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Progressive Ponderings
OPEC

“Free market fundamentalists” are consistent in supporting their belief that “the market, free of constraints, will solve all human problems.” Their consistency holds true unless government action or monopolistic practices lead to greater profits. “Free trade” is one of their seducing maxims that is a mockery of the meaning of the word “free.”

The Organization of the Petroleum Exporting Countries (OPEC) was created in 1960 and is now enjoying nearly a half century of controlling the supply of oil and thus prices. The original founding five nations, Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela, were later joined by nine other nations, although three of these have withdrawn, leaving the current membership at eleven nations.

The U.S. and Western nations originally portrayed OPEC as a greedy and unprincipled cartel that brazenly manipulated the price of crude oil. In 1960 the price of oil on the world market averaged \$3.00 per barrel (about \$20 inflation-adjusted). The average price in 2006 was \$61. U.S. corporate petroleum giants and its partner the U.S. government soon discovered that cooperation with OPEC and emulating its cartel practices would allow the United States to participate in world oil and price control. Although OPEC produced enough oil to manipulate prices upward, the U.S. has always domestically produced from 1/3 to 1/2 of its needed supply. OPEC's elevation of prices enabled U.S. oil corporations to enjoy the price increase without suffering the blame.

Through mergers and buyouts in this industry the number of significant players decreased to oligarchic levels. The U.S. government allowed these merger/buyouts. During this corporate/government connivance the number of refineries also decreased giving even more control to the chosen few. All of this led to a vertical integration of the industry – a single corporation controlling oil from the well to the consumers' tank.

Monopolies with collusive practices that set price are supposedly against the law where the “free market” is charged with ensuring a competitive environment. Why then do gas prices at gasoline outlets all change within hours or minutes?

Some results of U.S. corporation/government cooperation with the OPEC cartel:

Corporations and government have colluded to guarantee exorbitant profits on a necessity for most Americans.

These excessive profits have been used to lobby Congress and propagandize Americans against energy-saving practices such as more miles-per-gallon standards.

The secretive Cheney Energy Commission, with corporate energy producers as the only players, continued the corporate/government practice of guaranteeing profits and providing incentives to fossil fuel producers.

The Federal Reserve System under chairmen Greenspan and Bernanke formulated a new measure of inflation – citing inflation as a number “not including food and energy.”

Energy is the most inflationary cost within our economy since nearly everything we consume has traveled to us via the use of energy.

The personnel changes between the Bush administration and the oil industry are a swinging gate. Most states and the federal government have refused recently to raise the tax on energy, especially gasoline. Instead, the federal government silently approves obscene profits which in effect are more devastating to citizens than any increase in energy taxes.

The largest share of our current trade deficits come from our oil imports.

Concerning Iran, Iraq, Kuwait, Saudi Arabia, Venezuela; what is our historic and current relationship with these founders of OPEC since 1960? And they said, “It's not about oil.”

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