President Carter's latest effort to achieve an Israeli-Egyptian agreement and extend the arm of NATO into the Middle East, an effort which will provoke war, not stop it, is seen as "good for the dollar." The contrary is clearly the case: if the EMS does not succeed in establishing a new detente with the Soviet Union and Carter proceeds on a confrontation course in the Middle East, gold is going through the roof!

Interestingly, the Soviet Union has reportedly been selling moderate amounts of gold on the Swiss market during the last two weeks, after being out of the market since October. Perhaps the Soviets are anticipating European efforts to stabilize the price as part of launching the EMS.

—Alice Shepard

Financial Times Feb. 19 computer industry survey suggested that Japan will accept a sort of gentleman's agreement with IBM to hold a slowly growing share of the Western computer market. Japanese concessions on the NTT market probably would be a signal of such an agreement.

But Japanese manufacturers see the extraordinary drive for vertical integration of the communications/data processing industry in the U.S., and they know that IBM is threatening to develop machines that are not plug-compatible with their own equipment.

American electronics companies know in turn how the Japanese deal. They let loose with a full package of top technology, full-scale production facilities, and a highpowered sales and service capacity. The question is which markets they will target.

—Leif Johnson

BRITAIN

Back to the Coal Age? North Sea oil hopes fade

The euphoric claims of the British Government and press that the UK could easily weather the effects of an oil shortage or an OPEC price increase because of its much-touted North Sea oil reserves are proving premature. Contrary to earlier reports, latest forecasts from the British government's own Energy Department and corroborating reports from the British National Oil Corporation (BNOC) reveal that the build-up of Britain's North Sea oil production towards self-sufficiency is nearly a year behind schedule.

Revised estimates of the country's domestic oil reserves now being prepared by government departments show that Britain will be lucky if it becomes self-sufficient in oil by the end of next year rather than by the beginning of 1980, as jubilantly forecast last spring. According to the London *Guardian*'s energy correspondent, government estimates have been "consistently over-optimistic about the increase in oil production in past years." Based on a short-lived boom in oil production during 1978, energy officials were talking about self-sufficiency arriving in mid-1980. The somewhat more sober estimates now being prepared are premised on the assumption that energy self-sufficiency will arrive "only by 1981" — if at all.

Lord Kearton, the chairman of the British National Oil Company, highlighted some of the problems in a speech last week. Apart from unforseen technical difficulties in the oil fields, the biggest problem in 1979 will be the effects of a two month-old strike by nearly 4000 offshore construction workers who install equipment on the production platforms. By the time the strike is settled, the oil companies expect to have lost nearly four month's construction time.

Oil production from the North Sea is now running at about 1.3 million barrels a day — about two thirds of Britain's needs, but the rate of increased production is dropping off as the oil companies develop more complex fields.

Coal Now, Peat Next?

At last week's meeting of the International Energy Agency in Paris, UK Energy Secretary Anthony Wedgwood Benn attempted to set an example for self-contraction by pledging that Britain will make a 4 percent cut in oil use, and turn back to coal as a primary energy source. Benn wants UK power stations to burn an extra 5.5 million tons of coal per year to save 2.5 million tons of oil. The nationalized Central Electricity Board has already stepped up coal consumption to 74.5 million tons this fiscal year. The Daily Telegraph reports that the government will spend $35 million to subsidize Benn's further increment. Whether industry will be asked to burn the low-grade coal China is expected to export in payment for PRC-UK trade deals, or whether the government will promote its reexportation, remains uncertain.

—Marla Minnicino