

CZECHOSLOVAK NEWSLETTER

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T. G. MASARYK

On March 7 Czechs and Slovaks abroad remembered the 130th anniversary of the birth of Tomáš Garrigue Masaryk (1850-1937), the first president of the Czechoslovak Republic. An advocate of humanitarian democracy, Masaryk believed in the idea of conciliation and cooperation among the social classes. In his book The Social Question, written in 1898, Masaryk rejected the Marxist tenet of the historical inevitability of revolution. Because of his criticism of Russia's October Revolution and the anti-Bolshevik activities of the Czechoslovak Legion in Russia immediately after World War I, the leaders of the Soviet Union despised Masaryk and all he stood for. After the communist coup of 1948 in Czechoslovakia, he became anathema in the very land he helped to found. Teachers did not even mention his name to keep the younger generation in ignorance of him. During the "Prague spring" of 1968 his image reappeared briefly, but the Warsaw Pact invasion put an end to his inchoate rehabilitation. The short-lived period of reform under Alexander Dubček is blamed not only on the sins of nationalism and social democracy but also on "bourgeois circles' Masarykism."

A quarter century of attacks on Masaryk has failed to obliterate the Czechoslovak people's memory of him. It lives in spite, and indeed because, of the blackout imposed on him.

THE "NORMALIZED" FILM

Film played an important role in Czechoslovakia during the liberalization of 1967-1968. Young New Wave directors made a number of motion pictures that

received international acclaim. Among them were Ján Kadár's "The Shop on Main Street," Miloš Forman's "Fireman's Ball," Jan Němec's "Report on the Party and the Guests," and Jiří Menzel's "Closely Watched Trains."

The situation changed radically after the Warsaw Pact invasion of 1968. Normalization meant a return to "socialist realism," and art once more became a tool of propaganda. "At the beginning of the seventies, Czechoslovak fiction film production dropped to half that of the immediate preceding period. . . . In 1973 a list of banned films was issued in Prague that contained practically all the best films of the sixties." (Mira and Antonín J. Liehm, The Most Important Art: East European Film after 1945 [Berkeley, Calif., 1977], p. 305)

Rudé právo, the daily organ of the Czechoslovak party Central Committee, on March 8 reported on the Košice film festival in East Slovakia. A jury headed by the Slovak director Andrej Lettrich selected three films produced last year for equal awards. They were Karel Smyczek's "Goslings" (Gottwaldov Studios), which was described as "a refreshing film without violence or attempts to shock" which portrayed "a world free of 'philosophizing' pessimism"; Martin Hollý's "Death Made to Order" (Slovak Films, Bratislava), which dealt with "the economic depression of the thirties" based on a theme of the late Hungarian writer Béla Illés about "the oppressive atmosphere and life under bourgeois rule"; and Jaroslav Soukup's "The Rough Plain" (Barrandov Studios, Prague) about "the life of our border patrol from liberation to February 1948 [the communist takeover] and since." Two other films received honorable mentions: "The Case Rabbit" by the Czech director Jarolím Jireš, and "Build a House, Plant a Tree" by the Slovak director Juraj Jakubisko. Jakubisko, Jireš and Hollý were all members of the New Wave generation, and their reemergence is undoubtedly an attempt to improve the quality of Czechoslovak films which declined so sharply after 1969. (Another member of the New Wave, Vera Chytilová, has also been allowed to return from obscurity to make "The Apple Game," of which The New York Times (March 12, 1978) wrote: "Critics, both inside and outside Czechoslovakia, believe it is the best film to emerge in ten years of Czechoslovak cinematography.")

Attendance at Soviet Films: 8% of Capacity

Reports on attendance are depressing, especially when Soviet films are shown. Foreign films are selected by a special federal commission according to standards set by the communist party's cultural department. The only Soviet films shown are those that paint life in the USSR in the rosiest hues ("The Soviet Union Is Our Model"), while Western films are chosen purposely to portray the decadence of dying bourgeois society.

On February 7 Nové slovo, the political, economic and cultural weekly of the Slovak party Central Committee, published an article by Ján Lenčo, a cinema manager from Žilina (Central Slovakia). "On the surface," he wrote, "everything is in order. The attendance plan for films from the Soviet Union and other socialist countries is fulfilled, even overfulfilled. But the facts are different. . . .

"Let's be frank: we do not buy films, we barter them. The Rumanians and Bulgarians, for instance, are interested in nine Czechoslovak films. We take nine of their production, regardless of quality. . . . We do so knowing that some of the

films will not be popular with audiences and will show to half-empty houses. Commissions forget that run-of-the-mill and below-average films turn people away and lower their interest in movies from the socialist countries."

About Soviet motion pictures, Lenčo wrote: "It is a pity that, 35 years after liberation, when the Soviet industry has produced some outstanding films, theaters, with some exceptions, are half empty. . . . Yet reported attendance is remarkably high. Statistics make miracles. They tell us what we want to know, nurturing our self-deception and self-satisfaction. Data on Soviet films make no distinction between evening shows and schools performances. . . . It is possible to improvise a number of schools performances and give the impression that people go to Soviet movies. . . . I have checked the attendance at evening showings of Soviet and American films during recent years. At Soviet films attendance was eight percent of capacity, at American films, sixty-four percent. That is more than alarming."

Lenčo said that he had discussed the matter with a representative of Sovexportfilm, who reacted "with surprise and regret, and asked why Czechoslovakia does not buy the top Soviet films that are shown in other socialist countries. . . . Like ours, the Soviet is an advanced socialist society. [Negative phenomena] are treated honestly by Soviet art. . . . A search for their solution is an important function of socialist art. Overcautious people responsible for our film industry, however, think as follows: What if someone sees a denigration of the Soviet Union in our selection of Soviet films? . . . Therefore it is safer, ideologically unobjectionable, to choose films about old subjects in hackneyed idioms."

This is searching for an alibi. Ideological purity must be maintained. Only Western films should show negative phenomena. Lenčo complained that only cheap Western films are being shown, West German soap operas and budget detective yarns. "We do not get to see the best films, works by great progressive directors like Fellini, Pasolini, Bergman and Coppola."

Problems of the Czechoslovak Industry

The problems of film-making in Czechoslovakia were also considered in an article by Petr Adler published in Mladý svět, the weekly of the Czech Socialist Youth Union, in its issue of January 22/28. "It is a long time since a 'sold out' sign was seen outside a showing of one of our new films," Adler wrote. "The miserable state of our present film production is an open secret. This affects us both as filmgoers and as magazine readers. . . . Reports of good attendances provoke ridicule, especially in the last couple of years. Data on attendances are gathered by the Central Film Distribution Agency. . . . Attendance at new films is barely above the point where tickets must be refunded" and the theater closed.

Adler asserted that one of the main reasons for this is the high average age (52) of Czechoslovakia's film directors and the lack of opportunity for graduates of the Film Faculty to work independently. It may be recalled that the Czechoslovak New Wave of the sixties was precisely the work of young graduates of the faculty. They have now either emigrated or been banned from working, and their place has been taken by mediocrities whose only qualification is blind loyalty to the party. As in all other sectors, they are the mainstay of Czechoslovakia's "normalized" regime.

"Saturday Night Fever"

The American box-office success "Saturday Night Fever" had a mixed reception when it was shown in Czechoslovakia. In Pravda, the Slovak party Central Committee daily, critic Pavol Minárik wrote on January 19 that the film "cleverly and subtly disorients young people in the West, and in the socialist countries serves as an instrument for the penetration of petit-bourgeois ideology and encouragement of a taste for the Western consumer way of life. It promotes precisely those values against which we must struggle in educating the young socialist man."

Minárik's comments apparently elicited a lot of mail, and in a reply headed "Don't Touch Idols?" published in Pravda on February 19, he conceded that the letters were divided approximately fifty-fifty pro and con the film. Even the critical letters, however, revealed the mood of young people in Czechoslovakia. One, for instance, complained that "Travoltamania has spread" and "some young people have changed their life styles." But Tatjana Šimková of Bratislava was of a different opinion: "Permit me to disagree with [Minárik]. He says the hero of the movie is representative of the majority of young Americans. Why then shouldn't we see their life style? . . . I've seen the film five times." František Nový of Prešov (East Slovakia), while agreeing with Minárik, explained that Tony Manero had become so popular "because our film directors haven't been able to create a model for the young socialist. If they had, we wouldn't now be witnessing a Manero fad."

THE STATE OF THE CZECHOSLOVAK ECONOMY

[The following observations were written by František Pindák, a Czechoslovak economist who left his homeland in 1968 following its invasion by the armies of the Warsaw Pact powers. A specialist in East-West economic relations, he is now at the Institute of Economics of Erasmus University, Rotterdam. -Ed.]

The Czechoslovak economy has suffered two steep declines since World War II. Both of them can be defined as real economic crises. The first occurred in the fifties about the time of Stalin's death, the second in the early sixties. Now there are signs that it is heading into a third crisis. The signs are evident in a number of areas, but they are most pronounced in personal consumption, foreign trade, and agriculture.

Conditions in the area of consumption were graphically described in the Theses on Consumption published by Charter 77 (Czechoslovak Newsletter, Vol. IV, No. 7/8 [July-August 1979]). Shortages of consumer goods and services have plagued the communist economic system ever since its inception and are well known. What is new is the increase in their scope. Since the Warsaw Pact invasion of Czechoslovakia in 1968 commerce and services have become riddled with corruption, black-marketeering, off-the-books work, and bartering of goods in short supply. The Charter 77 document dubbed these phenomena the "second economic circuit" which "makes life bearable for many people and is simultaneously moving us toward a new kind of society

that trades in kind."

These shortcomings are barely apparent in the statistical data on personal consumption. Communist statisticians seldom admit to shortfalls. In Prague it has happened only once, and belatedly at that. In 1953, according to official statistics, per capita personal consumption dropped five percent. Officially, the Czechoslovaks suffered imperceptibly in the early sixties, when it was claimed that there was only "some slowdown" in personal consumption in 1962 even though it was admitted that national income, industrial output and average real wages had all declined. There is reason to believe, however, that the decline was far sharper than was acknowledged. Communist states suffer from hidden inflation. Data on the growth of national income are overvalued. This fact has escaped some Western economists, who have praised the centrally managed communist economy for successfully mastering inflation, especially in Hungary, and suggested it as a model for Britain. But now the communist countries are facing a period of open inflation. Already in 1973, the official statistics showed an unusual 10.8 percent increase in retail prices in Czechoslovakia. In 1979 the prices of consumer goods rose again in Czechoslovakia, Hungary, and other communist states.

Hidden inflation has been one reason for the gloomy situation, but the main reason has been the chronically passive foreign trade balance since 1973. There is a large and growing deficit in fuel, raw materials, metals, chemical products, and foodstuffs. Traditionally, these deficits have been offset by an active balance in machinery, industrial equipment, and industrial consumer goods. Now, however, Czechoslovakia's exports of machinery are insufficient to compensate for its growing and increasingly expensive imports. Already in 1977 the net earnings from exports of industrial consumer goods were greater than from machinery and equipment. The planners in Prague have therefore decided to increase exports of consumer goods in lieu of the shrinking exports of engineering products. It is the consumers who will suffer. They will have an even harder time acquiring the goods they need in the stores, and this will cause a surplus of buying power that will have to be at least partially offset by higher prices.

Czechoslovakia confronted similar problems at the beginning of the sixties, but only in regard to Western currencies. Because of increased competition and the demand for high quality, Czechoslovak foreign trade agencies are again unable to sell on hard-currency markets and realize prices that would correspond to the inflationary rise on world markets. Moreover, Czechoslovakia is now being forced to buy in the West commodities that were formerly supplied by the Soviet Union, which has recently either stopped deliveries (of grain, for instance) or refused to increase deliveries (of crude oil).

A new development is the fact that Czechoslovak trade with the Soviet Union has been in the red since 1975. In actual fact, it ought to show a positive balance because of Czechoslovakia's participation in extensive capital investment projects in the Soviet Union, or at least an even balance if the Soviet Union were to repay past Czechoslovak credits at the same rate as it uses new ones. The causes of the present unfavorable situation are higher Soviet prices for oil and raw materials. In 1975 the Soviet Union took advantage of rising prices on world markets to increase the prices of its deliveries, even to its partners in Comecon. Without warning it imposed a basic change in the way contractual prices are set within

Comecon. Prices are now determined annually on the basis of the development of world prices over the preceding year instead of every five years as in the past. In spite of past agreements that Comecon prices would be free from monopolistic influences, the Soviet Union is now selling its crude oil and natural gas at monopolistically high prices that compare with those dictated by the Organization of Petroleum Exporting Countries (OPEC). Czechoslovakia, however, seems to have been unable to secure from the Soviet Union higher prices for its machinery that would correspond to the growth of the prices of finished products on world markets. This was confirmed by Prime Minister Lubomír Štrougal in a speech in Ostrava in which he noted that the prices of imports had risen 23.7 percent while Czechoslovakia's export prices had gone up only 12.7 percent.

Accurate figures on Czechoslovakia's indebtedness have been hard to find for several years past. According to Western information, Czechoslovakia is less in debt to Western banks than other communist countries. The Bank for International Settlements in Basle put Czechoslovak indebtedness by the end of 1978 at 1.2 billion dollars. In view of Prague's increasingly passive balance of trade, however, its indebtedness should be considerably higher. Its cumulative deficit for the period 1973-1978 was 3.5 billion dollars, including 750 million owed to the Soviet Union. It follows that its debt to the West ought to be twice as high as calculated by the Basle bank.

More important than the figures has been the destabilizing trend in the Czechoslovak economy in recent years. The reasons for this are both structural and long-range in nature. The 1973-1978 cumulative deficit is a good indicator. In terms of domestic prices it represents about one-tenth of Czechoslovakia's present annual income.

The situation took a dramatic turn for the worse in 1979 because of a poor harvest and unsatisfactory industrial performance. The bad harvest means extra imports of a billion dollars before the next harvest. The foreign-trade deficit and indebtedness will therefore grow.

The adverse economic development will mean not only reduced consumption for the population, but also a decline in capital investment and net capital formation. Such reductions have already been planned for 1980, but the bottom has not yet been reached.

It is questionable whether reduced capital investment will be effective. It was not during the two previous economic crises. As then, present difficulties appear to be the outcome both of the declining efficiency of Czechoslovak industry and agriculture, and the worsening foreign-market conditions. Reduction of capital investment may simply compound the situation further. The equipment of Czechoslovak industry is roughly one-and-a-half times older than that of the advanced Western countries — 15 years old as opposed to 10-11.

For this state of affairs Prague blames the "objective reasons" of inadequate domestic energy and shortages of raw materials. Much the same arguments were advanced fifteen years ago. Czechoslovakia will be forced to overhaul its energy plans for the eighties. In 1978 Prague was still expecting to increase its crude oil imports by 35 percent between 1980 and 1990 (Plánované hospodářství, No. 7, 1978, p.

26), but in his Ostrava speech Štrougal told his surprised audience that this would not be possible because "after 1980 increased oil imports will have to be met with supplies from nonsocialist countries, with all their side effects, especially higher prices." The Soviet Union will not be increasing its oil deliveries, nor will Czechoslovakia be receiving natural gas supplies from Iran, which, according to an agreement, were to have begun in 1981 and to have reached some 127 billion cubic feet a year by 1985 (Hospodářské noviny, September 1, 1979, p. 2). For Czechoslovakia this also means a loss of expensive investments in the construction of a pipeline in the Soviet Union through which gas was to have been supplied.

It is not clear how Prague intends to resolve this dilemma. For the time being it is trying to step up the construction of thermal electric plants, but it was announced on Czechoslovak television on October 3, 1979, that the "era of the development of new thermal power plants is coming to an end." Atomic power plants are seen as the direction of the future. Five percent of Czechoslovakia's energy supplies are to be generated by atomic plants this year, and at least 18 percent by 1985. Significantly, no mention has been made officially of safety or pollution problems.

Shortage of raw materials and fuel is not an exclusively Czechoslovak problem, of course. It is also the case of Western Europe and Japan, but market economies cope with deteriorating conditions better, as even Štrougal admitted in Ostrava. "High requirements for raw materials and energy" is a euphemism employed by Prague and Moscow for waste occasioned by technological obsolescence. It is a well-known problem of centralized planning systems, and was much analyzed during the economic reforms of the sixties in Czechoslovakia.

Czechoslovakia's technological lag is well illustrated by two examples: textile machinery and microelectronics. During the sixties Czechoslovak technicians succeeded in developing an invention that altered the classic methods of the textile industry. They perfected spindle-less spinning and hydraulic and pneumatic jet looms. For ten years Czechoslovakia profited from their manufacture, on which it held a virtual monopoly from 1971 to 1975. This edge was lost, however, thanks to the bureaucratic recentralization of the Gustáv Husák regime. "The development of textile machinery in the world shows that we have lost our advantage. . . . Second-generation machinery is now ready elsewhere, and so are elements for its third generation. We are now being overtaken in weaving" (Jaroslav Kytka, "Innovation and Time as the Main Factors in Developing Textile Machinery," Plánované Hospodářství, No. 10, 1978, pp. 27-33).

Soviet "fraternal assistance" and "socialist economic integration" have also contributed to the situation. After the 1968 invasion, the Soviet Union forced Czechoslovakia to abandon its economic reforms, and was quick to exploit Czechoslovak inventions. Czechoslovakia was compelled to take part in a joint development and specialization plan. The manufacture of certain types of machinery had to be surrendered to Moscow. "Imports of modern textile machinery from capitalist countries have increased substantially. It cannot be obtained from the socialist states," Plánované hospodářství complained (ibid.). That is an indirect admission of how so-called socialist integration has hurt Czechoslovakia.

Štrougal in Ostrava mentioned the lag in microelectronics, which are a deci-

sive factor in the quality and price of new types of machinery and the marketing of it. In the West miniature memory elements are used even in washing machines and household appliances. Once again Czechoslovakia seems to have missed a boat. The same thing happened in the past when five-year plans stressed the quantitative growth of the metallurgical and engineering industries and slowed the development of the chemical industry.

Though they may not admit them openly, communist planners are well aware of the problems inherent in the centrally planned economy, and have continually tried to reform the system from within. The two earlier crisis were both followed by waves of reform. During the sixties, especially after January 1968, Czechoslovak reform was tending toward the "market socialism" of Yugoslavia between 1965 and 1971. Since 1971 Czechoslovakia has made the same attempts to reform the traditional centralized system as elsewhere in the Soviet bloc.

The Soviet Union suppressed the attempt at "market socialism" in all the East European states after it became clear that it could lead to greater political independence, as in Yugoslavia. A Soviet document, "Improvement of the System of Planning and Management," published in June 1979, returns to the methods of Stalin's time and is based on East Germany's experience. Emphasis is on central command planning of which East Germany has long experience. Czechoslovakia is following the Soviet and East German example, but reluctantly as is indicated by the poor results of the "experiments" under way in certain selected enterprises. Apart from the "experiments," it is the absence of any debate about the possibility of economic reform that typifies the present situation in Czechoslovakia, while in Poland and Hungary theoretical discussion abounds. Economic reform, however, requires political decisions, and these are what Prague wants to avoid. The sharp cut in imports of oranges and bananas decreed last summer certainly will not solve its problems, nor is an East German-Soviet type of modernization likely to. Only reforms based on a market economy, Lenin's New Economic Policy (NEP), were able to rescue the first centrally planned system from collapse. Czechoslovakia's most successful period of reform was in the sixties, the period now labeled the "years of crisis." Even the success of East Germany's modernized centralized system is problematic, since "intra-German" trade enables the German Democratic Republic to benefit from the European Economic Community. It also receives continuous economic assistance from West Germany in the form of credits and outright gifts as a kind of underdeveloped country. Would Bonn be willing to grant subsidies to Prague? And would Moscow acquiesce?

What lies ahead for Czechoslovakia is hard to predict. Several factors come into play: developments in the Soviet Union and East Europe as a whole; Western economic policy toward the Eastern bloc; and above all, what Czechoslovakia's planners and population will do. Economic decentralization, or more precisely, a regulated market system, after the fashion of Hungary, the bloc's economic laboratory, could improve efficiency, but public pressure would be necessary to avoid solving problems (as Poland did) at the expense of the public. Yet a "decentralized" system was the goal of the "normatives," material incentives, introduced in 1958 and of the economic reforms advocated by Ota Šik and his disciples in the sixties, experiments that came to naught. Czechoslovakia's present serious economic difficulties are not simply the consequences of unforeseen changes in the world economy. They are also, and above all, results immanent in the centrally planned economy itself.