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UNIDO: A new specialized UN organisation

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Tindemans-Report

Europe à la Carte

The Belgian Prime Minister's, Leo Tindemans', long awaited report on the future of the European Community, which has been published recently, turned out to be not exactly what you would call a strikingly original document. True, Mr Tindemans is certainly right in acknowledging that the ambitious time-table for the formulation of a "Political Union" until 1980 can hardly be regarded as realistic any longer. This idea, however, had generally been recognized as a pipe-dream long before the publication of the report.

As for Mr. Tindemans' recommendations for future policies, they seem, at first sight, to speak a language somewhat more concrete and practical than that employed hitherto. A closer look at them, however, reveals that, for the most part, they do not differ fundamentally from the conceptions which have been pursued in the past. Consequently they can safely be expected to suffer from the same main problem, the obvious lack of the political will to give up essential parts of national sovereignty in favour of greater executive powers for the EC institutions.

There is just one recommendation that might have a major impact, though an adverse one, on the Community's future development. In contrast with his other proposals which, at least, will not do any harm to the Community, Tindemans' suggestion to accept some kind of a graduated participation in the aspired Economic and Monetary Union could, although not new, help to pave the way for what Tindemans explicitly wants to avoid: a "Europe à la carte", a Community consisting of first class and second class members. So the best thing to do will probably be to forget about Mr Tindemans' masterpiece and pass to the order of the day. ch

European Community

On the Path Towards Restrictions

The EC is being confronted increasingly with trade restrictions. Additional special export aids are, as in the British case, not very different from subsidies; so the entire trend is that of massive government intervention in foreign trade to help branches of a national economy which are not only

weakened by recession but unable or unwilling to compete. But Britain is not the only European country which operates protectionism in aid of certain sections of its economy: There is, for example, the spectacular case of French defences against cheap wine imports from Italy.

All the governments and relevant organisations, naturally, agree that protectionism is a dangerous instrument, conducive to general trade restriction all over the world, especially in the present situation of world trade when almost all the national economies and sections of world trade are still suffering from the recession. Such practices might be emulated on a large scale and put the incipient recovery, which is still weak enough, at risk.

The European Commission is in the unenviable situation to have to fight along two opposite fronts at the same time: to defend free trade inside the Common Market and to operate jointly in trade policies towards non-Community countries. As has been seen from the measures taken vis-à-vis its own members, the Community seems to have only the capacity to assimilate nationally-engendered measures and interests. For in spite of the lack of a legal basis, the Commission conceded Britain everything in "communalizing" measures which had been taken onesidedly. On the other hand, the two countries which operated with due moderation and correctly, Eire and Denmark, had to accept decisive cutbacks of their intended measures for import protectionism. zz

UNIDO

A New Specialized UN Organisation

UNIDO – the organization of the United Nations for industrial development with the seat in Vienna – has so far been part of its General Secretariat and its tool of practical operations in the field of industrial development aid in the Third and Fourth World. Financially, UNIDO is dependent on UNDP (UN Programme for Development Aid). Therefore all UNIDO projects are tied up with decisions made in New York. This is to be changed now. It was decided during the Lima Conference in March 1975 and at the latest UN General Assembly that UNIDO is to become an autonomous specialized UN organization, receiving its own budget and budgetary powers. This is to serve the purpose to carry out the decisions of the Lima Conference,

where it was recommended to increase the overall share of developing countries in industrial production from today 10 to 25 p.c.

The changeover into a specialized UN organization cannot be carried out before early 1978, because first the new articles for UNIDO must be formulated at three Vienna conferences to which about 150 governments and numerous international organizations are invited. Up to now, commentaries by governments relating to a charter of 26 Articles show definite reservations mainly by the industrialized nations, because it is mainly they who will have to foot the bill financially. The Federal Republic of Germany reserves its judgement until it is clear what the conference is to bring. Whether sufficient member states will join UNIDO will depend upon the question how attractive its written constitution can be made. A new member who has only to pay but will not draw any advantage from UNIDO, will naturally ponder such a stop carefully. kw

Soviet Union

Crisis of the Red Bloc?

Most of the western commentaries on the economic development in the Soviet Union speak of a crisis of growth of at least the same dimension as in the western economies. There is also no doubt that the shortcomings of the Soviet economy have become a permanent subject of internal criticism. During the current year, it is the new grain harvest disaster which indicates a crisis. But it must not be forgotten that the crisis of the Soviet economy has little in common with that of western national economies either in quality or in quantity.

The Soviet crisis is one of insufficient supply, whilst in the western economies not enough demand can be mobilized. Zero growth because of total demand fulfilment is a phenomenon from which the Soviet economy is still far distant. Besides, in spite of the agricultural crisis and in spite of partial non-fulfilment of plans, the Soviet economy still achieved a growth of national income of 4 p.c. and a growth of industrial gross production by even 7.5 p.c.

Compared with mostly negative growth rates in the West, the Soviet rates do not need to shun comparison. In spite of their strong contraction, this is even the case for the planned growth rates up to 1980, by 5.4 p.c. and 4.3 p.c., respectively. The proposals made for the Tenth Five-Year-Plan also show that considerable growth is still being expected. However, in spite of such results, the main difficulties of the Soviet economy, including

inefficient use of available facilities, insufficient output of consumption goods, and lack of harvest stability, have not yet been overcome but seem to turn, in the medium term, to a structural crisis; so the Soviet leadership can hardly celebrate the present state of its economy as a triumph over capitalism. But nobody should believe in a final breakdown of the Soviet economy to be pending either. hc

Venezuela

Nationalization of Oil

The Venezuelan Congress (Parliament) had decided in the middle of 1975 to nationalize all crude and all the facilities of the oil industry operating on Venezuelan territory by the beginning of 1976. This new law has now come into force on January 1, 1976. The new national oil company known as PETROVEN is now responsible for the fifth largest oil industry of the whole world. Exactly one year earlier, Venezuela had nationalized the entire iron and steel industry, and consequently, the new act of expropriation is being celebrated with due pomp as another step towards complete independence from foreign capital.

In recent years, government controls and intervention in the oil sector had continually expanded. Total expropriation is being carried out ten years before the first concession treaties began to run out anyway and therefore should probably only be seen as a logical consequence of this process. Whilst this process was in motion, the President of the Republic, Sr. Pérez, without doubt operated with considerable tactical skill. He pandered to the national emotions and the national pride of Latin American republics vis-à-vis the USA; on the other hand, through the manner and volume of future compensation payments and Article 5 of the Nationalization Law he did not shut the door finally upon future cooperation with foreign companies. In view of restricted technological and trading possibilities, Article 5 enables the Government at all times to cooperate with foreign companies, to sell them oil or to acquire know-how from them.

Only the future will show if and how PETROVEN is in a position to operate efficiently on its own account. Naturally, also Venezuela is not safe against the risk of bureaucratic sclerosis. Apart from this, the old cry for fair distribution of the oil billions will certainly be repeated, and just in Venezuela, it will not be easy to solve this problem of fair income distribution. If nationalization is to be a success, a lot of work will have to be done. iwe