

## Carter's Energy Fascism

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Several months into his new administration, President Carter was worried. Oh, his image with the public was doing just fine: the cardigan sweater, the phone-ins, the fireside chats, had raised his personal popularity to stratospheric heights. Image is all well and good; but where the hell was his power, which after all is the point of the whole business of politics?

Things were going badly in Congress. Curiously enough, the usual six-months honeymoon with Congress had evaporated even before the inauguration. Labor was feisty; women and blacks were complaining; businessmen were suspicious; and a powerful new right wing, formed out of the menacing interface of right-wing social democrats and liberal conservatives, had managed to force the withdrawal of Ted Sorensen as head of the CIA and had pushed Paul Warnke into backtracking on his propeace position in order to gain the appointment of SALT talks negotiator. Carter's SALT proposals had collapsed; and he was looking foolish for withdrawing his cherished if substantively meaningless proposal for a \$50 tax rebate for every American. How was he going to get power, and how was he to establish himself as a forceful, commanding president?



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Carter discovered his proposed route to power: his energy scheme. As Hedrick Smith reported in the *New York Times* (April 21), President Carter "had chosen energy as the issue on which to test and build his Presidential leadership."

Smith went on that it is generally held in Washington that "much of Mr. Carter's ultimate authority as President and much of the effectiveness of his Administration would ultimately ride on whether he succeeded in enacting" his energy plan. What the State, what every would-be tyrant wants, of course, is war. War, especially a war that the State is in no danger of losing, provides the perfect milieu for all power to redound to the State, for siphoning wealth from private into governmental hands, for *making the bastards obey*. War, as Randolph Bourne so perceptively pointed out a half-century ago, "is the health of the State."

For, generally, in their private lives, people wish only to go about their business in freedom, to be left alone with the money they have earned to run their lives as they see fit. Throughout history, governments and their rulers have sought to pull the wool over the eyes of their subjects, to make them like, or at least be resigned to, the oppression and exploitation they suffer at the hands of the State. And War has always been the open sesame to this end: the specter of the enemy at the gates makes the public yield to the eternal plea of their State masters for *discipline* and *sacrifice*. The plea for sacrifice is always the harbinger of the despot. Few people stop to ponder this fact: in every sacrifice, of life and freedom and property, there is always a set of people to *whom* the sacrifices are made. In the old days of superstition, the beneficiaries of sacrifice were the gods, and their priestly interpreters on earth; in the new days of "reason," the beneficiaries are the State.

But war in this nuclear age is dangerous, and, as Vietnam and Angola have clearly shown, the United States can no longer blithely assume that God has always ordained it to emerge the victor. And so the Carter administration looked frankly for the "moral equivalent of war" — the peacetime substitute for war hysteria and war despotism, for the zeal for sacrifice.

President Franklin D. Roosevelt, frankly searching for the peacetime equivalent of a war society and war economy, found it in the Great Depression — and later found it still more starkly in World War II itself. Carter's energy address to the nation on April 18 disclosed his objective frankly and revealingly:

Our decision about energy will test the character of the American people and the ability of the President

and the Congress to govern this nation. This difficult effort will be the "moral equivalent of war" — except that we will be uniting our efforts to build and not to destroy. (*New York Times*, April 19)

As the draftsman of his route to power, Jimmy Carter found the ideal candidate as his energy czar — the very man who supplied him with the phrase "the moral equivalent of war" — former Secretary of Defense James Schlesinger, a Republican and liberal conservative beloved by the new rightist coalition for his pro-interventionist foreign policy. That this veteran symbol of the military-intellectual complex was all too ready is seen in Schlesinger's interview with a fawning *Time* magazine, in one of Carter's numerous public-relations devices to soften up and prepare the American people. Schlesinger, not unhappily, declared that America faces "constraint, curtailment." Schlesinger added, in the veteran tones of the tyrant, "That is uncomfortable. Everybody will have to make some kind of sacrifice."

Most revealingly, *Time* added,

But even more than that, Schlesinger views the energy crisis as a blessing in disguise, a beneficial testing of the nation's spirit and ability to cope. In his estimation, the crisis, if handled properly, will provide the opportunity for the American people to recapture the old virtues of sacrifice and a sense of shared destiny. (*Time*, April 25)



In short, we are to obey *their* orders, and we are to sacrifice — to *them*. For, make no mistake: despite the collectivist rhetoric of "we," we can rest assured that Carter, Schlesinger, and the rest are not going to do any of the "sacrificing"; that's the job of the *rest of us*, while *they* applaud our willingness to suffer. Of course, the one problem that Carter & Company may have is that many of us don't *like* to make sacrifices; and so there must also come the warning that we must forget our petty, narrow, individual "selfish" interests in the rush to the common good. And sure enough, there is the warning in Carter's April 18 energy address: "We [the collective, obfuscating 'we' again] must not be selfish or timid...."

All this was neatly calculated to appeal to the nation's intellectuals, liberals and conservatives alike, especially the well-fed in the seats of power, who are ever quick to call upon the American people to make sacrifices. Nowhere was this masochism-for-the-other-guy better expressed than in the column of *everybody's* favorite liberal conservative, George F. Will. Moving inexorably toward his Pulitzer Prize for thoughtful political commentary, Will entitled his energy piece without apparent shame — "Hit Us Hard, Please, Mr. Carter" (*Newsweek*, April 18). Jimmy, of course, proved happy to oblige. In true conservative spirit, Will called upon the American people to be "mature" by curbing their "appetites" and suppressing two of their "cherished" values: "comfort and convenience."

There is nothing that makes a conservative swell more with moral righteousness than calling upon everyone else to abandon their appetites and their comfort. The "us" that Will wants to be hit hard by the government is, one must repeat, a convenient collective word that obscures exactly *who* is doing the hitting (Carter, Schlesinger, Will et al.) and *who* are being hit (you, me, and the rest of the American public outside the seats of power).

And so Carter found energy as the moral equivalent of war. But where was the enemy? One reason why the State loves wars is that the enemy is tangible, visible, and easy to hate: the goose-stepping German, the grinning little Jap, the atheistic commie. At least, in the alleged energy crisis of 1973, we had the much-reviled Arab to hate. But where was the enemy now? Still more important, how were Carter et al. going to prove that a crisis existed *at all*?

It was a toughie, but the Carter administration proved equal to the task. The means was a carefully and massively orchestrated propaganda campaign, to pull another FDR, to use the smile-cardigan-phone-in image and Carter's numerous flunkies in the media to light a fire under the American people, to use the public as a bludgeon against a possibly reluctant Congress. As columnist Joseph Kraft admirably writes of the process, it was a "hard-sell" campaign using the press, TV addresses and press conferences, Congressional briefings, and "mass leaks" to the media (*New York Post*, April 18). As Kraft points out, this hard-sell was made necessary by the fact that the old 1973 "energy crisis," made visible by a massive shortage of gasoline, disappeared as soon as the price of gas was allowed to rise to its market level, which meant that "most of us drifted back to business as usual." (And why not?) Carter therefore had "to dispel the comfortable notion that the crisis is a cooked-up con job." He must, in Kraft's words, "generate a sense of urgency."

## Is There a "Shortage"?

Is there an "energy shortage," and are Carter's draconian measures necessary to alleviate it? Here, we must point to a vital distinction that lies at the heart of economic science: between "scarcity" and a "shortage." Not only are all forms of energy *scarce*, but *all* goods and services, without exception, are scarce as well. That is, people could always use more of them if available. We have always lived in a world of scarcity for all goods, and we always will, short of the Garden of Eden; economic development over the centuries has consisted in making goods relatively *less* scarce than heretofore.

The test of whether or not any good or service is scarce is very simple: is its price greater than zero? If it is, then it is scarce. Happily, air is not scarce, and so its price on the market is zero (although this is not true of *conditioned* air.)

Everything else is scarce. How, then, are these universally scarce supplies to be allocated, to be "rationed"? In the free market, such "rationing" is done, smoothly and harmoniously, by the free price system. The price of any good on the market equates its available supply with the demand for it — with the amount that consumers are willing to purchase at the market price. The free market smoothly adjusts to differences in relative scarcity. Suppose, for example, that a frost kills much of the orange crop, and the supply of oranges on the market is reduced. The free market price then rises to equate supply and demand. There is no need for anyone, least of all government, to order everyone to "conserve" their purchases of oranges because supply has been reduced.

Each individual does whatever "conserving," whatever belt-tightening of oranges, that he wishes in accordance with his own values and preferences. If he is an orange enthusiast, he

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will buy only a bit less or as many oranges as before; but if he is only marginally interested in oranges, he will buy far less, and perhaps shift to grapefruit. The opposite will happen when the orange crop increases, as prices fall to equate supply and demand, and different individuals will vary in the greater number of oranges that they will buy. There will be no need for anyone to issue orders commanding a loosening of the belt. The smooth working of market prices means something else. It means that, regardless of how scarce a product might be, *there will never be any "shortage" of the product*, that is, there will never be a situation where buyers will not be able to *find* the product at the market price. There can never be a shortage of any product on the free market, of energy or of anything else.

But we all know that shortages of goods *have* arisen. How, then, could such a thing happen? Simply, shortages *always* appear if the free market is prevented from working, in particular, if the coercive agency of government forces prices *below* the free-market price. If government orders the price of anything below the free-market price, the quantity people wish to buy will exceed the quantity available, and the goods will become hard to find. The bigger the gap between controlled price and free-market price, the bigger the shortage. Thus, shortages are anywhere and everywhere creatures of government; government can achieve as much of a shortage of anything as it wishes.

Suppose, for example, that the government in its wisdom should suddenly decree that the price of new Cadillacs cannot be more than \$200 per car. The consequence is predictable; a rush would be on at the automobile showrooms, and very quickly a grave "Cadillac shortage" would develop, a shortage that would be permanent until the price control is removed. Why should the government do such a kooky thing? For many reasons. One announced reason might be the egalitarian one that "everyone deserves a new Cadillac."

When a shortage of a good is created by government price control, several things happen. First, the price system is prevented from performing its rationing function; therefore, *something* must take its place. Usually, it will be the government, the creator of the shortage in the first place, which will step in with a great parade of righteousness to announce that free enterprise has failed in this instance, and that *it* must step in to assure fair shares for all. In short, the government sets up compulsory allocations, a compulsory divvying up of the short supply. Despotism arrives, as the belt-tightening is no longer left to the preferences of each individual; all must suffer alike in a meat-axe approach, in the name of "fairness." Tyranny over the public has replaced individual freedom and choice. And, to make matters still worse, a second thing happens: the supply produced on the market dries up (who will make new Cadillacs to sell for \$200?) after which the government will try to increase supply by further compulsion.

All the hysterical projections by energy technocrats of imminent or future energy shortages, from the Club of Rome to the Carter administration, overlook a crucial point: the workings of the free price system. "Demands" and "supplies" are projected without taking the automatic conserving or rationing, as well as the production incentive, functions of free prices into account. Thus, if the market perceives a future shortage of, say, copper, copper prices will rise, thus inducing individual copper buyers to "conserve" their own copper purchases sufficient to equate supply and demand, while the higher copper prices give greater incentives for producers to go out and look for more copper mines to increase future supply. Predictions of the imminent disappearance of oil by technocrats have literally abounded since the very beginning of the oil industry. Oil was supposed to disappear by 1900. But the automatic conserving and incentive workings of the price system have repeatedly given the lie to these absurd projections.



President Carter encourages conservation during a "fireside chat."

## Carter's Energy Package

Carter's energy package, as announced on April 20 after all the preliminary hoopla and fanfare would fasten a full-fledged energy despotism upon the country. It would substitute government for the market across the board.

First, the Carter package will intensify the shortage of natural gas already created by the federal government. For over twenty years, the Federal Power Commission has been holding the price of natural gas below the free-market price, a gap that has increased with inflation, and that has succeeded in stifling the incentive to discover new sources of natural gas. In particular, since FPC regulations have applied to interstate rather than intrastate shipments, natural gas has become increasingly short in states outside of such producing areas as Texas. Recently, market prices within Texas for natural gas have been about \$2 per thousand cubic feet, while the FPC has held the price down to \$1.42 for shipments outside of Texas. In its wisdom, the Carter energy package proposes a meaningless price rise of interstate gas to \$1.75 while it imposes a new controlled price intrastate of \$1.75. In short, maximum price controls on natural gas are to be intensified rather than relieved, and the natural gas shortage created by government *will become worse*.

On gasoline, the Carter package decides arbitrarily to order a reduction in consumption of 10 percent. As one way of achieving this goal, federal gasoline taxes are to increase, even up to 50 cents a gallon. Here, the Carter plan dimly recognized the rationing function of higher prices, but there is a huge difference between this plan and allowing a rise of free-market prices. For first, the tax and price rise is wholly arbitrary, whereas free-market increases would be geared to actual scarcities of present and future supply. And, second, there is no incentive for any increase in supply, since higher prices will result not in higher profits but in higher taxes. Not higher profits because, as Carter said in his April 20 energy speech, "we do not want to give producers windfall profits." Higher taxes, of course, mean more federal bureaucracy, more redistribution of income and wealth, more socialization of the American economy, more siphoning of income and capital from the private to the governmental sector.

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But much of the control of energy consumption will be through despotic orders, through compulsory "rationing" by government, and not simply by higher prices driven up by taxes. "Gas-guzzling" cars are to be especially taxed, insulation will be subsidized or mandated, "efficiency" will be required, etc. New boilers in industry will be prevented from burning natural gas or oil; instead coal will have to be used; and existing coal-burning boilers will be prohibited from shifting from coal to oil or gas. Prohibited, that is, without special permits from the federal bureaucracy.

As for crude oil prices, price controls will continue too at the same levels, for, in the words of the White House energy fact sheet (*New York Times*, April 21), "The President is committed to the retention of domestic oil price controls for the foreseeable future to prevent windfall profits for oil producers."

There is no point in continuing the grisly details. Suffice it to say that the Carter energy plan is a plan for energy despotism. It replaces the smooth, harmonious workings of the market by the meat-axe compulsions of a federal bureaucracy, it intensifies socialization of the economy, and it will make the energy "shortage" created by the government itself far worse rather than better. Milton Friedman has well characterized the Carter energy package as a "monstrosity" that would "introduce the hands of the bureaucrats into every stage of pricing, production and consumption," and which would move toward "nationalizing the production and distribution of energy" (*Human Events*, April 23).

## The Choice before Us

Jimmy Carter's plan for energy socialism must be resisted and defeated. Libertarians are particularly well equipped to lead in this task, for, unlike conservatives, we have no enthusiasm for the alleged virtues of order, discipline, and sacrifice. And unlike both conservatives and liberals, we have no enthusiasm either for war or for the moral equivalent of war; we don't want a healthy State and a sick country. One of the best symbols of the Carter brand of economic militarism has been dug up by that indefatigable muckraker Alexander Cockburn (*Village Voice*, April 11). Cockburn focused on that living symbol of right-wing social democracy *cum* liberal conservatism, of the military-intellectual complex, Harvard political scientist Samuel P. Huntington. Huntington, the inventor of strategic hamlets in the Vietnam War, advocate of winning the war by herding the Vietnamese peasantry into the cities, and fellow member with Carter and Mondale of the Trilateral Commission who has deplored the "excess of democracy" in the Western world, is now working for the National Security Council in the Carter administration.

In a book some years ago, a book that seems uncannily prophetic of Carter's "moral equivalent of war" in energy, Huntington contrasted the town of West Point with neighboring civilian town of Highland Falls. Of Highland Falls, the professor wrote of its "tiresome monotony and the incredible variety and discordancy of small-town commercialism ... lacking common unity or purpose...."

In contrast, for Huntington, was the nearby military academy of West Point:

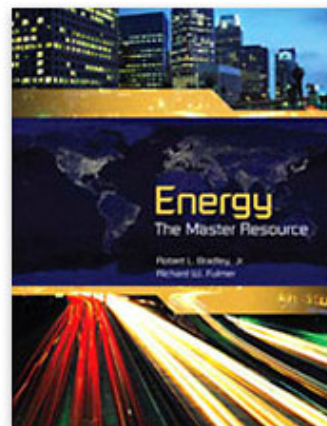
On the military reservation ... there is ordered serenity. The parts do not exist on their own, but accept their subordination to the whole. Beauty and utility are merged in gray stone ... The post is suffused with rhythm and harmony which comes when the collective will supplants individual whim ... behavior of men is governed by a code ... The unity of the community incites no man to be more than he is. In order is found peace; discipline, fulfillment; in community, security....

And Huntington concluded,

Is it possible to deny that the military values — loyalty, duty, restraint, dedication — are the ones America most needs today? ... America can learn more from West Point than West Point from America.... If the civilians permit the soldiers to adhere to the military standard, the nations themselves may eventually find redemption and security in making that standard their own.

And are we not seeing this drive for order, discipline, and sacrifice now imposed on us through energy fascism, albeit by a former graduate of Annapolis rather than West Point?

The choice before America is clear: it is abundant energy at a market price, or government-contrived shortages; it is free markets versus bureaucracy, and even above all that, it is individual freedom and diversity as against socialization through economic militarism.



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