

Welch adverse to Wall Street inflation of oil

By BRUCE EDWARDS STAFF WRITER

Rep. Peter Welch, D-Vt., continued his crusade Friday against Wall Street oil speculators, who Welch and others have blamed for artificially driving up the price of gasoline and home heating oil.

Welch stopped at the Mac's Market convenience store on South Main Street for a press conference where he was joined by Chris Keyser, owner of Keyser Energy.

Welch said it's tough enough on consumers when market forces drive up the cost of energy products but he said there's irrefutable evidence "that an enormous part of your price at the pump and home heating fuel when it's delivered to your tank, is the speculation by Wall Street banks on the futures market."

While the future's market serves a legitimate function for petroleum dealers like Keyser, Welch said Wall Street banks and hedge funds have manipulated and abused the system to make huge profits by betting on the price of oil without ever taking possession of the commodities they're bidding on.

"They're capacity to control this and manipulate the price by some studies is adding \$10 to \$30 to the cost of a barrel of oil," said Welch, who is running for re-election to a third term. "That's about \$300 billion added to the expense of our car drivers and our folks heating their homes."

To put that in perspective, Keyser said at \$30 a barrel, speculators add \$500 to a homeowner's heating bill. "That's \$500 out of pocket and something that is desperately needed to be fixed," he said.

Welch said the answer to reining in energy commodities speculators lies with the Commodities Futures Trading Commission. He said he and other members of Congress have urged the regulatory body to use its existing authority to crack down on speculators and protect consumers and local fuel dealers.

Among the actions Welch said the Commodities Futures Trading Commission should take is requiring traders to put much more of their own money at risk and much less borrowed money. He also said buy and sell orders should be traded on an open exchange to ensure transparency.

"These are a couple of steps we could take to help restore price being related to the actual supply and demand as opposed to market manipulation by the hedge funds and the Wall Street big banks," he said.

Keyser said he uses the futures market to buy home heating oil ahead of the heating season so he "can have a stable price to offer his customers."

"The last three or four years we've noticed the price of the product has been disconnected from the actual supply and demand," Keyser said.

As an example, he said despite plentiful inventories of fuel stock, prices have remained high.

Congress is making some progress in putting the brakes on speculators.

As part of sweeping financial overhaul legislation, the Senate Agriculture Committee last month included language that would crack down on speculative commodities trading.