

Stop Fiddling While the Oil Burns, IEA Warns

At a time when some politicians are rejoicing at the recent decline in world oil prices and some pundits are happily predicting that OPEC will come apart at the seams, the International Energy Agency (IEA) has interjected a loud word of warning. The world could face a devastating oil crisis in the late 1980's, the IEA said in a report published on 12 October, and the current oil glut may intensify the crunch.*

Oil prices are likely to slump further in the next few years, according to IEA's projections, largely because of sluggish economic growth in the industrial countries. But by the late 1980's, the world oil market is likely to tighten dramatically. The reason is that OPEC countries will be consuming more of their own oil, demand from industrializing Third World countries will continue to rise, and production is expected to fall in North America, the North Sea, and the Soviet Union. Demand could outstrip supply by up to 4 million barrels a day by 1990 and by 9 to 21 million barrels a day at the turn of the century, IEA says.

"We are all familiar with the argument that... the oil problem has been solved," said IEA executive director Ulf Lantze in a speech in Washington last week. But, he noted, "this solution is hardly satisfactory because poor economic growth has contributed heavily to the reduction in energy demand."

The IEA report warns that the industrial countries could be lulled into a sense of false security by the current oil glut and, in what seems like a slap at the Reagan Administration's free-market philosophy, it argues that overreliance on market forces could make matters worse.

Market prices reflect only short-term supply prospects, the report points out, and thus in the absence of governmental action, falling oil prices in the next few years will "cause both complacency among energy consumers and hesitation among domestic energy producers. The result would be that potential problems foreseen for the late 1980's and early 1990's will not be dealt with in time."

*World Energy Outlook, International Energy Agency, published by OECD, Paris, 1982.

The IEA would like to see its member countries take some strong steps to encourage a shift away from oil and to push energy conservation. Although the report does not spell out these steps in detail, it suggests that tax and pricing policies should be used to augment market forces; argues for building codes, support for public transportation, and fuel efficiency regulations to encourage conservation; and urges the adoption of vigorous government programs to deal with nuclear wastes in order to gain public acceptance for nuclear power. "It will not be possible to reduce dependence on imported oil sufficiently without a substantial contribution from nuclear power," the report says.

"The key issue is whether continuing efficiency gains and substitution of other fuels for oil can be brought about by further development and more effective implementation of energy policies, or whether they will be forced upon industrialized economies by recurrent sharp increases in oil prices at the cost of huge losses in real income and economic growth," the report says.—**Colin Norman**

Ethics Panel Faces the Ax

Congress has dealt the President's Commission for the Study of Ethical Problems in Medicine and Biomedical and Behavioral Research an unexpected setback. The commission, which is due to go out of business on 31 December, had requested an extra 3 months to complete its work. An amendment to that effect was added to a budget bill by the Senate, but it was stripped from the bill by a House-Senate conference committee. Congress then adjourned for the elections without extending the commission's life.

The commission thus faces the prospect of trying to finish six reports by the end of the year, a task greatly complicated by the fact that four new commissioners were appointed in July and some reports are having to be rewritten to accommodate their views.

Congress may give the commission an extension when it returns for a lame-duck session in December, but staff members, given the uncertainty, are already looking for jobs.

—**Colin Norman**

Rattling the Purse at the United Nations

The United States has issued an ultimatum of sorts to members of the International Telecommunication Union (ITU) meeting in Nairobi, Kenya. This technical agency, which operates under the umbrella of the United Nations (UN), threatened to expel Israel for its belligerency. U.S. Secretary of State George Shultz responded with an angry statement, released in Washington on 16 October.

Shultz said that it is wrong in principle to bar any nation from the UN, and he warned that the United States will cancel dues payments and possibly withdraw from agencies that bar Israeli participation. The message was directed at the General Assembly, which plans to vote on Israeli credentials later in October.

Adding substance to his warning, Shultz announced that the United States has decided to postpone paying dues this fall to the International Atomic Energy Agency (IAEA), which expelled Israel from a meeting on 24 September. Led by a coalition of less developed countries, the IAEA revoked Israel's credentials in the final hours of its 26th annual conference in Vienna. When this happened the U.S. delegates walked out. The United States has avoided IAEA meetings ever since and now plans to withhold the \$8.5 million in dues which would otherwise have been paid in early November. Although the United States is only one of 110 members in the IAEA, its contributions (\$33 million a year) are roughly equal to one-fourth of the general operating budget.

A State Department official says that Shultz's decision will have no immediate financial impact on the IAEA. Similarly, dues for the ITU are paid up through January. However, because of the disproportionate size of the American contribution, a continued boycott would be devastating for the UN.

The final outcome, as the State Department official puts it, "is really out of our hands. It all depends," he says, "on what the General Assembly does." While waiting for the vote, the State Department will continue to "re-assess" U.S. participation in the IAEA.—**Eliot Marshall**