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[Energy](#)

## Let the Market, Not Politicians, Set Energy Prices



**TODD MYERS:** In 2008, as world oil prices rose to more than \$110 a barrel, Washington politicians called for an investigation into the spike in prices. As prices rose in 2011, the same political calls were made. And in 2012. And in 2013. Today, with oil prices falling to below \$50 a barrel, a different argument is being made. Prices, some say, are now too low.

The problem with the mind-set that sees high or low prices as a political opportunity or a problem to be solved is that any given price is neither good nor bad.

High gas prices encourage development of alternative fuels and allow more production. These activities will tend to drive prices down over time. Low gas prices, on the other hand, allow economic growth and provide fewer dollars to hostile foreign regimes.

High and low prices also come with costs. Low prices increase energy use and the carbon emissions associated with them. High prices hit certain economic sectors and low-income families particularly hard. But honest price signals, without politics, allow people and businesses to adjust.

Public policies that send a false price signal exacerbate problems, creating bubbles that burst in a dramatic and ugly way.

Further, the record of politicians in drawing the correct conclusions from particular price signals is extremely poor. Politicians who were shouting about “speculators” in the summer of 2008 when gas was \$4 a gallon, forgot about those speculators when the price dropped to around \$2 a gallon five months later.

Sound energy policy should be for the long run, not the passion of the moment, and price signals have proved far superior to political judgment when it comes to investing in the future.

*Todd Myers (@WAPolicyGreen) is environmental director at the Washington Policy Center in Seattle and author of “Eco-Fads: How the Rise of Trendy Environmentalism is Harming the Environment.” He also serves on the Puget Sound Salmon Recovery Council.*