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Mr. Nixon's Empty Oil Threat

Within minutes of President Nixon's implicit threat that Arab states might lose their Western markets if they use their oil as a political lever, a top administration energy expert moaned: "My God, doesn't he realize that every single incremental barrel of oil today has to come from the Middle East?"

But if Mr. Nixon's threat, a hip-shooting challenge uttered without careful forethought at his press conference last week, surprised his own aides, it stunned the oil states of the Mideast, most particularly Saudi Arabia.

That is the country that sits on top of 24 per cent of the world's total known oil reserves and whose head man, King Faisal, regards both President Nixon and the United States as close traditional friends.

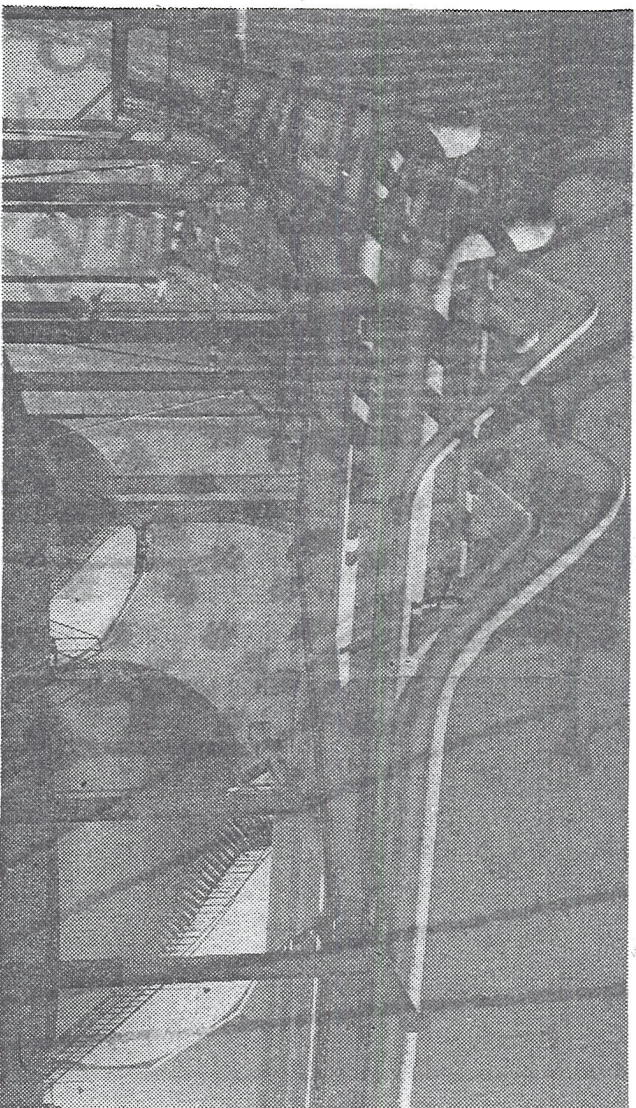
The king and his government are right now under heavy pressure from the Nixon administration and U.S. oil companies with Saudi Arabian holdings to authorize a huge increase in Saudi Arabian oil production. Now

running at a level of 7 million to 8 million barrels every day, that production would be raised to 11.3 million barrels by 1976 and to 20 million barrels by 1980, if the king went along with the American request.

But the king is also under heavy and still-rising domestic pressures from the left, both the political and Moslem left, not to play Uncle Sam's game unless the United States moves to a truly even-handed policy in the Arab-Israeli dispute. Perhaps even worse for Mr. Nixon and the American consumer of gasoline and heating oil, King Faisal also has no economic need to boost oil production and hence national revenues. Oil revenues should stay at their present levels.

"The Americans tell us that we can't drink our oil but have to sell it," one influential adviser of King Faisal recently said. "My answer is, we can't eat dollars, either."

The Saudi Arabian national budget is running at \$6 billion a year today—an incredible 78 per cent higher than only one year ago. Lifting production to the levels that American oilmen—



A gas-oil separator plant in the Saudi desert.

and the Nixon administration—now want would bring in vast new amounts of dollars that King Faisal could not spend.

"Our wealth may keep better in the ground as oil," one adviser to the king told us, "rather than in some bank as cash."

In the face of these economic and political facts, President Nixon's threat that Arab oil states which expropriate American oil property without fair compensation—or which attempt to gouge consumers with high prices—may find themselves without Western markets is dangerous poppycock. To compare today's seething seller's market to the buyer's market of 20 years ago, when Western economic pressures helped drive oil-rich Iran's left-wing Prime Minister Mossadegh out of power, is misleading.

For, as the Nixon energy expert said, the critical period of oil-and-gasoline shortages lying just ahead can be eased only by additional oil from the Mideast. North Slope Alaskan oil will not be available at best for three to five years. Nor can any crash program

to extract oil from shale or coal begin to dent the potentially disastrous period of shortages that lie ahead. Only Mideastern oil can do that.

There were, furthermore, other misleading implications in Mr. Nixon's statement last Wednesday. His assumption that Europe and the United States have identical problems with respect to Mideastern oil ("We and Europe are the market," he said) understates Japan's and Europe's total dependence and ignores a vital political fact: that most of the European nations are far less pro-Israel than the United States.

In short, there is no common Western front on the Mideast. But there is a developing front between fabulously rich Saudi Arabia and politically powerful Egypt. Both are under control of leaders who want closer relations with the United States but must see progress toward Israeli withdrawal from Arab lands seized in the 1967 war.

Instead of empty threats against Arab oil, Mr. Nixon might ponder the potential fury of Americans unable to drive or heat their homes.