of the radicals' basic economic concepts.

Changes in the pattern of industrial development since Mao's death in September 1976, says Prybla, have been "changes in degree, not in the quality of the administrative command system." The work incentive program is being revamped, and there is greater emphasis on cost control and profitability. Labor unions have been revived to help enforce worker discipline on the job. Technical experts enjoy greater authority. Moreover, priorities have been shifted slightly from agriculture and light industry to heavy industry—especially coal, iron, and steel.

While China's economy may have suffered in the short run from factional feuding, and while some radical reforms (particularly those which disrupted higher education) may have long term ill effects, the image of past economic disarray is misleading, Prybla concludes, and the prospects for continued economic growth are good.

Energy: Key to Russia's Future

"Oil, Wheat & the Soviet Union" by Herbert S. Levine and Daniel L. Bond, in *The Wharton Magazine* (Summer 1978), P.O. Box 581, Martinsville Center, Martinsville, N.J. 08836.

For ten years, the Soviet Union has relied on Western technology to boost the sagging productivity of its domestic industries and massive purchases of grain to offset the failure of Soviet agriculture. Economists Levine, of the University of Pennsylvania, and Bond, of Stanford Research Institute, contend that this pattern will be increasingly difficult to maintain because of Russia's hard currency trade deficits and mounting indebtedness.

Between 1968 and 1976, the total volume of Soviet trade with the West more than trebled in constant dollars (to $25 billion in 1976). Imports, however, raced way ahead of exports, leaving a huge hard currency trade deficit (up from $100 million in 1968 to $6.3 billion in 1975). The Soviets have been able to support this deficit largely through gold sales and heavy borrowings from Western banks, and also by shipments of oil, gas, and coal, which by 1976 represented more than 50 percent of all Soviet exports to the West. (Most of the oil and gas went to Italy, West Germany, France, Britain, and Austria.)

Although the Soviets are taking steps to conserve energy and increase its production, the authors argue that Russia will face fuel shortages in the 1980s which could drastically affect exports and thus its balance of payments. They see three possible scenarios in the 1980s: (*a*) a continuation of present levels of energy exports and grain imports, as officially predicted by the Soviet government; (*b*) a drastic decline in energy exports combined with serious foreign exchange difficulties, as predicted by the CIA in July 1978; and (*c*) an intermediate situation, as forecast by Western oil and gas industry specialists.

Whichever hypothesis proves correct, Levine and Bond conclude, the key to future Soviet economic development will be Moscow's ability to maintain energy exports.