

Our View: A Brilliant Sanctions Policy

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Everyone believes Russian oil and gas exports should be sanctioned.

They are wrong. This is game theory at work. Sanctions would push up prices fifty to one hundred percent in this speculative-driven market. But Russia could still sell oil and gas, just as Iran has sold oil and gas for the past four years. Russia's income might even increase.

By refusing to sanction the country's oil and gas exports, the United States and Europe have removed the speculative fuel driving prices. Oil prices might even decline. This strategy will reduce Russian income from oil and gas sales rather than boosting it, as could happen if prices rose sharply, because buyers do not want Russian hydrocarbons.

This is game theory at its best. All oil producers will see revenue losses.