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Czechoslovakia-USSR: Czechoslovak reports of Soviet Premier Kosygin's meeting on 18 May with Prague's leaders suggest that both sides are still seeking a modus vivendi.

Kosygin and the Czechoslovak party and state leaders, led by Dubcek, discussed economic questions and particularly Prague's request for Soviet economic aid, according to the official Czechoslovak news agency. Kosygin apparently has not yet answered Prague's request, and hard bargaining probably will continue when talks resume in Karlovy Vary, where Kosygin went on 18 May. Despite Czechoslovak reports that the Soviet leadership has shown "understanding" for the Dubcek regime's activities, Kosygin is likely to demand a political concession, probably that the Czechoslovaks rein in the more extreme and vocal liberals.

[In a press interview yesterday, National Assembly chairman and presidium member Josef Smrkovsky indicated that the Czechoslovaks do not intend to cave in to Soviet pressure. Commenting on the political aspects of the talks with Kosygin--in which he participated--Smrkovsky stated that Prague "shall not retreat" from what it has decided to do.]

Kosygin's presence in Czechoslovakia until at least 28 May will add to the pressure already exerted on Prague by the Soviet military units still stationed along the Czechoslovak borders. The Czechoslovak party in particular will have to proceed cautiously in handling the controversial question of when to hold a party congress, at which the liberals hope to oust conservatives from influential positions. The party's central committee is scheduled to meet on 29 May to set the date for convening this congress.

[Smrkovsky, who is one of the leading liberal spokesmen, yesterday called upon the conservatives

20 May 68

5

~~SECRET~~

SECRET

to resign from their posts prior to the convocation of the congress. ]

Defense Minister Grechko and other Soviet military leaders also held talks on the 18th with their Czechoslovak counterparts, led by Defense Minister Dzur. The Czechoslovak news agency stated that the two sides reached "absolute agreement on all fundamental questions," but the head of the ideological department of the Czechoslovak central committee reportedly stated earlier that Prague would reject an anticipated Soviet proposal to create a permanent Warsaw Pact political committee.

There is more evidence that Prague is interested in developing closer links with the West. An official of the Organization of Economic Cooperation and Development (OECD) who visited Prague several weeks ago reported that Czechoslovak officials would like to see Prague develop an "association" with OECD. The officials, who included party and Foreign Ministry representatives, reportedly were most interested in having Prague participate in OECD's research and technological activities.

25X1

20 May 68

6

SECRET