“Confessions of an Energy Regulator,” *The Wall Street Journal*, op-ed page, January 5, 1981

by Thomas L. Jackson

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A Year to Run

The gasoline prices controls aren’t scheduled to be phased out fully until the end of 1981, though some of President-elect Reagan’s people would like to remove them sooner. The allocation madness could recur any time gasoline supplies run short.

I discovered that the allocation rules didn’t always work the way the station owners wanted. When they felt the Energy Department was unjustly depriving them of Exxon’s gasoline, they could appeal to my office. And appeal they did.

Nearly 14,000 applications for special exceptions were filed between March and August 1979. Some came with aerial photographs, tri-color maps with circles and arrows drawn in or letters from the Chamber of Commerce, the local bank or the family doctor. Everybody had a reason why his station should get more gasoline to sell.

In my office, people who had processed perhaps 25 cases a year were soon faced with backlogs of 200. Morale plummeted.

I had reservations about writing decision that encouraged gasoline guzzling. After all, the Iranian gasoline "crisis" wouldn't have happened had motorists conserved fuel before the way they did later. And all this map marketing, letter writing and paper shuffling was consuming thousands of hours of labor by station owners, oil-company lawyers and government officials like me—without producing a whiff of gasoline. We simply spread around the shortage—and the profits—and kept open a lot of stations that might have been put to better use as, say, bus stations or bicycle shops. Despite reservations, I surrendered to my duty.

It was thankless work. The average applicant seemed to expect the government to intervene in the economy like God in history to ensure that his business outdistanced inflation, competition and world events.

I recall one who had expanded his station in Rancho Cucamonga, in freeway-happy Southern California, and he wanted more gasoline. He argued that the public interest would be served because "the community" was growing rapidly. I felt that the Los Angeles area was sprawling more than growing, and as a direct result of too much cheap gasoline. But neither my feelings nor his about "growth" mattered legally. The department granted special relief only to the down and out, and the financial filings of the gentleman from Rancho Cucamonga showed he wasn't doing so badly. Relief denied.

Many applicants had difficulty understanding that they had to prove they deserved more gasoline. A woman from Tampa, Fla., upset at being told her facts didn't support her case, confided that dealing with a "snippy" bureaucrat like me had been so disconcerting that she and her husband found it necessary to take a short vacation. In the Bahamas. Other applicants just resorted to foul language.

The major oil companies, whose gasoline we were handing out, were understandably reluctant to part with the stuff. Mobil Oil Corp., in particular, could be counted on to contest every request for its fuel, no matter how small the amount.

The company routinely ignored our regulations requiring compliance with orders transmitted by telephone, holding onto its gasoline until we sent orders in writing, by facsimile, at considerable expense to the taxpayer.

The big companies sometimes seemed as inefficient as my government agency. One Gulf official on the East Coast tried to complain to me about all the gasoline the government was handing out, unaware that in California another Gulf official was ignoring our orders to stop supplying extra amounts to favored stations.

Exxon was so unprepared for the 1979 shortage that for a while I found myself acting as a go-between for independent wholesalers in North Carolina who couldn't get the company's regional officials to comply with our regulations. Exxon's brass later made sure the regional officials understood what the law required.

The impossible backlog of allocation cases at the DOE forced some bending of due process. We developed a couple of shortcuts for weeding out applicants who thought we could look after themselves.

Sometimes we would call to "explain the standards" for relief, a strong hint to dubious applicants that they were wasting their time. Those who persisted were sometimes lumped with others into a single mass denial, which saved us the trouble of writing individual opinions. Unfortunately, many just resubmitted the same weak applications and got their Congressman or Senator to bedevil us. Elected representatives are a constant nuisance in this sort of bureaucratic government.

Applicants always found our red tape frustrating. One small wholesaler from Arkansas, after a year of waiting, insisted that his case be dropped even after I strongly hinted that he would prevail if he'd just stick it out.

Another man, from Illinois, became furious after only a few months of inaction. One morning he arrived unannounced in Washington demanding to see me and threatening to call the news media. Riding the elevator down to meet him, I happened to hear that there was "someone in the lobby with a reporter." I scrambled off at the second floor and rode back up to my office at the eighth. The man from Illinois later got the fuel he wanted, but no thanks to his badgering.

Like most regulatory schemes designed for mass application, the Energy Department's rules often inflicted a dumb sort of cruelty on those who didn't fit the mold. I remember particularly a young man from Green Bay, Wis., who had lost the ability to speak when his brain was damaged in an automobile accident. Undaunted, he had bought a gasoline station and found that pumping gas and servicing cars had been so therapeutic that he had begun to regain his speech. He needed more gas to stay in business. Could I please help him.

Bright Memory

He was in trouble because the gasoline allocation depended on the amount sold during a previous "base period." But the regulations didn't allow for businesses that were just starting and therefore had unusually low base-period sales. The man from Green Bay was saved by a last-minute regulatory amendment that cured this problem. Telephoning him with that news is among the happiest memories of my life as a bureaucrat.

Others weren't so fortunate. Some were buried in the avalanche of paper work and went out of business before we could help them.

I quit the government last summer, but the allocation cases will grind on until gasoline prices controls wind down next October. Some businesses may go under. Motorists, however, will have more incentive to conserve, and so the public won't need so many gas pumps. A lot of station owners, pump jockeys, bureaucrats and oil-company lawyers will be free to pursue more useful work.

Mr. Jackson, an attorney, is completing requirements for a master's degree in Business Administration at Indiana University.

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