

ECONOMIC REFORM LAGS IN CZECHOSLOVAKIA

The Dubcek regime has had to weather the initial phase of the political storm before it could begin to focus on the problems of economic reform.

Dubcek cannot yet afford to identify himself with an economic program that may risk alienation of any of his supporters, however. The Czech political situation has not yet been stabilized, and the economic future is so uncertain that he would be foolish to tie his hands with a detailed program.

Central to Czechoslovak economic plans is the question of the availability of foreign credits. Czechoslovakia continues to seek credits primarily for the purchase of Western technology and for short-term assistance in maintaining the consumers' standard of living. Amid constant reports of credit feelers in the West, Czechoslovak Deputy Premier Lubomir Strougal went to Moscow 10 June for a continuation of talks on long-term Soviet-Czechoslovak economic cooperation. A major topic of discussion probably will be a sizable foreign currency credit that Prague is seeking from Moscow.

Meanwhile, the impatient reformers led by Deputy Premier Ota Sik continue to complain about the slow progress in spelling out a new economic policy. They cite the failure to phase out ineffi-

cient firms and to do away with central control of the economy. The comprehensive study of the economy promised by Dubcek's action program has yet to be published, nor has a progress report been made.

Nevertheless, two major decisions have been made recently, neither of which had been included in the original economic reform of the Novotny regime. The first involves the establishment of workers' councils, which are to manage certain enterprises. The second downgrades the role of the industrial trusts, which had been deemed central to administrative efficiency and the success of the original economic reform. Now, however, enterprises and firms will not be obligated to associate with the trusts.

Other limited measures toward economic reform also have been taken this year. These include the continued closing down of uneconomic mining operations, the introduction of new management principles in agriculture, and the recent cutback in 1980 goals for the production of electric power, steel, and coal. In a related development, labor unions are slated to have "real" power to represent workers' interests: they will elect candidates for political offices and will promote legislation beneficial to workers. [REDACTED]

25X1

25X1

SECRET