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## Cooperation instead of confrontation

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# Cooperation instead of Confrontation

**T**he tightening of oil supplies by the Arab states has caused bewilderment among politicians and users in Europe — and elsewhere as well. Their confusion is the greater because the event had never been contemplated, still less allowed for, although the raw material oil is of such obvious strategic importance for growth. The confusion showed itself in hoarding by oil users and was — even more significantly — reflected by the political helplessness of the men in posts of responsibility in the individual countries and the European Community. And yet, a contingency of this kind could have been anticipated for the medium term even if it was not to be expected so suddenly, for there have been portents from the Arab oil states for quite some time that they would not want to produce more oil in future than was needed for their own economic development.

As a result of the present embargo Europe is now facing a short-term problem and a longer-term problem. The short-term problem stems from the subordination of Europe's oil supplies to a solution of the Middle East conflict — the use of oil as a political weapon to force oil using countries in Europe to adopt a pro-Arab stance. Superimposed on it is an economic dilemma because the sudden denial of the raw material oil to European users entails a threat of big structural and cyclical production losses and consequent unemployment.

In this situation the scope for action by the individual countries of Europe is closely circumscribed, if it is accepted that on political and moral grounds alignment with the Arabs and economic pressure on Israel to meet their demands is out of the question. What can be done and must be done is the preparation and activation of structural measures to lessen the anticipated production losses, curb private oil consumption and work for solidarity inside the EC. The Community will be a farce if some members must freeze while others rejoice that they may (still) bask in the sun of Arab favour.

What must be ruled out is an economic counter-boycott — an idea which is still being bruited far too often. If such an economic war were politically feasible, which is doubtful, it would ultimately be more costly for Europe than for the oil producing countries, for Europe's prosperity is more vulnerable than the relative lack of prosperity in most Arab countries. But the most weighty argument against it seems to be that it would for an unforeseeable time bury all requisites of a political-economic solution of the oil supply problem. The opportunities for a solution, of which the utterances of several Arab politicians are already giving an inkling, can be probed only while these prerequisites provide a basis.

Rightly judging that Europe is the wrong target for an oil embargo aimed at promoting their political interests, the Arabs seem to switch their demands increasingly to a longer-term aspect — barter of oil for more economic aid. Europe must see this as an important lever. In the longer term Europe must, on the one hand, aim at replacing oil wherever possible to cope with the shortfall of oil deliveries from the Arab countries to be expected in the wake of any and every solution of the Middle East conflict and, on the other, try to make sure of the indispensable flow of oil continuing in future. For this latter purpose it will be best to initiate and develop a close economic co-operation between Europe and the Arab states. It is a hopeful sign that this idea has been taken up on the Arab side as well as in Europe and that consideration has already been given to the modalities of cooperation.

It would be illusory however to believe that Europe can thereby regain its past rates of growth in the future. The legitimate interest of the oil states to make the most of their oil for their own economic development and the rising costs of energy in general are imposing limits on growth, which will endure for as long as one can look ahead.

*Otto G. Mayer*