

My Turn: Free market is not a free-for-all

By Matt Cota • October 25, 2008



The economic crisis we now confront is a product of Wall Street deregulation, and that same deregulation is at the heart of the volatility in the energy markets.

The fact is, our financial system -- and by extension, our national economy -- is facing a crisis of historic proportions because Wall Street insiders have operated free from any meaningful regulatory oversight for years. Congress and the president need to act now to place limits on the amount of energy that noncommercial traders can control. Greater transparency is needed in the trading system.

Without question, a free market is the foundation of a strong economy. That being said, a free market is not a free-for-all. A free market works only when the rules that keep things fair are enforced without fear or favor. Washington has absolutely abdicated its responsibility for providing that enforcement. Congress must impose new rules, regulations and accountability levels on noncommercial commodity traders who have no physical ability to take delivery of the product.

The current credit crisis has a profound impact on the heating fuel industry. Nearly every major investment bank involved in physical commodities markets has succumbed to the financial crisis, either by selling to a rival or filing for bankruptcy. As a result, producers and refiners have tightened credit lines with wholesalers, who have in turn tightened credit with their customers -- home heating fuel retailers. Retailers have little choice but to do the same. Customers have long treated their home heating fuel company as the second bank in town. Those days are quickly disappearing because the credit risk is simply too great.

Vermont's home heating fuel retailers are mostly small second- or third-generation family businesses. The name on the side of the truck is quite often the name of the person inside the truck or in the front office answering the phone. These small businesses, which are so critical to Vermont's economy, are impacted by the credit crunch. Despite these difficulties, heating fuel companies continue a proud tradition of giving back to the communities where they work and live.

The Vermont Fuel Dealers Association's Patch Chit "Split the Ticket" campaign is one of the many ways dealers are helping out. For over 20 years, the program has been used as a statewide safety net to address the emergency fuel needs of low-income Vermonters. Visit vermontfuel.com to learn how you can help.

