scenario for how a nuclear war might start. But it does present to us a scary kind of chess game, well plotted and well acted, maximizing our edge-of-the-seat suspense.

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BOOKS

Pumping Away At "Big Oil"

The Great Energy Scam: Private Billions vs. Public Good
By Fred J. Cook
New York: Macmillan. 1982.
292 pp. $15.95.

Reviewed by David R. Henderson

The claim that "Big Oil" has a monopoly on the oil market is nothing new. For at least a decade now, popular writers have been feeding the public with this sensational news. Fred Cook, who writes regularly on the energy industry for the left-leaning *Nation*, offers up the standard fare for a wider audience in *The Great Energy Scam.* Too bad Macmillan bit.

Cook does at times make a convincing case for Big Oil's alleged monopoly—but only by using facts selectively and interpreting them with an utter disregard for economics. So his feast is fatally poisoned.

Cook's main evidence for Big Oil monopoly is "its" behavior during the 1979 gasoline shortage. He argues that the Iranian revolution had nothing to do with the US shortage, because increased oil production by other countries more than offset reduced Iranian production, and US imports in 1979 were greater than in 1978. Moreover, he points out, US reserves of crude oil in 1979 were at their highest level ever. Therefore, he concludes, the major oil companies must have purposely engineered the gasoline shortage to drive up prices.

Let's look at some facts that Cook leaves out. US imports in 1979 were greater than in 1978 because 1978 imports were unusually small. More important, what matters for production is not imports but the total amount of crude oil available. In calculating crude reserves, Cook fails to subtract the oil in the federal government's Strategic Petroleum Reserve. Why should he? Because the oil companies couldn't count on the government to release this oil, both because it was for use only in emergencies and because the government had failed to install equipment for pumping out the oil. Without these irrelevant reserves, US reserves in March 1979 were in fact at their lowest level since April 1977.

Prudent refiners wanted to have on hand enough gasoline for the peak driving season and adequate home heating oil supplies. Because they feared a reduction in world oil output, they rationally chose to reduce gasoline production rather than risk the much more costly alternative of shutting down refineries later. Although world oil output didn't fall, their fear was quite sensible.

But reduced supplies alone don't cause shortages; artificially low prices do. Without price controls, higher prices would have matched demand with supply, but the federal government prevented gasoline prices from rising enough. It also forced refiners to allocate gas to farming areas to meet all the demands there, worsening the shortages in urban areas. Cook doesn't mention this.

Nor does he point out that because prices were set by a predetermined formula, they increased no more because of the gasoline shortage than they would have otherwise. So much for Big Oil's monopoly power to drive up prices. (Stephen Chapman presented a more complete analysis of the shortage in "The Gas Lines of '79," in the *Public Interest*, Summer 1980.)

Cook's two other main pieces of evidence for monopoly are the large profits per gallon earned by some refiners and the large profits earned by all oil companies in 1979. It is true that some refiners' prices increased by a larger percentage than did crude costs. But the reason their margins were high is that they could buy limited oil supplies from the Saudis at a below-market price, while their competitors were paying the market price. Thus they earned high profit margins even while pricing no higher than their competitors. And while US oil companies earned billions of dollars in "windfall profits," this is not evidence of monopoly. When the price of a resource rises, people who own some of that resource do earn windfalls, be they monopolists or the Beverly Hillbillies.

Moreover, how could refiners suddenly choose to become monopolistic? If Cook cites the increased profit margins of the 1970s as evidence for monopoly, then he can't claim that Big Oil was monopolistic in the 1960s when "it" had lower profit margins. So something must have changed to facilitate monopoly. But what? Cook doesn't say.

Although Cook says he believes in competition, he doesn't show the least understanding of competition. For instance, he argues that decontrolling the price of natural gas would cause its price to rise to the equivalent price of oil, marking "the end of any meaningful competition" between oil and gas.

In fact, knowing how producers and potential producers respond to the possibility of profits, we know that higher prices would increase natural-gas production, which necessarily creates *more* competition between oil and natural gas.

At another point, Cook states that Big Oil damaged the industrial base in the 1970s by redirecting capital from other industries *into* oil and gas. On the contrary, if US oil companies were monopolistic, they would be able to and would keep capital *out* of their industry.

His demonstrated ignorance of economics makes Cook politically naive. He recounts how the Carter administration suppressed a 1977 government study that concluded that an increase in natural-gas prices would bring forth large reserves. Carter also fired the head of the Geological Survey, who had been saying that there were huge US reserves of natural gas. Cook strongly criticizes Carter's actions. He doesn't seem to understand that the suppressed evidence *strengthened* the case for natural-gas decontrol, which Cook vehemently opposed. I don't mean to imply that Cook should favor the suppression of evidence that weakens his case, but rather that he isn't even aware that it does so.

Cook is most naive when he buys the Saudis' explanation for their advocacy of a per barrel tax (euphemistically labeled a "windfall profits" tax) on US oil. Although the Saudis threatened dire consequences for Americans if the government failed to impose a tax, it was really the Saudis who faced dire consequences. They feared that the high price of oil would encourage US production, ultimately undercutting their cartel. The Saudis wanted to nip this competition in the bud. Hardly in America's interest.

Space constraints prevent me from discussing some of Cook's other errors. He makes reasonable arguments against the Alaska natural-gas pipeline, the Washington state government's nuclear power plants, and synthetic fuels. But overall, one gets the feeling that Cook's visceral hatred of Big Oil has blinded him to economic reality. In a revealing passage, Cook tells us that his angry reaction to the decontrol of oil prices was "almost automatic." Leave out "almost," and I believe him.

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Intolerant Tolerance

Sex, Drugs, Death, and the Law
By David A. J. Richards
Totowa, N.J.: Rowman and Littlefield. 1982. 316 pp. $26.50.

Reviewed by Eric Mack

David Richards has set out to provide a systematic philosophical and jurisprudential defense of the liberties that should attach to each individual's nonaggressive choices about sex, drugs, and

David A. J. Richards

self-willed death. Richards scornfully rejects the utilitarian defense of such liberties, which holds that it simply is not worth it to society to attempt to suppress activities such as homosexuality, prostitution, and drug use. He insists that personal freedoms are founded, instead, on the radically anticollectivist and antimajoritarian basis of natural rights.

Moreover, Richards maintains that this radical natural-rights perspective must inform any correct reading of the Constitution. Laws that repress persons in their peaceful choices about sex, drugs, and suicide not only violate rights—they are also unconstitutional. Finally, Richards is sometimes eloquent in his account of the heavy costs imposed on peaceful citizens by our moral police and the politics of intolerance. What more could anyone ask for in the way of hard-hitting civil libertarianism? Lots.

Putting aside foundational and methodological difficulties, *Sex, Drugs, Death, and the Law* suffers from two major problems. The first centers on Richards's choice of a "right to autonomy" as the crucial relevant right protective of civil liberties. Autonomy is the capacity for the exercise of rational and self-critical choice. Richards claims that autonomy is violated by laws that make crimes of nonstandard sexual behavior, drug use, and certain decisions about the time and manner of one's death. But this is not obvious.

While such laws create barriers to *acting on* the basis of certain decisions, autonomy consists in arriving at decisions rationally and self-critically. The person who is forbidden to *act* on decisions so reached is not free—yet that person remains autonomous. Indeed, external barriers to action may sharpen and intensify a person's autonomy—as, say, in the case of Soviet dissidents. At the very most, external barriers violate autonomy only when the actions blocked would have been based on autonomous—that is, rational and self-critical—choice. So, at most, a right to autonomy would protect the acts of, say, reflective, self-creative prostitutes—but not the acts of unthoughtful, unimaginative prostitutes.

Of course, one might interpret autonomy in a less intellectual and inward-looking fashion—as just another word for liberty. But a robust right to liberty invalidates not only state interference with persons' peaceful "personal" pursuits but also state interference with persons' peaceful economic pursuits. And, for Richards, this will never do. He defends the choice of heroin use or suicide or even a *career* in prostitution as "a basic life choice" protected by the right to autonomy, but he would never grant that, say, the choice to include gold clauses in one's contracts or the choice not to be part of the Social Security system is "a basic life choice" deserv-