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Energy Crisis Expanding Across World and Time

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Washington — The political and economic consequences of the energy crisis at home are obvious — unemployment now at 4.7 million and going up; prices and inflation increasing — but the long-range consequences in the world at large are even more disturbing.

For example, in their anxiety to ease the energy crisis, the major nations are now trading guns for gas, and easing the world into another arms crisis. Before long, we may see an easing of the oil embargo, but after it's over, as one observer put it, the Middle East is likely to be bristling with modern weapons: "Two tanks in every tent."

Iran is now getting modern planes from the United States. France and Britain are bidding against each other for new plane and tank contracts with the Arab states, and of course the military supplies keep moving from Moscow to Egypt and from Washington to Israel.

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IT WAS HOPED that the cease-fire in the Middle East and the separation of the Egyptian and Israeli armies might lead to an agreement between the United States and the Soviet Union to keep the military balance in that part of the world about where it is, but the arms curve is not leveling off but steadily rising.

The pressures of the fuel shortage have proved to be stronger than the efforts to produce a more cooperative political world order. The poor nations have been hit harder than the rich, but everywhere national interests are taking precedence over the movements to create a more united Europe, a stronger partnership among the United States, Europe and Japan, and a more generous policy by the rich nations toward the poor.

Meanwhile, the success of the oil embargo in producing spectacular profits for the oil states is just beginning to have its effects on other countries producing basic raw materials required by the advanced countries.

Here again, the trend is for the producers to combine in limiting production and raising prices, and while this hurts Europe and Japan more than it does the United States, even Washington is beginning to worry about the coming scramble in the commodity markets of the world.

A few figures will illustrate the problem.

By 1985, U.S. officials estimate that this country will be relying on imports for about half of all its essential raw materials. Already, we are getting 100 percent of our natural rubber and coffee from abroad; 93 percent of our manganese; 92 percent of our cobalt and graphite; 91 percent of our chromium; 81 percent of our aluminum; and over 50 percent of our platinum, tin, nickel, antimony, bismuth, mercury, and zinc.

The spectacular rise in fuel prices alone has not only contributed to serious economic and political problems in Britain and Japan but has greatly complicated the world monetary crisis, and there is little evidence that the world oil conference in Washington this month will produce any effective remedies.

Against this background, Washington has had some difficulty in agreeing with President Nixon's view of the state of the union or the state of the world in his latest report to the nation. He took as his basis the state of affairs five years ago, and emphasized that we now had peace in Vietnam and with all other nations, and a 16 percent rise in the purchasing power of wage-earners in the last five years.

Also he took justifiable pride in the progress he and Secretary of State Kissinger had made in improving contacts with China and the Soviet Union, but the economic world has been transformed in the last two years and even his own economic advisers took a less rosy view of the future than the President in his State of the Union address.

While Nixon was saying that "there will be no recession in the United States of America," his economic report a couple of days later suggested that the recession may very well have begun.

In their report to the Congress, the three members of Nixon's council of economic advisers predicted that "1974 will be a year of little output growth and considerable inflation, but that in both respects the second half of the year should be better than the first."

Even the President took a more cautious attitude in his economic report than in his political address. "Compared with our parents and grandparents," he said, "we are enormously rich. We have protections against the ebbs and flows of economic life that they never expected and barely imagined. But I cannot assure the American people of an easy time.'

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UNDERNEATH THESE public remarks on the state of the nation, there is going on here in private a basic dispute over how the United States should face these new challenges not only from the other advanced countries but from the producers of raw materials.

On the one hand, Nixon is being urged to take a more protectionist view of the crisis, to make the country "independent" of all foreign oil producers by a massive program to develop old and produce new sources of energy, and to strike much stiffer bargains in trading abroad.

At the same time, he is also being urged to avoid protectionism which might lead to even greater disarray in the monetary, trade and commodity markets, and lead eventually to a worldwide depression.

All this, plus a new arms race to boot, scarcely adds up to a picture of temporary inconveniences and a generation of peace and prosperity, but to a long-range crisis for which neither the Executive nor the Congress is prepared.