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CZECHOSLOVAKIA

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CZECHOSLOVAKIA: ANNUAL REVIEW FOR 1979

*Her Majesty's Ambassador at Prague to the
Secretary of State for Foreign and Commonwealth Affairs*

SUMMARY

The elements were unfavourable in the first half-year. Czechoslovakia had enough home-grown and external economic problems without that added burden (paragraph 1) but little else of domestic concern, though the dissidents were a problem (paragraph 2).

2. Externally the Soviet Union's resource base keeps Czechoslovakia trapped and for self-preservation reasons subservient, and will continue to do so (paragraph 3) despite cultivation of alternative sources and for that matter Western neighbours, with a fly floated down to us (paragraph 4).

3. Our own bilateral relations had extremely little content in the no-go political areas, but saw notable advances where (*i.e.* commercial and British Council work) there are few restraints (paragraphs 5-8).

Prague,

25 January, 1980.

My Lord,

1979 came in disastrously. A 30° drop in temperature to -16° centigrade in 12 hours over New Year's Eve (unprecedented since records were first compiled in 1775) heralded chaos in energy, transport and living conditions. Recovery took months. Offices and factories started later, to popular dismay, school holidays were extended, speed limits with tough penalties set up, and summer-time, with its occupation overtones, was reintroduced for the first time since 1945. Spring and early summer were freakishly bad. Spring snowfalls destroyed two-thirds of the forests of south and south-west Bohemia. A very dry May was followed by June days of scorching heat and near tropical rains. An uncovenanted four million tons of feed grains had to be imported against hard currency. The terms of trade, coupled with conditions in the West, depressed industry and hard currency earnings. For the first time, so far as I know, the establishment stated unequivocally that Czechoslovakia was not insulated from world economic trends. Swingeing economic self-criticism, repeated exhortations from President, Prime Minister and others to do better, price increases direct and concealed—these were the themes of a very difficult year, categorised by the Finance Minister as the most complicated period of the sixth Five-Year Plan, and were the main preoccupations of the same unchanged political leadership. A 2 per cent increase in national income was unusually low. Husák completed 10 years as First Secretary of the Party in April; in May 1980 he could be re-elected for a second five-year Presidential term.

2. There was little else of major consequence to engage the leadership internally, no awkward anniversaries to celebrate and finesse. Handling the withdrawal symptoms of steady decline from the status of the leading industrial and innovative economy in this part of Europe, and trying to spark an apathetic mass of intelligent and cynical Czechs and Moravians, is task enough. (The spirit of Slovaks is notably different.) The process preliminary to an exchange of Party cards, accompanied by sermonising but no hint of a purge, accelerated throughout the year. Dissidents loosely grouped in the Charter 77 protest continued as targets for official harassment, expulsion pressures, arrest and trial, eight persons charged with non-justiciable offences receiving sentences varying from five years to a suspended sentence. Two others, not Charter signatories, also received sentences for (loosely) subversive activities. The compulsions to act were most probably internal and equally feasibly the decision to stage the major two-day closed-court trial in October may have represented a factional bargain at the top as a sop to the ideologists in exchange for a measure of economic liberalism.

There is to be marginally greater scope for local initiative in the agricultural sector. There are some indications of a less restrictive credit-taking policy, particularly for acquisition of technology. Be that as it may, the wide spectrum of Western interest in the memorably named Charter 77, and the sharpness of Western reactions, will have embarrassed and concerned all such here, officials certainly, who look for some trade-off at the Madrid CSCE meeting. Not, I fear, a potent deterrent for the future.

3. Externally the need for alignment with the Soviet Union is paramount. No longer is this, I believe, a function of the Soviet military presence. Rather, today and for the foreseeable future, it is a necessity for industrial survival. Where else, for example, could Czechoslovakia today afford to get the ore for a steel output of 15 million tons, and almost all its oil and gas? The screw continues to turn and the Czechoslovaks writhe. Kosygin when here in the summer complained about the quality of Czechoslovak counterpart supplies to the Soviet Union. Willy-nilly the engineering sector is taking over from Izhorst production of some 23 440 MW PWRs for the rest of the CMEA; a structural change with evident long-term implications for a country of 15 millions. The wide range of contact with other CMEA countries, documented in a separate chronological table, needs no further description, though no thanks were given to the Romanians for their tourist measures which indirectly enabled some hundreds of Czechoslovaks to slip away.

4. In its second year in the Security Council Czechoslovakia kept the red flag flying with a disarmament initiative as otiose as destined to get through. The whistle-stop progress of visits to and from the Third World—particularly those countries with natural resources—continued. A commercially-oriented visit by the Prime Minister to Japan may have broken new ground, unlike the continuing perma-frost of US-Czechoslovak relations. 1978 saw a drawn reconciliation match with the Federal Republic. In 1979 Austria featured with visits at all imaginable levels, from President Kirschsclaeger down; but Czechoslovakian fouls gave away several penalty goals. We have moved up the league. At face value our new listing (in the Foreign Minister's October 24 review) as first among the 10 Western countries with which he wished and was ready "to develop constructive relations" meets one criterion on East-West contacts in your despatch of 7 December last.

5. It was indeed a modestly good year in some Anglo-Czechoslovak terms. On the commercial and cultural fronts the relationship and results, and hence the projection of Britain in Czechoslovakia, moved usefully forward.

6. I have no doubt that, as then seemed evident and as hindsight confirms, the intensively busy one-day working visit to Prague in March by the Rt. Hon. John Smith MP enthused the Czechslovaks and provided a commercial impetus which persists. Thereafter the Czechoslovaks fielded an unprecedentedly good team for the annual Joint Commission meeting. A very strong Czechoslovak team travelled to London to give a genuine teach-in to British business on how and where to get orders in Czechoslovakia, with a preview of priorities for the seventh Five-Year Plan. Access to the top level in industrial establishments has recently become unusually easy; forward plans are being made available to members of the Embassy and hard enquiries put.

Such things do not happen without policy direction from on high. The Czechoslovak Minister for Fuel and Energy was authorised to pay a five-day working visit to the UK—his second excursion to the West in the year. The volume of trade is not large in absolute terms, at around £170 million a year. Yet in a bad year for traditional Western exports to Czechoslovakia we should increase our exports (on a price basis), which is right against the trend of Western competition, and this by Czechoslovak choice with very little credit priming. Continued effort is well justified.

7. The Czechoslovak penchant for peripheral statistics discloses Cultural Agreements with 60 countries and Cultural Programmes with two. The remarkable success of our Cultural Programme provides no spur for us to aspire to the senior league. Having no yardstick, I cannot compare what happens here with other Communist countries; but I believe cost-effectiveness is high. A British Council statistic, from the 1978-79 Annual Review, is permissible; more people went under British Council sponsorship to Czechoslovakia for short professional visits in that period than to anywhere save the sub-continent of India. Some half of these were concerned with science and technology. Czechs and Slovaks, officials as others, have continued easy of access and to deal with, personally and officially. They seem genuinely to welcome all that we are able to afford to do in the field of culture, exchanges, seminars etc. English language teaching at summer courses (in 1979 five instead of four) and by resident British lecturers in four universities is welcomed. The Czechoslovaks are giving thought to subsidising a fifth British lecturer to teach technical English at university level. They have agreed to the sale of British Library reprint coupons for soft Crowns, and a scheme for the sale of multiple copies of British textbooks for university students through the Cultural Section for Crowns needs only the final touch.

8. *The Times Review* of the Year's entry for Czechoslovakia was the Charter 77 (VONS) trial; Rudé Právo's for the UK was the signature of the Rhodesian Agreements. There was a little bit more to it of political interest than these elements, viz. the annual political consultations held in London. There are also four open invitations to British Ministers, yours the longest standing. In the reverse direction visits by three functional Ministers to the UK are in suspended animation, one of these invitations having been extended. There are no bilaterally contentious issues of any importance.

9. I am sending a copy of this despatch to Her Majesty's Representatives in Belgrade, East Berlin, Bucharest, Budapest, Moscow, Sofia, Vienna, Warsaw, UKDEL NATO and UKMIS New York.

I am Sir

Yours faithfully

P. J. E. MALE.