



## Once Again We Would Benefit By “Just Don’t Do Something, Stand There” (1/19/2023)

Frank Pallone (D, N.J.) will be reintroducing his SPR proposal or **Buy Low and Sell High Act**. It is a heavy-handed proposal that loses sight of why the SPR was originally proposed

The SPR is a strategic reserve and not a price regulating system. We worked with Senator Henry Jackson (D, Washington State) in 1971 on setting up a strategic reserve. In our minds then and now, a low probability event must be anticipated if it has large consequences. It took an embargo in 1973 to move the legislation (1975).

The SPR is there to minimize the economic dislocations during supply disruptions. While its use affects price, price is not the primary motivator.

If Congress were to go ahead anyway, 350 million barrels is absurd. Any funds generated should be used to buy back the oil drained from the SPR. The use of the funds should not be legislated since policies change over time. And there is the rub. If we, as intended, buy back the 200 million barrels we recently sold, there would be no room to buy an additional 350 million barrels

Risks to the oil market were high in 1971, they are higher today.