

## Chapter 6

# Impact of Capitalism on the Workforce

### ABSTRACT

*This chapter analyzes various aspects of the workforce, both under communism and afterward. It looks at the limitations some people had under communism in terms of choosing their preferred occupations and advancing in their careers, and how those opportunities were impacted by their parents and party loyalty. The chapter also examines how private property was taken by the government during communism, and how privatization worked in the Czech Republic and Hungary after the regime change. Finally, it is thought that the stronger the economy, the more satisfied citizens will be with democracy. To see whether this is the case, the current economies of the Czech Republic and Hungary are examined along with people's feelings about them.*

### INTRODUCTION

The transition from communism to democracy did not just involve government institutions, but the economic system as well. Under communism, Czechoslovakia and Hungary had centrally planned systems, which meant there were state-owned enterprises and almost full employment. After communism fell, the countries both had to transition to capitalist systems with mostly private-owned enterprises and market-based employment. Having been socialized toward a state-run system, people were largely unaware of how capitalism worked or how to operate in it. This chapter will examine

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the economic transitions of the Czech Republic and Hungary with specific attention paid to the workforce.

The first section of the chapter will discuss what a centrally planned system and the workforce looked like under communism. It will examine how people were often limited in their choice of professions, many ending up with jobs in which they had no interest. After the regime change, some of the people unhappy with their jobs were able to switch careers while others were not so lucky. Older people especially seemed to be negatively impacted career-wise by the regime change.

The next section will look at government ownership of property and businesses. When the communists took over, almost all private property was taken by the government. Numerous Czechs and Hungarians were negatively impacted by this. When the regime fell, privatization occurred leading to a whole other set of problems. This section will look at how people, businesses, and the economy were affected by government assumption of private property and then re-privatization.

The final section will assess how well the move to capitalism has gone in Hungary and the Czech Republic, and how people feel about it today. The state of the economy matters as it is hard to fuse out feelings about the government without including current economic conditions. Therefore, people's feelings towards democracy and support for it are very much tied to their sentiments towards capitalism.

## **THE COMMUNIST ECONOMY AND THE WORKFORCE**

Both Hungary and the Czech Republic had centrally planned economies during communism. In a centrally planned economy, the government owns and operates means of production and decides how much of each product it wants to be produced. It then develops state firms to handle the production and hired managers of the firms to determine how many materials are needed. A key problem, though, is that managers almost never received the right amount of materials at the right time, so they would often pad their budgets and material requests (Verdery, 1996). As discussed more in Chapter 7, this arrangement often resulted in shortages of goods.

Having a centrally planned economy also meant government-controlled employment and the workforce. Everyone was expected to work, so unemployment was close to zero (Johnson, 1995). About 80% of interviewees spoke about there being no unemployment during communism. One Hungarian

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