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Mr. Kissinger on Oil

Post

IN DRAFTING A national oil policy, the first crucial question is whether the price of oil seems likely to fall within the next couple of years. Until last autumn, the United States held adamantly to the position that oil prices would have to come down very soon because the existing level was intolerable. But a considerable debate has been going on within the administration, and opinion has shifted. There is a rising tendency to believe that, as a technical matter of economics, the industrial countries can learn to live with expensive oil —but everything depends on the quality of their political leadership in this test.

Secretary of State Henry Kissinger asserts that central point most forcefully in the interview published last week by Business Week magazine. The interview is a remarkable tour de force, offering the country a broad and exceptionally candid summary of his present view of the oil revolution. He perceives altogether accurately the fundamental truth that the present oil prices are not a matter of money alone. They are a political statement on the part of an alliance of small countries that consider themselves to have been exploited and abused for years by the industrial powers. Radical nationalism is a force in the politics of each of these countries, and the economists' logical arguments for lower prices are irrelevant.

"The only chance to bring oil prices down immediately," Secretary Kissinger said, "would be massive political warfare against countries like Saudi Arabia and Iran to make them risk their political stability and maybe their security if they did not cooperate. That is too high a price to pay even for an immediate reduction in oil prices." Here Mr. Kissinger is responding to the whispered suggestions that the United States must use the Central Intelligence Agency to overthrow the offending monarchs of the Persian Gulf. As Mr. Kissinger correctly observes, this country's interests would hardly be advanced by an overthrow of King Faisal that resulted in a revolutionary junta along Libyan lines.

What about military action—which means an American invasion of foreign oil fields? Mr. Kissinger emphatically denounces the whole idea as "a very dangerous course" and notes the great lesson of Vietnam: that it is easier to get into wars than to get out of them. But he goes on to make an interesting distinction that stands as a warning to the oil producers. He suggests that the United States would never use force in a dispute over prices. But if actions by the oil-exporting countries brought about "actual strangulation of the industrialized world," that would be quite another matter.

Because of the oil-sharing agreements signed among most of the industrial countries last September, producers cannot run future embargoes against one or two countries at a time, as they did last winter. Mr. Kissinger is presumably addressing the unpleasant possibility that some of the major oil exporting nations might try to force their way to a political triumph—perhaps in Israel, perhaps somewhere else—by cutting off all oil shipments to Western Europe, Japan and North America. Mr. Kissinger wishes to disabuse the oil exporting nations, and particularly the Arab radicals, of the highly dangerous idea that the sky is now the limit and that they can safely go to any lengths at all in their demands.

Meanwhile, of course, the oil-consuming countries are going to have to pull themselves together and agree on their response to the present emergency. Mr. Kissinger makes no secret of his exasperation with the Europeans in particular—although he elaborated on this in later comments to the effect that he was talking about the people, not the governments, of Europe. "I think they suffer from an enormous sense of insecurity," he told his interviewers. ". . . So the sense of impotence, the inability to do domestically what they know to be right, produces a certain peevishness which always stops just short of policy actions." That, unfortunately, is true. But it is also true that there has been a failure of American leadership, and Mr. Kissinger had the grace to acknowledge it: "We have to announce our conservation plans more concretely before we will have an effective negotiating position with the Europeans." He could have said more. In fact, both this country and its economic allies are paying grievously for the unhappy circumstance that, for the first seven months of the oil revolution, our government was cripped by scandal. If there was indecision in Europe, it was only an amplification of the prevarication here. Until this country finds a way to cut down its oil imports, it is going to have great difficulty persuading other nations—who are, incidentally, also our commercial competitors—to undertake heavy sacrifices of their own.

The most urgent requirements at the moment are conservation here at home and, among the oil consuming nations, systems of loans and guarantees to keep their economies operating without major defaults. If the oil prices remain high as long as Mr. Kissinger expects, there are going to have to be severe adjustments in all of the industrial countries, translating into reductions in standards of living. This setback will inevitably have a great impact on countries that, for an entire generation, have known only a steadily rising prosperity and have become accustomed to it as a rule of life. No one can say with much assurance how the people of the rich countries will react to this sudden reversal. But surely Mr. Kissinger is right in saying that they are more likely to react rationally if they believe that they are competently and intelligently led. It is now a full year since the great surge in oil prices. The governments of the industrial nations are only now beginning to organize a coherent and adequate reply.