

'Nixon's oil conference' from the Frankfurter Allgemeine Zeitung (17 January 1974)

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Nixon's oil conference

by Harald Vocke

No one in the West has been so insistent in warning of an impending crisis in crude oil supplies as the American diplomat James E. Akins. As early as 1972, he advised the Americans to close their ears firmly to the 'siren song of cheap energy' and to prepare themselves for high oil prices. Akins had made a substantial contribution to the drafting of President Nixon's first Conference message on energy policy, which set out the guidelines for dealing with a long-term energy shortage. It appears that this did not make him many friends. At all events, his appointment as American Ambassador to Saudi Arabia last autumn may be seen almost as a disciplinary transfer. It is also unlikely that even the most skilful diplomat will be able to persuade King Feisal to make a fundamental change of course on oil policy: after all, not even Kissinger has had any significant success as a negotiator in Saudi Arabia.

Currently, the energy crisis is generating a feeling of helplessness in the United States, even stronger than in Western Europe and Japan. A major international conference should provide a remedy for this. President Nixon has invited the Foreign Ministers of the most important oil-importing countries to Washington. However, in his official invitation, the President was principally addressing problems usually handled by Ministers of Trade and Commerce: Nixon proposed that the Conference should discuss in detail measures designed to curb any rapid rise in the demand for energy and to coordinate the development of new energy sources. In addition, the Conference should develop a 'common standpoint for oil consumers'. There were also words of hope in Nixon's invitation for the developing countries to have the opportunity to gain access to energy 'on reasonable terms'. However, the central question of the Conference was not asked in the invitation. The American hosts will ask the Foreign Ministers of the Western European industrialised nations and Japan what should happen if, in the future, the oil-exporting countries will not market their oil on terms that are, in the opinion of the Americans, reasonable and acceptable?

Washington has already taken, unilaterally, one important decision. A few days ago, the American Secretary of Defence, James Schlesinger, threatened the oil-exporting countries that America would, if needs be, seize the oil it required by force. In the light of that statement, should the Energy Conference now discuss at what point could stubbornness on the part of the oil-exporting countries justify the use of force and which countries would be prepared to fight alongside the United States in a future oil war?

To date, these have been just mind games, and that is what they should always remain. A Middle East oil war could develop into a dangerous venture for the United States. The attacker would have to protect the oilfields it seized while, at the same time, its nationals and investments in many African and Asian countries would be under threat: even those states in Africa and Asia that are themselves suffering from the effects of high oil prices might well sympathise with the oil-exporting countries and side with them in an oil war. For more than a decade, Moscow, Peking and some radical Middle East regimes have been claiming that the West requires the mineral resources of exploited African and Asian peoples at bargain prices. This propaganda has been very effective.

Initially, President Nixon had only invited individual members of the European Community to attend the Energy Conference. Later, however, all members of the Community were given the opportunity to take part. The Western Europeans have accepted the invitation. Preparations for the Conference have imposed on the European Community a salutary obligation: to attempt to establish a common standpoint on the energy crisis and to do it more energetically than might otherwise have been the case. Admittedly, the international Energy Conference will not solve the major questions of energy management. The rapid rise in crude oil consumption in the United States, Western Europe and Japan over the last decade has made the Western world more heavily dependent on the oilfields of the Middle East than might be considered advisable in economic policy terms. All the oil-exporting countries are now trying to take advantage of this profitable situation with swingeing price rises. They are hardly likely to lower the prices to any notable degree. Crude oil — in fact, any kind of economically useful energy — will be expensive for some time to come and may even become more expensive still.

In this situation, the Western European industrialised nations, being much more dependent on oil imports than America, will probably develop different ideas from the United States in response to many of the questions posed. However, consultations and negotiations with the Americans over energy questions are always welcome, simply because Western Europe and Japan receive a considerable proportion of their crude oil from the major American oil companies working in the Middle East. The Washington Energy Conference is a useful exercise, but one from which, admittedly, we should not expect miracles, because oil will always remain expensive.