

Text of Kissinger

Interview

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Secretary of State Henry A. Kissinger gave the following interview to *Business Week* magazine on Dec. 23 and reviewed the transcript on Dec. 25. Lewis H. Young, editor-in-chief of *Business Week*; Robert E. Farrell, bureau chief for McGraw-Hill, *Business Week*; and Boyd France, State Department correspondent for the magazine, interviewed Kissinger.

Q. Until recently it was the U.S. position that the energy crisis could be solved only by an immediate and substantial reduction in the price of imported oil. Why has that policy changed?

A. I would disagree with the word immediate. It has been the U.S. position that the energy crisis cannot be fundamentally changed without a substantial reduction in the price of oil. This remains our view. It is also our view that the prospects for an immediate reduction in oil prices are poor. I have always had the most serious doubts that an immediate reduction in oil prices could be achieved because I did not see the incentive for the oil producers to do this in the absence of consumer solidarity. A reduction in energy prices is important. It must be achieved and we must organize ourselves to bring it about as rapidly as possible.

Q. Why was it impossible to reduce the price of oil immediately?

A. Because in the absence of consumer solidarity, pressures required to bring oil prices down would create a political crisis of the first magnitude. And this would tempt other consuming countries simply stepping into the vacuum created by the United States, and would therefore not be effective.

Q. Can you describe the kind of political problems that would develop without consumer solidarity?

A. The only chance to bring oil prices down immediately 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.

If you bring about an overthrow of the existing system in Saudi Arabia and a Qaddafi takes over or if you break Iran's image of being capable of resisting outside pressures, you're going to open up political trends which could defeat your economic objectives. Economic pressures or incentives, on the other hand, take time to organize and cannot be effective without consumer solidarity. Moreover, if we had created the political crisis that I described, we would almost certainly have had to do it against the opposition of Europe, Japan and the Soviet Union.

Q. In your University of Chicago speech, you said, "the price of oil will come down only where objective conditions for a reduction are created and not before." What are these objective conditions and when do you think they will be achieved?

A. The objective conditions depend upon a number of factors: one, a degree of consumer solidarity that makes the consumers less vulnerable to the threat of embargo and to the dangers of financial collapse. Secondly, a systematic effort at energy conservation of sufficient magnitude to impose difficult choices on the producing countries. Thirdly, institutions of financial solidarity so that individual countries are not so obsessed by their sense of impotence that they are prepared to negotiate on the producers' terms. Fourth, and most important, to bring in alternative sources of energy as rapidly as possible so that the combination of new discoveries of oil, new oil producing countries, and new sources of energy creates a supply situation in which it will be increasingly difficult for the cartel to operate. We think the beginning of this will come within two to three years.

Q. Over the past year the oil producers have been able to cut back production as demand has declined. Doesn't that indicate that conservation alone will not break the oil cartel?

A. Yes, but there's a limit beyond which that cannot go. Many producers are dependent on their revenues for economic development. Countries which can cut production most painlessly are those that are simply piling up balances. Countries that need oil revenues for their economic development like Algeria, Iran and Venezuela do not have an unlimited capacity to cut their production. If the production of these countries is cut by any significant percentage, their whole economic development plan will be in severe jeopardy.

Therefore the problem of distributing the cuts is going to become more and more severe. I understand that Libya has already had to take a disproportionate amount of the reductions, which it can do because it has really no means of spending all its income. In the absence of an Arab-Israeli explosion, Saudi Arabia's incentive to cut production indefinitely is limited for political reasons. Other countries will have less and less of an economic incentive to cut production. As the number of OPEC countries increases and as alternative sources come in, I think these cuts will grow increasingly difficult to distribute.

Q. Are the conservation goals to cut something like 3 million barrels a day in 1975 enough?

A. I think 3 million barrels a day will be enough, plus alternative sources, plus an increase in later years. We have to continue this conservation over the years.

Q. Are the Europeans accepting your proposal for a 1 million-barrel-a-day cut by the U.S. and a 2 million-barrel-a-day cut by the other consumers? Or are they pressing for a more equal distribution?

A. We have to announce our conservation plans more concretely before we will have an effective negotiating position with the Europeans. I believe that the major objective of our strategy can be implemented, and the desire of some European countries for a consumer-producer conference can be used to accelerate consumer cooperation. We will not go to a consumer-producer conference without prior agreement on consumer cooperation.

Q. Are there any political pressures the United States can bring to bear on the oil cartel?

A. A country of the magnitude of the United States is never without political recourse. Certainly countries will have to think twice about raising their prices because it would certainly involve some political cost. But I don't want to go into this very deeply.

Q. Businessmen ask why we haven't been able to exploit King Faisal's fear of communism to help lower prices?

A. We have a delicate problem there. It is to maintain the relationship of friendship that they have felt for us, yet make clear the consequences of these prices on the structure of the West end of the non-Communist world.

I think we will find that Saudi Arabia will not be the leader in the reduction of prices but that it will not

be an impediment to a reduction if enough momentum can be created in the Arab world—indeed it will be discreetly encouraging.

The Saudi government has performed the enormously skillful act of surviving in a leadership position in an increasingly radical Arab world. It is doing that by carefully balancing itself among the various factions and acting as a resultant of a relations of forces and never getting too far out ahead. Therefore I never for a moment believed, nor do I believe today, that the lead in cutting prices will be taken by Saudi Arabia. On the other hand, the Saudis will happily support a cut in prices proposed by others. The Saudis have no interest in keeping prices. They don't know what to do with their income today.

Q. But all along it has seemed that the Saudis have taken the lead in saying they want to get the price of oil down and that has never happened. In fact the joke is we can't take another cut in oil prices from the Saudis because we can't afford it.

A. I think that's true. I have always assessed the Saudi statements in the context of their positioning themselves in a general constellation of forces. In my opinion they will not take the lead. But they will not oppose it.

Q. Who is likely to take the lead of what producer nations?

A. It is my opinion that a reduction in prices cannot come from Iran alone though its voice is important given the powerful personality of the Shah.

Among the Arab countries Algeria is important, Kuwait could be important; Syria, even though it's not an OPEC country, has a moral influence for political reasons. But it will not come, in my view, from Saudi Arabia.

Q. Do you think there is something that could happen in the Arab-Israeli situation that could result in a reduction in oil prices?

A. Not really. I think that if the situation deteriorates there could be a reduction in supply. I don't believe it is wise for us to try to sell the Israeli concessions for a reduction in oil prices, because this would create the basis for pressures in the opposite direction during a stalemate. Everytime the OPEC countries want something from us politically, they could threaten to raise the prices again.

Q. So there's nothing tied to the Jerusalem problem or the refugee problem that would have anything to do with the price of oil?

A. No, it has never been raised.

Q. Many bankers claim that all the schemes for recycling oil money—including the one you suggested in the University of Chicago speech—are only Band-Aids because each scheme piles bad debt on top of good. Most of the countries have no way to ever repay the loans. Do you see how the \$25 billion fund you proposed would be repaid?

A. We have two problems. We have an economic problem and we have a political problem. The political problem is that the whole Western world, with the exception perhaps the United States, is suffering from political malaise, from inner uncertainty and lack of direction. This also affects economic conditions because it means that you have no settled expectations for the future and therefore a lowered willingness to take risks.

One of the principal objectives of our energy policy is to restore among the industrialized countries some sense that they can master their own fate. And even if this would involve some questionable debts, these are debts that have to be met somehow. It would be enormously important for the general cohesion of the industrialized world and for its capacity to deal with the future, that they are dealt with systematically and not as the outgrowth of some crisis. Moreover one way of disciplining some of the industrial countries is by the conditions that are attached to the funds that might be available.

Q. Where would this \$25 billion come from?

A. The United States, the Federal Republic of Germany, small sums from other countries.

Q. But the United States and West Germany would bear the brunt?

A. That's probably true. But you have to look at it as a guarantee rather than as a debt.

Q. Will this require congressional approval?

A. I'm told that we could actually do it by borrowing and not require congressional approval. However, we have decided that in undertaking even potential obligations of this magnitude we'd better seek some congressional concurrence.

Q. How long will it take this program to really get rolling?

A. We will not go to a producers-consumer conference without having this program well established. If we don't have consumer solidarity we're better off conducting bilateral negotiations with the producers.

However I think that within the next three months—by the end of March certainly—the major elements of our program will be in place.

Q. Who will have the job of getting these elements in place?

A. Our new under secretary of economic affairs, Mr. Robinson; Tom Enders (assistant secretary of state for economic and business affairs). Of course, the Treasury Department has a vital role. Secretary Simon has been intimately associated with the entire program. We have a committee dealing with the international implications of the oil crisis. It is composed of myself, Simon (Secretary of the Treasury), Bennett (under secretary of the treasury), Robinson, Ingersoll (deputy secretary of state), Burns (chairman Federal Reserve Board). And the committee under secretary Morton (Secretary of the Interior) links domestic and international policy.

Q. Have you had any discussion with the Soviets about what their position would be if there were a confrontation between the oil cartel and the Western consumer governments?

A. No, and I think it would be a very foolish question to ask them.

Q. Do you know if the Arabs are using their petrodollars to force a favorable resolution of the Arab-Israeli conflict?

A. I don't think they've done it up to now. If we don't have consumer solidarity that may happen eventually.

Q. There was some concern last month about the British pound.

A. I've seen these reports. They were denied. It is certainly an option they have. And that it is one reason why we are so determined to create institutions of financial solidarity, because if you have these institutions then that sort of pressure will not be possible. The producers could not take on one currency then.

Q. Is it possible that we may have to engage in an emergency financial bail-out of Italy or Britain before the financial facility is in place?

A. Very possibly, in this sense, the proposed facility merely institutionalizes what will have to happen anyway, because if present trends continue there will have to be a bail-out sooner or later. But it makes a lot of difference whether you bail somebody out in an emergency and therefore enhance the sense of vulnerability and create conditions for a new emergency. Or whether having perceived the emergency, you can convey to the public that there is a structure that makes it



Kissinger: "Military action on oil prices/ A very dangerous course . . . I am not saying that there's no circumstances where we would not use force."

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possible to master your fate and to deal with difficulties institutionally.

Q. How do you rate the chances for another Arab-Israeli war in the spring?

A. In the absence of a political settlement there is always the danger of another Arab-Israeli war. On the other hand, war is talked about much too loosely. Both sides lost grievously in the last war. Neither side really won. I think the readiness of either side to go to war is often exaggerated. I also believe that there is some possibility of political progress before the spring.

Q. Then you don't anticipate the possibility of another oil embargo soon?

A. Not unless there is a war.

Q. Well what about after the spring?

A. I don't anticipate an oil embargo in the absence of war. I am not even sure of an oil embargo in the event of a war. It would now be a much more serious decision than it was the last time. We're now engaged in rather delicate negotiations and these still show promise so why speculate about their failure while they're still in train?

Q. The shah of Iran has indicated that in the next war he'd be on the side of the Arabs. Does this represent to you a shifting of forces over there?

A. I would have to analyze exactly what he said. In the past the shah maintained a rather neutral position. What he means by being on the side of the Arabs I would have to understand a little better. But obviously the trends in the Moslem world are in the direction of greater solidarity.

Q. Have the Israelis indicated to you a willingness to give back the oil lands in the Siani they captured in the 1967 war?

A. I don't want to go into the details of any specific ideas the Israelis may have suggested, but the Israelis have indicated their willingness to make some further territorial withdrawals.

Q. One of the things we also hear from businessmen is that in the long run the only answer to the oil cartel is some sort of military action. Have you considered military action on oil?

A. Military action on oil prices?

Q. Yes.

A. A very dangerous course. We should have learned from Vietnam that it is easier to get into a war than to get out of it. I am not saying that there's no circumstance where we would not use force. But it is one thing to use it in the case of a dispute over price, it's another where there's some actual strangulation of the industrialized world.

Q. Do you worry about what the Soviets would do in the Middle East if there were any military action against the cartel?

A. I don't think this is a good thing to speculate about. Any President who would resort to military action in the Middle East without worrying what the Soviets would do would have to be reckless. The question is to what extent he would let himself be deterred by it. But you cannot say you would not consider what the Soviets would do. I want to make clear, however, that the use of force would be considered only in the gravest emergency.

Q. What do you expect is going to be achieved in the first meeting between the consumers and the producers?

A. The industrialized nations suffer in general from the illusion that talk is a substitute for substance. And what *might* happen is used as an excuse for not doing what *can* happen. What can happen at a consumer-producer meeting depends entirely upon whether the consumers manage to bring about con-

crete cooperation and whether they can concert common positions *before* the conference. In the absence of these two conditions the consumer-producer conference will not take place with our participation. If it did take place it would only repeat in a multilateral forum the bilateral dialogues that are already going on.

There is too much talk to the effect that there is no consumer-producer dialogue now. There's plenty of dialogue. We talk to *all* of the producers. We have excellent relations with Iran and Saudi Arabia. The Europeans are talking to the producers; the Japanese are talking to the producers.

We do not suffer from the absence of dialogue, it is from the absence of a systematic approach, the lack of a clear direction in which to go.

If you don't have a systematic coordinated approach, then a consumer-producer conference can only repeat in a multilateral forum under worse circumstances what is already going on bilaterally. So you ought to ask me the question again in about two months when we're further down the road.

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But I want to make absolutely clear that the United States is willing to have this conference. It is in fact eager to have a consumer-producer dialogue. In our original proposals to the Washington energy conference in February, we argued that consumer cooperation must lead as soon as possible to a consumer-producer dialogue. At that time we envisaged it for the fall of 1974. But we also want the dialogue to be serious and concrete.

It must deal with the problem of recycling. It must deal with the problem of the less-developed countries. It must deal with the problem of price over a period of time. In terms of the producers we can consider some assurance of long term development for them. But all this requires some very careful preparation.

Q. Does President Giscard d'Estaing now share our views as to how the consumer-producer conference should go forward?

A. It's my impression that he shares it. Of course he has to speak for himself. But he can be under no misapprehension of our view of the matter.

Q. Many people have felt that the UN meeting on population in Bucharest last summer and the meeting on food in Rome were unsuccessful because there were too many countries represented at them. Will this problem plague the oil meetings, too?

A. None of the organizing countries have yet decided how many countries to invite and in what manner to conduct the negotiations. Personally, I would favor a rather small negotiating group but we will not make an issue of it. A lot of countries will favor this in theory until they come to the problem of whom to invite and whom to exclude, as the tendency will be towards expanding the membership. In general I would say the larger the membership the more unwieldy the procedures are likely to be and the more difficult it will be to achieve a consensus.

We worked hard to make the World Food Conference a success. I think that the proposals we made in Rome will probably be the basis of food policy for some time to come. Our basic point was that there already exists a large global food deficit which is certain to grow. The gaps cannot be closed by the United States alone or even primarily.

Whether our food aid is 4 million tons or 3 million tons is important for moral and humanitarian reasons; it is not decisive in dealing with the world food deficit which is already approaching 25 million tons and which can grow to 80 million tons in 10 years.

What we need is systematic effort to increase world food production, especially in the less-developed countries, to have the exporting countries organize themselves so that they know where to put their efforts, and to improve world food distribution and financing. That was the major thrust of our ideas.

In addition, we're willing to give the maximum food aid that our economy can stand. But food aid by the United States cannot be decisive. It's a pity that it turned out to be the principal issue in the public debate. What happened after the conference in terms of setting up food reserves, exporters groups and so forth actually indicates that progress is being made. The conference was quite successful but the focus of some of the domestic debate was off-center.

Q. What policy do you think the

world has to adopt for making sure countries have access to raw materials?

Last year at the special session of the General Assembly, I pointed out that we are facing a substantial change in world economic patterns. In the past, even the very recent past, almost all producing countries were afraid of surpluses. We're now in a period in which the idea of surpluses will seem a relic of a golden era. The pressures of population, industrialization, and increasing interdependence of the world economy imposes on us some form of rational planning and interaction. I proposed a systematic study of world resources, of raw materials to obtain a systematic estimate of what we will be up against, even with good will, over a period of the next decade or so. I believe that we need the sort of coherent approach which is now being attempted in the field of energy; it will either be imposed on us or we will have to take the lead in developing it in other fields including food. One of our efforts at the Rome food conference was to show how a constructive approach might work in contrast to a restrictive cartel approach of the energy producers.

Q. Do you think there will be any legislation in the United States because the food situation in which we have the position of the OPEC countries, is an explosive political question domestically?

We're going to face a problem. We have to come to an understanding with the Congress about the proper relationship between the executive and the legislative functions. What Congress should legislate and what should be left to executive discretion. The attempt to prescribe every detail of policy by congressional action can, over a period of time, so stultify flexibility that you have no negotiating room left at all. We recognize that the Congress must exercise ultimate policy control. But what is meant by that, how much detail, is what we intend to discuss very seriously with the congressional leadership when it reassembles. I would hope that the Congress would keep in mind that we need some flexibility.

Now, back to your question is the issue how can we allocate food for abroad and yet not drive food prices up too high in this country. That's a tough problem. We have to make decisions on that periodically in the light of crop reports, in the light of sustainable prices. Suppose we put on export controls that drove the prices down domestically, then we would also have a problem.

We have to be prepared to pay some domestic prices for our international position. If Japan were suddenly cut off from major imports of American agricultural goods, you would almost certainly have a dramatic reorientation of Japanese political life. That would have profound economic consequences for us also over a period of time. They may not be measurable today, they certainly are not fully demonstrable, but the consequences are certain. On the other hand if you undermine your domestic position totally in the sense that the American public thinks the high food prices are largely due to foreign sales, then you have another unmanageable problem. On the whole, the U.S. is a healthy society so that the national leadership, if it explains its position properly, has a good chance of carrying the day.

Q. How long do you think the econ-

omics of Italy, U.K. and France can go without serious trouble because of the strains imposed by the oil deficits?

A. All West European economies, with the exception of the Federal Republic of Germany, are going to be in more or less serious trouble within the next 18 months. Which is another reason for striving for a much closer coordination of economic policies.

Q. Can this economic trouble lead to political trouble?

A. Without any question. Every government is judged not only by its performance but whether it is believed to be trying to master the real problems before it will erode. F. D. Roosevelt could go along for several years without a great improvement in the economic conditions because the public believed he was dealing with the problems. The danger of purely national policies is that they are patently inadequate for dealing with economic problems—especially in Europe—and as the sense of impotence magnifies, the whole political base will erode.

As it is, the Communist vote in Italy, and to some extent in France, has remained constant regardless of economic conditions. A substantial proportion of the population has felt sufficiently disaffected with the system, even when the system was performing well, that they voted Communist in order to keep pressure on. As the Communist vote grows, the flexibility of the political system diminishes. Economic decline in Europe would therefore have serious political consequences.

Q. There appears to be a rise in enthusiasm for the far right, too, a feeling that what is needed is an authoritative man that can cope with these labor problems, these inflation problems, etc.

A. If you have a major economic crisis, the emergence of authoritarian governments of the left or the right is a distinct possibility.

Q. In Europe, the charge is made that you have sold out Western civilization for 18 months of peace in the Middle East. Why do Europeans feel this hostility toward the U. S. and toward you?

A. Well, of course I'd like to know who these Europeans are—for my own education. What would they have had us do?

Q. They're talking about military action.

A. The fact of the matter is that the governments they represent systematically opposed every move we made in the Middle East; every strong action that was taken in the Middle East was taken by the U. S. Had we taken military action in the Middle East we would have faced the violent opposition from their own governments.

The difficulty in the Middle East is caused in part by our inability to organize cooperation even for non-military action. The efforts the administration made diplomatically to lift the oil embargo reduced, at least for a time, the dangers in the Middle East. It gave everyone a breathing space. We gave up nothing. Except the possibility of military action, which was a chimerical idea.

When we went on a military alert for one day, we were accused of having done it for political reasons. Was it conceivable that in the middle of Watergate the U.S. take military action? And for what purpose?

Why are the Europeans so hostile to the U. S.?

I think the

amous feeling of insecurity. They recognize that their safety depends on the U.S., their economic well-being depends on the U.S. and they know that we're essentially right in what we're doing. 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. No foreign minister ever says this.

Q. Even though the trade bill has been passed, do you think the economic difficulties here in the U.S. and abroad will make it possible to reduce tariffs and non-tariff barriers?

A. I think it is essential that we go into these trade negotiations with the attitude of creating a new international trading system. It is the only hope we have of avoiding the political consequences we talked about earlier. If we begin to draw into ourselves, we will cause a loss of confidence. We must act as if these problems can be overcome. Maybe they can't be, but they will never be licked if we do not build a new international economic environment with some conviction.

Will Congress's restrictions on Export-Import Bank credits have any impact on trade with the Soviet Union or detente?

A. The congressional restrictions have deprived the United States of important and maybe fundamental leverage. The Soviet Union was much more interested in credits than it was in trade, because for the next four or five years, it will have very little in reciprocal trade.

And this is one of those examples I had in mind before. If the Congress cannot trust the executive enough to use its credit authority with discretion then Congress will not be able to deal with the problem by the sort of restrictions it put on—aimed at depriving the credit authority granted by Congress of any effective meaning.

\$300 million over a period of four years is simply not enough to use as a bargaining chip with a major country. It has no significant impact on its economy and therefore it is the surest guarantee it will be wasted.

For two years, against the opposition of most newspapers, we refused to extend credit to the Soviet Union until there was an amelioration of its foreign policy conduct.

You remember various congressional amendments were introduced urging us to liberalize trade. The corollary of this was if there was more moderate Soviet conduct, trade and credits could open up. I believe that the Soviet statements on Jewish emigration have been caused, in part, by Soviet disappointment with the credit restrictions.

But beyond that, a President who has only \$300 million of credit flexibility over four years is forced in a crisis more and more to rely on diplomatic or military pressures. He has no other cards. The economic card has been effectively removed from his hand.

Q. We were intrigued by the timing

of the Soviet statement; it came when the trade bill was still in conference.

A. I think the Soviets wanted to make clear ahead of time what their attitude was so later they could not be accused of having doublecrossed us.

Q. Do you think that Soviet disappointment over credits will cause a hardening of their position on emigration of Jews?

A. If these trends continue in the U.S., you can expect a general hardening of the Soviet position across the board over a period of time. They will not go back to the cold war in one day. But there are many things the Soviet Union could do that make our position much more complicated. What could happen in Europe, in the Middle East, in Southeast Asia if the Soviet Union pursued a policy of maximizing our difficulties? Most of the criticism leveled at the Soviet Union these days is that they are not solving our difficulties, not that they are exacerbating them. I think the restrictions on Ex-Im credits will have an unfortunate effect on U.S.-Soviet relations.

Q. Do you see any way that the countries of the world can better coordinate their economic and financial policies?

A. One interesting feature of our recent discussions with both the Europeans and Japanese has been this emphasis on the need for economic coordination.

In April 1973, in my "Year of Europe" speech, I proposed the coordination of economic policies and of energy policies. At that time, the proposal was generally resisted on the grounds that we were trying to produce a linkage where the obligations had never run to economic matters. In all the recent meetings of the President with heads of government, and all the meetings I have had with foreign ministers, our allies and friends have absolutely insisted that we coordinate economic policies. So you have had a 180-degree turn in one year.

How you in fact coordinate policies is yet an unsolved problem; but it must be solved. Otherwise, one will have a succession of beggar-thy-neighbor policies and countries trying to take a free ride on the actions of their partners.

Q. Do you believe we have to go beyond what is done at the Organization for Economic Cooperation and Development?

A. I don't know if we need new structures, but I think we need new approaches to existing structures. I haven't thought through whether we need new structures.

In the next 10 years you will have coordinated fiscal policy, including ours. I am not saying they have to be identical, but they have to be coordinated.

We have greater latitude than the others because we can do much on our own. The others can't. But it is an important aspect of leadership to exercise our freedom of action with re-

straint and to let others participate in decisions affecting their future.

Q. Is there any chance of coordinating better U.S. international economic policy, particularly since the Council for International Economic Policy seems to be losing its power?

A. You can't look at policies of a government in terms of organizational mechanisms. The Council for International Economic Policy was created at a time when the National Security Council was essentially divorced from economic policies. Then it became clear that every economic policy had profound foreign policy implications, and really required political inspiration and leadership to make it effective. You could never implement the energy policy as a purely economic matter; it has been a foreign policy matter from the beginning.

When that happens, the issue tends to be pulled back into the orbit of the National Security Council. What you have had is a greater foreign policy involvement in economic policy decisions.

On the other hand, I think the relations between the State Department and Treasury have never been better, despite the occasional disagreements that surface in the newspapers. You expect disagreements. The issue is not whether there are disagreements but how they are settled. And they are always settled in a constructive positive way.

On energy we have a group which I described before of Arthur Burns, Simon, myself, Robinson and a few others who meet regularly to set the basic strategy in the international field. Whether we meet as the Council for Economic Policy or as the National Security Council, the group has essentially the same membership.

Q. Should there be additional legislation to protect U.S. industry from ownership by Arab oil money? If so, what shape should the legislation take?

A. We are now studying the ways that oil producer's money could be invested in the United States and what we should protect against. We haven't come to any conclusions because if you get a manageable minority interest, that would be in our interest. If you get actual control over strategic industries, then you have to determine how that control would be exercised before you know how to avoid it. There are some industrial segments we would not want to be dominated by potentially hostile investors. Since we haven't completed the study, I can't give you a conclusive answer. By the middle of January we will have concluded the study.

Q. Do you think a request for legislation will be the result of that study?

A. It may be a request for some sort of a board to monitor foreign investment, and the Board would formulate some proposal. I am not sure about the shape of the proposal but we need a systematic monitoring.