

## **Price Gouging - President Bush and America Finds It Acceptable Policy**

This morning, our dear President was kind enough to advise us that his administration will take action to prevent price gouging for gasoline at the pump due to refinery disruptions thanks to Hurricane Ike. Of course, he offers no specifics to ruffle any oil company cronies. After all, President Bush is an oilman from Texas. By the way, even oilmen from Texas can become wise to the real energy crisis, and a better late than never T. Boone Pickens is a great and admirable example.

Lots of politicians from both parties talk about price gouging, something we see in the cost of a barrel of oil NOT translating to prices at the pump. Maybe you saw the 60 Minutes segment where Exxon CEO Rex Tillerson discussed how they spent the most on alternative energy research in oil company history, or something to that effect, outside the context of the most ridiculous profits in corporate history. As a sidelight, research on trusted Google couldn't find that interview after 20 minutes, just press releases (another form of rhetoric versus relative facts or out of context facts). Plus, you couldn't (as of 9/14) find the interview on the 60 Minutes website. No matter, Exxon CEO or President of our country, rhetoric is just that - rhetoric. More so, in these cases it is closer to BS than even basic solutions.

Back to the pump, and specifically the one in New Jersey where I bought gas this AM at \$3.55 per gallon at the same station that yesterday was \$3.39 per gallon. "Why wasn't it still \$3.39?" I thought since the gas in their storage tanks was bought before? This was a local brand...not Exxon by the way. So, let's say the company that owns that station was making 18 cents per gallon profit on Saturday on the oil they bought, now that is 36 cents. Question to Mr. Bush: Is double the profit considered gouging? OK, not to put this all on *his* shoulders just because he has the power to correct this and other gouging misgivings, but consumers and citizens en masse just accept the rhetoric and the BS and do not take action in advising all their politicians where they hear it most...your vote and your support. As a society, we make it easy for most politicians to feel rhetoric is enough.

So what is the gouging benchmark? First, the scenario I describe to be gouging in the US by law after consumer awareness in 1973 and the oil embargos that began the "Mideast Oil Crisis" as rising consumer demands began the acceleration on foreign oil dependence. Then there was the "Second Oil Crisis" of 1979, triggered by Iran uncertainties, a time when I benefited professionally, as a combination of a surge in prices at the pump and demand far exceeding the somewhat unexplained slow release of supply meant gas stations, both franchised and independent, became worth 2-3 times more in value to sell, and there was no shortage of buyers. I was a 24-25 year old commercial Real Estate Broker who had 15 stations listed (and sold quite a few) when the market crashed (OK, readjusted but thought to be a crash for me as my listings became valueless) in 1980. Gouging connection, you ask? This late 70's boom continued after government regulations restricted the profit per gallon to 16 cents a gallon to what was purchased by the station, including the 15-20,000 or more gallons in one station's tanks. That was a 16-cent profit, not the 16 cents added profit per gallon which I added to one station owner's pockets this AM.

Back to rhetoric again, where it seems like every Tom, Dick or Harry politician, including Mr. McCain and Mr. Obama, often tell us of the energy crisis because of our dependence on foreign oil, let alone the concerns of price gouging. Yet they offer no solutions. Limiting profits at the pump again helps on that end. A simple and easy-to-implement answer on major oil companies' too huge profits: mandate and regulate that half of the profits be adopted to alternative energy research (10%), alternative energy production (20%), and the remaining 20% to subsidize energy costs for the low income Americans and working poor, like those that are leaving jobs because they can't afford the gas. As for the middlemen or speculators in the oil delivery equation, there are surely solutions there, too.

Have we had enough of gouging redefined by oilman politicians or inaction by politicians in general? Will we settle time and again for rhetoric over detailed solutions, and the action on the solutions when offered? Or will we collectively stand up like the fictitious Howard Beale of Network fame and say "I'm mad as hell, and I'm not going to take this anymore"? This is about saving the planet. It is also about basic human rights being compromised by the eroding opportunities for the average citizen to have basic needs like education, healthcare, affordable housing and food for the sake of inexcusable out-of-balance corporate profits. As collective citizens, the choice is yours to either accept or demand true change, not the rhetoric of change.

September 14, 2008