The Essence of State Social Policy in Czechoslovakia in the Years of the First Republic (1918–1938)

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Čapka, F. (2017). The Essence of State Social Policy in Czechoslovakia in the Years of the First Republic (1918–1938). Czech-Polish Historic and Pedagogical Journal 9/1, 19–27.

This study gives an account of the basic principles of social policy in interwar Czechoslovakia and introduces the leading Czech theorists in this area of domestic politics. Of the extensive activities in the area of social politics, particular attention is paid to those based on co-operation between state welfare and voluntary care for citizens who found themselves in critical social situations resulting from lost employment, illness or old age. The democratic climate of the young state created a dignified environment comparable with standards seen in Europe as a whole.

Key words: *social policy; working hours; unemployment; social security; leave; Ghent system; economic crisis*

The ambiguity of the term *social policy* makes it considerably difficult to determine its essence and definition. Its understanding in theory and practice is characterised by a certain arbitrariness, and this was also the case in determining the content of the social policy of the new Czechoslovak state, in which a conflict arose between the "broader" and "narrower" interpretations of the term. Advocates of the narrower interpretation of social policy saw its basis lying, first and foremost, in the resolution of the issue of labour or in an endeavour to improve the most oppressive social conditions facing labourers, i.e. they understood the social question as "a set of measures aimed at protecting the kind of social and economic groups that are, as a result of their unfavourable economic situation, particularly strongly exposed to harm, disadvantage and poverty".[1] The state should strive to ensure that legal and

[1] Šmýd, B. (1966). *Sociální služby*. Praha, Tiskové a propagační oddělení Státního úřadu sociálního zabezpečení, p. 16.

administrative measures are applied to combat the shortcomings in the division of material goods which had only been accentuated still further during World War One. In contrast, advocates of a broader interpretation of the social issue proposed that, in addition to measures aimed at redistributing the national income in favour of disadvantaged persons, social policy should also include other undertakings such as resolving the fundamental problems of employment relationships, environmental issues, housing, and so on. This developed into an endeavour to formulate social policy as a political orientation and, not infrequently, as a "path to an ideal society". Advocates of both interpretations can be found in the Czech context after 1918, with the two orientations merging together in terms of practical implementation.[2]

After the war, the area of social policy as a whole went through a complex period of searching for methods and means to counter the revolutionary mood among a section of the working classes, while trying to weaken the causes of the existing social tension in society at the same time. The Ministry of Social Welfare, as a continuation of the similar Austrian ministry established in October 1917 (Act 499/1917) and led largely by the social democratic party, had to resolve many matters that had been neglected during the preceding monarchic period.[3] These were extremely complicated in the first months of the new state, characterised by a general economic upheaval caused by the transition from war industry to peacetime production, the continuing collapse in supplies, growing prices and a growing cost of living, the demobilisation crisis, high unemployment, the poverty of war invalids, the decline of social security of all kinds, a housing shortage and a general moral decline throughout society.

A number of Czech theorists and economists considered the theory of social politics. The first we should mention from the period before 1918 is Albín Bráf (1851–1912), Dean of the Faculty of Law at Charles-Ferdinand University and the first Czech economist at this university, of whom Karel Engliš, another leading economic theorist and Minister of Finance in the

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2 Deyl, Z. (1972). K buržoaznímu pojetí sociální politiky v letech 1918–1938. In *Sborník k dějinám 19. a 20. století*. Vol. 1. Praha, pp. 49–50.

3 Deyl, Z. (1990). Z novějšího výzkumu státní činnosti v sociální oblasti 1918–1924. In *Politický systém a státní politika v prvních letech existence Československé republiky.* Praha, Historický ústav ČSAV, pp. 122–137. The First Minister in Kramář's government and subsequently in the two governments of Vlastimil Tusar (1918–1920) was the social democrat Lev Winter. He was followed in the cabinet of Jan Černý by Josef Gruber (1920–1921), followed in the government of Beneš and the first government of Antonín Švehla by Gustav Habrman (1921–1925) and then again by Lev Winter (1925–1926).

First Republic, declared that, "he was long the only Czech economist, and remained the eminent Czech economist till the day he died". According to Bráf, the aim of social policy should be to pursue the successful development of society and protect it against social upheaval.[4] The interpretation of social policy advocated by Bráf's pupils Josef Gruber (1865–1925) and Cyril Horáček (1862–1943) remained faithful to this pragmatic focus. During the First Republic, the issue of social policy was studied by two authors in particular – the aforementioned Engliš and Josef Macek.

Karel Engliš (1880–1961), the greatest Czech economist of the First Republic, considered social policy a practical endeavour whose most effective means are state power and law directed towards the ideal social structure.[5] He saw the essence of economic activity as lying in care for the preservation and improvement of life. He considered an ideal society one that "preserving and economically multiplying its energy, meets its task of improving and heightening as rapidly as possible, though on a continual basis, the lives of, if possible, all its members leading towards the ideal of a healthy, educated and moral man". He saw the core of social policy in the modification of the existing social order which would contribute towards the cultivation of the paragon of man. He emphasised, meanwhile, that "the driving force of social policy is not charity, but justice and social purpose". Engliš saw the means for achieving the final goals as lying in the endeavour to "divide the fruits of our material and spiritual culture among the various layers of society as a whole as justly, and therefore as equally, as possible, as demanded and allowed by the permanency of social progress on one hand and the ideal construction of the social body on the other". In its narrower sense, social policy should act to balance the inequalities in society and focus on the weak, the

[4] Bráf's works were published in five volumes by Gruber, J. – Horáček, J. (1913–1924). *Spisy, I–V*. Praha.

[5] After studying law in Munich and Prague, Karel Engliš became a professor at the Czech Technical College in Brno. Following the establishment of the Czechoslovak Republic, he played a part in the foundation of Masaryk University in Brno. Along with A. Jirásek, he submitted a motion for its establishment to the Provisional National Assembly on November 15, 1918. Masaryk University was established by Act 50 on January 28, 1919, and Engliš became head of the new university as its first rector (1919–1920). He also wore the rector's chain of office at Charles University in Prague in the years 1947–1948. His important works include *Základy hospodářského myšlení* (1922). Brno, Barvič & Novotný; *Finanční věda: nástin theorie hospodářství veřejných svazků* (1929). Praha, Fr. Borový; *Ekonomie a filozofie* (1931). Praha, Fr. Borový; *Soustava národního hospodářství* (1938). Praha, Melantrich.

oppressed and the less wealthy layers of society. Although he recognised the necessity for social reforms directed towards alleviating social tension, Engliš's teaching was dominated by an ethical and political ideal.[6]

Engliš was an opponent of the deflationary monetary policy advocated by another leading Czech economist and financier Alois Rašín (1867–1923), for whom the key problem in determining social policy was the relationship between the state and society. The question of the extent of state ownership and private ownership determined, according to him, the level of state intervention in the economic life of the state. Josef Macek (1887–1972), another highly regarded theorist and an advocate of co-operative socialism and economic democracy, criticised the financial policy of the First Republic and advocated a "Czechoslovak" form of Keynesian economic theory.[7] He defined social policy as an attempt to change the social order by social means. Macek viewed social policy not as a policy area, but as an orientation, a technique or a point of view which should penetrate into all policy, defining it as an effort to satisfy the practical interests of people in society. He emphasised the mission of social policy common to all mankind and the social purpose of this activity. Macek had in common with Engliš an evolutionary interpretation of social change and the gradual attainment of a "social ideal". He saw the proper orientation of social policy not in changes to the division of the prior proceeds of labour, but largely in changes to production itself: "Production must be multiplied, improved and entirely changed in both technical and moral terms (respect for work, an enjoyment of work, the elimination of trends, etc.). Only then will there be any point in changing the division of the profits of labour". According to him, social policy should not "socialise poverty, but on the contrary only wealth."[8]

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6 Engliš, K. (1921). *Sociální politika*. Praha, F. Topič, pp. 14–20.

7 The English economist John Maynard Keynes (1883–1946), considered one of the most important economists of the twentieth century, was a leading advocate of an economy regulated by the state. His theory of monopolist capitalism swept away arguments about the damaging effects of social reforms restricting the freedom of economic forces. At a time of unemployment, he advocated an economic solution in the form of the "visible hand of the state". He put forward the theory that if pensions (income) fall, then savings fall as well. Saving would ultimately turn against the very people saving.

8 Josef Macek, the social democrat founder of Czech economic sociology, whose research focus was social problems such as the causes of poverty, inequality in the division of wealth, the failure of politicians and monopolies, and other specific issues. Idem. (1925). *Základy sociální politiky*. I, *Úkoly a zásady*. Praha. Idem (1946). *Sociální ekonomika. Kurs národního hospodářství*. Praha.

The substance of social policy, to summarise it in the most general way, is care for public welfare, though this naturally differs in form depending on specific economic and social conditions, cultural maturity and traditions at individual stages of development. These facts are reflected most markedly in the goals and aims of social policy. The goal of social policy is met both by the general principles of state social policy and the specific measures of individual social activities with the use of tools of social policy, including the law, economic tools, social programmes, lobby programmes, the mass media, organisational structures and public addresses (speeches).

The Masaryk Encyclopaedia published in the nineteen thirties defines social policy as "an effort to arrange the social order in such a way that the interests of individuals in human society are satisfied with lasting common benefit". No small credit to this view undoubtedly goes to the *Social Institute of the Czechoslovak Republic* founded in 1920 at the Ministry of Social Welfare in Prague which co-operated with the *Masaryk Sociological Society* and published the specialist journal *Social Revue*.

A typical manifestation of the initial social political activities in the First Republic was the synergy between state welfare and the voluntary (today we would say humanitarian or charity) sector. The state deliberately counted on this interconnection in its ideas and plans, and delegated some of the tasks of the public administration directly to some of these voluntary organisations. This was made possible by the fact that these voluntary organisations and associations had extensive organisational networks, and many of them either had charity activities (financial, subsistence, collections, etc.) explicitly laid down in their statutes or established and maintained various institutions performing social and advisory work to the benefit of the needy (The Czechoslovak Red Cross, the Masaryk League Against Tuberculosis, religious organisations providing care for the blind, deaf, physically handicapped, etc.). Many of these social activities were performed by volunteers, meaning that the state did not have to employ its own apparatus for this purpose. Financial means for this work were obtained from state subsidies (the Ministry of Social Welfare, the Ministry of Health, the Ministry of Justice), from donations from various institutions (banks, building societies, etc.), and from numerous cultural education and collection activities.

Immediately after the Czechoslovak Republic was established, all the leading Czech politicians, economists and businessmen stated full economic independence as the priority in terms of the economy. The social climate, which became the domain of the political parties that acted primarily in the name of the workers, was closely associated with this. At the

same time, the social reform consensus pursuing the need to calm the popular radicalism germinating in the war years characterised by the deprivation of the population and inspired by the Russian Bolshevik Revolution also gained strength. The demands of the radical socialists to nationalise large enterprises were even acknowledged.[9] Not even President T. G. Masaryk, representing patronage of social reform, could avoid this eventuality.[10]

The first tasks facing the new state in the area of social protection of the population included the demobilisation of the war industry and army. This involved the discharging of large numbers of people and a growth in unemployment. For this reason, Act 63/1918 introduced unemployment benefit paid from the state budget on December, 10, 1918. By the end of 1918, an eight-hour working day (Act 91/1918 of 19 December) and a forty-eight-hour working week had also been introduced, accompanied by a prohibition on employing children younger than fourteen, while only men over the age of sixteen were allowed to perform night work. In this respect, Czechoslovakia preceded a number of developed countries in which an eight-hour working day did not begin to be introduced until after the Washington Conference of 1919.[11] Act 20/1918 Sb. also managed to establish the Office for Supplying the Populace by the end of 1918 (later the Ministry for Nutrition), and the General Pension Office was created in Prague (Act 92/1918 Sb.) as a central office administering social security for private employees in "higher services". The individual components of state power – legislative, executive and judicial – began to contribute to the formation and realisation of state policy. A particularly important role was played by the National Assembly, which adopted decisive legislative measures and approved the state budget. As had become traditional, union organisations defended the interests of their members in both social and working areas.

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9 Čechurová, J. (1998). Sociální programy politické reprezentace českých buržoazních kruhů po vzniku ČSR. In *AUC – Philosophica et Historica 3, Studia Historica I.* Praha, pp. 120–122.

10 He declared of the situation in Czechoslovakia in one interview for a Spanish paper in 1919 that, "The time for expropriation will come… The process of reform must be flexible and adapted to the conditions of the time and place. But reform must be radical." Masaryk, T. G. (1933). *Cesta demokracie*. Praha, p. 463.

11 A law on an eight-hour working day was passed soon after the war in neighbouring Poland, Germany and Austria and in other European countries such as France, Italy, Spain, Belgium, Holland and Sweden. Skoch, J. (1928). *Mezinárodní organisace práce a Československo*. Praha, pp. 55–56.

The state's social policy continued to expand in the following years. First there was Act 199/1919 Sb. on the Organisation of Welfare for Disabled Ex-servicemen[12] and Act 207/1919 Sb. (on Accident Insurance) and Act 268/1919 Sb. (on Health Insurance) which expanded health insurance to take in all employees, i.e. including agricultural workers. In 1920, legislation came out (Act 142/1920 Sb. and procedural regulation 346/1920 Sb.) on pensions for war invalids. Act 262/1921 Sb. z. a n. on the Introduction of Paid Leave was passed on July 1, 1921, initially for miners and subsequently, by means of the law of April 3, 1925 (67/1925 Sb. z. a n.) for other employees.[13]

The coming years of economic growth could not fail to be reflected in all spheres of social life. Unemployment, which had the greatest effect on the social standing of families, fell. Alleviating the impact of unemployment was one of the areas of social policy pursued most urgently by the state. Although it naturally was not eliminated completely, and wages rose, it remained at the forefront of interest for state bodies and trade union organisations. It could, therefore, be no surprise that the existing law on unemployment benefit of December 1918 was replaced in September 1921 with the new decree 322/1921 Sb. which exactified the conditions stipulated for the payment of benefits. In the next months, its validity was extended until the previously passed law on the "Ghent System" (267/1921 Sb.) on State Unemployment Benefit Contributions came into effect on April 1, 1925. This law transferred the obligation of paying the unemployed monetary support from state bodies to union

[12] Expenditure on disabled ex-servicemen represented a considerable burden on the state for the whole of the interwar period; the number of persons drawing this pension in 1923 was around 588,000. In: Winter, L. (1931). Sociální péče ve veřejném hospodářství. *Sociální revue,* No. 12, pp. 572–573.

[13] Čapka, F. (2015). Podíl českých odborů na rozvoji sociálně politických aktivit v počátečním období Československé republiky (1918–1923). In *Sborník prací Pedagogické fakulty Masarykovy univerzity, řada společenských věd,* No. 29/1, pp. 56–73. The law did not relate to workers in agriculture and forestry, labourers performing seasonal work and domestic workers. The number of days' leave depended on the length of employment and ranged from 6 to 8 days a year. Apprentices were entitled to 8 days after six months. State employees were entitled to leave of a length of 2–6 weeks. A number of other European states introduced similar laws on leave for employees. Austria is given as the first (1919), followed by Poland (the law passed in May 1922); after a year's employment, employees in Poland were entitled to an eight-day holiday, after three years employment, to a fifteen-day holiday. A two-week holiday was stipulated for young labourers and apprentices. White-collar workers were entitled to two weeks of paid leave after six months' employment and to four weeks after one year. In: Deyl, Z. (1985). *Sociální vývoj Československa 1918–1938.* Praha, Academia, pp. 101–105.

organisations, subsidised, in part, by the state.[14] In terms of the form and extent of unemployment benefits, this meant that Czechoslovakia joined other European countries (France, Finland, Belgium, Holland, Norway and Spain) that had chosen the Ghent system. Other states (England, Austria, Bulgaria and Poland) introduced unemployment insurance.[15]

In outlining just the essential measures taken in the area of social policy in the years of the First Republic, it is impossible to neglect Act 221/1924 on the Insurance of Employees Against Illness, Invalidity and Old Age, widely known as the "Social Security Law". The law was passed by the Chamber of Deputies on September 23, 1924 (and by the Senate on 9 October of the same year) and came into effect on July 1, 1926. The principal contribution it made was in introducing entirely new and revolutionary workers' invalid and old-age insurance which, with minor alterations, continued to apply until 1948. Two of the essential features of the approach to social issues of the time can be seen in connection with the adoption of this law. The first is the method of its adoption. The two strongest political parties – the Social Democratic Party and the Agrarian Party – did a deal: agrarian duties for farmers in exchange for social security for the workers. And while social security was approved, the whole issue of customs protection for agriculture stretched out for many years to come. This note is intended merely to point out the frequently practised barter deals made between the left and the right. The second of the given features is that the interwar governments reinforced systems for individual categories of workers – particularly for miners, for ordinary employees and workers, for state and private clerical workers; each of these systems had its own legislation, differing benefits and services. The enactment of the given social security was as far as the right-wing parties were willing to go.

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[14] According to the Ghent System, only workers organised in a union (for at least six months prior to losing their employment) could obtain benefits. The state paid the unions first half, and from 1930 two thirds, of the sums provided. The unemployed could receive benefits for no more than 13 weeks, and from 1930 no more than 26 weeks (in extraordinary cases as long as 39 weeks) in a year. Rákosník, J. (2001). Gentský systém v období 1. Československé republiky. In *Časopis Národního muzea, rada historická řada*, No. 170/3-4. Praha, pp. 84–105. Also: Čapka, F. (2015). Státní sociální politika a odbory v českých zemích v první fázi poválečného vzestupu (1923–1925). In *Sborník prací Pedagogické fakulty Masarykovy univerzity, řada společenských věd,* No. 29/2, pp. 103–113.

[15] Unemployment insurance was introduced by law in Poland on 18. 7. 1924 and was obligatory for employees of industrial concerns with more than five employees. The insured parties received benefits from the eleventh day of unemployment for a period of 17 weeks in one year, amounting to 30 % of the wage for unmarried workers and as much as 50 % in the case of married workers.

While the nineteen twenties do not give rise to any fundamental problems of interpellation, assessment of the social policy of the nineteen thirties is more ambiguous and considerably controversial in the historiography. The fact remains that none of the Czechoslovak governments in this decade set about making any essential reforms of the kind that had been made in the preceding years. The years of the great economic crisis in Czechoslovakia (1930–1934/1935) did not create the desired environment for reform. The state of stagnation of social reform legislation continued until the end of the First Republic and typified the helplessness and lack of concept of the last two governments of the agrarian Milan Hodža. The fall in state income resulting from falling tax revenue forced these governments to implement an austere budgetary policy. The socialist parties were forced into a defensive position and focused largely on preserving the existing standards of the social legislation. The only exception was the amendment of the original law on the Ghent System and expansion of the productive network to include the unemployed at the beginning of the crisis (Act 74/1930 Sb.), within the framework of which projects orientated towards the development of infrastructure were implemented (such as roads, sewers, and irrigation and drainage) with the aim of creating new jobs.[16]

The economic crisis tested the existing systems of financing and the overall operation of the state social policy of Czechoslovakia as a whole, and its social and political consequences posed little practical threat to the structure of social care of the time. The social policy system was preserved and survived the crisis. Certain undemocratic elements which shook the economy and, in particular, the worsening political situation in Central Europe and within the state did, however, grow in force.

It can, in conclusion, be stated that the social policy of the First Republic kept step with developments in Europe as a whole in terms of both theory and practice. The overall extremely democratic atmosphere of the young state, based on the humanitarian traditions of the Czech nation and the social philosophy of T. G. Masaryk, contributed to this. Although the global economic crisis of the nineteen thirties put brakes on the realisation of social reform, its practical implementation produced positive results. The main body engaged in this area was, naturally, the state, though the role played by individual district and local authorities and the voluntary sector, based on the principles of humanity and charity, also played an extremely large role.[17]

[16] Rákosník, J. – Tomeš, I. (2012): *Sociální stát v Československu. Právně-institucionální vývoj v letech 1918–1992*. Praha, Auditorium, pp. 82–104.

[17] Kotous, J. – Munková, G. – Štefko, M. (2013). *Obecné otázky sociální politiky*. Praha, Ústav státu a práva AV ČR.