

## Evil fuel speculators

President Obama is trying to deflect blame by claiming rising gas prices are due to wicked speculators.



Bob Martin  
Contributing  
Columnist

This is a theme pursued by Democrats every time oil prices peak. The investigations that follow have yet to find evidence of misbehavior in oil prices.

Notice, this alarm is never sounded when oil prices bottom out, even though speculators actively trade at both the peaks and the troughs.

Since speculators are so obviously bad, why not outlaw all commodity speculation? We could call it the "Obama Anti-speculation Act."

Our first difficulty will be distinguishing between "investment" and "speculation" unless we want to inadvertently outlaw investing at the same time. Investors and speculators both seek to buy assets at a low price and sell them at a higher price. There are two types of buyers and sellers in all commodity markets: those who physically take possession and provide the commodity when they buy and sell, and those who never intend to take possession and provide the commodity when they buy or sell.

Let's identify the latter as "speculators" and outlaw them; is there any downside to this?

Oops! We just blindfolded the commodity markets! It is the speculators who make commodity markets forward-looking, and this is the real reason President Obama does not like speculators. They buy and sell oil futures contracts based on what they expect to happen to future oil prices.

Suppose I believe the spot price (the price you would receive for oil if delivered today) will be \$120 a barrel on Dec. 1, and I can buy a futures contract for that date today for \$100 a barrel. If I am right, I can make \$20 per barrel in seven months; I can also be wrong, of course. I also never have to take possession of the oil; it is just a digital transaction.

Another important point to remember is that for every speculator who buys oil contracts, there must be another speculator who is selling a futures contract. Further, one speculator's gain is another speculator's loss. Therefore, when the outlook on future oil prices is in balance, speculators have a neutral effect on prices; they push the market price up or down only when there is a consensus prices will be higher/lower in the future.

The forward-looking behavior of speculators makes commodity prices more stable than they would be without speculators. For example, if no one is anticipating supply and demand conditions in the future; then no one is anticipating future shortages or surpluses, and commodity prices would alternately explode and collapse, making for a great deal more volatility and more physical shortages of commodities than we actually see. Remember, the last time we had gas lines (physical shortage) was in the 1970s when the government was regulating prices.

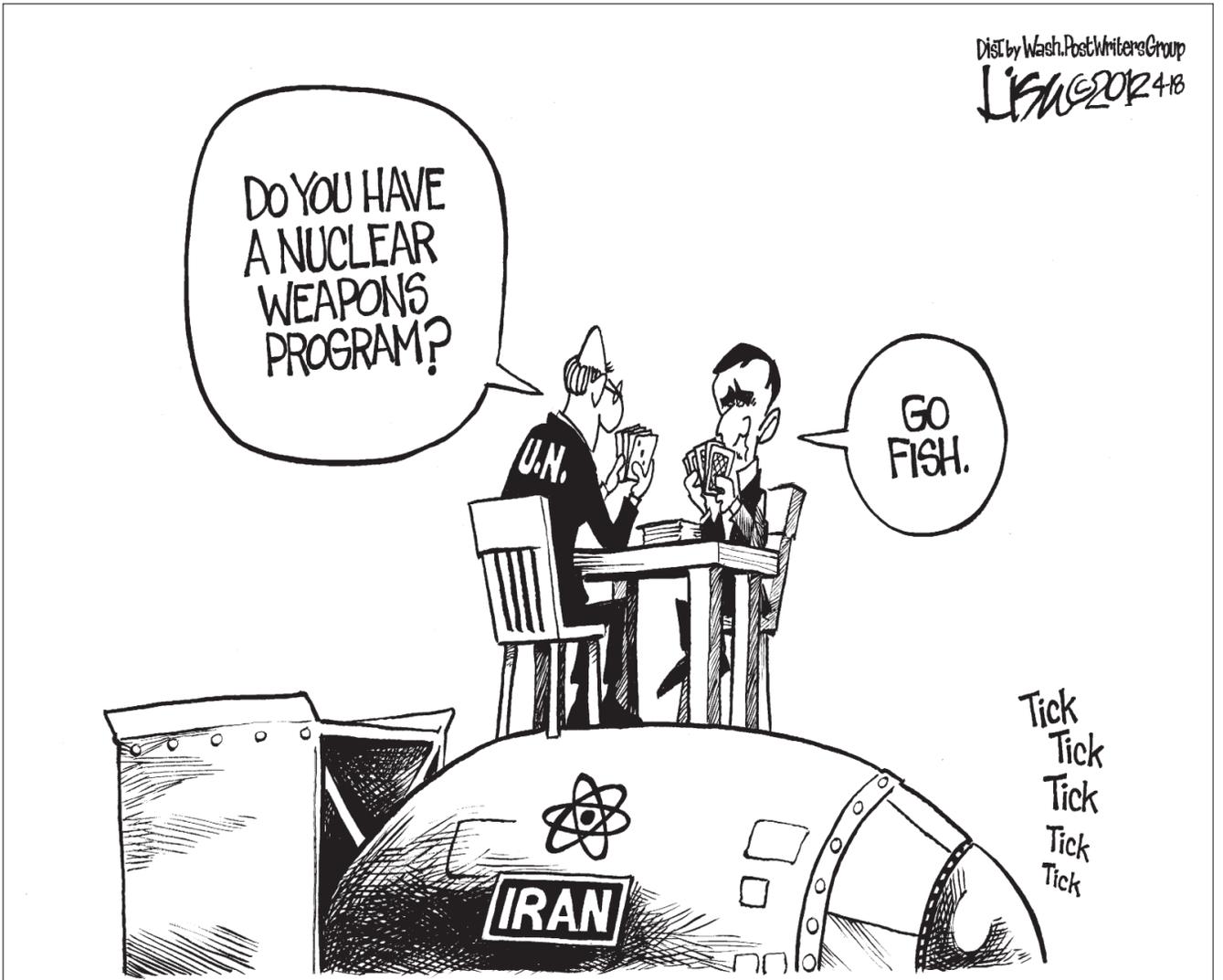
If speculators see less drilling for oil on federal lands (lower 48 and Alaska), less drilling on federal offshore leases, the president blocking the XL pipeline, the president bashing the oil and gas industry, the dollar continuing to weaken against other currencies, and the global economy beginning to work its way out of this deep recession, they would be foolish not to think oil prices will be higher in the future.

That is what President Obama does not like: the markets' collective judgment that his energy policy will not work.

Bob Martin is emeritus Boles Professor of Economics at Centre College

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## When work becomes a family matter

CHICAGO — The U.S. Department of Homeland Security recently sent out an unusually cheerful press release: "Border Patrol Academy Graduates 1,000th Class."



Esther Cepeda  
Syndicated  
Columnist

Forty-five newbies got through the Border Patrol Academy at the Federal Law Enforcement

Training Center in Artesia, N.M., one of the most rigorous federal law enforcement academies in the nation. It has graduated nearly 41,000 students — after months of coursework in marksmanship and horsemanship, studying immigration, customs and drug laws, plus firearm and physical training — since offering its first session in 1934 in El Paso, Texas.

At the ceremony, Homeland Security Secretary Janet Napolitano said, "Today, we have the largest, best trained and best equipped Border Patrol we've had at any time in our nation's

history, and I'm proud of all the brave men and women who dedicate themselves to this important work."

More than a third of those brave men and women employed by the agency are Hispanic. And imagine the minefield a Hispanic employee of DHS has to walk through when attending family get-togethers where someone might give you the evil eye — or a full-on tongue-lashing — for working for "la migra."

Over the years, I've interviewed Hispanic Border Patrol and Immigration and Customs Enforcement agents, immigration detention facility officers and related agency spokespersons. They've all smiled — broadly, ruefully — when asked "What's it like being Hispanic in your line of work? What does your family say? How do you respond to the inevitable 'how could you?'"

Answers range from "we don't talk about it" to "they're OK with it — mostly," and "I don't care about those who call me a sellout

or a traitor." Usually they have at least one horror story about a relative who refuses to be in the same room with them at holiday parties — sometimes their relatives are immigrant activists. Many describe how they change the subject when someone tries bringing up contentious immigration-related subjects. Most say it's "usually not a problem."

A few months ago, I had the opportunity to ask a graduate of FLETC about how he deals with the emotionally thorny issue with family and friends.

He told me that sometimes people bug their eyes out when they learn that anyone of Hispanic descent could work at an agency that has become synonymous with deporting Latin American immigrants, but that DHS is a great place to build a career.

The agency certainly provides lots of opportunities.

According to DHS' Equal Employment Opportunity Program Status Report for fiscal year 2010, Hispanics were the largest minority group of employees, repre-

senting 19 percent of the workforce — compared to Hispanics' 15 percent share of the civilian labor force. In U.S. Customs and Border Protection, Hispanics represent 35.8 percent of the total workforce.

For all the flack that DHS gets from immigrant and Hispanic advocacy groups, it is undeniable that the department provides good-paying professional jobs for Hispanics.

All controversy aside, many of them get hired on without a high school diploma or college degree — Border Patrol, for instance, is one of the few large law enforcement agencies that don't require them. That's quite a bridge to the American dream.

So congratulations to the 1,000th graduating class of the Border Patrol Academy. May your work be fulfilling, your careers exemplary — and may your family leave politics out of the potlucks and the fiestas.

Esther Cepeda's email address is estherjcepeda@washpost.com.

## Party on, Tea-Partier dudes! Party on

Don't sacrifice the "possible" for the "perfect." That's the latest and greatest advice a Bowling Green Daily News editorial delivered to those affiliated with the Tea Party movement — via a "memo."



Jim Waters  
Guest  
Columnist

The editorial pointed to 2010 elections in Nevada and Delaware — elections where Tea Partiers passionately backed candidates not supported by the political establishment. These candidates won their primaries but eventually lost to leftist Democrats.

Citing polls indicating that those defeated in the primaries could have come out victorious in the general election, the editorial concluded: "These are two seats that the Republicans may well have picked up had the Tea Party stayed out of those particular races."

But this shows a shallow and incomplete understanding about what the Tea Party is about as well as what it is not about.

The Tea Party is not a political party. It's a movement that touches all political parties in a serious effort to return our nation to constitutional government and fiscal sanity. It doesn't care nearly as much about whether an "R," "D," "L" or "I" is next to a name as they do about policymakers doing what's best for the citizens they represent.

Why should we care about party affiliation when it comes to policies that promote lower taxes, less government spending and the elimination of costly, job-killing regulations? Pundits sympathetic to the political establishment of either party should remember: Policies will be around long after the politicians are gone.

In speaking to thousands of independent-thinking Kentuckians at Tea-Party events, I've been singularly impressed with the sheer

number of mothers, grandmothers, sons, daughters and college students who say: "This is the first time I've ever gotten involved."

Does anyone really think our country would be better off if the Tea Party would stay out of our election process?

To say we would be better off as a commonwealth or country if they remained sidelined — even if their votes don't please the partisans — goes against the very grain of our founders. Like Samson's hair, the secret to America's strength is that individuals, not centralized power — whether in Washington, Frankfort or at party headquarters — offers the best hope for this experiment in representative republicanism to survive.

I assure you that those 116 patriots who showed up at Griffin's Wharf, boarded the Dartmouth, Eleanor and Beaver on Dec. 16, 1773, and hurled 90,000 pounds of tea into the cold waters of the Boston Harbor did not stop on their way to get the blessing of the

local party bosses. No doubt they would have been encouraged to turn around and go home.

Today's independent thinkers that comprise the Tea Party movement have every right to support whatever policies and candidates they choose.

It's fortunate for the rest of the Bluegrass State that these Tea Partiers have not gotten that "memo."

Case in point: after local bureaucrats raised sewer rates by 15 percent, the Northern Kentucky Tea Party swung into action and got legislation passed requiring elected officials to approve rate increases.

Tea Partiers also waged war against the Environmental Protection Agency's newest unilateral mandates forcing local taxpayers to pay the price for unproven, multimillion-dollar water treatment plants. These unprecedented mandates will result in Kentuckians' water bills shooting up by 25 percent.

"It's a federal mandate but the state of Kentucky never challenged it — but we are," said Garth Kuhnhein, president of the Northern Kentucky Tea Party. "The EPA at its public hearings claimed that the cost would only be about \$1 per year, but it's going to be 100 times that."

I'm just glad the Northern Kentucky Tea Party didn't get "the memo." I'm glad they still believe that the "perfect" — or at least "better" — is indeed "possible."

Jim Waters is president of the Bluegrass Institute, Kentucky's free-market think tank. Reach him at jwaters@freedomkentucky.com.

### Mallard Fillmore

