

CZECHOSLOVAKIA/27

20 July 1977

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1. Expansion of Economic Co-operation and Specialization

The expansion of advanced forms of economic co-operation after the adoption of Comecon's Comprehensive Economic Co-operation and Integration Program in July 1971 which developed in the last years of the fifth five-year plan continued and even accelerated in 1976 (for details on the development in 1971-1975, see Czechoslovak Situation Report/44, Radio Free Europe Research, 3 November 1976, Item 2). This emerges from the figures published in Svet Hospodarstvi (No. 77, 28 June 1977), as well as from previous reports on the integration among Comecon members (see, e.g., Rude Pravo, 18 May and Pravda, 16 June 1977).

While in 1975 exports of goods produced under co-operation agreements in total Czechoslovak exports represented only 11.0 per cent of the total such goods, last year their share rose to 19.5 per cent. The expansion was even higher in exports of engineering products under co-operation agreements. In that sector, which represents about 80 per cent of the total of agreements on co-operation and specialization, the proportion reached 28.7 per cent of total exports of machinery and equipment in 1976.

In comparison with Czechoslovak exports, which increased by about 16 per cent in value terms last year (those of engineering products rose 18.9 per cent), exports produced under co-operation and specialization agreements registered a dramatic growth of 106.6 per cent (those of engineering products rose 115.6 per cent). In 1976, the value of exports made under multilateral agreements for the first time exceeded that of exports under bilateral agreements. In 1975, exports produced under bilateral agreements totaled 245,800,000 rubles and those under multilateral agreements 181,500,000 rubles. In 1976, the respective amounts were 406,600,000 rubles and 476,400,000 rubles. The difference

between the two groups was even higher in the case of exports of engineering products. In 1975, exports of engineering products made under bilateral agreements amounted to 179,700,000 rubles and those under multilateral agreements to 171,300,000 rubles; in 1976, the respective values were 293,600,000 rubles and 463,100,000 rubles (Svet Hospodarstvi No.77, 29 June 1976, Revue Prumyslu, Obchodu, Hospodarstvi No.8, August 1976, and Svet Hospodarstvi No.77, 28 June 1977).

The trend to expand specialization and co-operation on the basis of multilateral agreements continued, especially in the engineering industry. According to federal Deputy Premier Rudolf Rohlicek, who is also the permanent Czechoslovak delegate to Comecon, 22 new multilateral agreements on specialization of labor were concluded among Comecon members last year. At present Comecon has 74 such agreements in the engineering sector, and Czechoslovakia participated in 69 of them (Rude Pravo, 18 May 1977). According to Pravda (16 June 1977), these agreements cover 8,137 different engineering products, with Czechoslovakia participating in the specialization of production so far as 2,094 of them are concerned -- i.e., more than a fourth of the total. The article revealed that, under these agreements, Czechoslovak exports of engineering products should total about 2,800 million rubles, and imports about 2,300 million rubles in the current five-year plan (1976-1980). It is expected that the proportion of exports of engineering products under bilateral and multilateral agreements will steadily rise, to reach about 35 per cent of total Czechoslovak exports by 1980.

The following tables show the progress of Czechoslovak exports of products turned out under co-operation and specialization arrangements during 1976:

Czechoslovak Exports to Other Comecon Countries Resulting from Economic Co-operation Agreements in 1975 and in 1976.

Country	Exports under co-operation agreements (million rubles)		Shares of individual countries (per cent)		Increase in 1976 over 1975 (per cent)
	1975	1976	1975	1976	
Bulgaria	20.5	49.6	4.8	5.6	142.0
GDR	85.5	136.3	20.0	15.4	59.4
Hungary	17.4	44.0	4.1	5.0	152.9
Poland	70.7	125.9	16.5	14.3	78.1
Romania	8.2	17.6	1.9	2.0	114.6
USSR	225.0	509.6	52.7	57.7	126.5
Total	427.3	883.0	100.0	100.0	106.6

Sources: Svet Hospodarstvi No.77, 28 June 1977, and author's own calculation as far as the shares of the individual countries are concerned.

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Czechoslovak Exports of Engineering Products to Other Comecon
Countries Resulting from Economic Co-operation Agreements in
1975 and 1976

Country	Exports under co-operation agreements (million rubles)		Shares of individual countries (per cent)		Increase in 1976 as compared with 1975 (per cent)
	1975	1976	1975	1976	
Bulgaria	19.3	48.5	5.5	6.4	151.3
GDR	68.0	109.4	19.4	14.5	60.9
Hungary	13.7	29.8	3.9	3.9	117.5
Poland	62.9	114.1	17.9	15.1	81.4
Romania	7.1	14.9	2.0	1.9	109.9
USSR	180.0	440.0	51.3	58.2	144.4
Total	351.0	756.7	100.0	100.0	115.6

Sources: Svet Hospodarstvi No.77, 28 June 1977, and author's own calculation as far as shares of individual countries are concerned.

It follows from the two above tables that Czechoslovakia's most important partner in co-operation and specialization is the Soviet Union, whose share in Czechoslovak exports under co-operation and specialization agreements has further grown in 1976. Although Czechoslovak exports under co-operation arrangements to the GDR and Poland had risen considerably in value terms, their actual shares had decreased. The shares of the remaining three Czechoslovak partners in co-operation -- Bulgaria, Hungary, and Romania -- increased only slightly, in spite of a dramatic rise in value terms in 1976.

In the past year, there were also some changes in the proportion of engineering product exports in total Czechoslovak exports under co-operation and specialization agreements. With the exception of Hungary and Romania, that proportion rose, so that in 1976 the share of engineering products in total Czechoslovak exports under co-operation agreements increased to 85.7 per cent. The relevant data can be seen in the following table:

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Proportion of Engineering Products in Total Czechoslovak Exports
Under Co-operation Agreements in 1975 and 1976

(in per cent)

Country	1975	1976
Bulgaria	94.1	97.8
GDR	79.5	80.3
Hungary	78.7	67.7
Poland	89.0	90.6
Romania	86.6	84.7
USSR	80.0	86.3
Total	82.1	85.7

Sources: Revue Prumyslu, Obchodu, Hospodarstvi No.8, August 1976 (year 1975) and author's own calculations, on the basis of figures published in Svet Hospodarstvi No.77, 28 June 1977 (year 1976).

The proportion of "economic co-operation" exports in total Czechoslovak exports increased considerably in 1976 as compared with 1975. The most important rate of growth was registered in relations with Hungary, where that proportion more than doubled, rising from 5.1 per cent in 1975 to 10.6 per cent in 1976. "Economic co-operation" exports to Bulgaria showed the largest proportion, amounting to 26.9 per cent of total Czechoslovak exports to that country last year. Details are given in the following table:

Proportion of "Economic Co-operation" Exports in Total Czechoslovak Exports in 1975 and 1976

(in per cent)

Country	1975	1976
Bulgaria	16.0	26.9
GDR	11.9	16.6
Hungary	5.1	10.6
Poland	13.7	20.5
Romania	4.3	8.0
USSR	11.7	23.0
Total	11.0	19.8

Sources: Revue Prumyslu, Obchodu, Hospodarstvi No.8, August 1976 (year 1975) and author's own calculation on the basis of figures published in Svet Hospodarstvi No.77, 28 June 1977 and Statisticke Prehledy No.6, June 1977.

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The advantages to the Czechoslovak economy resulting from economic co-operation and specialization of labor among the Comecon countries were stressed on various occasions by the Czechoslovak authorities and mass media. In their view, economic co-operation contributes to greater production efficiency, and multilateral agreements in some economic sectors, such as energy, fuels, metallurgical and chemical raw materials, ensure basic raw materials for Czechoslovakia's industrial production. For these reasons, it is planned to expand economic co-operation in the coming years.

Svet Hospodarstvi (No.77, 28 June 1977) noted, however, that the further development of Czechoslovakia's economic co-operation with the Comecon countries will depend in many respects on an improvement of the system of planning and management. From this point of view, it will be necessary to adopt appropriate measures to apply progressive forms of co-operation in production, especially on the level of production units. Co-operation and specialization of production should not be a goal, but a means to the fulfillment of planned targets. According to the above-mentioned economic weekly, "economic instruments" and prices influencing the material interests of enterprises, as well as the efficiency of production, will play an important role in that respect. These problems are now reportedly under intensive examination, the aim being to improve the system of management of the Czechoslovak economy in the course of the seventh five-year plan (1981-1985).

2. Old-Age and Invalid Pensions

On July 12, the Czech Ministry of Labor and Social Affairs arranged a press conference in Prague on the subject of social welfare. According to a summary broadcast by Radio Prague that day, old-age pensions in the Czech Socialist Republic have risen from 974 Kcs monthly in 1975 to 1,077 Kcs at present, while the average pensions for invalids grew in the same period from 891 Kcs to 1,013 Kcs a month. Though these data pertain to the Czech Lands alone, they are nearly identical with the state-wide average, which was 953 Kcs for old-age pensioners, and 892 Kcs for invalids in 1975 (Statisticka Rocenka CSSR 1976, p. 548).

It was noted at the press conference that the average increase was due not only to a rise in 1976, but also to growing wages and new regulations pertaining to the calculation of pensions. Yet, in spite of the increase stressed at the conference, average pensions are still less than half of average wages and salaries, which were 2,370 Kcs monthly in 1976. This explains why considerable segments of old-age pensioners continue working beyond their retirement age. In the last few years, they accounted for about 23 per cent of all recipients of old-age and invalid pensions.

Generally speaking, an acceptable living standard for pensioners who are no longer able or willing to work can hardly be maintained on

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one pension alone. In most instances, it is achieved by married couples who are recipients of more than one pension.

Because of the chronic shortage of manpower, the authorities are favorably disposed to allow individuals to remain economically active after their official retirement age. This, in normal cases, is 60 years for men and 57 for women, provided they have worked for 25 years. This ceiling can be lowered under specific conditions, down to 55 years for men and 53 years for women. There are a number of legal provisions offering material advantages to working pensioners. They range from permission to earn additional income in jobs of limited duration to full-time employment with increasing pension rights. In the latter case, every year worked after retirement age raises the expected pension by 7 per cent of the individual's monthly average wage.

A government decree last year introduced another advantage for pensioners doing work of "exceptional importance." They are entitled to full wages, plus pension. Furthermore, the government decided early this month to offer additional material incentives to pensioners willing to lend a hand at seasonal labor and in some industrial branches suffering from an acute labor shortage (e.g., coal extraction, power production, the engineering industry, or the production of construction materials). As a rule, however, most pensioners are employed in forestry, water conservancy, education, trade, the health services, and agriculture (see Rude Pravo, 14 January 1976).

The commentator on the Prague press conference, Ivana Bernaskova, noted that, within the socialist community, only Czechoslovakia and Hungary have a provision that allows old-age pensions to be raised by continuing work beyond retirement age. She failed to add that it is precisely these two countries which are suffering from a chronic labor shortage. Bernaskova emphasized that the Czechoslovak welfare system is not only "an unfulfillable dream" for the working people in the capitalist countries, but that it also leads in the socialist commonwealth.

The currently valid Czechoslovak pension system was codified in Law No.121/1975, which went into effect on 1 January 1976. It provides for a minimum old-age or invalid pension of 400 Kcs per month, and a pension ceiling of 3,000 Kcs. In those cases where the pension is the sole source of income for the recipient, the minimum is raised to 600 Kcs if the pensioner lives alone, or to 1,100 Kcs if the retiree is taking care of another family member.

With not too great an exaggeration, Czechoslovakia might be called a country of pensioners. In 1975, 3,580,000 pensions were paid by the state, of which 1,786,000 were old-age pensions, 699,000 invalid pensions, 795,000 widows' pensions, and 81,000 orphans' pensions (Statisticka Rocenka CSSR 1976, p. 547). In 1976, the total number of pensions paid out rose to 3,651,000 (Hospodarske Noviny, 11 February 1977). The total costs of the pension plan were 31,400 million Kcs

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last year. Obviously, the maintenance of such an expensive and wide-spread system, coupled with a remarkably low retirement age, cannot but have unintended negative effects both on the over-all standard of living and on the amount of each individual pension.

3. Improving Relations with the Vatican?

The recent elevation of Prague's apostolic administrator, Msgr. Frantisek Tomasek, to the rank of cardinal (see Czechoslovak SR/21, RFER, 8 June 1977, Item 2) has given rise to speculations that this step might signal an improvement of relations between Czechoslovakia and the Holy See. During his address to Tomasek, Pope Paul was quoted as having said that Cardinal Tomasek's appointment was a "pledge of a more serene and constructive tomorrow" (RFE Special/Rome, 30 June 1977).

At first, the ceremonies in Rome did not seem to reflect the pope's expectations, since, in contrast to normal practice, Cardinal Tomasek's formal investiture was attended only by two minor churchmen from Prague. Nor did the hope nourished here and there materialize that, concurrently with his elevation to cardinal, Tomasek would be named archbishop of the Prague diocese.

On July 14, however, Ceteka reported that Tomasek had notified President Gustav Husak of his appointment as cardinal, and assured him of his readiness to work for good relations between Czechoslovakia and the Holy See. The agency quoted Tomasek as having written in his letter that:

As a citizen of our community, I highly esteem and respect all the positive values which enable us to live under conditions where our material needs are guaranteed, where we have social security, and in peace and quiet.

Husak, in turn, congratulated Tomasek on his appointment and said that he esteemed Tomasek's attitude, expressed in the words quoted above. He added that the Czechoslovak leadership was interested in a positive course of negotiations with the Vatican, and in good mutual relations. He was "glad" to note Tomasek's readiness to exert a positive influence on these negotiations. (Radio Prague of the same day also reported the exchange of courtesies between Tomasek and Husak, though in a slightly different, above all less clear, version as to who had said what.)

With reference to these developments, a dpa report from the Vatican (July 16) speculated that the next step might be Cardinal Tomasek's appointment as residential bishop of the Prague archdiocese, a post that has been vacant since the death of Cardinal Beran in 1969 (in effect, since 1966, when he had to leave for Vatican exile). The agency also intimated that "at least" six new bishops would be appointed by the Vatican, with the consent of the Prague regime. According to

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the release, several of them would be selected from the ranks of priests belonging to the regime-sponsored organization of Catholic clergy, Pacem in Terris.

In this context, it may be recalled that membership and active participation in that body were originally considered by the Vatican as obstacles to being appointed bishop. The test case, that of Josef Vrana, apostolic administrator of Olomouc, ended in a compromise which proved to be rather to the detriment of the position of the Vatican. Vrana did give up his office in Pacem in Terris, but remained not only its member, but also a member of the central committee of the organization's Czech branch, and its ardent supporter. Moreover, two of the three most recently appointed Slovak bishops remain active in this proregime organization as well.

The possibility of better relations between Czechoslovakia and the Vatican was also hinted at by the PCI daily l'Unità which, interestingly enough, had come out in defense of the Vatican's Ostpolitik (see Frankfurter Allgemeine Zeitung, July 19). The paper interpreted the exchange of letters between Husak and Tomasek as confirmation of reports that negotiations between Czechoslovakia and the Holy See had started concerning the appointment of bishops to vacant dioceses.

It seems unlikely that the appointment of new bishops will take place before Tomasek is named for the vacant post of Prague archbishop. The regime's acceptance of Tomasek will be facilitated not only by his declaration of loyalty, but also by the fact that the cardinal, now 78, is ailing and can hardly be expected to put up effective resistance to the bureaucracy that supervises the Churches.

The appointment of new bishops would be in line with the Vatican's controversial Ostpolitik which, as many suspect, is primarily interested in preserving or restoring the Church's hierarchical structure. To quote Vienna's Cardinal Koenig, it remains to be seen whether the Vatican's Ostpolitik will bring about a favorable turn for believers (Frankfurter Allgemeine Zeitung, July 19). On that occasion, Cardinal Koenig expressed his doubts whether the meetings between communist dignitaries and the pope are of any benefit except for the communist states since, at their conclusion, nothing really changes in the countries concerned.

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