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Sell the Whole Strategic Petroleum Reserve

[Ronald Bailey](#) | June 24, 2011

Yesterday, in a coldly calculated political move, President Barack Obama ordered the release of 30 million barrels of oil from the 727-million barrel Strategic Petroleum Reserve. The idea is to push down the price of gasoline during the summer driving season and garner some polling points with voters. It might work. Oil prices did fall after the announcement.



[Peter Van Doren](#), editor of the Cato Institute's journal *Regulation*, points out that "the reserve was never intended for price management." It was supposed to tide the country over if oil supplies from abroad were somehow cut off. However, as University of Wyoming economist Charles Mason points out, private companies have consistently held reserves of an average 325 million barrels of oil over the past 70 years. Mason concludes [PDF] that the companies holding reserves "are more likely to be motivated by attempts to smooth marginal production costs than by speculative motives."

Whatever their motives, the good news is that the oil inventories are there and the companies are bearing the risks for them.

Cato Senior Fellow [Jerry Taylor](#) argues:

"There is no need for a Strategic Petroleum Reserve, so let's sell while the selling is good and

then shut the thing down."

Good idea.