

Winter of Discontent Begins: Boston Meets on Fuels Crisis

by Suzanne Klebe and Mary Jane Freeman

With a Winter of incalculable consequences beginning in the colder northern areas of the United States, the City Council of Boston held extraordinary hearings Dec. 4 on how to stop the deadly upward spiral of prices of heating oil, natural gas, and other fuels.

Boston Councilman Chuck Turner took the initiative, backed by petitions of 3,000 residents and compelling testimony of experts and citizens, to call for government-to-government emergency oil trades, bypassing the ruinous speculative markets. The idea, as urgent national policy, was proposed in September by Presidential candidate Lyndon LaRouche. In the few months since then, prices of these fuels have doubled again, and even in the United States, citizens freezing to death for inability to buy fuel, in New England and the Mid and Far West, has become a real and immediate threat. LaRouche, in a message to the hearings, called on Boston, once again, to “fire the shot to be heard ’round the world.”

On Dec. 6, the full Boston Council met and scheduled Dec. 12 for decision on the proposal. It had heard proof that *supply is not the problem, but speculation*, in testimony ranging from *EIR*’s economics staff, to the government of Venezuela, to a public-spirited and well-informed oil deliveryman from North Boston.

LaRouche’s Sept. 19 memorandum, calling for government-to-government action to bring oil price inflation under control (see *EIR*, Sept. 29, 2000), proposed emergency measures to deal with “the current global inflation in petroleum prices,” which, it noted, “threaten to be the detonator of a chaotic breakdown in many, if not all of the economies of the world.” The U.S. Energy Department, at that time, publicly refused an offer from Venezuela for such direct, off-the-market government oil sales — an offer still standing, as the Vene-

zuelan Embassy informed the Boston Council hearings. In the short weeks since then, the natural gas spot price, for example, has continued its dizzying rise, to touch \$9 per million BTUs in early December. LaRouche’s memorandum was issued prior to the Sept. 27-28 Organization of Petroleum Exporting Countries (OPEC) meeting — the first heads of state meeting in 25 years — held in Caracas, Venezuela. The memo, circulated at that OPEC summit and worldwide, proposed that governments a) declare a general strategic emergency regarding stability of flows and prices of essential energy supplies; b) set up government-to-government contracts, of not less than 12 months, for petroleum deliveries; c) set reasonable prices for these contracts; and d) set priorities on processing of petroleum for priority categories of consumers in each nation.

New England Winter Energy Crisis Looming

The “General Welfare,” as conceived by our founding fathers, and those who led the Boston Tea Party in 1773, was the recurring subject presented to the Boston Council’s State and Federal Affairs Committee on Dec. 4. The hearings were convened before a full meeting-room by the committee’s chairman, Michael Flaherty, to hear public testimony on “Resolution on Emergency Governmental Action to Reduce Oil and Natural Gas Prices,” introduced by Councilman Turner on Nov. 1 (see *EIR*, Nov. 17, 2000, p. 13).

On Nov. 1, Turner had told the Council that “people can’t afford” these prices, a reference to the first point in his resolution: “The price of oil has more than tripled since January of 1999, to over \$35 per barrel. . . .” At the time Turner made this initiative, the Coalition of Northeast Governors had already issued a report warning that as of September 2000, “heating oil customers will pay” almost \$135 more per month for fuel



Boston City Councilmen Chuck Turner (upper left) and Michael Flaherty hear testimony on an emergency oil-policy resolution against fuel price hyperinflation. Key witnesses included John Hoefle (bottom left) of EIR's economics staff; Boston oil deliveryman Jack Kearn (top right); and Amelia Boynton Robinson, a lifelong leader of the U.S. civil rights movement.



this Winter! Moreover, in mid-October, Federal energy officials had announced that reserves of No. 2 heating oil in the Northeast, at 3.1 million barrels, less than 40% of the ten-year average of 8 million reserve barrels for the area at this time of year, were already low.

Since those September-October warnings, the fuel situation has gotten worse. Winter cold weather has come earlier, thus making demands on the low reserves before any additional reserves might have been marshalled into the area, and the prices have continued to skyrocket, just as LaRouche warned in his Sept. 19 memo. The other crucial point Turner made when he introduced the resolution was that “production now exceeds consumption, and yet the price continues to rise,” pointing to the City of London and Wall Street’s manipulation of energy spot market prices, reduction of refining capacity, and the mega-mergers of oil companies.

Protect the ‘General Welfare’

Witness after witness at the Dec. 4 hearings hammered these two points home, most insisting that “supply” is *not* the reason prices are skyrocketing, but rather that speculation is the culprit.

Flaherty, At-Large City Councilman and chair of the committee taking the testimony, opened the hearings stating that they could not have come at a more appropriate time, as we are

now in the Winter months and the fuel situation is particularly serious for seniors, veterans, retired folks, and those having a rough time keeping a roof over their heads. After his introductory remarks, City Councilman Turner spoke on the necessity of the resolution, discussing the disaster the high oil price has already had on his constituents and the fact that there is no shortage of supply, and noting that OPEC has increased production. He referenced U.S. Secretary of Energy Bill Richardson’s refusal of the Venezuelan government’s offered government-to-government oil contracts. He told the assembled citizens that a similar resolution had passed in Camden, New Jersey, and one had been introduced before the Pennsylvania General Assembly. Turner concluded his remarks stressing the necessity of acting for the General Welfare, in protecting the interests of the citizens.

The dynamic hearings were characterized by that same fighting spirit exhibited in 1773, when citizens revolted against the City of London’s “tea tax” by dumping tea into the Boston harbor. Only now, these Americans are mobilizing against the City of London/Wall Street “fuel tax,” a tax, if you will, imposed by way of their rigging of commodity markets. Exemplary of this spirit was the presentation of 3,000 petition signatures gathered in support of the resolution over the last month. Democratic committeeman John Jones, a life-long activist in Boston, had filed the signatures with the Boston

LaRouche to Boston Council: 'Shot Heard 'Round the World'

December 4, 2000

Since my general views on the matter before you have been previously stated, and are widely known among some leading circles of government in many parts of the world, I limit myself to the immediate circumstance in which the present matter comes before you.

The world, including our United States, is presently gripped by the final phase leading into the general financial collapse of this planet as a whole. Although the onrushing crisis will be worse than anything experienced during the earlier depression of 1929-32, the principles of government which succeeded under President Franklin Delano Roosevelt then, are the precedents by which our nation can master the presently erupting depression of today.

These indispensable actions, on which the continuation of a decent life depends, must be shared in various ways at various levels of government, not only Federal and state, but municipal and county levels. In this process, the essential task of the present moment, is to build up a

consensus among our citizens for the kinds of remedial action which must be taken at the various levels of government. We must each and all act as the circumstance requires, but the first step to those actions is to resolve to work together for that great common and urgent cause.

Neither Boston, Massachusetts, nor New England as a whole, command the glories today with which they were adorned during the decades I was a child, youth, and young man, living in those quarters of our nation. Nonetheless, there are reasons why decisions made in Boston and its vicinity can still shake the world for the better, and the measure before you, if adopted, is surely, once again, a shot which will be heard around the world.

I am optimistic about what we can accomplish as a nation. I am worried about our willingness to undertake the needed task. If we unite for what needs to be done, I am expert enough in such matters, to be qualified to assure you, that if we resolve to do what needs to be done, what we do will then have the means sufficient to succeed.

I ask you: Let the shot which I recommend be shot, whose sound shall reverberate, once again, from Boston and its neighborhood, will be heard, loud and clear, around the world. If you do that, I can assure you, that shot will be heard, and I am ready and waiting, at your pleasure, to do my part to bring that result about.

City Council the week before the hearings. When he testified, he told Chairman Flaherty, Councilman Turner, and the audience, "What was important was not how long one lived, but what you do with the years that you have—the impact you have for humanity." He said that something must be done quickly on this fuel emergency, and that he "would not stop petitioning until it was done."

EIR Explodes Market Myth

Witness John Hoefle, of *EIR*'s economics staff, honed in on the manipulation of the price of fuel, using charts attached to his prepared testimony (see *Documentation*). He showed that supply is not down, but up, yet prices have exploded, in part due to mega-mergers of the big oil companies. Hoefle detailed the role of the spot market and the fundamental change in energy pricing, especially highlighting the deregulation mania. Next, he graphically showed how the price of oil has been increasingly divorced from the production and supply of oil, and noted that this was just one reflection of the hyperinflation hitting the entire economy which is caused by the general disintegration of the economy.

Councilman Flaherty asked Hoefle a number of questions. "What do you mean by speculation? Who is speculating, in what? How is speculation driving the market? Is this in terms of futures, or speculation of countries?" Hoefle took the op-

portunity to give a mini-class in how futures work. He said that people are very successful in making money, buying and selling, but with no intention to deliver the oil itself. Flaherty then asked about the offer of Venezuela to supply oil to the United States, and asked why the offer was refused. More questions came from the audience, including questions concerning how and why refinery capacity has been cut in the United States.

Following Hoefle's testimony was that of retired State Sen. Bill Owens, himself a 25-year veteran of public service. While he was not on the hearing agenda, when he arrived asking to testify, his request was immediately granted. Owens began speaking on the "crisis of the cold" and its impact on the elderly, poor, and the sick. He discussed his own experience in battling a long-term illness, and the need to "keep yourself warm by any means" under these circumstances. This can be a real hardship for the elderly and low-income families. In this light, he asserted, "the buck stops with us." Elected officials have to act in the interest of the General Welfare, he insisted. "I don't know how much money the city has allocated for poor people for fuel . . . but even if it is \$12 million, it may not be enough." Pointing to Boston's place in our nation's history, he said, "we set trends for the country," therefore we must act for the Good, he concluded.

Owens also took up the importance of listening to

EMBAJADA DE VENEZUELA
WASHINGTON, D.C.
No. 2512

November 28, 2000

Ms. Cloret Carl
Schiller Institute
c/o H.S.D.L.
86 Hancock Street
Braintree, MA 02184

Fax: 781-380.4029


Dear Ms. Carl:

On November 27, 2000 I received your fax, dated November 22, requesting my presence, or that of my representative, in order to present public remarks at a hearing of the Boston City Council to be held on Monday, December 4.



I regret to inform you that, due to previous commitments, my presence will not be possible. It has not been possible, either, to arrange for the presence of another representative of this Embassy.

Please find, attached, public comments made by high representatives of the Ministry of Energy and Mines of Venezuela, and Petróleos de Venezuela S.A. (the national oil company), during a visit to Washington-D.C. at the end of September, referred to the Northeastern US heating oil situation. I very much hope you will find them useful.

Sincerely,



Alfredo Foró Hardy
Ambassador

Nevada Legislature
SEVENTIETH SESSION

COMMITTEES:
Member
Finance
Government Affairs
Taxation

JOSEPH M. NEAL, JR.
SENATE
Clark No. 4

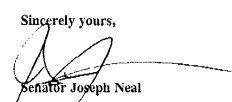
STATEMENT FROM SENATOR JOE NEAL, NEVADA

It is my position regarding the current oil crisis that there is *not* an oil crisis *at the well-head*. Instead, despite oil-producing countries pumping more oil, there is not a substantial change in the price of oil downward. What we see instead is the effect of speculation from the well-head to delivery to some particular country.

I think it would be better for government agencies such as the city of Boston, or the State of Massachusetts, to enter into private contractual agreements for the purchase of heating oil, as was indicated by Mr. LaRouche, in order to eliminate the speculative aspect that seems to be increasing the prices. Unless this is done, I think that the speculators, especially those in the area of the purchase of oil, will not show any particular consideration to individuals in need, but will look to the profits they can make through this speculative process.

Therefore, I would endorse the resolution that is before the Boston City Council to call upon the President of the United States to lend his good offices to setting up meetings with the oil producing countries to deal with these prices. The country, rather than the city of Boston, or the state of Massachusetts, would have a greater leverage in terms of achieving the ends of getting the speculators out of upping the price of oil.

Sincerely yours,



Senator Joseph Neal

RESOLUTION MC-00: 638

SLOAN-EL
10-12-00

R-32

RESOLUTION DECLARING CITY COUNCIL OPPOSITION TO UNWARRANTED INCREASES IN THE COST OF FOSSIL FUELS/OIL AND NATURAL GAS

WHEREAS, the price of oil has more than tripled since January of 1999 to over \$35.00 per barrel, the highest price since the Gulf War crisis 10 years ago, and threatens to go even higher over the coming weeks and months; and

WHEREAS, the high level of oil prices has already led to massive social conflict and/or economic hardship in Camden, New Jersey, western Europe and other parts of the world; and

WHEREAS, the high level of oil prices threatens severe economic hardship against the citizens of Camden, New Jersey this Winter, since home heating oil and gas prices have increased by an average of 50% over the past 12 months, and skyrocketing energy prices could cause a hyper-inflationary explosion throughout the economy; and

WHEREAS, oil prices have continued to rise despite increased production by OPEC countries, suggesting that other factors, such as speculation in oil price futures and other markets, are to blame for the oil price crisis; and

WHEREAS, experts have indicated the skyrocketing of oil prices began just weeks after the purchase of AMOCO by British Petroleum in August 1998, and the merger of oil giants Exxon and Mobil in December 1998, leading to suspicion that oil markets are being manipulated upwards, to generate the super-profits needed to pay the massive costs of mergers and acquisitions among the oil multinational corporations; and

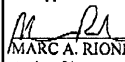
WHEREAS, the secondary impact of this speculation in oil has been to drive up the price of natural gas so that similar increases are being passed on to residents who heat and cook with natural gas; now therefore

BE IT RESOLVED by the Council of the City of Camden that the City Council of the City of Camden urges the President of the United States, and the United States House and Senate and the New Jersey Board of Public Utilities, to take emergency action to reduce oil and natural gas prices, including an investigation of possible market manipulation through speculation or other unfair practices, and the possibility of bypassing the oil multinational corporations completely, by negotiating government to government purchasing agreements directly with the oil-producing countries.

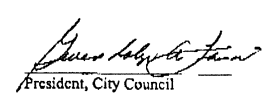
On Motion Of: GILBERT "WHIP" WILSON

Dated: October 12, 2000

The above has been reviewed and approved as to form

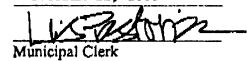


MARC A. RIONDINO
Acting City Attorney



President, City Council

ADOPTED: OCTOBER 12, 2000

ATTEST: 
Municipal Clerk

Other interventions into the Boston City Council's crucial hearings on LaRouche's proposed policy to end the "long, cold, Winter" speculation in energy fuels. The Embassy of Venezuela restated that nation's readiness to sell oil on direct, long-term contract to the U.S. government. Nevada State Sen. Joseph Neal urged the Boston Council to act, as he has in Nevada; the Camden, New Jersey City Council has already passed a similar resolution for government-to-government oil trade against the market speculators.

LaRouche. He commended Councilman Turner for "picking up on issues brought to the arena by Mr. LaRouche," saying, "It has been my experience that LaRouche has been right more than he has been wrong. . . . For some reason the government doesn't want to key into that." Too often, he said, people want

to brush LaRouche aside as "cuckoo." "Now I am not here to talk for Mr. LaRouche, but frankly, I have worked closely with people associated with Mr. LaRouche. . . . There are issues we disagree on, and I have told them that, and I have personally told him that . . . but he is absolutely correct on

this issue.” He continued, “Why should the city or state funds be used to pay high speculative prices? We are subsidizing the rich speculators to bail out Wall Street. When poor people go to the government to ask for assistance, it is called a ‘hand-out.’ Now it is our responsibility to help such people. They are family. They cannot provide for themselves. But not so these bandits. This is ‘welfare for the speculators.’ ”

Threat of Social Chaos

A Boston oil deliveryman, Jack Kearn, gave some of the hearing’s most gripping testimony. Kearn had just learned about the hearings a few days before; from his own carefully kept business records, he powerfully presented the “supply hoax.” “There is not a shortage of oil,” he said, “but the price is going up daily.” He pulled out a daily comparison calendar he has kept for the last year to make the point. He described Boston citizens throwing stones at him as he drove his oil truck, after television broadcasts of a false, “sound bite” pronouncement by a Boston public official, that oil distributors are price gouging. Kearn concluded with a moving picture of the hardship the price rise is causing for his customers: small companies filing for bankruptcy because they can’t pay up front for oil deliveries; poor families asking his advice on how to heat only one part of their house, to keep the bill down.

Seven other citizens testified. We summarize, here, some highlights from just a few of their impassioned presentations. Senior citizen activist Sal Rizzo told of how, in one hour’s time in front of the local doughnut shop, he collected 60 signatures in support of Turner’s resolution. He also explained the impact on Teamsters and independent truckers who, after this latest oil price hike, are going broke. An executive board member of the American Federation of State, County and Municipal Employees and Boston bus worker, Ivan Jones, testified that Boston municipal employees are required to live in the city, but some cannot survive in Boston because they cannot afford to pay for heat!

Near the conclusion, the Spirit of 1776 was embodied in the testimony of veteran civil rights activist and heroine Amelia Boynton Robinson, as she insisted on the importance of citizen-action. Councilman Flaherty, showing his great respect for Mrs. Robinson, said his father always told him that “experience counts,” and that hers was apparent. She emphasized that unity makes organizers stronger, and discussed the importance of the fight for the right to vote, as has been so evident in the recent Presidential election. Now is the time, she told the hearing, to make LaRouche’s policies heard, so we may take back the country.

Change, or Tragedy

Boston LaRouche spokesman Bill Ferguson presented an array of support and/or similar resolutions from across the nation. He read an endorsement of Councilman Turner’s resolution by Nevada State Sen. Joe Neal (D), who, in October of this year, stopped electricity deregulation in that state by the

same kind of public-action campaign. Neal’s endorsement emphasized the accuracy of LaRouche’s forecasts on such issues, as well as his approach for dealing with this energy emergency. Ferguson next presented similar resolution initiatives from Cleveland, Ohio, and Camden, New Jersey, to show that others are taking action to defend the General Welfare, rather than bowing to the hyperinflation of the energy speculators and huge conglomerates. He ended by describing his collaboration with Turner on this issue, LaRouche’s unique approach to dealing with these speculators, and finally, read LaRouche’s statement to the council, emphasizing their role to provide the “shot heard ’round the world.”

Councilman Turner asked Ferguson if he had anything further he wanted to put on the record. Ferguson replied, “Yes,” and proceeded to discuss the principle of Classical tragedy, as reflected in this energy crisis. He pointed to the deaths already seen from the heating crisis, and said that the question of tragedy is when the outcome is foreseeable and preventable, but people still don’t change. The lesson of tragedies on the stage can be seen, when the audience leaves the theater happy—even after a tragedy—because they can see that they don’t have to make the same mistake “in the real world.” He then compared this to the current situation, saying, “If we allow prices to be set by the ‘market,’ rather than as they should be set, then we know how it will affect people; if we don’t change, we will have a disaster.”

For previews and
information on
LaRouche publications:

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- Pieces by Lyndon LaRouche
- Every week: transcript and audio of the latest **EIR Talks** radio interview.

<http://www.larouchepub.com>

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