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THE ENERGY CRISIS

Part II

Of all the alleged, rumored and whispered explanations, the most outrageous one blames the energy crisis on its foremost victim: the oil industry.

Resorting to the methods of the John Birch Society, the liberals are spreading the notion that the crisis was caused by a conspiracy - that the big oil companies conspired to raise the price of oil, in greedy pursuit of selfish profit. This technique appeals to (or hopes for) three elements in the public's psychology: paranoid fear, which makes "conspiracy" plausible; envy, which sees "greed" as the root of any achievement; and altruism, which damns anyone who profits. But, this time, the rabble-rousing slogans launched by the demagogues of the turn of the century, are directed at an industry chained by the government.

At first, the attack on the oil industry came as a hissing whisper from the kinds of totalitarian statist who would blame anything on businessmen, by conditioned reflex. But, encountering no moral opposition or indignation, the attack grew louder and bolder. Among the liberals or "moderate" statist, the initial response to the crisis was only an automatically immediate demand for rationing - as if rationing, like snake oil, were the cure for anything and everything. Then, as it became clear that the crisis was a gigantic, government-caused breakdown of the mixed economy, the "moderates" joined the totalitarians, blaming the oil industry, demanding more controls, scrambling to cash in on the emergency, and revealing their own motives.

A typical exponent of the liberal "stance" is Walter W. Heller, who was chairman of the Presidential Council of Economic Advisers in the Kennedy and Johnson Administrations. At a news conference reported in The New York Times (December 28, 1973), Mr. Heller warned that, in consequence of the energy shortage, "the United States was in for a 'fairly profound change' in its way of life" - and he endorsed the government's contingency plan for gasoline rationing. "He had earlier called for immediate rationing; but, he said today, his original recommendation had been based on Government estimates of a 3.2 million-barrel-a-day fuel shortfall in early 1974. Washington officials now speak instead of a 1.2 million-barrel supply gap. Mr. Heller said that 'we don't want rationing just for the discipline of it; but we ought to at least hedge our bets.'" (Emphasis added.)

Observe with what irresponsible ease a former economic planner jumps at the opportunity to paralyze the economy and deprive you of freedom - without even pausing to ascertain the facts. As to the notion that a government decree brings "discipline" to the people, what political system(s) does it remind you of?

"The Government's newly proposed excise tax on crude production, said Mr. Heller,

'is a very deceptive kind of proposal and relatively weak-kneed.' It would give most of the benefits of a price increase to the companies, not to the Government, Mr. Heller said." A weak-kneed government, according to Mr. Heller, is one that leaves benefits in the pockets of the producers who earned them; a strong government, like a gangster, would have the guts to grab all the benefits for itself - in the name of fighting "hoggishness" (a term Mr. Heller applies to the American people, referring to "their energy hoggish ways").

Mr. Heller is an economist, publicized as an expert; if you assume that he must have some serious, scientific reasons for his pronouncements, the following should disabuse you: "Instead [of the weak-kneed proposal], he proposed a 10-cent excise tax on gasoline at the pump, with the revenues used to help the poor."

At a time when, after years of inadequate profits, the oil industry is financially unable to develop new sources of energy - when the airlines are cutting their schedules and laying off one of the most competent, most highly trained groups of men, the men able daily to carry a life-or-death responsibility, the airplane pilots, who can find no other work - when gas-station operators, truckers, taxi drivers, home builders suddenly find their means of livelihood slashed off - when automobile companies are tottering, and utility companies are cringing under an axe, and thousands upon thousands of skilled workers are losing their jobs, and inflation is eating away the wages of the rest - if, at such a time, a man wants to raise taxes and prices in order "to help the poor," he is not motivated by compassion. It is only the unchallenged obscenity of altruism that can blind anyone to the nature of his motive and of the "profound change" in the American way of life he is so eager to bring about.

In startling contrast to most of the oil industry's timid, floundering attempts at self-defense, a letter to the Editor of the Times tells the story straight (January 9, 1974). It was written by Anthony F. Mauriello, Executive Director, New York State Petroleum Council. "...it has been the Government which - more than any other agent - has been the cause of the energy shortfall Americans are now experiencing. The Government has repeatedly and consistently hobbled, in every conceivable way, the petroleum industry's efforts to explore for and produce the oil and gas this nation - and its citizens - need for economic, military and political security. And, having effectively hobbled the industry, voices are now raised in ever-increasing stridency, crying, 'See, they're not drilling. It must be a conspiracy! Let's take them over.'

"But it is not the petroleum industry that has:

"For more than half a decade delayed plans to build a pipeline to bring the approximately ten billion barrels of North Slope oil discoveries south through Alaska for transshipment to refineries.

"Delayed lease sales of Federal offshore tracts...

"Refused, despite frequent industry assertions of the pressing need, to establish sound national energy policies, policies recognizing the essentiality of energy production.

"Imposed a fuel penalty of some 380,000 barrels a day (at 42 gallons to the barrel) of gasoline, 365 days a year, through emission controls on automobiles, while hampering the search for replacement crude oil reserves.

"Raised the industry's tax burden by more than \$500 million a year - roughly the cost of drilling 5,000 oil and gas wells - in the face of an obvious need to increase, not decrease, drilling operations.

"Imposed - for more than two decades - artificially low prices on natural gas sold in interstate commerce, an act which drove investment interest from new field exploration and development.

"Anyone wishing to know the facts has but to look at the public record - to Congressional and agency actions (or, in many cases, inactions)..."

If there were a crusader, in or out of Congress, a man dedicated to seeking the truth, this last is what he would demand and undertake. He would demand a public inquiry - a televised Congressional hearing - into the role of the government in the events that led to the energy crisis, including the actions of all the governmental agencies involved, with all their policy makers, advisers, economists, recommendations and reasons.

Who cares about Watergate and about which politicians were spying on one another? Who cares whether Mr. Nixon filed proper income tax returns, whether he was entitled to landscape gardening at San Clemente, whether \$100,000 was stashed in Bebe Rebozo's safe? What does it matter compared to the catastrophe facing the livelihood, the lifeblood, and the life of the country? What did the equivalents of John W. Dean and Jeb Stuart Magruder do to bring about this catastrophe? Who was responsible - the businessmen or the bureaucrats? Who is to be punished (by heavier chains) or rewarded (by greater power)? Which element in the mixture of our crashing economy should now be liberated or restricted? These are the things the American people have the right to know - if that empty slogan is to have any meaning.

If some ambitious politician wanted to make a name for himself, a public hearing of that kind would be his passport to immortality. But there is no such person today, and no such courage. The exact opposite is being done - by an ambitious politician. I regret that it is Senator Henry M. Jackson. I had held some hope that he would develop into a man of stature, on the basis of his stand on foreign policy. But his activity on the domestic front has wiped it out. He is engaged - openly and brazenly - in an ideological cover-up that makes Watergate look like a two-bit prank.

By the mere fact of leading a Congressional investigation focused one-sidedly on the oil industry, he is covering up the role of government and proclaiming the industry guilty, guilty ahead of inquiry, guilty by nature - he is exposing or accomplishing nothing, but he is lynching the usual scapegoat and throwing fodder to the rabble who would howl (he hopes): "It's all the fault of big business!"

This is low enough, but it is not the lowest. The lowest public posture in regard to the energy crisis was assumed by another leader. With uncanny, unfailing regularity, whenever an issue requires a moral stand, Mr. Richard Nixon falls flat on his face.

On January 19, 1974, Mr. Nixon delivered a nationwide radio address on the energy situation. No, he did not say that the oil industry was responsible for the crisis; what he did, instead, was as follows: after an opening of perfunctory bromides - about the success of energy conservation measures, such as year-round daylight-saving time, and the federal government cutting its energy consumption by 20 percent, and these steps proving the government's determination "to meet the problem head-on" - Mr. Nixon came to life, which, in his style, means a tensely emphatic tone of gentle fist-pounding, and declared: "Now let me turn directly to the tough questions which are now being asked by millions of concerned Americans. First, will the big oil companies be allowed to make huge profits from the shortage? Will they reap the benefits of your personal sacrifices? My feelings on this question could not be stronger. The sacrifices made by the American people in the energy crisis must be for the benefit of all the people and not for the benefit of big business."

Is this the first question in the minds of millions of Americans? Not the question of whether their jobs, homes, cars, savings, and standard of living will survive - but whether the big oil companies will make "huge profits"? Are "concerned Americans" concerned not about rising, but about making sure that everybody falls? Is envy the dominant emotion of the American people, and hatred of "big business" their driving motive? If so, why the landslide vote for Mr. Nixon? Mr. McGovern appealed to such feelings much more convincingly.

"Your sacrifices," Mr. Nixon went on, "must mean that jobs can be preserved, that schools can stay open, that homes will be heated. They must not mean that a few get rich at the expense and sacrifice of the many." As an alleged defender of free enterprise, Mr. Nixon should know that businessmen cannot get rich at the expense and sacrifice of the people - that there is only one group of men who can do so: the bureaucrats of a controlled economy (and the recipients of their favors) - that if jobs, schools and homes are to be preserved, it is their creator, industry, that must be preserved. If he does not know it, under what false pretenses has he won two Presidential elections?

"I pledge to you," Mr. Nixon declared, "that I shall do everything in my power to prevent the big oil companies and other major energy producers from making an unconscionable profit out of this crisis. Too many Americans have sacrificed too much to allow that to happen. That is why I shall urge the Congress...to act immediately on the windfall profits tax that I requested last month. This tax would require that windfall profits either be turned over to the Government or be invested in the development of new supplies, supplies that will be vitally needed in the years ahead. [What does Mr. Nixon think - or want us to think - that oil companies do with their profits?] Private profiteering at the expense of public sacrifice must never be tolerated in a free country." But public profiteering at the expense of private sacrifice is okay?

Mr. Nixon went right on: "Another question many people are asking, to put it bluntly, is whether there is really an energy shortage at all. If so, how serious is it? I am just as interested as you are in getting at the truth in this matter." (As interested as he was in "getting at the truth" of Watergate?) The President of a mixed economy cannot know every detail of the operations of his regulatory agencies; but he is the policy maker and he has to know, in general terms, the state of every aspect of the economy they meddle with; at the very least, he has to know whether a crucial industry is approaching disaster. But Mr. Nixon did not know it. If so, in whose name and by what authority have all those government regulators been choking the oil industry all these years?

Philosophical issues cannot be determined by legislation and, properly, are not part of impeachment proceedings. If they were, it is for this speech - not for Watergate - that Mr. Nixon would deserve to be impeached.

Part of Mr. Nixon's just deserts came almost immediately - in the form of a frenzied editorial in the Times (January 21, 1974). Denouncing Mr. Nixon's tax proposals as "window dressing," the editorial screamed: "Quite apart from the Administration's determination to label this a windfall-profits tax for public relations reasons [Whose public? McGovern's?], it is a mere slap on the wrist to the oil industry....the oil companies would almost certainly figure out ways of recapturing the bulk of those 'windfall' tax payments by increasing their drilling operations and capital expenditures..."

At a time when the nation needs the oil industry desperately, the Times does not want the industry to be merely slapped on the wrist - it wants it to be battered black-and-blue. You know which work of fiction told you that the altruists' method

of dealing with mankind consists in unleashing hatred, insults, threats, punishment and martyrdom on those whom men need most. Here is a real-life example of it. The Times editorial was not concerned with the energy crisis; it was not concerned with an increase in drilling operations, if the oil industry were to profit; its sole concern was with drumming up an opportunity to tax, tax, tax businessmen out of existence.

(Actually, Mr. Nixon's proposal would not benefit the oil industry. It is merely an attempt to sneak the government's claws deeper into the oil industry's investment policies and to gain control of the disposal of its profits.)

The behavior of most oil industry executives - as displayed on television and in full-page ads - projects a childish, hopeless, impotent bewilderment. Those allegedly powerful tycoons, the heads of multi-billion-dollar corporations - who have always been contemptuous of ideas, preferring to be "practical" - now find themselves helplessly at the mercy of any committee, any tabloid journalist, leftist disk jockey, or statist ward heeler. For years, businessmen have shunned ideological battles, believing that it is safer and easier to deal with politicians than with political principles - i.e., easier to pay off the protection racket of sundry government officials than to defend capitalism. They are now facing the consequences.

The Wall Street Journal typifies most businessmen's intellectual policy. In a front-page article - eloquently entitled "Sticks and Stones..." - the Journal tried to reassure the oil industry about the future (January 25, 1974). The article did not discuss political issues, ideas, principles or even facts; it discussed men. It suggested that the industry may, perhaps, stave off some totally destructive legislation "with help from strategically placed congressional allies and from a fairly friendly Nixon administration." In the manner of poor relatives speculating about the intentions of their rich benefactor, the article searched for hopeful signs among the opinions of various political authorities. For instance: "'You don't really think Wilbur Mills and Russell Long are going to castrate the oil industry, do you?' asks one lawmaker..."

After a column-and-a-half of this sort of stuff - including a hopeful mention of the fact that one of Ralph Nader's lieutenants is not very optimistic about a real crackdown on the oil industry - the article concluded as follows: "This isn't to say the administration won't take some steps designed to displease the petroleum people. ...However, in the key areas of taxation, antitrust policy and regulatory requirements, the administration's position and the oil industry's remain very similar. This is a genuine concern to some high-ranking officials of an administration already tarred by the Watergate scandals. 'Our biggest problem is to do what's right and not look like we're in bed with the oil companies,' says a high official in the Federal Energy Office. 'I'm not sure how long we'll be able to walk that tightrope.'"

The American people are not anti-business, particularly not today. To the best of their knowledge (however inadequate), the majority are in favor of free enterprise. But if they hear business defenders such as The Wall Street Journal, and if such "conservative" leaders as President Nixon and Senator Jackson keep telling them that the businessmen's pursuit of profits is the cause of all our troubles, do not blame the people if they come to believe it. If they do, it will not be Ralph Nader or The New York Times that will have persuaded them.

(The statist, so far, have not found a way to blame businessmen for the disgraceful foreign policy of this country and of Western Europe - a policy of international altruism, dictated by liberals for over fifty years, which has brought the entire Western world to the position of a colony ruled by Arab sheiks.)

As to the solution of the oil crisis, I asked Alan Greenspan, the distinguished

economic analyst, what would happen if the government lifted all taxes and controls from the oil industry and signed a (credible) contract to the effect that no new ones would be imposed for, say, ten years. He laughed and said: "We would have oil spurt-
ing from under our feet."

As things stand today, the country's most urgent need is to observe who has been profiteering on every public disaster. The remedy offered for the scandal of Watergate, a scandal perpetrated by politicians, is more power to the politicians: the power to finance and control elections. The remedy offered for the oil shortage, caused by politicians, is more power to the politicians: the power to expropriate the oil industry. Those who observe it, will realize that the demagogues' spook of "financial greed as the root of all evil" is a cover to deflect attention from a real and deadly motive: power-lust.

Why do people fail to observe it? Because the oil crisis is merely a large-scale symptom of a much more profound disaster: a crisis of intellectual energy. The filling stations of the universities have dried up long ago and have been peddling a stale, corrosive mix that paralyzes the brains of the nation. If you want to fight pollution, start with the philosophy departments; and if you want to re-fuel - well, look for new sources of energy.

Ayn Rand

P.S. This Letter was written later than the date that appears on its heading.

OBJECTIVIST CALENDAR

On Wednesday, March 6, Ayn Rand will address the graduating class of the United States Military Academy at West Point. Her subject: "Philosophy: Who Needs It." The lecture is not open to the public.

The following starting dates have been scheduled for the tape lectures of Dr. Leonard Peikoff's course, Introduction to Logic: Boston, March 1 (contact Frank Peseckis, 617-261-2491, eves.); Washington, D.C., March 6 (Wayne Martin, 301-552-3856, eves.); Minneapolis, March 6 (Jane Kettleson, 612-777-0391, eves.); Cleveland, March 10 (Lesley Dunn, 216-423-3147, eves.); Nuernberg, West Germany, March 12 (Gerald Salchert, Elsa-Brandstroemstr. 6, Nuernberg; phone: 0911-61-31-89, eves.).

We have been asked to announce that reproductions of paintings and drawings by Joan Mitchell Blumenthal, José Manuel Capuletti, Frank O'Connor and Ilona Royce Smithkin, are available from Sures Art Enterprises, Ltd. For descriptive brochures, write to SAE, Ltd., P.O. Box 207, Silver Spring, Md. 20907.

B.W.