JLINDTV

Subject: In Support of Schumer and Reid legislation restore oil future's controls

Dear Honorable Senator Levin,
Honorable Senator Stabenow,
Honorable Congressman Knollenberg,

Senators Chuck Schumer and Harry Reid are pushing legislation to restore the controls over the oil future's market speculation that existed before brokerage houses like Goldman Sachs and Morgan Stanley set up a commodities exchange in London to evade restrictions imposed by the Federal Commodities Trading Corporation.

The FCTC had allowed those in the oil biz to buy and sell oil futures - essentially bets on how the price will change - but restricted investment by speculators. After the brokerage houses went offshore so as to be able to indulge their passion for a quick buck, the total traded in oil futures soared from $13 billion in 2003 to $260 billion now. It is this tail that is wagging the dog in pushing up the price of oil and gas at the pump.

The FCTC regulations remained in effect all through the Reagan and Bush years. Indeed, they were only repealed after they had been obviated by the off shore move so as not to disadvantage domestic commodities exchanges. We realized that oil is too valuable a strategic and economic commodity to permit its price to be determined by gamblers betting on the future price. So the FCTC let those in the industry, like oil companies and airlines, invest in oil futures but stopped outsiders from doing so.

The Democrats are pushing legislation to restore the status quo ante and stop the brokerage firms from playing the oil futures game. Their bill would apply the restrictions on oil futures' purchases to domestic American companies even if they trade off shore.

I strongly urge you to seriously consider and support this pending legislation.

Thanks for your valuable time,
Erik Ohrnberger

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