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LONDON MARCH 11--(RFE SPECIAL)--THE CONSERVATIVE DAILY TELEGRAPH TODAY CARRIES THE FOLLOWING REPORT FROM ANNELISE SCHULZ IN PRAGUE:-

POLITICAL TENSION IS RUNNING HIGH IN PRAGUE AND THE FUTURE OF PRESIDENT ANTONIN NOVOTNY, WHO LOST THE COMMUNIST PARTY LEADERSHIP LAST JANUARY, - HANGS IN THE BALANCE. A DECISION ON HIS RESIGNATION FROM THE PRESIDENCY IS EXPECTED MONDAY.

THE POLITBURO, IN A MEETING ON FRIDAY AFTER THE RETURN OF MR. DUBCEK, THE NEW PARTY LEADER, FROM SOFIA, IS REPORTED TO HAVE CALLED ON THE PRESIDENT TO ADMIT RESPONSIBILITY FOR THE DEFECTION OF MAJOR-GEN. SEJNA TO THE UNITED STATES, OR TO OFFER HIS RESIGNATION. MR NOVOTNY IS SAID TO HAVE ASKED FOR A "REFLECTION PERIOD" OF THREE DAYS.

PARTY DISTRICT MEETINGS ALL OVER THE COUNTRY HELD FRANK DISCUSSIONS SATURDAY AND TODAY ON INTERNAL PARTY POLICY, INCLUDING THE SEJNA AFFAIR, WHICH HAS RECEIVED UNPARALLELED PUBLICITY HERE.

RESOLUTIONS FROM THE PARTY FLOOR MAY ASK FOR MR NOVOTNYS REMOVAL AND SUPPORT THE LIBERAL POLICY OF MR DUBCEK. BUT IT IS KNOWN THAT THE OLD DOGMATIC LINE ALSO RECEIVED THE BACKING OF MANY WORKERS WHO FEAR UNFAVOURABLE CONSEQUENCES FROM STRICT APPLICATION OF THE NEW ECONOMIC SYSTEM.

POLITICAL OBSERVERS HERE ARE VOICING CONCERN AT THE SPEED WITH WHICH EVENTS ARE SUDDENLY MOVING IN THIS COUNTRY. THERE IS A POSSIBILITY THAT THE DUBCEK, LEADERSHIP, NOT YET FIRMLY ESTABLISHED, MAY LOSE CONTROL.

A STEP-BY-STEP DEVELOPMENT HAD BEEN PLANNED, WITH A THOROUGHLY PREPARED PROGRAMME PUT BEFORE THE PUBLIC FOR DISCUSSION AND APPROVAL. AFTER THIS, CHANGES IN THE GOVERNMENT AND PARTY WERE TO HAVE FOLLOWED GRADUALLY. MR NOVOTNYS POSITION AS PRESIDENT SEEMED FAIRLY SECURE UNTIL THE SEJNA AFFAIR EXPLODED LAST WEEK.

THERE ARE EVEN REPORTS HERE THAT DOGMATIC PARTY FUNCTIONARIES -- NOT IMPLICATED AS FRIENDS OF MR NOVOTNY BUT OPPOSED TO THE LIBERAL POLICY OF MR DUBCEK -- ARE STANDING BY TO TAKE OVER SHOULD THE PRESENT LEADERSHIP FOUNDER.

IT MAY SAFELY BE ASSUMED THAT THE RUSSIANS WOULD GIVE SUCH DOGMATIC CIRCLES THE FULLEST SUPPORT.

LATEST DEVELOPMENTS IN PRAGUE MUST CAUSE DISMAY NOT ONLY IN MOSCOW BUT IN MR ULBRICHS EAST BERLIN, AND ABOVE ALL IN MR GOMULKAS WARSAW, WHERE DEMONSTRATING STUDENTS SUNSE E SATURDAY SHOUTED "LONG LIVE CZECHOSLOVAKIA."

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