

succeed in winning over the West Germans on the energy issue. In fact, Chancellor Schmidt's recent push for nuclear energy development indicates just such an agreement.

Schmidt has called for the Tokyo Summit to create a world-wide energy conference with the participation of the East bloc, and is backing this call with a major proposal for a pan European power grid as one solution to energy problems in both East and West. With the news that the West German leader has scheduled a stop in Moscow both before and after the Tokyo meeting, Schmidt is expected to deliver a surprise or two to the British-U.S. axis in Tokyo.

Behind the upfront battle on the control of the spot market, the French strategy for Tokyo and beyond is to strive for the emergence of a Europe-Africa-Mideast bloc—the signal for “phase II” of the EMS: the European Monetary Fund. Political commentator Paul-Marie de la Gorce directly reflected Giscard's thinking in an explanatory article June 20 in *Le Figaro*. First, de la Gorce notes that not all Europeans have the same

interests: “There are in Europe British and Norwegian oil producers who have the greatest interest in price hikes, especially since their crude is one of the most expensive to produce, or gas producing countries like Holland who indirectly profit from it.”

He defined Giscard's policy as “a return to the idea of cooperation with the oil producers, which France had put forward in 1973-74. The government had then attempted to create a convergence between its own interest and those of the producers: one of the instruments used were long-term oil supply contracts at stable prices, while all possibilities for equipment contracts were explored. ...”

De la Gorce concludes that Giscard is encouraged by the Saudis, and has recruited Algeria (soon to be visited by Foreign Minister Jean François-Poncet) to the idea of political dialogue between Europe, Africa and the Arab world to lay the foundation for economic cooperation agreements.

—Garance Phau

Giscard: 'peace-oriented world organizations must be created'

The following are excerpts from the Japanese daily Asahi Shimbun's report on their exclusive interview with French President Valéry Giscard d'Estaing.

President Valéry Giscard d'Estaing of France Tuesday proposed the creation of peace-oriented new world organizations....

Giscard said that many of the existing world organizations could be called legacies of World War II and that they were consequently marked by war. He said peace-oriented new world organizations different from them must be created.

The French leader said he was expecting the Japanese to play a role in Asia in this respect....

The President, who initiated the annual economic summit of major industrial democracies and the chairman of the EC summit, said the energy issue was the most serious of those confronting the world now.

He stressed that the energy question can never be solved without solidarity among the consumer nations and cooperation with the oil-producing countries.

Giscard said the success of the coming Tokyo summit solely depended on whether ways of solving the energy problem could be found. He added he was not only looking forward to a successful conference, but he was going to Tokyo with the strong resolve to make it a success....

Speaking in an impassioned manner, Giscard said the difficulty of the energy question was that it could

not simply be left to market forces. Changes in the demand-supply situation could immediately worsen unemployment and would have an overall social and economic impact. Therefore, short-term policies could not succeed no matter how much effort was made, unless a measure of long-term balance was achieved, and, on the problem of oil, that the consumer countries should voluntarily refrain from self-seeking competition and instead act together, in addition to urging that the oil-producing countries try to increase their output.... France has raised strong objections to the recent U.S. decision to introduce a \$5 per barrel oil import subsidy.

In the interview, Giscard said this decision must be scrapped. At the same time, he severely criticized speculative oil purchases on the spot market by some industrial countries....

France puts priority on the development of nuclear power.... Nuclear power was the only alternative source of energy which France could possess at least for the next 15 to 20 years.

The President said he wants to make French civilization one of the most advanced in the modern world. He also said that Europe must build a new kind of organization by itself....

Miki: 'Japan should act more positively' on energy question

On June 9, the Japanese daily Yomiuri published its interview with former prime ministers Takeo Miki and

Italy: direct oil deals prompt multilateral blackmail

Representatives of the Seven Sisters oil multinationals walked out of oil-price negotiations with the Italian government on June 19.

The multilaterals rejected Italy's price package, threatening that if they couldn't get a better offer they would cut off supplies to their distributors. Such a move would create chaos of disastrous proportions in Italy.

Industry Minister Nicolazzi, who represented the government at the negotiations, said that if supplies were stopped, "severe measures" would have to be taken against the companies. U.S. presidential candidate Lyndon LaRouche urged that Italy's "severe measures" take the form of total nationalization of the oil companies.

How the blackmail shaped up

Italy is facing an oil shortage, but the situation is far

from desperate. On June 16, the national oil and gas company ENI signed a deal with Saudi Arabia for extra supplies of crude for 1979 through 1981. ENI's president, Giorgio Mazzanti, is now in the Middle East negotiating similar deals with other oil-producing nations. His efforts have so far assured 3 million tons a year from Iraq and 1 million from Syria, over and above the 2.5 million extra from the Saudis. This will go far toward filling the 7-million-ton shortfall created by the collapse of Iranian production.

However, on June 16, the same day Mazzanti closed the deal with the Saudis, the Seven Sisters sent announcements to all of their Italian distributors saying that next month, supplies would be short "due to the international situation." The distributors' associations responded that this was a "clearly speculative maneuver" aimed at securing higher prices.

Price negotiations between the government and the companies started June 18. The government's offer was a price increase of 25 lire (about 2 cents) per liter for diesel fuel, with the companies guaranteeing scheduled deliveries; and no increase in the gasoline price. As Industry Minister Nicolazzi put it, "gasoline reserves are sufficient for all of 1979; therefore, no change will be necessary in the price of gas." The government further insisted on adherence to the agreement of last May 28, whereby 35 percent of all oil refined in Italy be nationalized. The multilaterals' response was to break off negotiations and threaten to strangle supplies.

Political counterattack?

If Premier Andreotti takes LaRouche's advice and nationalizes the multilaterals, he could deal with several other pressing political problems at the same time. The most urgent question now facing the government is how to create a stable successor for itself in the shambles left after the national elections of June 3.

Both leading parties, Andreotti's Christian Democrats (DC) and the Communists (PCI), took a beating at the polls. Both parties face internal chaos, with the leadership under attack. The "Communist question," that is the PCI's demand to enter the government, plus the ongoing terrorist plague, are pushing Italy toward a left-right polarization that could destroy the state.

An Andreotti nationalization move would be like turning on a light in a dark room. The PCI's ultra-leftists would be undercut, the entire party would be brought into line behind the nationalization—providing a starting point for creating a durable government based on cooperation between the two major parties.

—Mary Sonnenblick

Takeo Fukuda concerning the upcoming Tokyo summit. Below are excerpts.

Q: *The energy problem has a political background which runs deep. Since the Rambouillet summit, the situation in the world has changed considerably because of the changes in Iran, Saudi Arabia's alienation from the U.S., the military advancement of the Soviet Union and Cuba, the expansion of Soviet naval power and other developments.*

Miki: The oil crisis originally arose from the fact that the Arab countries used oil as a strategy by linking it to the restoring of peace in the Middle East....

The restoration of peace between Egypt and Israel has made the Middle East situation unstable....

We industrialized countries want oil from Middle East countries, but it is important to those countries that they develop themselves to carve out a new future.

If advanced countries teamed up against the Middle East countries, it would not settle anything for the advanced countries.... the advanced countries must foster a dialogue with each other.

Q: *Isn't it extremely difficult for all advanced countries, which are under different circumstances, to get into step with each other at an economic summit?*

Miki: ... We must tackle this extremely difficult problem in real earnest. French President Giscard d'Estaing often flies to Mexico and the Middle East countries for talks with officials of these oil-producing countries. Japanese leaders should act more positively to seek more oil for their country....