

Taking Stock: Pump prices seem high? Thank your government

by Malcolm_Berko

Dear Mr. Berko: I read your article on Sasol and its hydrogenation process that makes gas from coal. I even bought 150 shares and thanks to you I now have a \$5 per share profit. If this company can produce gas and oil from coal at an equivalent cost of oil at \$42 a barrel why won't Exxon, Shell or Conoco do the same thing? I just paid \$3.39 a gallon to fill my tank and that's obscene. There's no oil shortage and oil is now \$77 a barrel. Can't the government do something about this calamity? Can't the government do what Sasol in South Africa did? Our government is failing us.

N.S.

Santa Monica, Calif.

Dear N.S.: You must first recognize that we have the best government that money can buy. When I asked a former member of Congress, whom I've known for 35 years, how he accumulated so much money on a government salary he commented frankly: "I would guess that 70 percent to 80 percent of my colleagues are on the take and" So asking "our government" to encourage the oil industry to lower oil prices is like asking the United Auto Workers to encourage lower wages so General Motors, Ford and Chrysler can sell more cars to consumers.

There are two reasons for record high oil prices. The first reason is the one that sounds good. Refineries all over the country are experiencing record a number of leaks, power failures, breakdowns and labor problems. As a result some 50 to 60 of the nation's 150 refineries (in 1985 there were 324 oil refineries in the U.S.) had to shut down or lower production this year. And as the fairly tale continues, these problems have created a severe supply shortage that has moved the cost of fuel to record prices at the pump.

To this I say, tommyrot, applesauce, balderdash and a few choice words in poor taste to print. If we really have a fuel shortage how come there aren't long lines of cars at gas stations waiting to fill their tanks? And why have Exxon, Shell, BP, Chevron, ConocoPhillips, Total and Marathon, which own most of the refineries, continued reporting record profits? Kind of makes one wonder if the refinery breakdowns, leaks, fires, etc. are contrived exaggeration and poppycock and purposefully engineered. And, considering the hundreds of billions of dollars these companies earn, it boggles my imagination that their upkeep is so sloppy. It just gets "curiouser and curiouser."

The second reason is not the one that sounds good; rather, it's the real reason. Remember Vice President Dick Cheney's secret Task Force meeting with oil executives and lobbyists in 2001? Today, seven years later, the administration still refuses to divulge the names of the 33 or so people who attended. Gas prices then were \$1.55 a gallon. And be mindful that President Bush's family made their big bucks in the oil industry and that Cheney (the president's wet nurse) was chief executive officer of Halliburton, the humongous oil and gas

service conglomerate.

Now, if you remember reading my column on coal hydrogenation and Sasol, you will recall my comment about Standard Oil of New Jersey, now called Exxon. I wrote that Standard Oil and its American management, between 1938 and 1941, helped Germany to build hydrogenation plants to produce gasoline from coal and that gas fueled German tanks, planes, battleships and supply trucks. And you will recall my comments that Standard Oil was a contributing member of SS chief Heinrich Himmler's Inner Circle of Friends even as late as 1943.

While Washington tells us that oil prices are too high, I can't find just one sentence in the Congressional Record that proposes a solution. Fuel prices are high because Big Oil wants them high and they are paying Congress for protection to keep those prices high. Now why would Exxon or Shell want to sell gas at \$1.50 a gallon when they can sell it at \$3, earning nearly twice as much with little or no increase in cost? The chance that that medicine will find a cure for, cancer, obesity, Alzheimer's, AIDS and stupidity in the next five years, exceeds by orders of magnitude the probability of gas returning to \$1.50 a gallon. So get used to it.

Please address your financial questions to Malcolm Berko, P.O. Box 1416, Boca Raton, FL 33429 or e-mail him at malber@comcast.net.

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