Rightward Bound

MAKING AMERICA CONSERVATIVE IN THE 1970s

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CHAPTER 10

The Conservative Struggle and the Energy Crisis

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The energy crisis of the 1970s marked the end of an era—the end of the post–World War II prosperity, the end of the country's obsession with the big gas-guzzling cars of the 1950s and 1960s, and the end of America's standing as an economic superpower. During the Arab boycott of 1973–1974, the Organization of Petroleum Exporting Countries (OPEC) cut oil shipments to the United States and raised prices sharply. Prices at the pump doubled and then tripled. Gas lines that snaked for miles appeared as a constant reminder of what seemed like the nation's imminent decay and decline. A second oil shock struck in 1979 in the wake of the Iranian Revolution, once again making Americans feel vulnerable. In his Pulitzer Prize–winning novel *Rabbit Is Rich,* written at the end of this tumultuous decade, John Updike captured the doomsday mentality. Published in 1979, the novel begins: "Running out of gas, Rabbit Angstrom thinks . . . The people out there are getting frantic, they know the great American ride is ending."[1]

To the nation's young conservative policymakers, just assuming positions of influence inside Washington, the energy crisis, as it turned out, marked an important beginning. For these anti-government reformers, the energy crisis posed a serious challenge: how to govern, especially amid a crisis, without increasing the power of the federal government. Up until the 1970s, almost all modern crises, from war to depression to inflation to labor unrest to civil rights, increased the power, prestige, and regulatory authority of the federal government. The response of many Americans to the energy crisis was in favor of more government, not less.

But conservatives, who came to power under Richard Nixon, sought to fight against the impulse for a big government solution to a national crisis. A new breed of Washington policymakers and intellectuals, these young conservatives saw themselves more as crusaders than as policy wonks, as anti-bureaucrat ideologues working against establishment elites, even as they occupied the very seats of government power. Their historic challenge, as they understood it, was to transform the crisis in oil into a crisis of governance—that is, the challenge was to use the crisis as a way to discredit government activism and to renew faith in the free market.

Theirs was not an easy job. The Arab embargo brought into sharp relief the hesitating, halting nature of the nation's rightward turn. It proved hard to purge Americans of their expectations that Washington would come to the rescue, especially in moments of economic crisis. In 1973, many Americans were old enough to remember how the federal government had helped Americans through the Depression, defeated the Nazis, built the nation's highways, and sent a man to the moon. Just as a car that is running out of gas, New Deal liberalism came to a slow, sputtering halt; indeed, at moments, even after it appeared to have no more life in it, liberalism could continue running on fumes. Though twice winning election on promises of scaling back government, Republican Richard Nixon himself was willing to flirt with new forms of government intervention.

This chapter explores how, in the face of a crisis, conservatives fought liberalism from inside the corridors of power. If they did not

fully succeed, then at least they understood the challenge and began to devise new strategies, both ideological and political, for the battles ahead.

When Richard Nixon took office in 1969, liberalism was far from dead. Under Nixon's watch, the years that preceded the energy crisis witnessed anything but a rightward turn, with the 1960s leading to an enormous increase in government regulation of the economy. As corporate profits boomed in the 1960s, liberal activists won wide popular support for the idea that companies could afford to end poverty, make safer products, pollute less, protect their workers more, and still make a profit. Congress enacted a flurry of bills to mandate corporate social responsibility, and the environmental and consumer movements were at their peak.[2] In April 1970, 20 million Americans turned out for the inaugural Earth Day. The oil industry, long seen as the embodiment of corporate malfeasance and having recently scandalized the general public with a deadly spill off the coast of Santa Barbara, hardly escaped the regulatory avalanche. In that same year, Nixon signed the Clean Air Act Amendment and the Environmental Protection Act, both of which would saddle petroleum producers and refiners with costly and invasive regulations.

From the point of view of oil executives, the country was hardly shifting right in the early 1970s. They not only faced new threats, but in this charged political climate, they now worried about losing old privileges. Since 1926, the industry had been the beneficiary of the oil depletion allowance, an arcane, though very contentious, provision in the tax code that gave oil companies annual tax breaks worth billions of dollars to drill for new wells. For decades, oilmen spread money around to politicians to maintain the depletion allowance, funneling funds to oil-state senators to use for their own campaigns and to enhance their power by distributing donations, in turn, to other candidates in exchange for their political support. The nation's oil producers watched in horror when President Lyndon

Johnson, a friend of the industry during his days as a Texas politician, took the first stab at trimming oil's tax breaks. In 1969, even with Republican Richard Nixon in the White House, the much hated depletion allowance was finally scaled back.

Oil representatives cried that this legislative attack on the industry came at the worst possible moment. While much of the economy was booming in the late 1960s, the oil industry was running up against real geological constraints. In 1970, the American oil industry reached its peak of domestic production. American reserves were plenty, but never again would the daily number of barrels pumped out of the ground increase. Even as supply declined, the price of this increasingly scarce commodity remained fixed. The Federal Power Commission, a regulatory holdover from the New Deal, had continued its charge under both Democratic and Republican administrations to keep natural gas prices low, which in turn held down oil prices. In the summer of 1971, the Nixon administration imposed price controls directly on oil, as well as on other industries, in an effort to battle the inflation that was beginning to besiege the economy. Regulated U.S. prices, oilmen argued as they watched world prices begin to rise, prevented the accumulation of capital necessary for domestic exploration and alternative energy research. In 1971, the American Petroleum Institute spent $4 million on its television and newspaper campaign to warn the public of an impending energy crunch and to push for deregulation: "A country that runs on oil," it cautioned the nation, "cannot afford to run short." Oil executives, meanwhile, gave Nixon $5 million, which amounted to 10 percent of all donations, for his 1972 campaign war chest.[3]

On the eve of the Arab embargo, how, then, did Richard Nixon see oil politics? Supporting oil interests bolstered his electoral strategy of trying to capture the South from Democrats and appealed to newly rising southern Republicans like George H.W. Bush of Texas, who had been an independent oilman, served as a congressman in the late 1960s, and then became the Republican national

chairman. Promoting domestic oil interests also seemed vital for American national security. Between 1970 and 1973, American imports doubled and accounted for one-third of the U.S. energy supply. Just as domestic oil production began to decline, OPEC production levels soared. And so, too, did OPEC's willingness to use its market power to influence American foreign policy, particularly on the question of Israel. Through its control of oil, Arab leaders could disrupt Western economies and dictate foreign policy demands. In the wake of Vietnam, with the country constrained in its use of military force, it appeared that the United States could do little to exert its national interest.

Within the White House, the oil industry found friends who shared their growing concerns. A sympathetic young Kenneth Lay, who would later achieve fame, fortune, and disgrace as head of Enron, was then deputy secretary of energy. "Our problem," he told Richard Nixon as oil supplies fell, "has resulted from outmoded Government policies, from excessive tinkering with the time tested mechanisms of the free market." George Bush echoed Kenneth Lay. America would once again become self-sufficient in energy only if the federal government got out of the way. "The freer the market," said Bush, "the better." For foreign policy and domestic political considerations, Nixon was inching closer to the oil industry's point of view.

Then, in October 1973, the Nixon administration's worst fears were realized when the Arab-Israeli War (also known as the Yom Kippur War) began. On October 6, Egypt and Syria launched a surprise attack on Israel, and in retaliation for American support of Israel, OPEC cut off oil exports to the United States. The embargo lasted until March 1974 and led to a 10 percent decline in the nation's fuel supply. The energy crisis was dynamite. It reached into every home and workplace. As energy supplies dwindled and prices shot skyward, schools closed, factories shut down, and gas lines grew long and ugly. Station attendants began packing pistols for self-protection while fistfights broke out among angry customers. A Miami Amoco dealer complained, "If you can't sell them gas, they'll threaten to beat you up, wreck your station, run you over with a car."[4] The most disruptive display of frustration came when the nation's 100,000 independent truckers staged a violent strike in February 1974, shutting down the country's highways for eleven days and leaving supermarket shelves bare as they demanded that the government roll back prices at the pump.

Nixon was in a bind. On the one hand, this shrewd politician devoted his time in office to creating what contemporaries called a "New Majority," one that would bring the white South into the Republican Party while also winning support from ethnic blue-collar Democrats in the North. Nixon successfully appealed to this "Silent Majority" in his landslide reelection in 1972 by promising to scale back expansive and intrusive government social programs, such as busing and welfare, that many white Democrats had come to resent. Nixon also appealed to millions of Americans who had taken a cultural turn to the Right, believing that it was time to rein in women's liberation, the sexual revolution, and the student protest movement against the Vietnam War. On the other hand, the idea that government should protect the public from corporate excesses, especially in hard times, still had a strong hold on American politics, particularly among working-class Democrats who had only recently and hesitantly come into Nixon's New Majority. Ever the political strategist, Nixon understood that the political loyalties of average Americans, from the small businessman in Peoria to the working-class housewife in Dayton—key members of Nixon's Silent Majority—were still up for grabs. In spite of the 1972 landslide, the New Majority was not fully cemented, and amid economic crisis, the white ethnic working-class Democrats might defect.

In the early weeks of the crisis, the president leaned to the Right. Addressing the nation, Nixon unveiled his Project Independence, a

centerpiece of conservative reform, which was an ambitious deregulatory program designed to stimulate domestic production, eliminate oil imports by 1985, and push back against environmental reforms Nixon had once supported. The very name suggested American independence from Arab oil and also business independence from government regulation. America's survival, the president declared, required the deregulation of natural gas prices, the acceleration of offshore drilling, and the construction of a Trans-Alaska pipeline. Now more than ever, it was essential to lift environmental restrictions. "If you are going to freeze to death," the president told the nation's governors, "it doesn't matter much whether or not the air is clean." To achieve self-sufficiency in energy, the government had to move out of the way. "We can't fight the economics of the market place," said Nixon.[5]

But this kind of small government conservatism was a hard sell as the energy crisis coincided and contributed to the biggest economic catastrophe since the Great Depression. In the 1970s, the American economy simultaneously experienced stagnant growth and rising prices, a new phenomenon contemporaries called *stagflation* and one that policymakers did not know how to cure. The energy crisis was not the sole cause of these economic woes, but energy prices compounded inflation, and to the public, the gas lines were emblematic of a declining economy, complete with a cast of villains to blame and hold accountable. The vast majority of Americans believed that Big Oil companies artificially engineered the crisis to jack up prices. Consumer advocate Ralph Nader called the shortage "the most phony crisis" in the nation's history while rumors swirled about oil tankers waiting offshore until prices went even higher. The public demanded that the government "do something" to check what was popularly perceived as excessive and corrupt corporate greed. The problem, it seemed, stemmed not from a shortage of gas but from a shortage of effective government leadership. From a rural village in North Carolina, a citizen wrote to the

White House, expressing a newly commonplace state of alarm: "People are spending every waking hour worrying over the gasoline situation."[6]

Nixon would have a difficult time ignoring this growing discontent. As *Newsweek* reported, "the American people seem on the verge of psychic rebellion." The prominent pollster Daniel Yankelovitch laid out the problem for the White House: "No issue has such a potential for producing social instability of the magnitude of the depression as does the energy crisis. This crisis entails a radical change . . . Their lives will be disrupted and altered at the gut level." This issue, Yankelovitch warned the president's top advisers, would "either make him or break him." "If people get the impression that no one is in charge, or that there is no advance planning, or that they are being asked to make sacrifices while the oil industry raises big profits, they are going to get very angry and this issue will destroy Nixon." A Maryland citizen summed up the public mood: "We the American people are tired of the lack of competent and effective leadership."[7]

So what would Nixon do? This longtime politician was, above all, an opportunist, which in the early seventies meant the occasional lurch toward New Deal solutions when he was in trouble. At times, he could not escape support of some liberal programs, from environmentalism to minimum wages. Perhaps the greatest act of opportunism came with the president's imposition of wage and price controls in the summer of 1971 to clamp down on inflation. With inflation in check, he was then free to increase federal spending to prop up the economy before the 1972 election. As journalist and former Nixon adviser William Safire explained, "When his back is to the wall, Mr. Nixon tends to adopt the economic suggestions of his Democratic opponents, and with a vengeance." What infuriated those to his right, explained Safire, was the "President's willingness to make economic decisions for political reasons—that is, to listen to the populist demand to 'do something!' " As Safire

was writing, a Democratic-sponsored windfall tax bill was working its way through Congress as was legislation requiring oil companies to roll back prices at the pump.[8]

Democratic senator Henry "Scoop" Jackson from the state of Washington took the lead on the energy situation. On foreign policy he was to the right of the Nixon administration, opposing détente (see Chapter 12 in this volume) and fighting for an increase in the military budget. But Jackson was also a New Deal liberal. Steeped in Depression-era liberalism, he believed that the federal government had to solve the energy crisis. A presidential aspirant, he also recognized he could tap into and fan populist sentiment; this crisis, in the hands of everyone to Nixon's left, from Jackson to the AFL-CIO's George Meany to Ralph Nader, followed a familiar narrative. For Jackson, Big Oil played a starring role as the profit-seeking villains, the suffering small independent oil refiners and gas dealers appeared as the virtuous little man being squeezed out of the market by the seven Big Oil major corporations, and the angry victimized public was the script's heart and soul. Casting himself as the hero, Jackson called for government to step in. Top on his list was a ten-year $20 billion research and development program for alternative fuel, which he likened to the Manhattan Project or the 1960s Apollo space program. Jackson also fought to have the government roll back gas prices while forcing the major oil companies to sell their scarce products to independent retailers, whose historically lower prices served as competition to the majors' own gas stations.

As soon as the embargo began, Scoop Jackson, with the help of other leading Democrats, went on the warpath. He subpoenaed top oil executives to a televised Senate hearing, accusing them of conspiring against the American public and of reaping "obscene profits." This so-called cheat probe made good nightly news theatrics and kept pressure on the administration and its Republican allies. As conservatives feared, the cut in oil supply put intense pressure on Nixon as momentum gained for governmental action. Liberal

Democrats, especially those from the heavy oil-consuming states of the northeast, formed an alliance with representatives from regions, mostly in the Midwest and the Plains states, with a higher proportion of independent refiners and dealers, who were being driven out of business by the majors. Both political groups were eager to make the major oil companies pay. In November, Jackson got a mandatory allocation bill passed with overwhelming support, 93 to 3 in the Senate and 348 to 46 in the House, effectively putting the oil industry under government control; an amendment to the act requiring a World War II–style nationwide federal rationing program fell only eight votes short in the Senate. For the rest of the decade, the government would set the price of oil. A newly created Federal Energy Office would oversee these new bureaucratic regulations.[9]

As much as the political winds on the Hill and at the grassroots pushed him to the Left, Nixon also came under strong pressure from a new group of conservative advisers committed to scaling back government activism. The Nixon administration was only the second Republican administration since the New Deal. In contrast to the administration of Dwight D. Eisenhower, who as a military bureaucrat and supreme commander in Europe during World War II had presided over the single greatest moment of state building in American history, the Nixon administration had different ambitions. Eisenhower's advisers came from the ranks of big business, many of whom had accommodated themselves to a world of New Deal regulation. Nixon's people had a different ideological makeup: they were Californian entrepreneurs, Wall Street buccaneers, and independent oilmen from Texas. Nixon himself came from a lower-middle-class California grocer family and grew up with deep resentment for the establishment elite. From his earliest political days, he ran against New Deal government bureaucracies, including the wartime Office of Price Administration, where he developed his anti-government disdain while serving in the tire-rationing department. Like Assistant Treasury Secretary William Simon, who was

soon to become the nation's chief energy bureaucrat and had made millions as a Wall Street bond trader, many of Nixon's appointees cut their teeth in businesses that were very different from such big bureaucracies as General Motors, AT&T, and the U.S. Army. By the time Nixon took office, the Chicago school of free-market economics was in the ascendance, as was clear in the appointment of Herbert Stein, trained at the University of Chicago and recommended by Milton Friedman, as chairman of the Council of Economic Advisers. To be sure, there were others in the Nixon administration who came out of a New Deal world, like the labor mediator John Dunlop, who was in charge of wage and price controls, and even Nixon himself, who had after all served in the Office of Price Administration. But a big-government vision, while pushed opportunistically by some, was facing increasing competition from Nixon's own brain trust.

Inside government, there was a core ideological group who saw as their mission the undoing of the regulatory world that had been in place since the New Deal. Chief among them was Roy Ash, a longtime Nixon supporter who served as his budget director and had benefited from the booming Cold War economy of Southern California as cofounder of Litton Industries, a Beverly Hills–based multinational conglomerate and defense contractor. Ash made sure to bolster the president's resolve, telling Nixon that the energy situation was more of an ongoing problem, and not, in Ash's words, "a Presidential crisis." Ash therefore recommended that Nixon "avoid overreacting by getting government into activities that can and will be better done by private industry . . . What the government can most usefully do is remove impediments it has constructed, provide some incentives, and keep out of the way . . . *In short, this is not primarily a government problem.*" Instead, Ash told Nixon, this was a job for the private sector. "We must, of course, establish the perception of Federal leadership . . . but we should recognize the problem as essentially a market phenomenon."[10] All the president's top advisers, including Ash, recommended that Nixon veto any bill to roll back prices.

Beyond his ideological sympathy with these anti-government arguments, the Watergate investigation was also pushing Nixon to the Right. In the winter of 1973, as the Watergate scandal escalated, Nixon faced a complicated political landscape. As the investigation drew closer to the president, it weakened Nixon's capacity to take independent action. His declining popularity made him cleave to the Right as he searched for political friends and loyal allies. In 1976, the fallout from Watergate would damage the electoral chances of the Republican Party, but in this instance, Nixon turned in a more conservative direction as he sought to shore up political support. Within the White House, the most ideologically committed policymakers had the greatest influence. As the Watergate investigations gained momentum, Nixon adopted a bunker mentality, surrounding himself with and soliciting advice from only the most dedicated. Someone like Roy Ash was one of Nixon's core supporters, loyal to him even at a personal level. His wife wrote "Support RN" on all her Christmas cards, bills, and letters, while thirty other top-level wives sold "Get Off His Back" stickers. William Simon's wife, Carol, displayed one on her Mercedes. In words that echoed those of his sympathizers, Nixon affirmed his resolve to resist calls for a federal response, telling his top aides, "Let's not lose sight of our goal to keep government out of people's pockets and off their backs."[11]

Yet, as Ash had counseled, the president had to create the perception of government leadership. On December 4, 1973, Nixon announced that William Simon would become the head of a newly created Federal Energy Office. It was set up explicitly as a temporary office to manage an immediate problem and to avoid institutionalizing a permanent role for government. Simon was the nation's most unlikely energy czar. He had no first-hand knowledge or experience in the oil industry; as a former Wall Street whiz kid,

Simon was fiercely committed to market solutions and had little faith in Washington bureaucrats. As he commented to chief of staff Alexander Haig, "It is really quite an experience to work in a place that has more horses' assess than horses." His appointment came from the support of his key allies, Secretary of the Treasury George Shultz and the Council of Economic Advisers' Herbert Stein, whom together William Safire had dubbed the "free market mohicans." All shared the belief that only higher prices, by stimulating domestic production, would end the energy crisis.[12]

Over the next few decades, conservatives mounted their campaign against government intervention from within the halls of power. In spite of his political beliefs, Simon, a proponent of the free market, sat atop a new government agency with vast regulatory powers given him by a Democratic-controlled Congress. Yet, much like foxes sent to guard a henhouse, these conservatives assumed control of the very institutions they sought to discredit. Exxon president John Jamieson told Simon, "I can sleep better each night knowing you are the energy czar." They would undermine the legitimacy of the twentieth-century state, if by a thousand self-administered cuts.

Here the political scuffle over rationing demonstrates the expansion of an increasingly hollow state. Unable to completely retrench the American state that had emerged in the New Deal and Great Society, conservatives learned that they would have to work at limiting and containing government by controlling the levers of power. During the 1970s, conservatism was transformed from an opposition ideology premised on radically eliminating government to an ideology of officeholders who struggled to contain and gradually undermine the government they so vehemently mistrusted. As the situation at gas stations grew increasingly chaotic, Democratic leaders, organized labor, consumer activists, liberal intellectuals, and every other political force to the left of the administration demanded that the federal government institute a nationwide system of rationing to stop the mad scramble and long lines at the gas pumps. Under pressure, the president ordered Simon to print up monthly rationing booklets, each entitling its holder to thirty-five gallons. "Maybe that will shut them up," said Nixon. But Simon was careful in how he designed the program, making it function much like a market. Citizens could sell their unused coupons for whatever someone was willing to pay, thereby undermining the purpose of rationing and price controls. Even if this program would allow prices to rise as high as the market would bear, Simon had no real intention of allowing rationing to go forward. Instead, the White House urged Americans to save gas voluntarily. In the 1970s, environmentalists and anti-growth advocates often made the loudest calls for conservation. When Nixon and other conservatives asked Americans to change their "wastrel ways," they were adopting the message of the ecological Left, but for a larger political purpose. If individuals cut back on energy use, those voluntary efforts might help diminish the need for government to create an enormous bureaucracy to mandate conservation.[13]

Even as they presided over the regulatory institutions foisted on them by a Democratic Congress, these conservatives argued that the market, not the government, was the solution to national crisis. Simon took a leading role in discrediting the state's ability to act, crystallizing and articulating a free-market argument from the center of the state regulatory apparatus itself. The tools he had to combat the energy crisis, including allocations and price controls, were classic regulatory measures generated by a Democratic Congress and New Deal statecraft. But as they reluctantly deployed these statist measures, these anti-government conservatives repeatedly told themselves and the public that they were illegitimate. By his own account, Simon was a "rotten bureaucrat." In fact, as he explained, he was an "*anti*bureaucrat." Set up in reaction to a crisis, the Federal Energy Office was an "outrage." If Simon had his way, he would "abolish the agency and close its doors tomorrow." As he

put it, "No group of men could be attacking the problem more sensibly than we are, but . . . no group of men, we or anyone else, could ever replace the free market."[14]

According to conservatives, the gas lines were but the most obvious symptom of liberalism's failing. The allocation measures designed by Congress were awkward and stifling, and price controls discouraged more gasoline from coming onto the market. When Simon stalled on rationing, states implemented their own programs by which owners of cars with license plates ending in even numbers could buy gas on even calendar days, and vice versa for odd-numbered plates. Fifteen states and the District of Columbia had alternating fuel purchase days, and nine other states drew up plans. But these were blunt instruments not well suited to the complexities of gasoline use. Without an elaborate bureaucracy—the Office of Price Administration employed over 100,000—to enforce equity, this improvised system seemed bungling at best. Whereas the automobile had once been the symbol of American preeminence, these long lines of cars with half-filled tanks were now a sign of the country's evident weakness, which the government seemed to be making worse rather than better.[15]

Conservatives in this era were feeling their way forward. They needed to solve pressing political problems while keeping in view their larger vision of smaller government. They would get there, but it would take time. And thus Nixon and his team, despite their ideology and efforts, did not succeed in thwarting the intrusion of government into energy markets. By the spring of 1974, Watergate was sapping his strength day by day, and the Democrats, with their commanding majorities, were making political hay. On May 7, 1974, Nixon signed legislation to extend controls and allocations for two years and to establish the Federal Energy Administration (FEA) to oversee these regulations. Six weeks later, the House Judiciary Committee passed three articles of impeachment against the president, and a newly released tape, the so-called smoking gun, implicated Nixon directly in the Watergate cover-up. To avoid impeachment, Nixon resigned on August 9.

The FEA would live on. The conservatives were right: once controls were in place, they were hard to remove. Nixon's successor, Gerald Ford, who was even more committed to the market, surrounded himself with a coterie of young ideological advisers like Dick Cheney, Donald Rumsfeld, and Alan Greenspan. To them, freeing energy markets was essential both as a marker of conservative ascendance and as the key to a revitalized foreign policy. Unless the United States achieved energy independence, it would be hamstrung in its efforts to assert its will not only in the Middle East but even among its Western allies. Yet Ford came under the same political pressure for governmental action as had Nixon, with a public unwilling to accept higher prices at the pump. After a protracted and unsuccessful political battle championed by his conservative staff, Ford signed legislation to extend the life of the FEA for three more years.[16]

The plan had not worked out exactly as these conservatives had hoped. When Richard Nixon had created the Federal Energy Office, Secretary George Shultz said to William Simon, "I'm so glad it's you who's heading up the energy bureaucracy. That way it will go out of business, and you'll be able to keep the damage in check." But it did not turn out that way. As Simon recalled with regret in 1976, "Well, I didn't keep the damage in check—it outlasted me. 'We' are all out now, 'they' are all in now, and 'our' detestable bureaucratic creations, devised by 'their' standards, are in place, waiting to be used for purposes 'we' privately deplore." Indeed, these conservatives had thought that if they were in charge, they could chart their own course, discrediting the government from within while restoring the free market. But, as Simon concluded after Jimmy Carter had taken office, "It is obvious to me that one does not acquire virtue by becoming a 'better type' of prostitute. Nor, obviously, does one win votes." For the moment, the hens had chased the foxes out of their henhouse.

And yet, the energy crisis taught these conservative reformers a valuable lesson: fighting liberalism was hard. Trench warfare over energy policy made clear that reforming government and changing popular expectations were no easy tasks. Out of office during the Carter years, they continued to refine their anti-government arguments. Their message was simple: the only solution to the energy crisis was less government, not more. As Milton Friedman, who would soon win the Nobel Prize in Economics, explained, if the Federal Energy Office shut down, as Simon had hoped it would, oil would flow freely and gas station attendants would once again wash customers' windshields. In 1977, Ronald Reagan, who would soon assume the conservative mantle and mobilize grassroots support for a rightward turn, announced, "Our problem isn't a shortage of oil. It's a surplus of government." It would not be until 1981, when Reagan came to power, that an ideologically conservative administration could finally decontrol the regulatory apparatus built up over half a century and chart a new conservative course.