Dubcek, Havel and Klaus: transformations in political ideologies and the disappearance of Czech Socialism

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Dubcek, Havel and Klaus: Transformations in political ideologies and the disappearance of Czech Socialism

by

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in partial fulfillment of the requirements for the degree of

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This is to certify that the master's thesis of

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has met the thesis requirements of Iowa State University

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Abstract

Like many of the Soviet satellite countries in 1989, the wake of the Velvet Revolution brought forth a long awaited breath of freedom for the people of Czechoslovakia. A sense of euphoria imbued every moment leading up to November 24, the day Alexander Dubcek returned from political exile, and met with Vaclav Havel, leader of the new opposition party, the Civic Forum, to address nearly 250,000 people in Wenceslas square chanting Dubcek’s name. Dubcek was elated to relate to the crowd that Socialism with a human face, which he created in 1968, was once again alive and well. He then handed over the reigns to Havel as he urged support for the Civic Forum, claiming that the new opposition party truly represented the people of Czechoslovakia.

However, something was soon to be lost in the excitement of the moment, something that had been a vitally important aspect of the movements that fueled the Prague Spring of 1968 and the Velvet Revolution of 1989. Soon, everyone would forget about “Socialism with a human face”. The Czechoslovak Socialist movement seemingly got what it wanted: an end to authoritarian Communism in Czechoslovakia. At the same time, there is really nothing Socialist about today’s Czech Republic. A somewhat prevalent and logical theory is that today’s Czech Republic is exactly what the Czechoslovak people had always wanted; that “Socialism with a human face” was in reality a facade for the Capitalist, liberal democracy that had been sought after all along, but unattainable under the prevailing Soviet influences that had a strong hold of Czechoslovakia until 1989.

Yet, in an analysis of the Czech Socialist movement that examines the political writings, speeches, and policies of Dubcek, Havel and Klaus, the three most prominent Czech political figures of this time period, it becomes apparent that this simply cannot be the
case. This thesis provides an analysis of the literature, something the literature currently seems to be devoid of, to demonstrate that there was an undeniable deviation from the Socialist ideologies that had been the prevailing, mainstream political ideologies of Czechoslovakia, beginning most abruptly and transparently in 1989 with the Fall of Communism.
So saying he drew nigh, and to me held,
Even to my mouth of that same fruit held part
Which he had plucked; the pleasant savory smell
So quickened appetite that I, methought,
Could not but taste.

Paradise Lost: Book 5: Lines 82-86

Introduction

On November 24, 1989, Vaclav Havel and Alexander Dubcek stood side-by-side, overlooking Wenceslas Square before a crowd of several hundred thousand to address the nation. For days people had been gathering in Wenceslas square chanting Dubcek’s name, waiting for their political hero in exile to return. “My idea of socialism with a human face is living with a new generation”, Dubcek told the crowd as he urged support for the new Civic Forum headed by Havel, which he now claimed “represented all the people (Smart)”.

Both Dubcek and Havel embodied the Czech struggle for freedom. In these two, Czechoslovakians could see themselves; they could relate to them because they had suffered as the people had. They represented the core beliefs of the deeply rooted Socialist ideologies of the people of Czechoslovakia. They were one of them, because they said through their literary elegance or bravery and leadership what Czechoslovakians had wanted to say for many years but couldn’t

However, something would soon be lost in the excitement of the moment, something that had been a key feature of the movements that fueled the Prague Spring of 1968 and the Velvet Revolution of 1989. Soon, everyone would forget about Socialism with a human face and the words, written and spoken, that had seemingly brought them to Wenceslas square that day to celebrate their independence. Since the formation of the new Czechoslovak state
in 1918, Democratic Socialism had dominated the ideological beliefs of the people of Czechoslovakia and was at the heart of dissident and student political protests. It was a form of Socialism that was uniquely Czech, characterized by democracy at every level of society—be that political, social or economic.

At first glance, the Czechoslovak Socialist movement seemingly got what it wanted—and end to authoritarian Communism in Czechoslovakia. At the same time, there is really nothing Socialist about today's Czech Republic. Certainly such observations would provoke one to ponder whether or not we have been misinformed about the Czechoslovak Socialist movement; perhaps today's Czech Republic is exactly what the Czechoslovak Socialist movement had envisioned but was unable to do in 1968; perhaps "Socialism with a human face", was in reality a facade for a much grander scheme of complete transition to a Capitalist, liberal democracy. Logically, this argument is very persuasive: Dubcek and his colleagues knew well that only so many changes could be made as the Soviet Union still had a great deal of power over them. In fact, the Soviet Union would demonstrate complete power over the Czechoslovak state with the invasion of the Warsaw Pact countries later that spring. Furthermore, even if Dubcek would have called for unbridled Capitalism, deregulation, and the privatization of all state owned industries, these things could likely have never been a possibility and what they were searching for was rather a foot in the door, so to speak—Socialism with a human face could be bold, but not too bold. The Velvet Revolution in contrast, had few if any restrictions on how far Czechs could deviate from Socialist policies and this allowed the Czechs to do what they had really been struggling for since the era of Dubcek and the Prague Spring.
Yet, in an analysis of the Czech Socialist movement that examines the political writings, speeches, and policies of Dubcek, Havel and Klaus, the three most prominent Czech political figures of this time period, it becomes apparent that this simply cannot be the case. This thesis provides an analysis of the literature, something the literature currently seems to be devoid of, to demonstrate that there was an undeniable deviation from the Socialist ideologies that had been the prevailing, mainstream political ideologies of Czechoslovakia, beginning most abruptly and transparently in 1989 with the Fall of Communism.

It should be noted that the ideological shifts will be examined within the confines of the Czechoslovak state, and to a lesser degree Communist Party influences in the context of Soviet Communism. Obviously, if one were to examine why these changes took place, one would be obliged to go beyond these arenas; obviously ideological changes do not take place in a vacuum. Indeed one would have to assume that other Socialist reform movements happening in Hungary in the mid-1950s and Yugoslavia for much of the period between 1945 and 1989 had an influence on Czechoslovak politicians, and perhaps to a lesser extent the Czechoslovak public. Furthermore, it is likely that global Capitalist forces had a great deal to do with ideological shifts post 1989. However, the question of “why” is a subject in and of itself that could be dealt with as an entirely different project. This paper on the other hand, does not concern itself so much with “why”; rather its purpose, is that a shift in mainstream political ideologies did indeed occur and that Capitalist ideologies were not simply something that had lain dormant since 1948 because of an oppressive Communist regime.
Methodology

The goal of this thesis is to determine whether mainstream Czech political ideologies remained consistent after the Velvet Revolution or if they had transformed from a Democratic form of Socialism to those of a Capitalist liberal democracy. Although Socialism had always enjoyed popular support in Czechoslovakia, 1968 was a turning point in which Czechs and Slovaks began to assert themselves by means of dissention, protest and policy reform. It is at this point, at a time of social and political unrest, where one can more easily identify mainstream ideologies because people are voicing their opinions publicly. Therefore, although I felt it important to show that Czechs had always had a clearly identifiable affinity for Democratic Socialism prior to 1989, I believe the period between 1968 and the present (as much of the wounds of Communism as well as the transformation are still present in various forms) provide the best evidence in which to analyze Czechoslovak Socialist ideologies.

The criteria used to determine whether or not there was a transformation in ideologies was to find great political thinkers of this time period whose overwhelming popular support would indicate attitudes about Socialism within the mainstream population. I also wanted to find thinkers who had an influence on political policy and political change, thereby giving more evidence with which to work. The main idea would be to find great political thinkers whose ideologies would be observable, and would have overwhelming popular support of the people of Czechoslovakia.

The three best representatives reflecting these criteria during this time period are: Alexander Dubcek, who was the main catalyst for the Prague Spring and the subsequent movement to reform the Communist Party to a more democratic form of Socialism that had
deep-seated roots in Czechoslovak mainstream ideologies; Vaclav Havel, political dissident, writer and philosopher, who not only spoke for the oppressed Czech and Slovak people after the Prague Spring, but was an overwhelming unanimous selection to preside over the new Czechoslovak state after the Velvet Revolution; and finally, Vaclav Klaus, whose pivotal position as leader of the ODS, a popular political party formed shortly after the Velvet Revolution, Prime Minister from 1992 to 1997, and most recently his election to the Presidency in 2003, has made him highly influential policy maker and spokesman for classic liberal political philosophy.

In order to analyze observable evidence of each representative’s ideologies I looked for written works, speeches or actually policies. I also wanted them to be widely circulated in order to clearly be understood as representative of the people. Furthermore, they would need to relate to the mainstream Czechoslovak Socialist ideologies and their subsequent transformation after 1989. In the case of these three representatives, all had clearly met the criteria: Evidence of Dubcek’s ideologies can be seen in his policy proposals, speeches and autobiography; Havel’s can be seen in his dissident writings as well as a book he wrote in 1991 explaining his thoughts about the state of Czechoslovakia since 1989; and Klaus’s ideologies can be seen through his many speeches and key policies that have directly affected the transformation process.

The observable evidence of Dubcek’s political ideologies can be seen in greatest detail in his Action Program, which he presented to the Communist Party upon his appointment to First Secretariat of the Communist Party of Czechoslovakia, explaining new policies and the more democratic role that the Communist Party should play in administering government functions in Czechoslovakia. The Action Program was influenced by a variety
of Socialist reformers, but clearly was clearly headed by the leadership of Dubcek who demanded that some of the most radical calls for reform were included in the document. I have used two of Dubcek’s transcribed speeches made during the Prague Spring which were broadcast over Czech public radio and drew overwhelming positive support from the citizenry. I have also used Dubcek’s autobiography, written in 1991 and 1992, which describes, in great detail, Dubcek’s personal philosophy and his view of the events of 1968, its successes and its failures.

Havel and his writings were essential to this thesis because his influence spanned from the late 1960’s to well into the late 90’s, showing the beginnings of ideological transformations. The three writing prior to 1989 were Charter 77, the infamous human rights declaration, An Open Letter to Gustav Husak (a letter to then president of Czechoslovakia and First Secretariat of the Communist Party of Czechoslovakia), and The Power of the Powerless, an essay which ultimately landed Havel in prison. Each make specific reference to, and an elaborate explanation of, the basic concepts valued by Czechoslovak Democratic Socialism. Furthermore, each of the three writings drew overwhelming support and enjoyed an enduring circulation. Charter 77, for example, first printed in 1977, was still gaining signatures well into the late 1980s. Still today, signatories of Charter 77 are held in high esteem in the Czech Republic.

Havel’s book, Summer Meditations, is most telling of the transformation of mainstream ideologies. Written in the summer of 1991, Havel candidly enlightens readers to the current political situations and rebukes accusations that he was formerly a Socialist. Key to the comparison of his earlier works is his clear endorsement of the Socialist reform measures introduced by Dubcek and his later attempts to disassociate himself with Socialism.
Adding to this transformation is Havel's new emphasis in the benefits of Capitalist markets. However, by the late 1990's and early 2000's, it becomes clear that, despite his attempts to distance himself from Socialism and embrace the new Capitalist thinking, he is still too deeply seeded in ideas of cooperativism and the positive benefits of regulated markets to retain the support of the Czech people he once had.

The most significant legislation introduced after 1989 was headed by Vaclav Klaus. Similar to Dubcek, Klaus introduced a body of legislation entitled, the *Strategy for Economic Reform*, which outlined the plan for privatization. The plan called for immediate measures to be taken to privatize, some of the measures coming long before sufficient legislation could be enacted, allowing for an economic environment opposed to the former Democratic Socialist principles held by the people before 1989.

Klaus also has given a number of speeches which produce clear and straightforward insight into his political thinking. The emerging acceptance of his plans and ideology laid out in his speeches can quite clearly be shown in his popularity as a politician in general, but more particularly by his election to the presidency in 2003.

The first section of this paper will briefly summarize the roots of Czech Socialism that began roughly around the turn of the century. I believe this to be an important basis to begin with as it demonstrates the deep history of Czech Socialism and its appeal to the masses. This will also demonstrate that Czech Socialism was not merely a short-lived movement of the moment that sprang up in the spring of 1968. The sections that follow will flow in chronological order, beginning with Dubcek, followed by two sections of Havel that examine the pre1989 Havel and the post 1989 Havel. The main body will be concluded with
the examination of Klaus and how the policies and overall mainstream ideologies have shifted, quite conclusively with the fall of the Communist Party of Czechoslovakia.

It should be noted that in the case with Klaus, mainstream ideologies will have much more to do with Klaus's political influence than was the case with Havel and Dubcek, whose ideological agreements with the mainstream political ideologies of the people seems to be mutual. Much could be made of just who is pushing whom; however, this is not my argument, nor does the paper focus on why the events took place. Rather, this paper will stick to its premise that mainstream ideologies can be examined through the writing and policies of Dubcek, Havel and Klaus and that through this examination, one can trace the transformation of mainstream Czech political ideologies.
Chapter 1: What is Czech Socialism?

Socialist Beginnings: 1897-1948

Even before Czechoslovakia gained its independence in 1918, Socialism, in various forms, seemed to be the dominant political ideology of mainstream Czech and Slovak culture. The Czech Social Democratic Party (CSSD or Česká strana sociálně demokratická) which represented Czechoslovakia’s first president, T.G. Masaryk from 1918 to 1935, is in fact is the oldest political party in the Czech Republic, founded in 1897. The second party to represent the presidency was the Czechoslovak National Socialist Party (CSNS or Česká strana národně sociální), with Edvard Benes leading as president-de-facto from 1935 to 1938 and president-in-exile from 1938 to 1945. Benes also served as Masaryk’s foreign minister from 1918 to 1935.

In the early years of the Czechoslovak state, there emerged five major parties (called Petka or The Five): the Republican Party of Farmers and Peasants, the CSSD, CSNS, the Czechoslovak Popular Party and the Czechoslovak National Democratic Party. All of these were characterized by Socialist leaning platforms save for the Czechoslovak National Democratic Party. The CSNS was a offspring of the CSSD, seceding before WWI. After the war, the CSSD was further weakened when the Communist Party of Czechoslovakia (KSC or Komunistická strana Československa) seceded as well; however, until 1945, the KSC had very little power and did not carry any seats in Parliament. Both secessions were the cause of polarized ideological visions that developed into more moderate and radical ideologies. This is of course common, generalized information that can be found at a variety of sources; however, two sources have been an immense help in sorting the somewhat confusing

According to Dubcek, not only were Czechoslovakians getting caught up in the ideologies of the Socialist movements, but left leaning parties all over the world were being broken up by the departure of the more radicals of the party to form various Communist parties (Dubcek 9). The split in Czechoslovakia was essentially a result of the Third International which the Czechoslovak Communist party members felt a necessary membership in order to gain a more competitive power politically. The KSC could not survive without the help of the Soviet Communists. As Kusin points out however, the Czechoslovak Communists were reluctant to give up “national and democratic traditions (Kusin 1)”, in return for the “stiff conditions of membership stipulated by Lenin and Zinovev for those wishing to join the Communist International (Kusin 2)”. In other words, the Czechoslovak Communists had not completely bought into the Bolshevik model at this time but felt their platforms would not be realized without the strength in numbers the Communist International could provide them. This merger with the Soviet International would later prove to be a disastrous decision for Czechoslovakia; although the membership did increase (at this time in 1921, Czechoslovakia claimed about 350,000 Communist party members, around 4% of the adult population, and grew to become the second largest party in the country by 1925) (Kusin 1), it essentially eliminated any chance for the time honored democratic principles of its members.

Klement Gottwald became the leader of the new Communist party with Stalin’s personal blessing in 1929 and began his push for full Czechoslovak integration into the
Soviet Communist system. Edward Benes, member of the CSNS, became president of Czechoslovakia in 1935 following the death of T.G. Masaryk and continued Masaryk's "socialist leaning (Dubcek 8)" toward "industrial democracy", and "a more equitable system of landholding (Dubcek 9)". Following the German occupation in 1938 however, Benes was forced to flee the country to London where he served as president in exile. Meanwhile, Gottwald took exile in Moscow and continued to orchestrate the KSC.

Following the war, the two found themselves without enough party power or support to lead the country alone. The reunion of the two parties resulted in the collaboration of a national strategic plan called the "Czechoslovak road to Socialism (Kusin 4)". Through a series of policy pressure tactics, threats within government offices, propaganda, etc., the Communists put themselves into a position to become the controlling government in parliament in 1948. Soon after, the CSNS "was compulsorily merged with the Communist Party by totalitarian means([www.cssd.cz])"; although considering the means to which the Communists put themselves in that position, it could be defined in terms nothing short of a take over; essentially a coup d'état. Once again, as before World War II, "in order to avoid [political] repression some of the social democratic politicians left the country and formed a social democratic party in exile ([www.cssd.cz])". Here we see evidence that the Socialist movement was not entirely without the autonomy to leave more leftist leaning ideologies in lieu of a complete Capitalist transformation that was seen after the Velvet Revolution. Social democratic politicians in exile would not have been limited only to forms of Socialism by the pressures of the authoritarian Communist government. In fact, spending exile in countries such as England or the U.S. (popular places of Czechoslovak émigrés) one would tend to think that Capitalist views would be their largest influences. The fact that this party would
later re-emerge in the spring of 1968 with the support of “a large number of prominent citizens, including Václav Havel (www.cssd.cz)” to fight for classic Czechoslovak Socialist ideals is evident that reformed Socialism was not simply a compromise, but a deeply held belief in a Socialist society that people were willing to suffer greatly for.
Early years of Czech Socialism and Dubcek's vision for reformation: 1948-1968

The death of Stalin changed the political climate in Czechoslovakia considerably. Up to this point, since 1948 and the Soviet virtual coup d'état, Gottwald and Novotny (serving consecutively both as first secretariat of the Communist Party and President of the Republic between 1948 and 1968), who had “based all their existence on absolute allegiance to the Soviet Union (Kusin 19), had followed Stalin's detestable authoritarian policies to a large degree. Khrushchev introduced a considerably milder, less authoritarian form of Communism—by this time Stalin's crimes were beginning to become widely known to much of the public and there was no other alternative than to denounce the past to save the faith of the public. As a result, “alternative political concept[s]” began to emerge within the universities, which at the time were relatively free of direct control from the Central Committee. Perhaps more importantly, these more liberal, less authoritarian, ideas began to flourish in the minds of a few politicians who, up to now, had felt no power to change strict, authoritarian, non-democratic policies (Kusin 20).

At the Congress of 1956, Czechs and Slovaks began their push toward a reformation of the un-democratic policies of the Czechoslovak Communist party. Czechoslovakia's leading intellectuals were given the opportunity to make speeches promoting reform, most of which were severely censored before given; however, the underlying themes are undeniably structured toward the Socialist and moderately Socialist ideals of the former CSSD and CSNS. It should be emphasized here that although the ideologies being pushed were coming mainly from the concepts that were identified with the former CSSD and CSNS, this was not an attempt to get rid of the KSC; Communism itself was not the problem, the authoritarian practices of the Communist government were. Thus, the goal was to implement more
democratic Socialist reforms to the KSC rather than to dismantle it. According to Kusin, the reformers rather saw the Congress of 1956 as an opportunity to introduce a “socialist renaissance (Kusin 24)”, based on democratic principles rather than the current totalitarian practices. The nature of these speeches (whose author’s names weren’t given to protect identities) were often condemning of the KSC policies and sought to emphasize the roots of Czech Socialism that had flourished before 1939. A major theme was the pursuit of “a policy of democratization (i.e. relax rigid centralization, removal of unnecessary limitations, etc.) (Kusin 22)”. Furthermore, freedom of discussion, not only political, but in the arts and sciences, was stressed to treat opinions opposing Communist party policies as an acceptable form of discourse.

A number of reasons can be given for the events that fueled the Prague Spring. Windsor and Roberts, in *Czechoslovakia 1968: Reform, Repression and Resistance*, narrow it down to three. The first was the failure of the economy, which had been considerably stagnant because of poorly planned consecutive five-year plans. Ian Jefferies, Professor at the Centre of Russian and East European Studies at the University of Wales, somewhat agrees that the social unrest may have stemmed from the poor economy, stating that although many consider the Stalinist crimes of the 50s to be the number one factor persuading the Prague Spring, that perhaps more so, poor economic performance that began in 1962 with the abandonment of the Five Year Plan was a more influencing reason (Jeffries 246). Later it will be seen that although both Havel and Dubcek had their problems with the economy, the authoritarian aspect of the Communist government, perhaps even more so for Havel, were certainly more critical problems. The second was the sour relations between the Czechs and the Slovaks. This was not so much a problem of individual relations, but more so Novotny’s
repression of the “petty bourgeois nationalism of the Slovaks (Windsor 7)”. The third factor according to Windsor and Roberts was the “considerable relaxation of intellectual control (Windsor 7)”.

Jefferies argues that at the Seventeenth Party Congress, the main criticisms brought forth were problems such as corruption, inertia, inefficiency, and bureaucracy (Jeffries 246). It is likely that, at least in part, all of these were fuel for the fire of dissatisfied politicians, disgruntled workers and censored intellectuals. However, one can perhaps best apply the political platforms introduced by Alexander Dubcek’s *Action Program*, introduced in January 1968, as to what was most ailing the people of Czechoslovakia.

On January 5, 1968, Alexander Dubcek was elected Secretariat of the Communist party, similar in stature to a Prime Minister. Dubcek was hardly a Communist because he had to be, nor were his Socialist reforms mere compromises between planned economies and pure markets. Dubcek was a fervent admirer of the classic ideals of Marxist philosophy, and had joined the Communist party by the young age of seventeen. As he recalls in his biography written between the years 1990 and 1992, he had high expectations of the new Socialist order, in the new and well planned economic growth, the evenly distributed production, in the “fair deal” that it promised. His “belief in socialism was complete, and [he] was prepared to give it [his] heart and soul to bring about a better world (Dubcek 58)”.

Soon after his election in April, the *Action Program*, a bold project headed by Dubcek with the help of a host of reformers, moderates, centrists, and conservatives (most notably the economist Ota Sik) which Dubcek had been pushing for since mid 1967, was adopted. Essentially, the Plan called for the “gradual return to the concept of democratic socialism, as it had prevailed in the European Socialist movement at the turn of the century (*Action*
Program from Lunghi 147). Certain gains had previously been made; the plan made note of the Party's success at bringing the means of production mainly into the hands of the workers and out of the hands of "capitalist exploitation". Czechoslovakians also enjoyed the right to work (although "non-conformists" were seldom allowed jobs appropriate to their skills or interests) along with basic social security and medical care among a host of other things.

However, the plan also admits that "deformations of the socialist principles which [were] known as the personality cult (Action Program from Lunghi 128)" had basically reversed Socialist progress. The aims of the Programme were intended to be implemented by the 14th Party Congress which would convene in 1970. Dubcek introduced the Programme to the Central Committee of the Communist Party of Czechoslovakia with an address to its members:

Comrades,

...We are not changing our fundamental orientation; in the spirit of our traditions and former decisions we want to develop to the utmost in this country an advanced socialist society, rid of class antagonisms, economically, technologically and culturally highly advanced, socially and nationally just, democratically organized, with a qualified management, by the wealth of its resources giving the possibility of dignified human life, comradely relations of mutual cooperation among people and free scope for the development of the human personality.... (Lunghi 210)

The Action Program and Alexander Dubcek, became symbols of the entire reformist movement and spoke for the vast majority of Czechs and Slovaks from all walks of life, be it factory workers, managers, students, professors or housewives. According to Lunghi, Dubcek's plan to reform Communism, then referred to as Socialism with a human face, was so overwhelmingly approved by the Czechoslovak people that even "after the Soviet invasion a larger number of people joined the Czechoslovak Communist Party out of a genuine desire to support it than ever before....(Lunghi 14)".
It should be noted however, that there is not a general consensus on how close the *Action Program* was to Dubcek’s personal ideologies. Lunghi believes that Dubcek more so symbolized the movement rather than lead it with his ideologies, as “many of the reforms associated with his name were not initiated by him but by his partners.” Rather, Lunghi feels that Dubcek *symbolized* “the spirit of those reforms (Lunghi 18)” rather than *embodied* them. However, Dubcek should not in any way be considered a mere puppet held up to represent the people; after all it was Dubcek who initiated and authored the document that the nation would embrace. In fact, as Dubcek would later recall in his autobiography, after reading a draft of the Central Committee’s report on the Party’s place in the political system, he demanded revisions and amendments, including: “a clear self-criticism of the Party leadership”, a “report with a delineation between the power of the government and that of the Party”, and “the early preparation of an action program based on the decisions of the Central Committee”. Thereafter, his demands provoked a “Pandora’s box” for discussion and debate (Dubcek 115-116) that became the catalyst for *The Action Program*.

*The Action Program* addresses almost every aspect of Czechoslovak life, politically, socially and spiritually, but can be broken down into three major issues: one, the development of Socialist Democracy and a new system of political management of society; two, the national economy and the standard of living; and three, the development of science, education and culture. All of these issues strongly emphasized a democratic Socialism particular to Czechoslovak ideologies uniquely born from their history as a distinct nation and ethnic group, or what had begun with the birth of the Czechoslovak state; in fact, whether the *Program* is speaking of economics, politics or education, it emphasizes an indispensable democratic influence on each.
The first issue focused on the decentralization of the power apparatus and the democratization of the Communist party and society. In fact, it could be stated that this was indeed the most important concept of the *Action Programme*; without this first central issue, the other issues could hardly be implemented. To accomplish this, the party would have to reverse its bureaucratic, sectarian approach that had become prevalent since 1948. This system had become characteristic of an ever-increasing appreciation of "subservience, obedience and even kow-towing to higher ups (*Action Program* from Lunghi 132)" that was a remnant of revolutionary dictatorship. These methods lead to a takeover of "state and economic bodies and social organizations (*Action Program* from Lunghi 133)".

The decentralization process would focus on making state bodies and agencies independent of each other, including directives, responsibilities and policies through a "system of mutual supervision" and an ending to "undue concentration of duties (Lunghi 165)" (Note, this will be quite different than Klaus's reasoning for decentralization discussed later). Social organizations in particular, such as trade unions and the Czechoslovak Union of Youth, would control their own activities and purposes. Also, these organizations would be based on voluntary membership (not forced, which had been the case), entered into by its members because they expressed the members' interests. These organizations would be able to choose their own officials and representatives.

To democratize, the *Action Programme* would debunk the myth that the Marxist-Leninist concept of the "dictatorship of the proletariat (*Action Program* from Lunghi 144)" was still needed. The need for a dictatorship of the working class was over and the Communist Party would transform its role from a centralized source of authority to a promoter of Socialist initiative. It would be a part of the government body that would
coordinate the efforts of the people rather than dictate the wants of the people. It would be
an instrument that would "strive for the voluntary support of the majority of the people", but
would also be required to "alter Party resolutions and directives if they fail[ed] to express
correctly the needs and possibilities of the whole society (Action Program from Lunghi
145)". It would allow for an open critique of ideas, both positive and negative, in all
governmental agencies. Furthermore, and perhaps most importantly, persons in
democratically elected government bodies would not only be persuaded to realize their own
ability to influence other members as a give and take form of discourse, but also come to
decisions collectively rather than simply following orders from decisions made autocratically
from above (Action Program from Lunghi 146). Essentially, the Party would step away from
being the government, and rather be a Socialist guidance system for the government and the
people.

To do this, the political bodies would be comprised of "highly qualified people,
professionally competent and rationally organized (Action Program from Lunghi 164)"
rather than those most loyal to the Party apparatus. There would be safeguards for
professional officials, but there would also be mechanisms to replace officials who could not
function professionally and politically with the greatest competency (Action Program from
Lunghi 165)". Here it should be emphasized, that the problems with remuneration were not
that highly qualified positions were not being rewarded financially (as will later be the case
with the Klaus argument), but rather that expertise and experience were not being rewarded
with the proper position.

Part of this democratization process was the reinstitution of basic political, social and
human rights. It would not be enough for Socialism to simply liberate "the working people
from the domination of exploiting class relations (*Action Program* from Lunghi 154)”; most importantly, it would also constitutionally guarantee the freedom of speech, freedom of the press and assembly of special interest associations, societies and the right to oppose and criticize without fear, “by all legal means available (*Action Program* from Lunghi 154)”. The Programme would especially emphasize the role of cooperatives, as well as social and political organizations as places for citizens to voice their opinions, wants and needs openly. In particular, the *Action Program* called for the distancing of the state/Party power apparatus from the individual agricultural cooperatives, calling to “abolish all administrative, bureaucratic obstructions which impede the independent initiative of agricultural enterprises…to act independently and in a socialist way (*Action Program* from Lunghi 137)”. Furthermore, as a Socialist democracy, the new Czechoslovakia would “strive for the alleviation of exhausting labour, for the humanization of work and for improving the labour conditions of workers (*Action Program* from Lunghi 137)”.

For a decentralization and democratization process to take place it would be necessary to reorganize the security apparatus, the STB, Czechoslovakia’s equivalent to the U.S’s CIA or the U.S.S.R’s KGB. Dubcek and his followers felt that the security forces should be used to defend the country rather than protect the party. Furthermore, STB agents (not small in number) who had committed crimes “in violation of human rights (Lunghi 24)” “would be brought to account and given the fair trial they had denied others (Lunghi 22)”.

Indeed, the terror the secret police had been causing since the 1950s was one of the major problems the Czechs and Slovaks had with their government. In fact, Dubcek himself would need these reforms to take place in shorter time than he had planned. Not long after the Prague Spring was getting under way, Dubcek was imprisonment in Moscow during a visit to
the Kremlin while the Soviets attempted the implementation of a more cooperative President. Luckily Dubcek returned to Prague still the uncontested leader of the country to make two final speeches before he was removed that would be broadcast in September and October to reiterate, optimistically but in vain, “that there would be no return to the pre-January conditions (Lunghi 29)

Lastly, in order for the democratization of Socialism to take place, it would be necessary for political debate within government bodies to be transparent. Only in a forum, based on scientific analysis, without the fear of demotion or imprisonment of its participants, could the Communist Party expect the citizens to trust that the Communist Party truly represented their wants and needs (Action Program from Lunghi 155).

Another major priority of the economic plan was to democratize and ensure the “relative independence of enterprises and enterprising groupings [cooperatives]…from state bodies (Dubcek 313)”. Like Klaus will later argue (albeit with a somewhat different interpretation which will be discussed in greater detail later), there needed to be an emphasis on the freedom of choice of the individual in the market place with the right to choose one’s own consumption, style of life and free choice of working activity (Dubcek 313). Conducive to this approach was the deconstruction of equalitarianism. As the plan argued, while in the process of erasing class differences (a concept accepted by the plan, albeit in moderation) the Communist Party’s “leveling” of society spread to such an unheard of degree that it actually became “one of the impediments to an intensive development of the economy and [a rise in] the standard of living (Dubcek 296)”. Conversely the new program would remunerate workers based “upon the social importance and effectiveness of their work, upon the development of initiative, and upon the degree of responsibility and risk (Dubcek 296)"
Again, as will later be shown with Havel, a higher income was not so much the problem as not getting work in a higher paying position relative to one's expertise.

This should not be confused with the conditions of liberal Capitalist markets touted by Klaus. Doing away with equalitarianism did not give unlimited rights within the business sector to conquer through competition. The plan clearly called for extensive social welfare programs which were equally concerned with "the interests of citizens in the lowest income group, the interests of families with many children, citizens with reduced working ability, pensioners, and certain categories of women and youth (Dubcek 296)". The main difference between Capitalist markets introduced in 1990 and Dubcek's Action Program lay in the cooperative based Socialist intended approach to the market economy. Unlike a strict authoritarian system found in private enterprises of liberal market economies, the Action Program called for the democratization of enterprising (large scale enterprises) where workers would essentially become "managing mechanisms (Dubcek 313)" by allowing workers to influence the management of the enterprise through elected representation accountable to its constituents.

The Action Program claimed, "Prosperity can be achieved only on the basis of a modern and highly efficient economy which is able to assert its qualities in tough competition on the world market (Dubcek April 1, speech from Lunghi 105)". Thus change to a market economy (a Socialist market economy) was seen as necessary, but not at all costs, and only if the prosperity could "create[ ], for every individual person, conditions in which everyone [would] be able to assert himself in all spheres of work and life (Dubcek April 1, speech from Lunghi 106)", again ensuring that there was a democratic process not only in personal and public life, but also for the life spent at work. Furthermore, the development of
“Economic effectiveness...[could] in no case, be solved at the expense of the living standard of the people (Dubcek April 1, speech from Lunghi 107)” (Klaus would later reinterpret this as the majority of the people). Democratic Socialism for the Czechs was not a one-dimensional philosophy; it would imbue every aspect of their lives, from the economy to working conditions to a person’s self worth and place in society.

It should be reiterated that Dubcek was a firm believer in the Communist Party, although a more flexible, democratic form that would allow the Czechs to create a system unique to their own individual tastes. His biggest problem with the Soviet model was the strict authoritarian practices, and he sought in his agenda “Communist persuasion” especially in the area of arts and literature. In other words, writers, painters or musicians would not go to prison for anti-Marxist-Leninist work, but would also perhaps be promoted more quickly if they did (Lunghi 19).

Dubcek’s role as a leader for the democratic movement was later emphasized in November of 1968 after the Central Committee Plenum essentially “nullified the Action Program (Lunghi 33)” of April that set the new agenda. In November, students from all over the country held a three-day sit in/strike, in support of Dubcek’s defense of human rights. Their support was made official “in a ten-point resolution issued on November 18th... [declaring] that freedoms of the press and of assembly were inalienable rights (Lunghi 33)”.

In general, it could be assumed that the public was most concerned about civil liberties or the violation of civil liberties. For the public it seemed their plight was focused on the negative things that affected them directly; namely STB interrogations upon suspicion of anti-Communist discourse, the fear of imprisonment without a fair trial, coercion to join the party through employment and education incentives.
The events of this time, difficult as they may have been, seemed to solidify an ideological unity within the people of Czechoslovakia clearly not conducive to the political ideologies that have prevailed since 1989. Lunghi concurs, explaining further that, although the freedoms lost as a result of the Soviet invasion of 68 were great, there were also compensations: most notably that the country, Czechs and Slovaks alike, “were closer in spirit than they had ever been (Lunghi 30)”. Dubcek, leading a nation wide movement, had brought to the forefront the ideals of Czech Socialism Czechoslovakians thought they were getting in 1948, hoped they would regain in 1968 and would soon forget about in the wake of the Velvet Revolution in 1989.
Havel the New Dissident Movement: 1968-1989

After the heartbreak of the Soviet invasion and the loss of virtually all hope, the dissident movement that had been slowly recuperating, was finally revitalized in the mid-seventies with three underground publications: Havel’s *Open Letter to Gustav Husak* published in 1975; the human rights declaration *Charter 77*, also written in part by Havel along with four other leading dissidents, Jan Patočka, Zdeněk Mlynář, Jiří Hájek, and Pavel Kohout, published in 1977; and Havel’s *The Power of the Powerless*, published in 1978. This time the dissident movement began its revival drawing on support of the international community; however, a slight shift in the emphasis from economics to basic human rights will also be seen. Havel will certainly still speak of the need for a Socialist free market based on cooperatives, and this certainly is not like the dramatic shift that happened in the wake of the Velvet Revolution, but it is likely that this is where the shift had its beginnings. Furthermore, the writings of Havel at this time will clearly show not only a distinct difference to mainstream ideologies post 1989, but to a lesser extent, his own writings post 1989.

Although *Charter 77* was published in Germany (as Czech censors would obviously not allow such a document to be published in Czechoslovakia at the time) the Charter was widely circulated through the underground dissident movement. The influence of *Charter 77* cannot be overestimated in its influence on the Velvet Revolution in 1989, for it was not a short lived document that fell to the way side after its initial popularity; by the mid 1980s it was still widely circulated underground and had gone from its original 243 signatories to over 1200—including an “open association of people of varied opinions, varied beliefs and professions (*Charter 77* from Deutscher 130). *Charter 77* was prompted by the International
Pact on Civil and Political Rights (referred to as the first pact) and the International Pact on Economic, Social and Cultural Rights (referred to as the second pact). Both pacts were signed by the CSSR, and activated (at least in theory) in 1976 in Helsinki. Both Pacts of the Helsinki Agreement were based on the United Nations treaty, the Universal Declaration of Human Rights, created in 1966. However, like many treaties, there was more symbolic meaning to the Helsinki pacts then there was an actually binding affect. Nevertheless, the Czechs signing the treaties gave dissidents a legal course of action against the CSSR in the World Tribunal Court.

The Charter makes specific complaints against a number of articles in the pacts that had clearly been violated by the Communist government. Firstly, *Charter 77*, citing article 19 of the first pact, denounced the “tens of thousands of citizens [] prevented from working in their occupations merely because they [held] views differing from the official views (Charter 77 from Deutscher 127)” held by the Communist regime. It further went on to claim that these citizens were harassed by the authorities and public organizations as well as deprived of all means to defend themselves in a court of law. Freedom of fear, a preamble to the first pact, was also cited as hundreds of thousands of citizens feared losing their jobs based upon their political views.

The right to an education was also cited. Article 13 of the second pact ensured the right to an education for all as “numerous young people are prevented from studying purely on account of their views, or the views of their parents (Charter 77 from Deutscher 127)”. However, it should be noted that this prevention was not directed towards elementary and secondary schools which had not been a problem—post-secondary education was its prime target.
Point 2, article two of the first pact, claimed a right to “seek, receive and spread information and ideas of all kinds...orally, in writing...in print [and] through art (Charter 77 from Deutscher 127)”. This, the charter claimed, was not only being violated extra-judicially, but also within the courts themselves, “often in the guise of criminal prosecutions (Charter 77 from Deutscher 127)”. Furthermore, there was also no legal recourse for attacks of honor and reputation as guaranteed by article 17 of the first pact.

Of course the actions of the Czechoslovak government were no different than before their signing of the pacts, but in signing the pact, the dissident movement had something that legally should have been internationally recognized and enforced. Journalist Matt Welch would agree, explaining that the angle Charter 77 took was a legal tactic. In 1975 Czechoslovakia became a signatory of the Helsinki Agreement, which held covenants on civil political and economic rights. “Living up to Helsinki”, Welch explains, “would have meant allowing free expression, freedom from fear, freedom of religious practice, and other rights then quashed by the Communists.

Evidence of this legal tactic can be seen in Havel’s own personal defense speech at a trial in 1979 in which Havel was charged with subversive activity hostile to the state.

“International pacts about human rights, which became part of the Czechoslovak legal code, dictate that not just state authorities, but citizens have a duty to monitor how the rights guaranteed by these pacts are respected in their country. As a citizen of this country I personally took this duty onto myself....” (Naffziger).

The constitution of the CSSR, its laws and legal norms were, on the other hand, “purely verbal, entirely unknown to citizens, and uncontrollable by them (Charter 77 from Deutscher 128)”. The influence that the Party had over legislative, executive and judiciary organs of the state, not to mention factories, institutes and public organizations, took such
"precedence over the law" that if a citizen felt their rights had been violated there was no impartial institution to take their complaint to because there weren't any (Charter 77 from Deutscher 129).

The interference of privacy was also emphasized in the charter, citing article 17 of the first pact. These infringements included tapped telephones, bugged apartments, house searches, surveillance and a host of other things. Curiously however, the charter goes no farther than what most would consider basic human rights. It does not once mention economic rights (other than denial or certain types of work because of political beliefs) or complain about the standard of living (which it certainly could have taken advantage of citing the first pact) that was discussed in great detail in the Action Programme. As referred to earlier, one reason could be that, to a great extent, Czechoslovakians held a relatively wealthy position within the Eastern Bloc countries. For Czechs who had not traveled to wealthier Western economies, they most likely felt as if they were pretty well off. Nor does it even emphasize democracy, only mentioning it once. Most likely this is because the pacts from which they were citing had no requirements about democracy in general (i.e. there were components normally characteristic of democracies, but there was no requirement for a government to be Democratic as opposed to Communist).

Two years prior to Charter 77 however, Havel personally sent an open letter (actually a detailed essay) to then president Gustav Husak detailing what he felt were the most important issues of the day. Havel, like Dubcek, felt that the original plan for Socialism had deteriorated. However, unlike Dubcek, Havel spoke in much deeper philosophical terms that had less to do with practical economic or educational needs and more to do with an overall human spiritual fulfillment. According to Havel, the years prior to 1968 were somewhat of a
naïve stage for Czechoslovaks; the support given to the Socialist movement, the “genuine and considerable attractiveness...of the social benefits it promised (Open Letter from Deutscher 122)”, were lost between the Marxist/Leninist plan for a revolutionary dictatorship needed for transition and a post 1968 government that was unable to see the former’s mistakes. Havel’s greatest fear in the period then was not so much the short term injustices (which were still high on his list), nor even the need for a market economy, but rather the long term psychological effects of “the price we are all bound to pay for the drastic suppression of history, the cruel and needless banishment of life into the underground of society and the depths of the human soul, the new compulsory ‘deferment’ of every opportunity for society to live in anything like a natural way (Open Letter from Deutscher 123)”.

For Havel, generally speaking, the people of Czechoslovakia were content; they “build houses, buy cars, have children, amuse themselves, live their lives (Open Letter from Deutscher 90)”. However, for Havel, merely being “content” was not necessarily acceptable. On the contrary, people were not behaving as if life were just fine because they wanted to, but more so because they had to. The answer is self evident to Havel: “they are driven to it by fear (Open Letter from Deutscher 91)”. What Havel is more concerned with is the spiritual side of life. What has the country done he asks, “...for the enhancement of the truly human dimensions of life, for the elevation of man to a higher degree of dignity, for his truly free and authentic assertion in this world (Open Letter from Deutscher 91)”.

Ironically, this sounds strikingly similar to the pro-capitalist rhetoric that will be espoused by Klaus in defense of the right to participate in a free market. However, although Havel may certainly agree with a free market, his free market tends to be more Socialist in nature; not an end all
to freedom but rather a single component in the enhancement of man's freedom to assert himself in the world.

Havel’s spiritual side of life can be realized in many ways, but perhaps most easily through the same freedoms from fear enjoyed by the political elites and those well connected in the Communist party. In particular, but not limited to: “the enjoyment of undisturbed work [without fear of being fired], advancement and earning power, the ability to work at all in one’s own profession, the chance of higher education (Open Letter from Deutscher 94)”. In *The Power of the Powerless*, Havel recounts a story of a time he worked in a brewery. His manager, who was a highly driven and skilled brewer, worked under a management team who “understood their work less and were less fond of it, but who were politically more influential (Havel 28)”. After writing a letter to the management team’s superiors to voice his concerns about the inefficiency of the brewery, the higher ups claimed the letter to be a "defamatory document" and the manager was labeled a "political saboteur." The manager was later “thrown out of the brewery and shifted to another one where he was given a job requiring no skill (Havel 28)”. Although efficiency for economic reasons is important for Havel, more importantly Havel is concerned with the restrictions to use acquired skills and the ability to express oneself through the specialized labor of one’s choice. It is more so the outside political restrictions to excel in what one desires rather than the lack of remuneration for excellence. As Havel concludes the story, “It begins as an attempt to do your work well, and ends with being branded an enemy of society (Havel 29)”.

It may be for Havel that the worst part of the problem lies in the fact that people were essentially forced into selling themselves out for better positions in all facets of life. It is the humility, the separation of oneself from one’s true being (be that an artist, a conservative, a
liberal, a scientist, a school teacher, literally anything that is part of one's personality) that keeps people from not only succeeding to higher levels of living and social standing, but to exist peacefully and contentedly. The result without this is that people "succumb to apathy, indifference towards impersonal values and their fellow men, to spiritual passivity and depression (Open Letter from Deutscher 97)." For Havel, it is an inevitable consequence of man when under a constant and ubiquitous fear that infiltrates every aspect of life down to what one says not only in public, but also in private for fear of being snitched on to the secret police, that "[d]esperate leads to apathy, apathy to conformity, conformity to routine performance... (Open Letter from Deutscher 98)." It is similar to the example of the manager of the fruit and vegetable shop in The Power of the Powerless who places the "Workers of the world, unite!" slogan in his window. As Havel explains, the manager does not do it because he really wants the workers of the world to unite. Quite the contrary, he has probably never thought much about the workers uniting, how it would be done or what would happen if it were done. Rather, the manager is saying to all who visit his store and those that have allowed him such a position, that "I, the greengrocer XY, live here and I know what I must do. I behave in the manner expected of me. I can be depended upon and am beyond reproach. I am obedient and therefore I have the right to be left in peace (Havel 5)."

For Havel, the private sphere of life is where most find any remaining hope of enjoyment or fulfillment which results in an emphasis in the material aspects of their lives, as the home is the only place where one is allowed any kind of freedom of talents, artistic expression and industriousness, resulting in domestic comfort. This is not altogether a bad thing as it helps, if somewhat indirectly, to raise the standard of living which the "inflexible, bureaucratized and unproductive state sector of the economy (Open Letter from Deutscher}
99)" is unable to do. Indeed, this is not something Havel takes lightly; as a rise in the
standard of living is something he will focus on a number of times. However, aside from the
economic benefits, it is simply "an escape from the sphere of public activity... a desperate
substitute for living (Open Letter from Deutscher 99)".

Furthermore, because man has in a sense been forced to spend all creative energy on
private, material improvement, he has become a "...simple vessel for the ideals of a primitive
consumer society...". This energy has turned materialism into a fetish, rather than a part of
man's need to raise his standard of living. Conversely, Havel believes "man should live in
full enjoyment of social and legal justice, have a creative share in economic and political
power, be raised on high in his human dignity and become truly himself (Open Letter from
Deutscher 101)". Key here to one of the focuses of this essay is how Havel equates the kind
of power that man should have in economics and politics—"a creative share". Havel
addresses this specifically in The Power of the Powerless, while explaining in his summation
of the essay, "What then is to be done?"

Both political and economic life ought to be founded on the varied and
versatile cooperation of such dynamically appearing and disappearing
organizations. As far as the economic life of society goes, I believe in the
principle of self-management, which is probably the only way of achieving
what all the theorists of socialism have dreamed about, that is, the genuine
(i.e., informal) participation of workers in economic decision making, leading
to a feeling of genuine responsibility for their collective work. The principles
of control and discipline ought to be abandoned in favor of self-control and
self-discipline (Havel 48, 49).

Here it can be seen that Havel's ideas about economics is conducive, nearly identical,
with those outlined in the Action Programme. Creative decisions concerning politics and
economics will be shared by the people of the state. Both politics and economics will be
democratically controlled, all citizens will have a say in how it represents them. Concerning economics, it is likely, with Havel’s hatred of the centrally planned economy as well as the fetishism of material goods, or the “life reduced to a hunt for goods (Open Letter from Deutscher 101)”, he is speaking of something along the lines of Dubcek’s plan for cooperatives and democratically elected representatives in places of work. In other words, Havel clearly sees the difference between a rise in the standard of living and an obsession with material goods. More so, when Havel speaks of a standard of living, he is not speaking of the great void of Capitalist markets as Klaus later will; he includes quality of living as a necessary component as the hunt for material goods is apt to leave a nation without a culture, a spirit or a voice.

Again, for Havel the existing problems in the mid to late 1970’s were not so much problems of the centrally planned economy—although this certainly was on the list—the main focus for Havel and his dissident colleagues was the absence of the basic civil liberties required to have freedom of expression; not only to say what one wanted to say, but to live without the fear of saying and doing what one felt like doing. It was the lack of freedom to express oneself that imposed the absence of magazines and periodicals of all sorts, as well as novels that not only were excluded from publishing houses for anti-government messages, but anything that included a “spark of a slightly original thought, perceptive insight, deeper sincerity, unusual idea or suggestive form”; in short, anything “cultural (Open Letter from Deutscher 108)”. It was the “destruction of confidence in the meaning of any such values as truth, adherence to principles, sincerity, altruism, dignity and honour (Open Letter from Deutscher 102/3)”. It is certain that Havel (as he will later write), and most other dissidents
wanted to work with a market economy, but one that was controlled democratically under cooperative methods and systems. In fact, it is not so much the apparent loss of a raised standard of living that Havel has a problem with in a centrally planned economy, but rather that a government that controls every aspect of the economy, including employment, is not qualified to make employment decisions. It is not so much the loss of income or GDP, but rather the deep sense of humiliation one feels when they “take orders everyday in silence from an incompetent superior...perform[ing] ritual acts which he privately finds ridiculous (Open Letter from Deutscher 120)”. Certainly for Havel, one does not find personal content with simply a raised standard of living, nor does it seem so for Dubcek or the general movements that ushered in the Prague Spring and the Velvet revolution.

As Dubcek explained the need to rid the country of equalitarianism, Havel called for an end to entropy. As was mentioned earlier, Dubcek’s focus was on the equalitization of the work force and the lack of incentive therein. Dubcek, as a politician understandably, focused on the need for specialization, expertise in industry and the sciences and justice for those that are qualified for those positions. Havel speaks of the same things but on a deeper philosophical level; rather than focusing on productivity and fulfillment with one’s profession, Havel takes his argument against equalitarianism to the level of absolute entropy that infiltrates all facets of life—working, social, spiritual and intellectual. For Havel, it is the perpetual, forcibly imposed uniformity that develops “a fundamental distrust of all variety, uniqueness and transcendence; a fundamental aversion to everything unknown, impalpable and currently obscure; in basic proclivity for the uniform, the identical and the inert; in deep affection for the status quo...(Open Letter from Deutscher 113)” ultimately
resulting in a dichotomous state of being in which the complexity and probability that is life no longer exists.
Chapter 2: Post Transformation: The New Democratic State

Havel and the redefinition of Socialism

The beginning of the real transformations in Socialist ideologies can be seen with the fall of the Communist government in 1989. As will be seen however, although Havel claims to hold the same beliefs as he always had, there certainly seems to be, if not a change, certainly a new emphasis in the benefits of the free market. Although this paper has allowed the inclusion of Socialist markets into market economies, it is clear when Havel speaks of market economies post 1989, he is no longer speaking of the Socialist markets he referred to specifically in *The Power of the Powerless* in 1978. At the same time however, he is certainly nowhere near the supporter in the absolute *pure* markets Klaus will begin to push for. Havel becomes somewhat like the intermediary, fusing the old Socialist beliefs with the newer beliefs in pure, capitalist markets.

In *Summer Meditations*, a book Havel wrote in the winter of 1991 and 1992 (shortly after the break up of Czechoslovakia into the Czech and Slovak Republics) Havel reflects upon the transition and speaks in much the same philosophical tone as he did in the open letter to Gustav Husak in 1975. Here however, Havel is addressing the nation (his audience) in the first person, not only describing his social and political principles but giving some explanation to his proposals, the general state of affairs, and the great changes that had taken place since the Velvet Revolution. Havel claims the book is not a collection of essays (which it distinctly resembles), nor is it a work of political science; rather "it is merely a series of spontaneously written comments on how I see this country and its problems today, how I see its future, and what I wish to put my efforts behind (Introduction to *Summer Meditations*)".
Although much had changed in Czechoslovakia under Havel’s presidency since 1989, Havel claims to not have changed his principles in the slightest. As he writes in the forward of *Summer Meditations* concerning his fundamental beliefs: “in my concept of politics, in how I see its inner spirit—absolutely nothing has changed”. However, there does seem to be a shift in how he views Socialism; in particular, how he defines Socialism. As questions arose in the months during and after the revolution about Havel’s affiliation with the Socialist party, “Are you a Socialist?”, Havel needed to clear up some statements he had made in the past. Apparently, Havel, formerly in his dissident days had claimed to be a Socialist. Indeed, before 1989, this statement would have gone quite unnoticed—in fact in did! However, after 1989, the word “Socialist” took on a new meaning and seemed to be more aligned with Communism, and not the reformed Communism of Dubcek and the *Action Program*, but rather the highly authoritarian Soviet Communism that had persisted since 1968. It is not the purpose of this paper to question Havel’s sincerity in making the statement in the first place or mending the statement later; however, since claiming to be a Socialist before and after the Velvet Revolution would have been received differently, it is worthy of a brief discussion. In *Summer Meditations* Havel claimed that when he formerly referred to himself as a Socialist, it was meant to be taken more as describing “temperament”. Havel claims he was not “identifying [himself] with any specific economic theory or notion... I merely wanted to suggest that my heart was, as they say, slightly left of center... a nonconformist state of the spirit, an anti-establishment orientation, an aversion to philistines, and an interest in the wretched and humiliated (Havel 61)”.

Havel describes his own social and economic philosophies and how they have meshed with the pre-1989 revolutionary spirit and post-1989 transition period. As with any
revolution however, where dichotomist ideologies clash with severe consequences, and political and non political actors alike are attempting to distance themselves from the "wrongs" of the past, it is often difficult to take completely at face value anyone's political beliefs. Havel would agree, at least in certain forms, that this idea (which is as old as regime change) is indeed often the case and during the early post-1989 years even the word "social" "create[d] the suspicion", among orthodox supporters of the market economy (which would include Klaus, then Minister of Finance), that socialism, so diligently driven out, is surreptitiously creeping in through the back door”. But the fear of Socialism for Havel is not necessarily the fear of losing Capitalism as it is the fear that the state “bringing with it the smug conviction that [it] can, and ought to, organize production for industry, lives for people, and a future for society”. For Havel, it is rather the fear of “dogmatism or fanaticism” that can also be found in the believers of the “systemic purity” of market economics (Havel 71).

Still, Havel does seem to do much back-peddling and ideological defending in the chapter entitled “What I Believe” and takes considerable time to explain why he “once” considered himself a Socialist. One would tend to believe that "Socialist", or Socialism, although obviously as multifaceted as any political ideology underneath the label, would tend to concern itself mostly with economics; dealing with cooperative businesses, redistribution, massive social security nets, etc. Havel however, explains that claiming he was a Socialist was not necessarily referring to any centrally planned economic ideology. He goes so far as to say that a market economy “...is the only naturally economy, the only kind that makes sense, the only one that can lead to prosperity, because it is the only one that reflects the nature of life itself (Havel 62)”. Furthermore, that it “is as natural and matter of fact to me as the air...it is a system of human economic activity that has been tried and found to work over
centuries (centuries? millennia!). It is the system that best corresponds to human nature (Havel 65)”. And yet, it seems there was nothing in Charter 77 denouncing the human rights violations caused by neglected economic sovereignty. In fact, in nowhere is it ever mentioned that college students protested Socialism or planned economies—yet this seemed to become the one area that consumed most politicians’ minds in 1989.

Indeed, the political rhetoric swiftly shifts to free markets post January 1989; something that Havel spent little time on, and Dubcek speaks of only in connection with cooperatives and representative management before the Velvet Revolution. In fact, Havel only mentions economics twice in his Open Letter to Gustav Husak. In the opening, Havel comments on the current living standards. “The efforts of our citizens”, he claims, “are yielding visible results in a slowly rising standard of living: people build houses, buy cars, have children, amuse themselves, live their lives (Open Letter from Deutscher 90)”. Further on, he devotes a section to “Private and Public Sectors”. It is Havel’s assertions that Czechs are spending more time at home in an attempt to raise their home living standards, or have “turn[ed] their main attention to the material aspects of their private lives (Open Letter from Deutscher 99)”. Why they do this, and why this is encouraged by the government has several benefits. Firstly, for the citizens, it has unquestionably improved their standard of living. As Havel points out, Czechs, through their own personal efforts, have made more use out of their gardens at home, as well as, built small cottages at remote gardens set aside by the government for people’s use in which they can better enjoy the weekends and evenings. They have taken better care of their cars and become much better seamstresses with which to make and repair clothing; in short, they have become experts in frugality. For the government, the benefits are doubled; they get to enjoy the economic fruits of extra energy
that has boosted the economy—even if only mildly; and with this "'inward' orientation as the very essence of human fulfillment on earth (Open Letter from Deutscher 99)", citizens have also retreated from the sphere of public activity. Yet there is no direct criticism of the economy, and the only problem with the standard of living is that it has risen for the wrong reason; a fetish of material goods.

Perhaps it was not so much that Havel was calling for a market economy for more material goods and greater integration into the global market, but rather lamenting the fact that man could not expend his attention on politics, spirituality, philosophy, the arts or any type of local civic involvement with freedom of thought and speech, in a "primitive consumer society...subject to the limitations of a centrally directed Market (Open letter from Deutscher 100)". Havel's view on this is quite complicated, but seems to mean that the problem does not lay so much in man's pursuit of material things, perhaps even to an obsession or fetish, but rather that man has no other choice in the matter. Presumably then, it seems as though this is where the market economy comes in. Whatever the case may be, Havel doesn't necessarily make a call for a market economy based on the injustices of economic equalities inherent in Socialism, nor a higher GDP, but rather calls for society that allows for a "creative share in", among other things such as legal and social justice, "economic decision making (Open Letter from Deutscher 100)". Havel's fears are that the entire Czech population, excluding government officials to a lesser degree, is "becoming obedient members of a consumer herd (Open Letter from Deutscher 101)". He has called for participation in "economic decision making", with the input of local officials, locally and freely elected, and local shopkeepers as well as consumers. It is not merely enough that one is able to "freely choose which washing machine or refrigerator [one] wants to buy (Open
Letter from Deutscher 100), but also the possibility to decide how many are made and how many will work to that end, how much they will be paid for making it and how much will it cost to buy it. However, Havel is somewhat vague here which makes it difficult to pinpoint his exact meaning. What we do know is that he was not in favor of a centrally planned economy, but more importantly, in favor of a society that is allowed to loosen the shackles of the fetish of materialism by greater democratic participation in all spheres of life—especially the arts and personal expression.

Still, it seems economics (in terms of how much money one has) meant little to Havel as a dissident. In his *Open Letter to Gustav Husak*, rather than focusing on market economies and how they have naturally materialized from natural human needs, he feels compelled to focus his complaints on the regime’s responsibility for “deadening life for the sake of increasing uniformity; of deepening the spiritual and moral crisis of [] society, and ceaselessly degrading human dignity, for the puny sake of protecting [Husak’s] own power (Open Letters from Deutscher 125”). In fact, one would have to wonder why, when Havel virtually never mentions markets directly in his protests, he comes out of the closet, so to speak, as a passionate proponent of free markets after 1989. In *Summer Meditations* (71-73) Havel speaks of his belief that major industries should be highly regulated, at least to begin with, but certainly never mentions cooperatives and democratic control within firms by their employees as he had in *The Power of the Powerless*. What was never considered or mentioned through all the years of protesting and imprisonment suddenly became the primary focus of the new government—for the welfare of the citizens. In fact, to study Havel’s political activism pre-1989, one would have thought that the economy was never a problem for Havel at all! Post 1989 however, after over twenty years of political activism
during which Havel says relatively little concerning the need for a market economy, it now becomes not only a focus, but an absolute necessity for the welfare of the people because it is as natural to the human spirit as breathing. One could perhaps speculate along the lines of the alternative theory proposed in the introduction; that it would have simply been too risky in 1975 to mention such things. However, having spent more than four years in prison in the late 70s and early 80s for asking citizens in his essay The Power of the Powerless, “to behave as though they were free and resist the lies of the state (Secor)”, one could hardly assume that Capitalism would have been too taboo a topic for Havel.

Perhaps it is how Dr. Paul Bock, Professor Emeritus of religion at Doane College, reveals through correspondence, the perspective of a signer of Charter 77 on the transition. Dr. Bock’s concern was with the former plans, headed by Dubcek in 68, to blend Socialism with Democracy. Now, his fear was that the leaders representing the new government were forgetting about Socialism altogether and only spoke of free enterprise. Jack Trojan, a long time friend of Dr. Bock’s and a signer of Charter 77 replied,

"The events of the so-called real socialism have been so horrifying that particularly the young generation has lost any enthusiasm to follow the socialist path.... Whether this inevitably involves the danger of losing some of the benefits of socialism is very difficult to say now. It is up to us, the old 'socialist fossils,' to prevent this”. (Bock)

In other words, it is likely that after the Communist government was toppled, its many years of publicizing Socialist agendas turned the public completely disagreeable to anything “Socialist”.
Klaus and the Spirit of Capitalism

One may be able to take Havel at his word when he claimed in his concept of politics, absolutely nothing had changed. But perhaps his new emphasis in the benefits of Capitalist markets (there was certainly no mention of Socialist market economics in Summer Meditations) was pressed on him by the public, or perhaps more so by his political colleagues, who had got caught up in what Gil Eyal refers to as the "Spirit of Capitalism". In his article, Anti-Politics and the Spirit of Capitalism, Eyal claims that the transformations in the various former Soviet satellite countries were all "imbued with the 'spirit of capitalism' (Eyal 1)", perhaps for the same reason as Havel gave for the feeling of euphoria felt shortly after Communism was instituted in Czechoslovakia in 1948; naïve optimism of what was to come, combined with the relief felt from leaving a deplorable situation behind (Open Letter from Deutscher 123).

Lawrence King, in his book The Basic Features of Postcommunist Capitalism in Eastern Europe, would add that "...during the rightful of euphoria over the collapse of the oppressive Communist Regimes, some forgot that capitalism is not now, nor ever was, a particularly "fair" or just system (King 16)". But neither had been the planned economy either, and the important thing was that it was over and something new was coming, something that promised a better life, better paying jobs, bigger houses and nicer cars. Klaus agrees that the euphoria was a catalyst to having his plans realized. In a paper delivered at a conference sponsored by the Center for Economics and Politics in Prague in 2006, Klaus recalled that,

"We knew that there was nothing to wait for, because the euphoria that followed that collapse of Communism would not provide us with an unlimited time and room for unpopular and painful steps. We knew that it
was necessary to take the advantage of the temporary weakening of all the various interest groups, which...would under normal circumstances obstruct change and promote their own special interests (Klaus 2).

Here, it seems Klaus alludes to the unpopularity of unregulated Capitalist markets that existed at the time, insinuating that Socialist markets were still the desired economic model in the winter of 1989. Interestingly, still today Klaus claims that those who seek the further implementation of deregulated and pure markets are forced to constantly battle the Communist reformers and Socialist utopians. Although, as will later be demonstrated, Klaus seems to be exaggerating the point, to put it mildly, as the Czech Republic today is likely the least Socialist, economically speaking, than it has ever been since 1989.

Forwarding this spirit of Capitalism, economists such as Klaus who were fervent students of Milton, Adam Smith and other admirers of a deregulated pure market economy, came out of the closet so to speak, and asserted plans which would have not only been impossible for political reasons pre-1989, but would also have been unacceptable by the Socialist reformers and dissidents. Furthermore, the corruption that lead to those in economically and politically strategic positions to become millionaires literally overnight in the early years of the new state, made Capitalism an enticing enterprise for anyone with intentions of opening a business.

Indeed, it should be noted that the “Spirit of Capitalism” may have been more of a spirit that took a hold of those whom could stand to gain greatly from it. Much of the public however, needed to be sold on the idea as many still held onto the former Socialist ideologies so long sought after. As King points out, it seems as though firms tried to sell the new spirit by going back to the Socialist roots that were traditionally near and dear to the people’s
hearts; cooperatives or employee-owned companies that promised to give both freedom and
great financial rewards, similar to what Dubcek tried to legislate in the *Action Program* and
Havel spoke of in *The Power of the Powerless*. However, the loopholes in government
policies in favor of upper management were extensive and numerous. Firstly, most often
opportunity to subscribe to shares was based on salary and seniority. One result here was
that ownership was diffused greatly among employees and concentrated among management
whom already shared a monopolization of information the employees did not. Furthermore,
as the dividends to employees were nearly insignificant, eventually, shares would be sold to
majority holders for substantial profits that stood to be even more profitable for larger
shareholders. For employees, focus generally remained on simply keeping jobs in a highly
volatile market that saw periods of high unemployment. Secondly, it was common that the
workers could only appoint one-third of the seats on the Supervisory Boards and thus had
very little real power in decision-making (King 81-82). Thus, what seemed like a democratic
process clearly was not.

Although many factors helped change the economy and the ideologies to a spirit of
Capitalism, Vaclav Klaus has surely been the leading figure in the process. In 1989, Klaus
joined the Civic Forum (OF or the Občanské Fórum) and soon was appointed the Federal
Minister of Finance. Klaus, then as well as now, was a firm believer in classical liberalism
and its basic concepts of the primacy of the individual, freedom without “unnecessary and
often contradictory innovations” such as positive rights, and free markets with their “formal
equality of opportunity (*Freedom and its Enemies*, Klaus)”. This transition however, would
not change overnight. Czechs had been bound within the confines of regulated markets for
the better part of forty years and change would not come easy. Klaus knew as well that it
would not be easy. "The fall of Communism", he claimed in a speech given for the Mont Pelerin Society, "does not automatically lead to a system we [classic liberals] would like to have and live in (The Intellectuals, Klaus 3)". For Klaus, pure Capitalist markets would need to be fought for.

In 1989, as the fall became inevitable, Czech politicians divided into a number of conflicting theories of how the transition to a free market economy should be handled. Martin Myant, author of *The Rise and Fall of Czech Capitalism*, chooses to focus on two, although he admits that these two, "[do] not adequately encompass and explain the differences in economic thinking in Czechoslovakia" at the time. The only consensus, he claims, was that the ultimate aim would be a modern market economy.

The two economic formulas Myant focuses on are *shock therapy* and *gradualism*, and it is here that the battle (ultimately to be won by the non-Socialists) between the ideologies of the old and those of the new begins to clash for the first time. This point in time is the beginning of the abrupt shift in ideologies mentioned in the introduction, highlighting the evidence that the economic conditions in particular became far from what the Socialist movements leading up to the Velvet Revolution had envisioned. Klaus, Minister of Finance at the time, was the eventual spokesman for shock therapy. The strategy, officially entitled *The Strategy for Economic Reform*, insisted on: the inclusion of the IMF package; a focus on anti-inflation and monetary restraint; denationalization and privatization, largely done through restitution, public auction and the voucher system; price liberalization, including some key industry price controls along with generally strict wage controls; the move to internal currency convertibility, relieving state controlled exchange rates; and finally
social aspects, which were vaguely planned and generally considered unimportant by the Klaus administration (Myant 20).

Klaus was often characterized as narrow minded, dogmatic and arrogant—just the dynamic character that was needed to implement such a program that had many opponents. Klaus himself believed that the classical liberals were relatively a small group compared to what he calls the Communist reformers and the newer Socialist utopians. Being the Minister of Finance however, Klaus was in a position to take certain measures that would eventually make the *Strategy for Economic Reform* all but inevitable. Firstly, Klaus announced the Czech's withdrawal from the CMEA (Council for Mutual Economic Assistance), which, most importantly, ended favorable trading links in basic materials from the Soviets. Secondly, he revised the federal budget which contained major cuts in spending. Klaus also employed countless advisors to work on ideas of mass privatization and the voucher method.

The gradualist approach was headed by Valtr Komarek, then Deputy Prime Minister of the Civic Forum, a position soon to be filled by Klaus. Komarek categorically rejected an economic shock on grounds that social costs would be too high. Like Havel, who wanted the state to play an ever-diminishing role in guiding the economy (Havel 73), Komarek favored structural change from the center that would be slower, lasting several years. Komarek's plans however, were quite vague and he was eventually replaced by Karel Kouba as the leading spokesman for the gradualist approach. Kouba's measures for privatization included the liberalization of all internal prices and the slow liberalization of foreign trade and commercialization of state enterprises. These were to be followed by privatization where appropriate.
According to Myant, Milos Zeman, who would later become prime minister in the late 90s, helped bridge the gap of the two ideas. In the end, privatization emerged as a mixture of the following four concepts: direct sale into Czech ownership, mostly in the form of auctions; two waves of vouchers; partial sale to foreign companies; and the restructure of state ownership with gradual privatization later. What seemed on the surface to be an inclusion of certain Socialist market mechanisms into a modern market economy however fell far short of the economic and political systems envisioned by the economic reformers of the Dubcek era and the dissidents of the Havel era. The beginning of this dramatic shift began with voucher privatization.

Klaus was the originator of the voucher method. Vouchers were sold in Kc 1000 blocs (each worth 1000 points) to any one who wished over the age of 18. Only one could be purchased but owners could turn around to buy and sell to one another. They could also be sold to investment fund groups, such as Harvard Funds, which promised huge returns. Klaus claimed that the voucher method was the most equitable way to redistribute state property into private hands. Indeed, it was nearly ingenious in its premise in that citizens would truly (at least at first) feel as if they were given a fair opportunity to re-appropriations. However, it can easily be seen that Klaus never felt this would truly get the state industries and property back to “the people”, as he once quipped that the voucher method would “take the Socialist apologists at their word (Klaus xiii)”. Klaus knew that these coupons would quickly change hands through lucrative sales to investment companies and end up in the possession of an elite few—exactly what capitalism needed! Arguments against the vouchers included inflation; the thought was that the public would sell the shares at once (like Klaus predicted) but that the outcome would be an immediate spending spree, forcing prices to skyrocket.
Another challenge to the voucher method was that perhaps the coupons would not get sold and ownership of companies would be too widely dispersed for the shareholders to take an active interest in the company. The third point of opposition was simply that the voucher method was untested, and that consequently foreign trading links would take a long ‘wait and see’ attitude before they chose to invest in Czech companies.

One of Klaus’s explanations for Voucher privatization was that it speeded up an otherwise agonizing process caused by the lack of real owners. Vouchers would privatize the Czech Republic almost overnight—and relatively speaking they did work just that quickly. Klaus boasts in an essay entitled Privatization Experience: The Czech Case: “Privatization by voucher turned more than 75 percent of Czech adults into shareholders. Each of them now [1993] owns shares in either some of the 1,500 privatized companies or in some of the investment privatization funds (Klaus 73)”. This was nice for the time being, but Klaus as well as a number of economists in the ODS, knew that the lack of legislation protecting minority shareholders, which they had consciously sought to delay, would eventually bring these stocks to the hands of concentrated ownership (Myant 117). And if the shareholders did not come around to the idea of making a quick profit (which many of them did) then perhaps they would be forced to sell.

Supposedly, Voucher privatization was based on property rights; however, it is clear that property rights are exactly what Klaus did not want. In fact, Klaus seems to argue that well-defined property rights stifle prosperity. Again, one could ask, “The prosperity for whom?”, but it is clear that a non-understanding, or an unclear understanding of who should own what is what Klaus had intended. As Klaus explains in reference to his beliefs in Adam Smith; “[Smith] knew well that the wealth of a nation grows only when individuals get
richer,” and that this will only happen if the economy is “liberalize[d], deregulate[d], and privatize[d] at a very early stage of reform (Havel 82)”, even if this means doing it before sufficient legislation is in place. Economic and legal “Blueprints”, or attempts to “mastermind the whole process” before privatization would only lead the country to “falling into the reform trap (Klaus 83)”. Hence, for Klaus, if there is a loosely defined system of property rights then it becomes possible to accumulate property (yes, even if unjustly) without anyone knowing whether it has been done through legal transactions or not.

Again, Klaus ties economic rights to a general philosophy of human wants, needs, and basic rights. The loosely defined system of property rights becomes the “basis for the rationality of behavior of economic agents and therefore, the basis for affluence and prosperity (Klaus 69)”. Property for Klaus was something that was inherently a rightful possession of the people. He describes the transformation process as a “process by which the ‘no owner’ or quasi-owner, the government, transfers the ‘non assets’ to their initial owners…(Klaus 71)”; however, it seems apparent that Klaus defines “the people” as majority shareholders. Certainly voucher privatization initially gave the mass population property rights, and in a fair and just manner, but what initially happened was not as important as what would eventually happen. As Klaus explains, “the goal of transformation privatization was not to complete the restructuring of property rights, but on the contrary, to be its beginning (Klaus 56)”. The process of transformation then begins at its very outset with no rules for property rights. “The task of government”, he continues, “at that moment was to find the first private owners, not the final ones (Klaus 56)”. Here it seems Klaus is alluding to what he predicted would be the final outcome. Government couldn’t decide, nor could it regulate property rights; its only purpose would be to offer the property at a minimum price and allow
individual actors to decide who would end up with what. Klaus doesn’t say it explicitly, but it doesn’t take an economist to understand that most of this property would eventually be in the hands of those who had connections to political or economic power—incidentally, Klaus had ties to both.

Speed was necessary in order for Klaus’ transformation process to work properly. Measures needed to be taken during the initial chaos of transformation before pressure groups could successfully block them (Klaus 20). According to Klaus, “the very fashionable and sophisticated debate about optimal sequencing of reform measures and about shock therapy versus gradualism is simply missing the point (Klaus 83)” . It is simply missing the point because according to Klaus, capital needs to be quickly accumulated into the hands of a few who can direct the economy most efficiently. For Klaus, majority shares of capital in the hands of many can only lead to indecision and inefficiency. Furthermore, as he states in his 7th Commandment of System Reform, monopolizing functions must be allowed initially for the economy to reach optimum efficiency (Klaus 47).

The mass transformation of property into private hands, in the most efficient manner, is a prime example of how the political ideologies took a dramatic shift from those of the former Socialists. To help foster these new ideas, Czechoslovakia was straddled with a weak, if not corrupt, legal framework. Key factors were, lack of controls over share dealing, lack of protection for minority shareholders, few rules governing the administration of the IPF’s, and overall, the laws that were in place were usually not enforced (Myant 138). There were, as Myant points out, a preponderance of powerful entrepreneurs and politicians favoring a weak legal system.
Tomas Jezek, head of the FNM (national property fund) was a master at exploiting the lax legal regime, and was not shy about praising it (at least during the early 90’s). “The application of normal laws to the privatization process is impermissible,” he claimed, “We have privatization so that, after its completion, normal laws can apply (Myant 129)”. Essentially, Jezek believed that such a system was not only favorable, but necessary to the quick recovery and implementation of a permanent and just system of private property. Ironically, Jezek was not only head of a major property fund, but a boyhood friend of Klaus and the first minister of privatization when the voucher method was established (Klaus xii). It is not surprising then that Klaus similarly claimed a distrust of legal influences during privatization. In a student seminar at the Fraser Institute in 2004 he stated, “good legislation, good institutions, and good rules are necessary, but it is impossible to make the markets efficient by means of legislation and to solve economic problems by legislating them out (Notes for Fraser from Klaus)”.

Klaus explains the transformation as an opportunity to “get rid of the irrationalities and injustices of the old…regime (Klaus 7)”. For Klaus the irrationalities and injustices come from the same ideology—Socialism—and effect equally for similar reasons both social and economic injustices. In fact, in the case of the Czechs at the very least, for Klaus, one injustice was the other and vice a versa; according to Klaus social injustices (i.e. regulated markets) did not allow citizens to fulfill economic freedoms which are not only necessary but vital characteristics of sovereignty. Similarly, economic freedom allows proper and necessary social freedoms. For Klaus, freedom includes economic freedom in the neo-liberal sense of the term. There is no freedom or sovereignty with government intervention in markets.
Although the sources of influence for the transformation of the Czech economy may very from source to source, Klaus seems to know exactly where the source lies: Adam Smith. Czechs today may argue their ideologies have not changed since 1968, but it is quite certain that no one in the Socialist and dissident movements before 1989 was espousing the philosophy of Adam Smith or Hayek or Milton, or other sources of inspiration for Klaus. In fact, Klaus addressed the National Association of Business Economists in 1992 on Smith, whose “thinking...has guided Czechoslovakia’s economic transition (Klaus 81)”. This particular address offers an in-depth look into Klaus’ own philosophical beliefs that drove his economic reform strategies, allowing Czechs the freedom to decide what they want to do with what, when they want (Klaus 5).

From the speech, it is quite clear that Klaus believes that an economic system is more than just a means to a hopeful prosperity; it is (in its most proper form) a reflection of “human wants and desires (Klaus 81)”. Essentially, laissez-faire, market economy, devoid of any Socialist market mechanism, represents human liberty, freedom of choice, and most importantly is not centrally administered. However, a liberal market economy has more than the previously mentioned purposes; it is also the “best and only available way to maximize the welfare of all members of society (Klaus 82)”. Obviously this is quite a different way to maximize the welfare of all members of society than the evenly distributed production and the “fair deal” of Socialism that Dubcek had believed in and wrote about in his biography.

Similar to Havel, Klaus speaks of the economy and government in general and its conduciveness to human nature. “Violation of human nature,” Klaus claims “as a byproduct of collectivist ambitions resulted in an Orwellian totalitarian system, and we are happy it is over. Violation of human nature to fulfill moralist, elitist, and perfectionist ambitions would
result in a Huxleyan Brave New World, which would lead us to new complications (Klaus 5)". This seems to be the central point of Klaus’s philosophy; that collectivist ambitions resulted in violations of human nature as it attempted to fulfill moralist, elitist, and perfectionist ambitions, meaning that the Socialists believed they knew what was wrong with society and how to better it. They not only wanted to transform institutions and rules but people as well. Conversely, Klaus’s economic ideology is of liberal, passive and deregulatory systems in which free societies are able to decide for themselves what to do with what. Unlike Havel however, who feels the economy is only one element of freedom, Klaus believes the pure Capitalist economy is the central component to human sovereignty. Without an unregulated economy, man simply is not free!
Klaus and the strategic implementation of Capitalism

A problem that both Havel and Klaus can agree on is the failure to decentralize the monopoly of power and information post 1989. However, both have different theories as to why the political and economic system never became decentralized. Havel would have you believe that there existed a monopoly of power and information within the former corrupted Communist officials. Klaus on the other hand, would have you believe that the intellectual elites (Vaclav Havel being one on his list) have been able to remain within the new government enough so that their influence to become philosopher kings to preach morality to society has won out and that the current system (2006) is nearly identical to the Socialist state (*Notes for Fraser Institute*, Klaus 2).

Martin Myant as well as Lawrence King discuss in great length the issue of monopolies of power and information and will assert (more in agreement with Havel) that although the Prague Spring and the Velvet Revolution were considered popular movements of the people, the monopoly of political power, information and assets were never decentralized which led to corruption as well as stagnation of the political transformation. These valuable commodities, they will claim, stayed in the hands of a few in “Long-established networks,” where “ways of doing things had become habituated (King 3), entrenched in a corrupt political and legal system.

King refers to Jadwiga Staniszkis, author of *The Dynamics of Breakthrough*, in explaining the “top down” method of the transfer of private property and assets. Essentially, Staniszkis believes that political power held during the Communist period “became a primary asset used by the *nomenclatura* to turn itself into a grand bourgeoisie (King 4).” King then
cites five conditions that produced these extreme inequalities of ownership though a monopoly of information: one, linking firms to engage in productive activity and share risk; two, obtaining allocations of value goods; three, the ability to manipulate institutional ownership to protect the control exercised by firm insiders; four, teaming up with outside owners; and five, capturing state power for advantage of the firm or firm insiders. The result of these conditions has been the personal accumulation of wealth by the insider, the transfer of part or the entire old state firm into a new private enterprise and the creation of completely new private firms (King 7). To elaborate, this could mean that the executives of a company may maneuver themselves into a position in which the sale of the state owned firm is bought out by a foreign company under the condition that they will remain in management positions. This is often referred to as “comprador intelligentsia”, which basically means to “…assist[] foreigners in gaining economic control and dominance of one’s own society (King 18)”.

Many of these people in positions that claimed a monopoly on information, resources and political power, were in a position to make a great deal of money—the initial financial boom made many a millionaire virtually overnight. The power structures did not really see a turnover in high positions—the Communists simply turned their hats backward and became Capitalists. This in part was helped by a judicial system that was literally in a shambles at this point in time. Laws against corruption, embezzlement, bankruptcy and general business practices were short in coming, rarely observed and punishments generally consisted of a mere slap on the wrist. Ironically, this environment is what Klaus, Jezek, and other businessmen/entrepreneurs, needed to bring private property into the hands of a few so it could be run most efficiently and create great amounts of wealth; furthermore, as Klaus claimed in a speech given at the Fraser Institute Student Seminar in 2004, this could only be
accomplished through the elimination of unnecessary controls and prohibitions of all kinds (Notes for Fraser, Klaus). Of course, Klaus doesn’t come out and say that stealing, embezzlement, etc., are acceptable, but he certainly insinuates that laws regulating such crimes take time to develop and that it is better in the long term for privatization to begin early without laws than to begin privatization later with laws (Economic Transformation, Klaus). Ironically, Klaus eventually stepped down in 1997 as chairman of the ODS from a financial scandal that included, among a number of other things, “rumors of foreign donations to the party and accusations that donations to the ODS had influenced political decisions surrounding the privatization of certain enterprises (Stroehlein).

It was a time that could be compared to what Adam Smith (whose thinking Klaus believes “has guided Czechoslovakia’s transformation (Klaus 81)”, described as the natural state; a time before laws and government in which property was divided up by those that could make it useful and productive. This utilized what Weber referred to as the “dull whip of hunger”, the process that allows “the separation of the direct producers from their means of production and means of subsistence”. A process King agrees with wholeheartedly, claiming that the initial rise of capitalism in Western Europe is strikingly similar, if not identical to the “creation of post communist capitalism (King 16)”.

Havel seems to concur, claiming that even though the people became empowered through a newly elected democratic state, those with the real power remained in the same positions as they had pre-1989. Furthermore, those that had a monopoly of information, economic resources and political connections (the “once-feared Communist”) simply became “unscrupulous capitalists (Havel 3)”. It is a quite logical turn of events that those that were in positions of power before the revolution would, more often than not, remain in those
positions after the revolution; one could hardly imagine a government completely cleaned of its former inhabitants in lieu of a new allotment of unseasoned, untrained average citizens turned politicians. Furthermore, it would be nearly impossible to sort out the managers of companies, etc., that rose to their positions simply because of their standing in the party and those that simply joined the party so they could elect their career of choice with greater freedom. The result was that the monopoly of information, economic resources and power, remained in the same hands as before the transition—including those that willfully imposed “morally ambiguous human tendencies...to serve the daily operation of the totalitarian system (Havel 1)”. Therefore, it is not unreasonable to assume that the corruption that once existed would not simply transform into another type of corruption.

Klaus however, sees the non-decentralization of power differently. For Klaus, former Communists reformers and Socialist utopians, entrenched themselves into the centralized power structures to maintain the former centralization and strengthen their Socialist political goals. The main culprits for Klaus were the intellectuals, quoting Hayek as the “‘professional second-hand dealers in ideas’, who are proud of not ‘possessing special knowledge of anything in particular’, who do not take ‘direct responsibility for practical affairs’ and who need not ‘even be particularly intelligent’ to perform their ‘mission’ (The Intellectuals, Klaus 1)”. Ironically, these intellectuals’ goals Klaus speaks of, are similar to what Capitalists like Klaus seemed to see in unregulated markets and weak judicial systems, “prefer[ing] ideas, which give them jobs and income and which enhance their power and prestige (The Intellectuals, Klaus 1)”. According to Klaus, the reason these intellectuals formed a resurgence after the fall of Communism is that they found the sometimes unfair free markets no longer needed their services.
What is interesting is that both Dubcek and Havel, considered by Klaus as intellectuals, were very opposed to the leveling of society, and felt that proper remuneration for work for those with special skills should be sought after. In fact, reviewing Dubcek and Havel's approaches to remuneration and the un-leveling of society, it would seem like Klaus would somewhat agree. But for Klaus, these intellectuals, the Communist reformers and Socialist Utopians, were only thinking of themselves, scorned by the fact that “the free market system does not typically reward those who are—in their eyes—the most meritorious”. For Klaus, they are “suspicious of free markets” because they “prefer being publicly funded (The Intellectuals, Klaus 3)”.

In fact, for Klaus, the Czech state is far from being the pure economy that he would like to see. He believes that these intellectuals are often disguised as environmentalists, radical humanists, believers in civil society or communitarianism, multiculturalism, feminism, apolitical technocratism, internationalism and NGOism, and all of them “represent substitute ideologies for Socialism (The Intellectuals, Klaus 3)” . Klaus’s rejection of Socialist markets is not only understandable, but common. However, comparing feminism to Socialism may be stretching it a bit for even the staunchest believers in Capitalism. Most likely Dubcek (while he was living of course), Havel and Klaus would all agree that social engineering is rooted in elitist attempts to place the moral values of a few on the entire society, but Klaus certainly takes this to an extreme, ultimately feeling that intellectuals such as Havel “want to impose their values on others and are convinced that they know better than the rest of us what we need, what we want, and what is good for us. They want to protect us from ourselves (Problems, Klaus 2)”. The difference seems to lie within Dubcek and Havel’s emphasis on social, professional and political freedoms, with a free Socialist market
being a part of that freedom, while with Klaus freedom itself begins with a purely free market economy and there is no freedom with excessive economic government regulation (The European Union, Klaus 5).

After Jezek left the Ministry of Finance in 1992, Josef Skalicky initiated a series of laws to the Commercial Code conducive to Klaus’ wishes that eliminated “restrictive barriers to the ownership influence of investment funds (Myant 137)”. These would later be referred to as “squeeze out” laws. Essentially, corporate squeeze outs allow majority shareholders to buyout minority shareholders without the minority shareholders’ consent. An article by Jan Vild in Czech Business Weekly claims that the positive effects from minority squeeze outs can be seen in the Pareto-efficiency. The Pareto-efficiency simply states that in a situation where no shareholder can be better off without someone becoming worse off, actions should be taken to allow a win/win situation. Here, it is argued by Vild that allowing majority shareholders to buyout minority shareholders, increases overall national GDP, thereby benefiting the public as a whole. According to Vild, majority shareholders are then able to become more efficient because they are not bogged down with “burdensome rules designed to protect the minority (Vild)”.

The law firm Weil, Gotshal & Manges, conducting a study in January of 2001 for the International Centre for Commercial Law, disagreed, claiming that “Corporate governance in the Czech Republic labours under the system-wide problem of the absence of minority shareholder involvement in the affairs of certain large privatized Czech companies, which is a result of the method of voucher privatization that occurred in the country (Weil)”. The study concluded that the Czech Republic should adopt laws protecting minority shareholders
that are “...in accordance with EU directives (Weil)”, as it is currently the only EU country to not do so.

In the mid 1990s, after a year sabbatical in the U.S. however, Jezek redeemed himself by passing stricter trading and finance laws diametrically opposed to those he took advantage of only a few years prior. Even so, Jezek continued to defend himself claiming, “non-standard origins of the capital market had justified non-standard legislation (Myant 137)”, meaning that a transformation of this type necessitated an absent legal system in order for the assets to be put into the most productive hands in the shortest amount of time.

In 1995, Jezek, continuing his reparation of a faulty legal system, was able to usher in new laws similar to the EU countries that protected minority shareholders. However, in 2002, Klaus who had not held a political position within the Czech government since he stepped down as Prime Minister in 1998 was elected president. In 2005, with the help of Klaus, the Chamber of Deputies passed an amended version of the Commercial Code that would allow majority shareholders “...the right to buy out securities from minority shareholders” once again (Havel and Holasek 1). Another problem that faced minority shareholders after the new amendments in 2005, aside from being forced to sell their shares, was that they were not able to set the price of what they were selling. Capital market expert Roman Minarik explained that, "The problem here is that there is no definition of adequate price and expert appraisals may differ by hundreds of percent," (Minarik). However, this seems to fit perfectly to what Klaus considers true sovereignty, and in direct contradiction to Dubcek’s belief in “evenly distributed production and a fair deal (Dubcek 58)”. As he claims in a speech given at Brunel University in 2004, “I believe in free markets, not in fair markets, not in regulated markets... (Klaus 2)".
Essentially the squeeze out provision makes the altruistic purposes of the voucher system null and void. According to Klaus, the voucher system was set up to allow all citizens in the Czech Republic a chance to be owners, an idea remotely in line with the idea of cooperatives. With the help of Jezek and his amendments to ensure more equitability for minority and majority shareholders alike, the voucher system at least partly held up to this idea. The new amendments to the Commercial Code, however simply took any last remaining integrity left in the program. If Klaus truly intended ownership for all Czechs, why would he introduce voucher privatization to the general public but then not protect their rights to keep hold of the shares they purchased? Ian Willoughby of Radio Praha was also puzzled by the new law, claiming that, ironically the man who signed the amendments to the Commercial Code into law to do away with small shareholders “is the reason why the Czech Republic has such a large number of small shareholders in the first place (Willoughby)”. One is prone to assumed that an eventual squeeze out is what Klaus had intended all along.

Following the passage of the newly amended code, minority shareholders began to go down by the dozen. In the weeks following the new code, news sites seemingly could hardly keep up with all the companies that were acquiring the shares formerly purchased by them under the assumption that they were getting a piece of their country back. In one buyout alone, SABMiller, bought out the shares of 56,000 minority shareholders’ stock in Plzensky Prazdroj, a major Czech brewery (Minarik). There are countless others, too many and too redundant to mention.
Conclusion

Obviously there are countless theories about the transition to democracy in the Czech Republic and although it may be argued that essentially the main stream philosophies have roughly remained the same, it is quite obvious in this examination of the three most prominent political figures of the last half of the 20th Century in the Czech Republic, that a difference clearly lies between main stream ideologies of the Dubcek, Havel and Klaus eras. Most interesting are the subtle transformations that happened with Dubcek and Havel. Obviously, Dubcek was the most strident hard lined Communist in the classic sense of Marxist and Leninist ideologies. Dubcek’s father and brother also were highly involved in the Communist parties of Slovakia before the 2nd World War. In fact, it seems as though the Dubcek family did their best to actually live the utopian life that Communism claimed to offer, at one time spending almost three years in a cooperative outpost fledgling town in the far reaches of Eastern Russia. Dubcek’s father spent a great deal of time during the 2nd World War hiding from the Nazis as he was a well known Communist official, while his brother was actually killed fighting with a band of Communist supporters against the Nazis in the early days of Slovakia’s virtual surrender to Germany during the war.

Havel on the other hand is a bit of an enigma; almost impossible to put your finger on just exactly what he believes and does not. However, I believe this analysis has provided ample evidence that, although he claims to not have changed his beliefs one bit, it has been obvious that certain beliefs concerning the benefits of Socialism (most notably his belief in cooperative based enterprises he spoke of in The Power of the Powerless) were devoid in any later writings post 1989, while a new emphasis in the newly popular free markets becomes a
dominate subject with its benefits explained in great detail—something never really mentioned before 1989.

Finally, Klaus exemplifies the final and dramatic shift that virtually killed any last remaining hope of the classic form of Socialism with a human face. Obviously, there were others like Klaus, pre-1989 that had been planning different forms of market economies; they just were not allowed to put them into any kind of practice. In fact, Klaus explains in one of his speeches that it was for this reason that Czechoslovakia was more easily able to make the jump to purer forms of free markets than the Poles or the Hungarians. According to Klaus, these two countries had not only been working on alternative forms of Socialist free markets, but to small but varying degrees were able to put them into practice. Hence, when Communism fell, Poland and Hungary had reformed Socialist market mechanisms in place that were more difficult to root out. Czechoslovakia on the other hand, had a purely planned economy, giving them the opportunity to make a clean break to pure markets.

What has transpired over the last four decades in Czech mainstream political ideologies has culminated in not apathy for Socialism with a human face, but rather a forgetting, akin to the forgetting Czech writer Milan Kundera describes in his novel *The Book of Laughter and Forgetting*. However, in this case, it is not the image of a politician in the minds of the people that have been forgotten because it has been erased from a photograph; images of the Czechoslovak Socialist and dissident movement are literally everywhere and are deeply imbedded into the minds of Czechs and Slovaks, old and young alike. In this case, it has rather been the forgetting of an idea that has been erased by a new government with new ideas of its own.
Today the people of the Czech Republic seem to care little about whether or not there used to be a Socialist movement and aside from reports in the newspapers and websites, there seems to be little public outcry concerning minority shareholder rights, and it would seem as though thoughts of “Socialism with a human face”, are only a blip of naïveté in a now distant Czech history. In fact, most Czechs today would tell you they have no major concerns with the economy or life in the Czech Republic. Like most people in relatively stable countries all over the world where mass poverty doesn’t exist within the masses and the government generally minds its own business, Czechs today (to steal a quote from Havel) are simply content to “build houses, buy cars, have children, amuse themselves, live their lives”, and leave politics to the politicians.
Possible Directions for Future Research

One difficulty in writing this paper was keeping a strict focus of the subject at hand. Not because the subject matter was uninteresting—far from it. Rather, the subject matter continually opened itself up to further questions to be considered. Primarily, the focus tended to direct itself to the question of why the transformation had not produced a reformed Socialist outcome. Historically, this had been a Socialist and dissident movement aimed at bringing an end to an authoritarian government, not a Socialist one.

One explanation may be that Socialist ideologies and dissident movements had little to do with the fall of Communism. Rather, the fall was a consequence of the economic and political collapse of the Soviet Empire. In analyzing the collapse of the Soviet Empire, Both Amber Vincent and George G. Kennan of the Universities of Philadelphia and Princeton respectively, give weight to this theory, explaining that one can speculate as to whether political reforms had affected the fall of the Soviet Empire, but ultimately the failure of the economy brought the Empire down.

One would have to agree that if the Czech dissident and Socialist movements had forced the downfall of the Czech Communist Party, it would make sense that the ideologies that accompanied the movements would have been a strong enough force to reform Socialism. However, the movements had been going on for years without any real tangible results. To think they would suddenly have the power to topple a government would be overlooking twenty years of ineffectiveness. Furthermore, these reform Socialists and dissidents had generally remained outside the power structures; therefore, in the wake of the
Velvet Revolution, the monopoly of power and information was controlled primarily by, as Havel would say, corrupt Communists turned unscrupulous Capitalists.

Whatever the case may be, I believe a study of these issues may provide useful information on governments in transition. Furthermore, it could demonstrate the possibility that Capitalist forces underlying a transition and those who hold strategic positions with monopolies of power and information are a primary effect of the outcome. Beyond this, one could look at larger issues such as the effects of global capitalism on non-capitalist governments and how such forces affect mainstream political ideologies. Obviously such a project would go beyond the situation in the Czech Republic; however, universalizing it would be its greatest benefit, making it applicable for political scientists as well as economists to study transition governments throughout the world.

Also, a recently a new question has begun to emerge within Czech politics and how Czech history is viewed. It begs the question, is the euphoria of the Velvet Revolution over? Are Czechs seeing themselves, once again, as somewhat naïve to have left reformed Socialism for another Utopian society called Capitalism that promised to make everything better? Recent debates over the necessity to celebrate the Prague Spring annually or to run nostalgic pre-1989 Communist television shows have perhaps made “Socialism with a face” a hot topic once again. Perhaps Klaus is right to fear the creeping in of Socialist Utopians.
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WWW.CSSD.CZ. English page gives overview and brief history of the Czech Social Democratic Party.