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The Passing of Stalin Is Not the End, or the Unstoppable Integration of the Socialist Market

IZVLEČEK

STALINOVA SMRT NE POMENI KONCA ALI NEZADRŽNA INTEGRACIJA SOCIALISTIČNEGA TRGA

Članek obravnava razvoj gospodarskega sodelovanja na socialističnem trgu med letoma 1953 in 1968 z vidika češkoslovaškega gospodarstva. Obdobje, ko je bil Antonín Novotný na čelu češkoslovaške komunistične partije, je doslej veljalo za kontroverzno, saj so ga zaznamovala prizadevanja za reformo stalinističnih anahronizmov, sprva pa tudi težave pri zagotavljanju, da bi se te reforme trajno ukoreninile v neugodnih razmerah hladne vojne. Vprašanje je, ali je tako imenovana "Hruščova otoplitev", ki se je pospešeno začela v drugi polovici petdesetih let dvajsetega stoletja, omogočila, da so se nekatere reforme vendarle začele izvajati in so dolgoročno obrodile sadove. Vprašati se je treba tudi o naravi ključnih akterjev in ovir v postopku reformiranja sodelovanja znotraj bloka. Pri raziskovanju teh vprašanj smo preučili zlasti arhive češkoslovaških ministrstev za industrijo v Pragi.

Ključne besede: ZSSR, Češkoslovaška, hladna vojna, gospodarsko sodelovanje, znanstveno-tehnično sodelovanje, trgovina, SEV (CMEA / COMECON), Antonín Novotný, Hruščova otoplitev, destalinizacija, praška pomlad

ABSTRACT

This article deals with the development of economic cooperation in the socialist market between 1953 and 1968 from the perspective of the Czechoslovak economy. The period of Antonín Novotný at the helm of the Czechoslovak Communist Party was a controversial

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one, as it was characterized by both the efforts to reform Stalinist anachronisms and the initially low capacity to sustainably root these reforms in the fragile frozen ground of Cold War-era soil. The question is whether the gradually unfolding Khrushchev Thaw that accelerated its onset from the second half of the 1950s onwards made it possible to plant certain reforms and reap their fruits in the longer term. It is also necessary to raise the question of the nature of the key actors and obstacles in the process of reforming intra-bloc cooperation. In particular, the archives of the Czechoslovak industrial ministries located in Prague were consulted to research these issues.

Keywords: USSR, Czechoslovakia, Cold War, economic cooperation, scientific-technical cooperation, trade, CMEA, COMECON, Antonín Novotný, Khrushchev Thaw, de-Stalinization, Prague Spring

Introduction

Czech historiography of the early post-Velvet Revolution period seemed to relegate questions of Czechoslovak communist-era intra-bloc economic cooperation to the margins of its research interest. However, as new archival findings indicate, understanding this aspect of the past may be a necessary prerequisite not only for a correct interpretation of the Czechoslovak domestic economic history, but also of the general history of the Cold War, the socialist market, the Council for Mutual Economic Assistance (CMEA), East-West cooperation and other closely related topics.

Although a wide range of secondary sources from the 1960s-1980s, represented by the studies of Bogomolov, Horský and Ernst, provide an analysis of intra-bloc trade during the Novotný era, their reasoning was often produced under the influence of ideology and the interpretation of their conclusions must therefore be approached with caution and a certain amount of skepticism.¹ In this context, one of the major tasks of Czechoslovak contemporary historiography is to use archival findings to subject these secondary sources to review and objectify their conclusions. This is the case of this article, which aims to review the main characteristics of Czechoslovak economic cooperation with socialist countries in the period from Gottwald's death and Novotný's accession to the post of First Secretary of the Central Committee of the Communist Party of Czechoslovakia (*první tajemník Ústředního výboru Komunistické strany Československa*) in 1953 until his dismissal in 1968.

1 O. Bogomolov, "Economic Cooperation among the Comecon Countries," *Eastern European Economics* 2, no. 4 (1964): 3–10, <https://doi.org/10.1080/00128775.1964.11647864>. J. Horský, "The Structure of Czechoslovak Foreign Trade and Prospects of Modifying It," *Soviet and Eastern European Foreign Trade* 6, no.3/4 (1970): 268–83. Miloslav Ernst, *Czechoslovakia and International Economic Cooperation* (Prague: Orbis, 1987).

Special attention is paid to the analysis of several key aspects of Czechoslovak intra-bloc cooperation. Firstly, this concerns the actors that shaped the overall system of trade and the individual flow of goods. Therefore a (re-)evaluation of the influence of the CMEA seems to be an unavoidable task. The aim here is to analyze the trading model of the Council from a new perspective that is not biased by the downfall of the socialist economic system or by the misinterpretation of historical sources produced under the influence of communist ideology.

Despite the officially maintained pro-Eastern course of the Czechoslovak economy, the Novotný era was characterized by a gradual expansion of inter-bloc trade. As CMEA archival records show, the process of partial pro-Western reorientation was not only a result of the targeted development of East-West ties but was to a large extent driven by the formation of cooperation within the Socialist Bloc. This article's goal is to use the analysis of Czechoslovak intra-bloc engagement to conduct a more objective evaluation of inter-bloc ties.² The central object of interest is the CMEA, since its impact on the development of East-West relations remains a hitherto unsettled subject of heated debate among contemporary historians.³

An analysis of Czechoslovak intra-bloc cooperation is also necessary for a comprehensive evaluation of domestic economic transformations. As the Czechoslovak economy was the most advanced in the Eastern Bloc, the Kremlin assigned its industrial ministries the role of the main providers of economic and scientific-technical assistance to other less developed socialist countries.⁴ The consequence of this imposed role was a two-fold reorientation from the West to the East as well as from a consumer-oriented economy to a heavy industrial one. Most of the Novotný era continued to be characterized by processes that accompanied and followed this reorientation. In this regard, this article aims to contribute to our understanding of the impact of these transformations on the Czechoslovak economic system and its commercial ties *vis-à-vis* the CMEA market. Particular emphasis is placed on whether these transformation processes were entirely the result of top-imposed pressures from the Communist Party of the Soviet Union (CPSU) and other CMEA leaders, or whether they partially arose as a product of Czechoslovak autochthonous developments.

Furthermore, although contemporary historiography often treats Czechoslovak intra-bloc cooperation in the Novotný era as an immutable phenomenon, new findings point to a number of its previously undescribed aspects that indicate the desirability of its more detailed periodization. The archives of Czechoslovak industrial ministries, supplemented by data from different archives of selected international organizations (the United Nations Economic Commission for Europe (UN ECE), the CMEA,

2 Abram Bergson, "The Geometry of Comecon Trade," *European Economic Review* 14, no. 3 (1980): 291–306, [https://doi.org/10.1016/s0014-2921\(80\)80002-x](https://doi.org/10.1016/s0014-2921(80)80002-x).

3 Emil Hoffmann, *COMECON: Der gemeinsame Markt in Osteuropa* (Opladen: C. W. Leske, 1961), 17–19. Andrzej Korbonski, "Theory and Practice of Regional Integration: The Case of Comecon," *International Organization* 24, no. 4 (1970): 942–77, <https://doi.org/10.1017/s0020818300017574>.

4 Lee K. Metcalf, "The Impact of Foreign Trade on the Czechoslovak Economic Reforms of the 1960s," *Europe-Asia Studies* 45, no. 6 (1993): 1071–90.

the Warsaw Pact, etc.), prove to be of particular importance.⁵ A more in-depth periodization is necessary to clarify the inconsistent interpretation of the Czechoslovak intra-bloc cooperation between Bogomolov, who emphasizes the positive evolution of commercial exchange within the Eastern Bloc, and Korbonski who points to the existence of fundamental stagnation-generating aspects of the socialist cooperation model.⁶ Given that the transformations that characterized this period emerged both as a result of domestic political-economic processes and as a consequence of international developments on both sides of the Iron Curtain, their analysis and the following more detailed periodization need to be implemented in a multifactorial way.⁷

The Hardly Enforcable de-Stalinization

The process of political de-Stalinization in Czechoslovakia proceeded in many respects at an unsatisfactorily slow pace, which suppressed reformist voices within the CCP leadership and made it impossible to take full advantage of the growing opportunities offered by the onset of the Khrushchev Thaw.⁸ This was reflected, among others, in the rigid maintenance of the system of autarky, which particularly between 1953 and 1955, continued to limit the potential of Czechoslovak intra-bloc trade.⁹ Moreover, it should be emphasized that the reforms implemented in 1948-1953 forced the Zápotočský government to invest heavily in the development of unprofitable sectors, which significantly hindered the competitiveness and foreign trade capacities of the Czechoslovak economy well into the early Novotný era.¹⁰

These findings clearly indicate that the starting point for the strengthening of intra-bloc cooperation in the early post-Gottwald era was far from optimal. However, although it took Czechoslovak leadership over 10 years to adopt a more viable system of intra-bloc trade, early attempts to improve the worsening position of Czechoslovak exports on the CMEA market were launched as early as 1953.¹¹ The first important measure adopted after Gottwald's death was monetary reform, which was intended among others, to restore the balance of market supply and financial flows and indirectly to strengthen the export capacity of the Czechoslovak consumer sector. However, the

5 Archives of the Ministry of Foreign Affairs, MO-T, 1945-1955, carton 5. Libor Budinský, *Deset prezidentů* (Prague: Knižní klub, 2008). Václav Průcha, *Hospodářské a sociální dějiny Československa 1918-1992: 2. díl. Období 1945-1992* (Brno: Doplněk, 2009).

6 Hoffmann, COMECON. Bogomolov, "Economic Cooperation among the Comecon Countries." Korbonski, "Theory and Practice of Regional Integration: The Case of Comecon." See also Karel Kaplan, *Rada vzájemné hospodářské pomoci a Československo, 1957-1967* (Prague: Karolinum Press, 2002), 94-107.

7 Yale Richmond, *Cultural Exchange & the Cold War* (Philadelphia: Penn State University Press, 2003).

8 Karel Kaplan, *Československo v letech 1953-1966* (Prague: SPN, 1992), 4. Jaromír Procházka, *Poválečné Československo 1945-1989* (Prague: Karolinum, 1991), 77.

9 Procházka, *Poválečné Československo*, 77.

10 Karel Kaplan, *Československo v RVHP 1949-1956* (Prague: ÚSD AV ČR, 1995), 175-85. National Archives, finding aid 1204, fond 953, inventory no. 27, signature 056.1, carton 21, inventory no. 28, signature 056.2. Erik Radisch, "The Struggle of the Soviet Conception of Comecon, 1953-1957," *Comparativ – Zeitschrift für Globalgeschichte und vergleichende Gesellschaftsforschung* 27, no. 5/6 (2017): 29-33.

11 Kaplan, *Československo v letech 1953-1966*, 11.

consequences of the adopted measures were not anticipated by the CCP leadership. The reform led to a substantial devaluation of domestic savings and a further decrease in living standards. Its direct impact on strengthening the position of Czechoslovak exports in the Eastern Bloc was minimal.

Yet, from a certain perspective, the monetary restructuring of 1953 had a positive effect on transforming the stagnant *status quo*. The botched reform resulted in growing discontent of all citizens, especially factory workers, who initiated uprisings and forced the Central Committee to introduce further pro-trade measures, which became known as the “New Course”. One of the main objectives of this reform package was to resolve the decline in Czechoslovak intra-bloc exports that emerged due to the easing of international tensions and the consequent reduction of interest in Czechoslovak arms and heavy industry. The Široký administration therefore provided new investments in the sectors of agriculture, electrical engineering and consumer industry, as these were believed to alleviate both the domestic economic crisis as well as the growing imbalance of Czechoslovak intra-bloc trade.¹² However, the well-intended reforms of the New Course largely missed the mark. As Kaplan points out, similar measures aimed at the transformation of economic capacities were introduced in other countries of the Eastern Bloc, which led to a significant disruption of trade agreements and a slowdown in intra-bloc flows of goods.¹³ Moreover, the Czechoslovak New Course largely failed to transform the composition of the export portfolio, since despite the rapid decline in the importance of heavy industry after Stalin’s death, Novotný with the support of Malenkov’s CPSU circles, continued to build an image of Czechoslovakia as the main supplier of arms and heavy industry equipment to the entire Eastern Bloc.¹⁴

Thus, although the New Course reforms strived to refocus on strengthening the intra-bloc trade in traditional economic sectors, due to persistent Stalinist tendencies, the end of the first half of the 1950s was marked by the reintroduction of the Gottwald-era system of Czechoslovak foreign trade. As a result, Kaplan indicates that expenditure on the modernization of the Czechoslovak army once again increased, and Czechoslovak FTEs made renewed efforts to maintain high export rates of heavy industry products.¹⁵

Even in the mid-1950s, when East-West trade opportunities were booming, the Czechoslovak economy remained oriented toward socialist markets. The extent to which the predominant commercial focus toward the East can be regarded as a “domestic decision” or an “external imposition” remains a target of discussion between contemporary historians. Procházka supplemented by archives of Czechoslovak industrial ministries as well as those of the Czechoslovak Ministry of Foreign Trade (*Ministerstvo zahraničního obchodu*) demonstrate several cases where further intensification of intra-bloc trade was caused by the reluctance of the West to trade with Czechoslovakia

12 Průcha, *Hospodářské a sociální dějiny Československa 1918-1992*, 285–88.

13 Kaplan, *Československo v letech 1953-1966*, 20–22.

14 National Archives, finding aid 1109, fond 935, inventory no. 122–135, cartons 79–87.

15 Kaplan, *Československo v letech 1953-1966*, 20–28, 127, 128.

rather than by the decision of Czechoslovak economic leaders.¹⁶ For example, the Czechoslovak Ministry of Foreign Trade agreed to import spare parts for the aviation industry from the USA, but as the American government decided to suspend all eastward deliveries of these goods, Czechoslovak FTEs were forced to import them from the USSR.¹⁷ On the other hand, Jackson presents a rather proactive pro-Eastern image of the Western Bloc. In his view, the United Kingdom in particular was at the forefront of the development of inter-bloc trade, and it was the unyielding, politicized standpoints of the Czechoslovak government that were seen as the major cause of the failure to develop closer inter-bloc ties.¹⁸ Similar contradictory observations are presented by Kaplan, who on the one hand argues that the Czechoslovak government used the “power vacuum” that emerged after the deaths of Stalin and Gottwald and tried to increase its commercial activities outside the CMEA, yet on the other hand presents evidence of persistent Czechoslovak loyalty to Khrushchev’s vision of close intra-bloc cooperation.¹⁹

These limited findings suggest that the existence of a divergence between political-ideological rationale and practical economic needs was also visible in the case of Czechoslovak economic cooperation in the early post-Gottwald era. However, due to the overly slow de-Stalinization of the Czechoslovak political environment in 1953–1954, the practical needs of the economy were at that time unable to override the crucial importance of political loyalty leading to the maintenance of the main orientation of Czechoslovak foreign trade towards the CMEA market.²⁰

Crisis of the CMEA Model

At the beginning of the second half of the 1950s, the situation in the CMEA market began to change radically as a result of intensified disruptions to the existing intra-bloc trading model. As archives of the CCP Central Committee reveal, the inability and/or unwillingness of some of the Czechoslovak CMEA partners to respect long-term trade agreements increased, which especially in the period 1955–1956, led to short-term declines in intra-bloc trade. The Czechoslovak Minister of Foreign Trade Richard Dvořák blamed the changing preferences of socialist governments, whose leaders focused more on increasing the standard of living in their countries than on

16 Zdeněk Procházka, *Hospodářská válka USA proti Československu* (Prague: Vojenská politická akademie, 1960), 102–13. National Archives, archival aid 835, fond 936, inventory no. 156, československé aktivity na mezinárodních veletrzích, jednání s kapitalistickými státy. See also Archives of the Ministry of Foreign Affairs, MO-OMO, 1955–1956, carton 85.

17 National Archives, finding aid 835, fond 936, inventory no. 71; also consult Archives of the Ministry of Foreign Affairs, MEO-O, 1945–1955, carton 52. Procházka, *Hospodářská válka USA proti Československu*.

18 Ian Jackson, *The Economic Cold War: America, Britain and East-West Trade, 1948–63* (Cold War History Series) (New York: Palgrave, 2001).

19 Kaplan, *Československo v letech 1953–1966*, 28.

20 Jindřich Jirka, and Jaroslav Volný, *Československé strojírenství doma i za hranicemi* (Prague, 1959), 122.

fulfilling their trade obligations.²¹ The issues in intra-bloc trade at that time forced Czechoslovak FTEs to search for alternative sources of raw materials and production inputs both in the West and in the Global South.

Although many Czechoslovak historians, including Průcha, do not attribute a significant role to the activities of individual CMEA bodies in the stagnation of intra-bloc trade in the early second half of the 1950s, archives of the Czechoslovak Ministry of Chemical Industry (*Ministerstvo chemického průmyslu*) indicate otherwise.²² The power vacuum that emerged after the death of Stalin resulted in the absence of a clear CMEA vision of intra-bloc trade. The various bodies of the Council found themselves in a state of crisis as their formerly directive approach suddenly lacked justification. This situation led to the exploitation by individual member states, who began to act more independently and adopted a rather dilatory and lax approach to fulfilling their intra-bloc trade obligations. The following disruptions in mutual deliveries led especially the more developed socialist economies, including Czechoslovakia, East Germany and to a certain extent Poland, to initiate new cooperation projects with the intention of overcoming the negative consequences of post-Stalinist lethargy. These projects, negotiated through newly emerging bilateral, trilateral and multilateral channels, were introduced to ensure the fulfilment of previously closed agreements, coordinate production and trade plans and improve the system of scientific-technical assistance.²³

However, as Kaplan shows in his extensive study of Czechoslovak participation in the work of the CMEA, especially the multilateral projects often proved unsuccessful. On this topic, the Chairman of the Czechoslovak State Planning Office (*Státní úřad plánovací*) Otakar Šimůnek expressed his dissatisfaction even with the approach of more developed socialist economies at the 6th CMEA Session in 1955. For example, representatives of Poland were criticized for their reluctance to implement CMEA recommendations on trade in coking coal. Polish trade negotiators offered quantities approximately 25% lower than the CMEA recommended, while in return demanding goods such as cotton that were not available in Czechoslovakia.²⁴ The position of Polish representatives, points to the fact that even similarly developed CMEA members occasionally pursued substantially different visions of intra-bloc trade in the mid-1950s.

However, it would be wrong to assume that the Czechoslovak leadership in contrast to other socialist countries, accepted all CMEA proposals and thus placed the interests of the Bloc above its own economic needs. Although the Czechoslovak delegation was among the most proactive ones in the Council, it was by no means a blind follower of all of its recommendations. If there were major unexpected requirements on the Czechoslovak economy or if the volume and specifications of pre-negotiated items to be traded radically changed, the Czechoslovak negotiators requested a revision of the Council's standpoints. For example, at meetings of national planning authorities, the Soviet delegation repeatedly promised to increase iron ore supplies,

21 National Archives, archiv ÚV KSČ, fond 01, schůze 6. - 7. 10. 1954.

22 Průcha, *Hospodářské a sociální dějiny Československa 1918-1992*.

23 National Archives, finding aid 1208, fond 967, inventory no. 482, cartons 636–38.

24 Kaplan, *Československo v RVHP 1949-1956*, 197–205.

but later withdrew its commitments at the 6th CMEA Session.²⁵ These unexpected changes then became a target of Czechoslovak protests, as they seriously endangered the fulfilment of national five-year plans.

A similarly problematic factor in the development of intra-bloc trade was CMEA reform that took place between 1955 and 1956. At this point it is necessary to note that despite the relative merit of the newly established permanent commissions, the reformed CMEA continued to struggle with the politicization of its work, authoritarian interference from Moscow, diverging objectives of individual members and other challenges that prevented it from implementing a successful model of intra-bloc trade in the second half of the 1950s. Even the pivotal decision to focus the work of the Council on coordinating production and trade plans taken in May 1956 did not significantly improve the situation. As the archives of the CCP Politburo show, although this decision partially coincided with the long-standing efforts of the Czechoslovak government to strengthen exports to the East by preventing the emergence of competing industries, Viliam Široký, possibly after the negative experience of the previous years, did not place high hopes in the CMEA plan and preferred to target the unsatisfactory situation in Czechoslovak exports domestically and bilaterally rather than through multilateral channels.²⁶ The skepticism of the Czechoslovak Prime Minister proved well-founded, as the CMEA continued to be ineffective in realizing the CCP's vision of intra-bloc economic cooperation. As a result, the early second half of the 1950s was marked by substantial economic fluctuations and political-economic crises not only in Czechoslovakia, but in the whole CMEA market. The situation was further aggravated by the ongoing industrial restructuring in individual socialist economies, which led to the emergence of analogous production facilities that reduced the exportability of Czechoslovak goods.

The unsatisfactory state of Czechoslovak intra-bloc cooperation is presented by Metcalf, who shows that while the ratio of Czechoslovak trade with CMEA countries in the aggregate of Czechoslovak foreign trade grew from 50% to 70% between 1950 and 1955, Czechoslovakia's share in the aggregate trade of other CMEA economies decreased from 17% to 14%. There followed a similar pattern in the second half of the 1950s, as the Czechoslovak share in intra-bloc trade continued to fall. Metcalf's findings point to the declining competitiveness of the Czechoslovak economy and the correspondingly growing market share of the newly industrialized CMEA members.²⁷ Metcalf is supplemented by archives of the Czechoslovak Ministries of Heavy Engineering (*Ministerstvo těžkého strojírenství*) and Precision Engineering (*Ministerstvo přesného strojírenství*) as well as by Palous. A comparative analysis of these sources reveals that specific export difficulties were experienced especially by the machine building sector, which previously constituted the backbone of Czechoslovak foreign trade with CMEA economies, since the mid 1950s.²⁸ A similar decline in the export-

25 Ibidem, 482, 483.

26 National Archives, fond 02/2, schůze 16. 4. 1956 a 14. 5. 1956, příloha č. 28 a 29.

27 Metcalf, "The Impact of Foreign Trade on the Czechoslovak Economic Reforms of the 1960s."

28 National Archives, finding aid 1109, fond 935, inventory no. 122–135, cartons 79–87, consult also finding aid 1171, fond 1190. Jaroslav Palous, "Czechoslovak Foreign Trade Pattern Development," *Czechoslovak Foreign Trade* 5 (1965): 9.

ability to socialist markets was faced by the Czechoslovak light industry. The extent of these intra-bloc trade challenges in 1955-1960 led to a rapid growth of Czechoslovak East-West cooperation.²⁹

A profound research would be necessary to create a comprehensive portrayal of the development of the commodity structure of Czechoslovak intra-bloc trade in the second half of the 1950s. However, at a general level it can be stated that the composition of Czechoslovak trade with socialist countries did not change significantly before 1962. Czechoslovak FTEs imported mostly foodstuff, fuels, minerals, metals and other raw materials necessary for the realization of Czechoslovak exports of vehicles, arms, capital equipment, machinery and other value-added goods. Noteworthy transformations in the composition of Czechoslovak exports were identifiable merely in the textile and food processing industries.³⁰ The relatively minor modifications in the composition of Czechoslovak intra-bloc trade in the second half of the 1950s provide further proof of the rigidity of the Czechoslovak economic system, which was not adaptable to the rapidly changing conditions of the Khrushchev Thaw.

The Economic Crisis of 1962-1965, or Šik Into Action!

The beginning of the 1960s did not bring the long-desired improvement of the unsustainable model of intra-bloc trade, but on the contrary was characterized, especially in Czechoslovakia, by a rapidly deteriorating balance of payments, which in 1963 turned into a major economic crisis. Its emergence further hindered the development of Czechoslovak international commerce, as its share in world trade declined steadily between 1962 and 1966.³¹ As new archival evidence shows, it cannot be assumed that the only cause of the growing difficulties in Czechoslovak intra-bloc trade was the emergence of the economic crisis or that the problems with the eastward export of Czechoslovak goods were the sole trigger of the recession. In this regard, it is necessary to consider both the emergence of the crisis and the long-standing intra-bloc trade issues as interrelated and interacting phenomena. Building on this premise, contemporary historiography should approach the analysis of the economic crisis of 1962-1965 as inseparable from the development of Czechoslovak international trade.

The origins of the crisis can be traced back to the transformations of the socialist market in the 1950s, which affected the intra-bloc exportability of Czechoslovak goods. Later, at the beginning of the 1960s, Antonín Novotný, Otakar Šimůnek and other CCP leaders tried to solve the escalating unsatisfactory situation by promoting an integrative, intra-bloc approach to economic and scientific-technical cooperation.³²

29 Jan M. Michal, "Czechoslovakia's Foreign Trade," *Slavic Review* 27, no. 2 (1968): 212-29, <https://doi.org/10.2307/1965/2493711>. 218. Jirka and Volný, *Československé strojírenství doma i za hranicemi*, 122.

30 National Archives, fond MZO/FMZO, carton 511, ročenky zahraničního obchodu.

31 J. M. Montias, *Uniformity and Diversity in the East European Future* (Yale University, 1964), 15, 16. See also Palous, "Czechoslovak Foreign Trade Pattern Development," 9.

32 National Archives, finding aid 1020, fond 1189, inventory no. 347-348, carton 30.

However, this effort did not find sufficient support among Soviet ministers, who moreover, began to condition the further development of mutual trade by investment participation in the construction of Soviet mining and manufacturing capacities.

The dire Czechoslovak economic situation in the early 1960s was further exacerbated by the changing attitude of the individual FTEs of other CMEA member states, which requested very specific high-tech machines and consumer goods that the Czechoslovak enterprises were not able to supply immediately.³³ Furthermore, although most of the secondary literature written by post-Velvet Revolution historians neglects the role of the Sino-Soviet split, analyses by communist-era economists suggest that this event may also have significantly contributed to the outbreak of the economic crisis of 1962-1965. As Golan stipulates, the Sino-Soviet conflict led to the loss of an important traditional outlet for Czechoslovak products. A similar situation occurred in the case of imports from China, which fell from USD 110 million in 1960 to USD 12 million two years later.³⁴ These predicaments were not alleviated even after 1964 when the intra-bloc International Bank for Economic Cooperation introduced a common currency called the transferrable rouble for denominating transactions among CMEA members.

The first major recession of the communist Czechoslovakia disproved the previously accepted theory on the non-existence of crises in planned economies. The Široký, and later the Lenárt, administration understood that the worsening position of Czechoslovak goods on socialist markets needed to be targeted, as the growing dissatisfaction of Czechoslovak citizens threatened the stability of the ruling establishment and its ideology. The Central Committee therefore organized a group of progressive economists led by Ota Šik, whose aim was to propose a reform package that would, among other things, improve the stagnating level of Czechoslovak eastward exports.³⁵ At this point it is important to emphasize that although the name of Ota Šik is mainly associated in secondary literature with pro-Western reforms, his proposed measures had a significant impact on the development of intra-bloc trade. Šik's plan was to increase the competitiveness of Czechoslovak goods in both capitalist and socialist markets and thus facilitate the influx of both the technology and the raw materials necessary to overcome the economic crisis.³⁶ In order to boost eastward exportability, Šik initiated a reorganization of state trading, decentralization of enterprises and modernization of the Czechoslovak commodity pattern.³⁷

33 State Archive of the Russian Federation, fond 2, inventory no. 1, signature 413/32/2, archival unit 1601, 5. See also Timur Kashapov, "Andropov's 'Perestroika' and Soviet-Czechoslovak Relations in 1982-1984," *West Bohemian Historical Review* 1, no. 2 (2011): 169-99.

34 Galia Golan, *The Czechoslovak Reform Movement: Communism in Crisis 1962-1968* (Cambridge: Cambridge University Press, 1971), 84, 85. For more information on the causes and consequences of the economic crisis of 1962-1965, see for example: <https://www.ceskatelevize.cz/porady/1064344210-akademik-ota-sik/26853103143/>.

35 Tamás Bauer, "Success and Failure: Emergence of Economic Reforms in Czechoslovakia and Hungary," in *The Evolution of Economic Systems*, edited by Kurt Dopfer and Karl-F. Raible (London: Palgrave Macmillan, 1990), 245-55.

36 Daniel R. Fusfeld, J. Ron Stanfield, Sherman Howard, and W. Robert Brazelton, "The Third Way," *Journal of Economic Issues* 12, no. 3 (1978): 697-708, <https://doi.org/10.1080/00213624.1978.11503561>.

37 *Statistická ročenka CSSR 1965, 1966* (Prague: SNTL, 1965-1966).

However, despite these general measures promoting the exportability of Czechoslovak goods in all directions, it must be admitted that the pro-Western facet of Czechoslovak foreign trade continued to intensify at a faster pace, which became fully apparent circa 1966, when the commercial exchange with capitalist countries increased for many categories of goods at the expense of intra-bloc trade. A detailed analysis of Czechoslovak statistical annual records show that while trade with the Eastern Bloc shrank on average by 2% between 1965 and 1966, trade volume with capitalist countries increased by 11% within the same period. The greatest decline in Czechoslovak intra-bloc trade recorded was in cooperation with the USSR and Poland, which stood at 5-10% in 1966.³⁸

In addition to changes in the geographical orientation of Czechoslovak international commerce, the composition of the export-import portfolio also experienced a certain transformation. As the Czechoslovak government sought to maintain the pro-Eastern exportability of traditional consumer goods, machine tools and vehicles, it also decided to strengthen their competitiveness by increasing imports of top-notch technologies mainly from the West. As a result, imports in these categories grew from 11% in 1950 to 31% in 1968, which subsequently enabled a partial reconquest of formerly lost socialist markets. This theory is supported by Metcalf, who shows that, Czechoslovak FTEs were as a result able to increase the share of exports of consumer goods to the CMEA from 14% in 1965 to 16% two years later.³⁹ These findings indicate that Šik's reforms had a certain impact on the transformation of both Czechoslovak inter- and intra-bloc trade.⁴⁰ Although they strengthened commercial ties with capitalist countries, they did not alter the core of Czechoslovak foreign economic policy, which remained oriented towards socialist markets. The strong interconnection of CMEA economies was not deconstructed even by the accelerated East-West *détente* during the period of the Prague Spring, which was made possible by a series of incentives offered only by Eastern markets, including relatively low prices, less demanding customers and reduced competition.⁴¹

In addition to the reforms Šik implemented domestically, the onset of the economic crisis in 1962 prompted the Czechoslovak government to undertake similar reform efforts on the CMEA platform. Although the Council itself was in a state of crisis at the beginning of the 1960s, this did not discourage Czechoslovak reformers from trying to use its sessions, commissions and other bodies to target stagnating intra-bloc commerce.⁴² As new archival findings indicate, the Czechoslovak representative in the CMEA, Otakar Šimůnek, sought to strengthen the coordination of production and

38 Ibid.

39 Metcalf, "The Impact of Foreign Trade on the Czechoslovak Economic Reforms of the 1960s," 1089.

40 Jan M. Michal, "Czechoslovakia's Foreign Trade," *Slavic Review* 27, no. 2 (1968): 212–29, <https://doi.org/10.2307/2493711>. 212. UN Statistical Office. *UN Statistical Yearbook 1948* (New York: UN, 1948), 332, 337.

41 Joseph Pelzman, "Trade Creation and Trade Diversion in the Council of Mutual Economic Assistance 1954-70," *The American Economic Review* 67, no. 4 (1977): 713. Alan P. Dobson, "From Instrumental to Expressive: The Changing Goals of the U.S. Cold War Strategic Embargo," *Journal of Cold War Studies* 12, no. 1 (2010): 101, <https://doi.org/10.1162/jcws.2010.12.1.98>.

42 National Archives, finding aid 1188, fond 961, inventory no. 30, záznamy RVHP komisi.

trade plans in particular, which he saw as a way to overcome Czechoslovak export obstacles and tap the full potential of Eastern markets.⁴³

There were a number of stimuli that contributed to Czechoslovak proactivity in strengthening cooperation with the CMEA in the mid-1960s. As already indicated, socialist markets offered relatively low prices and were able to supply goods that were otherwise unavailable in the West due to ongoing embargoes. Furthermore, the fact that even less-developed socialist economies started to receive Western scientific-technical assistance, created unfavorable conditions for Czechoslovak enterprises, whose outdated products were no longer marketable in the CMEA.⁴⁴ This phenomenon, reinforced by the sustained Sofia Principles, made it impossible to maintain the competitiveness of the Czechoslovak product portfolio and forced the Široký/Lenárt administration to seek greater coordination within the CMEA to eliminate duplicate production and reduce intra-bloc competition.

However, as Korbonski and Kaplan supplemented by archival findings show, Czechoslovak proactive efforts to improve the system of intra-bloc trade did not always find sufficient support from other CMEA members, as Czechoslovak delegates were often only sustained in their vision by Polish representatives. For instance, since both the Czechoslovak and Polish economies were among the most responsible in fulfilling the intra-bloc trade obligations, their delegates tried to sanction non-compliance with trade protocols. However, this proposal was not pushed through as it did not find wider support among delegations from less developed member states.⁴⁵ These findings point to the fact that one of the major obstacles to strengthening intra-bloc economic cooperation was the existence of diverging levels of economic development of individual CMEA members. Less developed economies preferred to maintain a *status quo* as it provided them sufficient amounts of goods and assistance and did not commit them to any significant reciprocity. On the other hand, Czechoslovak companies rapidly lost competitiveness and therefore had a strong incentive to reverse this state of affairs. Greater coordination of economic plans was believed to be able to equalize the rights and responsibilities of all CMEA members and thus ease the burden shouldered by the Czechoslovak economy. However, the Council's principle of qualified unanimity, coupled with the principle of interest (stakeholder involvement), made it impossible to take action because of the veto power of each member.⁴⁶

Despite the failure to implement the Czechoslovak vision of economic cooperation in the CMEA, Šik's domestic reforms nevertheless improved the position of Czechoslovak exports on socialist markets so that individual FTEs managed to generate additional surpluses in their commercial exchange with other CMEA countries. A

43 National Archives, finding aid 1188., fond AN, archival unit 123, fond 02/1, folder 5, archival unit 4.

44 National Archives, finding aid 1188, fond 961, inventory no. 43, vědecko-technická spolupráce se SSSR.

45 Andrzej Korbonski, *Comecon*. (International Conciliation no. 549) (New York: Carnegie Endowment for International Peace, 1964), 49–52. Kaplan, *Rada vzájemné hospodářské pomoci a Československo*, 103–09. National Archives, fond AN, 07/16, archival units 97-98, carton 37, archival units 101-102, carton 38.

46 W. E. Butler, ed., *International Law and the International System* (Dordrecht, Boston, Lancaster: Martinus Nijhoff Publishers, 1978), 114.

positive balance of payments was achieved particularly in trade with the USSR, with the Czechoslovak economy generating a surplus of USD 123 million between 1964 and 1966.⁴⁷ These findings point to the fact that the reformed Czechoslovak economy was not only able to overcome some of the challenges presented by globalization, increasing international competition, domestic economic recession and the CMEA political crisis, but at the same time also managed to strengthen its exports to the East, whilst providing free know-how and financing the development of extraction and processing capacities in other socialist countries.

Conclusion

This article, based mainly on the analysis of hitherto overlooked Czechoslovak archival materials, has helped to reassess selected facets of intra-bloc economic cooperation in the period between 1953-1968. A multifactorial analysis, based on the evaluation of a wide range of data from different strata of the economy, points to the existence of three major phases of Czechoslovak intra-bloc engagement in the Novotný era. The first stage analyzed above was characterized by early attempts at de-Stalinizing the model of intra-bloc cooperation during 1953-1955. However, the implementation of these “New Course” reforms did not proceed as the progressive wings of the CCP imagined, which once again reinforced a retrograde attitude within the Party. The next phase of Czechoslovak intra-bloc cooperation came in the second half of the 1950s as part of a far-reaching transformation of the CMEA cooperation model. Although the accompanying reforms were also characterized by a series of backward-looking measures, they provided an important starting point for the significant liberalization of intra-bloc trade that took place during the third development phase, in the period after the outbreak of the Czechoslovak economic crisis in 1962. At the same time, the article facilitated a reassessment of the role of selected actors of intra-bloc cooperation. In particular, the cumbersome CMEA and the abysmal divergence in the political-economic nature of its individual members proved to be a challenge to reforming the socialist model of cooperation. These factors, reinforced by the lack of a Western currency and the delayed de-Stalinization, led to unsuccessful attempts by the reformist wings of the CCP to undertake a more fundamental pro-Western transformation of the Czechoslovak foreign trade model. The Soviet Union thus remained the Czechoslovak main trading partner and even the reforms immediately preceding the Prague Spring period did not significantly change the *status quo* on the CMEA market.

47 Statistická ročenka ČSSR 1960-1966. See also National Archives, finding aid 835, fond 936, inventory no. 39.

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Ondrej Fiser

STALINOVA SMRT NE POMENI KONCA ALI NEZADRŽNA INTEGRACIJA SOCIALISTIČNEGA TRGA

POVZETEK

Smrt Gottwalda in Stalina v prvi polovici leta 1953 je spodbudila ponovni razmislek o obstoječih politikah socialističnih vlad. Vendar pa so se reforme “nove smeri” kot odziv na nove razmere izkazale za dolgoročno nevzdržne, saj bi lahko bistveno ogrozile izpolnjevanje predhodno sklenjenih dolgoročnih trgovinskih sporazumov. Poleg tega Širokýjevi vladi ni uspelo preoblikovati češkoslovaške industrije, zato so se

morala proizvodna podjetja še naprej osredotočati na razvoj težkega strojništva in proizvodnjo orožja. Zgodnje poststalinistično obdobje se je tako izkazalo za čas, v katerem je nezadostno destalinizirano vodstvo Komunistične partije Čehoslovaške še naprej dajalo prednost politični zvestobi ZSSR in SEV pred praktičnimi potrebami domačega gospodarstva. Negotovo gospodarsko okolje v vzhodnem bloku se v drugi polovici petdesetih let ni izboljšalo. Od leta 1956 se je kriza v SEV začela poglobljati, trgovina znotraj bloka pa je stagnirala. Poleg tega Hruščov in njegovi sodelavci niso mogli več delovati tako avtoritativno kot Stalin, nastala oblastna praznina v SEV pa je manj razvitim državam članicam omogočila, da so se odpovedale trgovinskim sporazumom. Poleg tega je tako češkoslovaško kot poljsko gospodarstvo trpelo zaradi pospešene industrializacije Bolgarije in Romunije, kar je povečalo konkurenco znotraj bloka in zmanjšalo tržišče. Zaradi težav v okviru SEV sta si Široký in Šimůnek pogosto prizadevala za razvoj dvostranskega sodelovanja ali alternativnih večstranskih platform. Gospodarski položaj Čehoslovaške se je v SEV nekoliko izboljšal šele z dokončno destalinizacijo Komunistične partije Čehoslovaške in vstopom reformističnih komunistov, kot sta bila Jozef Lenárt in Ota Šik, v vodstvo partije. Šikove reforme niso bile ključne le za krepitev izvozne moči češkoslovaškega gospodarstva proti zahodu, temveč so pripomogle tudi k večji konkurenčnosti češkoslovaških izdelkov na socialističnem trgu. Zato reform pred praško pomladjo ni mogoče enostransko obravnavati kot prozahodne, saj je treba priznati tudi njihov ključni vpliv na ohranjanje provzhodnega jedra češkoslovaškega zunanjega sodelovanja.