



The Daily Dish

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DOUGLAS HOLTZ-EAKIN | APRIL 23, 2015

President Obama's "Pen and Phone" strategy is picking up to a pace that is near daily according to [USA Today](#). There were no executive orders issued during his Earth Day speech in Florida yesterday, however there were a slew of "executive actions" that government agencies will be directed to carry out. These often have large price tags, especially when in the area of energy and the environment. The total cost of regulations in that area has topped [\\$460 billion](#) in this administration.

Republicans on the Hill [have reached a "tentative" agreement](#) on the budget. Though details have yet to be released, it is likely that the combination of the [two budgets](#) will keep the main tenants of balancing without raising taxes. The original budgets also focused heavily on debt and deficit reduction while the president's budget continues to increase the debt and deficit and never balances.

Eakinomics: Wrong Direction On Oil Policy

The Obama Administration is [seeking authority](#) to tap the Strategic Petroleum Reserve (SPR) to manage spikes in global oil prices. This is fundamentally wrong-headed. Price controls explicitly or by "managing" supply are always a bad idea open to political manipulation. The administration should rely more on market forces, including allowing [oil exports](#), not less.

Remember that the SPR was created in response to the Arab oil embargoes as a domestic crude oil reserve to counter a severe supply disruption. Its original authority provided up to 1 billion barrels in petroleum reserves; currently it holds about 700 million barrels. The SPR is an insurance policy for oil use. And we use a lot. If North American supply is disrupted by a natural disaster or terrorist strike, it is of use. If supply is disrupted when jihadists successfully destroy a Saudi facility, it is of value. The key is that use is in response to physical disruption.

Unfortunately, the politics of high gasoline prices will tempt politicians. In 2012, faced with \$4 gasoline, the White House launched an [argument](#) to justify a politically motivated oil sale from the Strategic Petroleum Reserve.

Nobody should be in favor of expensive over-insuring. But it is a mistake to look at a strategic national and economic security investment as a potential revenue raiser. The argument was dressed up in the form of a lower need for insurance against disruption — without any real justification of the claim — but was essentially political in its motivation.

The administration's request is a wrong turn for oil policy.

From the Forum

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