

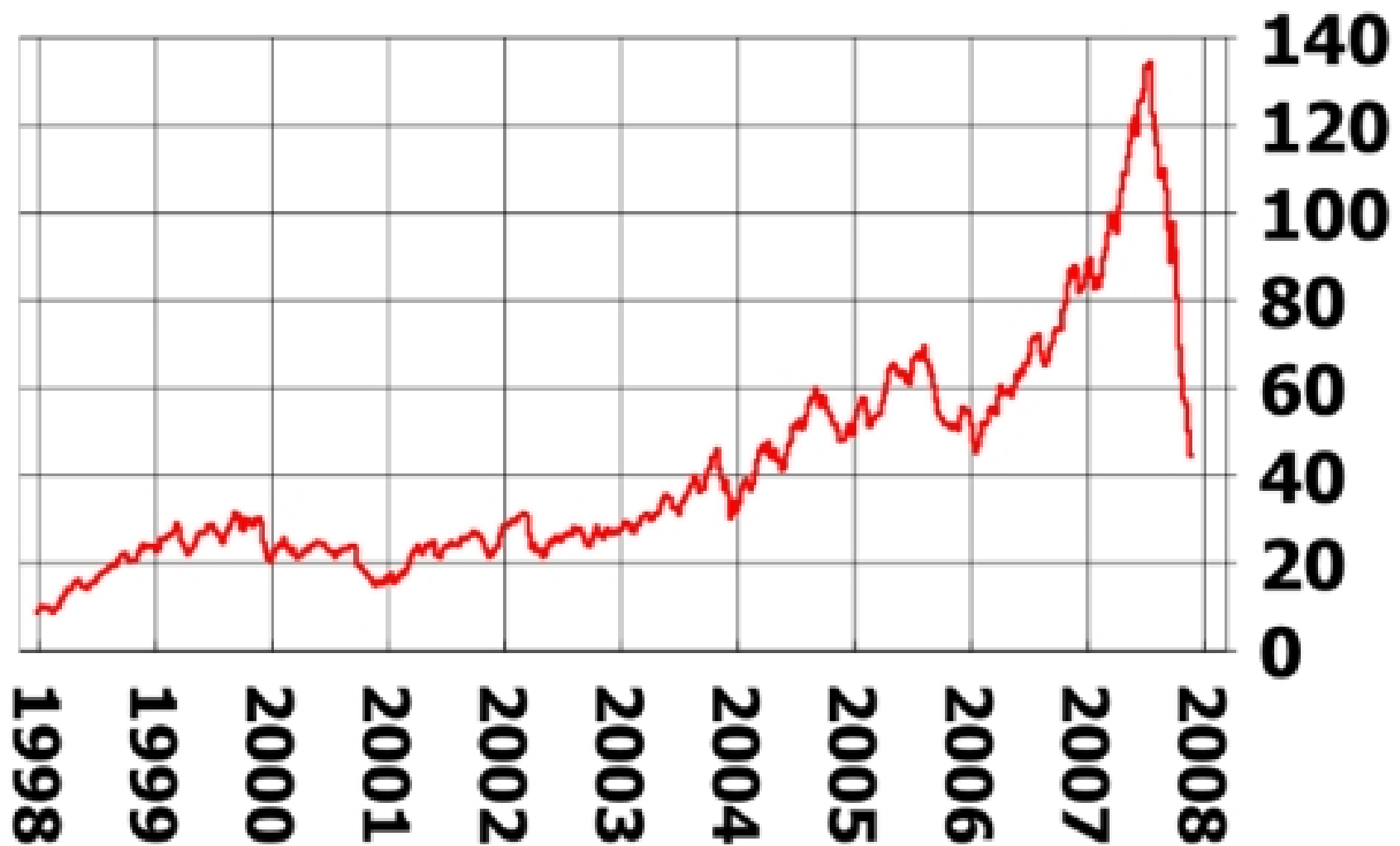


# The Effect of Speculation on the Free Market - An Experimental Approach

M. Soyoola and S. Xi  
December 1<sup>st</sup>, 2009  
Yale University  
ECON 488

# Background - Energy Crisis

Oil Prices 1998 - 2008



# Speculators to Blame?

THE WALL STREET JOURNAL.

"We therefore call ... to consider improving transparency and supervision of the oil futures markets to reduce damaging speculation"

- Gordon Brown, UK Prime Minister

**FORTUNE**

"... hedge funds, traders, and Big Oil are really driving gas prices."



"Oil prices are high because of speculation, pure and simple."

**The Economist**

"whether speculation has really been responsible for prices spiking is a controversial issue... numbers do little to prove that speculators are overriding market fundamentals to influence prices."