UNDER COVER

Independence and Affluence

The Reagan administration has been right in suspecting the project for a pipeline to bring natural gas from the Soviet Union to Western Europe. The potential economic benefits of the pipeline are obvious: Europeans would add a new source of energy, competing with Middle Eastern oil. The political dangers, however, are equally apparent. The more valuable Soviet natural gas proves to be, the more Western Europe will come to depend on it, and European regimes will grow proportionately less willing to offend the USSR. As the administration reasoned, this is no time to weaken Western autonomy vis-à-vis the Soviet Union; Poland alone is evidence enough. We reminded the Europeans that politics takes priority over economics and that a touch of economic austerity is a cheap price to pay for relative political independence.

Now, however, the United States has retreated from this position. We profess to be reconciled to the pipeline, and our opposition has been toned down to a querulous concern with the terms on which credit is extended to the Russians. We seem to be saying that economics *do* come first so long as the Russians pay the going rate of interest.

I suspect that the State Department feels that any moral posturing on our part would be ludicrous, given the too-abundant evidence that the administration itself prefers profits to politics. The administration exalts freedom above material gain when it is the West Europeans (or working Americans) who must make the sacrifice. Political liberty gets lower marks when its costs come closer to home.

In the Middle East, for example, it is no secret that the United States has an economic interest in the region's oil, and a political interest in the security of Israel. The contradiction between these goals has puzzled every postwar administration and befuddled most of them. This administration is no exception: Secretary Weinberger is thought to favor the Arabs; Secretary Haig is considered more sympathetic to the Israelis; and President Reagan is most eager to leave for his California ranch.

The problem of the Middle East, in fact, has been growing more difficult with time. King Hussein recently remarked that the United States has been reduced to the role of a "postman, a carrier of messages." He traced this to "shuttle diplomacy" and hence to Henry Kissinger. Yet Kissinger's new, more passive American diplomacy reflected a necessity growing out of America's massive dependence on Arab oil, a fact made clear by the boycott of 1973.

The economic needs of Islamic states and the rivalries of one regime with another make it unlikely that we will have to face any long-term, universal stoppage of Middle Eastern oil. That comforting probability, however, does not obscure the terrible truth that has confronted every policy-maker since Kissinger: The United States could not tolerate such a boycott and would have to choose between seizing the oil fields—a more and more impracticable possibility—and coming to terms with the Arabs at some cost to Israel. American policy has tended to tilt away from Israel, consequently, in the hope of averting something much worse.

The Reagan administration has a superb opportunity to modify this deadly logic by radically reducing our dependence on Middle Eastern oil. Temporarily, OPEC is in retreat. The oil-producing states hope that reduced production and slightly reduced prices will correct the current excess of supply over demand. The administration could and should counter that policy by a surtax on imported oil that would maintain (or better, raise) the price of oil, reducing demand as much as OPEC reduces supply. Such a tax would help the administration with its well-advertised deficits; more important, it would encourage even more conservation and a continued search for alternatives to oil and to the private automobile. (By weakening the position of the Middle Eastern states, it would also give the Europeans less reason to turn to the Soviet Union.) Of course all of this would involve meddling with the market, but the oil market is so thoroughly managed that even Mr. Reagan ought to have no reluctance on that score. Plenty of people have urged this course on the administration, and its reasons for rejecting a surtax are depressingly clear. Such a tax would discourage the use of automobiles and especially the purchase of the big models on which Detroit still depends. Since our economy remains an "auto-industrial" system, this would seriously restrict economic recovery. It was for just these reasons that candidate Reagan disparaged conservation in 1980 and emphasized new sources of oil that would keep us driving and buying cars. The administration, however, should listen to the president rather than to candidates. It should follow its own advice to the Europeans: Freedom from a dependence that endangers our political interests is worth a good deal of economic sacrifice. Pennies at the gas pump may amount to more than millions for defense in paying the price of liberty.

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