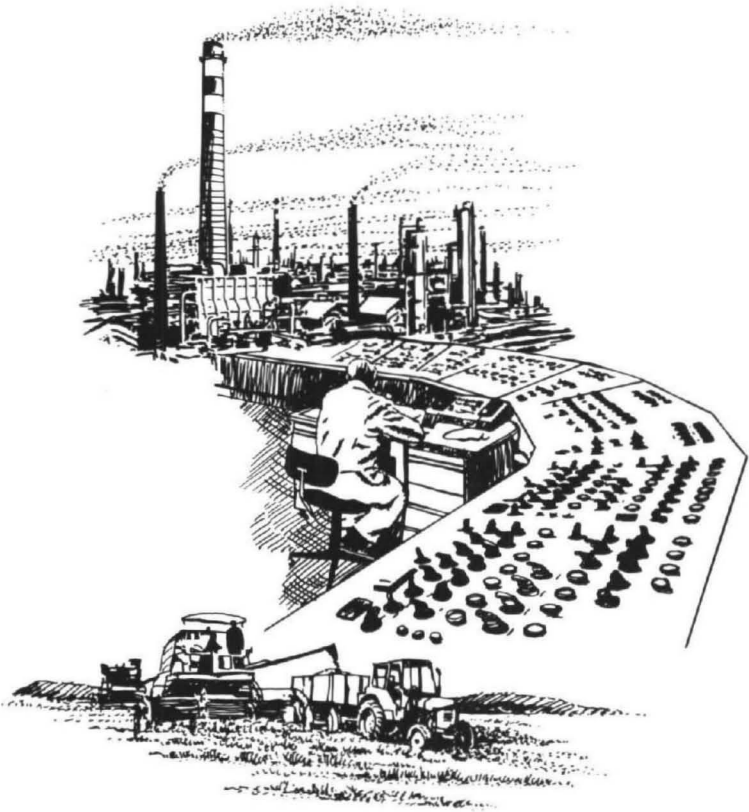


Chapter 3. The Economy



Facets of the Czechoslovak economy

IN THE MID-1980s, Czechoslovakia was one of Eastern Europe's most industrialized and prosperous countries. Although levels of consumption were well below those common in Western Europe, inhabitants of Czechoslovakia enjoyed a standard of living generally higher than that found in most other East European countries. Heavily dependent on foreign trade, the country nevertheless had one of Eastern Europe's smallest international debts to noncommunist countries.

The Czechoslovak economy had serious problems, however. Investments made in industry during the late 1970s and early 1980s had not yielded the results expected. Consumption of energy and raw materials was excessive. Czechoslovak leaders themselves decried the economy's failure to modernize with sufficient speed. According to many Western analysts, other constraints were inherent in the communist system imposed in the late 1940s; yet the cautious Czechoslovak leadership of the 1980s appeared reluctant to make major changes.

The differing statistical concepts and procedures used by communist and noncommunist economists make assessment of the status of the Czechoslovak economy complicated. In recent years, some Western economists have been especially vexed by what they consider to be official Czechoslovak manipulation of economic statistics. Various studies of the official industrial production index have suggested several biases, the most important of which appeared to be the inclusion of new products at increased prices, although a given product may have been almost unchanged from one manufactured a year earlier. This kind of bias could accentuate the growth rates of fast-growing industrial branches and sectors as opposed to slower-growing ones or those that produced a standardized product, and thus the statistics could lead to a skewed picture of overall industrial growth. Foreign trade statistics are particularly difficult to assess because a variety of currency conversion methods are employed to calculate trade turnover value. Data calculated on the basis of noncommunist concepts will be identified here by the use of such Western terms as *gross national product*; Czechoslovak statistics will be called official data or identified by such terms as *net material product* or *national income*.

Resource Base

Czechoslovakia has significant quantities of coal. Hard coal suitable for extraction is found in the Ostrava coalfields and

near Kladno, Plzeň (Pilsen), Košice, and Trutnov. Brown coal and lignite deposits are located around Chomutov and Most, in the Sokolov field near Karlovy Vary, at Teplice, at České Budějovice, and near Modrý Kameň and Handlová in Slovakia. Reserves of oil and natural gas are rather small.

Iron ore continues to be mined in the Slovenské rudohorie (Slovak Ore Mountains) and near Prague and Plzeň, but reserves have nearly been exhausted. There are also deposits of copper and manganese ores in the Slovenské rudohorie. Lead and zinc ores are found at Kutná Hora and Příbram in central Bohemia, but in insignificant quantities. There are small amounts of mercury, antimony, and tin in the Krušné hory (Ore Mountains), which also contain substantial uranium deposits. Additional mineral resources include salt in Slovakia, graphite near České Budějovice, and kaolin near Plzeň and Karlovy Vary.

In the 1980s, agricultural land constituted just under 55 percent of the country's total land area, and most of this land was suitable for tillage. The soil is relatively fertile in the lowlands but less productive in the mountainous regions. About one-third of the country's territory is forested. Czechoslovakia's forests have been seriously affected by environmental problems, primarily "acid rain" pollution from coal-fired power stations. In the 1980s, the authorities acknowledged the seriousness of the problem, and the Eighth Five-Year Plan (1986-90) allocated funding to combat the pollution.

Labor Force

In 1985 Czechoslovakia's total labor force amounted to about 7.6 million persons. Of these, 46.1 percent were women, giving Czechoslovakia one of the highest female labor rates in the world. Almost 88 percent of the population of working age (between 15 and 59 years of age for men and between 15 and 54 for women) was employed in 1985. About 37.4 percent of the work force was in industry, 13.7 percent in agriculture and forestry, 24.3 percent in other productive sectors, and 24.6 percent in the so-called non-productive (mainly services) sectors (see table 7, Appendix A).

During the first two decades following World War II, redistribution of the work force, especially movement from agriculture to industry, had provided an influx of workers for the government's program emphasizing heavy industry. Women also had entered the work force in record numbers. But falling birthrates in the 1960s, noticeable first in the Czech lands but subsequently occurring in Slovakia as well, gave reason for concern. During the 1970s, the government introduced various measures to encourage workers to continue working after reaching retirement age, with modest

success. In addition, the large number of women already participating in the work force precluded significant increases from this source.

By the mid-1980s, the labor supply was a serious problem for Czechoslovakia. During the Seventh Five-Year Plan (1981-85), the work force increased by less than 3 percent. Because Czechoslovakia's service sectors were less developed than those of the industrialized countries of Western Europe, during the 1980s employment in services continued to expand faster than employment in the productive sectors. The expansion placed additional constraints on industrial enterprises seeking to fill positions. Some Western observers suggested that the labor shortage resulted in part from the tendency of many industrial enterprises to overstaff their operations.

Party and government officials set wage scales and work norms. As part of reform measures effective after 1980, incentive rewards represented a larger share of total pay than had previously been the case. Work norms also increased. Officials were clearly soliciting a greater effort from workers, in terms of both quantity and quality (see *Workers*, ch. 2).

In the mid-1980s, most of the labor force was organized and was represented, at least in theory, by unions (see *Auxiliary Parties, Mass Organizations, and Mass Media*, ch. 4). The party controlled the unions, and a major task of the unions was to motivate workers to work harder and fulfill the plan goals. The unions served as vehicles for disseminating desired views among the workers. The principal activity of the trade unions was the administration of health insurance, social welfare, and workers' recreation programs.

Economic Structure and Its Control Mechanisms

In the mid-1980s, Czechoslovakia had a highly industrialized economy, a fact reflected in the 1985 official statistics concerning production of the net material product of the country (the official measure of aggregate production). The industrial sector accounted for 59.7 percent of the value of the net material product; construction, 11.2 percent; agriculture and forestry, 7.5 percent; and various other productive services (including transport, catering, and retailing, among other activities), 21.6 percent. As of 1980 the socialist sector (state enterprises or cooperatives) generated 97.4 percent of the national income. Of the total work force, almost 99.8 percent was employed in the socialist sector.

The Czechoslovak economy, like most economies in communist countries, differs markedly from market or mixed economies. The most notable feature common to nearly all communist economies,

including Czechoslovakia, is the deliberate and almost complete severance between market forces and the allocation and use of resources. In market economies, decisions by individual consumers and producers tend automatically to regulate supply and demand, consumption and investment, and other economic variables. In most communist economies, these variables are determined by a small governing group and are incorporated in a national plan that has the force of law. The leaders and planners make most economic decisions: setting quotas for production units that are almost completely state owned; directing the flow of materials through the economy; establishing prices for nearly everything, including labor and capital; and controlling investment and consumption. Most communist economies are organized vertically in a command structure radiating from the central authorities down to the individual production units. This is the case in Czechoslovakia, where the centralized economic structure parallels that of the government and the Communist Party of Czechoslovakia (Komunistická strana Československa—KSC). This structure gives the party firm control over the government and the economy. It is generally referred to as the Soviet model and was first applied in the Soviet Union, which was initially an agrarian nation with extensive natural resources, a large internal market, and relatively little dependence on foreign trade; the goal was to quickly develop heavy industry and defense production. Czechoslovakia, by contrast, was a small country that had already reached a high level of industrialization and was rather heavily dependent on foreign trade when the Soviet system was first imposed after World War II.

Government ministries prepare general directives concerning the desired development of the economy (see *Government Structure*, ch. 4). They pass these along to the economic advisory body, the Central Planning Commission, which in turn prepares the long-term targets of the economy. These are expressed in extensive economic plans—in general plans covering periods fifteen to twenty years into the future and in the well-known five-year plans. Since 1969, economic plans for the Czech Socialist Republic and the Slovak Socialist Republic have been produced by their own planning commissions, although the central plan remains the most important. Most significant on a daily operational basis, however, are the short-term annual production objectives. In their final form, these more detailed annual plans have the force of law, no longer being merely guides or recommendations.

In formulating the various plans, the Central Planning Commission converts the directives of the ministries into physical units, devises assignments for key sectors of the economy, and then

delivers this information to the appropriate ministries, which oversee various functional branches of the economy. The production plans are made more specific and concrete through implementation of the system of "material balances," an accounting system that allocates available materials and equipment in an effort to make plan fulfillment possible for all sectors in the economy.

Upon receiving their assignments, the various ministries further subdivide the plan into tasks for the industrial enterprises and trusts or groups of enterprises under their supervision. (A parallel process takes place for agriculture, in which the federal Ministry of Agriculture and Food supervises the planning procedures for the collectives and state farms.) The ministries provide more detailed instructions concerning fulfillment of the assignments and pass them along to the trusts and enterprises. Upon receipt of their proposed tasks, individual enterprises draw up a draft plan with the assistance of their parent trust or ministry. As noted by economist John Stevens, during this phase of planning an important reverse flow of information occurs, from the actual producers at the bottom of the hierarchy to the authorities at the top. Bargaining may take place among the various levels. After receiving feedback concerning the plan, the ministries consult again with the Central Planning Commission and, assembling all the draft plans, formulate an operational plan that can achieve the central directives. The appropriate parts of the assignments are then dispatched once again to the trusts and enterprises. This time, their acceptance by the enterprises and trusts is mandatory.

The norms included in the instructions to the enterprises usually specify the volume and kinds of production required, inputs available, a production schedule, job categories and wage rates, and a description of the centrally funded investment planned. National and republic budget levies and subsidies, profit targets and limitations, and plans for the introduction of new products and technology are also set forth in the instructions.

Evaluation of enterprise performance occurs on several levels. The planning authorities assess plan fulfillment, but there are additional control devices internal and external to the enterprise. Among the duties of KSC members and trade union leaders within the enterprise is monitoring plan fulfillment. The federal Ministry of Finance also sends representatives into the enterprise to investigate accounts. In addition, the State Bank of Czechoslovakia can exert influence on enterprise activities by monitoring enterprise bank accounts (see Banking and Finance, this ch.). Nevertheless, the main source of information for the planners is the enterprises themselves.

Under the Czechoslovak system, foreign trade is a state monopoly, supervised by the central Ministry of Foreign Trade. The ministry oversees the operation of about thirty foreign trade enterprises. As intermediaries between the domestic export producers or import purchasers and the external market, the enterprises are responsible for arranging contracts as well as for financing and generally supervising Czechoslovak foreign trade, usually setting prices that have little connection with domestic production factors.

Advocates of this centralized system of managing the economy contend that it has a number of advantages. In a centrally planned system, authorities can distribute resources and production targets as they choose, balancing the needs of consumption and investment on the basis of long-range goals. Planners in postwar Czechoslovakia, for example, were thus able to expand the country's heavy industrial base as they wished. In turn, research efforts, being centrally directed, can focus on areas deemed vital to the economy's goals. In general, central planning can make it possible for producers to take advantage of economies of scale, eliminating superfluous and wasteful activities. If planning is really effective, the system should result in virtually full employment of resources.

As critics have pointed out, however, certain aspects of the system interfere with its effective functioning. One problem is the assignment of production quotas. Planners generally must base these assignments on the past performance of enterprises. Enterprise managers, knowing that planners tend to assess enterprise performance according to completion or noncompletion of assigned tasks, may be tempted to understate and misrepresent the production potential of their organizations in order to obtain an assignment they can easily handle. Also, they may have little incentive to overfulfill aspects of the current plan; such achievements might lead planners to assign a substantially more difficult or even unachievable task during the next planning period, resulting in a poor performance evaluation for the enterprise. Such a disparity might call into question the validity of the information previously furnished to the planners by the enterprise managers. To ensure plan fulfillment, managers tend to exaggerate their material and labor requirements and then to hoard these inputs, especially if there is reason to worry about punctual delivery of supplies. Furthermore, since planning under the Soviet model aims at full utilization of resources, plans are typically "taut," and an ambitious manager who seeks to obtain resources beyond those needed to achieve the plan norms may find the process difficult and discouraging, if not impossible. Given the emphasis on fulfillment of the plan, managers may also hesitate to adopt new technology, since introduction of

a new procedure might impede operations and even jeopardize plan fulfillment. Critics have also noted that central planning of production can result in an inappropriate assortment of goods from the consumers' point of view or in low-quality production.

The Czechoslovak leadership, aware of these criticisms and also of the deteriorating performance of the national economy in the late 1970s and early 1980s, undertook a series of modest reforms, the "Set of Measures to Improve the System of Planned National Economic Management after 1980" for industry in 1981 and a similar program for agriculture in 1982 (see Economic Policy and Performance, this ch.). These measures focused on monetary reform, decentralizing somewhat the management of investment funds by giving more authority to enterprises or, more often, the trusts that supervised groups of enterprises. The reforms left the centralized system fundamentally unchanged, however.

Economic Policy and Performance

The Czechoslovak economy emerged from World War II relatively undamaged. Industry, which was the largest sector of the economy, included large firms in light and heavy industry. During the war, the German occupation authorities had taken over all major industrial plants. After the war, the reconstituted Czechoslovak government took control of these plants. Foreign trade was still in private hands, however, and remained important in the economy. Exports of machinery and consumer goods paid for imports of materials for processing. The quality of Czechoslovak export products was comparable to that of products produced in other industrialized countries. Agriculture also remained in private hands, and farming was still largely a family affair. The labor force as a whole was skilled and productive, and management was competent. This mixed system, containing elements of socialism and private enterprise, operated efficiently in 1947 and 1948 under a two-year plan in which goals were general and indicative rather than mandatory. The country received considerable assistance from the West through the United Nations, and most of its trade was with the West. Until prohibited by Stalin in 1947, Czechoslovakia intended to participate in the United States Marshall Plan to rebuild Europe. By 1948 Czechoslovak production approximated prewar levels, agricultural output being somewhat lower and industrial output somewhat higher than earlier levels. When the KSČ assumed complete political and economic control in February 1948, it began immediately to transform the Czechoslovak economy into a miniature version of that of the Soviet Union (see Stalinization, ch. 1). By 1952 the government had nationalized nearly all sectors; many

experienced managers had been replaced by politically reliable individuals, some of them with few technical qualifications. Central planning provided a mandatory guide for institutions and managers to follow in nearly all economic activity.

The targets of the First Five-Year Plan (1949–53) reflected the government's commitment to expansion of the producer goods sector of the economy. The goals were dramatically revised upwards after 1949, partly in response to the Korean War, to build up metallurgy and heavy industry. The country became an important supplier of machinery and arms to other communist countries. Foreign trade with noncommunist countries dropped sharply (in part because of trade controls imposed in those countries); trade with communist countries increased from 40 percent of the country's total in 1948 to 70 percent a decade later. The economy failed to reach the ambitious goals of the first plan, although investment and growth were high. By the end of the plan period, serious inflationary pressures and other imbalances had developed, requiring a currency conversion in 1953 that wiped out many people's savings and provoked outbreaks of civil disorder.

The years 1954 and 1955 were covered by yearly plans only; the scheduling change was part of an effort by the members of the Council for Mutual Economic Assistance (Comecon) to correlate and integrate their planning by using common planning periods (see Appendix B). The Second Five-Year Plan then encompassed the years 1956–60. During that period, investment continued at a high rate, although real wages and the supply of consumer goods also increased substantially, and national income grew by 6.9 percent. In the late 1950s, however, economic leaders noted that investment efforts were yielding diminishing returns. Large investments were required to sustain economic growth. In 1958 and 1959, in response to this troubling situation, the government made several relatively minor adjustments in the functioning of organizations and prices—the first of the country's economic reforms. The reforms involved some limited decentralization of authority, most notably giving enterprises more autonomy in handling investment funds. The intention was not to alter the Soviet economic model to any great extent but rather to enhance its overall operation. The reforms did not result in noticeable improvements in economic performance, however. Eventually, in 1962, planners quietly scrapped the entire reform program, reimposing most of the central controls.

During the early 1960s, industrial production stagnated. The agricultural sector also registered a relatively poor performance. Agriculture had been a weak part of the economy throughout the 1950s, consistently failing to reach planned output targets, and the



The Prazdroj brewery, Plzeň

minimal reforms of 1958–59 had done little to alter the situation. Targets set for the national economy in the Third Five-Year Plan (1961–65) quickly proved to be overly ambitious, particularly with regard to foreign trade. The plan was dropped after a recession in 1962, and annual plans covered the remainder of the period. National income actually declined in 1963. By 1965 it was only 1.9 percent higher than in 1960, in comparison with a 6.9 percent growth rate in the 1956–60 period. Many factors contributed to the economy's poor performance, including adverse weather for agriculture, cancellation of orders by China resulting from the Sino-Soviet dispute, and unrealistic plan goals. By this time, however, reform-minded economists had reached the conclusion that much of the blame lay in deficiencies of the Soviet model. They began to prepare additional reform measures to improve the economy's efficiency.

Serious defects in the Soviet model for economic development had long been recognized by some Czechoslovak economists, and calls for decentralization had occurred as early as 1954. Economists and others had argued that it was inappropriate to apply the Soviet model to Czechoslovakia in a dogmatic manner. The country was already industrialized, had few natural resources and a small internal market, and remained dependent on foreign trade in significant ways. The model emphasized extensive development, such as building new factories, rather than intensive investment in which

production processes were modernized and efficiency improved. The pressure for greater investment and defense production during the 1950s had caused private consumption to grow more slowly than net material product. The result had been a chronic inflationary bias, reflected in shortages of consumer goods and forced savings by the population. Plants and construction firms held large inventories of materials to compensate for irregular deliveries from suppliers. Completion of most investment projects required an inordinate amount of time, freezing funds in unproductive uses. Inadequate investment in agriculture had contributed to the latter's chronically poor performance. Prices were also a problem, based as they were on often conflicting policies; prices reflected neither scarcity nor cost, bore little rational relationship to one another in the domestic market, and had become increasingly divorced from world prices. The system appeared to stifle innovation and to offer no basis for selecting between investment and production alternatives or for judging efficiency.

By the early 1960s, several Czechoslovak economists had analyzed these problems and had remedies to offer. One spokesman for the reformers was the economist Ota Šik, a member of the KSČ Central Committee and its Economic Commission (see National Organization, ch. 4). Party and government officials listened because after the 1962 recession and the earlier failure of the 1958 reforms they recognized that something had to be done. In October 1964, the party published a set of principles for major economic reform and, beginning in 1965, started implementing specific measures. In June 1966, the Thirteenth Party Congress gave its official approval to the new program, which came to be called the New Economic Model (NEM). Some influential party leaders remained opposed to the reforms, apparently concerned about possible domestic political repercussions. These party leaders engaged in what they termed "correction of deficiencies," but in the process they diluted the content of the reform measures. Only after the party leadership changed in January 1968 did support for the reforms increase and the pace of reform quicken (see *The Reform Movement*, ch. 1).

The reform program was multifaceted, and portions of it were never implemented. Its principal object was to limit significantly the role of the central planning authorities while expanding the autonomy and responsibility of the enterprises. The central planning authorities were to concern themselves only with overall long-term planning of economic development and to provide general guidance through the formulation of a limited number of economic goals. Enterprises and their associations would be free to determine short-term production targets within the framework of the

overall goals. Individual enterprises were to become financially viable, realizing a profit from their sales after covering all costs and various state levies. State subsidies would gradually end; enterprises that could not operate at a profit would have to close. Profit, rather than fulfillment of planned quantitative output targets, was to become the main criterion for evaluating the economic performance of enterprises. This change in emphasis, it was hoped, would make enterprises more competitive and more responsive to the demands of customers. At the same time, producers were to be increasingly exposed to foreign competition, so that they would seek to increase their own productivity and lower prices. As a means of earning much-needed hard currencies, exports to Western countries were to be stimulated through incentives encouraging enterprises to make their products competitive on world markets; the incentives would include the right to retain a portion of the foreign currency profit.

In the reform program, a more realistic system of prices was to replace the centrally determined system. Prices were to reflect actual costs, the supply and demand situation, and relevant world prices. Enterprises were to finance investments with their own resources and interest-bearing bank loans and would have to justify their investments in terms of need, effectiveness, and cost so that widespread waste of investment resources would cease. The state would provide investment funds only for key economic development projects. Finally, a revised wage and salary system was to eliminate egalitarianism in the wage structure and substitute a system based on individual work performance and on results obtained by the employing enterprise.

To ensure greater concentration and specialization of industrial production, the government consolidated enterprises into large production units resembling trusts or cartels managed by "branch directorates." These large production units formed an intermediate link between the enterprises and the ministries. The branch directorates had overall responsibility for the performance of enterprises under their jurisdiction, but the division of authority between the larger unit or trust and its subordinate members was not clearly defined.

In the spring of 1968, the government permitted enterprises to experiment with worker participation in management through the establishment of enterprise councils. Direct involvement of workers in the management of enterprises was expected to bring about an improvement in morale and performance by calling into play the workers' self-interest. The form of the councils was left vague because it was thought that the varying sizes of enterprises would necessitate different forms.

In sponsoring their program, Czechoslovak reformers did not intend to introduce free enterprise or to permit free play of market forces. They were committed socialists trying to improve economic management under continuing party control, but with fewer rigid controls than had formerly existed. They had implemented only a portion of their program by August 1968, when Soviet and other Warsaw Pact troops invaded the country and the reform experiment came to an end. The reforms and other elements of the Prague Spring had become too threatening to party control, at least in the Soviet view, to be allowed to continue (see *Intervention*, ch. 1).

The next two years saw the gradual dismantling of most of the program. By the early 1970s, almost all traces of the reform measures had vanished. Economic "normalization" resulted in a reversion to mandatory central planning, price controls, and the system of material balances. Only a few modifications of the central planning system remained, including devolution of some aspects of planning to the consolidated production units and modification of some plan indicators to emphasize efficiency, productivity, quality, and innovation rather than simply gross output targets.

In spite of the apparently disruptive changes and political turmoil of the late 1960s and early 1970s, the Czechoslovak economy continued to grow at a respectable rate throughout the period. From 1966 to 1970, the period of the Fourth Five-Year Plan, net material product grew at an average annual rate of 6.9 percent, well exceeding the planned yearly increase of 4.1 to 4.4 percent. Performance was also gratifying during the Fifth Five-Year Plan (1971-75). During this period, net material product grew somewhat more slowly, averaging 5.7 percent yearly, but still exceeded the planned rate of 5.1 percent yearly. The fastest growing sectors in industry during both planning periods were chemicals and engineering (growing at an annual rate of 8 to 10 percent); the slowest growing sectors were fuels (3 to 5 percent) and consumer goods (4 to 6 percent). Wages, incomes, and personal consumption levels rose at respectable rates despite an overall increase in investment. Agriculture continued to be a weak area but had improved markedly. By 1975 the agricultural sector was almost self-sufficient in animal production, and self-sufficiency in crop production appeared to be an attainable goal. Rural wages rose, and mechanization progressed rapidly.

During the Sixth Five-Year Plan (1976-80), by contrast, economic performance was far less satisfactory; in the closing years of the period, the slowdown in economic growth became especially noticeable. Net material product grew by only 3.7 percent yearly on average, instead of the 4.9 percent called for by the plan. Both

agriculture and industry failed to meet planned growth targets; 5.7 to 6.0 and 2.7 to 2.8 percent yearly growth rates were planned, respectively, whereas the rates actually achieved were 4.5 and 1.8 percent. The plan called for an annual average increase in labor productivity of 4.5 percent, an important goal, given constraints on expansion of the labor force; 3.3 percent was actually achieved. Other difficulties included insufficient technological improvement, failure to meet the conservation goals for energy and materials, and less than full use of fixed assets. In addition, the performance of agriculture was disappointing, particularly after the optimal climatic conditions and bumper crops of the early 1970s. Problems in agriculture were in part a result of drought (1976) and severe winter and spring flooding (1979). Other factors, such as shortages of agricultural machinery and spare parts and poor quality of fertilizer, also had an impact on the agricultural sector. Large imports of grain necessarily continued. During the plan period, growth rates in personal consumption declined, reaching a low point of 0.5 percent in 1979. At the same time, in contrast to the previous plan period, retail prices rose by about 11 percent over the 5-year period. During the last few years of the plan, there were widespread consumer complaints about the unavailability of basic commodities such as meat, milk, and vegetables.

The economy's performance was lackluster despite the continuing infusion of substantial investment funds. Since 1948, investment had been the most dynamic element of economic growth, with a growth rate substantially exceeding that of national income. Gross investment had reached a peak of about 31 percent of national income expenditures in the 1950s during Czechoslovakia's most extensive development phase. Gross investment limits of about 30 percent of national expenditures had been typical during the 1960s. The same ceiling was set for the Fifth Five-Year Plan, but the investment rate was edging up. The limit was raised to a maximum of 31 to 33 percent for the Sixth Five-Year Plan, but actual expenditures exceeded this rate, being closer to 34 percent. In part, the rise in the investment rate in the 1970s reflected large capital expenditures for increased mining of coal and other fuels and for the development of engineering branches to produce equipment for nuclear power plants. Nevertheless, given the considerable funding poured into the economy, the mediocre condition of the Czechoslovak industrial plant in general at the end of the 1970s must have been discouraging to economic planners.

The energy and trade problems Czechoslovakia faced in the late 1970s were also major factors in the slowdown in industrial growth. The terms on which Czechoslovakia conducted foreign trade had

begun to deteriorate sharply by the mid-1970s. After 1974 the rapid rise of world oil prices was partially reflected in the price of oil from the Soviet Union, Czechoslovakia's principal source of fuel and raw materials. Prices of other materials on which the country's economy depended also increased faster than the prices of its exports, which consisted primarily of manufactured goods (especially machinery). Party and government leaders were cautious about increasing foreign indebtedness and attempted to maintain a high level of exports. Increasingly in the 1970s, a substantial portion of the country's production of consumer goods and machinery was diverted to export markets to meet the rising import bill. Restraints on imports from noncommunist countries reduced inputs for domestic industries.

At the beginning of the 1980s, the economy had substantial limitations, which were recognized by economists, political leaders, and even the public at large. The country had perhaps the oldest stock of plant and equipment in Eastern Europe, a stagnant resource base, and growing dependence on energy and material imports. To reduce requirements for energy and raw materials and to increase the competitiveness of Czechoslovak exports, domestic production needed to become more efficient. Furthermore, consumption standards continued to be well below those found in Western Europe.

Economic planners set relatively modest growth targets for the Seventh Five-Year Plan, revising their goals downward two years into the plan. "Intensification" of the economy—focusing on efficient use of resources rather than simply quantitative growth—was the keynote of government policy. The revised goals called for a growth rate in net material product of 10.5 to 13.5 percent. Gross industrial output was to increase by 14 to 18 percent, and gross agricultural output by 7 to 10 percent. Personal consumption was to rise by less than 3 percent.

The early years of the Seventh Five-Year Plan saw a serious slump in the economy. During 1981 and 1982, personal consumption actually declined. The cost of living rose more rapidly than wages. During the final three years, however, an economic recovery made up for the earlier poor performances; according to official calculations, the country succeeded in either meeting or surpassing domestic goals during the plan period as a whole. Official reports listed the growth rate of net material product at 11 percent, growth of gross industrial output at 14.5 percent, growth of gross agricultural output at 9.8 percent, and increase in personal consumption at 5.5 percent. Results of the "intensification" effort were disappointing, however, as leaders acknowledged.

During the plan, consumption of energy decreased by only 1.7 percent per annum, less than the 2 percent goal of the plan (see table 8, Appendix A).

The relatively favorable outcome of the Seventh Five-Year Plan was noteworthy, particularly because several international trends had had negative effects on the Czechoslovak economy during the period. A recession in developed Western countries dampened their markets for Czechoslovak exports; and in 1981 the Soviet Union announced its intention to scale back oil exports to Eastern Europe, including Czechoslovakia, by 10 percent. Although in 1983 and 1984 worldwide prices for oil began to drop, the Comecon (or Soviet) price, tied to a 5-year formula, caused the price of Soviet oil (16.4 million of the 16.6 million tons imported by Czechoslovakia in 1984) to continue to climb. In 1982 the decision of Western banks to restrict credit to Eastern Europe as a result of Poland's serious payment problems and the sizable debts of other East European countries impeded Czechoslovakia's foreign trade with the West.

The poor performance of the economy in the early 1980s persuaded party leaders that some changes were needed. Therefore, in conjunction with the Seventh Five-Year Plan, in 1981 the government introduced a series of limited reforms called the "Set of Measures to Improve the System of Planned National Economic Management after 1980." Relatively conservative in design and initiated without fanfare, these reforms permitted somewhat greater freedom of action for managers of enterprises in selected operational areas, giving them more authority over their own investment activities and over providing financial incentives to workers. The intention was to make industry as a whole more aware of prices and costs. The reforms did not call for any appreciable loosening of central planning and control. In 1982 parallel reform measures were introduced for agriculture; the measures permitted farm officials to exercise greater management initiative and limited the number of binding targets imposed on farm production. Many Western observers believed that these reforms did have a helpful effect during the final years of the plan. It was felt, however, that these partial reforms were not sufficiently comprehensive to bring about the modernization and improvements in efficiency sought by Czechoslovakia's leaders.

Economic Sectors

Mining and Energy

In the mid-1980s, Czechoslovakia's mineral resources were meager. The country was heavily dependent on imports of raw

materials for use in industry (see table 9, Appendix A). Deposits of ferrous metals were small and low grade; in 1983 production amounted to 1.9 million tons. Imports, especially from the Soviet Union, supplied the dominant share of iron ore for the country's important iron and steel industry. Magnetite, a basic input for the steel industry, was more plentiful, making exports possible during the 1970s and 1980s. Deposits of nonferrous metals were limited or nonexistent. Imports supplied most of the country's needs for these metals. In 1983 about 9,500 tons of copper and 3,800 tons of lead were produced. The same year, 7,000 tons of zinc were mined, but imports supplied the bulk of requirements. The country also produced limited amounts of gold and mercury. Imports supplied most of the country's needs for nonferrous metals. Czechoslovakia did supply most of its own requirements for nonmetallic minerals to support the manufacture of building materials, glass, and ceramics.

The bulk of the country's mining activity involved coal, the principal domestic energy source. Located primarily in northern Bohemia and Moravia, freely extractable reserves reportedly amounted to 5.8 billion tons as of 1986. Of this quantity, about 30 percent was bituminous coal. In 1985 production of all coal amounted to 126.6 million tons, a 2.1 percent drop over 1984 that signaled the accelerating exhaustion of easily worked, high-grade reserves. In 1985 Czechoslovakia depended on coal for 60 percent of its energy consumption in contrast with 88 percent in 1960.

The decline in the share of total primary energy consumption represented by coal had occurred even though coal production had expanded throughout the 1970s. During these years, the growing need for energy was met primarily by imported oil and, from the mid-1970s, by natural gas; almost all imports of oil and gas came from the Soviet Union. Domestic crude oil sources and production were modest. Within Czechoslovakia itself, numerous small oil and gas fields had been discovered, but production was minor (about 100,000 tons of crude oil and 800 million cubic meters of natural gas in 1985). These supplied only a small fraction of the country's needs. Geological surveys largely ruled out the possibility of future discoveries of major oil or gas deposits, although one significant new source of natural gas was discovered in 1985 near Gbely in western Slovakia.

During the 1970s, the Soviet Union found it increasingly difficult and costly to meet the fuel and raw materials needs of Czechoslovakia and other East European countries. The unexploited Soviet resources tended to be located in Siberia, where extraction and transport were difficult and costly. One solution to the problem



The Tisová power station, near Sokolov

was Comecon's decision to adjust Soviet energy prices annually after 1974; as a result, Soviet prices approached—and eventually at times exceeded—world market prices. The adjustment improved the terms of trade of the Soviet Union at the expense of Czechoslovakia and its neighbors when world prices for many commodities, particularly crude oil, rose sharply in the middle and late 1970s. The higher prices in turn resulted in a larger return to the Soviet Union for its exports of fuels and raw materials and helped to finance expansion of Soviet production capacity. In addition, in the 1970s Comecon initiated several joint projects, such as the construction of a major natural gas pipeline from the Soviet Union to Eastern Europe and of large nuclear power plants in the Soviet Union (see Appendix B). The participating countries, including Czechoslovakia, received payments in the form of natural gas and electricity. In the mid-1980s, Czechoslovakia also participated in construction of the Yamburg natural gas pipeline “Progress” in the Soviet Union.

From 1967 to 1984, Czechoslovakia benefited additionally from a special agreement with the Soviet Union—in effect a Czechoslovak credit from 1967—whereby Czechoslovakia received 5 million tons of Soviet crude oil a year at a late 1960s price, which was just a small fraction of the world market price. Thus while increased Soviet fuel and raw materials export prices imposed a severe burden on Czechoslovakia, the cost was substantially less than if the

country had imported these materials from noncommunist countries. In 1980 a Czechoslovak official indicated that Czechoslovakia was paying about one-fourth the world price for its oil imports. By 1985, however, the situation had changed dramatically. In 1981 the Soviet Union had announced a 10-percent cutback in the crude oil it would deliver to East European countries during the 1981-85 period. Subsequently—and for a variety of other reasons—world oil prices plummeted, but the Soviet price, based on the five-year formula, continued to rise.

In the mid-1980s, the country's leaders considered energy conservation essential. Czechoslovakia's heavy reliance on fuel imports was costly. Imports supplied 95 percent of the country's fuel needs, and the country needed to import about 16.6 million tons of crude oil and 10.5 billion cubic meters of natural gas each year. Conservation was also essential because although Soviet supplies of natural gas were expected to increase, the more important flow of crude oil was likely to stagnate. In the short run, extraction of domestic coal would help Czechoslovakia meet its growing energy needs, but the increase would be slow and costly because deeper deposits had to be mined in order to meet quotas. The fuel problem was especially acute because Czechoslovak industry had a high input of energy per unit of national income, a rate substantially higher than that of Western Europe and some East European countries (7.5 tons of standard fuel per inhabitant per year). Industrial consumption of largely imported raw materials and energy was acknowledged to be perhaps as much as 40 percent higher than in comparable advanced industrial countries. The KSC leadership rightly believed that considerable savings were possible.

Nevertheless, conservation alone would not suffice. Since the 1970s, economic planners had been pursuing an ambitious nuclear energy program. In the long run, in their judgment, nuclear power was absolutely vital to the projected energy balance. In late 1978, the first major nuclear power plant (of Soviet design) began operation at Jaslovské Bohunice. In 1985 and 1986, portions of the Dukovany station began test runs, and preliminary site work was underway for two more power stations, at Mochovce in western Slovakia and Temelín in southern Bohemia. Nuclear power's share of the total electricity supply increased to almost 20 percent in 1986. According to the long-range plan, with expansion of this power station plus construction of additional stations and the import of electricity from joint nuclear projects in the Soviet Union, nuclear power would provide 30 percent or more of total electricity by 1990. Plans called for nuclear power to account for over 53 percent of electricity by the year 2000. Although the 1986 Chernobyl

accident in the Soviet Union did not alter the government's commitment to nuclear power, particularly since none of the existing or planned reactors used the kind of technology employed at Chernobyl, Czechoslovak leaders acknowledged the need for a thorough review of safety measures. Subsequently a number of special conferences were held concerning nuclear power issues. Czechoslovakia was well positioned to fuel its ambitious nuclear program; in the mid-1980s, the country was an important producer of uranium. Little information on uranium output was available, but annual production was estimated by Western analysts at 2,000 to 3,000 tons. The reserves were located in the Krušné hory of Bohemia.

In the mid-1980s, Czechoslovakia had a substantial number of hydroelectric plants, located mainly on the Váh and Vltava rivers. Work was underway on a major hydroelectric power project on the Danube River at Gabčíkovo-Nagymaros, a controversial joint project with Hungary to which environmentalists, especially in Hungary, had objected. The completed project was expected to supply about 4 percent of Czechoslovak energy requirements. In 1986 the government approved plans for construction of several additional power stations on the Labe and Váh rivers by the end of the century. Czechoslovakia imported some electricity each year from Romania.

Industry

Czechoslovakia inherited the bulk of existing industrial assets following the breakup of the Austro-Hungarian Empire after World War I. Industrialization continued in the interwar years. Even before World War II, the country's armaments and heavy industries were producing commodities accepted throughout the world. World War II left Czechoslovak industrial facilities largely intact. In the late 1940s, Czechoslovakia was one of the most industrialized countries in the world, and the quality of its products was comparable to that of other industrialized countries.

After the KSČ took control of the country, the industrial sector—particularly defense and heavy industry—received priority in terms of investment funds, labor, and materials. Industry was the leading sector in expansion of the economy. The industrial base grew rapidly, as recorded by the official index of industrial production. Starting from a base of 100 in 1948, the index increased to 371.9 in 1960 and 665.5 in 1970. The late 1970s witnessed some deceleration in industrial growth, and the index increased from 921.4 in 1975 to 1,156.7 in 1980. In 1985 the index reached 1,322. The figures suggested substantial growth, and industry's overall performance since World War II had in fact been impressive. However,

various Western studies of the computation of the index of industrial production in communist countries indicated a significant upward bias relative to the calculated planned rate of growth of industrial production used for planning purposes. The main cause of the bias appeared to be higher prices recorded for newly introduced products; in many cases, there was little or no difference between the new product and a similar item produced the year before. The bias appeared to be larger in such branches as machinery and chemicals and tended to enhance plan results. Over time, the bias also led to overstatement of the structural change in fast-growing branches of industry that were introducing new products.

In 1985 the most important branches of industry in terms of the monetary value of their contribution to the economy were machinery, electrical engineering, metalworking, chemicals, asbestos, rubber, and ferrous metallurgy (including ore extraction). Important manufactured products were vehicles, railroad goods, aircraft, electrical goods, heavy machinery, and precision equipment. During the 1970s, Czechoslovakia had signed specialization and joint investment agreements with other Comecon members, committing the country to specific long-term obligations in particular production branches (machine tools and railroad locomotives, for example), partly to ensure the inflow of energy and raw materials. In the 1980s, Czechoslovakia was—except for the Soviet Union—Comecon's only builder of heavy-duty nuclear power equipment and was a joint supplier of such products to other Comecon members. For export, Czechoslovakia specialized in smaller units, while the Soviet Union supplied the larger capacity reactors. In the early and mid-1980s, as part of an effort to "restructure" the industrial economy, the government sought to reduce the relative importance of metallurgy within the industrial sector, cutting back particularly on such traditional products as pig iron, raw steel, and rolled ferrous products in favor of more profitable and less energy-intensive branches.

Despite its favored position within the economy, the industrial sector had serious weaknesses in the mid-1980s. A particularly significant problem was the high energy and material inputs required for a unit of industrial output. Czechoslovak machinery was often heavier than comparable West European equipment and was usually less productive. The slow rate of technological innovation had caused a decline in the country's share of machinery markets in developing nations, noncommunist industrialized countries, and Comecon countries in comparison with the 1950s. Related problems were design limitations and lengthy project completion times, which frequently caused investments to be less productive than hoped.



The V.I. Lenin factory of the Škoda engineering works, Plzeň

In addition, old equipment was retired slowly. In 1986 the average age of industrial machinery and equipment was 12 years; 10 percent of the machinery was more than 25 years old, and the percentage was reportedly increasing. These circumstances contributed to the low productivity of Czechoslovak workers compared with their counterparts in Western Europe. Moreover, the overall quality of Czechoslovak exports was frequently below world standards; official government pronouncements emphasized the inadequate technological level of activities in the economy as a whole. Imbalances persisted between supply and demand, both at home and on foreign markets. In 1986 a prominent Czechoslovak economist argued that industry's problems stemmed in part from inadequate specialization, insufficient use of foreign licenses, and cumbersome restraints on research projects.

Most of these problems had already existed in some form during the 1970s, and the government had introduced several measures intended to correct the deficiencies. Laws introduced in 1971 (which went into effect in 1975) had granted limited powers and a degree of decentralization to the intermediate level of administration, positioned between ministries and production enterprises. The intermediate level consisted of associations of industrial enterprises in the same or closely related branches, resembling trusts. The intent was to reduce overhead expenditures, such as planning and research, while promoting innovation and technological development. Changes also were introduced in the wage and price systems in an attempt to improve efficiency. Despite these measures, there was reason for continuing dissatisfaction in the 1980s.

Agriculture

Even before World War II, industrialization in Czechoslovakia had substantially reduced the relative importance of agriculture in

the economy. Before the KSČ gained control of the government, Czechoslovak agriculture consisted primarily of small to mid-size family farms with an efficiency on a par with most of Europe. The situation did not change until 1949, when the KSČ initiated a policy of collectivization. The pace of collectivization was rather gradual until the late 1950s and was generally more thorough in the Czech lands than in Slovakia. Collectivization was essentially completed by 1960. Large numbers of farmers, particularly the young, left agriculture for more attractive industrial jobs. In the 1960s, the active farm population consisted largely of women and older men.

Under communist rule, agriculture received much less attention and investment funding than industry. Partly because of this fact, agricultural output grew slowly, not regaining prewar levels of production until the 1960s. Falling productivity and the need to increase farm output to reduce agricultural imports eventually drew official attention to agriculture. A principal government goal was to encourage large-scale farming that could benefit from modern technologies and powerful farm equipment. Proceeding slowly during the 1960s, consolidation of farms accelerated in the 1970s. Most of the larger cooperatives encompassed several villages and raised a variety of crops and livestock. In the 1960s, in an effort to increase farm incomes, the government raised the prices of farm products; during the previous decade, by contrast, prices for farm produce had been kept low, partly to extract workers and investment funds for the expansion of industry. By the early 1970s, the average farm income reportedly had reached parity with that of urban white-collar workers. The farm labor force of the 1980s was relatively young (45 percent was under 40 years of age in 1980) and well educated. The performance of the agricultural sector improved markedly during the 1970s and the first half of the 1980s. In 1960 the official index of gross agricultural output (in constant 1980 prices) had stood at 96, compared with 100 in 1936. In 1970 the index reached 116.8, and by 1980 it had increased to 143. Between 1981 and 1985, according to official sources, total agricultural production increased by 9.8 percent over the 1980 level.

The total land area of postwar Czechoslovakia is nearly 12.8 million hectares, of which almost 6.8 million hectares are considered agricultural land. The remaining land is classified as nonagricultural and includes 4.5 million hectares of forests. In the mid-1980s, agricultural activity was spread throughout the country. Urbanization and industrialization had slowly but steadily reduced the amount of agricultural land; it declined by over 600,000 hectares between 1948 and the late 1970s. In 1984 irrigation facilities existed for over 322,000 hectares, a little over 6 percent of the arable land.

In addition, as of 1980 the country had 1.3 million hectares of drained area, constituting about 18 percent of all agricultural land. Extensive additional irrigation and drainage had high priority in agricultural planning, despite the heavy costs of these procedures, because there was very little new land that could be brought under cultivation less expensively. The small amount of irrigated land made crop production heavily dependent on weather conditions.

In 1985 some 95 percent of the country's agricultural land was in the socialist sector. The basic unit of production in the mid-1980s was the "unified agricultural cooperative," or farmers' collective. Collective farms had increased in area by 6.5 times since 1950. In 1985 there were 1,677 collectives with 997,798 members. In 1985 there were 226 state farms, which were officially owned and operated by the government and which employed 166,432 workers. In 1985 collective farms held about 4.3 million hectares (plus about 87,000 hectares in private plots), and state farms held 2.1 million hectares. Members of collective farms were permitted to cultivate personal plots of one-half hectare or less and to maintain some livestock. Such personal plots had reached a peak of popularity in the early 1960s, when they had accounted for 355,000 hectares. By 1975 their area had decreased to 171,000 hectares. Production from personal plots was minor and served primarily as a food source for the cultivator. Private farmers owned only 404,000 hectares, consisting mainly of small farms in the hill country of Slovakia. By 1980 there were only 150,000 such small farms operating. In 1982, however, the government introduced measures to encourage private small-scale animal breeding and fruit and vegetable cultivation. Planning authorities did not expect that this activity would be the main source of income for small farmers, and they limited the land used for this purpose primarily to that reclaimed from currently unused, somewhat marginal agricultural land, estimated at 100,000 hectares in 1984. The government hoped, however, that a large proportion of demand for fruit and green vegetables, as well as for meat, would be satisfied in this way. In 1984, according to official reports, small-scale private producers accounted for about 10 percent of meat production, 38 percent of vegetable production, and 64 percent of fruit production. A secondary purpose of the government measures—land reclamation—was a matter of considerable urgency because of the decline in agricultural land that took place in the 1970s and early 1980s.

Government policy encouraged cooperation and specialization among the various agricultural units. Both informal and formal arrangements existed. Mutual aid in terms of machinery or labor for particular tasks had long been practiced among neighboring

farms, and this continued under the collectivized farming system. More formal arrangements took shape in the 1960s and expanded in the 1970s. Many of these took the form of "joint agricultural enterprises," entities that somewhat resembled stock companies. Some cooperative organizations specialized in such activities as fattening of hogs or cattle, production of eggs, or drying and production of feed mixtures. Others offered agrochemical, construction, land improvement, or marketing services. A large number engaged in multiple activities.

Management of most large farms is organized hierarchically on three levels. On large cooperative farms, an assembly of members or their elected representatives is legally responsible for farm operation, although a committee and its chairman carry out daily management of operation. In practice, the assembly functions largely to ratify decisions already made by the chairman. As cooperative farms have increased in size, the authority of the assembly of members has declined. "Boards of economic management," consisting of the chairman and a staff of experts on various operations, have taken over the most important management functions. The second echelon of management in large cooperatives or state farms has responsibility for smaller operations in either a specific area or a particular branch of production. The third level of management organizes the labor force performing the farm work, such as the field brigades. The chairman of a cooperative or the director of a state farm holds most of the power in the organization, and the subordinate levels are severely restricted in their decision making.

Crop cultivation has slowly become less important in the gross output of the agricultural sector. Cropping and livestock were almost equal branches in 1960, but by 1985 crops accounted for only 43 percent of gross agricultural output compared with 57 percent for livestock products. Main crop products in the 1980s were wheat, barley, potatoes, sugar beets, rye, and hops (an important export crop). Sugar, derived from sugar beet production, is both a significant export crop (especially to hard currency areas) and an important item of domestic consumption. Fruit and vegetable acreage accounted for only a small part of the cultivated area. Since the 1950s, the supply of livestock has gradually increased because of government encouragement. Producers have been urged to meet the demand for meat that accompanied the rise in income levels of the population. After the collectivization of agriculture, raising livestock increasingly became a large-scale operation, usually undertaken in conjunction with cropping. The major constraint to livestock expansion has been a shortage of fodder and feed

mixtures, although government pricing policies and the labor demands of animal husbandry have also tended to deter efforts. During the 1970s, progress was made in expanding the supplies of fodder and feed mixtures and the country's processing capacity. However, it remained necessary to supplement the supply of feed and fodder through imports, which became increasingly burdensome because they came from noncommunist countries and thus required payment in convertible currencies.

The basic aim of agricultural policy in the mid-1980s, with regard to both crop and livestock production, was self-sufficiency. Record harvests in 1984 and 1985 made it possible virtually to halt grain imports, which had amounted to about 500,000 tons per year. During the Seventh Five-Year Plan, the government was able to reduce imports of feed grains to one-third the level of the previous five-year plan without causing a reduction in per capita meat consumption, an achievement suggesting that the efficiency of animal husbandry had improved. Performance in the agricultural sector as a whole remained uneven in the 1980s, however. Although some outstanding farms were obtaining excellent grain yields, the uneven quality of farm management contributed to large discrepancies in performance between farms.

Transportation

Czechoslovakia is one of Europe's major transit countries for north-south movement. In 1985 Czechoslovakia had a highly developed transportation system consisting of 13,130 kilometers of railroad tracks, 73,809 kilometers of roads, and 475 kilometers of inland waterways, according to official sources (see fig. 13). The country also had 1,448 kilometers of pipelines for transport of crude oil, 1,500 kilometers for refined products, and 7,500 kilometers for natural gas. The state owned and subsidized the means of transport, and passenger fares were among the lowest in the world. In 1985 cargo movement totaled over 99 billion ton-kilometers. Of the nearly 90 billion ton-kilometers of cargo-carrying service performed by public transportation, railroads handled about 81 percent, roads 13 percent, inland waterways 5 percent, and civil aviation less than 1 percent. Since the 1970s, in an effort to save fuel, the government had been encouraging the displacement of freight transport from the highways to the railroads.

Major improvements were made in the transport infrastructure after World War II, particularly with regard to the railroads, and the result was a relatively extensive and dense road and railroad network. In developing the transportation system, the government's primary goal was to facilitate movement of industrial goods;

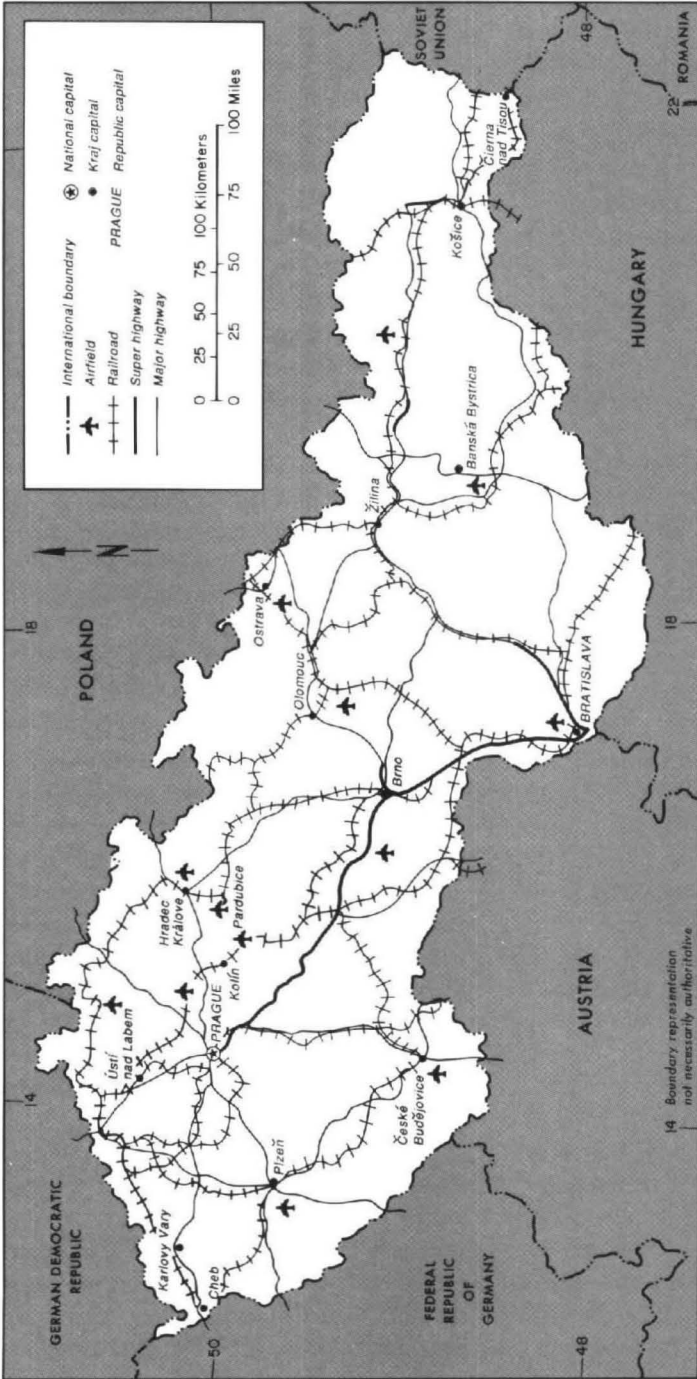


Figure 13. Transportation System, 1987

passenger traffic, while not neglected, received secondary consideration. Nevertheless, in the 1980s transportation frequently was a bottleneck in the economy because of low operating efficiency and long-term inadequate investment. In the mid-1980s, both rail and highway transport systems were in need of substantial upgrading. Although the shortcomings of the systems were well known and received considerable public attention, limited funding slowed the pace of improvement. During the 1981–85 plan period, for example, almost 97 percent of the funding available for railroads—Kčs36 billion (for value of the koruna—Kčs—see Glossary)—had to be spent on repair and replacement, leaving scant resources for major improvement projects. In 1985 about 22 percent of the tracks in the rail network were double track. About 28 percent were electrified, including the main east-west Friendship Railway linking Prague with the Soviet border, which formed the basis of the network. Situated near the center of Europe, Czechoslovakia had rail links to surrounding countries, and transit traffic moved in all directions. Many of the difficulties of the railroads were caused by lack of new equipment, poor maintenance of tracks and rolling stock (partly caused by the lack of spare parts), an insufficient number of skilled workers, and constant pressure to keep operating. The railroad management also had to cope with outmoded station facilities.

The highway system has received less attention than the railroads during the decades since World War II. Most improvements have focused on local roads, and, in general, the country has been slow to develop modern highways. Nevertheless, highway cargo movement increased rapidly in the 1960s and 1970s, doubling between 1970 and 1979. It was only in 1980 that a modern superhighway was completed linking the three largest cities (Prague, Brno, and Bratislava), a distance of 317 kilometers. This project had started in 1938 and was left uncompleted from the early 1940s to the late 1960s. In 1985 approximately 482 kilometers, or somewhat less than 1 percent of the road network, consisted of superhighways. Public officials acknowledged that the status and maintenance of the system remained inadequate for the country's needs.

As a landlocked country, Czechoslovakia has no maritime ports. In the mid-1980s, the country's overseas trade passed through East German, West German, Polish, and Yugoslav ports. The Labe and Danube rivers were both navigable in Czechoslovakia. In the 1980s, the Vltava was carrying increasing amounts of traffic, and efforts were underway to make it more extensively navigable. Principal river ports were located at Prague, Děčín, Komárno, and Bratislava.

Civil aviation played a particularly significant role in the movement of passengers. Czechoslovak Airlines, the state airline company, serviced most European cities and also provided domestic services. A regional airline, Slov-Air, headquartered in Bratislava, provided additional domestic service. In 1985 civil aviation transported 1.2 million travelers. About 90 percent of this transportation service consisted of international flight.

In the mid-1980s, Czechoslovakia had a relatively well developed communications system. According to official data, there were 3,591,045 telephones in the country in 1985, about 23.2 telephones for every 100 persons, the greatest density of telephones among Comecon countries. There were 4,233,702 licensed radios, or one for every 3.7 persons, and 4,368,050 licensed televisions, or one for every 3.6 persons. Both journalism and broadcasting were closely supervised by the government, but many inhabitants could receive West German or Austrian television and radio transmissions as well as Czechoslovak broadcasts.

Banking and Finance

The koruna (Kčs), or crown, is the national currency and consists of 100 halers. In 1986 the currency continued to be convertible only under restricted conditions and at official rates. Violation of exchange regulations constituted a serious offense. The koruna could be used only within the country and was not used in foreign trade. In 1987 the official, or commercial, exchange rate was Kčs5.4 per US\$1; the tourist, or noncommercial, rate was Kčs10.5 per US\$1. The koruna was legally defined in terms of 123 milligrams of gold, which provided a historical basis for the commercial rate.

At the head of the country's banking system was the State Bank of Czechoslovakia. The State Bank was the central bank, the government's financial agent, the country's commercial bank, an investment bank, and the clearing agent for collection notices. It also supervised the other banking in the country and, in conjunction with specific ministries, formulated the financial plan for Czechoslovakia. The other banks, also state owned, were subordinate to the State Bank and relegated to special functions. The Commercial Bank of Czechoslovakia was primarily the bank for foreign currency transactions. Three additional banks—two of which were savings banks, one for each of the republics, providing credit to individuals—completed the banking system in 1980.

The main function of the banking system was to act as the government's agent in implementing the financial plan, an important part of which consisted of expanding and contracting credit to meet the economy's needs. The central authorities controlled most

investments directly, and the national plan regulated production. The State Bank acted as a supervisory agent in extending credit to the enterprises, ensuring that the investments met plan goals. The bulk of bank credit was for working capital, largely utilized to finance the purchase of materials and the sale of finished products. The powers of the State Bank appeared to be somewhat limited, however, since credit was extended according to guidelines for planned production. The central authorities set interest rates, which neither reflected the cost of capital nor appreciably affected the flow of credit. Instead, beginning in the 1970s, interest rates were differentiated to accomplish objectives of the plan. Interest rates were low for enterprises modernizing a production process. Punitive rates were used if firms deviated from plan goals. In the mid-1980s, the greatest portion of investment credits went to the industrial sector, followed by agriculture, construction, and retail trade.

The banking system operated within the framework of the financial plan. Major elements of the financial plan included allocation to consumption and investment, foreign and domestic financing of investment, and wage and price changes. Planning authorities were in a position to use the centralized banking system to carry out major corrective measures, as occurred in 1953 when inflationary pressures became serious and the population's accumulated savings were largely wiped out by a conversion of the currency. After this experience, officials placed stricter controls on investments, permitting real wages and the standard of living to rise gradually. But in the late 1970s, and particularly in the early 1980s, the worsening terms of trade, bottlenecks in the economy, and the need for large investments in energy and industry combined to limit the allocations for consumption.

Imposition of the Soviet model introduced a chronic inflationary bias into the Czechoslovak economy, although the inflation was not necessarily reflected in prices. Control of prices (only private food produce, especially fruit and vegetables, were priced freely) repeatedly produced inflationary manifestations in other areas, such as shortages in the market and increased savings by the population. Although officials generally limited the rise in prices (causing price indexes to advance slowly), by the mid-1970s prices had to be adjusted upward more frequently. This trend continued into the 1980s, and major food price increases occurred in 1982.

In addition to the banking system, another major financial tool for implementing economic policies and the annual plan was the central and republic government budgets. The Czechoslovak government published little budget information. Western

observers believed that small surpluses of revenues were more common than deficits, however. Budget revenues were derived primarily from state economic organizations and the turnover tax. Income taxes provided a small part of revenues. Other minor revenue sources included agricultural taxes and customs duties. The planning authorities redistributed these budget funds according to the plan guidelines, using the budget to encourage certain sectors through subsidies or investment funds. Official policy, for example, stressed rapid development of the Slovak economy, which required the transfer of funds collected in the Czech lands. In 1983 the Slovak Socialist Republic received a fractionally larger share of total revenue (34 percent) than population figures alone would have warranted (32 percent of the country's total population lived in the Slovak Socialist Republic).

Central authorities set prices on over 1.5 million kinds of goods. State enterprises were theoretically autonomous financial entities that covered costs and profits from sales. Because the government set production quotas, wage rates, and prices for the products manufactured and the inputs used in the process, however, managers had little freedom to manage. In the 1950s, the government had collected nearly all enterprise funds above costs for redirection according to its priorities. After the 1958 reforms, enterprises obtained a little more control over surplus funds, although the government continued to control the amount of the surplus. In the 1980s, the government was encouraging enterprises to undertake modernization and other limited investment from their own funds and bank credit and to rely less on budget funds.

The turnover tax, another major source of budget revenue, was originally employed in the Soviet Union as a simple and effective method of collecting most of the funds needed by the government without requiring extensive bookkeeping and estimating. It was introduced in Czechoslovakia in 1953 and lost its importance as the chief source of revenue only in the late 1960s, when other levies extracted funds from state enterprises. The tax was collected on goods destined for retail, the rate varying according to the difference between the producer's costs plus approved margin and the selling price as specified by pricing officials. Retail prices of manufactured consumer goods, such as clothing and particularly tobacco products, alcoholic beverages, and sugar, were substantially higher than those of such basic necessities as potatoes, milk, and eggs. The turnover tax appeared to be both a source of revenue and a tool used to influence consumption patterns.

*Grounds of the
Brno Trade Fair*
Courtesy
Czechoslovak Life



Foreign Trade

An important characteristic of the Soviet model that was imposed on Czechoslovakia in 1948 was the attempt to insulate the domestic economy and minimize the impact of world economic trends. The system accomplished this in part by severely restricting foreign currency transactions and confining them to official channels at fixed and favorable exchange rates. Within a few years, the exchange rate had lost its historical basis and no longer bore any direct relationship to purchasing power in other currencies. The Soviet model tended to treat foreign trade as a minor aspect of planning. Imports were simply those materials needed to meet the net material balances for the economy, while those commodities that were least needed for the national plan were surrendered for export. Cost was not a real consideration because there was no basis for estimating cost; essentially the central authorities made a political decision that commodity X was needed enough to give up commodity Y for it. Such decisions were often of minor importance in the large Soviet economy. The same was not true in Czechoslovakia, where foreign trade played a prominent role in the national economy. The establishment of state-owned foreign trade enterprises, which served as buffers between foreign companies and the domestic producers of exports and consumers of imports, further isolated the domestic economy. The foreign trade companies bought Czechoslovak

goods for export at domestic prices and sold foreign goods to Czechoslovak customers at domestic prices; but the other half of these transactions, involving actual foreign trade, took place in foreign currencies in foreign markets. The government budget then made adjustments to compensate for any unwanted gains and losses caused by varying foreign and domestic prices.

The foreign trade enterprises successfully carried out the government's policy of rapidly redirecting the bulk of the country's foreign trade from noncommunist countries to communist countries in the period from 1948 to 1953. Many observers contended, however, that the new system had seriously adverse effects on the economy. Isolating domestic producers of export products—primarily manufactured goods—from developments abroad slowed the introduction of new technology, the upgrading of the appearance of products, and the development of sales and service staffs with adequate parts inventories. Isolation hampered the development of export industries and products, reinforcing the autarkic bias of the Soviet model.

After Stalin's death in 1953, Czechoslovak trade with Western countries gradually revived, although it still was far below prewar levels. More than two-thirds of the foreign trade continued to be with Comecon member states. Because of its relatively advanced industrial position within Comecon, Czechoslovakia initially had a secure market for its machinery and equipment exports. As years passed, however, the Soviet Union absorbed growing portions of Czechoslovakia's export capacity and very soon the country came to depend on the Soviet Union for imports of raw materials as well.

By the 1960s, it became clear that the country's dependence on foreign trade was substantial and that a restructuring of the economy was necessary. In the 1970s, the government authorized a number of large enterprises to deal directly, or through affiliations with Czechoslovak foreign trade companies, with foreign purchasers of their products. To encourage further export and modernization, the central authorities permitted Czechoslovak firms to retain a regulated portion of export proceeds. Authorities also acknowledged that the economy seriously lagged behind the noncommunist industrialized countries in application of new technologies. In response, they increased imports of Western products and processes that incorporated advanced technology.

In the mid-1970s, the terms of trade for Czechoslovakia began to deteriorate rapidly. In 1975 the pricing system used to set values on imports and exports in trade between communist countries was adjusted to make them more current and closer to world prices (see Appendix B). The adjustment raised the price of fuels and raw

materials (primarily Czechoslovak imports) much more than it did manufactured goods (the country's main export). The same trend manifested itself in trade with Western industrialized countries. During the late 1970s, the terms of trade continued to worsen; greater and greater quantities of exports were required to purchase the same volume of imports. The combination of worsening terms of trade and the difficulty of expanding exports caused Czechoslovakia's trade imbalance to grow in almost every area. Between 1975 and 1979, the country's excess of imports over exports was nearly US\$1.2 billion with the Soviet Union, US\$690 million with Eastern Europe, and US\$3.3 billion with noncommunist developed countries. These imbalances emerged despite efforts to conserve fuel and raw material use, to slow the volume of other imports, and to increase exports.

During the 1970s, Czechoslovakia, like other countries of Eastern Europe, turned to West European credit sources to obtain financial help for imports as well as longer term investments in modern technology. Czechoslovakia did not publish information on these credits. However, one Western estimate placed Czechoslovakia's hard currency debt to the West at the end of 1979 at US\$4 billion gross and about US\$3.1 billion net. Czechoslovak officials had been much more prudent in building up a foreign currency debt than had several other East European nations, however, and the country's credit standing remained good.

Beginning in 1980, Czechoslovakia was able to achieve a trade surplus with noncommunist countries, but only by drastically curtailing imports. When Western banks tightened credit to Eastern Europe in 1982 (largely in reaction to Polish insolvency), Czechoslovakia redoubled its efforts to curb imports and pay off its debt. This cautious attitude continued to prevail even after the creditors' policy eased. The government's stance did have the disadvantage of depriving Czechoslovakia of potentially helpful Western technology. However, at the end of 1984, Czechoslovakia could boast one of the lowest net hard-currency debts per capita (about US\$15 per inhabitant) in Eastern Europe; only Bulgaria's debt was lower. With the Soviet Union, by contrast, Czechoslovakia continued to run a substantial deficit.

In the mid-1980s, according to official statistics, Czechoslovak trade activities remained overwhelmingly oriented toward intra-Comecon trade. Within Comecon, in keeping with the plan for regional specialization set forth in the Comprehensive Program of 1971, Czechoslovakia concentrated on production of machine tools and electric railroad locomotives; the traditionally strong Czechoslovak armaments industry also remained important. In 1985 almost

78 percent of total Czechoslovak foreign trade turnover was with Comecon members. Trade with "developed capitalist countries," by contrast, was listed at just under 16 percent; and developing countries accounted for over 6 percent. Most Western analysts believed that official Czechoslovak methods of calculation tended to overstate considerably the value of trade conducted in transferable rubles, i.e., with Comecon partners, and to underestimate the value of hard currency trade with noncommunist countries. Nevertheless, the general structure of Czechoslovakia's foreign trade was unmistakable.

Czechoslovak trade was heavily concentrated among a relatively small group of countries. Five countries—the Soviet Union, the German Democratic Republic (East Germany), Poland, Hungary, and the Federal Republic of Germany (West Germany)—accounted for 71.7 percent of all foreign trade in 1985, according to official statistics. The Soviet Union exerted a powerful influence over the Czechoslovak economy. In 1985 it accounted for 44.8 percent of foreign trade turnover, according to official statistics (see table 10, Appendix A). In 1985 by far the most important exports from Czechoslovakia to the Soviet Union were machinery and various kinds of equipment, such as machine tools, power generating equipment, instruments and laboratory equipment, agricultural machinery, railroad rolling stock and other transport equipment, and equipment for the food, textile, and chemical industries. Such items made up over 60 percent of exports to the Soviet Union. Other minor items were ores and metals, clothing and footwear, chemicals, furniture, domestic appliances, and beverages. Czechoslovak imports from the Soviet Union, by contrast, consisted primarily of raw materials and energy-related items; petroleum and petroleum products accounted for almost 43 percent of import value, and natural gas and electricity totaled 18 percent. Other imported products were machinery and transport equipment, representing almost 10 percent of total imports; metal ores, coal and coke, and pig iron and ferroalloys made up almost 8 percent.

Second, third, and fourth in order of rank in Czechoslovak foreign trade turnover were East Germany, Poland, and Hungary. Other East European Comecon countries—Bulgaria and Romania—were also of considerable importance (seventh and ninth in rank, respectively). Czechoslovak exports to these countries in 1985, according to official data, consisted mainly of machinery and transport equipment, chemical products, and (especially to Hungary) coal and briquettes. Imports likewise were primarily machinery and transport equipment, chemical products, and

various other manufactured goods. Czechoslovakia also imported food and animal products from Hungary.

Among noncommunist countries, an important trade partner was West Germany (fifth in rank). Principal Czechoslovak exports to West Germany in 1985 were various manufactured goods (especially paper and paperboard, textiles, and iron and steel products), mineral fuel products (briquettes, coke, and refined petroleum products), and chemical products. Principal imports from West Germany were machinery (textile- and leather-working machinery, machine tools, and electrical machinery and instruments), chemical products, and various manufactured goods. Other significant trading partners were Austria, Britain, Italy, and France. Engineering products, which accounted for more than 50 percent of all Czechoslovak exports, had a share of only 10 to 11 percent in noncommunist trade, owing to very strong and successful West European competition. Instead, consumer goods, metallurgical products, chemicals, and fuels and raw materials were more important. With regard to imports from noncommunist countries, Czechoslovakia in 1986 was especially interested in the high technology offered by Western Europe and Japan (twenty-fifth in rank). Particularly in demand were products from engineering, electronics, and electrical engineering industries, as well as biotechnology and pharmaceuticals.

As of 1985, Czechoslovakia also conducted substantial amounts of trade with Yugoslavia, China, Syria, and Cuba. Czechoslovak trade with the United States (twenty-third in rank) was modest. In 1985 Czechoslovak exports to the United States included, among other things, footwear and jewelry, glassware, steel bars, wire, shaped steel, prepared or preserved meats, and hops. In 1985 imports consisted, among other things, of raw materials (hides and skins, seeds for producing vegetable oil, and ores and concentrates of base metals), specialized industrial machinery, and printed materials. During the late 1970s and early 1980s, Czechoslovakia had imported substantial amounts of grain from the United States, but more abundant domestic harvests enabled the country to reduce these imports in the mid-1980s.

The Eighth Five-Year Plan, 1986–90

The Eighth Five-Year Plan called for further “intensification” within the economy. The plan focused on raising the quality and technological level of production, lowering the cost of energy and materials in relation to output, increasing labor productivity, accelerating the pace of innovation at the workplace, improving discipline, and continuing the “structural” shift of the economy

from productive activities requiring great consumption of energy to more advanced technologies and capital-intensive industry. National income was to rise 19 percent, or just over 3.5 percent annually on average. Plans called for industrial output to grow 15.8 percent, an average increase of about 3 percent yearly, while personal consumption was to grow by only 11.9 percent. Modest as these targets were, they were higher than the results achieved during the Seventh Five-Year Plan. Only agriculture was to grow at a rate slower than that of the previous plan period; with a total increase of 6.9 percent, it would average just over 1 percent growth annually. Investment, while still low, would increase 10.4 percent during the plan (as compared with 2.5 percent in the 1981-85 period). Special attention was to be given to the machine-building and electronics industries, the chemical and metallurgical industries, construction of nuclear power plants and expansion of the natural gas network, and environment-related projects. The plan called for exports to grow at a higher rate than the national income. The government did not plan any substantial borrowing in hard currency, concentrating instead on paying off its relatively modest (US\$2 billion) debt to the West.

The plan called for achievement of the desired growth largely through improved labor productivity; 92 to 95 percent of the growth was to occur in this way. Material costs were to fall by 1.5 percent yearly on average, and specific consumption of fuel was to fall by 2.9 percent. Achievement of both of these goals would require greater savings than had been possible during the 1981-85 plan period.

In the mid-1980s, Czechoslovak leaders acknowledged the persisting weaknesses in the country's economy and its need to modernize more rapidly. Although the government announced no major reforms in conjunction with the Eighth Five-Year Plan, in 1987 an experiment was begun involving about 120 industrial enterprises. These enterprises were to receive only key planning figures from the central authorities; otherwise, they were to have increased autonomy in planning production, seeking profitable forms for their activities, and managing their own finances. The reforms represented a significant step beyond the modest "Set of Measures" of 1981, which had retained strict central controls. Western analysts viewed the experiment as a cautious response to the more ambitious reforms sponsored by General Secretary Mikhail Gorbachev in the Soviet Union.

* * *

For English readers, a valuable source of information is John N. Stevens's *Czechoslovakia at the Crossroads*, which surveys the period from 1948 to the early 1980s. Much of the statistical data concerning economic policy and performance in this chapter has been drawn from Stevens's survey. Official statistics may be found in the annual *Bulletin* of the Státní banka československá. The Foreign Broadcast Information Service's *Daily Report: Eastern Europe* provides current reporting of statistics and economic developments carried in the Czechoslovak media. Issues of current concern to Czechoslovak economists are presented in the commentaries and essays of *Czechoslovak Economic Digest*. The United States Congress Joint Economic Committee regularly prints collections of articles on Eastern Europe; as of mid-1987, the most recent collection was the three-volume *East European Economies: Slow Growth in the 1980s*, published in 1985 and 1986.

The standard sources of economic statistics in the Czech language are the yearly *Statistická ročenka ČSSR* and the *Historická statistická ročenka ČSSR*. (For further information and complete citations, see Bibliography.)

Chapter 4. Government and Politics



Czechoslovak coat of arms

IN 1987 CZECHOSLOVAKIA completed its eighteenth year under the leadership of Gustáv Husák. Placed in power by the Soviets eight months after the August 1968 Warsaw Pact invasion of Czechoslovakia, the Husák regime moved quickly to undo the policies of the previous government, led by Alexander Dubček, and to eliminate what remained of the reform movement known as the Prague Spring. Within two years, Husák's policies of "normalization" succeeded in restoring centralized party control in Czechoslovakia and reestablishing Czechoslovakia's status as a loyal Soviet ally prepared to follow Moscow's directives in both international and domestic affairs.

The normalization process begun after the 1968 invasion set the stage for the emergence in the 1970s of an extremely orthodox political environment. Normalization extended to almost every aspect of Czechoslovak life. Politically, above all else, it meant the reinforcement of the absolute monopoly of power held by the Communist Party of Czechoslovakia. In the economy, it meant the entrenchment of a command economy that left virtually no room for market forces. In the social sphere, it meant party control of all associational groupings, education, and the printed word. Finally, in the area of national security, it meant increased police powers and the near subordination of the Czechoslovak People's Army to the Soviet-dominated Warsaw Pact.

Czechoslovakia's political orthodoxy continued in the 1980s. Despite rampant bureaucratization, poor economic performance, inefficient administration, and widespread popular apathy, the Husák government introduced no significant changes in organization, personnel, or policies from the early 1970s through the mid-1980s. Only in early 1987, undoubtedly in response to pressure from the new leadership in Moscow, did the Husák government announce that Czechoslovakia was preparing to introduce Soviet-style reforms aimed at improving Czechoslovakia's faltering economy.

Political Setting

Geopolitical Considerations

Lying between the Germans and the Russians, the Czechoslovak state has had its political life in modern times determined, to a considerable extent, by geopolitical factors. In the 1980s,

Czechoslovakia continued to demonstrate subservience to the policies of the Communist Party of the Soviet Union (CPSU) in domestic and especially in foreign affairs.

Czechoslovakia's political alignment with the Soviet Union began during World War II. In 1945 it was the Soviet Red Army that liberated Prague from the Nazis. The continued presence of the Red Army in Czechoslovakia until 1946 facilitated the communists' efforts to reorganize local government, the militia, and the Czechoslovak army and to place communists in key positions. Following the February 1948 coup d'état in which the communists seized power, Soviet influence over Czechoslovakia grew markedly. It was abetted through formal alliances, such as the Council for Mutual Economic Assistance (Comecon) and the Warsaw Pact, and through direct intervention, in the 1968 invasion (see *Intervention*, ch. 1).

In the immediate post-World War II period, many Czechoslovak citizens supported the alliance with the Soviet Union. They did not anticipate, however, the rigidities of the Stalinist rule that followed. The people of Czechoslovakia had known authoritarian rule and a lack of civil rights during centuries of domination by the Hapsburgs and under Nazi rule during the war. But the extent of the repression during the early years of the rule by the Communist Party of Czechoslovakia (Komunistická strana Československa—the KSC) was unprecedented. In the early 1950s, some 900,000 persons were purged from the ranks of the KSC; about 100,000 were jailed for such political crimes as “bourgeois nationalism.” Antonín Novotný became first secretary of the KSC in 1953, the year of Stalin's death, and continued to rule in Stalin's rigidly authoritarian style for fifteen years. In practice (though not in rhetoric), Novotný ignored Nikita Khrushchev's 1956 denunciation of Stalin and made no attempt to imitate the Soviet Union's decentralization of communist party rule. A considerable portion of the party hierarchy did take note of the Soviet decentralization, however. In 1968 they removed Novotný from power and initiated the Prague Spring (see *The Prague Spring, 1968*, ch. 1).

Ethnic Considerations

Another essential ingredient in Czechoslovak political culture has been the varying political aspirations of the nation's two major ethnic groups, the Czechs and the Slovaks (see *Ethnic Groups*, ch. 2). Slovaks were never as satisfied as the Czechs with the nation created in 1918 because they felt dominated by the numerically superior Czech nationals. Slovak nationalists fought diligently throughout the 1920s for greater Slovak autonomy, and in the next decade they succeeded in obtaining constitutional changes granting

more autonomy to Slovakia. In March 1939, Slovakia, encouraged by Hitler, seceded from the new state and allied itself with Germany, calling itself the Slovak Republic. Although nominally independent under the leadership of Monsignor Jozef Tiso, the new Slovak state in reality functioned as a Nazi satellite. After Hitler's defeat, Slovakia was reunited with the Czech lands.

The communist takeover in 1948 did not lead to equitable treatment of Czechs and Slovaks. The Stalinist purges of the early 1950s were particularly harsh on Slovaks; indeed, the definition of "bourgeois nationalism" coincided quite precisely with the aspirations of Slovak nationalism. Among the Slovak leaders arrested and jailed in the early 1950s was Gustáv Husák. Husák later was rehabilitated and eventually named general secretary (the title changed from first secretary in 1971) of the KSC and president of the republic.

Slovak aspirations for greater autonomy played an important role in the political environment during the 1960s. The reform movement associated with the Prague Spring advocated greater independence for Slovakia. The 1968 constitutional amendments redefined Czechoslovakia as a federation of two equal states, the Czech nation and the Slovak nation, and increased the responsibilities of the constituent republics. However, this decentralization of power did not survive the 1968 invasion and subsequent normalization policies. On paper, the federation remained and the Slovak Socialist Republic retained its separate communist party organization and republic-level government organs. In practice, whatever power the 1968 amendments gave to the Slovaks was diminished when the Husák regime reestablished centralized party and government control in the 1970s.

The 1968 Invasion

The Soviet invasion of Czechoslovakia in 1968 was a pivotal event in Czechoslovakia's political development. The August intervention by forces from the Soviet Union, the German Democratic Republic (East Germany), Poland, Bulgaria, and Hungary marked the beginning of the end of the Prague Spring and the reformist policies introduced by the Dubček regime. It also set the stage for the reemergence in Czechoslovakia of a pro-Soviet regime and a politically orthodox environment.

In January 1968, Alexander Dubček, who since 1963 had been first secretary of the Communist Party of Slovakia (Komunistická strana Slovenska—KSS), was chosen to replace Antonín Novotný as first secretary of the KSC. Dubček was not then the leader of the KSC reformers but rather was a compromise selection. The

removal of Novotný triggered an outpouring of demands for further changes in all sectors of society. The drive for reform centered on four broad issues: the overall question of political structure and participation, justice and civil liberties, Czech-Slovak relations, and economic organization and planning. In April 1968 the KSC Central Committee issued its so-called Action Program, which outlined steps toward constructing a "Czechoslovak way to socialism." within the framework of a socialist society ruled by the communist party, the program attempted to decentralize and democratize the system of authority by reducing the role of the KSC in national life and transferring greater responsibility to the elected bodies of government. Other goals of the reform were to introduce strong guarantees of civil liberties and justice by establishing a system of checks and balances and reducing the power of police organs; to construct a more equitable relationship between Czechs and Slovaks by granting greater autonomy to the latter; and to institute a decentralized planning apparatus with aspects of market socialism.

A number of public opinion polls taken at the time indicated that the reforms envisioned in the Action Program received an extraordinary measure of public support. It was for this reason that they aroused deep concern among the leadership of the Soviet Union and neighboring communist nations. Those leaders feared that the reformist policies in Czechoslovakia would result in the erosion of the authority of the communist party, which in turn would weaken Czechoslovakia's commitment to socialist unity and to the Warsaw Pact and Comecon alliances. They also worried that the implementation of reforms in Czechoslovakia would lead to calls for similar reforms in the Soviet Union and other East European nations.

During the night of August 20-21, the armies of five Warsaw Pact nations invaded and occupied Czechoslovakia. The KSC Presidium issued a statement over Prague radio condemning the invasion and appealing to the people to remain calm and the army not to resist. No armed resistance was forthcoming. Instead, outrage at the massive invasion was expressed nonviolently: road signs were altered and removed to slow the oncoming invaders; radio transmitters were repeatedly moved to elude takeover; and foreign soldiers were refused service in stores and restaurants and were engaged in heated arguments with Czechoslovak citizens from whom they vainly sought cooperation.

As the Warsaw Pact troops moved into Prague, Soviet security forces arrested Dubček and other top party leaders and flew them to Moscow. Meanwhile, despite the presence of Warsaw Pact troops in Prague, the National Assembly met August 21-27, and delegates managed to convene the "Extraordinary" Congress of the

Czechoslovak Communist Party. Dubček's supporters in the government refused to recognize the Soviet-imposed government and instead demanded to join Dubček in directly negotiating with the Soviets. The talks resulted in the signing of the Moscow Protocol, an uneasy compromise allowing Dubček to remain in power but also requiring the dismissal of some reformists, a tightening of press control, a commitment to no persecution of pro-Soviet communists, and increased Soviet control over KSC appointments. After signing the Moscow Protocol, Dubček was allowed to return to Prague, where he resumed his duties as first secretary of the party.

Dubček's efforts to maintain political control and to salvage the reform program were stymied by the new conditions imposed by the Soviets. Furthermore, popular resistance to the Soviet invasion continued and was reflected in such episodes as the public suicide of a university student and the vandalizing of Prague's Aeroflot office. All of these factors kept tensions high and led to Dubček's ouster in April 1969. He was replaced by the more orthodox, Soviet-backed Gustáv Husák.

The Policy of Normalization

Once in power, the Husák regime acted quickly to "normalize" the country's political situation. The chief objectives of Husák's normalization were the restoration of firm party rule and the reestablishment of Czechoslovakia's status as a committed member of the socialist bloc. The normalization process involved five interrelated steps: consolidate the Husák leadership and remove reformers from leadership positions; revoke or modify the laws enacted by the reform movement; reestablish centralized control over the economy; reinstate the power of police authorities; and expand Czechoslovakia's ties with other socialist nations. Within a week of assuming power, Husák began to consolidate his leadership by ordering extensive purges of reformists still occupying key positions in the mass media, judiciary, social and mass organizations, lower party organs, and, finally, the highest levels of the KSC. In the fall of 1969, twenty-nine liberals on the Central Committee were replaced by conservatives. Among the liberals ousted was Dubček, who was dropped from the Presidium (the following year Dubček was expelled from the party; he subsequently became a minor functionary in Slovakia, where he still lived in 1987). Husák also consolidated his leadership by appointing potential rivals to the new government positions created as a result of the 1968 Constitutional Law of Federation.

Once it had consolidated power, the Husák regime moved quickly to implement other normalization policies. In the two years

following the invasion, the new leadership revoked some reformist laws (such as the National Front Act and the Press Act) and simply did not enforce others. It returned economic enterprises, which had been given substantial independence during the Prague Spring, to centralized control through contracts based on central planning and production quotas. It reinstated extreme police control, a step that was reflected in the harsh treatment of demonstrators marking the first-year anniversary of the August intervention. Finally, Husák stabilized Czechoslovakia's relations with its allies by arranging frequent intrabloc exchanges and visits and redirecting Czechoslovakia's foreign economic ties toward greater involvement with socialist nations. By May 1971, party chief Husák could report to the delegates attending the officially sanctioned Fourteenth Party Congress that the process of normalization had been completed satisfactorily and that Czechoslovakia was ready to proceed toward higher forms of socialism (see National Organization, this ch.).

A Climate of Orthodoxy

The objectives of normalization were the restoration of firm KSCĚ rule and the reestablishment of Czechoslovakia's position in the socialist bloc. Its result, however, was a political environment that placed primary emphasis on the maintenance of a stable party leadership and its strict control over the population.

A remarkable feature of the KSCĚ leadership under Husák has been the absence of significant changes in personnel. The stability of the leadership during the late 1970s and the first half of the 1980s could be attributed not to unanimity in political opinion but rather to practical compromise among different factions vying to retain their leadership positions. Husák's leadership, then, was based not on any ability he may have had to rally opinion but rather on his skill in securing consensuses that were in the mutual interest of a coalition of party leaders.

Husák led the conservative (sometimes called the "moderate" or "pragmatic") wing of the KSCĚ leadership. An important Slovak communist party functionary from 1943 to 1950, Husák was arrested in 1951 and sentenced to three years—later to life imprisonment—for "bourgeois nationalism" during the Stalinist purges of the era. Released in 1960 and rehabilitated in 1963, Husák rose to be a deputy prime minister under Dubček, whom he later denounced, and was named KSCĚ first secretary in April 1969 and president of the republic in July 1975. Above all, Husák has been a survivor who learned to accommodate the powerful political forces surrounding him.



Powder Tower and Municipal House, Prague

Other prominent conservatives who remained in power in 1987 included Lubomír Štrougal, premier of Czechoslovakia; Peter Colotka, premier of the Slovak Socialist Republic; Jozef Lenárt, first secretary of the KSS; and Josef Kempný, chairman of the Czech National Council. These leaders generally supported the reforms instituted under Dubček during the late 1960s but successfully made the transition to orthodox party rule following the invasion and Dubček's decline from power. Subsequently, they adopted a more flexible stance regarding economic reform and dissident activity.

Opposed to the conservatives within the KSČ leadership were the so-called hard-liners. Their leader was Vasil Bil'ak, a Ukrainian from Slovakia who had been a member of the Presidium since 1968 and was chairman of the party's Ideological Commission. Other hard-liners in the top party leadership included Karel Hoffman, a Central Committee secretary and Presidium member; Antonín Kapek, Presidium member; Jan Fojtík, secretary; Alois Indra, Presidium member and chairman of the Federal Assembly (replaced the National Assembly under 1968 federation law); and, on most issues, Miloš Jakeš, chairman of the Economic Commission and Presidium member. These hard-liners opposed economic and political reforms and took a harsh stand on dissent.

After the 1968 invasion, Husák successfully ruled over what was essentially a coalition of the conservative and hard-line factions within the top party leadership. The method by which he ruled was commonly summed up as "reluctant terror." It involved careful adherence to the Soviet Union's policy objectives and the use of what was perceived as the minimum amount of repression at home necessary to fulfill these objectives and prevent a return to Dubček-style reformism. As one result, the membership of the KSČ leadership has changed very little since 1971. The Sixteenth Party Congress in 1981 reelected the incumbent members of the Presidium and Secretariat and elevated one candidate member, Jakeš, to full membership in the Presidium. The Seventeenth Party Congress in 1986 retained the incumbent Secretariat and Presidium and added three new candidate members to the Presidium. In March 1987, Josef Korčák retired from the Presidium and was replaced by Ladislav Adamec. At the same time, Hoffman, a Presidium member, was also appointed a Central Committee secretary.

Popular control during the era of orthodoxy was maintained through various means. Repeated arrests and imprisonment of persons opposing the regime, such as members of Charter 77 and religious activists, continued throughout the 1970s and into the 1980s (see *Dissent and Independent Activity*, ch. 1). Less coercive

controls, such as punishment through job loss, demotion, denial of employment, denial of educational opportunities, housing restrictions, and refusal to grant travel requests, also prevailed.

Another means by which the Husák regime maintained control was to offer considerable consumer gains as a substitute for the loss of personal freedom. Government policies in the first half of the 1970s resulted in high economic growth and large increases in personal consumption. The widespread availability of material goods placated the general populace and promoted overall acceptance of Husák's stringent political controls. During the late 1970s, however, Czechoslovakia's economy began to stagnate, and the regime's ability to appease the population by providing material benefits diminished.

Although the Husák regime succeeded in preserving the status quo in Czechoslovakia for nearly two decades, it faced in the 1980s both internal and external pressures to reform. Domestically, poor economic performance hindered the government's ability to produce the goods needed to satisfy consumer demands (see Economic Policy and Performance, ch. 3). Pressure for political change continued from activists representing, for example, the Roman Catholic Church and the Charter 77 movement. Externally, Czechoslovakia struggled to find a suitable response to the changes introduced by the new leadership in Moscow. The 1985 election of Mikhail Gorbachev as general secretary of the CPSU precipitated a wave of personnel changes in the Soviet party apparatus and a strong emphasis on exploring new ways to stimulate economic growth. Czechoslovakia's initial response to the reformist trends in the Soviet Union focused on voicing public support for Gorbachev's new programs while steadfastly avoiding introducing similar programs within Czechoslovakia. However, in early 1987, on the eve of Gorbachev's visit to Prague, Husák announced that Czechoslovakia was preparing to implement widespread reforms patterned after the Soviet "restructuring" (*perestroika*) campaign. The Czechoslovak leader did not specify what the reforms might include, but his announcement suggested a significant departure from previous policy and represented an apparent victory for the pro-reform, "pragmatic" wing of the KSČ.

The Communist Party of Czechoslovakia

Founded in 1921, the Communist Party of Czechoslovakia (Komunistická strana Československa—KSČ) was one of some twenty political parties that competed within the democratic framework of the Czechoslovak Republic (also known as the First Republic), but it never gained sufficient strength to be included in that

government (see *Czechoslovak Democracy*, ch. 1). During World War II many KSĊ leaders sought refuge in the Soviet Union, where they made preparations to increase the party's power base once the war ended. In the early postwar period the Soviet-supported Czechoslovak communists launched a sustained drive that culminated in their seizure of power in 1948. Once in control, the KSĊ developed an organizational structure and mode of rule patterned closely after those of the CPSU.

Power is formally held by the National Front of the Czechoslovak Socialist Republic, a coalition in which the KSĊ holds two-thirds of the seats while the remaining one-third are shared among five other political parties. But in fact the KSĊ holds an absolute monopoly on political power, and the other parties within the National Front are little more than auxiliaries. Even the governmental structure of Czechoslovakia exists primarily to implement policy decisions made within the KSĊ. To ensure its monopoly on power, the KSĊ places its members in all policy-making positions within the government.

National Organization

KSĊ organization is based on the Leninist concept of democratic centralism, which provides for the election of party leaders at all levels but requires that each level be fully subject to the control of the next higher unit. Party ideologues assert that democratic centralism is the most important principle in the organizational structure and activity of the party. Accordingly, party programs and policies are directed from the top, and resolutions of higher organs are unconditionally binding on all lower organs and individual party members. In theory, policy matters are freely and openly discussed at congresses, conferences, and membership meetings and in the party press. In practice, however, these discussions merely reflect decisions made by a small contingent of top party officials.

According to party statutes, the supreme KSĊ organ is the party congress, which normally convenes every five years for a session lasting less than one week (see fig. 14). An exception was made with respect to the Fourteenth Party Congress, which was held in August 1968 under Dubček's leadership. This congress was subsequently declared illegal, its proceedings were stricken from party records, and a second "legal" Fourteenth Party Congress was held in May 1971. The Fifteenth Party Congress was held in April 1976; the sixteenth, in April 1981; and the seventeenth, in March 1986.

The party congress theoretically is responsible for making basic policy decisions; in practice, however, it is the Presidium of the Central Committee that holds the decision-making and

policy-making responsibilities. The congress merely endorses the reports and directives of the top party leadership. The statutory duties assigned the party congress include determination of the party's domestic and foreign policies; approval of the party program and statutes; and election of the Central Committee and the Central Control and Auditing Commission, as well as discussion and approval of their reports.

Between congresses the Central Committee is responsible for directing party activities and implementing general policy decisions. Party statutes also provide that the Central Committee functions as the primary arm of KSC̣ control over the organs of the federal government and the republics, the National Front, and all cultural and professional organizations. Party members who hold leading positions in these bodies are responsible directly to the Central Committee for the implementation of KSC̣ policies. In addition, the Central Committee screens nominations for all important government and party positions and selects the editor in chief of *Rudé právo*, the principal party newspaper. The Central Committee generally meets in full session at least twice a year.

Nevertheless, the Central Committee, like the party congress, has rarely acted as more than a rubber stamp of policy decisions made by the party Presidium. (As an exception to this rule, when factional infighting developed within the Presidium in 1968, the Central Committee assumed crucial importance in resolving the dispute and ousted First Secretary Novotný in favor of Dubček.) Generally, decisions on which the Central Committee votes are reached beforehand so that votes taken at the sessions are unanimous.

Central Committee membership increased gradually from the mid-1970s to the mid-1980s. At the Fifteenth Party Congress in 1976, the number of full members in the Central Committee rose from 115 to 121; in 1981, from 121 to 123; and in 1986, from 123 to 135. The number of candidate members rose from forty-five to fifty-three in 1976, to fifty-five in 1981, and to sixty-two in 1986. Of the 135 full members elected in 1986, almost 26 percent were newcomers to the Central Committee, as were approximately 81 percent of the 62 candidate members selected. In terms of composition, the Central Committee normally included leading party and government officials, military officials, and a cross section of outstanding citizens.

The Presidium of the Central Committee, which conducts the work of the party between full committee sessions, formally is elected by the Central Committee; in reality, the top party leaders determine its composition. The Sixteenth Party Congress in 1981 elected

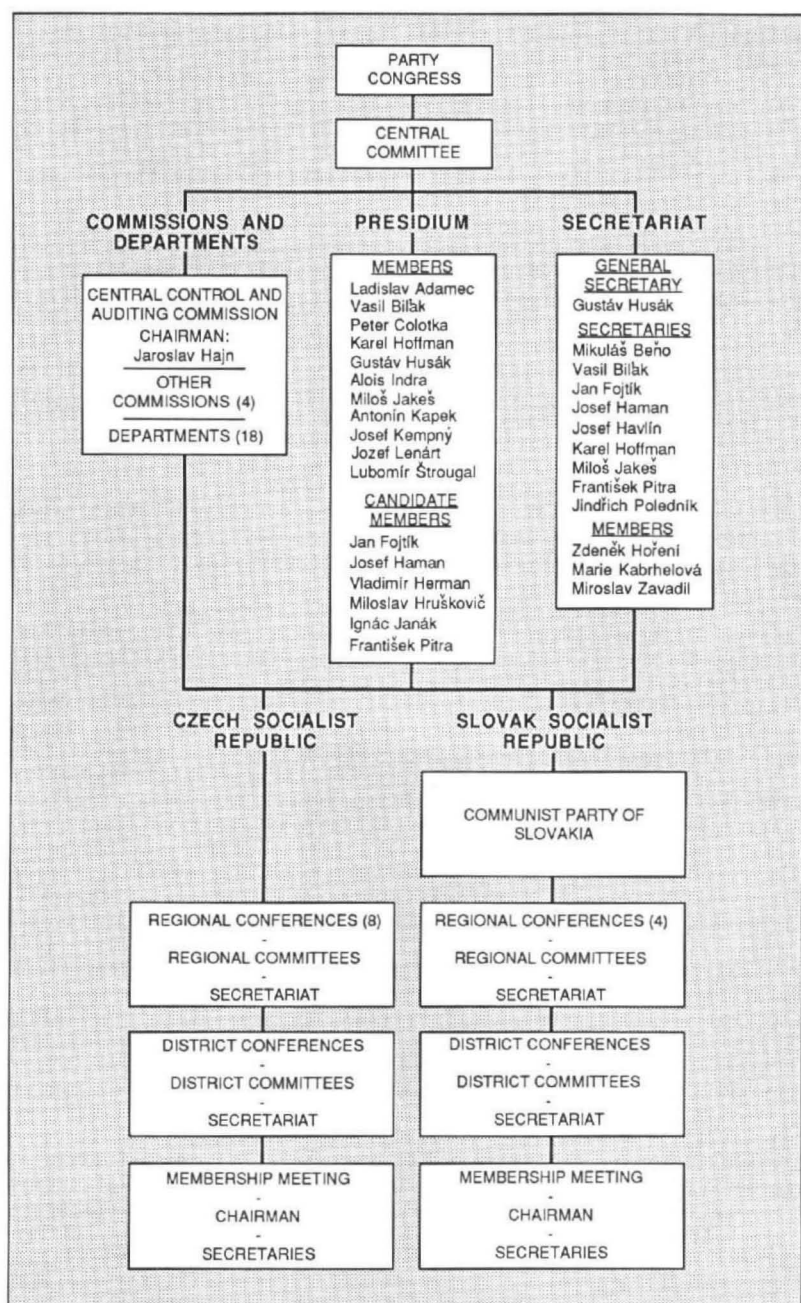


Figure 14. Organization of the Communist Party of Czechoslovakia, with Top Party Officials, 1987

twelve full members and one candidate member to the Presidium. Membership fluctuated between the sixteenth and seventeenth congresses; just before the Seventeenth Party Congress it stood at eleven full members and three candidate members. The Seventeenth Party Congress retained all the incumbents and added three new candidate members.

While the Presidium functions as the highest policy-making authority in the party hierarchy, the Secretariat of the Central Committee acts as the party's highest administrative authority and as the nerve center of the party's extensive control mechanism. The Secretariat supervises the implementation of decisions made in the Presidium, controls the movement up and down the party ladder, and directs the work within the party and government apparatus. Under Husák, the composition of the Secretariat, like that of the Presidium, has remained rather constant, although in 1987 Secretariat membership did increase with the additions of Hoffman as secretary and Miroslav Zavadil as member. The authority and function of the KSČ Presidium and Secretariat continued to be interlocked in 1987 by the dual membership of Husák, Bil'ak, Fojtík, Hoffman, Jakeš, Josef Haman, and František Pitra.

Another important organ in the party hierarchy is the Central Control and Auditing Commission. As its name implies, the commission plays a dual role, overseeing party discipline and supervising party finances. As an organ for the enforcement of party standards, the Central Control and Auditing Commission has frequently wielded its power to suspend or expel "deviant" party members. It was this commission that directed the massive purges in party membership during the early and late 1970s.

Members of the Central Control and Auditing Commission are elected at each party congress (the Seventeenth Party Congress elected fifty-four members). These members then elect from among themselves a chairman, deputy chairmen, and a small presidium. Subunits of the commission exist at the republic, regional, and district levels of the party structure. The enforcement of party discipline down to the local level also involves the People's Control Commission, which is part of the government structure. František Ondříč, the minister-chairman of the People's Control Commission in late 1986, also served on the Central Control and Auditing Commission.

Other KSČ commissions in 1987 included the Agriculture and Food Commission, the Economic Commission, the Ideological Commission, and the Youth Commission. In 1987 the party also had eighteen departments: agitation and propaganda; agriculture, food industry, forestry, and water management; Comecon

cooperation; culture; economic administration; economics; education and science; elected state organs; external economic relations; fuels and energy; industry; transportation and communications; international affairs; mass media; political organization; science and technology; social organizations and national committees; state administration; and a general department. In most instances the party departments paralleled agencies and ministries of the government and supervised their activities to ensure conformity with KSČ norms and programs. Also under the supervision of the Central Committee were two party training centers—the Advanced School of Politics and the Institute of Marxism-Leninism.

Lower-Level Organization

At the republic level the party structure deviates from the government organization in that a separate communist party unit exists in the Slovak Socialist Republic but not in the Czech Socialist Republic. The KSS emerged from World War II as a party distinct from the KSČ, but the two were united after the communist takeover in 1948. The reform movement of the 1960s advocated a return to a system of autonomous parties for the two republics. The Bureau for the Conduct of Party Work in the Czech Lands was created as a counterpart to the KSS, but it was suppressed after the 1968 invasion and by 1971 had been stricken from party records. The KSS remained, however, undoubtedly as a concession to Slovak nationalism. Nevertheless, the KSS functions solely as a regional affiliate of the KSČ. The KSS does not operate as an independent political institution but rather as directed by the Prague party leadership.

The organizational structure and modus operandi of the KSS parallel those of the KSČ. The KSS party congress meets for several days every five years (just before the KSČ party congress). The KSS party congress selects its central committee members and candidate members, who in turn select a presidium, a secretariat, and a first secretary. Jozef Lenárt, selected as KSS first secretary in 1970, still held that position seventeen years later. Following the March 1986 party congress, the KSS Presidium consisted of eleven members; the Secretariat included, in addition to Lenárt, three secretaries and two members; and the Central Committee comprised ninety-five full members and thirty-six candidate members. The KSS in 1986 also had its own Central Control and Auditing Commission, four other commissions, twelve party departments, and one training facility.

The next step down the party hierarchy is the regional level. The KSČ has ten regional subdivisions (seven in the Czech lands, three

in Slovakia) identical to the *kraje*, the ten major governmental administrative divisions. In addition, however, the Prague and Bratislava municipal party organs, because of their size, are given regional status within the KSC. Regional conferences select regional committees, which in turn select a leading secretary, a number of secretaries, and a regional control and auditing commission.

Regional units are broken down into a total of 114 district-level organizations. District conferences are held simultaneously every two to three years, at which time each conference selects a district committee that subsequently selects a secretariat to be headed by a district secretary. In the spirit of democratic centralism, authority and responsibility are delegated from the higher KSC bodies through these successive tiers of the party structure. The regional committees develop the basic programs for the regions and guide the district committees, while the district organizations oversee and direct the local party units.

At the local level the KSC is structured according to what it calls the "territorial and production principle"; the basic party units are organized in work sites and residences where there are at least five KSC members. In enterprises or communities where party membership is more numerous, the smaller units function under larger city, village, or factorywide committees. The highest authority of the local organization is, theoretically, the monthly membership meeting, attendance at which is a basic duty of every member. Each group selects its own leadership, consisting of a chairman and one or more secretaries. It also names delegates to the conference of the next higher unit, be it at the municipal (in the case of larger cities) or district level. Local units are described in party statutes as the basis of all party organization and are given specific responsibilities that include participating in the management of economic enterprises; training and indoctrinating members; developing and disseminating propaganda aimed at nonmembers; participating actively in social, economic, and cultural activities; and employing constructive criticism to improve socialist development and community life.

Membership and Training

Since assuming power in 1948, the KSC has had one of the largest per capita membership rolls in the communist world. Whereas the Leninist guidelines for an elitist party cadre dictate that about 5 percent of the population should be party members, in Czechoslovakia party membership in 1986 comprised approximately 11 percent of the population. The membership roll has often been alleged by party ideologues to contain a large component of

inactive, opportunistic, and ‘counterrevolutionary’ elements. These charges were used on two occasions—between 1948 and 1950 and again between 1969 and 1971—as a pretext to conduct massive purges of the membership. In the first case, the great Stalinist purges, nearly 1 million members were removed; in the wake of the Prague Spring and subsequent invasion, about half that number either resigned or were purged from the KSČ.

Although party leaders did not bemoan the decrease in membership, they did express concern about the effects of the purge on the social and age distribution of the party membership. Although no official statistics were available, unofficial sources claimed that Czechs constituted as many as 90 percent of those purged in the wake of the 1968 invasion. The purges hit especially hard among youth, blue-collar workers, and the intelligentsia within the party membership. As a result, recruitment was especially strong among youth and the working class during the 1970s. It was reported that 90 percent of those enrolled between 1971 and 1976 were under thirty-five years of age and that 62 percent of all new members were classified as workers. The party’s membership efforts in the 1980s focused on recruiting politically and professionally well-qualified people willing to exercise greater activism in implementing the party’s program. Party leaders at the Seventeenth Party Congress in 1986 urged the recruitment of more workers, young people, and women.

Membership in the KSČ is contingent upon completion of a one-year period as a candidate member. Candidate members may not vote or be elected to party committees. In addition to candidates for party membership, there are also candidates for party leadership groups from the local levels to the Presidium. These candidates, already party members, are considered interns training for the future assumption of particular leadership responsibilities.

The indoctrination and training of party members is one of the basic responsibilities of the regional and district organizations, and most of the party training is conducted on these levels. The regional and district units work with the local party organizations in setting up training programs and in determining which members will be enrolled in particular courses of study. On the whole, the system of party schooling has changed little since it was established in 1949. The district or city organization provides weekly classes in the fundamentals of Marxism-Leninism, the history of communism, socialist economics, and the current party position on domestic and international affairs.

Members training for positions as party functionaries attend seminars at the schools for Marxism-Leninism set up in local areas

or at the more advanced institutes for Marxism-Leninism found in Prague, Brno, and Bratislava. The highest level of party training is offered at the Advanced School of Politics in Prague. Designed to train the top echelon of the party leadership, the three-year curriculum has the official status of a university program and is said to be one of the best programs in political science in Eastern Europe. These institutions are under the direction of the KSČ Central Committee.

Auxiliary Parties, Mass Organizations, and Mass Media

The KSČ is grouped together with the KSS, four other political parties, and all of Czechoslovakia's mass organizations under the political umbrella of the National Front of the Czechoslovak Socialist Republic. Founded in 1945 to coordinate the coalition of ruling parties, the National Front became subordinate to the KSČ after the 1948 coup. Since then the National Front has functioned as a conveyor of KSČ policy directives to the other political parties and mass organizations. An important function of the National Front is to nominate all candidates for public office and to supervise elections. Individuals running for public office need not be communist, but all candidates must be approved by the National Front. Thus, National Front candidates typically receive more than 99 percent of the votes (voters in Czechoslovakia have the right to refrain from marking their ballots if they do not want to vote for any of the National Front candidates; however, few voters exercise that right for fear of official reprisal).

The National Front in the 1980s included two Czech noncommunist parties and two Slovak noncommunist parties. The Czechoslovak Socialist Party, which had approximately 17,000 members in 1984, drew most of its membership from the former urban middle class and white-collar workers. The Czechoslovak People's Party, which had about 66,000 members in 1984, was primarily Roman Catholic and rurally based. The two Slovak parties, the Slovak Revival Party and the Slovak Freedom Party, were very small and drew their support from the peasant population and Roman Catholics. Each party was organized along the lines of the KSČ, having a party congress, central committee, presidium, and secretariat. Other than having a small number of seats in the Czech National Council, Slovak National Council, and the Federal Assembly, these parties had little input into governmental affairs. They served as auxiliaries of the KSČ and in no way represented an alternative source of political power.

The National Front also grouped together a myriad of mass organizations in the workplace, at schools, and in neighborhoods.

Although mass organizations permeated nearly all aspects of social organization, the most important consisted of trade unions, women's groups, and youth organizations. Whereas in noncommunist nations such organizations act partly as political interest groups to put pressure on the government, in Czechoslovakia the mass organizations have acted as support groups for the KSČ and as channels for the transmission of party policy to the population at large. This is evidenced by the fact that KSČ officials direct the mass organizations at virtually every level.

The Revolutionary Trade Union Movement, which claimed over 7.5 million members in 1984, combined trade unions of workers in virtually every productive capacity. In 1987 its president, Miroslav Zavadil, also chaired its governing body, the Central Council of Trade Unions. The organization of the Central Council of Trade Unions is similar to that of the KSČ in that it consists of a central committee that selects a secretariat and a presidium. In addition to the chairman, the Central Council of Trade Unions has two deputy chairmen. In the spirit of federalized bureaucratic structures that permeated Czechoslovak political organization in the 1970s, the Czech Council of Trade Unions and the Slovak Council of Trade Unions were created.

The Czechoslovak Union of Women, which had about 1 million members in 1984, was chaired in 1987 by Marie Kabrhelová. Its structure includes the familiar secretariat and presidium and a central auditing and control commission. Like the trade union governing organization, the Czechoslovak Union of Women oversees the Czech Union of Women and the Slovak Union of Women. In 1986 Vasil Mohorita headed the Czechoslovak Socialist Union of Youth, which in 1983 claimed over 1.5 million members. A branch organization for youth from eight to fifteen years of age is known as the Pioneers. The aim of both groups is to indoctrinate youth in socialist values and prepare them for membership in the KSČ. Other mass organizations include the Union of Agricultural Cooperatives, the Union of Anti-Fascist Fighters, the Union for Cooperation with the Army, the Peace Committee, and the Physical Culture Association.

As in all East European communist countries, the mass media in Czechoslovakia are controlled by the party. Private ownership of any publication or agency of the mass media is generally forbidden, although churches and other organizations publish small periodicals and newspapers. Even with this informational monopoly in the hands of organizations under KSČ control, all publications are reviewed by the government's Office for Press and Information. Censorship was lifted for three months during the 1968 Prague

Spring but afterward was reimposed under the terms of the 1966 Press Law. The law states that the Czechoslovak press is to provide complete information, but it must also advance the interests of socialist society and promote the people's socialist awareness of the policy of the communist party as the leading force in society and state.

The chief newspaper of the KSČ is the Prague daily, *Rudé právo*, which, with a circulation of 900,000, is the most widely read and most influential newspaper in the country. Its editor in 1987 was Zdeněk Hoření, a member of the Secretariat of the KSČ Central Committee. Its sister publication, Bratislava's, *Pravda*, is the organ of the KSS. Other Prague dailies with large circulations are *Lidová demokracie*, published by the Czechoslovak People's Party; *Mladá fronta*, published by the Czechoslovak Socialist Union of Youth; *Práce*, published by the Central Council of Trade Unions; and *Svobodné Slovo*, published by the Czechoslovak Socialist Party.

Government concern about control of the mass media is such that it is illegal to own a duplicating machine or to reproduce more than eleven copies of any printed material. Nevertheless, a fairly wide distribution of underground publications (popularly known as samizdat throughout Eastern Europe and the Soviet Union) that were established during the Nazi occupation continued throughout communist rule into the 1980s.

The Czechoslovak Press Agency (Československá tisková kancelář—ČTK) receives a state subsidy and is controlled by the federal government through its Presidium. The government also controls several domestic television and radio networks. In addition, many citizens in Czechoslovakia have been able to pick up broadcasts from foreign radio and television stations, both from communist Poland and Hungary and from noncommunist countries like Austria and the Federal Republic of Germany (West Germany). The Voice of America and the British Broadcasting Corporation also have had sizable audiences in Czechoslovakia, and their broadcasts have been subject to only occasional jamming. Radio Free Europe broadcasts, however, were extensively jammed.

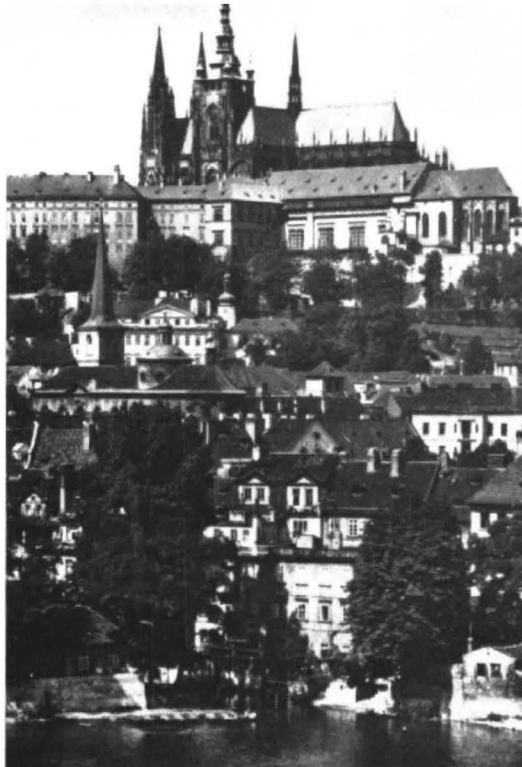
Constitutional Development

The Constitution promulgated on July 11, 1960, was the nation's second post-World War II constitution, and, though extensively revised through later amendments, it continued in effect in 1987. It replaced the 1948 constitution (often called the Ninth-of-May Constitution), which had come into force shortly after the communist seizure of power. The 1948 constitution established the vanguard role of the KSČ within the Czechoslovak state and

government administration under the Leninist principle of democratic centralism. It also granted a degree of autonomy to Slovakia, which was given its own legislative body and governmental structure, although these were made subordinate to the central authorities in Prague. The most important change in the 1960 Constitution was that it severely limited the autonomy granted Slovakia. The executive branch of the Slovak government was abolished and its duties assigned to the Presidium of the Slovak National Council, thus combining executive and legislative functions into a single body. The National Assembly of the central government was given authority to overrule decisions of the Slovak National Council, and central government agencies took over the administration of the major organs of Slovak local government. The 1960 Constitution reaffirmed that the KSČ is the "proven vanguard of the working class" and that the governing of society and the state should continue to be in accordance with the principle of democratic centralism. It further declared that "socialism has triumphed in our country" and that "we are proceeding toward the construction of an advanced socialist society and gathering strength for the transition to communism." It also acknowledged "our great ally, the fraternal Union of Soviet Socialist Republics." Accordingly, the name of the nation was changed from the Czechoslovak People's Democracy to the Czechoslovak Socialist Republic.

The 1960 Constitution consists of a preamble and 112 articles divided into 9 groupings called chapters. Chapter 1, titled "The Social Order," describes Czechoslovakia as "a unitary State of two fraternal nations possessing equal rights—the Czechs and the Slovaks." Article 2 states that "all power in the Czechoslovak Socialist Republic shall belong to the working people." State power will be exercised "through representative bodies which are elected by [the working people], controlled by them, and accountable to them." Principles of the socialist economic system, "in which the means of production are socially owned and the entire national economy directed by plan," are also laid out. Socialist ownership takes two forms: state ownership of natural resources, the means of industrial production, public transportation and communications, banks and insurance firms, and health, educational, and scientific facilities; and cooperative ownership, which is the property of people's cooperatives. Small private enterprises "based on the labor of the owner himself and excluding exploitation of another's labor" are permitted. Personal ownership of consumer goods, homes, and savings derived from labor is guaranteed, as is inheritance of such property.

*Hradčany, traditional seat
of the Czechoslovak
government, and the Malá
Strana section, Prague*



Chapter 2 describes the rights and duties of citizens. Equal rights regardless of nationality, race, or sex are guaranteed. Education is free and compulsory to the age of sixteen; citizens of Hungarian, Ukrainian, and Polish origin are ensured “every opportunity and all means for education in their mother tongue.” Lifetime medical care and material security in old age and in case of disability are guaranteed. Freedom of speech and of the press “consistent with the interests of the working people” are guaranteed. Also guaranteed is the “right to profess any religious faith or to be without religious conviction, and to practice religious beliefs insofar as this does not contravene the law.” Citizens are duty bound to serve in the armed forces, and conscientious objection based on religious conviction is specifically prohibited.

On October 27, 1968, the promulgation of the Constitutional Law of Federation amended fifty-eight articles of the Constitution concerning the structure of government. Again the reform concerned Slovak autonomy; the concentration of governmental authority in Prague was a source of discontent within Slovakia throughout the 1960s, and the federalization of the Czechoslovak government codified in the 1968 constitutional amendments was virtually the only product of the reform movement associated with the Prague Spring to survive. The Czechoslovak state was declared to be composed of “two equal fraternal nations,” the Czech Socialist Republic and the Slovak Socialist Republic, each with its own

national administration paralleling and, at least in theory, equal in status to the federal government. Dual citizenship was established, and many of the former functions of the central government were instead placed under the jurisdiction of the two national governments. The federal government retained exclusive jurisdiction over foreign affairs, national defense, federal reserves, and national resources and held joint jurisdiction in a number of other matters, but the extent of the federalization reform was remarkably vast.

The most significant and lasting change under the 1968 constitutional law was the replacement of the unicameral National Assembly with a bicameral legislature known as the Federal Assembly (see fig. 15). The two bodies, given equal authority, were the Chamber of the People, which was identical to the old National Assembly, and the Chamber of the Nations, which contained an equal number of Czechs and Slovaks. This institutional reform, together with a provision that certain decisions required the majority consent of each half (Czech and Slovak) of the Chamber of the Nations, was designed to end Slovak fear of Czech domination of the legislative branch of the government.

It soon became clear, however, that many aspects of the 1968 federalization were politically, as well as administratively, impractical. Political power remained firmly centralized in the KSČ (proposals to federalize the party were dropped after the 1968 invasion), and the administration of two economic systems, two police systems, and the like proved unworkable. July 1971 amendments to the 1968 Constitutional Law of Federation unified the administration of these and other government functions, ended the practice of dual citizenship and, most important, authorized the federal government to interfere with and invalidate measures of the national governments. Although most of the structures of the 1968 reform remained intact, observers of the Czechoslovak system of government in the 1970s agreed that federalism remained little more than a facade after the enactment of the 1971 constitutional amendments. In May 1975, the 1968 Constitutional Law of Federation was further amended to allow Husák to take over the presidency from the ailing Ludvík Svoboda. At the Seventeenth Party Congress in 1986, Husák called for the preparation of a new constitution to replace the 1960 document.

Government Structure

In 1987 the government structure was based on the amended 1960 Constitution, which identifies the Czechoslovak Socialist Republic as a federative state of two equal fraternal nations. The Constitution stipulates the creation of separate government

structures for the Czech Socialist Republic, located in Prague, and the Slovak Socialist Republic, situated in Bratislava. These republic governments share responsibility with the federal government in areas such as planning, finance, currency, price control, agriculture and food, transportation, labor, wages, social policy, and the media. The central government, located in Prague, has exclusive jurisdiction over foreign policy, international relations, defense, federal stockpiles, federal legislation and administration, and the federal judicial system.

Government institutions in Czechoslovakia perform legislative, executive, and judicial functions. The Constitution clearly defines the responsibilities for making and implementing policy that each branch of government holds. In reality, however, all decisions of state are made by the communist party. Government organs exist purely to administer the party program.

The Legislature

The highest legislative institution is the Federal Assembly, which Chapter 3 of the Constitution recognizes as "the supreme organ of state power and the sole statewide legislative body." The Federal Assembly is divided into two equal chambers, the Chamber of the People and the Chamber of the Nations. The Chamber of the People reflects a system of proportional representation: in 1986 it included 134 deputies from the Czech Socialist Republic and 66 deputies from the Slovak Socialist Republic. The Chamber of Nations has 150 members, 75 from each republic. Deputies are selected through popular elections and serve five-year terms of office; all 350 serve concurrently.

After an election each chamber meets to select its own presidium consisting of three to six members. Together, the chambers elect the forty-member Presidium of the Federal Assembly, which serves as the legislative authority when the assembly is not in session. A joint session of the Federal Assembly selects its chairman and vice chairman. In 1987 Alois Indra served as chairman, a post to which he had been appointed in 1971.

The Federal Assembly meets in regular session at least twice a year, in the spring and fall. Legislation presented to the assembly at these sessions must be approved by both chambers and in some cases requires a majority vote by both the Czech and the Slovak deputies in the Chamber of the Nations. Constitutionally, the Federal Assembly has exclusive jurisdiction in all matters of foreign policy, fundamental matters of domestic policy, the economic plan, and supervision of and control over the executive branch of government. In practice, however, its function is largely confined to

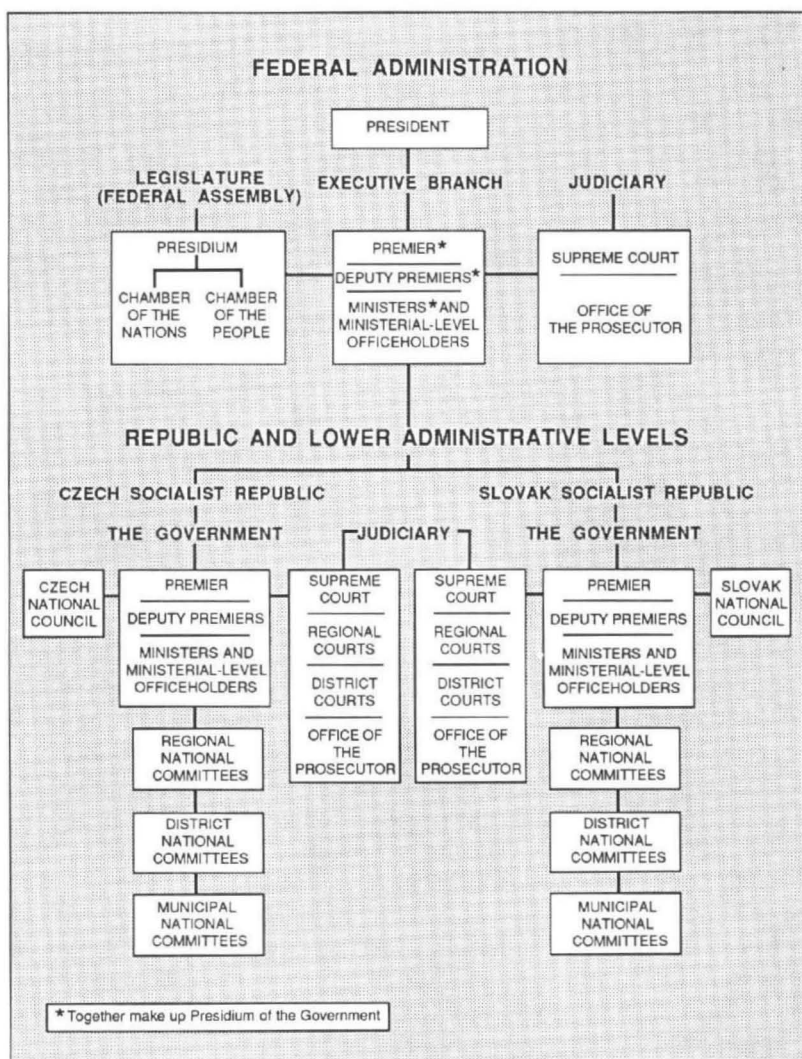


Figure 15. Government Organization, 1987

approving measures placed before it by the KSČ. Laws in Czechoslovakia are decided at the highest level of the communist party and presented to the Federal Assembly for its unanimous approval.

The Executive Branch

The executive branch of government consists of the president, the premier, a number of deputy premiers, and the federal

ministers. According to the Constitution, the president is elected by the Federal Assembly to a five-year term of office. In practice, the president is first selected by the KSČ leadership and then “officially” voted into office by the Federal Assembly. As head of state, the president represents the nation in diplomatic affairs, receives and appoints envoys, convenes the Federal Assembly, and signs laws into force. He is commander in chief of the armed forces and is empowered to appoint or remove the premier, other members of the executive, and other high civilian and military officials. There is no vice president; rather, the Constitution provides that if the presidential office becomes vacant, the premier will be entrusted with the president’s duties until the Federal Assembly elects a new president.

The premier, the deputy premiers (numbering ten in 1987), and the federal cabinet ministers are collectively termed “the government,” which is constitutionally defined as “the supreme executive organ of state power.” All are chosen by the Central Committee of the KSČ and formally appointed by the president. If both chambers of the Federal Assembly vote to censure any or all members of the government, the president is obliged to remove those members. The premier, deputy premiers, and ministers collectively form the Presidium of the Government of the Czechoslovak Socialist Republic. This Presidium supervises and controls the activities of the federal ministries, commissions, and other departments. These Presidium functions appear to correspond to the purpose of the government as stated in the Constitution, which is to ensure the implementation of laws enacted in the Federal Assembly and to coordinate, direct, and control activities in the federal ministries and other federal offices.

Federal ministers are important administrators, but they lack the political weight of their counterparts in most noncommunist countries. The number of ministries and the division of responsibilities among them have varied over time. In August 1986 there were thirteen federal ministries: agriculture and food; communication; electrotechnical industry; finance; foreign affairs; foreign trade; fuels and power; general engineering; interior; labor and social affairs; metallurgy and heavy engineering; national defense; and transportation. In addition, five individuals held positions that granted them ministerial status. These include the minister-chairmen of the Federal Price Office and the People’s Control Commission, the chairman of the State Planning Commission, and the minister-deputy chairmen of the State Planning Commission and the State Commission for Research and Development and Investment Planning. These ministerial and ministerial-level positions

within the government parallel similar organs within the KSČ, where policy is actually formed before it is enacted by federal government officials.

The Judiciary

The highest judicial organ at the federal level is the Supreme Court of Czechoslovakia. Supreme Court judges are elected by the Federal Assembly to serve ten-year terms of office. The Federal Assembly also selects a chairman and vice chairman of the Supreme Court. If the chairman is from the Czech Socialist Republic, the vice chairman must be from the Slovak Socialist Republic, and vice versa. The two republics must be represented by an equal number of Supreme Court judges. Below the Supreme Court of Czechoslovakia are the Supreme Court of the Czech Socialist Republic and the Supreme Court of the Slovak Socialist Republic.

Below the supreme court of each republic are regional and district courts. District courts (one in each district) are the courts of general civil jurisdiction and limited criminal jurisdiction and are presided over by one professional judge and two lay judges (there are no juries in the Czechoslovak judicial system). Regional courts (one in each *kraj*) are located in the capitals of each of Czechoslovakia's ten *kraje* and in Prague. They function as appellate courts and also have jurisdiction over trials in serious criminal cases where imprisonment exceeding five years may be imposed. Regional and district professional judges are chosen by the Czech National Council and the Slovak National Council; lay judges are chosen by district national committees. The Supreme Court of the Czech Socialist Republic and the Supreme Court of the Slovak Socialist Republic serve as appellate courts for their respective regional courts and also hear petitions for breach of law against decisions by the lower courts. The supreme courts of the two republics decide in panels of three professional judges.

Petitions for breach of law against decisions of the republic supreme courts are heard in the Supreme Court at the federal level. In addition to serving as the nation's final court of appeals, the Supreme Court of Czechoslovakia examines the legality of decisions of the federal government and, in general, ensures the uniform interpretation of the laws. It also hears requests for recognition of foreign judgments in Czechoslovakia. The decisions of the Supreme Court emanate from "benches," which comprise the Supreme Court chairman and selected professional judges. The Supreme Court also acts as the final court of appeal in military cases, although below the Supreme Court level military cases are handled in military courts, which are distinct from civil courts.

Another powerful arm of the judiciary is the Office of the Prosecutor. The general prosecutor, a federal officer, is appointed and removed by the president. In addition to the federal office, an Office of the Prosecutor exists for each republic. The republic office is administered by the republic Ministry of Justice. Prosecutors are responsible for supervising the observance of laws and legal regulations by public bodies and individual citizens. The Office of the Prosecutor is responsible for prosecuting both criminal and civil cases. Prosecutors may recommend modification or repeal of laws, and they have the right to summon citizens to appear before them.

Republic and Lower Administrative Levels

The administrative units of Czechoslovakia's two republics are, in each instance, a unicameral legislative body called the national council, an executive branch known as the government, and a judiciary consisting of a supreme court and an office of the prosecutor. Like its corresponding federal government unit, the Federal Assembly, the national council is described as the highest organ of state power in the republic, whereas the government is the "supreme executive authority." The 1968 constitutional amendments that created the two republican, or "national," governmental units initiated a truly federal system of government, which flourished briefly. Since that time, revisions of and deviations from the 1968 amendments have made the two national governments clearly subordinate to the federal governmental structure in Prague. This is apparent both in legislation, such as a 1971 law that authorized the federal government to interfere with and invalidate republican government initiatives, and in the interlocking responsibilities of certain officials within the two levels of government. For example, the premier of each republic is a deputy premier in the federal government, and the chairman of each national council is a member of the Presidium of the Federal Assembly.

Because of the numerical superiority of the Czech population, the Czech National Council has 200 representatives and the Slovak National Council only 150. Except for the difference in the number of deputies, the provisions of the federal Constitution apply equally to the national councils of each republic: deputies are elected to five-year terms of office; the national councils must hold at least two sessions annually; and each national council elects its own presidium (fifteen to twenty-one members in the Slovak National Council and up to twenty-five members in the Czech National Council), which is empowered to act when the full national council is not in session.

In each of the two republics the executive branch consists of a premier, three deputy premiers, and a number of ministers. Both the Czech and the Slovak governments have ministers of agriculture and food, construction, culture, development and technology, education, finance, forestry and water resources, health, industry, interior, justice, labor and social affairs, and trade. The chairmen of the State Planning Commission and the People's Control Commission also hold ministerial status in each republic; the government of the Czech Socialist Republic includes, in addition, two ministers without portfolio.

Below the level of the republics (the national administrations), Czechoslovakia is divided into 10 *kraje*, 114 districts, and several thousand municipal and local units. The principal organs of government at these levels, known as national committees, function in accordance with the principle of democratic centralism. The 1968 Constitutional Law of Federation specifies that the national governments direct and control the activities of all national committees within their respective territories.

The system of national committees was established at the close of World War II by the then-existing provisional government and was used by the communists as a means of consolidating and extending their control. On the local level, the membership of the national committees consists of from fifteen to twenty-five persons. National committees on the higher levels are proportionately larger: national committees at the district level have from 60 to 120 members, and national committees at the *kraj* level have between 80 and 150 members. National committee members are popularly elected for five-year terms of office. Each national committee elects a council from among its membership. The council, composed of a chairman, one or more deputy chairmen, a secretary, and an unspecified number of members, acts as the coordinating and controlling body of the national committee. To expedite the work of the national committee, the council establishes commissions and other subcommittees and can issue decrees and ordinances within its area of jurisdiction.

The national committees on the local level are assigned particular areas of jurisdiction, including maintaining public order and organizing the implementation of the political, economic, and cultural tasks assigned by the KSČ and the federal government. The Constitution charges the national committees with the responsibility of organizing and directing the economic, cultural, health, and social services in their areas. The committees must also "ensure the protection of socialist ownership" and see that the "rules of socialist conduct are upheld."



Town Hall, Plzeň

Electoral System

Elections in Czechoslovakia are held not to offer the electorate an opportunity to participate in a democratic choice of their government representatives but to confirm the representatives chosen by the KSČ hierarchy. The July 1971 electoral law lengthened the time between elections from four to five years (1971, 1976, 1981, 1986, and so forth) and designated that they take place in the fall, so that each election comes shortly after the party congress in the spring. The 1971 law replaced a 1967 electoral law that allowed the electorate to participate in the choice of candidates; the 1967 law was never applied because the 1968 elections were postponed by the August invasion. The November 1971 elections, then, were the first to be held since 1964. These, like every election, proposed single slates of candidates for the Federal Assembly, the two national councils, and the regional, district, and municipal national committees. The voter may cross out (disapprove) or not cross out (approve) the name of any or all official candidates nominated by the National Front. Polling booths are rarely used, and voting is often carried out collectively by the work force of each enterprise or by other groups of the population.

The 1971 elections were preceded by a concerted effort by a group of dissidents calling themselves the Socialist Movement of Czechoslovak Citizens to urge citizens to boycott the elections or cross off official names in protest of the undemocratic character of the 1971 election law. Official election results, nevertheless, showed that 99.5 percent of the 10.3 million eligible voters did cast ballots, and of these, some 99.8 percent voted for the official candidates. Following the election, rumors circulated that, in fact, up to 10 percent of the population had not voted and that between 10 and 25 percent of the voters had crossed out official names. Whatever the case, after the election some 200 persons associated with the Socialist Movement of Czechoslovak Citizens were arrested. Trials were held during July and August 1972, at which 47 persons were sentenced to a total of 118 years in prison.

In elections held in May 1986, Czechoslovak officials reported that 99.4 percent of registered voters participated in the Federal Assembly elections, and 99.9 percent of the total vote cast went to National Front candidates. Similar results were reported in the elections for the Czech National Council and the Slovak National Council and in the lower-level national committees.

Popular Political Expression

Evaluating public opinion within such a rigid and closed political climate is difficult. Following the 1968 invasion, information

emanated largely from Czechoslovak émigrés and Western visitors to Czechoslovakia. Czechoslovak citizens risked official retaliation by speaking openly about political matters. Such sources were remarkably consistent, nevertheless, in reporting that the Husák government held the active support of some 10 percent of the population. One study conducted by a group of “former” sociologists in 1974 found that active support existed among 10 to 15 percent of the population. This group, according to the study, consisted of persons involved in the Stalinist repression who feared that a liberal regime would force them to account for their crimes, as well as paid party bureaucrats, old-age pensioners, careerists, “parasites” who would serve any regime, and a handful of extremist communist ideologues. One observer noted that “there has not been such a gap between the ruler and the ruled since the Nazi occupation.”

Reaction to Normalization

The absence of popular support for the Husák leadership was an inevitable reaction to the repressive policies instituted during the normalization process. Early post-invasion efforts to keep alive the spirit of the Prague Spring were quashed through a series of subversion trials in 1972 that led to jail sentences ranging from nine months to six and one-half years for the opposition leaders. Czechoslovak citizens over the age of fifteen were required to carry a small red identification book, containing an array of information about the individual and a number of pages to be stamped by employers, health officials, and other authorities. All citizens also had permanent files at the office of their local KSC neighborhood committee, another at their place of employment, and another at the Ministry of Interior.

The most common attitudes toward political activity since the 1968 invasion have been apathy, passivity, and escapism. For the most part, citizens of Czechoslovakia retreated from public political concern during the 1970s into the pursuit of the private pleasures of consumerism. Individuals sought the material goods that remained available during the 1970s, such as new automobiles, houses in the country, household appliances, and access to sporting events and entertainment. As long as these consumer demands were met, the populace for the most part tolerated the stagnant political climate.

Another symptom of the political malaise during the 1970s was the appearance of various forms of antisocial behavior. Petty theft and wanton destruction of public property reportedly were widespread. Alcoholism, already at levels that alarmed officials,

increased; absenteeism and declining worker discipline affected productivity; and emigration, the ultimate expression of alienation, surpassed 100,000 during the 1970s.

Charter 77

The most prominent opposition to the process of normalization has been the movement known as Charter 77. The movement took its name from the title of a document initially circulated within Czechoslovakia in January 1977 (see Appendix D). Originally appearing as a manifesto in a West German newspaper and signed by 243 Czechoslovak citizens representing various occupations, political viewpoints, and religions, the document by the mid-1980s had been signed by 1,200 people. Charter 77 criticized the government for failing to implement human rights provisions of a number of documents it had signed, including the Czechoslovak Constitution, the Final Act of the 1975 Conference on Security and Cooperation in Europe (Basket III of the Helsinki Accords), and United Nations covenants on political, civil, economic, and cultural rights. The document also described the signatories as a "loose, informal, and open association of people . . . united by the will to strive individually and collectively for respect for human and civil rights in our country and throughout the world." It emphasized that Charter 77 is not an organization, has no statutes or permanent organs, and "does not form the basis for any oppositional political activity." This final stipulation was a careful effort to stay within the bounds of Czechoslovak law, which makes organized opposition illegal.

The government's reaction to the appearance of Charter 77, which circulated in samizdat form within Czechoslovakia and was published in full in various foreign newspapers, was harsh (see *Police Repression*, ch. 5). The official press described the manifesto as "an antistate, antisocialist, and demagogic, abusive piece of writing," and individual signers were variously described as "traitors and renegades," "a loyal servant and agent of imperialism," "a bankrupt politician," and "an international adventurer." Several means of retaliation were used against the signers, including dismissal from work, denial of educational opportunities for their children, suspension of drivers' licenses, forced exile, loss of citizenship, and detention, trial, and imprisonment.

The treatment of the signers of Charter 77 prompted the creation in April 1978 of a support group, the Committee for the Defense of the Unjustly Persecuted (*Výbor na obranu nespravedlivě stíhaných—VONS*), to publicize the fate of those associated with the charter. In October 1979 six leaders of this support group,

including Václav Havel, were tried for subversion and sentenced to prison terms of up to five years.

Repression of Charter 77 and VONS members continued in the 1980s. Despite unrelenting discrimination and arrests, however, the groups continued to issue reports on the government's violations of human rights. These documents remained an important source of information on Czechoslovakia's internal affairs.

Religious Activists

Another aspect of popular political expression during the 1970s and 1980s was religious activism. Czechoslovakia during this time witnessed what was described as a "rebirth of religious faith," especially noticeable among Czechoslovak youth, and greater activism on the part of the Roman Catholic Church. The former was manifested by an increase in young people's church attendance and overall participation in church-related activities. The latter was reflected in a greater number of "underground" church services, greater Catholic clergy and lay involvement in the Charter 77 movement, widespread dissemination of Catholic samizdat publications, and a shift in the position of the church's hierarchy regarding church-state relations. Since the election of a Polish cardinal as pope, the Czech primate, František Cardinal Tomášek, has taken a more independent stand. He has condemned the Czechoslovak Association of Catholic Clergy (more commonly known as *Pacem in Terris*), the pro-regime organization of priests, arguing the importance of peace and human rights at the government-sponsored Prague World Peace Assembly in 1983; and increased his support of Charter 77.

Government reaction to the religious activists has been harsh. Repression against the clergy, including arrests, trials, imprisonment, and even raids against homes for elderly priests and nuns, reportedly increased in the 1980s. Also, government restrictions on religious education, church publications, and the number of priests were enforced vigorously. Undoubtedly fearful of its potential impact, the Husák government rejected Pope John Paul II's acceptance of Cardinal Tomášek's 1984 invitation to visit Czechoslovakia.

Foreign Relations

Nowhere is the Soviet Union's overwhelming influence on Czechoslovakia more evident than in foreign relations. Since as far back as 1947, when the Klement Gottwald cabinet succumbed to Soviet pressure and withdrew its announced participation in the Marshall Plan, Czechoslovakia has followed Moscow's lead in

international affairs. Unlike the communist regimes in Yugoslavia and Romania, no Czechoslovak regime since 1948 has deviated significantly from Soviet foreign policy. Even the Dubček government, though seeking reform in economic and domestic political matters, emphasized during its abbreviated existence that it did not advocate a significant change in its foreign policy tenets and alliances.

In the late 1980s, Czechoslovakia's alliances with the Soviet Union and other East European communist states remained the dominant factor influencing Czechoslovak foreign policy. The Husák regime showed little foreign policy initiative, opting instead to echo the Soviet position on every major issue, as it had done for eighteen years. Czechoslovakia's conduct of foreign policy reflected its determination to maintain at all costs the political, economic, and military unity of the socialist bloc.

Policy Making and Administration

The principal foreign policy decision-making body is the KSČ. Within the party the decision-making responsibility resides in the Presidium of the KSČ Central Committee, which is aided by the party's Department of International Affairs. The department provides pertinent information and policy recommendations to the Presidium, channels the party's decisions to the appropriate government agencies, and supervises the implementation of policy.

The extent of Soviet influence on Czechoslovakia's foreign policy suggests that major policy decisions by the party hierarchy receive prior approval from Moscow. The precise mechanics of Soviet control are not certain, but it is likely that Moscow exercises its authority through frequent bilateral and multilateral consultations involving high-level party and government officials. Czechoslovak and Soviet officials met frequently throughout the 1970s and the first half of the 1980s in sessions that included ad hoc summit meetings, sessions of the Warsaw Pact's Political Consultative Committee, Comecon meetings, Soviet and East European party congresses, bilateral meetings between party leaders, and lower level policy meetings, such as those of the Council of Foreign Ministers of the Warsaw Pact. The continued presence in Czechoslovakia of five ground divisions and two air divisions of Soviet troops undoubtedly contributed to Soviet influence.

Within the federal system of government, the bulk of administrative responsibility for foreign affairs falls on the Ministry of Foreign Affairs and, to a lesser extent, on the Ministry of Foreign Trade. These ministries are under the supervision of the premier in his role as head of government. The president, however, as head



*Mikhail Gorbachev meeting with
Gustáv Husák during a 1987 visit to Czechoslovakia
Courtesy Czechoslovak Life*

of state, not only chooses the premier and ministers of foreign affairs and foreign trade but is also constitutionally mandated to represent the nation in its external relations and to appoint diplomatic envoys. Committees on foreign relations exist in both chambers of the Federal Assembly. Sometimes these committees are given specific assignments in policy analysis and serve as channels through which the regime submits foreign policy legislation to the assembly. All foreign policy legislation requires passage by both chambers of the Federal Assembly.

The central organ for implementation of foreign relations, the Ministry of Foreign Affairs, is charged with the direction, coordination, and implementation of foreign policy and the protection of Czechoslovak national interests in international affairs. It also has a role as a coordinating agency for other federal and republic organs; it is supposed to provide them with knowledge of the government's foreign policies and to ensure their cooperation with those policies. In 1987 the ministry was organized into ten geographic departments, ten functional and administrative sections, two training institutes, and one international relations society. Each of the subdivisions was headed by a director and a deputy director. The entire operation of the ministry functioned under the direction of the minister of foreign affairs (in early 1987 Bohuslav Chřoupek,

who had assumed the post in 1971), a first deputy minister, five additional deputy ministers, and offices for the minister's secretariat and general secretariat.

The ministry's administrative sections in 1987 included administration of foreign cultural establishments; services to the diplomatic corps; basic foreign policy questions; consuls; cultural, educational, scientific, and health relations; diplomatic protocol; international economics; international law; international organizations; and press. Also under the Ministry of Foreign Affairs were the Institute of International Relations (for which the Central Committee of the KSČ holds joint responsibility), the Czechoslovak Foreign Institute, and the Czechoslovak Society for International Relations.

The Ministry of Foreign Trade is considerably smaller than the Ministry of Foreign Affairs. In 1987 it was led by a minister, two first deputy ministers, and seven other deputy ministers. It also contained departments organized according to geographic region, economic system, and level of economic development. Other components of this ministry included the Central Customs Administration and the Legal Affairs Department.

Relations with Communist Nations

Central to Czechoslovakia's relations with communist nations in the late 1980s was its relationship with the Soviet Union. In his address to the Seventeenth Party Congress in March 1986, Husák reasserted the importance Czechoslovakia attaches to its alliance with the Soviet Union. The party chief reconfirmed the "lasting significance of the alliance, friendship, and cooperation with the USSR for vital interests of the Czechoslovak people and for safeguarding the security of our state." That alliance, which Husák described as "based on mutual respect and understanding and on the identity of views between our communist parties on all the fundamental questions," represents the "safeguard on which we rest all our plans and perspectives."

Soviet influence in Czechoslovak foreign affairs was institutionalized after 1948 through the economic alliance of the Council for Mutual Economic Assistance (Comecon), founded in 1949, and the Warsaw Pact military alliance, founded in 1955 and renewed in 1985 (see Appendix B; Appendix C). The framework for Soviet influence was expanded with the 1968 introduction of the so-called Brezhnev Doctrine of limited sovereignty and the 1970 Treaty of Friendship, Cooperation, and Mutual Assistance between Czechoslovakia and the Soviet Union. Devised as a Soviet justification of the 1968 invasion of Czechoslovakia, the Brezhnev Doctrine

asserts the right of military intervention by Warsaw Pact forces whenever one of the member countries is perceived by Moscow to be threatened either internally or externally, or whenever events in one of these nations are perceived to endanger the socialist alliance. Shortly after the invasion, Czechoslovak officials effectively endorsed the doctrine when they explained that the Warsaw Pact troops "decided to render internationalist assistance to Czechoslovakia" after receiving appeals for help from "party and state leaders, communists, and working people of Czechoslovakia." The 1970 friendship treaty, among other provisions, legitimized the invasion and the ongoing stationing of Soviet troops on Czechoslovak soil and bound Czechoslovakia to support any war engaged in by the Soviets.

Since coming to power in 1969, the Husák regime has pursued one fundamental objective in its relations with the Soviet Union: to maintain its position as a loyal ally and a staunch defender of Soviet policies. In pursuing this goal, Czechoslovak officials have downplayed any distinct Czechoslovak foreign policy interests that may have existed and instead have adopted Soviet interests as their own. Whereas other East European communist regimes on numerous occasions in the 1970s and 1980s adopted foreign policy positions that differed from those of the Soviets, the Husák regime has consistently echoed the Soviet stance.

Probably the most pressing issue affecting Czechoslovakia's relations with the Soviet Union in the late 1980s was trade. In 1986 trade with the Soviets constituted almost 50 percent of Czechoslovakia's total trade (see *Foreign Trade*, ch. 3). Heavily dependent on the Soviet Union for energy, Czechoslovakia was hard hit by the rising cost of Soviet energy exports. Domestic economic problems, such as declining productivity, low investment, and corruption, made it difficult for Czechoslovakia to produce high-quality exports for the Soviet Union. Czechoslovakia's response to these trends was to advocate even further integration of the Comecon network and particularly the Soviet and Czechoslovak economies.

Czechoslovakia conducted its relations with the other communist nations of Eastern Europe largely through the multilateral facilities of the Warsaw Pact and Comecon. The Prague government was a proponent of the integration of both the economies and the foreign policies of the nations of the region, and it pursued this goal through the mechanisms of Comecon and the Council of Foreign Ministers of the Warsaw Pact.

Bilateral relations between Czechoslovakia and the communist nations of Eastern Europe were, in large part, a reflection of their respective relations with the Soviet Union. East Germany, which

shared the vision of Soviet-dominated “proletarian internationalism” and was the most ardent critic of the Dubček regime during the 1970s, became Czechoslovakia’s closest friend in Eastern Europe. Poland, with which Czechoslovakia shares a border of some 600 kilometers, was another close friend of the Husák regime through the 1970s. The development of independent trade unions and the demand for economic and political reform in Poland in 1980–81 led to strains in the otherwise amicable relations between the two countries. Labor strife in Poland concerned Czechoslovak authorities primarily for two reasons: Poland’s port of Szczecin served as Czechoslovakia’s main sea outlet, and strikes there disrupted Czechoslovak exports and imports; but, even more important, officials feared that labor unrest in Poland would spill over into Czechoslovakia. The mining area around Ostrava, which was close to the Polish border and inhabited by a sizable Polish minority, was of special concern, and some labor difficulty was reported in the area in late 1980. Czechoslovak officials feared that dissident intellectuals and workers in Czechoslovakia might unite in their support of the working-class dissidents in Poland.

Not surprisingly, Czechoslovakia became the East European nation loudest in its denunciation of Poland’s deviation from socialist unity. At the Sixteenth Party Congress in April 1981, Husák harshly criticized the independent labor unions and their leadership and blamed the “antisocialist” forces abroad for encouraging the “counterrevolutionaries” inside Poland. He pledged support for fellow Polish communists but withheld explicit support for the Polish party or its leadership. The Czechoslovak leadership applauded the December 1981 imposition of martial law in Poland, referring to it as a necessary act of self-defense. Once martial law was established, Czechoslovakia ceased its criticism of Poland and instead turned its attention to resolving bilateral issues, primarily Czechoslovak-Polish trade.

Romania refused to participate with its fellow Warsaw Pact members in the invasion of Czechoslovakia. Instead, it loudly condemned the action and, as a result, had less cordial relations with the Husák regime than with other Warsaw Pact members. Yugoslavia too condemned the invasion, and the Yugoslav ideological stance has evoked constant criticism from Prague, although trade relations between the two states have continued. Albania also condemned the invasion, using it as a pretext to withdraw from the Warsaw Pact. Albania’s ideological dispute with Moscow precluded the development of normal relations with Czechoslovakia.

Likewise, commercial relations with China, which were active until 1964, were strained thereafter by the Sino-Soviet dispute and

by China's condemnation of the 1968 Warsaw Pact action. In the 1980s, Czechoslovakia's relations with China began to improve as both nations sought to expand bilateral trade as a first step toward improving political ties.

Czechoslovakia has remained active in its relations with nations of the Third World, especially socialist nations and what is termed "the national liberation struggles in Asia, Africa, and Latin America." Although Czechoslovakia had political and trade relations with the whole gamut of Third World communist nations during the mid-1980s, its relations were especially close (perhaps because of relative geographic proximity) with Ethiopia, the People's Democratic Republic of Yemen, and the Mongolian People's Republic. Of Soviet-aligned but noncommunist countries, Syria and Libya were particularly close to Czechoslovakia. Of the "national liberation movements," the Palestine Liberation Organization and the insurgents in southern Africa were especially favored by Prague. Czechoslovak relations with the communist Third World typically involved political and military cooperation, trade, and economic and technological cooperation.

Relations with Noncommunist Nations and Multilateral Ties

In the spirit of *détente* of the 1970s, Czechoslovakia expanded and improved its relations with many noncommunist nations. These efforts were hindered by memories of the 1968 invasion, which continued to be condemned by virtually every nation outside the Soviet orbit. Another hindrance that appeared in the latter half of the decade and continued adversely to affect Czechoslovak foreign relations in the 1980s was its poor human rights record. Its repression of dissent, especially regarding Charter 77, brought wide condemnation from the noncommunist world and some Eurocommunists. Despite these problems, important strides were made in some areas. An improvement of relations with its two noncommunist neighbors, West Germany and Austria, was perhaps the most important step forward in Czechoslovak foreign policy during the decade.

Czechoslovak relations with West Germany have in many respects mirrored the state of East-West relations since World War II. The cold war and East German sensitivities precluded any diplomatic thaw until the late 1960s, when the Soviet Union began to promote contact between its allies and the West. Consultation between Czechoslovakia and West Germany began in October 1970 but proceeded slowly, largely because of differing views as to how to nullify the Munich Agreement, a source of Czechoslovak bitterness since 1938. A treaty was signed in December 1973 and implemented in July 1974 that declared the Munich Agreement

immoral and null and void; proclaimed the territorial integrity of both countries and renounced the use of force or threats; and called for the development of cooperation in economy, science, technology, culture, antipollution measures, sports, and transportation. A long-term agreement was concluded in January 1975 covering economic, industrial, and technical cooperation, and a treaty on cultural cooperation was signed in April 1978.

Although these documents provided a framework for a wide range of improvements in relations, their implementation progressed slowly. Trade between the two countries increased (West Germany was Czechoslovakia's largest noncommunist trading partner), but disagreements continued to hinder political relations. In April 1978 the governments agreed that their foreign ministers would meet at least once a year, but meetings scheduled for 1979 and 1980 were canceled because of West German protests over trials of Czechoslovak human rights advocates and the Soviet invasion of Afghanistan in December 1979. When the foreign ministers were finally able to meet in December 1980, international affairs prevailed over bilateral matters. Despite the fact that both parties expressed a desire to improve bilateral relations, the main subjects for discussion were the issues of détente, arms control, and concern for the territorial integrity of Poland. At a February 1983 meeting of foreign ministers, the deployment of new missiles in Western Europe and environmental protection were the principal topics discussed.

Relations with Austria, Czechoslovakia's neutral neighbor to the south, warmed considerably during the mid- and late 1970s. A December 1974 property-law settlement resolved claims that had severely damaged relations since World War II and paved the way for the raising of diplomatic relations to the embassy level. The March 1979 visit of Austria's president was the first presidential-level visit between the nations since the 1920s. Nevertheless, two years later a variety of problems continued to strain relations. These included the question of the reunion of families of Czechoslovak exiles in Austria, Austrian criticism of Czechoslovakia's treatment of dissidents, and a reported trade imbalance caused by the low quality of Czechoslovak exports.

In 1981 a planned visit to Austria by Husák was canceled because of Austrian objections to Czechoslovakia's treatment of Charter 77 members and the revelation that Czechoslovakia had sent intelligence agents to spy on Czechoslovak exiles in Austria. The visit eventually took place the following year, but Czechoslovak-Austrian relations remained difficult as new tensions arose. In a 1984 border incident, for example, Czechoslovak border guards

mortally wounded a defector after he had reached Austrian soil and left him to die without notifying Austrian authorities. At a 1985 meeting, the Czechoslovak and Austrian foreign ministers agreed to work to improve relations. The following year, Austria's president visited Czechoslovakia, where he discussed with Husák efforts to establish closer bilateral ties.

Relations between Czechoslovakia and the United States had been very good during the interwar period of the First Republic. These relations were based on trade between two economically advanced nations, political affinities between the two democracies, and the presence of a large number of Czech and Slovak immigrants and their descendants in the United States. After 1948, however, relations deteriorated rapidly, partly because of disagreements over the compensation for the property owned by Americans but seized or nationalized by the Czechoslovak government. Relations were somewhat better in the area of family reunification. Here, the United States succeeded in securing exit visas for some Czechoslovak citizens wishing to emigrate to the United States to join their families. Trade relations were modest, and it was anticipated that there would be no trade agreement until claims were settled. In the late 1980s, bilateral relations remained strained because of United States criticism of Prague's continued repression of human rights activists.

Bilateral relations with the rest of the noncommunist world focused on trade matters. After Western Europe, some of Czechoslovakia's most significant noncommunist trading partners included India, Iraq, and Indonesia. Politically, Czechoslovakia's relations with noncommunist nations mirrored the Soviet Union's relations with those same nations. For example, Czechoslovakia firmly aligned itself with the Arab cause against Israel in the Middle East and with black nationalists against South Africa.

Czechoslovakia's most important multilateral ties are with the member states of the Soviet-dominated Comecon and Warsaw Pact. In addition, Czechoslovakia is a founding member of the United Nations and has acted as an active proponent of the causes of the Soviet Union and its followers within that body. During 1978 and 1979 it served as a member of the Security Council. It has also been an active member of a large number of United Nations specialized agencies, including the International Labor Organization; the United Nations Educational, Scientific and Cultural Organization; the World Health Organization; the Food and Agriculture Organization; and many others. Czechoslovakia also participates in the work of the United Nations Conference on Trade and Development and is a member of the General Agreement on Tariffs and

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Trade. Czechoslovakia participates with other Warsaw Pact members, the nations of Western Europe, and the United States in efforts to institutionalize East-West détente, including the Conference on Security and Cooperation in Europe and the Mutual and Balanced Force Reduction negotiations.

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Of the few English-language books on Czechoslovak politics published during the 1980s, one that provides a good overview of Czechoslovak politics and government is *Czechoslovakia: Profile of a Socialist Republic at the Crossroads of Europe* by David W. Paul. In general, information on Czechoslovakia's internal politics and especially on its foreign relations is found in specific chapters of books on East European relations. For example, chapters in *Soviet-East European Relations* by Robert L. Hutchings and *Soviet Influence in Eastern Europe* by Christopher D. Jones address both domestic and foreign policy issues.

The best information sources for current events in Czechoslovakia are the Radio Free Europe Research *Situation Report: Czechoslovakia*, the Joint Publications Research Service *East Europe Report*, and the Foreign Broadcast Information Service *Daily Report: Eastern Europe*. The Radio Free Europe Research Bulletins provide analyses of current events, as well as detailed background reports on political affairs. The *East Europe Report* and *Daily Report: Eastern Europe* include translations of broadcast announcements and important articles from key newspapers and journals currently published in Czechoslovakia. Finally, the United States Central Intelligence Agency *Directory of Czechoslovak Officials* is a valuable reference aid and is updated periodically. (For further information and complete citations, see Bibliography.)