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ECONOMIC REFORM PROSPECTS DIM IN USSR, EASTERN EUROPE

Prospects for economic reform in the USSR and Eastern Europe, never especially promising in much of the area, are even more negative as a result of the invasion of Czechoslovakia. The reforms envisaged greater freedom from detailed central planning and control as well as an increased role for market forces and profit motives. Most of these attempts to cope with gross economic inefficiency have not progressed far, and the inclination of most leaders to retain tight central control will be reinforced by developments in Czechoslovakia.

In the USSR, a rising tide of orthodox, traditional views has recently eclipsed the more radical reformers' proposals for decentralized planning and pricing. This probably portends a stabilization of the current reform at its present limited stage. Most of the East European countries will continue to look to the USSR for guidance, so their economic policy decisions are also likely to continue to be conservative.

Much of the bold economic reform envisaged by the Czechoslovak leadership is dead, despite the continuing affirmation by the nation's leaders of their intention to proceed with the program. Instead, centralized control probably will be tightened, competent economists and technical personnel demoted, and Czechoslovakia's goal of becoming more competitive in world markets at least delayed.

In Hungary, where prospects for a loosening of economic controls were the most promising, the leadership says it will press on with its reform. Although Budapest claims that the program does not break with Communist orthodoxy, the Hungarians can ill afford to incur Soviet displeasure by pushing their reform hard, particularly when the Soviets have attacked similar Czechoslovak measures as "neocapitalist" and "revisionist."

Rumania probably feels secure in continuing its experiments with limited economic change, including the formation of an intermediate control level between central planning authorities and enterprise managers. The leadership, however, has no intention of embarking on a full-fledged reform program.

The leaders of East Germany and Poland are probably the most resistant in Eastern Europe to any diminution of their power and control. The East German reform program has increased the responsibility of enterprise managers in the day-to-day decision making process, but there is no intention to reduce further the central controls over East German economic life.

Although Bulgaria adopted a liberal-sounding program two years ago, the nation will continue to hew closely to the Soviet policy line. Sofia therefore can be expected to move forward slowly in implementing its reform.

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