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## **Energy Fascists by Sheldon Richman**

One of the great unnoticed curiosities of the presidential campaign is that the party which claims devotion to free enterprise is full-out socialist — or, more precisely, fascist — when it comes to energy. Listening to the presidential forum the other night, I was struck by how anti-free market all but one of the candidates are on this matter. (The exception is Ron Paul.)

Of course, Romney, McCain, Giuliani, Huckabee, and Thompson don't embrace the free market for anything, really. But they pay lip service to it on many issues. When it comes to energy, they don't do even that.

At last weekend's ABC forum these candidates recited a list of things "we must do to end our dependence on foreign oil." "We" equals the "we who are forced by government." Not one of the five showed even a glimmer of understanding that a truly free market would be more than up to the task of ensuring steady and plentiful supplies of energy. It would move us smoothly from oil to something else as conditions warranted. And it would provide the profit incentives for innovative people to find efficient alternative fuels. In fact, *only* the free market can do a good job of this without the corruption and the boondoggles that mark politically managed programs.

The free market — which is what we need but do not have — is much smarter than any cast of bureaucrats and politicians. Entrepreneurs have two characteristics that serve the public well: the price system to guide them and their own capital at risk. The price system provides critical information and feedback, signaling which projects have the potential to succeed and which do not. Since entrepreneurs, unlike bureaucrats, risk their own wealth, they have a direct stake in getting things right.

Prices guide consumers as well as entrepreneurs, and if prices go up, we can expect appropriate conservation without government mandates. Government-backed fuels, however, will not be subject to free-market pricing. Politicians, ever eager to dispense favors to their patrons, will manipulate the tax and regulatory system to give their pet energy products a price advantage over alternatives.

Any fuel that needs government help to make it in the marketplace is uneconomical and represents corruption. Take ethanol. The only reason anyone is making it is that the tax system treats it more favorably than gasoline. A special interest — the corn farmers supported by the food processor Archer Daniels Midland — favor the creation of this artificial market. There's no other reason for it. Ethanol doesn't save energy, once you account for how much energy is required to make it, and it has its own environmental drawbacks. Moreover, the government-fueled boost in demand for corn has distorted that market, raising food prices and drawing land out of the production of other needed crops.

Yet most Republican (and Democratic) candidates blithely promise to mount costly programs that would foist a variety of "alternative fuels" on us. Such hubris! As though these politicians know what's good for a large, diverse society such as ours.

The cry for "energy independence" is peculiar for self-styled advocates of free enterprise. The global division of labor is a pillar of the free market, and any drive for self-sufficiency would retard economic growth. So why would we want to stop buying economical fuel from foreign sources? The Republicans say the reason is the threat of terrorism from the Middle East. But the oil market is global, with diverse suppliers. According to the American Petroleum Institute, "Less than 15 percent of the oil the United States consumes comes from Persian Gulf countries." Of the top ten crude-oil exporters to the United States (86 percent of our imports), only two — Saudi Arabia and Iraq — are in the Middle East. Two of our top three suppliers are in North America — Canada and Mexico.

This is not to say U.S energy policy is proper. The government should repeal all subsidies and privileges, including intervention in the Middle East, that shield the oil companies and everyone else from the full costs of their choices. In other words, contrary to most of the candidates, we need a real free market in energy.

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