects: voluntary childlessness has virtually disappeared (there are only 3,96% childless among married women in the 45-49 age group while physiological infecundity is estimated at around 3% among married women); practically everybody who has a marriageable body gets married (only 2,8% of women in the 50-54 age group have never been married); average age at the first marriage and, particularly, average age at the first childbirth had dropped dramatically (median age at the first marriage is 23.27 years for men and 20.68 for women and about half the brides are pregnant at the time of marriage, the median age of mothers is 21.72 years at first birth - and niodus 20 years [Census 1980]).

2.

Direct observation offered an array of partial explanations: social policies successfully luring young couples into marriage by a system of subsidies, long maternity leave, advantageous marriage loans with great deductions after the birth of the first child, etc. They also pushed them into parenthood by the high taxation of childless persons and, perhaps most effectively, by practical impossibility of getting an apartment for unmarried and/or childless couples and single persons. Socially, too, there was practically no place for spinsters and bachelors in our

social system. Spontaneous association was difficult and established organizations and clubs did not meet the real expectations of young people. The Czech society did not offer attractive alternatives to married life: it was impossible to travel, to enterprise, to go in for a dynamic career. Political activism was dangerous and the family was often seen as the only source of authenticity in the world of public hypocrisy. The last fifty years of political instability and discontinuity made a mutual understanding between generations difficult and drove young people to part from their parents. Young people perceived too often the older generations as deeply deformed by the injustices they had suffered at the hands of the Communist regime - or morally discredited by self-preserving compromises (accepted mostly for a better prospect of these children).

Nevertheless, in spite of all the differences in opinions and despite the natural effort of the young to start living on their own as soon as possible, the economy of the young family was difficult. It had to be based on two incomes, and even then young families could hardly survive without a long-lasting support from (and dependence on) the family of origin. And - as will be seen later - the dependence was mutual. Old couples and young families were connected by regular patterns of mutual support which, together with horizontal ties into the broader family and into multi-family clans have created a system of tightly knit networks. Daily operations of these networks were an important, even if non-ostentatious trait of the living world of socialism.

### 3.

An important element in this system was the relatively low pension age. Paradoxically, the early motherhood can be best explained by the low pension age (with the dependence on social capital as an environmental condition). With a grain of salt we can say that Czech girls tried to get pregnant as early as possible because of the low pension age of their grandmothers and with the same prospect for their mothers.

To explain this paradox we have to begin at the beginning. In the early years of socialism, the paternalist state promised to take full care of everybody. In case of the elderly, this promise was fulfilled by a low pension age; men at 60 and women at 57 - and for every child two years earlier, therefore mostly at 55. With a permanent scarcity of workforce, however, the socialist economy needed blue collar laborers even after they reached the age when entitled to the easy life of a pensioner. Therefore the option of full pensions plus full wages was guaranteed. More than half of the men continued to work after 60, and almost the same proportion of women (41%) remained employed full time after 55-57; in the age group 68 and over, 16% of pensioners were still working full time (Bartošová 1991). Although the pensions were relatively meager (the ratio of average pension to average income was 44,6 in 1970, 44,8 in 1980 and 48.5 in 1989 -

Bartošová 1991: 28), with full wages still available, many couples in the early pension age had the highest income in their lives. Considering a lower consumption capacity (with little time left for leisure activities and no supply of luxury goods), they were doing very well indeed.

The working pensioner (this is a technical term, used also in an derogatory abbreviation „prduch”, a very popular term in socialist newspeak) was not depositing his or her surplus into a bank to set up at least a little capital for possible crisis or bad times, and it was considered preposterous to pay for an additional old age insurance. After experiences of money reforms which devalued all savings totally three times during the life course of this generation, nobody could trust money in the bank any more. Anyway, in the economics of shortage (Kornai, 1981) money did not suffice to get what you needed for an orderly life. It was a working network of mutually obliged partners in important positions (i.e. a butcher, a medical doctor, a plumber, somebody with influence in municipality offices, and many, many others) who could offer valuable goods and services. Such a network was the result of a lifetime investment in mutual corruption, exchange of scarce goods, insider tips, advantageous services and allowances. To maintain the network was another reason for postponing retirement: by leaving a professional position, one left behind many important resources that could be offered for exchange in one's own network, and lost weight in the networks of others.

However, there were natural limits to these postponements. Even a healthy man or woman in his or her seventies gradually began to face problems of diminishing abilities (hearing, seeing, mobility) and one day they had to quit. This meant a big drop in the living standard with a decrease in income from 150% (wage plus pension) to 50% (pension only). But that was not all that was bad. Pensions were not inflation adjusted and even a relatively low inflation of about 5% per year devalued the pension in ten years to a half of its original purchasing power. This put many old pensioners below the subsistence level.

The soundness of their investments was tested at the moment when they retired. A common strategy was to invest most into the next generations, into the family (or families) of children. If the investment was sound, the family took care and provided support and protection for the aged. There was an alternative, to go into a retirement home, but it was a bleak prospect: except in case of invalidity it was nearly impossible to obtain a placement in an institution (for about four millions of pensioners there were only about forty thousands places available in such homes). Living conditions in the homes were far from attractive (houses were overcrowded, a single room was nearly impossible to get and it was not exceptional to share a bedroom – up to ten roommates). But the informal „family insurance” worked generally very well and quietly substituted for the failing paternalistic state, which was in the end able to offer neither economic independence nor care in dignity near the end of one's life.

There were four main ways to invest into the next generation:

- a) To help the daughter's or the son's family with child care. Such a help of grandmothers (and often of grandfathers, too) was considered to be an important resource for a young family. For many employed mothers in families with infants or small children such support was an irreplaceable element in the family strategy during this phase of their life course.
- b) To offer an accommodation. About 80% of Czech couples started family life in the parents' home (Haberlová, 1988). There was also a tendency to neo-locality, but a permanent scarcity of dwellings flats was difficult to overcome. Five years after marriage, 20% of young couples were still sharing dwellings with the parents. This figure is, however, a bit misleading. Many young families had their own „independent” dwelling in a two family house, built by a shared effort of two generations. Nearly half of all dwellings built during the socialist era were built in a do-it-yourself way (Fakta, 1986: 12).
- c) To mobilize for and share with the young family the established social capital, of networks and connections to scarce resources. It was practically impossible to buy an apartment or a family house. To be able to get an apartment or build a house was perhaps the most reliable test of the amount and quality of the social capital of family. But also in daily affairs, the old parents, friends and acquaintances could provide many scarce goods and services and make life easier for the young family.
- d) Monetary gifts. This was the least popular but not an uncommon way of support. Even here parents preferred to buy something for the young couple (from durables given as Christmas presents to a car or a weekend house in some well off families) instead of giving money. It is hard to judge how often the reason for this preference was tactfulness and how often it was (an unadmitted) tendency to maintain the next generation in dependency by having the power of choice over what to buy for the money.

In one form or another, most of Czech families lived in such a system of mutual dependency, but only under certain arrangement of intergenerational exchange did this system work properly.

Here we are back to the connection between the age at marriage and the pension age. It was necessary for the daughters to give birth to the first child as early as possible, because only in the first half of their twenties could the young family obtain help with infant care from the grandmothers (still in their forties) and financial help from their great grandparents (still working pensioners). Five to seven years later, when the children reached school age, the grandmothers re-oriented available resources to care for their own mothers (the great grandmothers), who in the meantime had reached the seventies and needed help. If the distance between generations was not 20 – 23 years but, instead, 25 – 30 years as it is in the West European type of family (and as it used to be in the Czech lands before socialism) and if the pension age for mothers was not 55 but, instead 65 or above – the system would collapse because of over-draining its resources, particularly the resources of the middle generation.

In a survey conducted at the beginning of the eighties, we asked the parents of 15 year olds: How long do you intend to support your son or daughter economically? – a) till the end of their school years, b) till the youngsters establish well their own family with sufficient resources, or c) as long as I will have any power left. 40% of parents choose the c) answer (Rendlová, 1984).

This pattern of mutual support and mutual responsibility became the legitimate pattern of social behavior. Difficulties and tensions within this system, caused by an increasing divorce rate and increasing spatial mobility, substantially contributed to the feeling that it was no longer possible to maintain the socialist social system.

#### 4.

After the dramatic political change at the end of 1989, Czech society has been gradually adapting to new conditions. On the grass roots level every family has to reconsider its position, explore new chances and seek new strategies.

The new strategies of the family and, particularly, of young couples considering marriage have to be related (could not omit – neglect – have to respect) to the following facts:

- a) Early parenthood now involves considerable opportunity costs. The present situation could be perceived as a bonanza of new opportunities. It is possible that the train of capitalism is just about to leave the platform and that those who miss it will be left behind and never see the promised land of affluence.
- b) Having children no longer increases the probability of getting a flat or house. On the contrary: an apartment or a house must now be bought or rented on marked terms. To conceive a child means to lose (part of) the income of the mother for the near future and weakens the economic position of the family on the emerging housing market.
- c) It is now possible to buy additional private pension insurance and it become meaningful to accumulate economic capital and not only social capital.
- d) The family is no longer the only space for self-affirmation. It is possible to travel, to do business and to go in for a dynamic career. Political activism is safe (everybody can establish a political party at his or her will; over 140 subjects have taken this opportunity so far), and churches, show business, trade and advertisement offer a vast array of idols, models and ways of life to be explored.
- e) Increasing spatial mobility. It is easy to move a bank account from one local branch to another, but it is practically impossible to transfer your investments in networks of mutual personal support; social capital is locally bound.
- f) The heaven of a full wage plus a full pension is definitely lost. Manpower is no longer scarce in the market economy and the threat of unemployment is pushing the pensioners out of the labour market. The advantage introduced into the new tax policy is that pensions are now inflation indexed.

## 5.

For these reasons the family strategies will have to be gradually adjusted towards responding to the reality of economic capital. There are, however, many other reasons for maintaining existing social capital. They present a warning to the family that it would be a mistake to forget the advantages of mutual insurance in the old networks.

- a) The threat of inflation and even of hyper-inflation hangs over the economy. Czech politicians do their best to convince the citizens that we have managed the transformation best of all East Central European countries and that inflation has been definitely tamed. But people know what has happened to the Polish zloty and other currencies over the last ten years.
- b) Pension funds are empty. The state is facing hard economic prospects and one cannot count on generous pension policies. Private insurance companies are only being established, the rules of state and private sector relationships are unclear and it would be unwise to depend fully on this type of insurance. At least the middle and the old generation cannot wait until the new insurance system accumulates capital and becomes trustworthy.
- c) There is a lack of capital in the economy. Heavy investment is necessary before a rent from capital can be expected. Many families now wager their real estate as collateral for loans to finance investments. The future will show how many will profit and how many will end bankrupt.
- d) Every family knows how to deal with social capital; with financial capital they lack experience. They know that to change one for the other is a risky business and that they may pay dearly later for mistakes now.

For most families, the final cost/benefit consideration results in a shift towards a strategy based more on the economic capital – but with a substantial reserve safely invested in social capital.

## 6.

In the present transition, the family, as it always does in hard times, will try to mobilize all available resources – and social capital invested in clans and networks will not be omitted. The Czech family will insist that its past investments into the mutual support networks will not be wasted in the new sociopolitical arrangement.

A differentiation can be expected. For a part of the population, the better promise lies in the strategy based on existing capital. They will make use of the newly opened space for business and will try to establish a family firm or to invest into some bigger, well established enterprise.

There is, however, no „market economy” in which everybody is an entrepreneur. The majority of the working population will remain – as it is the case in all developed economies – employees with limited chances for starting a dynamic project. Many people feel that they do not have wits, drive, skill, information or capital for independent initiative. For the substantial part of the

population, the chance for profit is so small that their best option is to turn towards the traditional defensive strategy with an accent on minimalizing the losses. In a recent survey Illner and Miková [Miková 1992] found that the main strategy for meeting hard times was in 90% of families to economize in the household, to reduce expenses, to avoid buying services and goods, and make as much as possible in our the household. Only 5% of he respondents expressed an intention to establish an independent firm and to be self-employed. Expectations towards the state have not diminished. The EUROPEAN VALUE SYSTEM STUDY – ČSFR 1991 [Bártová 1992] reveal that 27,1% of the Czech population feel that the state should assume more responsibility and assure that everybody is taken care of. Even after the collapse of the paternalist state only 54,2% of the Czechs (and only a 33,9% minority of the Slovaks) agree that individuals should assume more responsibilities so that they would be able to take care of themselves.

It would be a mistake, however, to suppose that only the passive and submissive part of the population will maintain and defend the well-established system of mutual insurance. established clientele. As I have argued earlier [Možný 1991], even the families of the „new class” of the Communist nomenklatura had gradually developed a vested interest in a change of the system towards a market economy. The old system was too much based on social capital, which was context-bound, uncertain and becoming difficult to transfer from generation to generation. Nevertheless, at present it is exactly these networks of old relationship that help the old „new class” to re-establish itself as the „new new class” of owners exercising domination in the modern, economic way.

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