Who is John Sawhill?

For the past decade John Crittènden Sawhill has been one of a handful of top zero-growth policymakers in the field of energy. He has written a half dozen major policy documents on energy crisis management, sponsored by the Ford Foundation, the Trilateral Commission and the Aspen Institute.

He has held official federal government posts in the energy field and has been advisor to OPEC and other international bodies. Sawhill has been involved in urban policy through his membership in the Financial Control Board of New York and as a trustee of the Urban Institute in Washington, D.C.

Sawhill's consistent policy perspective for U.S. energy has been one of implementing the neo-Malthusian "limited resource" policy of former DOE Secretary James Schlesinger. In 1975 Sawhill resigned as head of the Federal Energy Administration due to differences with President Ford. Sawhill, as the director of the Project Independence program, was even then lobbying for mandatory conservation, rationing, oil import limits and constraints on consumption.

Sawhill's publications include:

- Ford Foundation-sponsored, "Nuclear Power Issues and Choices"
- Trilateral Commission-sponsored, "Energy—Managing the Transition"
- Ford Foundation-sponsored, "Energy—The Next Twenty Years"

Sawhill's positions in anti-growth energy policy-making bodies include:

- chairman of the Aspen Institute Energy Committee
- governing board member of Common Cause
- trustee for the Committee for Economic Development
- trustee for the Urban Institute
- trustee for the World Peace Foundation

Sawhill is an advisor to OPEC and to Saudi oil Minister Yamani. He was also one of the invited participants at President Carter's round of meetings at Camp David this past summer as a consultant on energy policy. Sawhill himself feels he has been vindicated in his views on conservation and self-imposed austerity since the recent moves of the Carter administration to implement proposals he put forward, beginning in the 1960s.

A 'dialogue' to manage oil crisis

A plan put together in mid-1978 by the former British Energy Minister Anthony Wedgewood Benn and Saudi Arabian Oil Minister Zaki Yamani to launch a producer-consumer "dialogue" is presently being weighed in European and Middle Eastern circles as the probable global form for managing the current oil crisis.

The lead editorial in the London *Sunday Times* headlined, "Act now to avoid world slump" praises "the wise counsel" of Yamani in his efforts to find some "accomodation" to the growing conflict between the producing nations and their industrialized oil customers.

According to the Benn-Yamani scheme, the two blocs would negotiate a planned schedule of OPEC price hikes and an accompanying schedule of oil output (production-programming) based on projections of demand by the industrial world. The fact that the scheme is now being promoted is no coincidence since its success can only be ensured under the kind of international crisis environment which has been created by the recent seizure of the U.S. embassy in Teheram by the Muslim Brotherhood.

The CFR connection

The same notion of producer-consumer cooperation appears in the volume entitled "Oil Politics in the 1980s" which was part of the just released *1980s Project* released by the Council on Foreign Relations (CFR) under Cyrus Vance's direction. That volume concludes that the "controlled disintegration" of the world oil markets will force a series of unpleasant tradeoffs between the oil producers and consumers, the end goal of which, says the CFR, is the creation of a "multinational regime" to manage the world economy. At present, the world oil markets are in fact undergoing the kind of chaos which the report states is a precondition for a global deal on energy, which will leave the multinational oil companies in control of world energy.

At the time of the writing of the "Oil Politics in the 1980s" volume, Yamani began a series of meetings with Wedgewood Benn to establish a Long Range Planning Committee within the cartel. This committee, as the London *Petroleum Economist* noted in February of this year, would serve as the catalyst within OPEC for initiating the producer-consumer talks. In July of 1978 in London, Yamani inaugurated the commitee, with Benn despite his country's not being a member of OPEC. Since then Britain and Norway have attempted to get a dialogue of oil producers going as a precondition for the producer-consumer meeting.

Prices up, production down

As the warnings this week from Energy Undersecretary John Sawhill indicate, the OPEC nations will probably enact a policy of higher prices for oil and lower production levels. This week, the United Arab Emirates (UAE) was the first of the 13 cartel members to announce it would drop its oil output. Abu Dhabi, the dominant Khomeini-influenced state in the UAE federation, will cut its onshore production by 13 percent starting in 1980. According to the London *Daily Telegraph*, Nov. 20, Kuwait is expected to follow suit with a whopping 25 percent drop in output to 1.5 million barrels a day (mbd) down from its current 2 mbd.

A number of Persian Gulf producers had geared up production to above average levels to compensate for Iran's reduced output. Kuwait was one such country. Another was Saudi Arabia which for most of the year has been producing 9.5 mbd or 1 mbd over its official production ceiling. Last week Yamani threw cold water on any hopes that his country would turn on the spigots up to 10.5 mbd which had been a source of speculation. A spokesman for the Saudi government stated bluntly that the oil giant would not further increase output. The oil minister of Qatar, Abdul Aziz Bin Khalifa, too, followed the Saudi lead stating that Qatar would not up production in 1980.

The intention on the part of the oil producers to decrease their average 32 mbd output, is seen by New York oil analysts as an effort to tighten supply on world markets and make the next oil price increase stick. Sources both inside and outside of the cartel are confident that the pricing ceiling for OPEC oil will be pushed up to $30 a barrel from its current $23.50 level. The policy of higher prices for oil and reduced output is the stated policy of the Iranian Foreign Minister Abolhassan Bani-Sadr, who has been the dominant figure in the Revolutionary Council since the seizure of the embassy. Bani-Sadr's threat to stop receiving dollars as a means of oil payments has already begun to stir the more militant elements in the cartel into calling for various provocative actions against the U.S. which could bring down the world economy. Libya last week called on the Arab Foreign Ministers at a summit in Tunis to engage in retaliative measures against the U.S. for freezing Iranian assets, and Iraq this week has called for an oil embargo against "the friends of Israel."

Moreover, the Iranian government has created confusion in a number of Western capitals with its series of memos to oil companies stating that from now on all oil payments must be made through banks other than American banks.

Where Iran's Oil Goes

	Total (barrels per day)	% of Iran's Output
United States	771,000	15
Western Europe	2,053,000	39
W. Germany	347,000	
Netherlands	325,000	
Italy	294,000	
France	209,000	
Britain	185,000	
Spain	173,000	
Other	520,000	
Japan	852,000	16
Domestic Consumption (and unspecified exports)	1,459,000	28
Canada	110,000	2

This estimate is based on a 1978 CIA report. It accounts for prerevolution oil exports which were approximately 2 million barrels a day higher than today. The ratio of distribution is roughly the same.

The imposition of an embargo on all U.S. oil companies last week by the Khomeini regime has only further contributed to the chaos on world oil markets. According to an oil analyst in New York, "President Carter did not anticipate that his announced refusal to accept Iranian oil would prompt an embargo against all U.S. takers. Carter thought the U.S. companies could buy the Iranian crude and then trade it for other crude and ship it home. Now the U.S. companies are going to be at a disadvantage. Watch Royal Dutch Shell and BP now. This Iranian move strengthened their position on world markets."

Japan has been put in a "difficult situation" thanks to Iran, said a Japanese trading source. After Teheran announced the embargo against the U.S. it turned around and offered 70,000 barrels of oil to Japan but at the astronomical price of $45 a barrel.

The Japanese are reportedly consulting with the U.S. on this matter since Washington was urging its allies not to buy Iranian oil at these high prices, as a means of retaliation. However, Japan has found itself short of imported crude following the overthrow of the Shah earlier this year and has depended upon its long terms contracts with Iran which presently amount to about 450,000 barrels a day.

—*Judith Wyer*