1973: A Crisis Atmosphere

Watergate, devaluation of the dollar, rocketing food prices, and the energy squeeze have given 1973 an atmosphere of crisis. The war in the Middle East provided the first real test of détente and forced a reappraisal of U.S. relations with Western Europe and Japan and with at least some of the less developed countries. All in all, it was one of those turbulent years when old assumptions about many things–including the self-sufficiency of the United States, the sanctity of its environment, the place of science in government–had to be reconsidered. This week the news section is devoted mainly to an appraisal of what's happened in the fields of energy, environment, food, health, and science policy.

Energy: The Muddle at the Top

The notion that King Faisal and his neighbors have done us all a favor by turning off the oil spigot has achieved the status of conventional wisdom in Washington lately, and there is more than a shred of truth in the claim. The bracing rigors of 65°F temperatures in federal offices have lent a sense of urgency, hitherto absent, to the government's periodic stabs at bringing institutional order to energy policy. Suddenly, too, pie-in-the-sky "alternative technologies" have begun to look like bread and butter for the national economy. Oil wasn't supposed to cost $10 a barrel until sometime in the 1980's; now, with Iran squeezing the market for $17.40 a barrel, oil from shale and coal at $8 to $12 a barrel looks more attractive than ever before.

Arab leaders have also done Richard Nixon an unintentional favor by absorbing the blame for fuel shortages this winter that are not entirely of their making. In the crisis atmosphere of the oil embargo, it is easily forgotten that a fuel shortage of up to 5 percent of the national demand was already in the works. Even before the Arab-Israeli war this was to be the fourth consecutive winter of inadequate fuel supplies, and it's still reasonable to wonder why.

The quick answers touch on such things as a shortage of domestic refining capacity, belated lifting of oil import restrictions, slow development of known resources, and the perturbations of price controls that made production of some fuels (like gasoline) disproportionately more profitable than others (like heating oil).

Underneath these explanations, though, lies a fundamental failing of the President and his senior advisers over the past 4 years to give momentum, direction, and coherence to national energy policy. The complaints voiced by Nixon's most recently departed energy adviser, John Love, fit a pattern that extends back to 1970: The President himself has consistently been inaccessible to a long string of energy advisers; he has offered precious little policy guidance, even remotely; his most senior advisers (notably George P. Shultz, Secretary of the Treasury and just about everything economic) have been reluctant to take corrective action in the face of political backlash; and there are indications that the President himself simply doesn't grasp the technical complexities of energy problems.

The Nixon presidency, to its credit, is the first to try seriously to rationalize national energy policy in all its harrowing complexity. The circumstances, however, of growing demand, lagging supply, and fragmented federal management left little choice but to try. The results have been less than brilliant.

The Executive machinery that Lyndon Johnson left behind in the White House was not entirely bereft of people thinking about energy. The Office of Emergency Planning (OEP) watched over oil imports and fuel stockpiles, but its interest was national security, not policy formulation. Closer to the inner circle of the Nixon White House, in the early days, was the Office of Science and Technology (OST) and its small energy policy staff, retained under Nixon and headed by an astute lawyer, S. David Freeman. The OST initially had direct access to the Oval Office, but within months Nixon's first science adviser, Lee A. DuBridge, found himself frozen out of the White House inner sanctum.

Some of the first dramatic cracks in the nation's energy supply system appeared even as OST's energy staff found its access to the President waning. The summer of 1970 brought major brownouts up and down the Atlantic seaboard. Libya that year cut back its oil exports and Syria suspended pipeline flows across its territory. The combined effect was a doubling of the price of vital residual fuel oil in New England. Supplies of coal and natural gas grew tight that year as well.

DuBridge, for one, argued that energy policy deserved higher-level and broader attention than it was then getting. After considerable internal lobbying by Freeman, he succeeded in getting the point across to domestic affairs adviser John Ehrlichman. DuBridge favored a Cabinet-level committee (not unlike the Energy Emergency Action Group set up by Nixon a few weeks ago), and on 6 August 1970 Ehrlichman organized just such a group.

The National Energy Subcommittee of the Domestic Council was an imposing group, on paper at least, but in time its significance waned. It was populated by the secretaries of Interior, Treasury, State, HEW, and equally busy men who soon passed the responsibility to deputies, who, in turn, handed it to mid-level staff assistants. By early 1971, energy policy was back roughly where it had started: In the hands of people who understood the technicalities of energy supply and demand, but who had little access to the center of power. The subcommittee lived a paper life until the end of 1972.

As its first chairman, and thus as the nation's first nominal energy "czar," Ehrlichman tapped Paul W. McCracken, chairman of the President's Council of Economic Advisers. No one was more surprised at the appointment than McCracken, whose first reaction was one of disbelief—that it was all a mistake. "After all," he said in a recent interview, "a lot of other people, like the Secretary of the Interior [Walter J. Hickel] had a more direct interest in energy than I did."

In spite of his misgivings, McCracken took the assignment. His 18-month stint as energy czar produced what Nixon has since described as the "first message on energy policies ever submitted [to Congress] by an American President." Delivered in June 1971, the message took a decidedly technological bent, promising to accelerate development of coal technology, offshore and shale oil, geothermal steam, and—at a cost of $2 billion—to develop a commercial breeder reactor by 1980.

The message unquestionably was a milestone in the maturation of a national energy policy. But, in what soon developed as a pattern of behavior in the White House, the impetus behind the message came not from the President, but from mid-level staffers—mainly in the OST. That the message would be a "first" was, in fact, a selling point used to persuade the President to accept the idea. Moreover, during all the months of analysis that preceded the message, only two policy directives are said to have come down from the President: Push coal gasification and make the breeder the nation's leading energy R & D program.

Both decisions were essentially political. The President's support for gasification grew out of intensive lobbying by the American Gas Association. It was widely accepted inside the White House and out that the breeder decision stemmed from an "understanding" reached in late March 1971 by the President and Representative Chet Holifield (D-Calif.) wherein Holifield would not block Nixon's federal reorganization plans if the breeder were given the Midas touch of Presidential support. The White House Office of Management and Budget and McCracken's CEA fought these decisions on the grounds that no economic case had been made to justify them, and they lost.

The June 1971 energy message had said essentially nothing about immediate and pressing problems of fuel supply. Oil import restrictions were being blamed for tight supplies, and this remained a touchy issue in the White House. So did deregulation of natural gas—letting the wellhead price rise freely to stimulate development of new domestic supplies. Yet after the June message, energy policy in the White House slipped into low gear. Why?

According to Edward J. Mitchell, a former aide to McCracken and the energy subcommittee, it was felt that the President's first foray into the field had gone as far as practical politics and the public mood would allow; that neither Nixon nor Congress were ready to grapple with such sensitive issues.

In a recent interview, Mitchell, now at the University of Michigan, said:

> The problems were political, not substantive. There were a number of things we all knew had to be done—oil imports and deregulation were the two big issues. But they were just left on the shelf. The feeling was that, even if you did beat the drums for a solution, the President's advisers could not be persuaded to take a non-status quo position.

Early in 1972, Peter M. Flanigan, then the main White House contact with the business community, decided to try anyway. Moving into the vacuum left by McCracken, Flanigan organized a searching review of energy policy with the aim of producing a major presidential statement before the election.

As de facto energy czar, Flanigan nearly succeeded. By July 1972, White House staffers had assembled a thick book of policy "initiatives." A message was being drafted, and briefings for Cabinet officers and senior presidential advisers were under way. Among the proposals were deregulation of natural gas (but not the lifting of oil import quotas), construction of deepwater ports for supertankers, and an appeal for energy conservation. The OST was prepared to unveil a new multi-billion dollar R & D program.

Suddenly the project ground to a halt, vetoed, it is said, by Shultz, Ehrlichman, and Treasury Secretary John Connally. The reasons remain unclear. For one, deregulation was felt by some to be "anticonsumer" and thus politically unwise so soon before an election.

Bits and pieces of that summer's effort eventually surfaced in presidential messages last April and June. In the interim, though, 8 months to a year had been lost in shaping economic and R & D policies now taking form in the turbulence of a national emergency.

A New Beginning

The postelection period brought the dismantlement of the old jerry-built structure for energy policy and the rise of two new lines of authority: one in the White House and a second, early in 1973, under Shultz's new deputy treasury secretary, William E. Simon.

In the White House, Flanigan, whose name had cropped up as a go-between in the ITT affair, was sidelined. The now-moribund energy subcommittee (headed nominally, and briefly, by Interior Secretary Rogers C. B. Morton after Flanigan's fall from grace) was formally laid to rest. By the end of 1972, the OEP and OST had been marked for liquidation.

By January, Ehrlichman had established himself as the new energy czar, thus giving the subject, in White House parlance, unprecedented "visibility." In February, Ehrlichman was joined in a troika by Shultz and foreign affairs adviser Henry Kissinger. Agriculture Secretary Earl Butz, who wore his contempt for environmentalists on his sleeve, was dubbed Counselor for Natural Resources. Butz quickly assumed that the new title included a deputy czarship in energy. Whether it did or not was never clear, but he had little impact on energy policy.

The final step in building the new White House structure was the hiring of Charles DiBona, a respected systems analyst, to head up a small policy think-tank intended to keep Ehrlichman briefed on energy issues.

In February, the second new line materialized under Simon, an aggressive and hard-driving investment counselor from New York. Appointed head of a Cabinet-level oil policy committee, Simon's reach quickly extended into the Interior Department's oil import program. By early spring it had begun to seem as if Simon would be the Administration's tactical commander in coping with threatening fuel shortages, while DiBona and his tiny staff of six professionals would plot out longer-range strategies.

It was a reasonable, if somewhat

cumbersome arrangement. If nothing else, according to one White House insider, it signaled the first real awareness by Ehrlichman and the President that authority over energy needed a strong focal point in the White House. To succeed in avoiding conflicts between the two lines of authority, however, the new arrangement depended on strong leadership from the three-man committee on top.

The new arrangement never had a chance to prove its worth. The players had been in their places no more than 3 months when the Watergate dam broke on 30 April, washing Ehrlichman out of the White House and leaving DiBona high and dry and ostensibly in charge of American energy policy. With an avalanche of shortages bearing down, leisurely ad hoccery gave way in a traumatized White House to a kind of wild-eyed leaping from foothold to foothold in search of solutions. "Each step they took," says one disgruntled insider, "was too little and months too late."

DiBona and his small group found themselves thrust increasingly into day-to-day command of the Administration's energy tactics, a role vaguely defined and for which they were woefully unprepared. By summertime, amid acute shortages of gasoline and talk of worse to come this winter, DiBona had become the White House point man sent out to pacify a surly Congress. He did not succeed, partly because he lacked the rank and political clout to command the attention of a President preoccupied with his own survival. Colorado Governor John Love was recruited to make the necessary connections, but he had about as much success as DiBona.

By late fall, the two lines of authority were in sharp conflict, apparently with little arbitration from the top. Gasoline rationing this winter was a point of particular contention. Love—a laconic seeker of consensus whose reputation for dithering was not entirely deserved—argued that rationing, if unpalatable, was also inevitable and that the Administration ought to get a head start on planning. Shultz is said to have resisted, hastening the demise of Love and the Energy Policy Office.

Such muddling, of course, was not invented by the Nixon White House. It might even be argued that organization charts have no intrinsic value. What has always mattered most was who had whose ear in the inner circle of counselors, where sensible policy and practical politics converge.

For an Administration with a penchant for management, however, the muddlement index would seem to have been abnormally high. If nothing else, energy policy's shifting parentage was a sure sign of its orphan status; its maturation has demonstrably been stunted.

Does William Simon's rise to czardom signal a fresh start? It could. Energy policy has now achieved maximum visibility, what with the President ceremonially chairing an emergency action group and the White House providing frequent "photo opportunities," as they are called, in which the President is seen conferring with his energy advisers. Shultz's backing gives Simon a leg up on his predecessors, and the new Federal Energy Administration (FEA) promises to bring genuine order to the more than 60 agencies involved in national energy affairs.

Congressional approval of the FEA, however, would once again leave the White House without an energy intrastructure of its own. So the question remains: When the emergency expires or winds down, will the hole in the inner sanctum wall that King Faisal succeeded in blasting open simply seal itself shut? An executive order of 4 December mentions a plan to set up a new White House energy policy office, but that is still only a promise.

In the end, the President's encounters with energy policy would seem to provide a measure of the insulation he chose to surround himself with. "There were a lot of things the President was not well informed about," says a former senior official. "Watergate was one. Energy was another."

—Robert Gillette

Agriculture: Rise to Prominence at Home and Abroad

Arab oil sheikhs, Texas cattlemen, Russian trade officials, and Kansas wheat farmers may have little in common, but 1973 was the year in which they combined to threaten the American way of life in its fundamentals. Cheap food and abundant energy were once taken for granted. Now the Cassandras are saying that oil is too precious a resource to burn in automobiles and that beef is so costly to produce that by 2000 it will be a delicacy as rare as larks' tongues. The price rises that engender these dire prophecies have been caused by bad weather, the Middle East war, and many other factors that are clearly ephemeral. But the suddenness with which the scarcities of food and energy developed has been a sharp reminder that global resources are finite and that the present phase of shortages and high prices may only be a premonitory tremor of worse upheavals to come.

Until now, national food policy in the United States has been almost solely the province of the Department of Agriculture, whose overriding concern has been to look after farmers. There is still no food policy, but a lot more people are interested in making one. The massive entry of the Russians and other foreign buyers into the American food market drove domestic prices of food up and contributed massively to the continuing rise in the cost of living. This event, of no little political consequence, but apparently unforeseen by the Department of Agriculture (USDA), led people on the Council of Economic Advisers to remark that agriculture was too important to be left to the agriculturalists. Most major policy pronouncements on agriculture this year have emanated from the Treasury or the White House, often over the open opposition of Secretary of Agriculture Earl Butz. (Butz opposed both the ceiling on meat prices and the imposition of export controls on soybeans. The fact that soybean controls were later lifted, and the temptation to slap similar controls on grains resisted, is taken in the USDA as a sign that Butz's voice still counts.)

Food has also become an important factor in foreign policy. Soybeans are the largest single American export. Agricultural exports took an amazing leap last year from $8 to $12.9 billion, making a weighty contribution to the balance of payments. Foods has become a potent political weapon, al-