

## Matt Yglesias

Feb 22nd, 2011 at 10:27 am

### Oil and Instability



The surging [price of oil](#) driven by turmoil in Libya and other Arab countries is a reminder that America's national security posture in the Middle East is what it is for a reason. And I wish we could have more above-board discussion of that fact, because I think subjecting it to scrutiny would swiftly reveal that it's not a very *good* reason.

Oil price shocks are very costly to the American economy, so it makes sense for us to expend a lot of resources on trying to prevent oil-related problems. But when we do so by trying to directly prevent the shocks, the benefits of our success are spread around to everyone while the costs are concentrated. What's more, the costs not only include a heavy fiscal burden but also soldiers killed and substantial anti-American sentiment in the area. An alternative strategy would be to expend resources trying to make the country *more resilient in the face of oil price shocks* via a more diversified physical infrastructure. If we had congestion pricing and abundant bus lanes in our major metropolitan areas, the vast majority of people would still drive to work in the morning. But a system would be in place such that when price conditions changed people could switch at the margin. A subway line, more generally, is cheap compared to a war.

Update Eugene Gholz and Daryl Press did a good Cato paper ([PDF](#)) on "Energy Alarmism" that tackled these issues.

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[Boyd](#) Yesterday 10:32 AM

Oh wow, you're going to take it on the chin here, even though the point has some validity.

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[CastorpI](#) Yesterday 10:35 AM [in reply to Boyd](#)

The point has a lot of validity. The problem is that one political party in the US has only two hammers in its policy toolkit: guns and tax cuts.

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[Pick\\_Username\\_Jr](#) Yesterday 10:45 AM [in reply to CastorpI](#)

One political party?

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[CastorpI](#) Yesterday 10:48 AM [in reply to Pick\\_Username\\_Jr](#)

Well, the other political party has other problems.

1 person liked this.

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[Larry Maggitti](#) Yesterday 10:56 AM [in reply to CastorpI](#)

On this issue both parties have an identical problem. The only difference is that one party right now - through a combination of political expediency and sheer blood lust, has a marginally greater affinity for maintaining hegemony with a maximum of violence. But the other party, with identical - yes, identical - ends, is perfectly comfortable with violent means as well, if only for the moment believing that marginally less bloody means are more efficacious for reaching the goal.