

RADIO FREE EUROPE *Research*

S I T U A T I O N R E P O R T

1. Report on Plan Fulfillment, January-July 1977
2. Reconstruction of the Prague Railroad Terminal
3. New Czechoslovak Regulations on Tourist Traffic with Poland

1. Report on Plan Fulfillment, January-July 1977

On 29 July 1977, Rude Pravo and Pravda published the full text of a report issued by the Federal Statistical Office on the economy in the first half of 1977. The report shows that, in spite of the fulfillment of the main targets of the state plan, some shortcomings existed behind the figures on plan implementation. These shortcomings have been criticized by several Czechoslovak officials during the past month (e.g., Radió Prague, 16 July 1977, and Czechoslovak Television, 20 July 1977). Nevertheless, the report points out that the tasks set by the 15th CPCS Congress were being implemented, despite more complicated and demanding conditions. The good results achieved in the first half of this year allegedly reflect the "permanent effort and attention" the CPCS and the government are devoting to economic questions.

In the introductory chapter the report states that one of the shortcomings was the unequal fulfillment of the plan in individual months, as well as by individual enterprises. Further shortcomings were deficiencies in the structure of production, the low quality of some products, unsatisfactory fulfillment of deliveries for capital construction, for the domestic market, and for foreign trade, especially as far as exports to the nonsocialist states were concerned. a low share of labor productivity in raising production, delays in putting into operation new production facilities, etc. As can be seen from the above, most shortcomings represent traditional weak spots in plan fulfillment.

1. Industrial Production. The report of the Federal Statistical Office states that, in the first half of 1977, industrial production rose 5.6 per cent over the same period of 1976. A growth of 5.3 per cent had been envisaged in the plan, so that the actual increase was 0.3 per cent over the target. In comparison with previous

10 August 1977

years, however, the rate of growth of industrial production was lower: in the first six months of 1976, the rate of growth was 6.0 per cent, and in the same period of 1975 it was even 7.0 per cent (for details, see Czechoslovak Situation Reports/31, Radio Free Europe Research, 6 August 1975 and 4 August 1976, Items 2 and 1, respectively). Of the total of 862 centrally managed industrial enterprises, 95 had not met their planned targets, especially in the fields of engineering, the food industry, and the production of building materials. This was nearly the same number as in the first six months of 1976, when 94 industrial enterprises did not come up to the mark.

The biggest rise was recorded by the industry producing for the health service (8.9 per cent), the rubber industry (8.3 per cent), the chemical and oil-processing industries (7.5 per cent), and engineering (7.5 per cent). There was variance in the growth rates of several industries during the first halves of 1976 and 1977. In the food industry, for example, the rate of growth in the first half of 1977 was 5.7 per cent (only 0.6 per cent in 1976); in the cellulose and paper industry it was 4.6 per cent (8.6 per cent in 1976); in construction materials 6.8 per cent (6.5 per cent in 1976); in the chemical industry 7.2 per cent (9.0 per cent in 1976); and in the consumer goods industry 4.0 per cent (5.1 per cent in 1976). In metallurgy, the rate of growth in the first six months of 1977 was the same -- 4.4 per cent -- as in the comparable period of last year.

The Rude Pravo report contains a table that lists 16 basic industrial products, their production in absolute figures in the first halves of 1977 and of 1976, as well as the percentual increase in the first six months of 1977 compared with the same period of 1976. With the exception of coal, whose production decreased (from 14,457,000,000 tons to 13,988,000,000 tons, i.e., a decrease of 3.2 per cent) and of passenger cars, whose production substantially dropped (from 93,772 to 73,381 cars, i.e., a decrease of 21.7 per cent), all other products show an increase varying between 0.4 per cent (TV sets) and 31.5 per cent (plastic materials). The report explains the failure to meet the plan targets in the two above-mentioned products was caused by two mine disasters in the Ostrava-Karvina Coal Basin in Northern Moravia (see Ceteka, 3 January, and Radio Prague, 23 March 1977), and by putting into production a new type of passenger car in the Skoda automobile factory in Mlada Boleslav (see Technicke Noviny No.4, 25 January 1977). A considerable increase of production was recorded in plastic materials.

The report notes that industrial organizations supplied 4.4 per cent more products and goods in value terms in the first six months of the current year than in the same period of 1976. It should be noted, however, that since 1 January 1977 new wholesale prices have been introduced which are higher on the average than the earlier ones. According to the report, the biggest increase was registered in deliveries for export, about 8.1 per cent. Yet, according to Chairman of the federal Statistical Office Jan Kazimour (Czechoslovak TV, 20 July 1977) "major shortcomings" were recorded in that field,

10 August 1977

where 223 industrial enterprises "failed to fulfill scheduled deliveries to the foreign trade fund," especially so far as exports to nonsocialist countries were concerned. These enterprises "are thus limiting our means for purchasing necessary goods" on capitalist markets.

The average number of people employed in industry was 2,558,700 -- an increase of 22,800 (0.9 per cent) over the first half of 1976. The report notes with satisfaction that labor productivity increased more rapidly than planned, 4.7 per cent, i.e., 0.3 percentage points over the target set by the annual state plan. In comparison with the rates of growth registered in 1976 and 1975, the current annual rate of growth was substantially slower (in the same period of 1975, it was 6.2 per cent, and of 1976, 5.4 per cent). The share of labor productivity in the production increase was only 84 per cent in industry, the lowest share in this decade. The average wage of working people in centrally managed industry was 2,487 Kcs monthly, i.e., about 4 per cent higher (by 95 Kcs) than in the first six months of 1976. The report notes that the planned relation between the increase of labor productivity and the increase in the average wage was not kept, due to the more rapid rate of growth of wages.

b. Agriculture. The report says that the targets this year for Czechoslovak agriculture were very demanding because of the poor harvest in 1976. The development in crop production is positive. The sowing plan corresponded to the demand for increasing self-sufficiency in that economic sector. Although the area sown with cereal grains was almost 9,000 ha more than last year, totaling 2,732,000 ha, this figure was still 38,000 ha below plan. The acreages of sugar beet and potatoes were also below plan: shortfalls of 4,000 ha and 13,000 ha, respectively. The sowing plans were exceeded in maize and rape, which were sown on 203,000 and 73,000 ha, 6.8 per cent and 9.0 per cent more, respectively, than originally scheduled.

Despite the unsatisfactory supply of feeds, especially in the winter months, the herds of main farm animals increased in the socialist sector of agriculture. On 1 July 1977, there were 111,000 head of cattle and 646,000 more hogs than on the same day one year earlier. The number of cows has slightly decreased, by 11,000, since 1 July 1976, but there were 34,000 more hogs, i.e., 6.8 per cent. The average daily milk yield rose from 7.63 liters in the first half of 1975 to 7.94 liters. The production of milk and that of eggs were slightly higher than in the corresponding period of 1976. Increases in purchases in the first half of the current year were: 13,000 tons of animals for slaughter (mainly due to increased purchases of hogs), 15,000 tons of poultry, 98,000,000 liters of milk, and 13,000,000 eggs. Forestry and the water economy registered a positive development as well.

10 August 1977

c. Building Construction. The total volume of work performed by the building enterprises was valued at 35,700 million Kcs and, in the words of the report, was 5.9 per cent higher than in the same period of 1976. Last year's report did say, however, that in the first six months of 1976 the volume of work totaled 36,500 million Kcs, so that it was higher than in the same period of the current year (see Rude Pravo, 27 July 1976). It is difficult to explain such a discrepancy, even in light of the fact that some figures in Czechoslovak statistics are occasionally "corrected." This year's report further states that the rate of growth was 0.1 percentage points higher than planned.

One hundred and four building enterprises did not fulfill their targets, i.e., about 42 per cent of the total (in the same period of 1976, this share was only 25 per cent). The report says that, despite a 4.2 per cent increase in labor productivity, the rate of growth was 0.4 percentage points behind the state plan. The share of labor productivity in the production increase was 71 per cent, although the target set by the state plan was 82 per cent for the whole year of 1977. This was a sharp decline in comparison with the results of the first six months of 1976 (85 per cent), as well in comparison with the two previous years (79 per cent in 1975; 78 per cent in 1974).

By July, 32,112 dwelling units had been constructed by building enterprises and were ready for occupancy, about 3,300 fewer units than in the corresponding period one year earlier. The report admits that the plan for the whole year was only 39.1 per cent fulfilled, while the percentage had been 42.9 per cent in the same period of 1976. The average number of people employed in building construction was 542,000 -- an increase of 9,000 over the first half of 1976. Employment rose 0.7 percentage points more than planned. The average wage was 2,657 Kcs monthly, i.e., the 3.6 per cent increase over the first six months of last year.

d. Transport and Communications. According to the report, Czechoslovak railroads transported 137,700 million tons of goods in the first six months of 1977, but the state plan was not fulfilled: that volume was 2.4 per cent behind the target. The average time for transporting freight was 3.92 days, higher than the planned period (3.86 days). State road transport carried 154,700 million tons of goods, a 1.6 per cent drop from the first half of 1976. The total number of passengers conveyed by public transport was about 1,241 million 8.4 million higher than in the comparable period of last year. This was mainly due to a rise recorded in bus transportation, while the number of passengers carried by the railroads decreased. As far as communications are concerned, the report merely states that 65,000 new telephone connections were installed in the first six months and that the number of telephones was 18.7 per 100 inhabitants. As of 30 June 1977, there were 947,000 private telephones in the country.

e. Investments and Deliveries. In this sector, the value of construction work and deliveries totaled 51,000 million Kcs in the first six months of the current year, an increase of 6.0 per cent over

10 August 1977

the corresponding period in 1976. The plan target (a 6.6 per cent rise) was not fulfilled. The volume of construction work rose faster (6.1 per cent) than did deliveries of machinery and equipment (5.9 per cent). The rate of growth was higher in Slovakia (6.3 per cent) than in the Czech Lands (5.9 per cent) as far as total investments and deliveries were concerned. The value of new production facilities put into operation was 31,000 million Kcs, a considerable drop from the first six months of 1976, when the value was 39,600 million Kcs.

The report mentions one positive aspect: the number of unfinished projects dropped, and building capacities were concentrated on priority projects. Budgetary costs, however, increased, exceeding the planned amounts. The report criticizes poor preproject preparations and the failure of suppliers to deliver construction materials, raw materials, machinery, and equipment on time.

f. Foreign Economic Relations. The deteriorating foreign trade balance in the past three years has frequently been criticized by the Czechoslovak authorities who pointed out the necessity to reduce the foreign trade deficit by increasing exports, in order at least to cover the necessary imports. According to the report, foreign trade attained its principal goal -- a faster rate of growth in exports than in imports. Total exports rose 14.3 per cent over the first six months of 1976 and total imports rose by "only" 13.6 per cent. This was due to larger exports to than imports from the socialist countries. As for the nonsocialist states, the unfavorable trend continued in the first half of 1977. Exports to that group of countries increased by 15.3 per cent, and imports by 16.3 per cent. The report explains this failure by the fact that the more rapid growth in value terms of imports from the nonsocialist countries was due to the further substantial rise in the prices of most foods and farm products on the capitalist markets, the highest having been for coffee, cocoa beans, textile raw materials, and protein feeds.

Problems in trade with the "capitalist" countries were recently admitted by Deputy Foreign Trade Minister Frantisek Mares (Ceteka, 26 July 1977) who emphasized that, despite the over-all positive results, there were problems in trade with the nonsocialist states, consisting of delays in exports, particularly of engineering products. Mares urged foreign trade corporations, as well as producers, to concentrate on eliminating these shortcomings, because successful results this year are an essential prerequisite for the fulfillment of the sixth five-year plan (1976-1980) in this sector.

On the basis of percentage figures published in the report and absolute figures on Czechoslovak foreign trade in the first six months of 1976 (see Statisticke Prehledy No.4, April 1977), it is possible to calculate at least approximate absolute figures for the first six months of 1977: a positive foreign trade balance with a surplus of about 600,000,000 Kcs, due to a surplus of about 1,100,000,000 Kcs in trade with the socialist countries; trade with nonsocialist countries, however, recorded a deficit of about 500,000,000 Kcs.

10 August 1977

g. Standard of Living. The last chapter reports that the cash incomes of the population increased by 4.8 per cent (in the comparable period of 1976, the increase was 3.6 per cent), whereby the rate of growth exceeded that planned for the whole year. The average monthly wage in the socialist sector increased 3.2 per cent (2.6 per cent in the first six months of 1976) and amounted to 2,390 Kcs. Cash expenditures of the population increased by 3.9 per cent as compared with the same period in 1976 and totaled 143,000 million Kcs. Retail trade turnover rose 3.6 per cent (in the corresponding period of 1976, the rise was 2.7 per cent) and totaled 106,300 million Kcs. The volume of sales of consumer durables increased faster than sales of food products. The state plan for the whole year 1977 was only 46.5 per cent fulfilled. The report states that supplies of food and consumer durables were maintained "at a good level." The quality of numerous products improved, but there were some shortages in assortment, especially in textile products. This was allegedly due in particular to difficulties in obtaining imports of necessary raw materials. Some shortages were also recorded in the assortment of clothing, shoes, and furniture.

In housing construction, 49,688 dwelling units had been built and only 38.5 per cent of the current annual state plan for the whole year was fulfilled (in the first six months of 1976, that percentage was 39.7 per cent). In Prague, only 24.3 per cent of the total number of dwelling units planned to be built in 1977 were completed. These shortfalls in the construction of dwellings in Prague were the subject of detailed criticism on several occasions (see e.g., Hospodarske Noviny No.27, 8 July 1977).

b. Population. According to the report, the positive trend in demographic development continued in the first half of 1977. Nevertheless, due to a decrease of women in the fertility age, the number of live births, 146,000, was 4,000 lower than in the first six months of 1976. The number of deaths was almost the same as in the corresponding period of 1976 -- 89,000. Thus, the natural increment was 57,000 persons, i.e., 7.6 per 1,000 inhabitants. Two positive aspects were noted: infant mortality decreased to 19.7 per 1,000 live births, and mortality among the new-born (up to 28 days after birth) to 14.7 per 1,000 live births.

The number of marriages was a little below those registered during the first six months of 1976 -- 61,800 in the first half of 1977 compared to 63,000 in the corresponding period of 1976. The number of divorces increased by 1,600, and totaled more than 16,000 in the first six months of the current year. At the end of June 1977, Czechoslovakia's population totaled 15,030,000 inhabitants, of whom 10,189,000 lived in the Czech Lands, and 4,841,000 in Slovakia.

10 August 1977

2. Reconstruction of the Prague Railroad Terminal

Last month, a new passenger hall was opened at the main railroad station of Prague. Its size, 150,000 cubic meters of built-up space and 15,000 cubic meters of closed-in space, makes it one of the largest station halls in Europe. It was built at a cost of 495,000,000 Kcs, and is regarded as one of the most important stages in the long-term reconstruction program of the railroad terminal of Czechoslovakia's capital (Hospodarske Noviny No.27, 8 July 1977).

The beginnings of the Prague railroad network date back to the second half of the last century. In the last 30 years, the authorities have not paid much attention to its development, contenting themselves with merely maintaining. The Prague railroad network at present is technically obsolete. Passenger traffic is divided among three stations -- the main station, Prague-Central, and Prague-Smichov -- which existed during the first republic. A complicated link-up system among these stations has long ceased to be capable of meeting the requirements of modern railroad traffic. This state of affairs became the subject of complaints on the part of passengers, as well as those responsible for running the system.

As long ago as in 1961, the unsatisfactory railroad transportation situation in Prague prompted the government to approve a reconstruction project for the railroad system of the capital. The program envisioned investments of 7,000 million Kcs up to 1990; freight transport was to be completely removed from the center of the city, and passenger traffic concentrated at a single station, the present-day main station (Ceteka, 14 February 1977).

The main station, the focal point of the reconstruction of the Prague railroad system, was originally built in 1910. In the first republic, it was named the President Woodrow Wilson Station, while what is now Prague-Central -- which was built in the past century -- was named after the first president of the Czechoslovak republic, Thomas G. Masaryk, in 1918. After the communist coup d'état in 1948, these names were officially abolished, but they are still in use among the Prague population to this day.

The execution of the reconstruction program of the Prague railroad system is proceeding at a relatively slow pace. The construction of the new passenger hall was started in 1972 and carried out in three stages without disrupting railroad transport. Up to the opening of the new hall last month, passengers were shuttled through the so-called Fanta Building (after its architect, Josef Fanta), which originally served as the main station building. The new hall, which is entirely located underground, has three levels. The lowest part, which is at the same level as Line C of the Prague subway now under construction, houses the technical installations (machinery, air conditioning, ventilation, etc.) and passenger services such as baths and barbers; access to the space reserved for these services is through

10 August 1977

entrances on either side of the hall. The second, middle level serves the main function of the new hall -- to accommodate passengers arriving at and departing from the main station -- and also has entries and exits to and from the subway station. For the time being, up to 14 ticket counters are open there in which modern technical equipment supplied by the West German firm AEG is installed. Eventually, 32 such counters are to be made available.

At some later date, a travel office of the Czechoslovak State Railroads, a baggage checkroom, a customs office, a post office, an office of the Czechoslovak Airlines, a bank branch, and other services will be located in this part of the hall. Two escalators and an ordinary staircase provide access to the platforms. The third level of the new hall has not yet been opened to the public. Up to 1980, information indicators, of the Pragotron type, fixed and revolving timetables, reserved seat booking offices, and four additional ticket counters will be installed there. The offices of the stationmaster and of the local information service will also be located in this part.

The roof of the hall will be the foundation for a six-lane roadway which is a part of the Second North-South Transit Road now under construction. The blueprints for this transit road show that two exits will lead from it to a parking lot with room for 300 cars and to a taxi stand. Travelers coming from the transit road will have access to the new station hall by means of four escalators.

In addition to completion of the new passenger hall of the Prague main station, the program for the reconstruction of the railroad system of Prague comprises the following major construction projects: the renovation and reconstruction of the art nouveau style Fanta building, which is protected by the preservation of historical monuments law (after completion of the restoration, scheduled to commence next year, passenger waiting rooms and restaurants will be located there); the construction of a tunnel to connect the main station with the city district of Vrsovice; reconstruction of the junction of the lines from Kralupy and from the Prague-Central station; construction of six tracks leading to the city district of Zizkov; the enlarging of the main station by four additional platforms, and the construction of two marshaling yards -- a northern and a southern.

According to the plans, in 1990 the main station -- which will then be the only one in Prague for passenger traffic -- will be able to handle 210,000 travelers per 24 hours. By that year, the station is intended to have become the largest transit station in Europe where trains will only stop for the time necessary for passengers to board or disembark from trains which will come from or go to the marshaling yards. The traffic volume of the station will be raised from the current 240 trains every 24 hours to 800 (Technicky Tydenik No.29, 14 July 1977).

3. New Czechoslovak Regulations on Tourist Traffic with Poland

On 4 August 1977 Radio Hvezda provided some details on the Czechoslovak-Polish tourist agreement signed on July 20. Radio commentator Ilja Jenca revealed that, as of August 20, Czechoslovak citizens with the status of permanent resident will be able to travel to Poland either with a passport or with an identity card plus an exit permit. The letters of invitation hitherto required by both sides before private travel -- as contrasted to group tourism -- was authorized will no longer be necessary. The new rules also abolish the system of permits for travel in the two countries' border areas.

On the other hand, the financial arrangements for journeys between Czechoslovakia and Poland have been made more difficult from the traveler's point of view. A minimum of 170 zloty per person per day must be purchased for koruny, but not more than 490 zloty. The exchange rate for such transactions has been set at 47.10 Kcs = 100 zloty; it will be subject to periodic adjustment. This particular regulation is obviously designed to curb smuggling which, up to now, has been widespread on the Czechoslovak-Polish border.

Letters of invitation required for private travel have been required by the Czechoslovak side up to now only for two socialist countries -- Poland and the Soviet Union. The regulation is being rescinded in the case of Poland, probably because it was becoming more and more meaningless: the authorities were well aware that letters of invitation were relatively easily arranged even between chance acquaintances. The rule remains in force for travel to the Soviet Union.

Various technicalities govern the issue and use of Czechoslovak travel documents. For travel abroad a Czechoslovak citizen needs either an exit voucher (vyjezdni doložka) or an exit permit (cestovní příloha). The exit voucher is part of the passport. For travel to the West a special one-time document is required, but for trips to other socialist countries this is replaced by a stamp in the passport itself and remains valid until the latter's date of expiry. The exit permit is a separate document which can be used only in combination with an identity card and is valid for a maximum period of three years.

The new legislation may be expected to intensify Czechoslovak-Polish tourist traffic, which is of considerable volume even now. In 1976 a total of 1,756,000 Czechoslovak citizens traveled to Poland, while 5,802,000 Poles (including those in transit and Polish citizens on work contracts) visited Czechoslovakia. Czechoslovak Deputy Foreign Minister Milos Vejvoda, who revealed the above figures at a press conference on August 4, said that the new arrangement offered a wider range of opportunities for recreation and travel; it was a practical

10 August 1977

example of the development of relations among the socialist countries "in the spirit of the Helsinki conference" (Ceteka, 4 August 1977). Jenca for his part noted that 18 border crossings are equipped to handle traffic between the two countries, but only two to three of them are widely known to the Czechoslovak public; occasional bottlenecks occur because of this.

- end -