

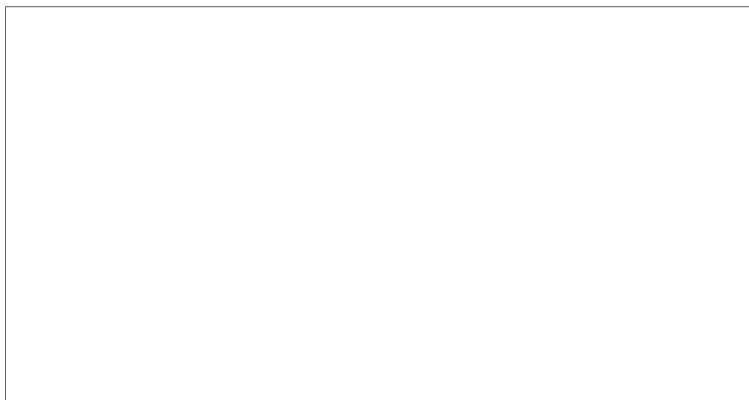
50X1-HUM



January 12th, 1953.

CZECHOSLOVAKIA
-
E C O N O M I C S U R V E Y

50X1-HUM



I

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I

P R E F A C E

The Czechoslovak economic development with all its phases and peculiarities cannot be examined as an isolated phenomenon. Czechoslovakia has become an integral part of the Soviet bloc and her economic policy is necessarily subordinated to Soviet interests. Czechoslovakia is one of the most industrial satellite countries and recently has become one of the pillars on which the industrialization of Eastern Europe rests.

The industrial revolution of Eastern Europe is by no means an artificial method fabricated by the Soviet Union. Though directed by Russia for her own benefit, the industrial revolution of Eastern Europe is an organic part of economic life of the satellite countries. With the exception of the Czech part of Czechoslovakia /Bohemia and Moravia/, Eastern Germany, and Hungary, the satellite countries had missed the industrial progress of the nineteenth century and remained primarily rural, with a heavy burden of rural poverty. The process of planned industrialization, set in motion in most east-European countries in the late thirties, was interrupted by the World War II - the war destruction and the following

plundering by the Soviets set the clock back again. There is no doubt that the process of planned industrialization would have taken place in all Eastern Europe even without the Kremlin intervention; it would have been more gradual and less painful. Nevertheless, the direction of the present industrial development must be regarded as organic and natural. The imperialist interests of the Soviet Union simply coincided, in the industrial sphere, with the interests of most countries of Eastern Europe. The satellite countries are step by step getting rid of their primitive economies, overpopulated countryside are either being industrialized or their population is being decreased by drift to cities.

The present half-enforced and half-spontaneous industrialization of Central and Eastern Europe is not a temporary trend. The western boundary of peasant Europe is retreating eastward at an accelerating speed. Satellite Europe, now a dependency of Soviet Russia, has become a single large producing and consuming region. Within this area, private industrial interests have disappeared, and custom duties have lost their meaning. The mutual economic interdependence of the satellite nations grows with the expansion of their industries.

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An economic survey of any country behind the Iron Curtain must inevitably suffer from lack of evidence. The Iron Curtain

itself is not the main cause of this shortage. Secrecy in all economic matters - as well as in many other fields - is apparently inherited in the Soviet system. The difficulty arising from this fact is not the incompleteness of all studies and surveys written in the West. The main danger lies in wishful thinking taking the place where evidence is lacking. And since the orientation of wishful thinking in the Western thought - and especially in that of political refugees from Eastern Europe - is obvious, the lack of evidence has often resulted - as it did before the World War II in relation to Nazi Germany - in underrating the present struggle and strength of industrial development of the Soviet bloc.

Consequently many reports published either by western agencies or by Czechoslovak exile publications ever-willingly point out every Communist difficulty in fulfilling their planned targets and often jump to conclusions. In many cases the goals of the Five-Year-Plan, publicly announced, are nothing but a powerful propaganda tool and a kind of excuse for the Government. "There is a shortage of this or that commodity because the plan has not been fulfilled" - that is the often heard explanation given in order to transfer the responsibility of the Government on the workers themselves and to induce them to work better - even when the plan has been fulfilled by 99 percent and the shortage is nation-wide and serious. If the official reports were backed by economic facts,

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is would appear that some 1 or 2 percent by which the production fall short of the planned targets is of little consequence to the Government. In each failure to fulfill the plan by 100 percent is utilized for further propaganda campaigns to increase labor productivity. As long as the figures on which the percentages of the plan are based are not known, every criticism is baseless. Consequently it is more appropriate to observe at what price the production has been increased, and what are the limitations which are inevitably inherent in any system of forced development.

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In the following survey I have attempted to present a picture of recent trends in Czechoslovak economy. No claim of completeness can be made - many economic facts are far too obscured by Communist secrecy. All care was taken to eliminate wishful thinking as much as humanly possible.

A compilation of Czechoslovak economic statistics is not the sole purpose of this survey. The emphasis in this text, then, is not upon economic facts and their relations as such, but rather upon interpretation of various trends influencing the Czechoslovak economy and upon the vulnerability of Czechoslovak economy by either economic or psychological warfare. At the same time, the immense width of these two fields, the economic and psychological warfare, prevents any study to be fully exhaustive. Thus this survey is rather

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an outline, suggestive of possible further lines of investigation. In order not to create any confusion, the economic part of this survey is almost completely separated from conclusions and suggestions.

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As far as the statistical evidence is concerned, wide use was made of all material available. Most of the data used were checked upon in various reference material listed above. The table of contents indicates the general lay-out of the survey.

II

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

With the coming of the Communist regime in February, 1948, Czechoslovak population trends are slowly becoming a closely-guarded secret, which is slightly unveiled from time to time, but, since the primary purpose of every released figure is propaganda and not pure statistical evidence, the figures are often misleading.

The State Statistical Board puts the 1951 birth rate at 23.1 per thousand, death rate at 11.4. This would account for net reproduction rate 11.7. These figures may be accepted as correct, as they are approximately in line with the world population trends. The Czechoslovak Government attributes the low death rate and high birth rate to the Communist organization of economic and social life and asserts that anything similar would be quite impossible in a capitalist country, wholly relying on the fact that Czechoslovak citizens cannot compare these figures with those of the United States - the U.S. birth rate is higher and death rate lower than those of Czechoslovakia.

But there are also some well-founded doubts as to the correctness of the State Statistical Board's figures. Total Czechoslovak population in 1948 was about 12,500,000. If we account for a large number of political refugees from the

country, the 1951 population may be estimated at 12,500,000. Apart from the State Statistical Board's figures, there is another piece of evidence of Czechoslovak reproduction rate. The Secretary of the Central Committee of the Communist Party of Czechoslovakia, Mr. Tesla, stated in a public speech in July, 1952, that the 1951 net increase of Czechoslovak population was 125,000, which would account for the net reproduction rate slightly over 10 per thousand. Mr. Tesla can be regarded as a person who has a relatively free access to statistical figures, and yet his statement substantially differs from the official State Statistical Board's figures. For all practical purposes the estimates of Czechoslovak population trends would be sufficient even without any percentages. In a long run, the shortage of correct statistics may substantially distort the picture of Czechoslovak population development. /Throughout this survey, rough estimates of Czechoslovak population are used especially in the form of "per capita" consumption or production - for this purpose Czechoslovak population has been estimated as follows:

1948	-	12,200,000
1949	-	12,300,000
1950	-	12,400,000
1951	-	12,500,000

The difference between these estimates and real figures cannot influence the results. /

Manpower Distribution

Until February, 1948, the shift from agricultural employment toward industry went approximately along the general line of all other countries. Statistics for January, 1948, put the total figure of economically active population at 5,852,000, i.e. 48.2 percent of total population. This percentage, which is above the average of most countries, is suggestive of many factors - low living standard forcing more people to accept employment, overemployment in agriculture, etc. From this number /5,852,000/ about 2,207,000 persons were employed in agriculture /37.7 percent of active population/, and approximately 1,564,000 persons in industry /26.7 percent of active population/; these figures are not representative of economic character of the country. While people employed in industry usually have a considerable number of economically inactive dependants, in agriculture often whole families are considered economically active.

More representative picture can be obtained by statistics dividing total population into groups according to dependency on a given type of employment. /For example the number for industry represents the percentage of total population which makes its living from industry either as employee or dependant./ In the following table the picture is somewhat distorted by not very clear division between groups of employment and by rather high percentage of "other employment". But the first

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two figures /for industry and agriculture/ which are the most important can be accepted as correct.

TABLE 1

**BREAK-DOWN OF TOTAL CZECHOSLOVAK POPULATION
ACCORDING TO EMPLOYMENT - 1948**

1. Industry	36.2 percent
2. Agriculture	28.0 percent
3. Commerce & Transport	12.0 percent
4. Administration & Free Occupation	8.6 percent
5. Personal Service	2.1 percent
6. Other Employment	13.1 percent

These are the last fairly reliable statistics available. The steep development toward industry, which followed after February, 1948, can only be estimated and, since even the basis of these estimates is doubtful, only approximations may be formed.

The total economically active population increased by more married women and aged people drawn to employment. This development was half-enforced and half-spontaneous. The Government wanted more people in industry and used all possible methods to get economically unactive married women and pensioners. /See also Chapter VII, "Living Standard", paragraph on "Cost of Living", page 125 of this survey./ At the same time

many of these people, trying to increase their living standard, were in need of additional earnings. The Government sponsored this development in many different ways - new kindergartens with twelve or twenty-four-hour service were established, in majority of schools, offices and factories messes were opened to enable married women to accept full-time employment instead of working at home. Pensioners would not lose their pensions by re-joining employment. Roughly estimated, the total economically active population represents, in June, 1952, about 51 percent of total population. /The respective figures in 1947 in the United States are 40 percent, in the Soviet Union 57 percent.

In spite of severe governmental controls over employment, it may be safely deduced that any considerable improvement in living standard would result in flight from employment to economic inactivity.

Recruitment for Industry

This over-all change in proportion of active population is not so much representative of economic change in Czechoslovakia as the shift of percentages within the total active population. There are no reliable numbers which would enable me to present a precise picture. More than anything else, the Czechoslovak Government guards closely its secret of numbers of people employed in specific fields, since any statistical evidence of this nature would reveal a dangerous fact: unpre-

portional increase in the number of armed forces and police.

Agriculture: Between 1948 and 1952, the actual number of people employed in agriculture decreased only slightly, but the percentual gap between agricultural and other types of employment has been widened. The share of agricultural employees in total active population decreased from 37.7 percent in January, 1948, to some 34 percent in June, 1952.

Other non-industrial employment: In 1950, 1951, and 1952, there were some large-scale, state-sponsored campaigns for transferring commercial and office employees to industry; the largest of these was carried out during 1951, when 80,302 new employees were recruited mainly for heavy industry.

Female workers: Main source of newcomers to industry have been economically inactive women. They either join the industry directly or are given employment in other sections of economic activity so that more male workers can be transferred. At the beginning of 1952, female employees represented about one third of all industrial employees and about 53 percent of all agricultural workers. But in the light industry itself, female workers represent almost 70 percent of all employees. The Communist plans for recruitment of women were partly revealed on February 22, 1951, at the meeting of the Central Committee of the Communist Party. During the last

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three years of the Five-Year-Plan /1951-53/, more than 250,000 women were expected to accept employment. The drive for recruitment of women began immediately and in 1951 68,000 formerly economically inactive female workers were recruited. The target of 250,000, set at the meeting of the Central Committee, will be probably met with before the end of 1953, since the recruitment of women in 1952 was well organized and enforced.

Y o u t h l a b o r : After February, 1949, the Communist government exercised much of its power on recruitment of apprentices for industry, and especially for heavy industry /including mining industry/. Since the newly recruited apprentices have to spend most of their apprenticeship as full-time workers, they ought to be regarded as regular labor force. Main drive for more apprentices was launched by President Gottwald in 1949 in Lány and is known as Lány-Action. Its primary purpose is to supply mines and foundries with fresh labor force, but it has also its inevitable political aspects. The Lány-Action is conducted in schools all year round. The teachers' task is to persuade pupils to join the mining or steel-making trade, and once the youngster has been induced to do so, his parents have not much to say to it. In Czechoslovak press articles often appear with full names of parents "who did not realize their child's wise decision and attempted to make their son or daughter to change their mind"; naturally the regime does not fully

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rely on teachers. At the end of school year all pupils of schools of 2nd grade /at 15 years of age/ have to pass special examinations. The Examination Board consists of examiners nominated by the District National Committee; one member is usually the District Employment Officer or one of his subordinates. The Examination Board selects, in Communist phraseology, "the most gifted pupils for advanced education, the most talented for labor in mines, foundries, or steel-industry generally." While the Communist propaganda asserts that the examiners act as advisers to parents, there is sufficient evidence available that their decision is final. The general policy is to send children from workers' families for advanced education, children from "bourgeois" families to mines and foundries - in both cases irrespective of the results of examinations. By this method almost 16,000 boys were recruited for work in coal-mines and foundries in the period between September, 1951, and June, 1952, apart from several thousands of children of both sexes for steel-industry generally and for building trade. Approximately the same number of boys and girls over 15 years of age were recruited in the first two years of the 14th- Action.

O c c a s i o n a l l a b o r: Occasional labor has become an important factor in Czechoslovak industrialization. Organization of long-time occasional labor is the concern of a special ministry /Ministry of Labor Force/ which has to recruit

annually several thousands of employees from all sections of economy /including light and non-essential industry/ for labor in mines and heavy industry. A special governmental order was issued in June, 1952, in order to organize the occasional labor /so-called work-brigades/ more effectively than before. Since most of the work-brigades join the heavy industry and the mines for one year period /there are also 6-months and 3-year terms/, special provisions are made for smooth replacement of leaving work-brigades by fresh enforcements. There are no representative figures available to show the proportion of occasional labor, but it may be safely stated that any fault in organization of occasional labor always results in considerably decreased production. As far as the heavy industry is concerned, occasional labor represents some 10 percent of production. - Much more difficulties are encountered with attempts to estimate the importance of short-time occasional labor. This type of industrial employment has many different forms. Completely unmeasurable is the labor in form of collecting scrap and other waste material for industrial use. Some Communist representatives estimate that the iron and steel waste material collected voluntarily by public amounts to about 200,000 metric tons of iron every year, but such estimates cannot be fully trusted. - Another type of short-time occasional labor is school-vacation work. According to press reports, in July and August 1952, about thirty thousand of

school-children between 15 and 19 years of age were employed in building and industry, apart from considerable numbers in agriculture, especially on State Farms. - And finally there is certain amount of work done /especially in construction/ by Sunday brigades. All these forms of occasional labor constitute a considerable force which makes any fairly reliable estimate of total labor force and its distribution impossible.

Forced labor: Reliable evidence of forced labor is completely lacking. According to information presented to the United Nations Special Committee on Forced Labor and to the Commission of Inquiry into Forced Labor in June, 1952, Czechoslovakia has about 950,000 forced laborers. There is no accessible way to prove this figure wrong or correct or to make any other estimate, nevertheless the forced labor, consisting of political as well as criminal delinquents and mostly employed in mines and construction, represents a considerable force which has to be counted with. Since a large percentage of forced laborers come from non-industrial employment, the increase of forced labor should be regarded as a partial contribution to industrial efforts.

LABOR TURNOVER

All efforts to draw more people into heavy industry are continually hindered by high labor turnover and absenteeism. First organized attempts to check the labor turnover

were made in the first quarter of 1951, when the Government modified the vacation law. The new vacation law provided for a standard 2-week paid vacation, as before, but workers have been eligible only after 11 months of continuous employment with an employer. In 1949, only 9 months of continuous employment were required. The modification of the vacation law was expected to assist in reducing the labor turnover, but this provision was too small and weak against the growing dissatisfaction of industrial workers. The more people were transferred into heavy industry, the higher went the rate of labor turnover, reaching about 25 percent in the first six months of 1952 throughout industry, and even higher percentage in coal-mining industry alone.

Finally the Government was forced to use stricter measures to cope with this development. It may be said that it disliked this measure as an unpopular one and too much reminding of the Nazi occupation period. Since September 1st, 1952, every Czechoslovak citizen is obliged to have a special entry in his Identity Book regarding his employment. Any change of employment must be permitted by the District Employment Office and a new entry added to the previous one. No employer is allowed to accept a new employee without first checking in his Identity Book and making sure that the permission to leave the previous employment was granted. Furthermore, almost every permission issued is conditioned by a special provision that the employee may accept only a certain type of work, quite often the type of work and even the factory are specified. Since this new organization of

is only recent, no evidence as to its effects is available.

A b s e n t e e i s m

Until now the Czechoslovak Government has found no effective remedy against absenteeism. The same as with labor turnover, absenteeism is at its highest in the most important sections of economy - steel-making industry and coal-mines. In the Ostrava-Karvina Mines /Ostravsko-karvinský doly - official abbreviation OKD/, which produces almost 80 percent of all Czechoslovak hard coal, 20.7 percent of total working time were lost in 1951 through absenteeism. Throughout all Czechoslovak industry, 10 to 15 percent absenteeism is a safe estimate. Of these 20.7 percent of lost time in the OKD, full 19.2 percent were working time lost through natural causes, such as illness and special family reasons. This indicates quite clearly, that the so-called "grey illness" in Czechoslovakia is a fact and not, as the Premier /Mr. Zapotocký/ asserts, a bourgeois invention. /Grey illness is widespread mental and physical exhaustion./ Since every worker missing his shift has to produce a medical certificate issued, in most cases, by an authorized factory medical officer, it cannot be presumed that in all 19.2 percent, which were lost from working time, the medical officers deliberately declared unfit for work workers physically fit. Certainly some percentage can be ascribed to this cause, since there is some evidence indicating that some ne-

dical officers do oppose the regime by this method, but still the majority of absentees proved that the cause of their absence was illness.

Until now all Communist efforts to control absenteeism completely failed. According to the rules imposed upon workers in most factories the duration of vacation with pay is cut by one day for each working hour lost through officially unapproved absence from work /these rules partially differ in various enterprises/ but this method does not seem to have much effect on the rate of absenteeism. /For discussion of other aspects of absenteeism see also Chapter VII, "Living Standard", paragraph on "Cost of Living", page 130 of this survey./

III

I N D U S T R Y

I n t r o d u c t i o n

In all satellite countries an economic system resembling that of Soviet Russia before 1928, known as the New Economic Policy, was instituted shortly after the World War II, and lasted until 1948, when the area was considered ripe for long-term plans and when the Kremlin began to feel secure in Middle Europe. Under the N.E.P., Czechoslovakia regained /with her Two-Year-Plan, 1947-1948/ almost her prewar production. The UNRRA aid was a powerful stimulant. After Moscow forbade - in the very last moment - Czechoslovak and Polish participation in the Marshall Plan, the satellite countries were tightly linked with the Soviet Union. The February 1948 coup d'état in Czechoslovakia was but a natural consequence of internal as well as international pressures.

In 1949 a series of long-term plans was begun in all satellite countries. All these plans aim at the expansion of heavy industries, in full accord with the Soviet theory that heavy industry is the key to the victory of the Socialist system. The plans have been finally voted by the parliaments, but the functions of a central planning office,

a clearing house and a central agency of control for the entire European satellite area rest with the Council for Mutual Economic Assistance /known as COMECON/, created in January 1949 by the Soviet Union and the satellite governments.

The Czechoslovak rehabilitation plan /the Two-Year-Plan/ depended to a large extent upon international credits and American machinery, but the political developments during the Two-Year-Plan and after its completion caused fundamental changes in future planning. With her participation in the Marshall Plan forbidden Czechoslovakia attempted to find some way out from economic difficulties. But in a lapse of few weeks the Communists seized power and shortly afterwards the unexpected refusal of the World Bank to grant a loan to Czechoslovakia made the implementation of the rehabilitation plan impossible. The Government put a relentless pressure on local industries to deliver more capital goods at the expense of consumer's goods and the general standard of life.

In 1949, fully under the Communist control, the Five-Year-Plan has began. Capital comes from several sources. While Czechoslovakia cannot expect capital goods or credit from the United States, most western countries make deliveries behind the Iron Curtain and do it partly on credit. But the main part of capital comes from within. So-called "internal

accumulation" is nothing else but a set of methods how to squeeze out of the people a substantial part of the national income and to reinvest it in industry: consumption is fully controlled, currency inflated and devaluated.

A Half-suppressed doubts are often heard in the West: "This all may be true - but how, then, can the Communists expand their industries at such fierce speed and with that much success?"

The answer lies everywhere in the Communist system: Behind the Iron Curtain people are the means, not the end. Should the United States reduce the wages of all the workers by one half and double the prices, the producers would make good profits - for some time. There is but one employer and producer in Czechoslovakia - the State. All profits go to this large pocket - and it is reinvested everywhere the Government wants it, not where the people need it. If the Government wants to have heavy industry expanded, it is expanded. Are there difficulties? There is but one - to make the people obey and produce. This is being done, and only a dictatorship knows how to do it. Apparently the Czechoslovak industrial power grows; less apparent is the growth of dissatisfaction among workers, but, though unmeasurable, it does exist. There are several traces of it everywhere.

S o c i a l i z a t i o n, O r g a n i z a t i o n, P l a n n i n g

S o c i a l i z a t i o n. After the World War II, almost 80 percent of all Czechoslovak industry were nationalized. Yet there were whole industrial branches /for instance the building industry/ almost fully in private hands. Between January 1946 and February 1948, the socializing process came practically to a standstill. After the Communist Party seized power in February 1948, the socializing machine went to motion again. At the end of 1948, 95 percent of all Czechoslovak industry were socialized, at the end of 1949 97 percent, and at the end of 1951 the socialization of industry was - for all practical purposes - complete. - When discussing industry as a whole, socialization means nationalization /ownership by the State/, since the percentage of cooperative-owned industry is insignificant and rapidly diminishing.

O r g a n i z a t i o n. In 1948 the Czechoslovak industry was organized into 267 national enterprises, each of them with a number of branches. In 1949, this pattern was found too heavy because of too much centralization. Reorganization followed - instead of 267, Czechoslovak industry was divided into 677 national enterprises. This reorganization affected also the pattern of industrial control and planning. Instead of a single Ministry of Heavy Industry, five ministries

were formed:

Ministry of Fuel and Power
Ministry of Foundries and Ore Mines
Ministry of Chemical Industry
Ministry of Heavy Engineering
Ministry of General Engineering

Controls of the remaining industrial branches have been organized in following ministries:

Ministry of Light Industry /includes several branches such as light metal industry, textile and clothing industry, leather and rubber industry, etc./
Ministry of Building Industry
Ministry of Food Industry
Ministry of Forestry and Woodworking Industry /includes paper-mills/

Apart from the reorganization of control and planning agencies, a thorough reorganization of production is under way. During 1951, most of the big national enterprises were specialized and each of them was given its basical program of production. This specialization of industry began after the February 1951 meeting of the Central Committee of the Communist Party of Czechoslovakia, at which "the great variety of goods produced in one factory - the main obstacle in the way of socialist development" had been criticized.

P l a n n i n g. Since 1947, when the Two-Year-Plan began, all Czechoslovak industrial production has been planned.

Methods of planning change from time to time; the last, most fundamental change was approved by the Cabinet at its meeting on July 8, 1952, so that it would affect the preparation of the plan for the last year of the Five-Year-Plan /1953/. In general this change means another step toward full acceptance of Soviet planning methods, and shifts more responsibility from the central planning agency /State Planning Board/ on ministries and factories. The main cause of this change may be found in the fact that in the past many requirements of the plan were not fully justified and that many sections of the plan were not in harmony.

Mr. J. Púček, head of the State Planning Board, said in his speech before a Party rally on July 24, 1952:

"The old system of planning did not sufficiently respect principles of democratic centralism and the law of proportion, which, in the realm of the socialist economy, is one of the most important laws.... One of the main features of the new planning method is that we dispense with the usual working out of an ever-all plan. Instead, the plan will be worked out on the basis of control figures, as endorsed by the Government.... The State Plan will outline the chief targets, while the individual plants will be free to fulfill those targets by the most appropriate means. The old system of planning kept the ministries and the plants too much under thumb."

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In the first two years of the Five-Year-Plan most of the targets were, according to official reports, fulfilled by more than 100 percent. The governmental reaction that followed was typical and clearly proved that the real purpose of planning is not only to harmonize different branches of production and consumption, but also to use the planning as a powerful propaganda tool. Immediately after the planned targets for 1949 and 1950 had been fulfilled, new targets for the following three years were substantially raised, in some cases by 30 - 40 percent. The obvious intention was that the planned targets should be slightly above the limits of possibilities, at least in the production of capital goods. This would enable the Government to obtain as much work as possible and, at the same time, it would provide an excellent excuse for several shortages. Since the plan targets has been raised, the production of capital goods is mostly slightly under 100 percent fulfillment.

P r o d u c t i o n - generally

The following table /No.2/ and its graphic presentation show the increase of Czechoslovak industrial production after the World War II. All figures have been taken from Czechoslovak official reports. Some of the data used might have been exaggerated for propaganda purposes, but the general trend can be accepted as correct.

TABLE 2

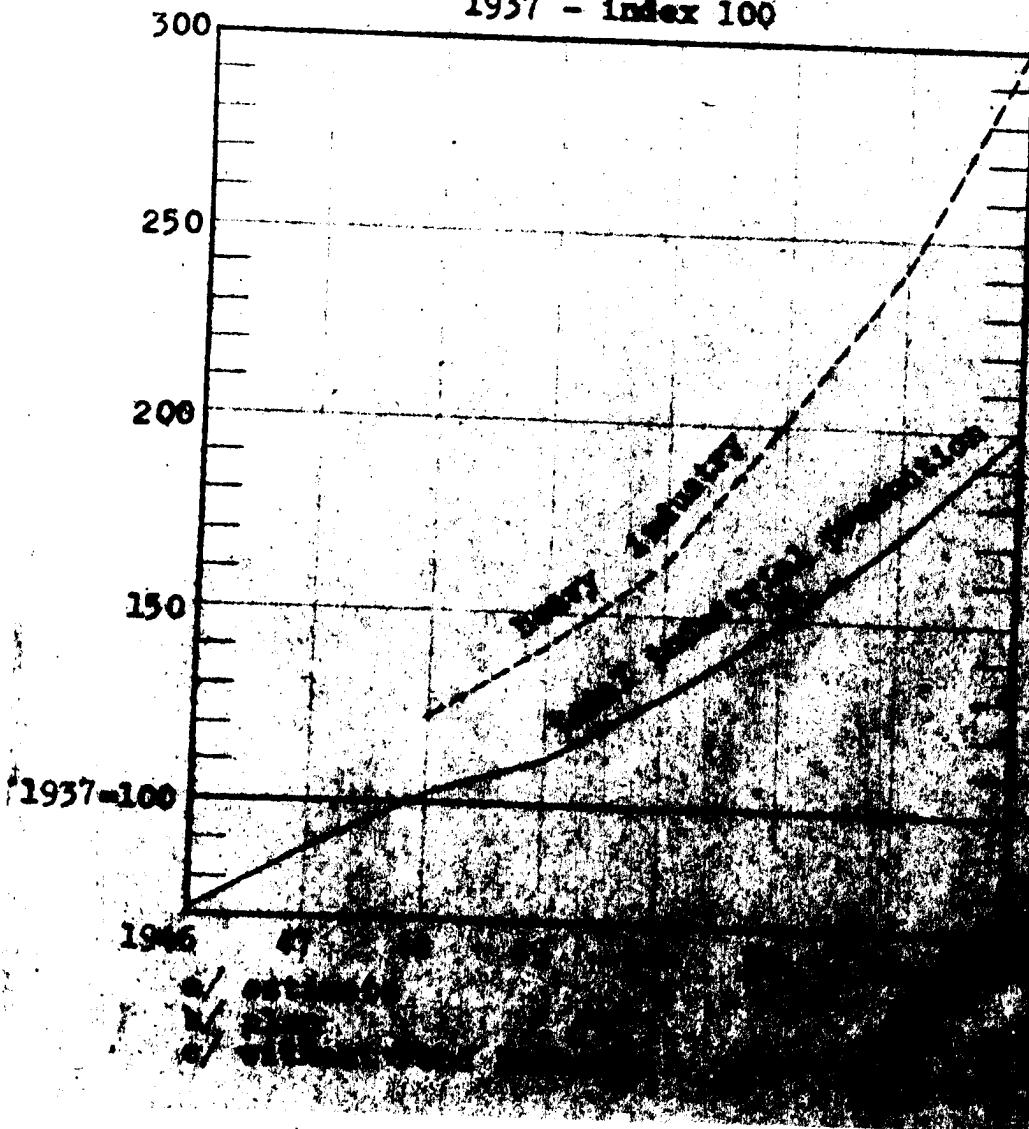
INDICES OF CZECHOSLOVAK INDUSTRIAL PRODUCTION, 1946-1953.

1937 = 100	1946	1947	1948	1949	1950	1951	1952a	1953b
total industrial production c/	71.0	87.0	103.5	111.5	128.2	147.3	172.3	200
heavy industry	n.a.	n.a.	123.0	141.5	163.6	201.2	243.5	300

See footnotes at end of Chart I

CHART I

INDUSTRIAL PRODUCTION, annually 1946-1953
1937 - index 100



P r o d u c t i v i t y

There is no reliable evidence of changes in productivity. In their speeches the Communist representatives often make use of comparing productivity with 1946 productivity taken as 100 percent, but it is well known that in 1946 the industrial productivity was exceptionally low as a result of postwar disorganization. Thus the Premier /Mr. Zápotocký/ claimed on June 7th, 1952, that the industrial productivity, when compared to 1946, increased by 50 percent. The State Statistical Board gives, in its reports on fulfillment of the plan in 1949, 1950, and 1951, percentual increases of productivity always in comparison to preceding year, but these increases, averaging 10 percent, cannot be compared to pre-war level, since there is no reliable basis. An estimate can be made that productivity is rising only slowly due to many organizational changes and especially due to low work discipline, as discussed in Chapter II on manpower problems. At the same time the Communist representatives admit that the increase in average industrial earnings is much faster than the rise of productivity. Earnings in general are discussed separately in Chapter VII on Living Standard. Here I would like to mention only the fact that attempts have been made to increase productivity through various newly adopted work-methods, such as shock-workers' movement, Stakhanovite movement, so-called "socialist competition" between individual

plants, factories, workshops, groups of workers, or even individuals, but, when the efforts are measured by results, none of these movements was much of a success.

P r o d u c t i o n /specified/

Fuel and Power

Increases in production of coal, petroleum, and electricity are the basic requirements of the new industrial order in Czechoslovakia. Czechoslovakia can never develop into a major producer of fuel and power. Poland's coal resources, being further speedily developed, will remain the main supply of hard coal. The satellite area as a whole is to produce about 135,000,000 metric tons of hard coal annually, Poland's share being about 100,000,000 metric tons, Czechoslovakia's about 20,000,000 metric tons. In lignite coal the satellite area is scheduled to produce annually approximately 290,000,000 metric tons, mainly in Eastern Germany, Czechoslovakia's share being about 30,000,000 metric tons. The figures for petroleum and natural gas are even less imposing. An output of 13,000,000 metric tons is projected, mainly in Rumania, Albania, and the Soviet zone of Austria. Czechoslovakia's share is the smallest of all satellite countries.

In connection with petroleum, synthetic oil plants should

- 29 -

be mentioned. The Nazis created 17 synthetic oil plants in Eastern Germany, Czechoslovakia, and Poland, most of which are in operation or are being rebuilt. Their present capacity is approximately 1,400,000 metric tons of fuel annually. Electric plants, including hydroelectric projects, are being feverishly expanded. Most of newly constructed electric plants are supposed to utilize low-quality coal, since hard coal is needed for production of coke for metallurgical industry. Czechoslovakia's share in production of electricity is rapidly increasing. Any numerical estimate is at present dangerous and would be highly unreliable, since all production figures are a closely-guarded secret.

Even when the Czechoslovak share in production of fuel and power is comparatively small, it should not be underestimated. In all countries of Soviet Europe, fuel and energy are considered the basis of all other production, as they really are, and as such are on the top of the list of importance.

G o a l - general
- - -

Only two qualities of coal will be discussed, hard coal and lignite coal. Hard coal comprises an insignificant percentage of anthracites, soft coal a somewhat higher percentage of lowest-quality lignites, but the terms "hard coal" and "lignite coal" used throughout this survey are, as far as caloric value is concerned, on the same level as "bituminous coal" and "lignite".

C o a l - geographical distribution
- - -

In terms of coal can be partly explained the difference in economic structure between the industrial Czech part of Czechoslovakia /Bohemia and Moravia/, and rural Slovakia. Slovakia has no hard coal at all, and of all Czechoslovak lignite coal produces some 4 percent.

The following map shows the geographical distribution of coal basins in Czechoslovakia, the Table 3 presents presents proportional output in main coal basins of Czechoslovakia.

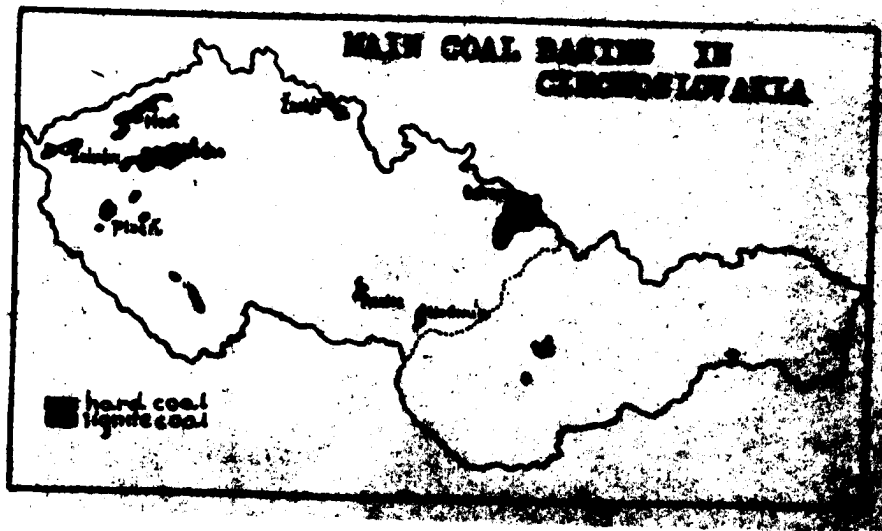


TABLE 3

DISTRIBUTION OF CZECHOSLOVAK COAL PRODUCTION - by basin			
h a r d c o a l		l i g n i t e c o a l	
Basin	perc.	Basin	perc.
Ostrova-Karviná	79.5	Most	70.0
Kladno	10.7	Školev	22.6
Píseň	4.6	Hodonín	2.5
Resice	2.7	other Boh. & Mor.	1.6
Zaolší	2.5	all Slovakia	3.3
Czechoslovakia	100.0	Czechoslovakia	100.0

All data 1947 /there is no exact evidence of present position, but the general structure has changed, since 1947, only in insignificant details./

Coal - production

Since the hard coal is more important for heavy industry than lignite coal, the Czechoslovak Government is using all its power to increase hard coal production. Yet the increase in lignite coal production is much more remarkable./See Table 4 and Chart 2./ This is partly due to the fact that the Germans exploited all accessible deposits of hard coal in Czechoslovakia, bringing hard coal production in 1942 to its all-time record level, while they did not concentrate on lignite coal. But, even if the 1942 hard coal production reached its record level, the consequences of the German over-exploitation must not be exaggerated. The main causes of the comparatively slow increase of hard

coal production /relative to lignite coal/ may be listed:

1. Mechanization of coal-extraction:

Since a big percentage of lignite coal output is produced by surface mining, mechanization of lignite coal mines has been much easier. Until recently most machinery for hard coal extraction had to be imported. Many plants belonging to the Ministry of Heavy Engineering began to produce underground-mining machinery in 1950, but their production has been too slow and yet some of their new products have to be exported to Poland and Russia. There was some import of Soviet-made machinery for hard coal mining, but some of them are out of use since the electrification of mines is far too slow.

2. Manpower problems:

Lack of manpower is the main cause of the bottleneck in hard coal production. The percentage of permanent skilled miners declines and a considerable share of hard coal production is manned by occasional or unskilled labor. The so-called work-brigades are recruited all the year round, but since 1945 the employment in coal-mines has never reached more than 90 percent of the required number of miners. And out of these 90 percent almost one third are unskilled workers. Consequently the labor turnover and absenteeism have

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become extremely high. /All-time record reached in 1951/ Because of all these manpower problems, which affects much more hard coal production than lignite coal production, productivity is low. There are no reliable figures for productivity in hard coal and lignite coal mines. The only evidence available is for both hard and lignite coal together:

1948 - annual production per worker - 296 metric tons
 1949 - annual production per worker - 292 metric tons
 1950 - annual production per worker - 310 metric tons
 1951 - annual production per worker - 300 metric tons

A very rough estimate can be made that the productivity in lignite coal mines increased since 1948 by some 12 percent - and obvious conclusion is that the productivity in hard coal mines fell considerably.

The following Table 4 and its graphic presentation /Chart II/ show the annual coal production, separately for hard and lignite coal, every fifth year between 1927-1942 and every year between 1947-1952. It should be noted that the planned 1952 output of hard coal is 21,808,000 metric tons, and 31,121,000 metric tons of lignite coal. The 1952 estimate is based, in both cases, on reports up to August, 1952. Possible rate of error is about 1-2 percent.

TABLE 4

COAL PRODUCTION, every fifth year 1927-1942,
annually 1948-1952

In thousands of metric tons

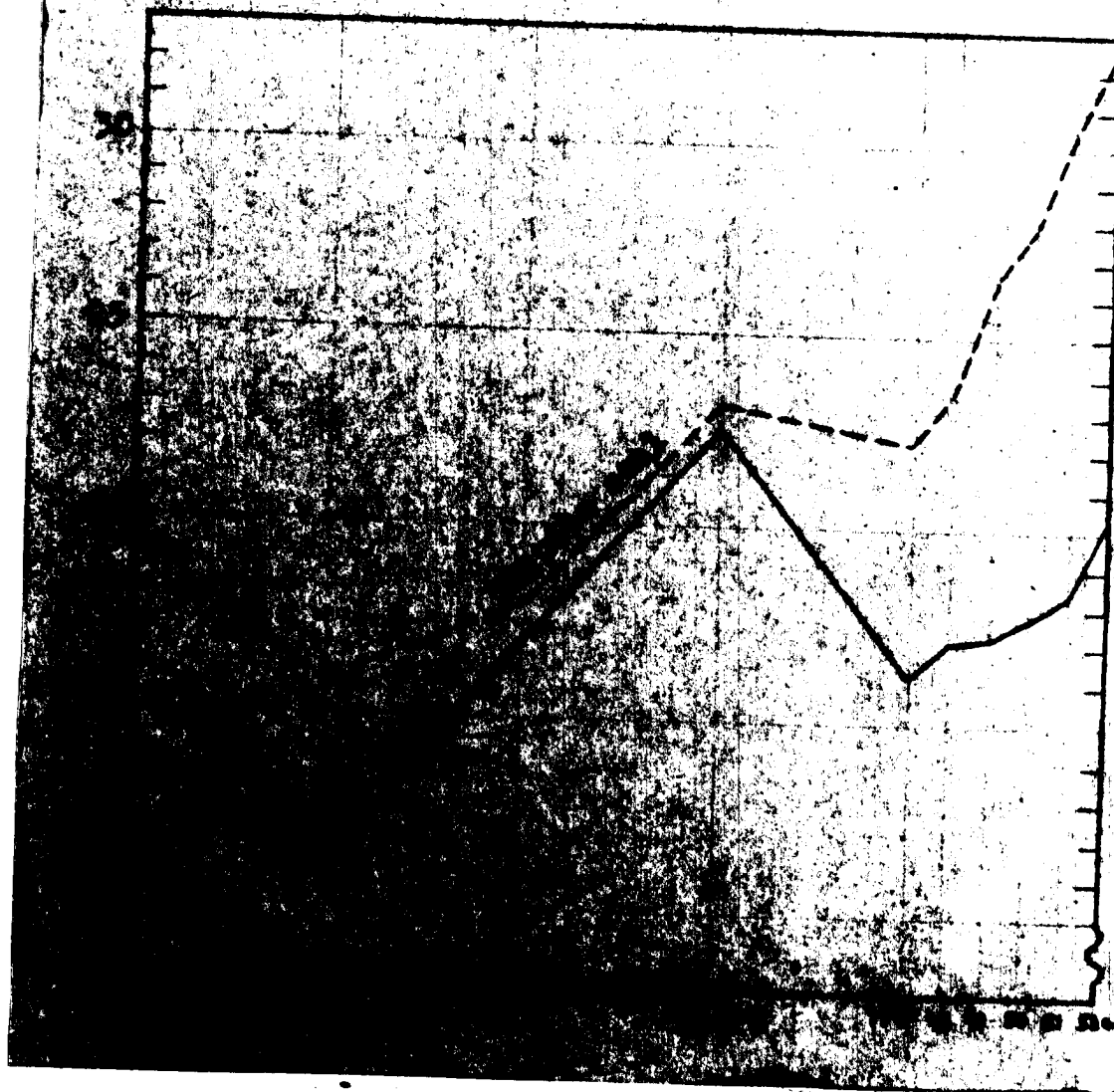
Year	Hard coal	lignite coal
1927	14,016	19,621
1932 a	10,961	15,898
1937	16,778	17,895
1942 b	22,655	23,316
1947	16,216	22,362
1948	17,346	23,589
1949	17,400	26,526
1950	17,800	27,982
1951	18,556	30,500
1952 c	20,500	32,650

a/ depression period
b/ Nazi occupation - output in present Czechoslovak
territory, regardless of territorial changes of the
year
c/ estimate

CHART II

COAL PRODUCTION, every fifth year 1927-1947,
annually 1948-1952.

Million
m.tons



- ✓ depression period
- ✓ Nazi occupation - output in present Czechoslovak territory, regardless of territorial changes of the year
- ✓ estimate

C o a l - hard coal
 - - - -

1. Ostrava-Karviná Basin. The Ostrava-Karviná Basin /official abbreviation OKD, "Ostravsko-karvinské doly"/ is the crucial point in Czechoslovak hard coal production. Apart from being the largest hard coal basin, the OKD also produces the only hard coal in Czechoslovakia suitable for coke production. And, since coke is indispensable in steel-making, the Government has exercised all its power to increase the OKD production.

The 1951 production plan of OKD was fulfilled by 90.4 percent - instead of 16,000,000 metric tons, only 14,500,000 were extracted. The Communist Party and the Government issued a joint resolution aiming at better results in 1952. Wages were raised, miners were offered special bonuses and premium pay together with other compensation, all Party and Trade Union functionaries were called upon to "heighten the political education of miners and to organize socialist competition throughout all mining industry" apart from several other features.

The resolution was aimed at all coal basins in Czechoslovakia, but its main interest was concentrated on the OKD. The Party organizations and Trade Union functionaries succeeded in dragging more miners into the shock-workers' movement and the so-called "Action 10" was begun. /Every miner joining the "Action 10" pledges to produce monthly 10 tons of coal over his normal quota. This "Action 10" was later on introduced in

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many other sections of economic activity with various forms of application of the number ten - ten bricks more every hour above the norm, ten thousand gadgets produced above the average in a week, etc./ But yet there was not much improvement - the plan for the first quarter of 1952 was fulfilled by 90.8 percent. The shockworkers' movement and the "Action 10" contributed a considerable percentage of the total OKD output, but new difficulties appeared: Members of the work brigades were leaving the OKD by thousands; most of them joined the OKD in March, April and May of 1951, and having the first contractual year completed refused to sign for the second. A nation-wide campaign for recruitment of new occasional labor for the OKD was begun, but it came too late. Furthermore, several hundreds of Italian miners refused to renew their contracts and chose to return to Italy with all her unemployment, rather than to stay in the OKD.

The Government launched a new attack, but this time not by increased wages and improvement of general working conditions. There is certain amount of evidence /mainly screenings of newly escaped refugees from Czechoslovakia/ that the Penal Commissions of the District National Committees punished several tens of miners for missing their shifts. Provided the data furnished by the State Statistical Board are backed by facts, the OKD production increased in May, 1952, and on June 26 and 27, 1952, the daily production plan was fulfilled for the first time since the beginning of the year. On July 2, 1952, RUDE PRAVO announced that the OKD production plan for the first

six months of 1952 was fulfilled by 96.4 percent. The newspaper reports did not stress the fact that there were many Sunday shifts in May and June. Improvement in production was caused mainly by overtime work - productivity apparently fell again.

The Government realized that the improvement in production was heavily paid for and in order to brighten the prospects for the last six months of 1952, it went as far as to stage sabotage trials against miners and mine technicians, with necessary capital punishment for "main offenders". As every dictatorship, the Communist Government of Czechoslovakia realized, on the OKD example, that every increase in wages rather tends to decrease the production, and that the safest method to keep it reasonably high is terror. As far as evidence is available, there was no marked improvement in production in the OKD in July, August, and September, but it also have not fallen under 95 percent or a near figure.

2. Other hard coal basins. The Kladno Coal Basin /about 10 percent of total hard coal production/ suffers from exactly the same diseases as the OKD. While the 1951 production plan was fulfilled by 96.2 percent, the plan for the first six months of 1952 was fulfilled by 92.5 percent. The percentage of occasional laborers may be estimated as slightly less than that of the OKD, but in other respects, especially in absenteeism, the Kladno Basin records are even worse than those of the OKD.

The remaining three hard coal basins /Plzeň, Rosice, and Zaslav/, contributing together about 10 percent of total hard coal production, show different records of production. The largest one, Plzeň /about 4.6 percent/, fulfilled its 1951 production plan by no more than 98.4 percent, Zaslav by 98.3 percent, and Rosice by 100.1 percent. In all three the production increased in the first six months of 1952, but this increase was of little consequence to the total hard coal production.

Coal - lignite coal

1. The Most Coal Basin, contributing about 70 percent of total lignite coal production, is slightly undermanned, but generally it has almost none of those diseases causing bottlenecks in hard coal production. The high Most production is due especially to the newly-opened surface mines and, also in a great degree, to mechanization. Besides these two causes, there are some political causes, too - the percentage of Communists in the Most area has been always comparatively higher than in other regions. The Most Basin fulfilled its 1951 production plan by 101.8 percent, in the first six months of 1952 by 102.6 percent.

2. Sokolov Coal-Basin. Most of what was said about the Most mines applies as well to the Sokolov Basin, perhaps only the percentage of Communists is slightly smaller. In the Sokolov area a number of new mines were opened since 1945 and the 1952

production compared to 1937, more than doubled /1937 production - 3,351,250 metric tons, estimate 1952 - 7,000,000/. The Sokolov contribution to the total lignite coal production in 1952 may be estimated at about 25 percent. As a point of interest may be mentioned that about one third of all employees in Sokolov mines are Germans who were permitted to stay in Czechoslovakia after 1945.

3. Other lignite coal basins. The Slovakian share in lignite coal production probably slightly increased /3.5percent in 1947/ in 1950-1952 because of newly opened mines. The lignite coal produced in the Hedonin mines is of lowest quality and its production has not changed much since 1947. A large electric plant is being constructed in the Hedonin region for special utilization of local lignites.

F u e l p r o d u c t s o t h e r t h a n c o a l

Czechoslovak Government regards all data on production of petroleum and other fuel products as top secret. Some reports have been obtained from newly escaped refugees about new petroleum wells in Slovakia, but these reports cannot be confirmed by more reliable evidence and should be taken with caution. The main Czechoslovak petroleum producing regions are south-east Moravia /around Hedonin/ and the adjoining part of Slovakia.

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Fuel products - crude petroleum

All Czechoslovak petroleum production is directed by a central state agency known as the Czechoslovak Petroleum Concern. According to its reports /quoted also by the U.S. Bureau of Mines/ the Czechoslovak crude petroleum production is swiftly increasing. In the following table /No.5/ the figures for 1944-1949 are those used by the U.S. Bureau of Mines, while the figures for 1950 and 1951 are based on Czechoslovak official and other reports. Figure for 1952 is an estimate with possible rate of error of some plus/minus 10,000 barrels.

TABLE 5

CRUDE PETROLEUM PRODUCTION, annually 1944-52
/barrels of 42 U.S. gallons/

1944	185,000 barrels	
1945	91,000	-,,-
1946	196,000	-,,-
1947	210,000	-,,-
1948	204,000	-,,-
1949	292,000	-,,-
1950	342,000	-,,-
1951	400,000	-,,-
1952	480,000	-,,-

In the following years about 17 percent annual increase may be expected. No reliable estimate of limits can be obtained, since there is not much evidence about newly opened mines. But, since the crude petroleum production is increasing in Rumania, Albania, and Soviet zone of Austria, Czechoslovakia will always remain a minor producer of oil.

F u e l p r o d u c t s - n a t u r a l a n d i n d u s t r i a l g a s
 - - - - -

Czechoslovak production of natural gas is insignificant. As far as my present evidence goes, the only production of natural gas is in eastern Moravia, near Uherské Hradiště. Most of the gas goes through piping to Brno, some is used in local industries. The amount of production cannot be estimated, but, in comparison with other fuels, it is of not much practical importance.

Production of industrial gas is well developed in most regions of Czechoslovakia; in recent years industrial consumption of industrial gas is much faster than domestic utilization.

F u e l p r o d u c t s - s y n t h e t i c o i l s
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The basis of Czechoslovak synthetic oil production are the plants erected by Germans during the World War II. From 1,400,000 metric tons of fuels annually produced in German-built plants in Eastern Germany, Poland and Czechoslovakia, the Czechoslovak share is roughly 250,000 - 300,000 tons. Since these plants depend on coal supply, the percentage share

of Polish and German oil production is becoming larger in comparison to Czechoslovakia.

Production of all these products, i.e. petroleum, gas, and oils, is a closely guarded secret. Any evidence published in foreign reports should be taken as not very reliable; the figures are in most cases underestimated.

E l e c t r i c i t y - general

Throughout the satellite area, electric plants are being constructed on a large scale. Czechoslovakia focused her attention on hydroelectric plants; while the potential of water power was in 1937 estimated at 4,160,000,000 KWH annually, actual yield was only 19.3 percent /430,000,000 KWH/. In 1946 the annual yield was already 19.3 percent /800,000,000 KWH/, but it still represented only about 19 percent of all electric power produced.

According to the plan, hydroelectric plants are to produce in 1955 about 15 percent of all electric power. At present 20 large hydroelectric plants are being built. Their annual production should be about 1,400,000,000 KWH, compared with 20 hydroelectric plants built between 1900 and 1946 with total annual production /in 1947/ 850,000,000 KWH. The last of the twenty hydroelectric plants now under construction should be completed in 1955.

Other electric plants are built especially for low-quality coal utilization. The most typical of these, and also the largest of all Czechoslovak electric plants, is now under construction in south-east Moravia, near Hodonin. This plant is supposed to utilize only lignites produced in local mines, and, according to official reports, the calorific value of this fuel should be utilized up to 85 percent as compared to 40 percent of utilization in normal electric plants built for hard coal.

E l e c t r i c i t y - distribution - - - - -

To enable industry to meet its high production goals, the Government strictly limited the supply of electric power to private consumers. Since the machinery of most electric plants is old and used up, breakdowns are persistent - mainly at the cost of private consumers. During 1951 and 1952 the supply of electric power to private consumers had to be limited to a greater degree than during the World War II. While the construction of new electric plants has not continued according to the schedule, the percentage of electric power used for industrial purposes is steadily increasing. In January, 1952, the Ministry for Fuel and Power issued an order according to which the wattage of lighting should be limited:

- 45 -

shops	- 5 W per one square meter
offices, workshops	- 4 W per one square meter
apartments	- 4 W per one square meter
restaurants	- 3 W per one square meter
halls / theatres, ballrooms, etc/	- 2 W per one square meter
stairs, cellars, passages	- 2 W per one square meter

These limitations have not been sufficient. In most Czechoslovak cities and towns were prepared detailed plans for electric power rationing. Thus Prague has been divided into three regions; each of them is every day for six hours without electric power supply, but more frequently for 10 hours daily. Similar situation is in other towns and cities. No relief from this shortage can be expected in near future.

In spite of the shortage, certain amount of electric power is being exported. The new electric plant for lignite utilization now under construction in south-east Moravia will supply mainly Hungary. There are definite indications that also some hydroelectric plants now being constructed in Slovakia will export considerable percentage of electric power produced to Hungary. Import of electric power from Poland for north-Moravian industries is decreasing.

Czechoslovak export of electric power to Hungary is

a part of the Hungarian-Czechoslovak bauxite agreement, signed on April 7, 1952, which followed the bauxite and aluminium crisis in Hungary. Hungary is one of the world leading producers of bauxite, the raw material from which aluminium is produced. Aluminium is indispensable in manufacturing aircraft, a valuable substitute for copper in electric generating and transmission equipment. In spite of enormous bauxite production, Hungarian share in aluminium production has been small owing to lack of electric power. For production of one ton of aluminium from bauxite, more than 20,000 HP of electric power are needed. Consequently, while the Hungarian production of bauxite in 1948 was about 60 percent of total European production, her share in aluminium production was relatively small - about 9,400 metric tons as compared to 64,785 metric tons in France, 33,083 in Italy, 31,000 Norway, 30,510 England, 18,960 Switzerland, 16,000 Austria. In order to increase her aluminium production and to cut unprofitable bauxite exports, Hungary built so-called Stalin Iron Works, which are primarily an aluminium plant. Surplus bauxite is exported to the Soviet Union, Eastern Germany, and Czechoslovakia. The new Hungarian-Czechoslovak agreement will furnish Hungary with more electric power and directly benefit Czechoslovakia through her share in the processing of bauxite.

Increase in Czechoslovak electric power production can be considered as remarkable, in spite of rationing power supply

to the private consumer. Unless the rate of industrial build-up would slow down /which is unlikely/, the shortage of electric power for private consumption will continue at at least the present rate. And since the shortage of electricity for domestic use is one of the main reasons of general dissatisfaction, this aspect should not be underrated.

F o u n d r i e s & O r e M i n i n g - g e n e r a l
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The heart of Czechoslovak industrial program is production of steel. In 1950 the satellite area produced more than 8,000,000 metric tons of steel; Czechoslovak production alone was slightly over 3,000,000 metric tons. The goal of 1954-1955 for the whole Soviet area /excluding the Soviet Union/ is more than 16,000,000 metric tons, a figure which the British steel industry reached only in 1950 and which is comparable to the present output of the Bethlehem Steel Company in the United States. With a production half this size, Japan built her immense fleet and embarked upon the conquest of Asia and Oceania, and Germany used less than 16,000,000 metric tons of steel in direct and indirect preparation for World War II. Since the satellite countries are not constructing many new railroads and highways, are building few houses and are turning out an insignificant number of vehicles, nearly all steel produced in the satellite area will be used in building factories, making machines and perhaps in making weapons of

war, or else the steel will go to Russia and be used there for the same purposes. Sixteen million tons of steel in America, with her production of innumerable domestic appliances containing steel, and a similar amount in captive Europe, cannot be two different things.

Almost all prewar steel plants in the Iron Curtain countries have been rebuilt and enlarged. Moreover, work is now proceeding on six huge new plants with a total output of some 8,000,000 metric tons of steel annually. These plants are being erected at Furstenberg on the Oder, in Brandenburg; near Ostrava in Czech Silesia /a mill not to be confused with the great prewar Vitkovice plant nearby/; north of Kofice in Slovakia; at Dunapentele in Hungary; at Czenstochowa and at Nowa Huta near Cracow in Poland. A number of lesser works are also being constructed, mainly for the production of special steels. All these projects will use Ukrainian iron ore and most of them will use Polish coke. While the absolute Czechoslovak steel production is steadily increasing, its share in the total satellite area production may be expected to decrease; but, even when the new Polish steel plants are opened, Czechoslovakia will still top the list of satellite states' steel production.

Foundries & Ore Mining - iron ore

Czechoslovak deposits of iron ore are in two regions; south-west of Prague, and in Slovakia west of Košice. Since 1948, great efforts have been taken to open old mines and to find new deposits. According to the Central Committee of the Communist Party of Czechoslovakia reports, there were, in 1951-52, six iron ore mines reopened, sixteen enlarged, and four newly built up. In 1950, Czechoslovakia was among the Europe's seven leading countries in iron ore production. The Ministry of Foundries and Ore Mines reopens even these dis-used mines, which were found unprofitable during the Nazi occupation.

Czechoslovak iron ore output cannot satisfy the needs of well developed steel industry. Large amounts of iron ore are imported from Russia and Sweden. Recently Sweden has cut her iron ore exports to Czechoslovakia from 700,000 to 500,000 metric tons. This reduction has seriously affected Czechoslovak steel industry; iron ore stockpiles are being used up and the Government has been forced to arrange for larger iron ore imports from the Soviet Union. In January, 1952, new drive was launched to intensify nation-wide collecting of iron scrap. Planned targets of iron scrap collection were fulfilled in the first six months of 1952 by less than 50 percent. For production figures of iron ore from 1927 to 1952 see Table

6, page 51, and for indices of iron ore production in the same period Chart III, page 52.

F o u n d r i e s & O r e M i n e s - p i g i r o n & s t e e l
- - - - -

Metallurgical industries producing iron and steel are concentrated roughly in three regions - north-east Bohemia /near Hradec Králové/, central Bohemia /Kladno/, and Silesia /north-east Moravia, Ostrava-Vitkovice and Trinec/. Present output of iron and steel in Slovakia is insignificant, but the new plants now under construction near Košice are supposed to have the capacity of 1,400,000 metric tons of steel annually. Production of iron and steel - as well as iron ore production - suffer from the same diseases as coal production: lack of skilled workers, high labor turnover, absenteeism. While there is certain increase in iron and steel production, the industry repeatedly falls short of the planned targets.

Table 6 /page 51/ shows the trend of Czechoslovak iron and steel production between 1927 and 1952. Chart III represents the same trend expressed in index numbers based on 1937 as 100./Page 52/ While the production of pig iron increased in 1952 relative to 1937 by 51 percent, steel output increased by 57 percent. This rise is not remarkable by itself, as a comparison with Western Europe countries shows /Table 7, p.53/.

T A B L E 6

PRODUCTION OF IRON ORE, PIG IRON AND STEEL,
every fifth year 1927-1942, annually 1943 - 1952.

In metric tons. Index: 1937 = 100.

	IRON ORE		PIG IRON d		STEEL e	
	production	index	production	index	production	index
1927 a	1,591,000	86.6	1,260,000	75.2	1,689,000	73.4
1932	602,000	32.8	450,000	26.9	879,000	38.2
1937	1,836,000	100.0	1,675,000	100.0	2,301,000	100.0
1942	1,575,000	85.8	1,596,000	95.3	2,565,000	111.5
1943	1,944,000	105.9	1,594,000	95.3	2,568,000	111.8
1944	1,584,000	86.2	1,584,000	94.6	2,520,000	109.5
1945 b	276,000	15.0	576,000	34.4	938,000	40.8
1946	1,116,000	60.8	961,000	57.3	1,672,000	72.6
1947	1,363,500	74.3	1,422,450	84.9	2,286,000	99.3
1948	1,488,000	77.8	1,660,000	99.1	2,650,000	115.2
1949	1,536,000	83.6	1,875,000	112.2	2,903,000	126.2
1950	1,658,000	90.5	1,950,000	116.4	3,106,000	134.9
1951	1,774,900	96.7	2,047,500	122.2	3,417,000	148.5
1952 c	1,892,500	103.9	2,200,000	131.3	3,600,000	156.5

a - 1927-1944 data according to Minerals' Yearbook 1948

b - 1945-1951 data according to official reports; for years 1948, 1949, and 1951 based on reports expressed in percentages

c - 1952 estimate

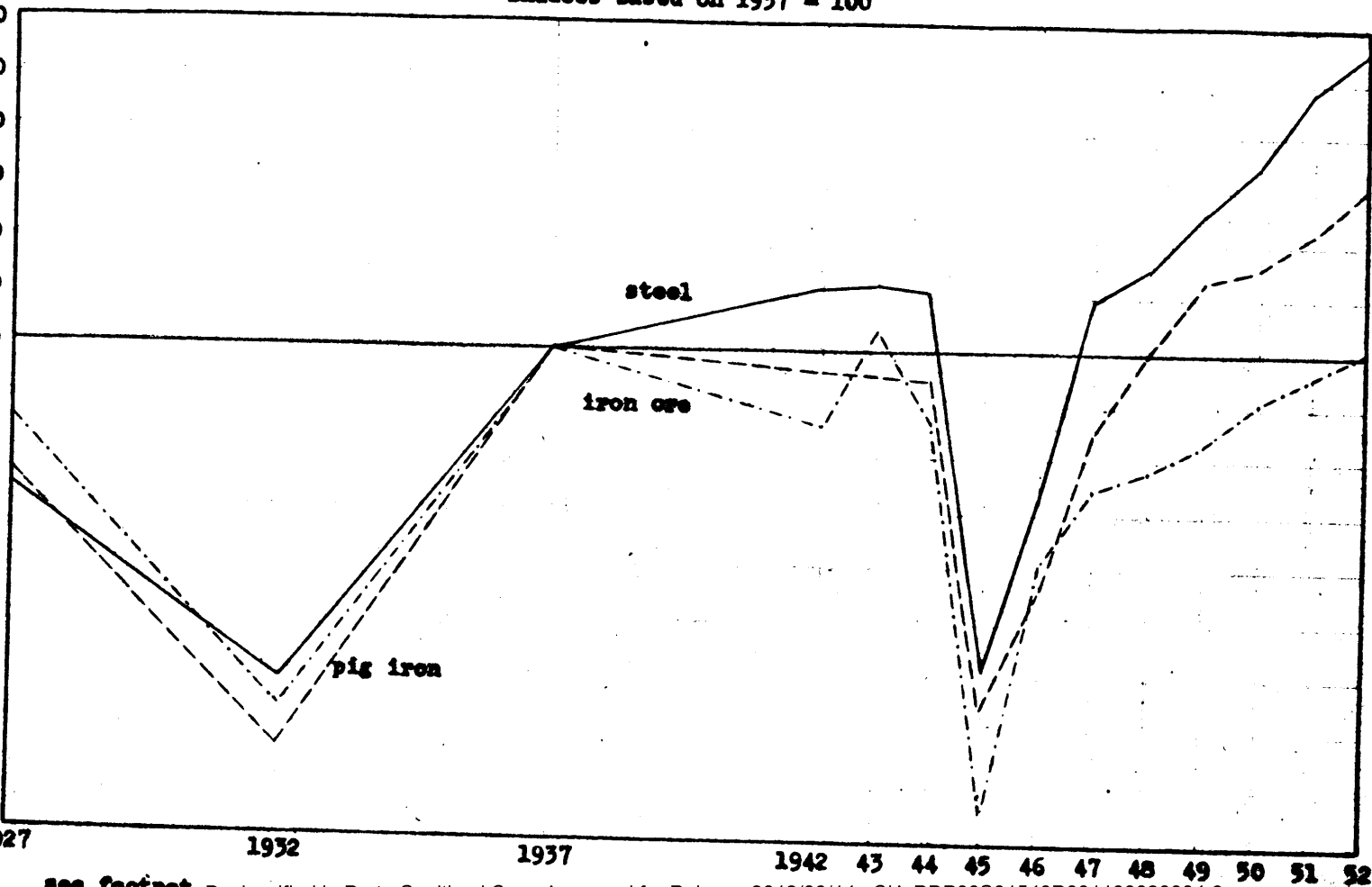
d - pig iron and ferroalloys

e - steel ingots and castings

C H A R T I I I

PRODUCTION OF IRON ORE, PIG IRON, AND STEEL; every fifth year 1927-1942, annually 1943-1952.

Indices based on 1937 = 100



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T A B L E 7
STEEL PRODUCTION 1951
Czechoslovakia and Western Europe

country	index 1938 = 100	production in thousands of metric tons
Czechoslovakia	140.3	3,417
United Kingdom	149.5	15,792
Western Germany	75.4	13,500
France	158.3	9,840
Belgium	222.6	5,076
Luxembourg	213.3	3,072
Italy	131.4	3,060
Saar	101.9	2,604
Sweden	130.2	1,500
Austria	153.6	1,072
Netherlands	920.0	552
Turkey a/	—	132
Norway	116.7	84

a - no steel production in 1938

Since the steel production in all other European countries not listed in Table 7 /including Eastern Europe, but excluding Soviet Russia/ is not too significant, Czechoslovakia was in 1951 the fifth major producer of steel in Europe. But, at the same time, her increase of production when compared with the increase of the first nine West European

steel producers, follows roughly the general trend. Since the Czechoslovak Government puts immense efforts into steel production at the expense of light and several other industries, better than average results might have been expected. That they are not is caused by many drawbacks - productivity is still low, labor turnover and absenteeism do their work. These diseases are obviously inherited in the regime itself - situation in Poland, Hungary and all other satellite countries is similar.

Measured by tons, the Czechoslovak steel production will certainly increase in next few years, especially as a result of newly built plants. Measured by efforts spent to increase it, and compared with the trend in west-European countries, Czechoslovak steel production bears all signs of a not very successful management and is, in its own way, a proof of general dissatisfaction of workers with the regime.

O t h e r m e t a l s a n d m i n e r a l s - m a n g a n e s e

Czechoslovakia has only very small deposits of manganese ore, around Chvalstice in Bohemia and Svábovec in Slovakia. Newly opened mines of manganese ore, reported by refugees in the opening months of 1952, are practically of no importance. Czechoslovak production of steel does not suffer from lack of manganese, since the Soviet production of manganese ore amounts

to more than 50 percent of total world production. There are also rich manganese ore deposits in China, Hungary, and Rumania.

**Other metals and minerals - antimon,

iron pyrite, graphite**

From all metal and mineral ores, only in antimon, iron pyrite and graphite is Czechoslovakia fully selfsupporting. Recently the output of antimon and graphite is decreasing - deposits of graphite are almost used up, antimon deposits follow on similar line. Production of iron pyrite is increasing; new deposits have been found in recent months. Few years ago Czechoslovakia had to import iron pyrite, in next years some slight exports may be expected.

**Other metals and minerals - copper,

lead, zinc**

Czechoslovak production of copper is insignificant, few existing mines in Bohemia and Slovakia are almost exhausted.

While the Czechoslovak consumption of lead more than doubled in the last 20 years, her lead production is not sufficient and still slightly decreasing. All postwar efforts to discover new lead deposits completely failed and the output of the only two mines, near Pflizen in Bohemia and near Banská Stizovica in Slovakia covers only about 10 percent of consumption.

Production of zinc is insignificant.

In copper, lead, and zinc, Czechoslovakia is completely dependent on imports. Since the main deposits of these metals are in the West, and Russian production cannot cover all the needs of the satellite Europe, lack of copper, lead, and zinc is causing serious bottlenecks in Czechoslovak industry, especially since the exports of these metals from West to Eastern Europe have been banned. There is still certain quantity of copper exported to Czechoslovakia from Turkey. While the Czechoslovak consumption of copper in 1948 was about 40,000 metric tons, it decreased in 1949 to some 5,500 metric tons. Exports of Turkish copper to Czechoslovakia amount, according to official Turkish reports, to approximately 1,300 metric tons of copper /in variety of forms/ annually.

Czechoslovak industry attempts to replace copper, lead, and zinc by other materials and to develop production of substitutes, especially of plastic materials. All copper piping /as well as steel piping/ in Czechoslovak flour-mill and industrial dairies is being replaced by glass-piping; inner parts of ball-bearings, usually made from bronze, are now produced from other material with a small amount of bronze added. In all electric generating and transmission equipment aluminium is widely used as a substitute for copper. /Aluminium is imported in sufficient quantities mainly from Hungary and Russia. Czechoslovak production insignificant./

Czechoslovak production of all other metals is of no importance, deposits of most other metals simply do not exist.

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Other metals and minerals - uranium ore

Naturally there is no evidence whatsoever as to the Czechoslovak production of uranium ore. The only deposits of uranium ore in Communist Europe are in Czechoslovakia and Russia. The main Czechoslovak deposits of high grade uranium ore are in western Bohemia around Jáchymov, but, according to several refugee reports from January-May 1952, new uranium deposits were found during 1951. These reports placed the new uranium mines in Northern Bohemia around Vrchlabí, in central Bohemia near Příbram, and in western Slovakia near Pezinec. Some of these reports have been confirmed by fresh information from similar sources, but no details concerning capacity and production has been reported.

C o n c l u s i o n

For almost all metals Czechoslovakia is dependent on imports. Complete ban on western exports of ores and metals to satellite Europe would seriously affect Czechoslovak industrial production, especially ban on exports of metals of which satellite deposits are not sufficient, such as copper, lead, zinc, tin, and nickel. Until now there have been obviously many leakages in the ban imposed on strategic materials by the United States.

E n g i n e e r i n g

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Heavy and General Engineering are directed by two separate ministries. After the industrial reorganization in 1951, to the sphere of heavy engineering belongs production of steam and water turbines, of the heaviest cranes, equipment of chemical factories, machinery equipment for smelting and similar industries and for mines, heavy electrical equipment. General engineering produces light and medium construction equipment, heavy pumps and water-wheels, construction machines, special parts of mines and heavy industry equipment, wagons, cars, tractors, etc. Since there were many minor changes in Czechoslovak industrial organization after the major reorganization in 1951, no exact line between heavy and general engineering can be drawn; characteristics of the third category, precise engineering, are generally explained by the name itself, but yet even here are some doubts as to the line dividing this branch from general engineering. Czechoslovak press and speeches of Communist representatives are sound evidence that the same confusion prevails in Czechoslovakia.

For this broad survey should suffice the statement that heavy and general engineering, though they are run by two separate ministries, form the most important part of Czechoslovak industry - all efforts in coal-mining, power-producing, and steel-making industries are directed toward this final goal: sufficient supply of material for these two branches.

According to the Five-Year-Plan results, the 1950 production of heavy engineering industry was about 200 percent relative to 1937, and the goal for 1955 is 400 percent relative to the highest prewar production of this branch of industry /1936 and 1937/. The target set by the Five-Year-Plan was fulfilled in 1951 by 98.4 percent, in 1952 even higher fulfillment may be expected.

Czechoslovakia is fully self-supporting in engineering production; after the World War II production of ball-bearings was opened for the first time in 1951 ^{and} some of the bearings produced were exported to Poland. Still there are some special products, machines as well as tools and gadgets, which must be imported from the West.

According to President Gottwald's statement, almost one half of all goods exported in 1953 will be products of the engineering industry, and these exports will go almost exclusively to the other satellite states, to China and to the Soviet Union.

Main drive in all engineering industries is to specialize production of individual plants. According to the Central Committee of the Communist Party of Czechoslovakia decision, only Lenin Works in Plzeň /formerly Škoda Works/ will retain wide range of production and will consequently serve as a "laboratory of heavy engineering."

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Engineering industry generally and heavy engineering especially suffer from similar diseases as those of coal-mining and metallurgical industries. Shortage of skilled workers is becoming more and more a burden - heavy recruitment from the staff of white-collar jobs and non-essential industry does not suffice, since the productivity is still low and labor turnover and absenteeism grow bigger.

C h e m i c a l i n d u s t r y

The importance of chemical industry is growing together with other sections of heavy industry. In June 1952 the Party and the Government issued a joint resolution aiming at the improvement of chemical industry. This attempt to increase chemical production is closely connected with new tasks of chemical industry - to produce valuable substitutes and artificial materials that would replace certain metals and other materials the export of which has been banned by the West. According to official reports, new production of special plastics should, in 1953, reach about 250 percent relative to 1950, and these products should replace the imports of 8,000 metric tons of copper, lead, and zinc, about 15,000 metric tons of iron and steel, and some 2,000 metric tons of leather and rubber.

A special plant for production of plastics is FATRA in Napajedla /Moravia/, but the same sort of goods also comes out from other chemical factories in Bohemia as by-products.

New factories for production of synthetic rubber are being built in northern Bohemia and in Silesia, synthetic oil producing plants are being enlarged. The Czechoslovak chemical industry has a long tradition and its importance should not be underrated. In the first years after the World War I, the chemical industry was mainly concentrated in northern Bohemia, but a general tendency to dislocate it throughout the country has followed necessary strategic lines. At present, the chemical industry is well developed - apart from traditional northern Bohemia - in most regions of Bohemia, all over northern and eastern Moravia, and under construction in Slovakia.

Since the Government carefully guards all reports concerning chemical industry and especially the production of explosives, any numerical evidence is completely lacking. There were some interesting reports from newly escaped refugees, but most of them have not been confirmed - since they could be misleading, they are not quoted in this survey.

B u i l d i n g i n d u s t r y

Problems of the Czechoslovak building industry are, from a certain point of view, a miniature of problems of the whole Czechoslovak industrial development. Till February, 1948, the building industry was almost completely in private hands, but its nationalization quickly followed the February coup d'état. The building industry represents one of the most serious bottle-

needs in Czechoslovak economy. Since the end of the World War II it has never fully met the planned requirements in spite of heavy labor reinforcements in the form of so-called voluntary work brigades. Two main reasons of this phenomenon are the shortage of all building materials and of skilled workers. The Five-Year-Plan overestimated the capacity of building industry - there are too many long-time projects under construction all over Czechoslovakia, especially construction of dams, electric projects, and factories of all types.

B u i l d i n g i n d u s t r y - industrial construction
 - - - - -

Apart from many lesser projects, industrial construction is centered in Ostrava region /Silesia/ and in Košice region /eastern Slovakia/. In both regions large steel-making plants are being constructed together with new housing areas. Near Ostrava, where the so-called "Klement Gottwald's New Foundries" are being built, a "socialist city" should be built up in some twelve years with about 100,000 inhabitants. According to official reports, the construction of foundries near Košice /so-called Foundry Combine - Hutní Kombinát, known as HUKB/ should be completed in 1955.

In Ostrava region alone, about 20,000,000 working hours were contributed in a single year /1951/ by work brigades, yet the construction is more than 5 months behind the schedule. The situation on HUKB is, in a smaller degree, almost identical.

Construction of numerous dams, factories, and other projects suffers mainly from shortage of mechanical building equipment. Orders of heavy building machinery placed with the heavy engineering industry in 1950 have not been fulfilled. There is certain amount of evidence that the production program of many heavy engineering plants has been abruptly changed during the third and fourth quarter of 1950 and that these changes were directed from above, since the factories themselves have not been held responsible for not fulfilling the orders of the building industry and all criticizing press reports on "faulty organization of heavy industry" were suppressed. Some explanation could be found in the fact that these changes occurred simultaneously, shortly after the Korean war had started, in many factories which are known to have produced before and during the World War II arms and various war equipment, but since there is no further evidence all this remains a pure hypothesis - the industrial building simply did not get its machinery and did not fulfil its targets.

B u i l d i n g i n d u s t r y - agricultural building

Construction of buildings for agricultural production is on the second place on the list of importance. This type of building activity is closely connected with the socialization of agriculture - almost 97 percent of all agricultural buildings are those built for State Farms or for the common use of higher types of the Uniform Agricultural Cooperatives, such as collective stables and other buildings.

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B u i l d i n g i n d u s t r y - h o u s i n g
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Dwelling construction is on the bottom of the list of importance. While the plans for industrial construction are far too high to correspond with the capacity of the industry, not much attention is paid to dwelling construction - except in speeches of Communist representatives.

There are various rough methods of measuring the currently accruing requirements for dwellings, e.g. the net increase in family units. Yet, since the Czechoslovak Government does not publish complete and accurate vital statistics, there is no reliable background to base an estimate of the average number of persons per dwelling unit on. The main reason of this difficulty has arisen from the housing shortage caused by the World War II.

Without the war damages the task of providing a sufficiently high rate of dwelling construction would be difficult enough. The number of dwellings built during the Nazi occupation period was insignificant. After the war some 2,700,000 Germans were expelled from Czechoslovakia, but the number of dwellings thus obtained was heavily outnumbered by war damages and through the low rate of dwelling construction in the first two postwar years.

In both the Two-Year-Plan and the Five-Year-Plan, dwelling construction has been curtailed in favor of "higher" categories

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of building. Consequently the standard of housing decreases. Newly built apartments are, in main, distributed among miners and other heavy industry workers, but even the number of dwellings provided for this category of privileged workers is too small to satisfy the requirements.

The following table /No. 8/ shows the proportion of main categories of building in the last two years and, for comparison, the planned targets for 1952 and 1953. Since all these numbers have been obtained from Czechoslovak official reports, most of which do not correspond with each other, there are some doubts as to the accuracy, but, in rough terms, the picture presented below may be accepted as sufficiently representative.

T A B L E 8
CONSTRUCTION AND PLANNED TARGETS, 1950 - 1953
In thousands of square meters of useful area

Industrial buildings	1,956	2,095	N.A.	N.A.
-----	-----	-----	-----	-----
agricultural buildings	1,395	1,168	N.A.	N.A.
-----	-----	-----	-----	-----
dwellings	1,869	1,404	3,664	4,936

N.A. - not available

Construction of schools, hospitals, theatres, etc. not listed - evidence completely lacking

Industrial buildings, i.e. buildings for production purposes, excluding dams, canals, etc.

The official conversion rate per one dwelling unit is 80 square meters. Thus in 1950 about 22,000 dwelling units were completed, in 1951 17,555. The 1952 target was put at 45,000,

but in the first six months of the year only 9,690 units have been constructed. This figure itself is not fully representative since most buildings are usually completed in the last months of the year, but it is already obvious that the target cannot be fully met. During the third quarter of 1952 employment in the building industry decreased by two percent and a serious shortage of building materials diverted the stream of supply from housing to the industrial construction, so that it may be estimated with fair degree of accuracy that the 1953 target /51,700 units/ will be hardly met by more than 60 percent. Every year apart from usual dwellings a number of temporary buildings are erected for so-called "commen accommodation" - mainly in the form of barracks for accommodation of work brigades in industrial centres. This type of buildings cannot be considered as relief from housing shortage, since they serve as temporary accommodation only.

The Communist propoganda machinery makes full use of numbers of dwellings built, fully relying on the presumption that the Czechoslovak public will not become aware of the fact how small these numbers are when compared with natural requirements.

A fairly safe estimate based on world averages and the Czechoslovak population trends is that currently accruing requirements would be about 60,000 dwelling units per annum. But this number accounts only for current need. If the present housing standard should be reached in the next twenty years and some pro-

vision for urgent slum clearance made, the necessary number of dwellings to be built every year would be, at present, some 90,000 - 100,000 units. The present capacity of the Czechoslovak building industry, overburdened by the requirements of industrial construction, cannot even approach this figure. Obviously the Czechoslovak housing standard is rapidly decreasing and no change should be expected in near future - none of the satellite governments can pay much attention to dwelling construction, as well as the Soviet Government does not.

F o o d - p r o c e s s i n g i n d u s t r y - - - - -

Most problems connected with the food-processing industry are discussed in Chapter IV on Agriculture. Since the agriculture and the food-processing industry are so closely connected, the production of this industrial branch follows similar pattern - low production, planned targets never fully met with, low productivity. There is a big amount of statistical evidence of food production in Czechoslovak official reports and in daily press, but, when closely studied, most of the figures thus presented are in strong disagreement with each other and should be therefore regarded as pure fabrication for propaganda purposes. Only a hypothesis has been formed on the basis of similar evidence, but none has been confirmed as yet. According to the Czechoslovak official reports, production of the food-processing industry increased in 1950 by 25 percent relative to 1949,

another increase of 5.7 percent in 1951 /relative to 1950/ was announced. But the average consumption of processed food increased in 1951 /relative to 1949/ by less than 6 percent. If these official figures were correct, a hypothesis about stockpiles of feedstuffs could be formed - but there are other official reports setting the increase in average consumption at 16 percent, and other at 22 percent - thus there is no basis for any conclusions whatsoever. No doubt the war-time stockpiles are being made; this was publicly admitted by Government representatives, and even without their statements this would be a safe presumption. No other conclusions resulting from comparisons of food production and consumption, unless backed by reliable evidence, should be accepted.

O t h e r i n d u s t r i e s - - - - -

In order not to overburden this survey with too much detail all other types of industrial production - regarded by the Czechoslovak government as less important, are only briefly mentioned.

Czechoslovak traditional textile industry is becoming less and less important in comparison to heavy industry. The greatest part of textile and clothing production is exported, mainly to the Soviet Union as a form of payment for Soviet experts, partly to the West in exchange for essential goods. The local market is insufficiently supplied, most textile products are severely rationed.

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Leather industry still depends on imports - local production supplies less than 40 percent of all leather needed by the industry. These 40 percent already represent certain degree of improvement - before the World War II and during the first postwar years almost 80 percent of all leather were imported. There are two causes of this improvement: bigger local production of skins, smaller over-all production of leather industry. Situation in rubber industry is almost identical - more and more stress is put on synthetic materials and various substitutes to make up for imports from the West.

IV

A G R I C U L T U R E

Land Resources
December 1951

Total area /per capita	31,579,380 acres 2.5 acres/	100 percent
Agricultural land /per capita	18,568,676 acres 1.5 acres/	59 percent
Forests & Woodlands	9,821,187 acres	31 percent
Build-on & Wasteland	3,189,517 acres	10 percent

L a n d R e f o r m

The first stage of the Czechoslovak land reform was carried out after the World War I /law of April 19,1919/, when some of the farms formerly belonging to the landed gentry was divided among small farmers.

The distribution of agricultural land after the first stage of land reform /1930/ - according to Mr. Brdlik in his "Social-Economic Structure of Czechoslovak Agriculture" /quoted in the Report on Czechoslovakia, Vol.3, No.5/ - is shown in Table 9:

T A B L E 9

DISTRIBUTION OF AGRICULTURAL LAND, 1930

Type of farm /area of agricultural land/ in acres	Percent of the total number of farms	Percent of the total agricultural land
under 4.94	44.27	7.6
4.94 - 12.35	26.58	18.8
12.35- 49.42	24.57	46.5
49.42-247.1	4.00	27.1
over 247.1	0.58	10.0

These figures cannot be accepted as fully reliable, but the official Czechoslovak agricultural statistics for 1930, published recently, must be doubted even more, since they greatly differ with other official figures and statements. The main difference between the figures quoted above and the recently published official statistics is in the percentage of agricultural land owned by farms with area over 49.42 acres; the percentage quoted above is 27.1 percent, while that of new official statistics is put at about 51 percent

The second stage of the Czechoslovak land reform was officially opened by a law "revising the first land reform" of July 11, 1947, affecting all farms with area larger than 123.55 acres. According to this law all excess land over this limit was to be taken over by the State /for a low compensation or without it/. The land acquired by the State was partly allotted to agricultural workers and small farmers, partly used for estab-

lishing a new type of large farms owned by the State, further on called State Farms.

After the Communists had seized power in Czechoslovakia in February, 1948, several new laws were passed with that effect that the revision of land reform was speeded up and deepened. By new laws the older law of July 11, 1947, was amended and basically changed /its new text officially announced on May 12, 1948/, but the most important change in the method of the land reform was contained in a separate law of March 21, 1948, according to which "all agricultural land shall belong to them who till it." By this law all land belonging to people who "did not till it" themselves was either taken over by the State /for small compensation/ or, more often, confiscated. There are no reliable figures which would show the area of land thus acquired by the State or allotted to agricultural workers and small farmers - figures of Czechoslovak official reports greatly differ. It may be estimated that the State Farms were established on approximately 75-90 percent of all land acquired, the rest having been allotted to individuals.

By this after-February stage of land reform, the main drive for socialization of Czechoslovak agriculture was launched .

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S o c i a l i z a t i o n

The socialization of Czechoslovak agriculture has two main parts - nationalization and collectivization.

N a t i o n a l i z a t i o n -----

The land and property acquired by the State in the land reform form the basis of the nationalized agriculture - State Farms. But the total area of State Farms is steadily increasing in spite of the fact that the land reform was theoretically completed, the increase being caused by confiscation of property of the so-called "big landholders" - farmers owning usually more than 37 acres of land. These "big landholders" are generally not allowed to join the Uniform Agricultural Cooperatives and since the requirements of the State upon their production are extremely high, these farmers after some time inevitably fall for persecution based on "not fulfilling the State requirements", usually followed by punishment and confiscation of all property.

The limit of 37 acres has not been set by law and is merely a political measure. In certain instances even farmers with smaller area of land than 37 acres are not allowed to join the Cooperative movement on the ground that "they are, spiritually, enemies of socialism", in other instances bigger farmers have been allowed to join. The confiscated land and property of these people are sometime given to the local

Uniform Agricultural Cooperative, but they usually become the property of the State and are added to the nearest State Farm. Consequently the increase of the State Farms' acreage shown in the Table 10 and Chart IV is partly also the measure of persecution of individual farmers. /This holds true mainly for years 1950, 1951, and 1952, when the land reform almost reached its completion./

T A B L E 10

LAND HOLDINGS OF THE SOCIALIZED SECTOR, 1947 - 1952

	acreage and percentage of total agricultural land					
	State Farms		U.A.Cooperatives		total socialized sector	
	acres	percent	acres	percent	acres	percent
Dec. 1947	167,118	0.9	---	---	167,118	0.9
June 1948	n.a.	n.a.	---	---	n.a.	n.a.
Dec. 1948	445,648	2.4	---	---	445,648	2.4
June 1949	1,021,277	5.5	n.a.	n.a.	n.a.	n.a.
Dec. 1949	1,299,807	7.0	1,541,200	8.2	2,841,007	15.2
June 1950	1,485,494	8.0	2,510,900	14.0	4,000,402	22.0
Dec. 1950	1,615,474	8.7	3,075,590	17.0	4,691,064	25.7
June 1951	1,838,299	9.9	3,730,732	20.0	5,569,031	29.9
Dec. 1951	1,894,005	10.2	3,730,010	20.0	5,624,015	30.2
June 1952	2,061,423	11.1	3,000,145	16.0	5,061,568	27.1
Dec. 1952						

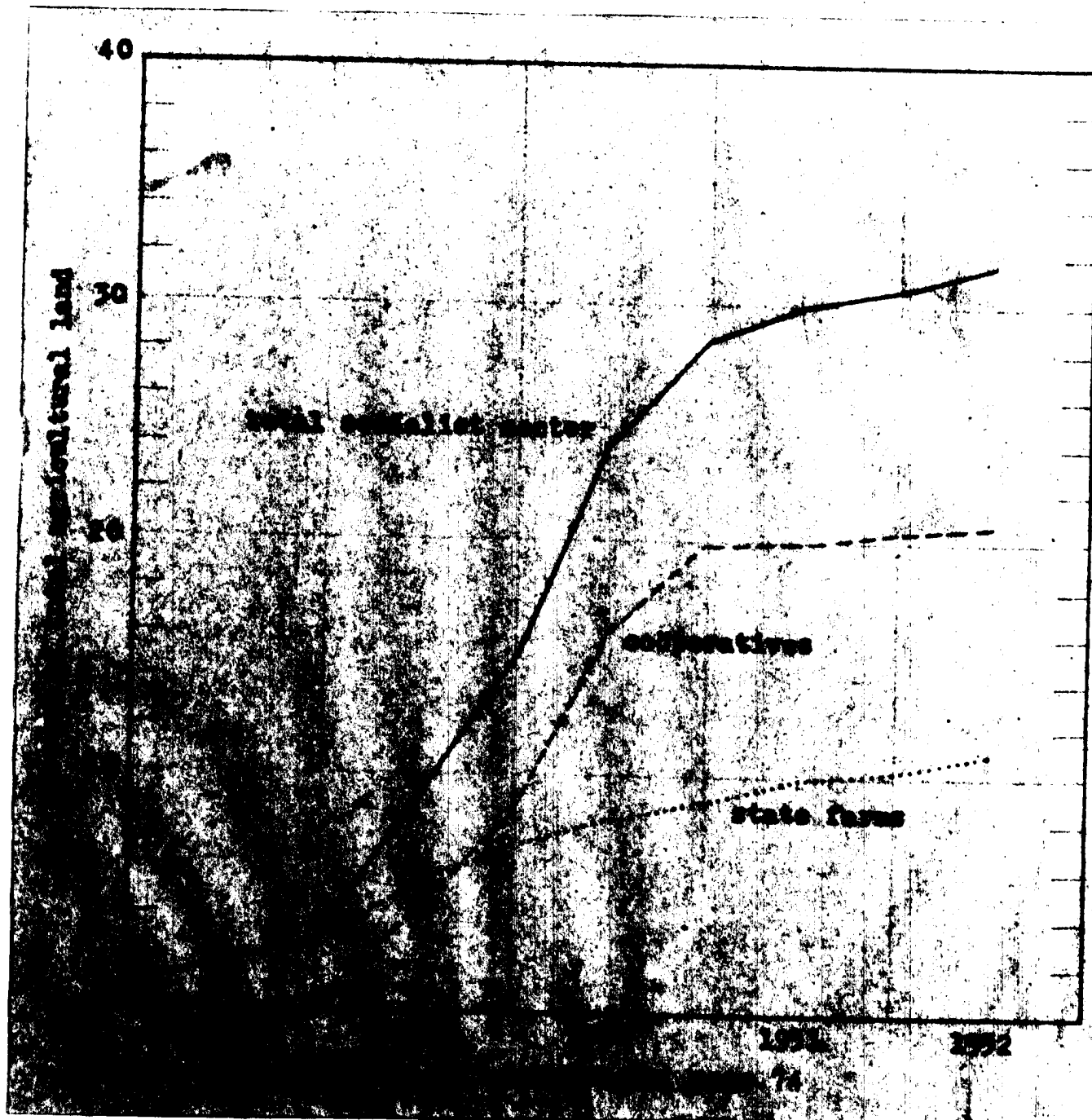
n.a. - not available

The term "agricultural land" includes land planted to crops, land temporarily fallow, meadows and pastures for both mowing and pasture, garden land, and area under fruit trees, vines, and fruit bearing shrubs.

UAC - all types of UAC including Preparatory Committees

CHART IV

INDICES OF LAND HOLDINGS OF THE SOCIALIZED SECTOR, 1947-1952



C o l l e c t i v i z a t i o n

The real beginning of collectivization of Czechoslovak agriculture was the land reform; officially the campaign for collectivization began on February 23, 1949, when the National Assembly passed the law on Uniform Agricultural Cooperatives. By this law individual farmers were allowed /rather urged/ to form Uniform Agricultural Cooperatives on the basis that in each village or community may be formed only one UAC the activity of which must not surpass the borders of the village /or community/. The Government representatives often stress that part of the law which says that the Cooperatives should be formed on voluntary basis. As briefly indicated in the preceding paragraph on nationalization, the Government succeeded in finding other measures than mere order how to force individual farmers to form or join UAC's.

While any individually working farmer may be arrested and have his entire property confiscated for not fulfilling his cultivation and production quotas, the campaign to influence farmers to join the UAC movement received support from statements that members of UAC would not be held individually responsible. Increasing assistance to Cooperatives was also promised through the State-owned State Machinery Stations /discussed in next paragraph under the heading Mechanization/, which may work for small individual farmers only when there is no demand for work from UAC or State Farms, and which must never work for

so-called "big landholders". Furthermore, the bulk buying quotas prescribed by the State are much higher for individual farmers than for UAC or State Farms. In the atmosphere of arrests and confiscations any talk of "voluntary basis" of UAC membership is but propaganda or rather irony.

C o l l e c t i v i z a t i o n - organization and development

The foundation of a Uniform Agricultural Coöperative is set by forming a Preparatory Committee. The Preparatory Committee may be joined by any landholder, but after its formation a Governmental approval issued through a special agency is required. This system should prevent the "big landholders" to form a UAC or to join it. After the approval is granted, the Uniform Agricultural Coöperative may be formed and begin its activity.

UAC - type I. The activity of the UAC of the type I is considered the lowest and least socialist form of agricultural work. The farmers taking part in UAC I still work on their small fields, the only difference being thorough organization of work and common use of all machines and tools. The individual pay depends on the acreage of fields brought to the UAC.

UAC - type II. The shift from UAC I to UAC II is not so important economically as politically. The system of economic management remains the same as in UAC I, individual earning still depend on acreage of the individual member. But the small fields are united into large areas with no ridges. While the land

of each farmer brought to the Cooperative remains in all four types of UAC his individual property, in the UAC II, for the first time, the farmer loses the feeling of the owner of land which is an invisible part of large fields. Only his financial share on the income of the UAC is still depending on his acreage.

UAC - type III. There are two main features distinguishing UAC III from UAC II. a/ In the type III the animal production is collectivized. Each member is expected to bring his livestock to collective stables. b/ The individual earning of each member is only partly dependent on his share of property in the UAC, but, for the main part, he is paid only for amount of his own work on collective fields.

UAC - type IV. Income of each individual member depends only on the amount of his work, all crops and animal products being common property. There are fixed norms for each type of work to be done. The total amount of work is counted in "labor-units" - the sum-total of all labor-units represents the net income of the Cooperative and each member is paid according to his share of labor-units. There are two price-levels paid for products sold: low prices for products required by the state quotas, higher prices for products sold after the prescribed quotas has been fulfilled. In UAC IV the farmer loses his last contact with his land and livestock. The Government representatives often stress that the membership in all types of the UAC is voluntary

and that throughout all four types of UAC the land remains individual property. At the same time each farmer knows that if he wanted to become an individually working farmer again, he would be soon arrested and his property confiscated, or, at least, he would be forced to sell all his land and livestock to the Cooperative for an incredibly low price.

Each member of a UAC may keep only a small acreage of land as his private property, usually a piece of land adjoining his house, but not bigger than about 1.2 acres.

The table /No.10, page 74/ and its graphic presentation /Chart IV, page 75/ show the grow of socialized sector of Czechoslovak agriculture as a whole and of its two parts /State Farms and UAC/ separately, in terms of acreage and/or percentage of total agricultural land. The table represents a compilation of figures mentioned by Czechoslovak Communist representatives or by the Czechoslovak press throughout the past three years.

M e c h a n i z a t i o n

After February, 1948, mechanization of Czechoslovak agriculture has become, to a large extent, one of the weapons of socialization and consequently is discussed under the common heading of Socialization.

Before the World War II most of the agricultural machinery belonged to individual farmers with an unimportant exception of

a few firms using agricultural machinery on commercial basis - letting them to small landholders for specific tasks or for limited periods of time.

First steps to nationalize agricultural machinery were made in years 1945-47, when the State-confiscated land or property belonging formerly either to expelled Germans or taken over from big landholders under the new law on land reform became the property of the State.

But the main drive for using agricultural mechanization as both the mean and the end of socialization has been started after February, 1949, by establishing an entirely new institution, the State-owned State Machinery Stations /SMS, also known as Machinery & Tractor Stations/, which operate on purely commercial basis. The Uniform Agricultural Cooperatives in want of machinery can hire machinery owned by SMS together with SMS-employed operators. But, according to a Governmental order, the SMS must not give their services to the so-called "big landholders /"village bourgeois"/ and they must charge lower rates to UAC than to small individually working farmers.

Table II shows the grow of mechanization in tractors and binders regardless ownership, and separately the increase in number of tractors and binders owned by the SMS. /Page 81./

Number of Combines owned by the SMS may be estimated /June, 1952/ at 400, of threshing machines at 8000-9000. The comparatively low number of threshing machines owned by the SMS can be explained by the fact that a majority of Uniform Agri-

cultural Cooperatives have their own threshing machines brought in as a property of some of the members.

T A B L E 11

TRACTORS AND BINDERS; total and in SMS ownership, 1937, 1949, 1952

	tractors			binders		
	1937 Dec.	1949 Dec.	1952 June	1937 Dec.	1949 Dec.	1952 June
total number of units	8,200	27,000	31,000	13,400	31,000	40,000
acreage of agricultural land per unit owned by the SMS:	2,411	688	605	1,475	599	469
number of units	0	5,200	8,100	0	2,600	9,400
percent of total	0	19.26	26.13	0	8.39	23.50

P r o d u c t i o n

Czechoslovak vegetable production has underwent after February, 1948, a remarkable change as a result of governmental tendency to increase animal production. Before the World War II Czechoslovakia was - at least in the last decade - almost completely self-sufficient in principal vegetable products, and at some periods even exported small amounts of bread and feed grains /apart from traditional heavy exports of beet sugar/. The over-all animal production has always been below vegetable production. In 1937 plans were laid for increased production of meat and milk and for slow transformation of Czechoslovak agriculture toward animal production. These plans were interrupted by the World War II.

The Communist Government does not follow these plans, even when its objective is similar. While it wants to have the animal production increased as quickly as possible, it also attempts to increase the production of certain crops, which can be easily and profitably exchanged in international trade, especially sugar beets, hops, and oil seeds. In several resolutions passed since February, 1948, the Government has offered incentives for increased production of these products.

Consequently the acreage of grains is continually being lessened. The Government wants to make up the decrease in acreage by increased production per acre /this mainly by intruding

**Soviet sorts of seeds and Soviet methods of cultivation/,
but there is no reliable evidence to judge its success .**

**Generally the character of Czechoslovak agriculture
is continually being changed to respond Czechoslovakia's
position in the Soviet bloc - since the Soviet Union is one
of the world's leading exporters of grains, the Czechoslovak
Government puts more stress upon production of other crops
and upon animal production specifically. By this new organi-
zation of agricultural production Czechoslovakia becomes
more and more dependent on Soviet feedstuffs.**

**V e g e t a b l e p r o d u c t i o n - b r e a d g r a i n s
- - - - -**

**The following table /No.12, page 84/ shows the pro-
duction of bread grains in Czechoslovakia before the war
and after full restoration of agriculture from damages caused
by the World War II. The figures given for postwar years,
regardless of their source, should not be fully trusted. Since
the State Statistical Board does not publish the results of
agricultural production with due details and comparisons,
Communist representatives often use these uncomplete figures
and percentages for propaganda purposes. As an example may be
used President Gottwald's report to the Central Committee of
the Communist Party of Czechoslovakia. While the total bread-
grains production was given /1949/ as 3,138,000 short tons,
Gottwald states at one place that the 1950 production of wheat**

TABLE 12

BREAD GRAINS PRODUCTION; annually; 1935-39 average, 1948,1949,1950,1951.

	Wheat			Rye			Bread Grains Total	
	acreage 1,000 acres	production 1,000 bushels	bushels per acre	acreage 1,000 acres	production 1,000 bushels	bushels per acre	production 1,000 short tons	pounds per capita
1939a	2,158	57,323	26.57	2,374	62,078	26.15	3,458	467.3
1948a	2,147	52,000	24.22	1,796	44,000	24.50	2,646	457.7
1949ad	2,050	57,000	27.80	1,790	51,000	28.49	3,138	510.2
1950b	n.a.	52,443	n.a.	n.a.	44,780	n.a.	2,827	456.0
1951c	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,756	440.9

bushel wheat - 60 pounds; bushel rye - 56 pounds . conversion factors used by the U.S. Department of Agriculture.

n.a. - not available

- a - According to the Agricultural Statistics, published by the U.S. Department of Agriculture.
- b - According to Gottwald's report to the Central Committee of the Communist Party.
- c - Estimate based on numerical evidence released by the Czechoslovak State Statistical Board in the form of percentual comparisons with the previous years.
- d - exceptionally favorable weather conditions

was 8 percent and of rye 12.2 percent lower than that of 1949. This would account for the 1950 production of bread grains as about 2,827,000 short tons. In the same report, /to the Central Committee/, only a few minutes later, Gottwald gives the total figure for 1950 bread grains production as 2,600,000 short tons. Thus all the figures given by the Communist representatives have to be compared with each other and several percentages and estimates made on the most reliable ones - the resulting possible rate of error is about 5 percent.

While the postwar decrease in bread grains production per capita - compared to prewar years - is not very significant, there is a remarkable point in it. Since 1947-48 Czechoslovakia imports bread grains from Russia at the rate of about 662,000 short tons annually apart from smaller imports from other countries. The Communist representatives attempt to account for this heavy import of bread grains by increased consumption, but the available statistical evidence shows that while the actual bread grains consumption per capita increased /1957 = 100 percent/ by about 7 - 8 percent, the bread grains resources /production plus imports/ per capita increased in 1951 /relative to 1937/ by approximately 20 - 22 percent.

There are two possible explanations of this phenomenon, but, at the same time, there is not sufficient statistical evidence to show the due proportion of each of them.

a/ Before the World War II almost all bread grains produced were sold by farmers to the State-owned or private distributing agencies. Since 1948 /no evidence for 1945,1946, and 1947/ a big percentage of bread grains produced in a given year has not entered the usual distribution channels, and has been used or purchased by farmers as feed grains. This phenomenon itself is a result of a whole set of causes. The most important are:

1. The farmers must not sell their livestock since they would not be able to fulfil their quotas of animal products. At the same time, since the feed grains are scarce and hard to be obtained especially by individually working farmers, some supplementary feeding stuff must be found.
2. The prices of bread grains and feed grains are not differentiated enough to prevent using bread grains for feeding purposes. At present the Government is unable to change them - bread grains prices cannot be raised as they have already reached their maximum level, feed grains are too scarce and consequently the prices cannot be reduced.
3. General shortage of feed forces city dwellers to make up the shortage by keeping their own poultry, rabbits, and other small animals of their own. As feeding stuff mainly bread grains, reaching cities via black market, are used. Since every individual buys a comparatively small amount

of bread grains, the prices asked for by farmers are high, often more than 300 percent of those paid by the State.

According to President Gottwald's report to the Central Committee of the Communist Party about 670,000 short tons of bread grains were used in 1950 as feed grains. /These 670,000 short tons represent almost 24 percent of 1950 total production of bread grains and more than annual bread grains imports from the Soviet Union./ Gottwald's figure, when compared with other evidence, is greatly exaggerated for propaganda purposes: to induce the controlling State agencies to increase their efforts in searchin^g houses of individually working farmers for hidden bread grains stocks, and to find excuses for severe rationing of bread, flour, and bakery.

B/ The second explanation is summarized in Cabinet Minister Plošhar's words /LIDOVÁ DEMOKRACIE, January 1, 1952/: "In 1952, for the first time since the World War II, war-time stockpiles of machinery as well as consumption goods will be planned in order to raise the defense potential of the country." There is evidence at hand permitting to form the hypothesis that even before 1952 the Government stored up stockpiles in advance.

V e g e t a b l e p r o d u c t i o n - f e e d g r a i n s

As far as feed grains production is concerned, accessible evidence is not sufficient to present a complete picture. No figures for 1951 were released except for percentages which cannot be used since they are based on doubtful sources. Consequently, in the following table /No.13, page 89/ only such figures have been used which could be checked by other evidence, doubtful figures for 1951 being completely omitted. The total 1951 production of barley and oats can be estimated as about the same as that of 1950. Nevertheless, also the production of barley and oats shows a decreasing tendency. The somewhat higher production in 1949 is, when compared with the acreage, rather incidental - weather conditions in 1949 were exceptionally favorable.

Czechoslovakia imports about 460,000 short tons of barley fodder, oats and other feed grains annually, most of them from the Soviet Union.

Since the Czechoslovak production of barley is high above the world average /based on population basis/, imports of barley may seem unnecessary. The explanation lies in high barley-malt exports to the western beer producing countries. Barley imported from the Soviet Union is of low quality and can be used only as fodder.

TABLE 13

FEED GRAINS

	Barley			Oats			Corn		
	acreage	production	yield	acreage	production	yield	acreage	production	yield
	in 1000 acres	in 1000 bushels	in bushels per acre	in 1000 acres	in 1000 bushels	in bushels per acre	in 1000 acres	in 1000 bushels	in bushels per acre
1935-39 a	1,600	51,800	32.37	1,828	85,131	46.57	395	11,300	28.6
1948	1,450	42,500	29.31	1,511	62,500	41.36	373	12,053	32.3
1949	1,425	50,000	35.08	1,421	69,000	48.56	380	12,500	32.9
1950	n.a.	50,350	n.a.	n.a.	58,167	n.a.	n.a.	n.a.	n.a.

a/ annual average
n.a. - not available

V e g e t a b l e p r o d u c t i o n - s u g a r b e e t s a n d b e e t s u g a r

Sugar beets production has always been one of the strongholds of Czechoslovak agriculture and, since 1948, its importance has even increased.

Since all sugar beets produced by Czechoslovak agriculture are locally manufactured in sugar, the importance of this section of Czechoslovak vegetable production becomes more obvious by discussing production of sugar beets and beet sugar together. There is no sugar cane produced in Czechoslovakia.

The following table /No.14/ shows the Czechoslovak production of sugar beets and beet sugar, together with production and consumption per capita.

T A B L E 14
SUGAR BEETS AND BEET SUGAR, PRODUCTION
1937 - 1950

	sugar beets			beet sugar			
	acreage in 1000 acres	production 1000sh.t. per 1000sh.t. per acre	short t. per acre	production a 1000sh.t. per cap. pounds	consumption b 1000sh.t. per capita pounds		
1937-39c	383	4,468	11.67	715	96.6	324 d	44.1 d
1948	430	4,191	9.74	699	114.6	305	50.0
1949	478	4,096	8.57	690	112.2	339	55.1
1950	531	5,734 e	10.80	970	156.5	369	59.5

a - raw value

b - refined sugar

c - annual average

d - 1937 only

e - according to Gottwald's report to the Central Committee of the Party

All principal figures from various Czechoslovak and foreign sources, rechecked in the 1951 report of the U.S.S.R. Committee of the Party

The 1950 Czechoslovak production of beet sugar represented about one tenth of total European sugar production, and more than one third of total 1950 production of sugar /beet and cane sugar together/ in the United States. No figures for 1951 are available, but the Czechoslovak production of sugar may be estimated at about 1,100,000 short tons with local consumption only very slightly increased, and the year 1952 probably means further increase in production in the same proportion as 1950 - 1951, with almost no change in local consumption.

Czechoslovak official reports on foreign trade fail to show the amounts of sugar exported, since they usually omit the figures for the U.S.S.R. and its satellites, but the surplus /production less consumption less exports/, probably stored up as war-time stockpile, may be estimated at about 30,000 short tons annually. At the Moscow International Trade Conference /April 1952/ Czechoslovakia offered to export to the West sugar valued at 52,000,000 U.S. dollars.

The Czechoslovak Department of Agriculture urges the farmers to use Soviet methods of sugar beets cultivation. The official plan of sugar beets yield per acre in 1952 was 15.4 short tons /U.S. yield per acre in 1951 was 14.58/, but there is no evidence available as to its fulfillment. Czechoslovak propaganda claims that the yield per acre can be increased, when the Soviet methods of cultivation are used, up to 70 short tons, but all these plans and estimates are not likely to affect

much the Czechoslovak sugar beets production.

While the primary consideration of the Czechoslovak Government was to increase sugar beets production as a source of profitable exports, it also utilized the by-products as an additional source of forage helpful in the new program of increased animal production.

V e g e t a b l e p r o d u c t i o n - h o p s

Hops is the second Czechoslovak agricultural products important in export, either in its raw form or as beer. No figures concerning hops production and international trade are available. Together with the well-developed production of malt, hops is a basis of large beer industry. At present most of Czechoslovak hops and beer exports go to the western Europe and the United States.

The remaining vegetable products of Czechoslovak agriculture are in their importance far behind the four sorts discussed above. Production of some of them presents remarkable features, but a too-detailed discussion would rather spoil the over-all picture of Czechoslovak agriculture; in addition to this, the statistical evidence for other vegetable products is either completely missing or unreliable.

Small amounts of potatoes are exported every year to

neighboring countries, but the production of potatoes itself is not fully sufficient for Czechoslovak needs - potatoes are rationed and there are no indications of production increase in near future. During the opening months of 1952, there were practically no potatoes on the market and most consumers get less than one third of their rations.

Several plants new to Czechoslovak agriculture have been introduced in recent years, especially plants rich in oil-seed, such as peanut and abutilon, and other plants usually found in warm climates, such as rice and kok-saghyz /a caoutchouc yielding plant of the dandelion family, introduced from Russia/. From all warm-climate plants grown in Czechoslovakia only tobacco is of practical importance; locally produced tobacco covers about 50 percent of Czechoslovak consumption /34 percent in 1950, 40 percent in 1951/.

A n i m a l p r o d u c t i o n

Since February, 1946, the Czechoslovak Government passed several resolutions urging increased animal production; the most important of all of them is the last one, issued jointly by the Central Committee of the Communist Party and by the Cabinet on February 5, 1952. In this resolution farmers are blamed for not fulfilling their delivery quotas of meat /and naturally also for the meat rations reduced and meat prices raised/ and new, high plans are set according to which the number of livestock should be considerably increased. In 1952 budget 1,584,000,000

crowns /51,600,000 U.S. dollars/ were ascribed for "improvement of animal production".

When trying to compile statistics of Czechoslovak animal production, I have encountered the same difficulties which hindered the work of the U.S. Office of Foreign Agricultural Relations and the U.S. Foreign Service officers - the Czechoslovak Government is extremely careful not to disclose any representative figures of animal production. More than in any other branch of economy, it uses - in respect to animal production - only percentages based on unreleased figures, or percentages of doubtful origin. Certain amount of information concerning international trade in animal products can be obtained abroad:

T A B L E 15
MEAT AND BUTTER, IMPORT AND EXPORT
in 1000 pounds

	meat			butter		
	import a	export b	net imp.	import a	export b	net imp.
1934-38c	5,275	637	4,638	1,918	754	1,164
1948	55,900	2	55,898	7,431	/a/	/a/
1949	59,000	1,500	57,500	8,002	/a/	/a/

- a/ Based on exports from supplying countries reporting exports by origin.
- b/ Based on imports into receiving countries reporting imports by origin.
- c/ Annual average
- d/ Since the countries receiving Czechoslovak butter are, since 1948, countries of the Soviet bloc, the Czechoslovak Government succeeded in withholding all information concerning Czechoslovak butter exports. The main reason for this is propaganda - butter is severely rationed and certain groups of population were and are without any butter rations. Nevertheless, amounts of butter exported are known to be small - about 5 percent of butter imports.

According to Czechoslovak representatives' statements, meat and butter imports /net/ in subsequent years /1950, 1951, and 1952/ reached a record level. Since there was in 1948 and 1949 some additional import of meat from Hungary, figures for meat in Table 15 should be still slightly higher.

To a certain degree the Table 15 explains why the Czechoslovak Government wants to increase animal production. For better understanding of the postwar decrease of meat and butter production it should be noted that 1950 consumption of meat and butter increased only slightly when compared with 1937, while there were in that year some 15,000,000 of inhabitants / almost 3,000,000 more than in 1950/. Czechoslovak propaganda often puts the rate of meat and butter consumption increase as 15 - 20 percent per capita relative to prewar years, but these figures were found complete fabrications. There was some increase, but its over-all height is insignificant.

The governmental resolution of February 5, 1952, also states weight-limits of live weight of livestock for slaughter as well as number of offspring per unit of stalled livestock, apart from several other directions concerning organization of animal production. Main stress is put on animal production in State Farms and Uniform Agricultural Cooperatives III and IV.

V

FOREIGN TRADE

Before February, 1948, there were about 1000 private companies of importers and exporters in Czechoslovakia who controlled about two thirds of all imports and about one third of exports. After the February coup d'etat, the Czechoslovak foreign trade has been nationalized as a whole, and 29 special State Companies have been established to take care of the foreign trade. /These companies are joint-stock companies with shares divided among ministries, national enterprises, and sometimes also among individual plants/

Trade Value and Recent Trends

There is not much sense in studying the monetary value of the Czechoslovak foreign trade. Official figures can be proved incorrect - and there is no accessible way to find the correct ones since the exchange of goods and services between Czechoslovakia and other satellite countries are a carefully guarded secret.

Official reports for the years 1946 - 1949 show the following picture of the Czechoslovak foreign trade:

T A B L E 16

FOREIGN TRADE, ANNUAL VALUE, 1946 - 1949
in million U.S. dollars

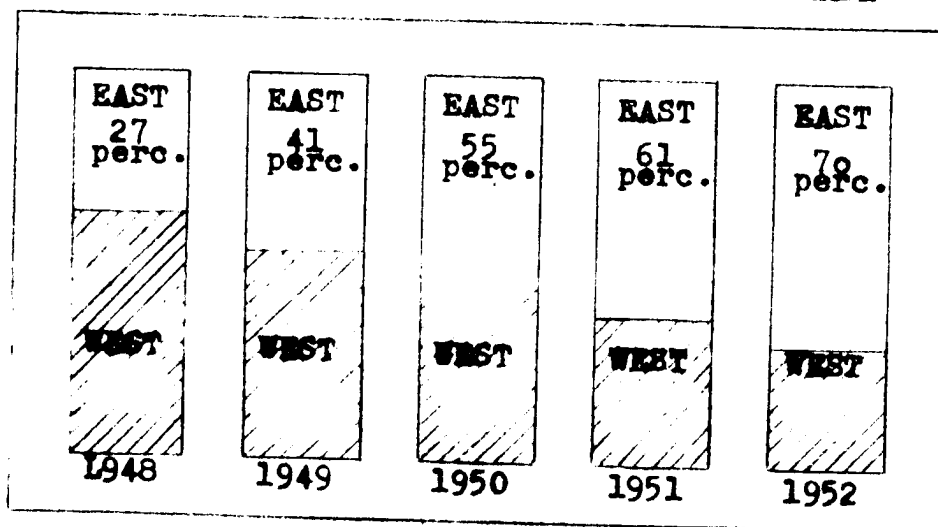
	1946	1947	1948	1949
import	204.78	572.70	757.38	787.98
export	286.90	572.18	753.06	806.16
tot. value	491.68	1144.88	1510.44	1594.14
balance	82.12	-0.52	-4.32	18.18

According to these official figures the Czechoslovak foreign trade seemed in 1946 to be active by 82 million dollars. Yet in the import figure have not been included the UNRRA imports which exceeded commercial imports in value. But, should the official Czechoslovak report be compared with the reports of the Economic Section of the United Nations, another serious discrepancy would appear - the ESUN report sets the figure of Czechoslovak commercial imports in 1946 at 321 million U.S. dollars, so that the Czechoslovak foreign trade was passive by some 54 million dollars, not active by 82 million as the official Czechoslovak report states. Similar discrepancies can be found in the reports for following years, even if they do not amount to tens of millions. Still other differences appear also in Czechoslovak reports published after a long period of time - Czechoslovak propagandists are not thorough enough to put their own fabrications into harmony. Consequently any study of the monetary value of Czechoslo-

vak foreign trade could be highly unreliable.

A little more reliability can be found in a survey of the distribution of Czechoslovak foreign trade between the West and the East - both taken as political, not geographical terms. The following graph /Chart V/ shows the percentual distribution of the total volume of Czechoslovak foreign trade between Russia, with all her satellites, and the remaining world. Total volume of the Czechoslovak foreign trade for each single year is taken as 100 percent.

CHART V
DISTRIBUTION OF THE TOTAL FOREIGN TRADE



There is no need to go into all details of different political and economic pressures which have caused this decrease in Czechoslovak trade with the West. Undoubtedly the ban on exports of strategic goods from the West to the Iron Curtain countries has played a major part in this development, but,

simultaneously, the Soviet bloc has also cut, under Moscow directions, its trade with the West.

Mr. John C. Borton /Assistant Director, Export Supply, U.S. Department of Commerce/ said at the 15th annual convention of the Export Managers Club of New York on April 6, 1952, that a new concept of controlling exports has replaced the World War II system of maintaining a naval and military blockade. As the result of the policy, he said, U.S. exports to Iron Curtain nations have dropped from 17 1/2 million of dollars quarterly in 1947 to 0.1 percent of that amount in the fourth quarter of 1951. The major producing countries of eastern Europe, Mr. Borton continued, now withhold exports to the Russian bloc of over 95 percent of the strategic goods which we ourselves embargo.

These statements may be - and probably are - correct. Yet the position of Czechoslovakia, as a part of the Soviet bloc, in the foreign trade with the western countries is somewhat special due to Czechoslovak tradition in western trade and to her industry producing many goods wanted in the West. Consequently that drop in U.S. exports to Iron Curtain countries, mentioned by Mr. J.C. Borton, has not been proportionally so steep in relation to Czechoslovakia alone.

When looked for, many a leakage in the ban on strategic goods exports to Soviet bloc would be found in Czechoslovak trade.

Imports

For the first ten years, the composition of Czechoslovak imports has followed a more normal pattern with a high percentage of goods which were brought in from the West. The percentage of goods from the West has increased steadily, rising from 10.5 percent in 1950 to 21.5 percent in 1959. The percentage of goods from the East has decreased from 89.5 percent in 1950 to 78.5 percent in 1959. The percentage of goods from the East has decreased from 89.5 percent in 1950 to 78.5 percent in 1959. The percentage of goods from the East has decreased from 89.5 percent in 1950 to 78.5 percent in 1959.

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The Moscow Trade Conference

The Soviet Union in close cooperation with her satellites staged in April 1951 an international trade conference in Moscow. While the officially declared purpose of this conference was to enlarge the international exchange of goods between east and west, there were also some underlying - and not least important - reasons of political character. The conference was to set a bridge between the so-called "free" and other "controlled" countries. The credits obviously accumulated on the side of the "free" eastern nations in west-ward trade transactions and consequently on the possibility to re-open western exports of strategic materials to the east in exchange for so...

Czechoslovak press paid abnormal attention to the Moscow Trade Conference and kept on repeating that all western countries (with the exception of the United States) were agreed to expand their trade with eastern Europe. But the Czechoslovak eagerness to reopen trade with the west was expressed in more concrete terms. The chairman of the Czechoslovak delegation to the conference, Dr. G. Sedláček, said that the international trade relations in 1950, Czechoslovakia's total exports to western countries goods in annual value of 1.2 billion dollars. Main sorts of goods effected with them mainly, value were:

... ..	10 billion dollar
... ..	5 billion dollar
... ..	2 billion dollar

...	10	bill. dollars
...	20	bill. dollars
...	10	bill. dollars
...	10	bill. dollars
...	10	bill. dollars
...	10	bill. dollars
...	10	bill. dollars
...	10	bill. dollars
...	10	bill. dollars
...	10	bill. dollars

... to improve their relations with ... not only from the amount of goods offered, ... but also from the composition of goods to ... Czecho-Slovakia herself imports coal and coke, ... considerable amount of both of them offered for ... similar situation with agricultural products and food- ... Soviet satellites want to increase their ... Czecho-Slovakia offers this sort of products ... should not be forgotten that Cze- ... offer all these goods on her own account. ... through the Council ... products to be ... exchanged for essential ...

Czechoslovak propaganda claimed that, as a result of the Moscow Trade Conference, trade negotiations have been opened with the United Kingdom, France, Germany, Poland, Netherlands, Austria, Italy, India, Malaya, Colombia, Argentina, Brazil, Mexico, and Nigeria. Yet there is no evidence that these negotiations have resulted in agreements other than general trade relations.

Czechoslovak Foreign Trade by Countries

The following survey of Czechoslovak trade with satellite and free countries is by no means complete. The intention is to draw a picture, or rather a rough outline, of present Czechoslovak foreign trade relations.

Albania. One-year trade agreement between Czechoslovakia and Albania concluded on February 11, 1951, in Prague.

Czechoslovak exports to Albania: machinery, industrial products, chemicals.

Imports from Albania: raw materials, agricultural products.

Argentina. Czechoslovak exports to Argentina consist mainly from complete installations of industrial plants, tools, metal products, textile goods, newsprint, and glass. Presently Czechoslovakia is building in Argentine one of the greatest distilleries in the world.

Austria. Czechoslovak - Austrian trade negotiations completed by a one-year agreement on January 29, 1952, have provided for equal exchange of goods valued at 60 million dollars. Export from Czechoslovakia: mineral oils, sugar, coal. Import from Austria: magnesite, metals, textile goods.

Belgium. In 1951 Czechoslovak foreign trade with Belgium amounted to 60 million dollars, but in 1951 fell by 95 percent relative to 1947. In February 1951, Czechoslovak exports to Belgium and Luxembourg amounted to 652,000 dollars, in February 1951 to 25,000 dollars. Imports from these two countries to Czechoslovakia were valued in February 1951 at 2,725,000 dollars, in February 1951 at 1,700,000 dollars.

Brazil. After the Moscow Trade Conference the Czechoslovak press mentioned new prospects of trade with Brazil, but no substantial increase in trade between the countries has been observed. Czechoslovak exports to Brazil consist mainly of vehicles and machinery.

Bulgaria. One-year agreement signed in Prague on April 5, 1951. Czechoslovak exports to Bulgaria: machines and machinery installations, chemicals and other industrial products. Czechoslovak imports from Bulgaria: raw-materials, ores, vegetable and animal products. /Czechoslovakia buys usually about 2,000 metric tons of Bulgarian tobacco in exchange for industrial products./

C h i n a . The first trade agreement between Czechoslovakia and China was signed in Peiping in June 1950, the second also in Peiping in June 1951. The last agreement providing for more extensive trade was signed in Prague on July 15, 1952.

Czechoslovak export to China: machinery installations, lathes and milling machines, steel products, tools, vehicles, chemicals, tires, other industrial products. Import from China: Metal ores, wool, raw silk, leather and skins, vegetable oils, tea, other raw-materials and agricultural products.

D e n m a r k . One-year agreement between Czechoslovakia and Denmark signed in Copenhagen in April, 1952. The agreement provides for total trade turnover amounting to 6,443,000 dollars, with 2,547,000 of Czech slovak exports and 2,896,000 dollars of Czechoslovak imports. The major export items are Czechoslovak glass, textile products, vehicles, machines, tools, and other metals products; the major import items are Danish chemical and farmaceutical products, fish and fish products, special machinery, and tools.

Total volume of Czechoslovak-Danish foreign trade decreased in 1952 /relative to 1949/ by almost 54 percent.

1949	-	12,899,000 dollars
1950	-	10,852,000 dollars
1951	-	7,563,000 dollars
1952	-	6,443,000 dollars

Egypt . One-year agreement between Czechoslovakia and Egypt, signed on February 15, 1952, in Cairo, provides for Czechoslovak exports of 20,000 metric tons of beet sugar valued at nearly 400,000 dollars, to be exchanged for cotton of same value and additional authorization granted to the Czechoslovak government to buy cotton on Egyptian free market. According to the report on Czechoslovakia, Vol. III, No. 4, page 111 /published by the National Committee for a Free Europe, New York/, Egypt asked Czechoslovakia to build in Egypt two arm factories for production of small arms and munition. The report states that Egyptian negotiations with Swedish firm Bofors for Bofors/ failed. This report has not been confirmed.

France . French trade with Czechoslovakia follows the general line - the total volume of French-Czechoslovak trade fell, between 1948 and 1951, by 47 percent - from 55 million dollars in 1948 to a little more than 29 million dollars in 1951.

Germany - Eastern . One-year trade agreement between Czechoslovakia and Eastern Germany signed in Prague on January 29, 1952.

Export from Czechoslovakia: raw-materials for heavy industry, machines, chemicals, consumer goods.

Import to Czechoslovakia: machines and machinery installations for factories and mines, transportation installations, chemicals, optical instruments. In the opening months of 1952 Czechoslovakia

exported to Eastern Germany 55,000 metric tons of potatoes - at the time when there was a serious shortage of potatoes throughout Czechoslovakia.

G e r m a n y - Western. Czechoslovak trade with western Germany keeps on decreasing - in thirty months to July, 1954, Czechoslovak - western German trade decreased in total turnover by almost 40 percent.

H u n g a r y. One-year trade agreement signed in Budapest on January 19, 1954.

Czechoslovak exports to Hungary consist mainly of raw-materials for heavy industry, machinery, wooden products, chemicals, major import items are products of engineering industry, chemicals and agricultural products. Probably the most important item of Czechoslovak exports to Hungary are electromotors produced by MEZ, national enterprise in Frenštát pod Radhoštěm /northern Moravia/. The official report on Czechoslovak-Hungarian trade agreement has not mentioned Czechoslovak supply of electric power to Hungary for the so-called Stalin Iron Works, which are primarily an aluminium plant producing aluminium from Hungarian bauxite. /See also pages 45,46 of this survey./ ~~But~~ In exchange for electric equipment and supplies of electric power Hungary exports to Czechoslovakia raw bauxite as well as processed aluminium. Value of this trade is not known.

I n d i a . In 1949-1950 Czechoslovakia was the second biggest

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supplier of machinery and factory installations to India.

In these two years Czechoslovakia built in India two large sugar-refineries and a broadcasting station in Bombay; in 1951- 1952 Czechoslovak share on supplies of machinery to India slightly lessened and Czechoslovakia descended to the third place. In 1952 Czechoslovakia supplied a newly built steam-electric-plant with bigger part of machinery of Czechoslovak origin. Indian export to Czechoslovakia consist mainly of raw-materials.

I n d o n e s i a . Trade negotiations between Indonesia and Czechoslovakia were opened after the Moscow Trade Conference, but no evidence of agreement can be obtained.

I r a n . In the past three years Czechoslovakia built in Iran seven large sugar-refineries and several other factories, mills, breweries, and electric plants. /Complete evidence of Iranian exports to Czechoslovakia is not obtainable./ In the opening months of 1952 Czechoslovakia began to build railroads and highways in Iran.

I t a l y . Total volume of Czechoslovak-Italian trade fell in 1951 /relative to 1949/ by 37 percent, the 1952 development shows further decrease.

L e b a n o n . According to New York Herald Tribune /July 13, 1952/, Czechoslovakia and Lebanon signed a one-year agreement on July 1, 1952, in Beirut. This agreement provides for mutual

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exchange of goods valued at 2,850,000 dollars.

P a k i s t a n. According to the Monthly Economic Review of
 - - - - -
 the New York Herald Tribune /July, 1952/, one-year trade
 agreement between Czechoslovakia and Pakistan was signed in
 Karachi on July 1, 1952. This agreement provides for exchange
 of goods valued at almost 20 million dollars. Czechoslovak
 exports to Pakistan consist of some 100 different sorts of
 goods valued at 5,830,000 dollars; Pakistan exports to Cze-
 choslovakia are valued at 14 million dollars and consist of
 - apart from other goods - 20,000 bales of cotton and 30,000
 bales of jute.

P o l a n d . One-Year trade agreement signed in Warsaw on
 - - - - -
 February 29, 1952. Major items of Czechoslovak exports: indu-
 strial machinery, tractors, vehicles, tires, ball bearings,
 agricultural machinery, chemicals, footwear. /Czechoslovakia
 started her own production of ball bearings in 1947 - this
 item is exported only to Poland. Czechoslovak production of
 ball bearings is known to be still insufficient for local
 needs and some special bearings have to be imported; there was
 no export of ball bearings prior to 1952./ Czechoslovak import
 from Poland: coal, coke, electric power, wagons, industrial
 machinery, salt, chemicals. Machinery for export to Poland
 is produced mainly by national enterprises Buzuluk in Ko-
 wirno, Kovosvit in Tuzimovo Isti, and "Koda" works in Lubnice
 nad Vltava /mainly lathes, cranes, and excavators/.

Rumania. One-year agreement signed in Prague on May 10, 1952. Export from Czechoslovakia: steel ingots and castings, heavy machinery, agricultural machinery, cars, chemical products. Import from Rumania: petroleum and oil products, chemicals, meat, grains, other agricultural products.

Soviet Union. Czechoslovak-Russian trade would deserve a thorough study, but, if the evidence for all satellite countries is only lacking, that for the Soviet Union - Czechoslovak trade is almost completely missing.

One-year trade agreement between Czechoslovakia and the Soviet Union was signed on April 5, 1952, after more than months of negotiations in Moscow. This one-year agreement is based on long-term agreements concluded in 1947 and in November 1950, but the quotas of some items included in the long-term agreements were increased in 1952, namely Czechoslovak exports of all kinds of machinery, and Soviet exports of iron ore, wheat, cotton, and chemicals. Some new items have been added - Czechoslovak heavy trucks, industrial presses, sugar, malt, hops, and newsprint; and Soviet precious metals, special steels, lard, tea, chemicals, and cattle. Increased import of iron ore from the Soviet Union is probably the result of recent Swedish cut of iron ore export to Czechoslovakia. The 1952 Soviet deliveries of iron ore to Czechoslovakia may be estimated at 1,800,000 metric tons, about 1,000,000 metric tons of grains, and unspecified quantities of butter, meat, nonferrous metals,

cotton, wool, and other raw-materials.

According to refugee reports, the 1952 value of Czechoslovak exports to the Soviet Union is about 600 million dollars, excluding uranium ore; this report comes from a former employee of the Ministry of Foreign Trade and may be accepted as correct, but, unfortunately, this figure does not comply with other reports on total value of Czechoslovak foreign trade. Should the figure of 600 million dollars be correct, the total volume of Czechoslovak foreign trade would have to be much bigger, or, the proportion of Czechoslovak trade with western countries would have to be much smaller. No other evidence as to the value of Czechoslovak-Soviet foreign trade is available.

As far as my evidence goes, almost every bigger factory in Czechoslovakia produces partly for the U.S.S.R.

The most obscure part of Czechoslovak-Soviet trade relations are the prices paid for Czechoslovak exports and those demanded for Soviet goods. According to Dr. J. Púll, Secretary of the Central Committee of the Communist Party of Czechoslovakia, all payments are based on 'current prices'; plants producing goods for the U.S.S.R. are paid by the Government, 'deficits are covered from the Fund of National Economy.' According to several refugee reports, uranium ore production is directed by Russians and shipment of uranium ore to the Soviet Union are exempted from normal trade relations. Some of these reports have mentioned also the new Czechoslovak export item to the Soviet

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Union - synthetic precious stones which had been previously exported only to the West for dollars, most of them to the United States.

S w e d e n. Although at present satellite Europe cannot buy capital goods from the United States, nor expect credit from this source, Sweden /and other west-European countries/ make deliveries to Czechoslovakia and do it partly on credit.

In 1950, export and import commodity quota lists under the agreement between Sweden and Czechoslovakia totalled about 34 million dollars. The principal Swedish shipments were 920,000 metric tons of iron ore, traditionally an essential commodity for Czechoslovak industry./In 1945 Swedish ore shipments amounted to 885,000 metric tons./In addition Czechoslovakia received ferroalloys and ball bearings. Principal exports to Sweden included 40,000 metric tons of refined beet sugar, 300 metric tons of hops, 29,000 metric tons of rolling mill products, and 7,000 metric tons of pining.

In 1951 Swedish export of iron ore to Czechoslovakia decreased and in 1952 the downward trend continued. The 1952 Swedish export of iron ore was reduced to 500,000 metric tons, and in the same proportion was reduced the 1952 Czechoslovak export of vehicles to Sweden. New export items from Sweden to Czechoslovakia were introduced in 1952: poultry and dairy products, 4,000 metric tons of butter, skins and leather goods, and special steels.

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New - and rather surprising - item in Czechoslovak exports to Sweden are 50,000 metric tons of coke, a commodity which Czechoslovakia herself imports in big quantities from Poland.

All Swedish shipments /as well as Norwegian/ to Czechoslovakia were temporarily stopped in May, 1952, because Czechoslovakia had delayed her contractual deliveries to Baltic countries. Since majority of goods exchanged between Czechoslovakia and Sweden are transported via Oder River, about 25 empty cargo ships lay idle in Stettin in May, June, July, and August of 1952.

Both countries, Czechoslovakia and Sweden, have not yet concluded their negotiations regarding Swedish property and rights nationalized in Czechoslovakia.

S w i t z e r l a n d . Czechoslovakia and Switzerland signed their one-year trade agreement /April 1, 1952 - March 31, 1953/ in Bern on May 13, 1952. The principal Swiss deliveries are medicines, special industrial machines, metals, chemicals, and textile raw-materials. Czechoslovakia exports coal, sugar, malt, glass, cars and motorcycles. The total turnover of Swiss-Czechoslovak trade decreased in 1952 by approximately 15 percent compared with 1951.

T u r k e y . In 1951 the Czechoslovak-Turkish foreign trade amounted to 12 million dollars, the principal Turkish export items having been cotton /8 million dollars/, tobacco / 1.85 mill./, and copper /1.56 mill./. Deliveries of Turkish copper are of great importance to Czechoslovakia, since most of copper deliveries from other western countries were either considerably

reduced or completely stopped. The 1952 Czechoslovak-Turkish foreign trade shows approximately the same figures as those of the 1951 agreement.

U n i t e d K i n g d o m. According to several reports

 in foreign press a new one-year trade agreement between Czechoslovakia and the United Kingdom was signed as a preliminary agreement shortly after the Moscow Trade Conference /on April 5, 1952/, and final specifications were concluded in July, 1952. According to the New York Times of July 2 this agreement provides for U.K. exports of raw-materials and industrial machinery valued at 4,240,000 dollars, and for Czechoslovak exports of sugar, wood, and various industrial products valued at 16 million dollars. From her active trade balance Czechoslovakia should pay her due instalment on total debt of 42 million dollars due in sum in 1954.

None of the foreign press reports, including the New York Times, mentioned the fact that the "new" agreement was nothing else but a usual one-year agreement based on the long-term / 5 years / agreement concluded in 1949. According to this long-term agreement, Great Britain agreed to import annually Czechoslovak goods valued at 16 million dollars in order to enable Czechoslovakia to pay her debt to Great Britain /42 mill. dollars/ for British property and rights in Czechoslovakia which were either nationalized or expropriated by the Czechoslovak Government. There might have been some change in the

composition of exports and imports, but only of minor importance.

United States. Czechoslovak trade with the United States is here surveyed only roughly to show the general trend - a detailed study can be better obtained in the United States proper than in Europe.

United States census figures indicate that U.S. trade with Czechoslovakia dropped by over one million dollars between 1948 and 1949. U.S. imports from Czechoslovakia fell from 22,125,000 in 1948 to 20,869,000 in 1949. Exports to Czechoslovakia increased slightly, rising from 21,565,000 dollars in 1948 to 21,767,000 in 1949. The major U.S. export items were raw cotton, tobacco and tobacco products, and various types of industrial machinery. Imports from Czechoslovakia to the United States consisted mainly of imitation precious stones and semiprecious stones, jewelry, jute and jute manufactures, glass, and hops.

Total turnover of Czechoslovak - United States trade fell from 42,636,000 dollars in 1949 to 19,186,000 in 1950, and again to 13,217,000 in 1951, as announced by the Czechoslovak Ministry of Foreign Trade. Percentagewise the decrease of U.S. exports was sharper than the decrease of Czechoslovak exports to the United States. In the first quarter of 1950 the value of Czechoslovak exports to the United States even increased - by almost 2,700,000 dollars over trade in the like period of

1947; this increase was due primarily to sharp rises in shipments of hops and malt, shoes, and linen and woolen goods.

Conclusion

The relatively safe presumption may be formed: a close and detailed study of the foreign trade between Czechoslovakia and almost every individual country of the western world would reveal sources of strategic and other important goods which are being shipped to Czechoslovakia. There is considerable amount of evidence from within Czechoslovakia that such goods are being delivered, even when the total turnover of Czechoslovak trade with western countries sharply decreased. From the point of view of economic warfare, Czechoslovak industry would be not seriously affected if all western shipments of metals, and the various machinery to Czechoslovakia were stopped, regardless whether they are classified as "strategic" goods or not. At the same time the possible effect of a total economic blockade should not be overrated. The resources of the satellite bloc are expanding constantly, and it is more self-sufficient than the west is inclined to believe.

VI

FINANCIAL POLICY

This chapter has been included only for the sake of completeness and for better understanding of some special aspects of Czechoslovak economy.

During the last four years the Czechoslovak budget structure was fundamentally reorganized, and consequently any comparison with previous years is extremely difficult. The present system of budgeting has been declared as the final one. Finance Minister Kabeš described the budget as "an instrument of socialist construction and class power in the struggle against remnants of capitalism at home and abroad.

The 1952 budget anticipates total revenue at 324,282,269,000 crowns /6,485,645,380 U.S. dollars - 1 crown = 0.02 U.S. dollar/ and total expenditures at 323,528,941,000 crowns /6,470,578,820 dollars/, with a surplus of 753,555,000 crowns /15,067,100 dollars/.

The totals were arrived at by the unusual method of adding to the revenue and expenditures of the various Government ministries the financial operations of the entire economy /such as industrial, commercial, transport, agricultural, and other enterprises/.

Expenditures under the 1952 budget have been broken down as follows:

	percent
National Enterprises	67.2
Cultural and Social Activities	13.2
National Security	6.9
Administration	6.2
National Debt	1.5
Total Expenditures	100.0

Revenue List:

	percent
National Enterprises	80.6
Cultural and Social Activities	2.7
National Security	0.3
Administration	16.4
Total Revenue	100.0

Since no details of the 1952 budget are available, the character of any analysis would sooner be hypothetical than actual. The last official report on bank notes circulation was issued in 1950, when there was a rise from 84,886,055,000 crowns at the beginning of 1950 to 88,446,980,000 crowns on March 31, 1950. No explanation was given for the increase, but official claims of a general deflationary trend which were often made in 1949 have been almost discontinued.

The Communist propaganda often uses the basic entries of the Czechoslovak state expenditure "to show how a people's democracy, when compared to the United States or any other capitalist country, spends only a small part of national revenue on military and similar expenditures, while the capitalist countries spend on rearmament often more than 70 percent of their total expenditures".

Naturally all similar comparisons are baseless. If the U.S. Budget Bureau included in the budget all incomes and expenditures of all enterprises in the United States, private as well as all other, the percentage of military expenditure would fall down in the break-down of all expenditures.

And there is still another powerful factor changing the over-all picture of military expenditures. In Czechoslovakia the expenditure for setting up new armament and aircraft factories, airfields, barracks, and camps, training of workers' militias, production of arms, etc., are not included in the budget of the Ministries of National Defense and National Security, but in the budgets of other central departments.

There is one fact to be regretted - that reports have been published by many western newspapers on the financial policy of Czechoslovakia or other country of the Soviet bloc, quoting official figures and comparing them to those of western countries. The most striking feature of these reports

has been the smallness of military expenditures of satellite countries - yet only rarely a comment or explanation can be found accompanying such reports. The editorial offices and press agencies publishing these reports have fallen for the general mistake of comparing the financial structure of western and Communist countries and thus have become, in this respect, a tool of the Communist propaganda.

As briefly mentioned in the introductory paragraph of the chapter on industry, capital comes from "internal accumulation", a euphemism for a ruthless enforcement of a low standard of living, particularly in the villages, and a no less heartless exploitation of labor. Czechoslovakia - as well as all other countries of the Soviet bloc - has many methods of squeezing out of the people a substantial part of the national income and re-investing it in industry: full control of consumption, either by rationing or by prices, inflation and devaluation of currency, "voluntary" contributions in working time and money, arbitrary taxation. By all these and many other methods capital is no doubt being increased.

Although there are many interesting features to be found in Czechoslovak financial policy, any more detailed study would already surpass natural limitations of this survey, since no conclusions of importance to either economic or psychological warfare can be drawn from it. Yet some of the financial aspects

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of Czechoslovak economy are mentioned with more detail in the chapter on living standard where they are more properly placed to serve their purpose.

VII

L I V I N G S T A N D A R D

E a r n i n g s

Speeches of Czechoslovak representatives, as well as newspaper articles, are a rich source of evidence on recent trends in wages and salaries, but, since all these speeches and reports are designed to serve propaganda purposes, the picture becomes distorted by too many obvious fabrications, incorrectnesses and misleading facts. Thus the Premier /Mr. Zápotocký/ in an address on June 7, 1952, puts the average monthly wages of the industrial worker at 2,496 crowns in 1949, ~~and~~ and 5,184 crowns in 1951, which would represent an increase of more than 112 percent. According to the Secretary of the State Wages Commission /Mr. J. Kamínek/, the average monthly wages of the industrial worker in 1946 were 2,663 crowns, in 1951 4,905 crowns, an increase of some 83 percent.

In comparison with other figures given by Czechoslovak press or representatives, even deeper discrepancies can be found. Communist propaganda makes use of uncertain terms - when the average monthly wages are mentioned, there is no indication whether they have been based on hourly wage rates or hourly

earnings. /Hourly earnings differ from hourly wage rates because they include overtime premium pay for late shift, recurrent bonuses and other monetary compensation./

Consequently any figure released by the Government is doubtful - its correctness or incorrectness cannot be checked. This lack of reliable evidence causes this chapter to be of a more hypothetical character than the previous ones.

When figures are omitted, the over-all picture clears up. There is no doubt that wages and salaries have considerably increased since February, 1949. This increase has not been distributed evenly in all kinds of employment. Industrial wages have been raised at a rate about 25 percent bigger than salaries of white-collar employees - but, even within each of these two groups, the increase has been one-sided: In industrial employment, the greatest share of the increase has been allocated to specific classes of workers, mostly to "shock-workers" in mining and heavy industry, i.e. those who displayed best their loyalty to the regime.

Situation within white-collar labor is identical - functionaries and members of the Communist Party occupying the most important positions have enjoyed the biggest share of the increase.

When all figures, indications, and other related evidence available are considered, the average monthly earnings can be

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estimated at about 4,000 crowns, which certainly is an increase since 1947. But, since wages and salaries are not an isolated phenomenon, other factors have to be considered before any further conclusions are drawn.

P e n s i o n s

Pensions of all kinds, including sick-pay and family allowances, are paid by the National Insurance. There do exist, apart from the National Insurance, small funds raised by employees of individual enterprises or organizations, which provide for additional payment to retired employees, but, since they are very rare, they are not discussed here.

According to figures released by the Government, there were at the end of 1951 about 1,500,000 pensioners paid by the National Insurance. In this number are not included people receiving sick-pay. The figure 1,500,000 represents about 11 percent of total Czechoslovak population; an average monthly pension can be estimated at some 1,500 crowns, which is far below the necessary minimum. About one third of all pensioners /an estimate/ have additional employment - the legislature provided for tax-reductions and other favorable measures to encourage pensioners to join a new employment. The low level of pensions is also a powerful stimulant of labor market: insufficient pensionary income forces retired people to look for additional pay envelope; should the pensions be increased, immediate results

would follow - part of employed pensioners would leave their employment.

If the average monthly income /earnings and pensions/ should be estimated, the low level of pensionary pay has to be considered. Consequently the estimate is roughly 3,700 crowns per month per employee or pensioner, and, on the basis of the whole population, something about 2000 crowns per head.

C o s t o f L i v i n g

Together with income, prices of consumer's goods have to be discussed. During 1952, the bilinear supply system /common to all satellite states, and Soviet Russia/ until 1950/ was maintained - rationing controls of supply, and free market.

After the free market was established in 1949 with incredibly high prices, a slight reduction followed in 1949 and 1950. Some prices were cut from 10 to 25 percent. The western press accepted these price cuts as proofs of "the improvement of the consumer's supply situation", but it did not mention the fact that, even after the price cuts, free-market prices continued generally to be many times higher than the prices for similar rationed articles.

Monthly rates of rationed articles best show to what extent the consumer depends on free-market. There are some additional rations for heavy workers and employees in dangerous

or health affecting jobs, but they would not change the over-all picture considerably. All consumers are divided into several groups according to age and employment. So-called "basic rations" are for unemployed people or for those few who still make their living from letting houses or similar "non-socialist occupations." Table 17 /page 127/ shows the rations of some main foodstuffs as they were in September, 1952. The rations were approximately the same as those in September during the whole of 1952.

Apart from the items listed in Table 17, there are several other articles severely rationed, such as potatoes, sweets, soap, clothing, and better sorts of footwear. Perhaps except for potatoes, all rations represent less than necessary minimum. Since January, 1952, new system of distributing ration cards was adopted. This change was designed to accomplish several aims of the Government:

1. It became much more difficult for individually working farmers to obtain rations cards, while those who had joined co-operatives were given priority. All changes in the rationing system concerning farmers were designed to speed up the socializing process in agriculture.
 2. By giving to unemployed married women without children or with grown-up children and to other unemployed people the insufficient "basic rations", the Government aimed at making these people join some sort of employment.
- This change in the ration system was a direct precedent

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T A B L E 17

PRICES OF FOODSTUFFS
rationed and free market
November 1951---June 1952

Commodity	unit	rationed	free
pork	pound	25 - 32	125 - 150
beef	pound	20 - 30	100 - 125
veal	pound	25 - 32	only for sick people
ham	pound	for sick	250
milk	liter	5	10 - 20
cream	liter	free market only	400
bread	pound	3.60	7.50
butter	pound	40	220
lard	pound	32	250 - 300
eggs	piece	3.20 - 3.50	8 - 11
sugar	pound	7.50	70
coffee	pound	free market only	750
tea	pound	free market only	1000
cocoa	pound	free market only	350
potatoes	pound	1.05	1.80
cheese	pound	for heavy workers	40
whiskey	2 pints	free market only	650 - 980

of forceful campaigns for recruiting married women for industry.

3. Apart from a whole set of less important purposes, the Government also aimed, by the new rationing policy, at decreasing the over-all amount of rations in order to make better profits on the free market and to squeeze more money out of the people.

The following table /No.18, page 129/ shows the prices of some articles on the rationed and free market. All prices are those of the period between November 1, 1951, and June 30, 1952. To allow for easier comparison, it should be repeated that the average monthly earnings per employee is, at present, under the 4,000 crowns level, and it was in the period from which the prices were taken somewhat lower, at approximately 3,800.

It should be added, for better illustration, that there are also heavy differences between the prices of rationed and non-rationed textiles and manufactured clothing - non-rationed textiles and clothing are almost inaccessible to persons with average income, since their prices are ranging /for instance for a tailored man's suit/ up to 10,000 and 16,000 crowns.

There is also some black market with prices generally lower than those on the state free market; but, since there are very often shortages on the state free market, black-market prices are unstable, varying with supply on the free market.

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TABLE 18

MONTHLY
FOOD RATIONS, SEPTEMBER 1952

	children /age div./				adults		
	-2	2-6	6-12	12-18	employed	pension- ers	basic rations
bread in pounds	—	—	11.6	14.4	11.6	11.6	11.0
flour in pounds	10	10	8.3	12.6	13.0	13.0	7.7
meat in ounces	24.7	24.7	44.1	65.2	47.6	40.5	40.5
butter in ounces	23.0	23.0	25.0	18.0	9.0	—	—
lard in ounces	—	—	7.0	12.0	7.0	14.0	10.0
artif. fat in ounces	—	—	10.0	9.0	14.0	14.0	12.0
sugar in pounds	3	3	3	3	3	3	3
eggs in pieces	12	12	10	8	4	4	3
milk /daily in pints	1.5	1	1	1	0.25	0.25	0.25

The impact of this bilinear supply system on employment cannot be, after comparing the rations and prices, of consumer's goods, underestimated. Insufficient rations together with free market create a natural desire of lower-income classes to earn more money to provide for daily necessities. Consequently many married women were forced to seek employment to help their hus-

bands in "money-making". The same is true of pensioners who, without additional employment, would not be able in some cases to buy even their rations. And by these purely material terms can be also partly explained the comparatively great percentage of workers who joined shockworkers' and other movements aimed at higher production.

In near future no substantial changes in this system and no considerable reduction of free-market prices can be expected. This prediction's basis can be best illustrated by facts: The biggest rate of absenteeism is in best-paid jobs - among miners, steel-workers, other heavy workers, etc. These people usually earn enough to buy their daily necessities plus some additional "luxuries" as drinks, clothing, radios, cameras, etc. But even their earnings are too small to allow for efforts to save for a car or a house.

Since the war and the first postwar year, the disbelief in the stability of currency is deep-rooted in most classes of population and savings are considered with distrust. From all these causes results absenteeism in better paid jobs - and the system of "hand to mouth living" slowly becomes a widely accepted doctrine. The Communist Government is aware of this development with all its possible implications and it is well aware of the danger of bettered living standard. The thicker the pay-envelope - with prices unchanged - the few people willing to work. Or, in other words, to the same effect: Should the

Government substantially reduce free-market prices, many married women of pensioners would leave their jobs, and a considerable percentage of workers would lessen their efforts. The Government knows very well how to deal with dissatisfaction or dissenters. But it is afraid of passive resistance, being aware that fighting against widely spread absenteeism, labor turnover and other labor-market diseases is costly, long, and hard.

There are a few more facts to be mentioned in this chapter, some of them pertaining rather to the political and sociological field than to economy itself.

At the end of 1949 the rationing controls were lifted from bread, flour, and flour products. The Communist propaganda exploited this fact to the very bottom - derationing was often called "the victory of workers' class", "undefeatable proof of the rightness of the Communist regime," millions of thanksgiving letters were sent to Gottwald and Stalin. In the opening months of 1951 the rationing of bread, flour, and flour products was reopened, after months of shortages, hundred yards long queues at bakery shops, and bitter complaints coming from all classes of population. President Gottwald's explanation of the unexpected difficulties was vague and unsatisfactory.

"... As we expected, consumption of bread and flour after lifting rationing controls slightly increased, but for some nine months remained on a reasonable level. The turn came

in the second half of 1950 and reached almost disastrous proportions in the last quarter of 1950. All of us on this platform /the Central Committee of the Communist Party of Czechoslovakia/ are also to be blamed..."

Then Mr. Gottwald explained that the Central Committee of the CPC did not realize in time the importance of the new situation and failed to prepare a reorganized system of controls on farms to make sure that all grains were sold to the State. Mr. Gottwald also blamed farmers, especially the individually working farmers and "village bourgeoisie" for hiding flour and grains or for using and selling them as feed grains. /See also pages 85-87 of this survey./ And as usual he attacked "warmongers among us" spreading the rumours that the Soviet Union stopped her exports of grains to Czechoslovakia.

But Mr. Gottwald did not mention the fact that the Korean war broke out on June 25, 1950. As far as my evidence goes, there were two causes of sudden bread and flour shortages in Czechoslovakia in 1950:

1. The outbreak of war in Korea was for a large part of Czechoslovak population a long expected sign of opened world conflict. Demand for bread remained about the same as before, but the flour stores were quickly bought out. At the same time a large section of farmers did not meet the required delivery quotas of grains and flour, concealed large quantities of grains and, at the same time, became consumers of bread from bakery

instead of home-made bread from their own flour.

2. During the first two, three months after the outbreak of Korean war, the Czechoslovak Government hoped to cover the increasing demand by allowing more flour from long-time stores to be used for consumption. But when the deliveries from farmers, after the 1950 harvest, proved to be exceptionally low, stores had to be locked up again and, according to other evidence, there was even the inclination to raise them up for the case of world-wide conflict.

3. In some of the refugee reports from 1951 hints could be found that the Soviet deliveries of grains to Czechoslovakia were at least delayed after the outbreak of hostilities in Korea, but, since there is no evidence as to this assertions, they should be accepted as a mere hypothesis, no matter how logical it may seem to be./

I n t e r n a l t r a d e

For the sake of completeness a few words on the organization of Czechoslovak internal trade should be added. Before February 1948, there were about 10,000 wholesale enterprises in Czechoslovakia, with more than 55,000 employees. After February, 1948, all wholesale enterprises were nationalized and reorganized into 32 national enterprises with some 22,000 employees.

The socialization of retail trade did not follow at the same speed, but was, practically, almost completed at the end of 1952. Most of the retail trade was socialized on the cooperative basis, about one third of it was nationalized. The same as in the case of agricultural collectivization, socialization of retail trade was also enforced by two methods - direct and indirect pressure on shop owners. The main weapon of the regime was the nationalized wholesale trade. When any goods became scarce or widely demanded by consumers, deliveries to private retail shops were either delayed or stopped. In combination with direct political pressure there could be no doubt as to the result - formation of cooperatives followed sooner or later.

SOME ASPECTS
OF PSYCHOLOGICAL WARFARE

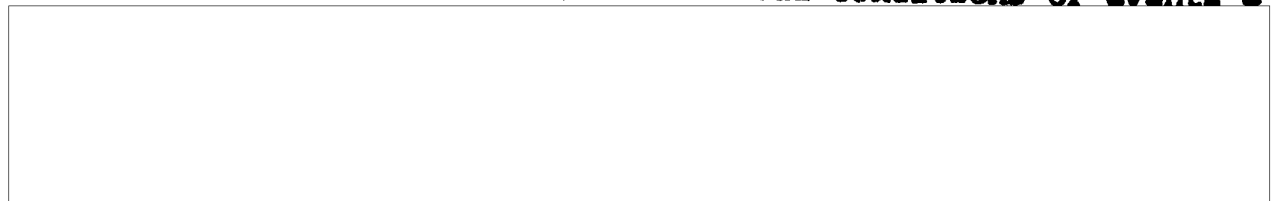
Any study of Czechoslovak economic, social or political conditions and trends inevitably reveals leakages and weaknesses of the system, which are the points either most vulnerable by psychological warfare or most promising as a safe basis of various actions.

There is not much sense in accusing the Communist regime of exploiting people - the Communists not only admit, but even stress the point of their doctrine that individual interests are subjected to the class-interest. Throughout all sections of economic, social and political life is this doctrine enforced ruthlessly and firmly - people are the means, not the end.

Well-based understanding of present Czechoslovak conditions permits to draw conclusions with a fair degree of accuracy. One of the crucial points of Czechoslovak economy are the manpower problems - shortage of labor is the main headache of the Communist regime. Manpower problems, closely connected with other problems of employment and production, offer a large field of activity to psychological warfare - they practically affect all classes of population and at the same time represent a constant source of trouble to the regime. There may be several way of approach:

a/ If the intention is to create a feeling that there

exists a wide-spread underground movement in Czechoslovakia, this field of activity offers good possibilities. Every underground movement is likely to turn to action or, at least, to induce people to sabotage work. It is also likely to direct its attention to current issues and to questions on which most attention is concentrated. The manpower problems have all these characteristics. The next consideration would be selection of proper place of action. If there existed any active underground movement in Czechoslovakia, it would probably consist of many small groups, each of them with its particular field of interests. Consequently any material produced by such a group would have a definite appeal to specific local conditions or events -



b/ Another approach can be that of attempting to affect, by the means of psychological warfare, economic conditions. It is not to suggest that the psychological warfare in its present capacity is capable of affecting Czechoslovak economy as a whole. But the survey offers certain possibilities in some specific fields. For instance: Of all employees in Sokolov coal-mines, about one third are Germans who were allowed /or made/ in 1945 to remain in Czechoslovakia. The existing tension between Czech and German employees can be comparatively easily utilized for awakening dissatisfaction and unrest, necessarily resulting in lower coal-output. By no means this should

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be the final objective of the action; more important than mere economic effect would be the resulting atmosphere of disorder, new tensions, and finally the rumours about it spreading over the country.

Another point: any economic survey reveals a whole set of falsified or fabricated figures presented by the Government to the population - all of them can be utilized in various material.

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[redacted] a whole book of suggestion of activities of psychological warfare. [redacted] be based on a detailed study of any section of Czechoslovak economy.

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