6 Czechoslovakia's Pan-European Relations During the "Long 1970s"

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The "long 1970s" in Czechoslovakia marked their start with the beginning of a normalisation process in 1969 and their end with overcoming economic stagnation in 1982. While the first half of the 1970s can be designated a consolidation process during which the state regained its grip on previously de-centralised economic planning and used extensive growth to increase the gross national product, the second half of the 1970s was a period of broader opening towards cooperation with the West, investment and consideration of reforms. This is why Czechoslovakia had the lowest level of indebtedness among the CMEA countries. It only became higher towards the end of the 1970s. With no investment in the first half of the decade, Czechoslovakia was risking losing its competitiveness in global markets in the long run, but the strategy eventually paid off at the end of the decade when East German and Polish hopes of investment returns and export revenue from new production lines failed to materialise. However, Czechoslovak industry gradually became outdated with growing competitiveness problems in Western markets, which were aggravated by expanding EEC competences and EEC enlargement. An active balance of payments was progressively achieved thanks to exports of food, raw materials and consumer goods instead of machinery products. This stabilised the economy for the remaining decade but warned economists of the fustiness of the system and its growing technological backwardness.

This chapter contributes to existing historiography, which has dealt with the role of Czechoslovakia in pan-European relations and its foreign trade in the long 1970s rather marginally, the main focus being on political aspects of international relations.¹ The most notable work on the subject has been done by a team of Czech and Slovak historians under the leadership of Václav Průcha in the second volume of their extensive *Economic and Social History of Czechoslovakia, 1918–1992*.² Particular aspects of Czechoslovak relations with Western Europe have been discussed in studies and articles by Karel Svoboda, Oldřich Tůma and Tomáš Vilímek, which will be specifically discussed later in the chapter.

The consolidation process and credit policies

The 1970 document 'Lessons Drawn from the Crisis Development in the Party and Society after the 13th Congress of the Communist Party of Czechoslovakia'

by the party's Central Committee counts as the main document which set out the normalisation process characterising the late period of state socialism in Czechoslovakia.³ However, the economic strike back against the 1968 reform initiative started much earlier than that. After the suppression of the Prague Spring, the Czechoslovak economy and foreign trade had to undergo specific changes regarding ideological requirements. Deliveries of British Vickers VC-10 aircrafts for the Czechoslovak airlines were suspended, construction contracts for Czechoslovak construction teams to work in West Berlin were cancelled and thoughts of an automobile factory built by a French-Italian consortium in Slovakia were abandoned.⁴ Although the Dubček administration was considering a credit from the International Monetary Fund in 1968, this plan was also quickly buried.⁵ A month after Gustáv Husák became the new first secretary of the party, in May 1969 the Central Committee adopted the document 'Realisation Direction for the Party Strategy Until the 14th Congress', which effectively enforced state control over the national economy. The half-started reform connected to the Prague Spring was condemned as chaotic and contradicting the rules of the socialist way of life.⁶ In June, so-called stabilisation measures stopped increases of nominal wages and stabilised consumer prices in order to control inflation. The progressive passive balance of payments and the private consumption boost of the late 1960s were to be fought with a strong pro-export policy, an autarky programme and limitation of foreign debt. This consolidation strategy was intended to endure for a short period of two years, but it eventually defined the whole first half of the 1970s. In order to re-centralise economic planning, the conservative communist leadership argued from experience of earlier years in which a conservative interpretation of central planning had proven to be useful. This approach would certainly not provide any economic miracles but it would guarantee modest but stable economic growth.

The Czechoslovak federal and republican elite set the paradigm of the economic consolidation process which would endure until 1975–76. The main keynotes of the policy were 'stability' and 'a calm environment for work'. The only significant investment plans were realised in Slovakia as part of a long-term policy of equalising the two parts of the federation and involved financial transfers from the Czech part of the federation to the Slovak part.⁷ The fast economic growth in Slovakia and the preference for investing in this part of the federation were a source of hidden national tension between the Czech and Slovak elites and also between common citizens.⁸ The conservative investment policy, an emphasis on autarky in grocery and consumer good production⁹ and reinforcement of the energy base were crucial in the consolidation process. Many technological innovations were sold to Western companies instead of being implemented in Czechoslovak industry.¹⁰ One well-known and telling example was the invention of soft contact lenses by Czechoslovak chemist Otto Wichterle. This could have been a success story for Czechoslovakia, but the invention was sold to the US. In 1971, the Bausch + Lomb company started to sell Wichterle's lenses, launching a revolution in the field of optical aids.¹¹

In the mid-1960s, other CMEA member countries followed the traditional ideological extensive fast-growth policy but had to fight increasing trade deficits.

The exports which were expected to pay for the credits did not manifest. State socialism found itself in a hole but could not stop digging. In the next decade, most CMEA members decided to take advantage of the financial market, which was flooded with cheap oil dollars with favourable credit conditions. The situation convinced many socialist countries that they could use credits for imports of consumer goods to keep the citizens calm, which meant abandoning the policy of self-sufficiency and economic independence from the West.¹² However, the Czechoslovak political and economic elite, shaken by the events of 1968, turned in the exact opposite direction. In particular, Prime Minister Lubomír Štrougal and Chairman Stanislav Potáč of the Czechoslovak State Bank were eager to limit imports, to stop inflation and to re-establish a balance between supply and demand in the domestic market – all this with an accent on autarky. The social contract with citizens used other social policy tools, like housing, leisure at the state's expense and pensions. This worked out rather well all through the normalisation period because the citizens were not dissatisfied enough with the situation. As Czech journalist Petr Honzejek has stated in a commentary on the Czech mentality in this historical context, 'If there is something here, even when we know that it is horrible and it badgers us, we learn to live with it very fast and make it bearable. And if it is bearable why should we change it?'¹³

Eventually, the relatively high level of economic growth and the good results from the fifth five-year plan (1971–75) convinced the high level of the party that the return to fully centralised planning was the right decision and the system should be maintained with eventual amendments which would merely bring the system closer to perfection. The belief in continuing growth convinced the State Planning Committee and economic ministries to consider the possibility of an ambitious investment wave in the sixth five-year plan (1976–80). Observers in the West German Foreign Office saw the success of the first half of the decade as evidence for the Czechoslovak leaders that growth and development were possible without the 1968 reform attempts and the success silenced any remaining liberal thinking within the Communist Party of Czechoslovakia (CPC).¹⁴ The remaining latent liberals would not raise their voices until changes in the Soviet Union in 1985.

The investment plan, which included projects like the construction of a highway between Bratislava and Prague, a metro system in Prague and a steel mill in Košice, required imports of technologies, materials and licenses. This required an amount of free convertible currency which the foreign trade was not able to generate. Therefore, it was at this time that Czechoslovakia jumped on the "credit train" to finance the new investment projects. The first large credits from Western European bank consortia were only received in 1975 and 1976, amounting to 60 million dollars and 200 million dollars, respectively.¹⁵ The debt to the West then slowly began rising but remained relatively small in comparison to the other CMEA countries. At a Bundesbank board meeting in December 1982, it was stated that Czechoslovakia and Bulgaria were able to keep their foreign indebtedness very low.¹⁶ When the Western states reacted to martial law in Poland in December 1981 with credit sanctions, Czechoslovakia did not seek the solution

of joining the International Monetary Fund like the other CMEA countries but instead reduced imports and followed an export 'at any cost' policy.¹⁷

The high investment rate and the renewed growth in private consumption resulted in cyclic development with phases of acceleration and deceleration. While in the first half of the 1970s acceleration was notable, the results in the years 1976–78 pushed economic growth into a deceleration phase.¹⁸ This unexpected development urged the economic authorities in the federal government to think about changes. In 1979, several programmes in the investment plan were halted and the government introduced new prices for consumer goods to stop private spending and to decrease the need for imports. Chairman Stanislav Potáč of the Czechoslovak State Bank strongly defended the autarky policy and rejected requests from enterprises across the country for free currency. He was able to back his stand with the unique position of the State Bank as the final controller of the state budget and finances, which made the bank a strong voice in the national economy, unlike in the other CMEA countries.¹⁹ At the same time, Potáč opposed suggestions from some CPC Central Committee Presidium members who would have preferred to take out a loan to continue with the investment programmes.²⁰ A modest liberalisation of foreign trade conditions for Czechoslovak enterprises as a means to achieve an active balance of trade with Western countries was followed by the first reform attempt since 1968. Strongly advocated by federal Prime Minister Lubomír Štrougal, it was introduced with the document 'Series of Policies for Improving the System of Central Planning in the National Economy after 1980'.²¹ It would be a simplification to state that this was a repetition of the unsuccessful 1959 economic reform, but at the same time the 'Series of Policies', as it was commonly referred to in public institutions, shared many of the 1959 reform's aims. The strategy was to intensify production and to improve the efficiency of planning, the effects of economic inputs, the level of management and workers' participation in it. The Series of Policies is generally dismissed as having been unsuccessful. The original tasks in the five-year plan could not be completed and the first three years were planned individually. Between 1980 and 1982, economic growth was close to zero, and Western sources calculated it as negative: -0.1% in 1981 and -0.3% in 1982.²² Nevertheless, it can be argued that the implementation of the Series of Policies stopped the stagnation/negative growth of the Czechoslovak economy, and from 1983 it started to grow modestly.

The second half of the 1970s was also marked by a significant decrease in Czechoslovak competitiveness in foreign trade, with the terms of trade hitting the bottom in 1984. One of the reasons for this trend was the late effect of the oil crisis in the West, as the Soviet Union demanded price increases for its oil deliveries within the CMEA.²³ The higher energy expenditure increased the cost of Czechoslovak industrial production and therefore the final product prices. The negative impact of the bad terms of trade was not resolved with any systematic changes. The federal government used short-term tactics like decreasing imports, as mentioned earlier. At the same time, it pushed for additional exports of consumer goods, which had originally been meant for the domestic market. On the

one hand, these decisions helped to achieve an active balance of foreign trade and successful discipline in paying Western creditors. On the other hand, they repeatedly caused shortages of goods for the Czechoslovak population. Moreover, the increasing amounts of groceries, raw materials such as brown coal and lumber, and semi-finished products like plywood in the export portfolio were a warning sign of technological backwardness and an inability to sell high-quality industrial goods to Western customers.

The ‘normalised’ elite

Economic, financial and foreign-trade policy decision-making was done by a new political and economic elite which emerged from the purges in the normalisation process. A series of committee hearings at all levels in the hierarchy of public organisations, enterprises and agencies led to the firing of 30% of party members.²⁴ This is generally well known and it has been relatively well analysed. More penalties for supporting the 1968 reforms were applied in the Czech part of the federation. The positions freed in state institutions, academia and state enterprises were mostly filled by a ‘second league’ of less experienced but loyal party members. Among the successful Czech professionals able to deal with the complex issues arising in foreign trade and international relations who rose to higher levels were the federal prime minister, Lubomír Štrougal; the federal minister of finance, Leopold Lér; the federal minister of technology and innovation, Ladislav Šupka; the federal vice minister of foreign trade, Jaroslav Jakubec; and the chairman of the Czechoslovak State Bank, Stanislav Potáč. These men created a closed think tank which achieved a consensus on how to develop the Czechoslovak economy in the years to come. Attached to them, a large Slovak cohort emerged in the higher political levels, mainly due to the fact that the normalisation process and sacking of elite members in Slovakia was much less harsh than in the Czech lands. Among the Slovaks most influential in decision-making, we should name the first secretary of the Central Committee of the Communist Party of Slovakia (CPS), Jozef Lenárt; the prime minister of the Slovak Socialist Republic, Peter Colotka; and the federal minister of foreign trade, Andrej Barčák. I do not include the first/general secretary, Gustáv Husák, in this group as he concentrated on political matters and particularly relied on Lubomír Štrougal and Peter Colotka in the economic and investments areas. Both of them originally supported the 1968 reform process but pragmatically withdrew from their reformist positions. This helped Gustáv Husák save them from the purges, as he considered both to be close allies.

Their knowledge, experience and business thinking made managers of state enterprises a regular choice for political posts in the respective economic ministries. The federal and republican governments had numerous specialised ministries for individual industries. Prime Minister Štrougal identified promising young managers and either actively promoted their professional careers in state enterprises or appointed them as ministers, vice ministers or ministerial state secretaries. Among these success stories, that of František Čuba is the most spectacular. Čuba was an

agronomist who took over an average cooperative farm in Slušovice in 1963 and turned it into a thriving business with a turnover of 7 billion crowns by 1989. Čuba used the location of the farm in the relative periphery of the Gottwaldow region and started to implement specific methods reminiscent of capitalist business. Thanks to his good connections with the region's political elite, he was not invited to the committee hearings after 1968 and survived the purges. His achievements during the 1970s attracted the attention of high-level politicians, who suspected Čuba of anti-socialist ideas. As a businessman who felt that his success could be a reason for firing him, Čuba entered regional politics, and as a member of the system sealed his position as the Slušovice chairman. As an advocate of cooperation with Western partners, he created cooperation projects with companies in Canada, Italy and West Germany. The peak of Čuba's managerial career was to come after 1985, when his cooperative farm was taken as an example of a successful socialist business by the first secretary of the Communist Party of Ukraine, Volodymyr Shcherbytsky.²⁵ Although Čuba may be an extreme case among the Czechoslovak managerial elite, a "capitalist" approach among successful Czechoslovak enterprises was taken by many other managers. Miroslav Zapadlo, who between 1969 and 1979 was the director of AZNP Mladá Boleslav, which produced the popular Skoda cars, was a manager who went to the limits of the existing laws to acquire more convertible currency for the company and tried to involve Western European automobile companies in cooperation talks. Although he led the Skoda factory through a massive expansion in his ten years in charge, his actions eventually led to a decision to remove him from office.²⁶

The specific case of academia

The academic elite was not a consistent group and has to be defined on the basis of specialisations. Particularly economists were kept close to political decisions and participated in creating economic policy in the long 1970s. The initial purge among academic economists affected all those who had collaborated with the main representatives of the 1968 economic reform. In a critical article in the main academic economic journal in Czechoslovakia, *Politická ekonomie*, the 1960s reform process was interpreted as counter-socialist and revisionist.²⁷ The main author, Felix Oliva, was an old-school Stalinist economist who had always been a loud opponent of the 1968 reforms. The normalisation process at the University of Economics in Prague which, together with the Czechoslovak Academy of Science, was the centre of Czechoslovak economic thinking, was led by Chancellor Stanislav Hradecký. In the first normalisation years, Soviet textbooks on economic theory were hastily translated into Czech and Slovak. However, the situation in academia could not be wound back to the 1950s. Academics who formally agreed with the Soviet invasion and the subsequent normalisation process started to release their own textbooks, like one on credit and monetary policies by Jiří Petřivalský, who based his argumentation on capitalist examples and authors.²⁸ František Vencovský, who had been active at the University of Economics and had held an important role as a consultant to the chairman of the Czechoslovak

State Bank since 1970, stated that research into the usefulness and possibilities of monetary policy in a centrally planned economy should not be limited at all, as long it did not doubt the re-centralisation of economic planning back in 1970. The research was based on the most recent findings in the West, along with the most important scientific books and journals which were accessible in university and department libraries.²⁹ Thanks to this, the next generation of economic graduates was not only not affected by the purges but was training with knowledge of Western economic models and policies. The works on Czechoslovak foreign trade by another prominent economist, Karel Dyba, show the same picture.³⁰ This was an important element in creating a managerial elite with a realistic vision of the West and able to do business with partners in foreign private enterprises. After all, many members of this managerial elite went on to transfer into the private sector in the Czech and Slovak economies in the 1990s.

It is not necessary to name other branches of academia individually. In all the specialisations, the generation of scientists who had held positions in 1968 was subject to committee hearings and could only keep their posts if they expressed their 'agreement with official Party policy' following the Soviet military invasion. Together with the upcoming young generation of scientists, Czech and Slovak academics in all fields were eager to work with technologies they read about in foreign research papers. Their attitude to contacts with the West was therefore very stable: the more conferences with foreign scientists they could attend or fellowships at Western European universities they obtained, the more contacts they could establish, hopefully with significant research outcomes and patents for Czechoslovak industry. Among historians, Miroslav Hroch became the doyen of Czechoslovak academics, attending conferences abroad and publishing in Western European journals. His work on nations and nationalism became crucial in narratives on the creation of national states.³¹ Among molecular biologists, Jiří Bártek was one of the most successful Czechoslovak scientists working on cancer treatment. He was allowed to take up fellowships in the UK and to conduct research which eventually brought him into the position of being the only Czech scientist considered for a Nobel Prize. Nevertheless, both scientists were able to internationalise their research thanks to deals with Czechoslovak State Security (StB).³² The scientists' wish to get travel permits to the West went along with a willingness to report or deliver. The State Security hoped for information that would be valuable either in negotiating with Western countries or in competing with them. Economic espionage was among the key tasks of the service, and its attempts to gain know-how concerned both military and civil technology.³³ Bártek was allowed to travel to the West in exchange for doing technological espionage. Smuggling biological cultures and devices from top British laboratories helped Czechoslovak cancer research and generic drug development. Bártek later stated in a newspaper interview, 'Young people are lucky that nowadays nothing like that can happen to them. They do not have to go through the choice. For me, it was about my job. I learnt so much in the West'.³⁴ Bártek is a symbol of a period when not only scientists but broad parts of the Czechoslovak population compromised moral principles to achieve their professional or personal goals.

The impact of global changes on Czechoslovak economic relations with the West

At the beginning of the 1970s, the CMEA European members were receiving between 80% and 90% of their oil imports from the Soviet Union. Measured even with today's criteria, the Soviet oil reserves were seemingly endless. And although statistically the Soviet Union/Russian Federation has been floating on an oil basin, already by the mid-1960s extraction had to be moved to remote regions of Siberia so the Soviets could meet the demand in the world market. Exploration and extraction costs in these regions due to the harsh climate were considerably higher. Costs were further increased by the long-distance transportation of the oil, which grew from an average of 80 kilometres in 1970 to 1910 kilometres in 1980 – only within the Soviet Union.³⁵ Oleg Bogomolov, the director of the Institute for the World Socialist Economic System at the Soviet Academy of Sciences, openly expressed the Soviet discontent. Bogomolov pointed to three main problems that aggravated the situation for the Soviet Union: the high costs of raw material extraction, the lack of incentives on the part of allies to compensate the USSR for these high costs, and the relative unprofitability of oil exports. Therefore, the Soviet Union wanted either a major increase in the prices paid for its raw material exports or much greater Czechoslovak participation in investments in new mining installations. The Czechoslovak government needed to start benefiting the 'underdeveloped and exploited' USSR.³⁶

The year 1973 brought a big change for Czechoslovakia and the other small CMEA countries which lacked their own oil reserves. At the beginning, it seemed to be a very promising year, as the socialist camp had the big advantage of cheap Soviet oil, unlike the Western competitors. The input to Czechoslovak industry was therefore bargain-priced and accordingly contributed to Czechoslovak competitiveness. This was one of the reasons for the high levels of economic growth in the first half of the decade. However, the seemingly advantageous situation had a dark side: the West's ability to absorb CMEA goods was diminished due to the enduring economic crisis. Moreover, the Soviets were not happy to sell their oil to socialist allies at dumping prices. From 1975 onwards, the five-year moving average of prices for this particular commodity would be valid for one year only. For 1975, the average for a shorter period (1972–74) was calculated. The Soviet Union was able to achieve a 32% change in its favour in the terms of trade with the other CMEA members.³⁷ Notwithstanding this achievement, the price change did not diminish the Soviet requirement for its customers to contribute their share to the costs of raw material extraction before it would consent to increase its deliveries. In this respect, Czechoslovakia had an advantage in comparison to other CMEA members. The country had participated in a broad Soviet oil industry modernisation project since 1966. In exchange, Czechoslovakia was granted 5 million tons of crude oil for a fixed price of 15.8 transferable roubles (approximately 25 dollars per ton).³⁸ The Soviets were not happy about the terms of the agreement as the deliveries were guaranteed until 1984. The pressure they put on their Czechoslovak partners eventually led to shortening the delivery period

until 1979, when the Czechoslovak investment credit would be paid back.³⁹ These missing oil deliveries became a matter requiring a diplomatic solution. In 1977, Czechoslovakia decided to lend 200 million US dollars to Iran in exchange for the necessary oil deliveries at acceptable prices and a similar deal was done with Turkey.⁴⁰ However, Czechoslovakia continued to search for other partners among the oil exporting countries, for two reasons. First, during a visit to Czechoslovakia in June 1979, Brezhnev warned that the Soviet Union could not guarantee continued oil deliveries. The Soviet production levels were dependent on declining reserves.⁴¹ Second, as at the beginning of the 1980s, the world market price for oil was dropping but the CMEA countries still paid at prices based on a five-year moving average. This meant a long-lasting burden for energy-demanding industrial economies like Czechoslovakia. The country needed to diversify its export portfolio with items such as agricultural crops, food and lumber in order to keep its energy consumption at affordable levels.

The rules on Czechoslovak trade with the West

Unlike the other CMEA members, Czechoslovakia was a founding member of both the International Monetary Fund and the General Agreement on Tariffs and Trade (GATT). In 1947, the Soviet Union refused to participate in the GATT on the ground that it was simply a tool in the hands of the Americans to implement their economic expansion and dominance of the world economy. The Soviet rejection crystallised the growing tension between the USSR and the Western allies and can be explained by Moscow's apprehension that participation in a multilateral trading system dominated by the capitalist countries might threaten its centrally planned economy and its aspiration to implement a system of bilateral trading arrangements with the countries in its sphere of influence. Therefore, when the USSR refused to become a member of the GATT, the Eastern European countries were not allowed to join either. The only exception was Czechoslovakia, as it had been an original contracting party from the time before the communist takeover.⁴² Although its IMF membership was cancelled due to the unacceptable circumstance of the Czechoslovak currency reform in 1953, the country continued to be an active GATT member throughout the whole period of state socialism. This had a particular benefit for Czechoslovakia. Foreign trade did not depend on bilateral agreements with Western European countries and it automatically had the status of most favourite nation (MFN).⁴³ With the exception of the US, the GATT contracting parties continued to grant MFN treatment to Czechoslovakia and did not want to disrupt their trade relations. However, the discriminatory quantitative restrictions introduced or retained by numerous contracting parties against products originating from socialist countries applied to Czechoslovak products too.⁴⁴

Unlike its socialist neighbours Poland and Hungary, Czechoslovakia did not establish any legislative conditions for opening its economy to foreign investment. The institution of joint ventures, which was creating a thriving business in Hungary, was only enabled in the late 1980s.⁴⁵ Nevertheless, small steps were taken in the second part of the 1970s, as Czechoslovak officials recognised that the momentum

of extensive economic growth was exhausted and export results were becoming fragile. In 1976, foreign businesses were allowed to open representations in Czechoslovakia.⁴⁶ At the same time, the Federal Ministry of Foreign Trade started an offensive policy in the Czechoslovak diplomatic representations and at international industry fairs promoting Czechoslovak exports and licence agreements with Western companies. At this time, Czechoslovakia was far behind the other socialist countries in the matter of licenses. By 1980, in the CMEA area over 2000 cooperation or licence agreements were signed.⁴⁷ Compared to this cumulative number, Czechoslovakia rated poorly and had not even reached fifty agreements.⁴⁸

The late opening of the Czechoslovak economy to the West was observed by the Czechoslovak State Bank as an example of the gradually deteriorating export position of the ČSSR among the CMEA countries. By the end of the 1970s, Czechoslovak per capita participation in world trade put it in eighteenth position, while Bulgaria was fifteenth and East Germany sixteenth.⁴⁹ To support exports, in 1980 the Czechoslovak government issued a new law which allowed state companies to go by themselves into foreign trade up to a value of 10 million crowns, or 30 million crowns if the overseeing government institution did not object.⁵⁰ However, it took three more years before four renowned state companies were selected for experimental autonomy regarding direct trade relations with partners in the West.⁵¹

Czechoslovakia, the CMEA and the global South

Czechoslovakia had a traditionally strong position in the markets in Latin America, Southeast Asia and Africa. It had one particular advantage in its competition with socialist exporters in the global South markets and in particular in newly established African national states following the dynamic but often chaotic and uncoordinated decolonisation process. The African independence movements which eventually became the governments of the former African colonies showed more trust in Czechoslovakia than in the USSR. They understood that Czechoslovakia was a fledgling country that had never occupied others and had its own history of being subject to the multinational Habsburg Empire until 1918 and to occupation by Nazi Germany between 1939 and 1945.⁵² In this context, there was a natural prospect for mutual understanding. By contrast, the Africans saw Czechoslovakia's East German competitors in an ambivalent way. First, even if they were a socialist country, they were still Germans, and Germany was a colonial power in Africa until 1918. However, at the same time, as Germans they were expected to deliver high-quality products but at cheaper prices because they were in the socialist camp. Nevertheless, Czechoslovakia also faced competition from recently industrialised countries which started to influence the world machinery market. Countries like Brazil, South Korea, Taiwan, Yugoslavia, Hong Kong, Mexico and Singapore more than doubled their share in the world market, from 3.3% in 1970 to 8.5% in 1982. These countries offered relatively cheap machinery goods compared to the Czechoslovak portfolio. Therefore, they were more effective competitors than the socialist allies.⁵³

Although the debt crisis was deeply connected to the credits which the socialist countries had received from the West, credits by socialist regimes to the global South should also be emphasised. In particular, the Soviet Union and East Germany, which was finally recognised as a sovereign country by the UN, invested large amounts of resources to help allies in Africa and Southeast Asia, such as Ethiopia, Angola, Mozambique and Vietnam. The East Germans were hoping for both economic revenue and a high profile in world politics.

Credits in convertible currency played an important part in this help, but the financial solvency to pay back these credits was a liability. Although Czechoslovakia played its part in the global South, the Czechoslovak Trade Bank advocated a strictly conservative approach regarding any financial aid to developing countries, even those which were on a socialist course. The Czechoslovak State Bank was also lukewarm about the possibility of providing African countries such as Angola with new credits in general.⁵⁴ The Czechoslovak bank elite had a strong negotiation position with the federal government and expressed concerns regarding the credibility of the comrades in Luanda.⁵⁵ The Czechoslovak Trade Bank and the Czechoslovak State Bank were even able to stop a 100-tractor contract for a credit of 1 million US dollars from being realised despite efforts by the Czechoslovak Ministry of Foreign Affairs and the embassy in Luanda.⁵⁶ There was not much enthusiasm for African credits among high ministry and party officials either. Secretary Vasil Bil'ak, who was responsible for international relations, stated in a private discussion with Angolan officials that Czechoslovakia lacked US dollar reserves and could not risk increasing its debt to the West.⁵⁷ All in all, on the Czechoslovak side business thinking clearly prevailed over ideological solidarity in this matter.

However, in the 1970s two developing countries which had observer status in the CMEA, Cuba and Vietnam, became full members of the organisation in 1972 and 1978, respectively. The admission of these states to the organisation was based on purely political motives. It was the Soviets in particular who advocated the expansion of the territorial scope of the CMEA outside Europe. One of the motives for this was that with CMEA membership USSR would get an important tool to even more closely politically connect Cuba and Vietnam with Moscow. This supports the view that the USSR perceived the CMEA as a tool for its own foreign policy purposes.⁵⁸ This explanation seems to be even more plausible in the light of repeated reports of opposition from Hungary and Czechoslovakia to developing states becoming CMEA members. Czechoslovakia particularly opposed the admission of Vietnam, as the other developing member states Mongolia and Cuba were already a considerable burden on the limited resources of the CMEA. The Czechoslovak opposition may have contributed to the fact that for the rest of the CMEA's existence no other candidates, such as Ethiopia or Mozambique, were accepted as members. This confirms that the Czechoslovak elite preferred a business-driven approach in relations with developing countries.⁵⁹

The perception of the EEC in Czechoslovakia

Understanding of the CMEA as an evident outcome of the socialist countries' partnership was a natural perception in the Czechoslovak public space. This was

not the case with the European Economic Community, which was perceived as an ideological and economic counterpart to the CMEA in the West. The Czechoslovak elite's approach was restrained in both communication and politics at the beginning of the EEC. In the late years of state socialism in Czechoslovakia, newspaper articles were still embedded with propagandistic terms of anti-capitalist rejection.⁶⁰ The tone of academic texts was never openly hostile but remained passive-aggressive. Nevertheless, Western economic development and the development of the Community were studied with rising interest. Otto Klička, deputy minister of foreign affairs, proclaimed already at a conference in December 1962 that the integration of the EEC had become faster and had recently acquired new features: 'Therefore it is important to eliminate the superficiality of our interest and the fragmentation of research on this important symbol of the third phase in the general crisis of capitalism'.⁶¹ In a speech replete with Marxist-Leninist terms, he added that the Common Market of six countries in Western Europe was evidence of the fact that capitalist enterprise would inevitably grow beyond the limits of town, region and eventually even country.⁶² He summed up EEC integration as an action of the Bonn-Paris axis which was only a temporary power marriage used by revanchist West German politicians and businesses.⁶³ In 1963, Vladimír Landa from the Research Institute for National Economic Planning in Prague stated that the creation of imperialist international organisations would be a natural outcome of the conditions in state monopolistic capitalism. According to Landa, the EEC was one of them.⁶⁴ Some Czechoslovak academics like Vladislav Pavlát from the University of Economics in Prague proposed an interesting explanation for the acceleration of the EEC integration process, namely that the capitalist world felt the necessity to fortify itself against the growing socialist camp,⁶⁵ yet he also argued that the CMEA countries were only able to react to increasing EEC integration with single countermeasures in foreign trade directives and lacked a theoretical base regarding the EEC as such: 'The CMEA countries are actually at the very beginnings of a unified approach to the EEC. And here, unsolved theoretical issues make practical measures nearly impossible'.⁶⁶ In the second part of the 1960s, Czechoslovak academia attempted to promote a less politicised approach in research on the EEC. One of the outcomes was a collective work led by Vladislav Pavlát (*EEC. Today and Tomorrow*) which brought objective economic reasons for EEC integration into the light and recognised its usefulness.⁶⁷ Research papers and studies released in the 1970s and 1980s no longer questioned the existence of the EEC and instead concentrated on specific branches of the integration process, like the agricultural market, or discussed the benefits and possible difficulties of EEC enlargement.⁶⁸ Academic circles closely observed the new member countries and analysed the differences which had arisen between the original Six and the new members since the enlargement, especially the UK's perpetual attempts to change the Community's agricultural policy.⁶⁹ Agricultural experts in the Czechoslovak government were looking at the UK with great interest also because the country was trying to satisfy demand for food with its own resources to strengthen its negotiating position at EEC summits, but at the end of the 1970s it still had to import 30% to accommodate the domestic market.⁷⁰ Although Czechoslovakia concentrated mostly on industrial exports to the EEC

countries, it counted on a rise in crop exports in the future. The shortfall in the UK's production hinted at a possible market for Czechoslovak grain or meat surpluses.

Czechoslovak newspapers and television mostly copied statements in Soviet articles about the EEC,⁷¹ but sometimes Czechoslovak press and TV editors did their own pieces on the topic. František Šulc wrote an article in which he asked rhetorically whether the Common Market existed, criticising the fact that despite the official line of the Brussels Eurocrats each member country was doing what was in its best interests. He used the French monetary decision to float the exchange rate of the franc as evidence of this.⁷² According to him, the 1973 Copenhagen meeting was a fiasco demonstrating that the member states were not able to find any common ground regarding common fiscal and energy policies. However, Šulc acknowledged that the new members from the EFTA group were relatively successful in harmonising their policies with the original Six.⁷³ His final statement can be interpreted as an official statement from the Czechoslovak government as *Rudé právo* was the main press agency of the CPC: 'This does not mean that the EEC stands in front of an imminent collapse, but it is merely clear that the reality of world economic development is more powerful than the hopes and wishes of the Brussels "Europeans"'.⁷⁴ All in all, the Czechoslovak press informed on the integration process and the functions of the EEC, even citing the reactions of the Western European press following the results of the Norwegian referendum on EEC membership in 1972.⁷⁵ At the same time, Czechoslovak journalists regularly added bittersweet comments about a 'so-called parliament of the Communities' or about the prevalence of West German, French and NATO and global capitalist interests over the wishes of small member states.⁷⁶ When in 1982 the EEC celebrated the 25th anniversary of the Treaties of Rome, *Rudé právo* described it as 'a celebration with a wormwood aftertaste', claiming that there was not much to celebrate, as economic crisis and unemployment were spreading in the EEC member states.⁷⁷

Czechoslovak diplomatic contacts with EEC officials

At the diplomatic level, the Czechoslovak Ministry of Foreign Affairs tried to figure out the state of the European Community and its possible future. In a report to Prague in 1970, the Czechoslovak chargé d'affaires in Brussels, František Rajman, wrote that political union of the EEC would be very difficult. He argued that the Community would have problems in adding the economies of the prospective new members to the highly integrated economies of the older members.⁷⁸ However, although the future integration of the Community was observed with some scepticism, Czechoslovak officials gradually took the organisation more and more seriously, as is demonstrated by the growing numbers of reports on the EEC found in the archives of the Czech Ministry of Foreign Affairs. This is also supported by the fact that a relatively high-ranking party official, Vladimír Koucký, was appointed as Czechoslovakia's ambassador to Belgium for nine years running, from 1970 to 1978. In 1975, the growing importance of issues related to the EEC

even led Koucký to request an additional employee for the embassy in Brussels who would be specifically responsible for Community matters.⁷⁹

During his years in service, Koucký created good relations with officials in the Belgian Ministry of Foreign Affairs, and especially with the director of the Political Section, Andre Forthomme. In his meetings with Koucký, Forthomme was quite open about his opinions regarding relations with the Eastern European regimes. In a meeting on 20 November 1970, he mentioned that Western European politicians were perplexed about the interest in enhancing trade and other relations among European countries which had been expressed by the socialist regimes at the meeting of the UN Economic Commission for Europe earlier that month. He made it clear to Koucký that if the only interest of the socialist countries was to question the sense of the Common Market, the Belgians would not have any interest in such discussions at all, as they were fully satisfied with the EEC in its recent form and with its further evolution.⁸⁰ Koucký responded that the latest developments in the EEC created a problem for economic relations with other European countries, which would need to be discussed and resolved, eventually at the European security and cooperation conference.⁸¹ Koucký also regularly met Étienne Davignon, who was the director general of the Belgian Ministry of Foreign Affairs in the early 1970s. Over lunch on 3 May 1972, they had an animated discussion about the relations of the EEC with the socialist countries. Davignon stated that there was no sense in the EEC insisting on it being recognised by the Eastern European countries because that would mean that the organisation was depending on it or would be inferior without it. It was furthermore important for the socialist regimes to abandon their public notion of the EEC being only a NATO agency. In response, Koucký argued that it was the EEC and the ultimatums from the 'Europe' agency to the socialist countries which were not helping to improve the climate in mutual relations.⁸² He claimed that the Western Europeans underestimated the importance of the CMEA and were over-confident about improvements within the EEC. Davignon responded ironically that he was not aware of the CMEA already behaving as a spokesperson for its members and acting on their behalf. If that became a fact, it would be a most interesting one.⁸³

The Czechoslovak embassy in Brussels maintained relatively intensive relations with EEC insiders like the long-time socialist member of the European parliament, Lucien Radoux, who Ambassador Koucký used to get information about future EEC member trade policies towards the socialist countries after 1 January 1975 as, because of their non-recognition policy, the CMEA countries were not able to get any official information. Radoux responded that he was not aware of the details, but he was wondering why the Czechoslovak authorities, unlike the other socialist governments, did not have at least technical contacts with EEC officials. He mentioned the Romanians and Poles as good examples: their technical contacts with the EEC Commission would certainly make some deal possible. As he wrote in his report, Koucký reacted in a very cold way.⁸⁴ Even Jürgen von Alten, a highly placed West German diplomat who helped to negotiate the establishment of official diplomatic relations between Bonn and Prague, suggested that Czechoslovakia should have these contacts. He used the example of the Soviet

embassy consul Vladimir A. Gnevashev and his meetings with the FRG's ambassador to the EEC, which were essential for the further Soviet approach to the EEC. Von Alten even offered Koucký his assistance in creating such contacts.⁸⁵ One of the important contacts for the Czechoslovak diplomats was the deputy director of the EEC Directorate-General for External Relations, Wolfgang Ernst. He was used to dealing with the Eastern Europeans and told Ambassador Koucký during their first accidental meeting at the Japanese embassy in September 1972 that he was happy to finally meet a Czechoslovak official in Brussels. He stated that 'the ČSSR is one of the few socialist countries not maintaining regular technical relations with the EEC Commission. Just in the last week, several diplomats from socialist countries visited our department. I can remember officials from the Polish and Romanian embassies'.⁸⁶ Ernst proposed establishing casual relations and talks. He mentioned that the problem of official relations between the EEC and the Eastern European countries had not been dealt with at the highest level yet, as the socialist countries had more imminent problems to resolve, particularly exports of agricultural goods to the EEC market.⁸⁷ Ernst's proposal led to an informal lunch meeting in May 1974 with the first secretary of the Czechoslovak embassy, Jan Stehno, who referred to it as almost conspiratorial. Ernst commenced the meeting with a statement that in the time of détente it was important to maintain personal contacts and exchange ideas to resolve small issues in order to move the contacts between the CMEA and the EEC to the next level. He expressed his surprise that recently all the socialist countries had maintained contacts with the EEC except Czechoslovakia and Albania. Ernst reassured his interlocutor that these 'meetings do not bind the participants to anything and are not understood in any way by the Commission as recognition of the EC'.⁸⁸ Ernst's initiative brought results: unofficial meetings with EEC officials started to be a regular part of the work at the Czechoslovak embassy in Brussels. After a meeting in March 1974 with the head of the EEC department for socialist countries, Friedrich Klein, chargé d'affaires Vasil' Choma wrote in a report to Prague:

Our meetings with Mr. Klein and the experience of our friends in Brussels show so far that the European Commission does not avoid contacts with embassies of the socialist countries. For the last two years approximately, these relations have been fully ordinary while being considered by both sides as being of a strictly technical nature.⁸⁹

Czechoslovak official policy towards the EEC in the 1970s and 1980s

The intensive diplomatic contacts show that high-ranking party and government members took the EEC seriously, not as an institution but rather as a threat to Czechoslovak foreign trade interests. Already in December 1969, a summit of CMEA leaders convened in Moscow to adopt a common strategy for approaching the EEC. A policy of 'controlled bilateralism' emerged at this meeting as the guiding principle behind the Soviet Union's bloc diplomacy. According to this policy,

individual Eastern European initiatives were to be consistent with the pace of the entire bloc towards the EEC. Regular consultations with Moscow would ensure that no state was out of step with the group.⁹⁰ At the top party level, Czechoslovakia supported the Soviet stance that the question of relations with the EEC was first and foremost a political one.⁹¹ However, during a lead-up session to the meeting of the Political Consultative Committee of the Warsaw Pact in January 1972, Czechoslovakia, along with Hungary and Poland, did not rule out the possibility of establishing some kind of contacts with the EEC.⁹² Prime Minister Štrougal confirmed this stance three years later when he acknowledged the importance of CMEA-EEC contacts: 'As we are two different economic groups, the first contacts cannot be more than probes. . . . We do not wish to disturb EEC quests, but we would like to talk with the EEC about mutual goals in multilateral affairs.'⁹³

Nonetheless, the EEC started to have a significant impact on the CMEA countries and their export policies. It is no surprise that the socialist regime in Czechoslovakia perceived the EEC as an obstacle to foreign trade. The EEC was a protectionist organisation adopting limits on imports of certain goods, import duties and contingent amounts, protecting French farmers as much as West German steel mills or Danish pork breeders. Since 1 January 1975, countries interested in doing business with an EEC member had to enter into complex negotiations with the Community to get the desired import rights. Based on the CPC Central Committee Presidium records from throughout the 1970s, it is more than obvious that the high political levels misunderstood and disdained the EEC as a purely economic organisation which created problems for Czechoslovak steel or textile exports to countries like West Germany. Apart from this view, there is hardly a record of serious discussions in Presidium sessions regarding the EEC and how to handle relations with it. If any, the discussion was very short and vague, even though the Presidium was supposed to discuss such serious matters as a dossier on EEC antidumping procedures against Czechoslovakia.

The attitude of the top party and government levels to the EEC does not mean it was not closely observed by the ministerial, party, academic and diplomatic operatives at the middle level, and by trade organisation experts. Already in May 1967, the University of Economics in Prague organised an international colloquium titled 'Actual Situation and Perspectives on EEC Development', which was attended by two EEC officials, the director of the cabinet of the vice president of the Commission, Sicco Mansholt, and a functionary from EUROSTAT.⁹⁴ With the acceleration in East-West trade relations in the second half of the 1960s, Czechoslovak politicians feared the implementation of the EEC's common tariff policy. However, not all Czechoslovak export specialists considered the EEC's common tariff policy to be a problem. The foreign trade corporation Strojimport considered tariffs to be only a marginal element in the final price of machinery products for customers in EEC countries. Ján Janšta from the Department of International Economic Organisations argued that the real problem was the competition among CMEA countries to access Western markets and the complicated decision-making between foreign trade organisations and production factories regarding suitable offers to Western costumers.⁹⁵ The EEC's common external tariffs would only be imposed

on products from sectors the member states wished to protect, such as agricultural and manufactured goods. On the one hand, these were exactly the type of goods the Eastern Europeans wanted to export, and they would have to face import quotas and higher customs duties. On the other hand, the Community would not restrict imports of raw materials that were in high demand, like fossil fuels. The common tariffs did not scare exporters of natural resources, especially of coal.⁹⁶ It was general knowledge that the EEC countries needed Eastern European natural resources and would not impose high tariffs on them.⁹⁷ A more considerable issue were tariffs on glass, textile and steel, which would make Czechoslovak products less competitive against West German and Italian goods, as the EEC institutions would continue with protectionist policies for domestic enterprises.⁹⁸

The Czechoslovak Ministry of Foreign Trade recognised the growing dualism of the economic/trade competences of the EEC institutions and the national governments of the member states. In the mid-1970s, the loss of individual EEC member state rights regarding the liberalisation of import contingents from the socialist states created much concern in the CMEA. From January 1975, the EEC member states were no longer allowed to negotiate bilateral agreements. The socialist countries were not appeased by a resolution of the EEC Council on 12 November 1974 which assured them that the CMEA countries would continue to have MFN status.⁹⁹ Czechoslovak diplomats complained about small Belgian and Dutch import contingents for the years 1975 and 1976, which were the result of decisions by the Commission and were not in accordance with the high volumes of Czechoslovak and other socialist countries' exports to Belgium and Netherlands. Commission officials blamed the continuing economic crisis in the EEC member states for the small contingents. The truth is that the problem was both economic and political. Czechoslovakia and the other CMEA members faced a political barrier hindering their access to the EEC market: in order to be able to continue trading with EEC member states they had to acknowledge the competence of the EEC Commission in trade policy. This was a challenge to the non-recognition policy, which the CMEA had adhered to since the very beginning.¹⁰⁰ The EEC's expanding competence and prestige was becoming an issue for the unity of the CMEA and the Soviet leadership in it. The EEC was becoming an attractive trade partner for some CMEA countries which had strong economic motives to take up negotiations. Czechoslovakia, the Soviet Union and East Germany feared the protectionist EEC policy regarding some very traditional export items, such as steel. Czechoslovakia put pressure on the CMEA to start formulating a policy towards the EEC which would secure the members' foreign trade interests.

As long as there was no institutional framework to negotiate trade agreements with the EEC, Prague had to negotiate with the EEC individually, using other channels. Although Czechoslovak diplomats in Brussels feared that the latest protests by Western Europeans against the denial of human rights in Czechoslovakia following the publication of Charter 77 could be an issue, communication went smoothly.¹⁰¹ To resolve problems with metallurgy exports, in April 1978 Czechoslovakia used the GATT platform to sign a self-limiting sector agreement regarding trade in metallurgy goods with the EEC. This agreement was the very

first steel arrangement between a CMEA country and the EEC, and also the very first official document signed between the ČSSR and the EEC. The deal proved to be very beneficial: in exchange for respecting a given EEC minimum price, the steel agreement allowed 90% of Czechoslovak steel to be sold on the EEC market.¹⁰² This benefited all the Czechoslovak steel mills, especially the one in Košice, which was extending its production and depended on rolling product exports. The steel deal was therefore followed by a similar agreement on textiles in 1982. By contrast, the Czechoslovak diplomats were not able to push some agricultural products through a negotiation process with the Commission. This led to a refusal of certificates for Czech hops, a traditional Czechoslovak high-quality export item.¹⁰³ Even though agricultural products and groceries had never played big roles in Czechoslovak exports, the growing self-sufficiency of Czechoslovak food production brought an expectation of higher levels of meat, dairy, fruit and vegetable exports in the 1980s.¹⁰⁴ However, only one agreement on more mutton, vine and seed exports was negotiated between the EEC and Czechoslovakia. The three sector agreements mentioned in this paragraph covered merely 20% of Czechoslovak exports to the EEC market and limited Czechoslovak possibilities until a sector agreement on industrial goods and a general trade agreement between the CSSR and the EEC were signed in late 1988.¹⁰⁵ However, already in the mid-1980s Czechoslovakia needed to establish intensive contacts with the EEC institutions, the banks had to apply the new European standardised systems and computing, research institutions had to collaborate with intergovernmental platforms like EUREKA and foreign trade corporations needed to use the European Currency Unit in business deals with Western European partners.¹⁰⁶ In simple terms, Czechoslovak enterprises and institutions had to adapt to EEC standards in order to sustain and boost business contacts with the EEC countries. When the moderator of the main news panel on Czechoslovak Television, Rastislav Bajer, invited Deputy Minister of Foreign Trade Jiří Němec to the studio in August 1988 shortly after the establishment of official relations between the CMEA and the EEC, his question was remarkably open: 'How is it possible that the normalisation of mutual relations took all of fifteen years?' Němec replied that what was not possible in the previous fifteen years had been resolved relatively easily now due to the broader context of East-West relations.¹⁰⁷

Conclusion

This chapter has shown that the socialist camp was not a consistent group of like-minded regimes with similar economic and foreign trade policies. Strongly affected by the 1968 Warsaw Pact invasion and its aftermath, Czechoslovakia quickly diverted from its economic reform plans to the safe waters of re-centralised economic planning, autarky and an active balance of payments. The consolidation programme, which became the economic companion of political normalisation, safeguarded the stabilisation of the Czechoslovak economy and fast economic growth during the fifth five-year plan (1970–75). Unlike the other CMEA countries, Czechoslovak citizens were not promised a supply of consumer goods but

were appeased by a generous social policy. An important ingredient in the growth in exports was favourable circumstances in the world market following the rise in oil prices. The mixed blessing of bargain-price oil deliveries from the Soviet Union secured cheap machinery production and made Czechoslovak products more competitive on Western markets in the short term. However, as the economic crisis in the West took root, the Western market's absorption capacity was eventually exhausted, which created problems for Czechoslovak export targets in the second half of the decade. Together with an ambitious investment policy and large amounts of credit taken under the sixth five-year plan (1976–80), this was the reason for a deceleration in economic growth, eventually leading to stagnation in 1982. The economic problems were intensified by Soviet attempts to sell their natural resources, crude oil in particular, at higher prices based on the moving average world prices over the previous five years. This meant that, while at the beginning of 1980 the world market prices for oil were dropping, Czechoslovakia still had to pay the higher market price from the period of the 1979 oil crisis.

The second part of the long 1970s saw a late re-opening by Czechoslovakia towards the West. The country was trying to catch up with fellow socialist allies in signing cooperation agreements and buying industrial licenses, but it had to face difficulties due to the economic crisis in the Western European countries and the EEC's expanding competences and membership. In the process of negotiating with the Community, Czechoslovakia backed Soviet positions and did not come up with its own initiatives. In comparison to other CMEA partners, Czechoslovakia was late in developing contacts and sectoral agreements with the Community. Nevertheless, it was the first CMEA country to sign a steel agreement with the EEC after its individual members had lost the authority to sign bilateral trade agreements with other countries. As Czechoslovak exports were mainly industrial products, and not crops as in the case of some other CMEA members, this was an important step to spur the volume of exports to the EEC market, especially to the Federal Republic of Germany.

The end of the long 1970s was marked by a recovery of economic growth in 1983. For the rest of the decade, the economy was able to produce modest but stable growth, although industrial modernisation efforts had been partly abandoned due to the previous stagnation. In order to achieve an active balance of payments, Czechoslovakia diverted its export portfolio from uncompetitive machinery goods towards raw materials and semi-products. In other words, the conservative economic strategy secured the stability of the economy and the regime itself, but in the long term it put the country on a course towards backwardness and the position of a developing country. But the fear of the political, economic and social consequences that reforms could bring prevailed until the very end of state socialism in Czechoslovakia. As the common Czech sayings have it, 'If it works, don't mess with it' and 'All changes can only make things worse'.

Notes

- 1 For example, Dejmek, *Československo, jeho sousedé a velmoci ve 20. století*.
- 2 Průcha, *Hospodářské a sociální dějiny Československa*.

- 3 Slouka, *Poučení z krizového vývoje ve straně a společnosti*.
- 4 Slovenský národný archív (SNA), fond Predsedníctvo ÚV KSS, box 1217; Hill, *Industrial Co-operation and Technology Transfer*, 105.
- 5 "Prag erwägt IWF-Kredit," *Handelsblatt*, 22 April 1968.
- 6 The continuing discussions among Czech and Slovak economists since 1989 have not found common ground regarding evaluation of the reform yet. See, for example, Šulc, *Stručné dějiny ekonomických reforem v Československu*.
- 7 For specifics regarding the development of the Slovak economy, see Štefániková, "Ekonomické aspekty normalizácie," 84–200.
- 8 Das Politische Archiv des Auswärtigen Amtes (PA/AA), fond: Zwischenarchiv, room Tresorebene B – Zwischenarchiv, shelf 113, parcel 6968, ordering number 117.644, "Vergleich der wirtschaftlichen Entwicklung in den beiden Teilrepubliken der CSSR," 13 November 1974.
- 9 In this matter, Czechoslovak policies contrasted with the boosts of consumer goods imports in other CMEA countries. Party officials understood that Czechoslovakia could not compete with the West in consumption, so they created a theory about socialist lifestyle in which people could reach things which were not accessible in the West. See Bren, "Mirror, mirror, on the wall," 854.
- 10 Gerle, "Zastavení první: Vzpomíná Ladislav Gerle," 36–48.
- 11 "Bausch + Lomb," accessed 12 March 2020, <https://bauschandlomb.com.au/history/>.
- 12 Berend, *From the Soviet bloc to the European Union*, 33.
- 13 Petr Honzejek, "Varianta pštros. Česko se na budoucnost nechystá, většina věří, že všechno může být 'jako vždycky,'" *Hospodářské noviny*, 7 June 2019, 22.
- 14 PA/AA, fond Zwischenarchiv, Raum Tresorebene B – Zwischenarchiv, shelf 113, parcel 6968, ordering number 117.644, "Wirtschaftliches Jahresbericht 1975. Tschechoslowakische Sozialistische Republik."
- 15 Historisches Archiv der Deutschen Bundesbank (HUBABA), fond B 330, number 10496/2, "Angaben zur Westverschuldung der Tschechoslowakei," April 7, 1978.
- 16 HABUBA, fond B 330, number 11604, "Protokoll der 619. Sitzung des Zentralbankrates der Deutschen Bundesbank in Frankfurt am Main am 16. Dezember 1982/2."
- 17 Steiner, "The decline of Soviet-type economies," 202.
- 18 Průcha, *Hospodářské a sociální dějiny Československa*, 854.
- 19 Paragraph 4 of the Act on the State Bank of Czechoslovakia no. 144/1970 specifically ordered the bank to present and defend a proposal for a monetary (credit, cash-desk and foreign currency) plan. For further arguments, see Půlpán, *Měnové plánování v reálném socialismu*, 5.
- 20 HABUBA, fond B 330, number 10496/2, "Notiz über den Empfang bei der tschechoslowakischen Zentralbank (Státní Banka Československá) am 17. April 1978, 10:30–11:45 Uhr., Handakte Dieter Schmölling vom Büro des Präsidenten (Dr. Emminger) Enthält: Besuch des Präsidenten bei der tschechoslowakischen Zentralbank (Státní Banka Československá), April 1978."
- 21 Handlíř, *Soubor opatření*.
- 22 Höhmann and Meier, *Wirtschaftslage, Außenwirtschaft und Außenpolitik*, 11.
- 23 Jansen, "Energiepolitik unter dem Eindruck," 15.
- 24 Maňák, *Čistky v Komunistické straně Československa*, 42.
- 25 Archiv a programové fondy ČT (APF Praha), Sedláček, Robert, *František Čuba: Slušovický zážrak*, Česká televize, Tvůrčí skupina Karla Hynie 1999.
- 26 Vilímek, "Mladoboleslavská Škodovka v období normalizace," 98–9.
- 27 "Analýza vývoje ekonomické teorie v Československu v šedesátých letech," 793–860.
- 28 Petřivalský, *Úvěrová a měnová politika*, 230–32.
- 29 Vencovský, *Vzestupy a propady československé koruny*, 154.
- 30 See, for example, Dyba, *Československé vnější ekonomické vztahy*.
- 31 Hroch, *Social preconditions of national revival in Europe*.
- 32 The State Security collaborator registers are available online. For Miroslav Hroch, see the register, last accessed 12 March 2020, www.abscr.cz/data/knihy/C88/36/C88_36_35.jpg.

- 33 Domnitz, "National separation, controlled co-operation," 207.
- 34 Held, Roman and Jaroslav Klementa, Jaroslav, "Tu minulost bych nejraději vymazal z paměti. Neudával jsem," *Mladá fronta Dnes*, 7 July 2011, 4.
- 35 Beckmann and Fidrmuc, "Oil price shock and structural changes in CMEA trade," 35.
- 36 Kansikas, "Calculating the burden of empire," 348–9.
- 37 Svoboda, "Vliv vnějších podmínek na zahraniční obchod Československa," 336.
- 38 HABUBA, fond B 330, number 10496/2, "Notiz über den Empfang bei der tschechoslowakischen Zentralbank (Státní Banka Československá) am 17. April 1978, 10:30–11:45 Uhr. Handakte Dieter Schmölling vom Büro des Präsidenten (Dr. Emminger) Enthält: Besuch des Präsidenten bei der tschechoslowakischen Zentralbank (Státní Banka Československá)" April 1978.
- 39 Svoboda, "Vliv vnějších podmínek na zahraniční obchod Československa," 336.
- 40 HABUBA, fond B 330, number 10496/2, "Notiz über den Empfang."
- 41 Lüthi, "Drifting apart," 380.
- 42 Coppolaro, "East-West trade," 78.
- 43 PA/AA, fond Zwischenarchiv, room Tresorebene B – Zwischenarchiv, shelf 113, parcel 6968, ordering number 117.644, "Sachstand: Deutsch-tschechoslowakische Wirtschaftsbeziehungen," 16 February 1976.
- 44 Maresceau, *The political and legal framework*, 271.
- 45 Bundesarchiv (BArch, fond B/102, signature 240369, localisation 10, magazine I 5 A 2.2.03, order 243, "Interne Auskunft, 1. August 1977, Betr. ČSSR-Klagen über Wirtschaftsbeziehungen; hier: Strougal gegenüber Botschafter Diesel vom 20. Juli 1977," 1 August 1977.
- 46 Stiftung Rheinisch-Westfälisches Wirtschaftsarchiv zu Köln (RWVA), signature 175–10–1, "Programm der gemeinsamen Vorstandssitzung reziproker Organe am 25.5.1978, Anlage 3a1: Deutsch- tschechoslowakische Wirtschaftsbeziehungen."
- 47 Průcha, *Hospodářské a sociální dějiny Československa*, 854.
- 48 BArch, fond B/102/, signature 240369, localisation 10, magazine I 5 A 2.2.03, order 243, "Übersicht der Kooperationsprojekte, September 1978"; RWVA, signature 175–13–2, "Kooperationsabkommen zwischen der Industrie der CSSR und ausländischen Unternehmen (Messebeobachtung Brünn 1970)."
- 49 Archiv České národní banky (AČNB), fond SBČS, box Investice, KGMF, KSČ – Národohospodářská komise ÚV KSČ, Kovy drahé 1982, "Státní plánovací komise, Hlavní úkoly 7. Pětiletého plánu, a jejich zabezpečení."
- 50 Průcha, *Hospodářské a sociální dějiny Československa*, 855.
- 51 The selected companies were from the fields of machinery and military equipment but also musical instruments. Průcha, *Hospodářské a sociální dějiny Československa*, 855.
- 52 Archiv Ministerstva zahraničních věcí České republiky (AMZV), fond TO-T Angola, 1975–1979, box 1, folder 3, "Informace o průběhu a výsledcích návštěvy ministra zahraničních věcí ČSSR s. B. Chňoupka v Angolské lidové republice," September 25, 1978.
- 53 Svoboda, "Vliv vnějších podmínek na zahraniční obchod Československa," 334.
- 54 AMZV, fond TO-T Angola, 1980–1989, box 1, folder 2, "Zaměření a hlavní úkoly čs. zahraniční politiky vůči Angolské lidové republice," 18 February 1986.
- 55 AMZV, fond TO-T Angola, 1980–1989, box 2, folder 24, "Hodnotenie plnenia //Zamerania a hlavných úloh čs. zahraničnej politiky voči Angolskej ľudovej republike//," 14 March 1988.
- 56 AMZV, fond TO-T Angola, 1980–1989, box 5, folder 33, "Hodnocení plnění "Plánu práce čs. ZÚ Luanda na rok 1987," 29 December 1987.
- 57 Sieber, "Angola "zemí přednostního zájmu," 293.
- 58 Bloed, *The external relations*, 63.
- 59 Bloed, *The external relations*, 63.
- 60 Domnitz, "National separation, controlled co-operation," 204.
- 61 Klička, "Západoevropská integrace," 7.
- 62 Klička, "Západoevropská integrace," 8.

- 63 Klička, "Západoevropská integrace," 12.
- 64 Landa, "Západoevropská integrácia a EHS," 26.
- 65 Pavlát, "Vývoj marxistického hodnocení integračních procesů," 35–6.
- 66 Pavlát, "Vývoj marxistického hodnocení integračních procesů," 46–7.
- 67 Pavlát, *EHS. Dnešek a budoucnost*, 7–8.
- 68 Bednařík, *Integrace zemědělství Evropského hospodářského společenství*.
- 69 Kadeřábková, "Některé problémy společné zemědělské politiky," 1112.
- 70 Národní archiv České republiky (NA), fond 1261/0/7, folder 101, agenda point 1e, "Ústav vědeckotechnických informací pro zemědělství, Postavení československého zemědělství ve světě (srovnání se státy RVHP, EHS a dalšími). Praha, 1979," internal document.
- 71 For example, the article by Leonid Zamjatin, "Competitive fight in the EEC" in *Sovetskaya Rossya* was simply translated and printed in *Rudé právo* on 15 December 1972, 6.
- 72 František Šulc, "Je EHS ještě," společným trhem, *Rudé právo*, 11 February 1974, 4.
- 73 František Šulc, "Je EHS ještě," společným trhem, *Rudé právo*, 11 February 1974,
- 74 František Šulc, "Je EHS ještě," společným trhem, *Rudé právo*, 11 February 1974,
- 75 "Rozčarování z referenda. Výsledky norského hlasování o vstupu do EHS středem pozornosti," *Rudé právo*, 28 September 1972, 7.
- 76 Zdeněk Porybný, "Zájem silných. K snahám o vytvoření měnového systému EHS," *Rudé právo*, 12 December 1978, 6.
- 77 "Osłavy s příchutí pelyňku. Čtvrtstoletí Evropského hospodářského společenství," *Rudé právo*, 25 March 1982, 6.
- 78 AMZV, fond TO Belgie 1970–1974, box 1, "Davignonův výbor. Politická zpráva č. 15."
- 79 AMZV, fond TO-T Belgie 1975–1979, box 1, "Předběžné hodnocení práce ZÚ Brusel v roce 1975," 29 October 1975.
- 80 AMZV, fond TO Belgie 1970–1974, box 1, "Záznam o návštěvě velvyslance s. Kouckého u pana Forthomma na belgickém MZV dne 20. 11. 1970."
- 81 See Chapter 2 by Angela Romano in this book for details.
- 82 AMZV, fond TO Belgie 1970–1974, box 1, "Oběd soudruha Kocukého s generálním ředitelem MZV vikontem Davignonem. Záznam z rozhovoru č. 18," 4 May 1972.
- 83 AMZV, "Oběd soudruha Kocukého s generálním ředitelem MZV vikontem Davignonem. Záznam z rozhovoru č. 18."
- 84 AMZV, fond TO Belgie 1970–1974, box 1, "Oběd s. velvyslance Kouckého s poslancem PSB L. Radouxem. Záznam z rozhovoru č. 37," 6 December 1972.
- 85 AMZV, f. TO Belgie 1970/1974, kr. 1, "Setkání s rady ZÚ NSR v Bruselu. Záznam z rozhovoru č. 23, 28. února 1974."
- 86 AMZV, f. TO Belgie 1970–1974, kr. 1, "Záznam o seznámení se zástupcem generálního ředitele odboru mezinárodních vztahů Komise EHS prof. Wolfgangem Ernestem dne 29.3.1973. Záznam z rozhovoru č. 15, 30. března 1973."
- 87 AMZV, fond TO Belgie 1970–1974, box 1, "Záznam o seznámení se zástupcem generálního ředitele odboru mezinárodních vztahů Komise EHS prof. Wolfgangem Ernestem dne 29.3.1973. Záznam z rozhovoru č. 15," March 30, 1973; Historical Archives of the European Union (HAEU), EUI Interview Collections, Interview with Wolfgang Ernst, 20, accessed 30 October 2017, archives.eui.eu/en/files/transcript/15182.pdf. For more about EEC protection against cheap agricultural imports from socialist countries, see Kansikas, "Acknowledging economic realities," 314.
- 88 AMZV, fond TO Belgie 1970–1974, box 1, "Setkání s vedoucími pracovníky ředitelství pro mezinárodní záležitosti Komise EHS. Záznam rozhovoru č. 31," 18 May 1973.
- 89 AMZV, fond TO Belgie 1970–1974, box 1, "Setkání s pracovníky Komise EHS. Záznam č. 30," 15 March 1974.
- 90 Ouimet, *The rise and fall of the Brezhnev Doctrine*, 70.
- 91 Kansikas, *Socialist countries face the European Community*, 96.
- 92 Kansikas, *Socialist countries face the European Community*, 99.

- 93 PA/AA, fond Zwischenarchiv, room Tresorebene B – Zwischenarchiv, shelf 113, box 6968, ordering number 117.644, “Deutsch-tschechoslowakische Außenministerkonversationen, 26. März 1975.”
- 94 AMZV, fond OMEO 1966–1970, box 18, “Kolokvium o vývoji a perspektivách EHS,” 26 May 1967.
- 95 AMZV, fond OMEO 1966–1970, box 18, “Informace k material o důsledcích Západoevropské integrace,” 15 November 1967.
- 96 Kansikas, “Calculating the burden of empire,” 352.
- 97 AMZV, fond OMEO 1966–1970, box 18, “Informace k material o důsledcích Západoevropské integrace,” 15 November 1967.
- 98 AMZV, “Informace k material o důsledcích Západoevropské integrace.”
- 99 PA/AA, fond Zwischenarchiv, room Tresorebene B – Zwischenarchiv, shelf 113, box 6969, ordering number 117.646, “Höflichkeitsbesuch des Außenhandelsministers Barčák un des Ministers für technische und industrielle Investitionsentwicklung der CSSR Šupka und Unterzeichnung des deutsch-tschechoslowakischen Kooperationsabkommens am 22. Januar 1975,” 17 January 1975.
- 100 Kansikas, “Calculating the burden of empire,” 352.
- 101 AMZV, fond TO Belgie 1975–1979, box 2, “Záznam z porady diplomatických pracovníků konané na ZÚ Brusel 8.10. 1979.”
- 102 Romano, “Untying Cold War knots,” 15.
- 103 AMZV, fond TO Belgie 1975–1979, box 2, “Záznam z porady diplomatických pracovníků konané na ZÚ Brusel dne 18.9.1978.”
- 104 Průcha, *Hospodářské a sociální dějiny Československa*, 867.
- 105 CSSR-EEC relations were well reflected by the membership of the Research Institute of External Economic Relations in Prague. Zemanová, *Analýza hospodářských vztahů evropských států RVHP s EHS*, 56.
- 106 As a matter of fact, FTC Merkuria had been using the ECU as a reference currency for tbusiness deals since the mid-1980s. Zemanová, *Analýza hospodářských vztahů evropských států RVHP s EHS*, 65.
- 107 APF Praha, signature IDEC 288 451 90992, “Rozhovor s náměstkem ministra zahraničního obchodu Jiřím Němcem o ekonomické spolupráci RVHP a Československa s EHS, Televizní noviny,” 3 August 1988.

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