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## Soviet Union: Crisis of the red bloc?

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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