

TESTIMONY OF MAYOR JOHN BARRETT BEFORE THE UNITED STATES
COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

SENATOR KERRY, I THANK YOU -- AS CHAIRMAN OF THE SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP -- FOR SCHEDULING A HEARING IN BERKSHIRE COUNTY. YOUR APPEARANCE HERE TODAY DEMONSTRATES YOUR CONCERN FOR THE PEOPLE OF MASSACHUSETTS AND THE PROBLEMS THEY ARE ENCOUNTERING AS A RESULT OF THE RISING PRICE OF GASOLINE AND HOME HEATING FUEL.

IT WAS NEARLY A YEAR AGO WHEN I BEGAN QUESTIONING GASOLINE PRICES IN THE CITY OF NORTH ADAMS . TRAVELING TO BOSTON SEVERAL TIMES A MONTH, I BEGAN TO NOTICE LARGE DISCREPENCIES IN GAS PRICES ALONG ROUTE 2. MY FIRST REACTION WAS THAT MAYBE THERE WERE PRICE DIFFERENCES BECAUSE SOME WOULD SAY THAT WE ARE ISOLATED IN THE NORTHERN BERKSHIRES. THAT NOTION WAS QUICKLY DISPELLED WHEN TRAVELING THROUGH THE SMALL TOWN OF CHARLEMONT I NOTICED THAT THE CONVENIENCE STORE WAS SELLING GAS FOR 9 CENTS A GALLON CHEAPER THAN IN NORTH ADAMS. HERE WAS A COMMUNITY LOCATED IN THE MIDDLE OF THE MOHAWK TRAIL, 20 MINUTES FROM BOTH NORTH ADAMS AND GREENFIELD; NOW THAT IS ISOLATED! AS I APPROACHED GREENFIELD, THE PRICES STARTED GOING UP AND WERE ACTUALLY MUCH HIGHER THAN AT THE GAS STATION IN CHARLEMONT. WHEN I GOT TO LEOMINSTER, REGULAR GAS WAS 30 CENTS A GALLON CHEAPER THAN IN NORTH ADAMS. UPON RETURNING TO NORTH ADAMS, I ADVISED THE LOCAL GAS STATIONS THAT I FELT THEIR PRICES WERE OUT OF LINE. SOME COULD ACTUALLY BE ACCUSED OF GOUGING CUSTOMERS. IT WAS EASY TO DETERMINE THAT THEY WERE SETTING THEIR PRICES BASED ON WHAT THEY THOUGHT CONSUMERS WERE WILLING TO PAY IN ANY GIVEN COMMUNITY. GAS AT XTRA MART IN NORTH ADAMS WAS 9 CENTS A GALLON HIGHER THAN ITS SISTER STORE IN PITTSFIELD, AND ITS GREAT BARRINGTON STORE SOLD GAS FOR 22 CENTS A GALLON HIGHER THAN ITS NORTH ADAMS STORE -- SAME COMPANY IN THE SAME COUNTY; IT DOES NOT GET MUCH MORE BLATANT THAN THIS.

PEOPLE FROM ALL OVER THE COUNTY STARTED CALLING MY OFFICE REPORTING PRICES THEY WERE SEEING THROUGHOUT WESTERN MASS. GAS AT ONE STATION NEAR NORTHAMPTON WAS 31 CENTS A GALLON LESS THAN THE LOWEST PRICED GAS STATION IN NORTH ADAMS. PRICES IN NORTH ADAMS STARTED TO COME DOWN, BUT ONLY AFTER THREATS WERE MADE TO ASK THE ATTORNEY GENERAL FOR A COMPLETE INVESTIGATION INTO WHETHER GAS STATIONS WERE GOUGING CUSTOMERS. PRICES DID COME DOWN IN NORTH ADAMS, BUT

NOT IN THE SOUTHERN BERKSHIRES WHERE PRICES REMAINED ON THE AVERAGE OF 25 CENTS A GALLON MORE THAN IN NORTHERN BERKSHIRE COUNTY. WHY? BECAUSE THEY COULD NAIL PEOPLE COMING OFF THE MASS. PIKE IN LEE. ON THE MASS PIKE, THE COST OF REGULAR GAS WAS RARELY THE SAME PRICE, EVEN THOUGH THEY ARE OWNED BY THE SAME COMPANY. THERE ARE FOUR CUMBERLAND FARMS STORES WITHIN A FIVE-MILE RADIUS OF NORTH ADAMS, ALL GETTING GAS FROM THE SAME DELIVERY TRUCK; YET THEY EACH CHARGED A DIFFERENT PRICE FOR REGULAR GAS. LAST SATURDAY I WAS IN MY FAVORITE CONVENIENCE STORE WHEN THE CALL CAME FROM ITS CORPORATE OFFICE IN NEW YORK TO RAISE GAS PRICES BY A DIME. WHY? NOBODY KNOWS, OTHER THAN BECAUSE IT WAS A HOLIDAY WEEKEND, AND THEY FELT THEY COULD GET AWAY WITH IT AND ALSO FORCE THEIR COMPETITORS TO RAISE THEIR PRICES, THEREFORE KEEPING ALL PRICES IN THE CITY ARTIFICIALLY HIGH FOR AS LONG AS THEY CAN. WE HAVE BEEN TOLD TIME AND TIME AGAIN THAT THESE GAS STATIONS ONLY MAKE A PROFIT OF BETWEEN 5 AND 6 CENTS A GALLON. NOW, I MAY NOT BE THE SMARTEST GUY AROUND, BUT DOES THIS MEAN THAT WHEN THE CUMBERLAND FARMS STORE IN WILLIAMSTOWN IS CHARGING \$3.96 AND ITS STORE IN NORTH ADAMS IS CHARGING \$3.91, THE NORTH ADAMS STORE IS LOSING MONEY? IS IT ANY WONDER WHY PEOPLE ARE ANGRY? EVERY STORY TOLD BY THE GOVERNMENT, LARGE OIL COMPANIES, CHAIN STORE OPERATORS, AND WALL STREET HAS BEEN A LIE.

OF EQUAL CONCERN IS THE COST OF HOME HEATING FUEL. LAST WEEK THE PRICE OF HOME HEATING OIL WAS \$4.15 A GALLON, AND THE HEATING SEASON IS OVER. WHAT WILL THE PRICE BE IN DECEMBER IF IT IS OVER \$4.00 A GALLON IN MAY? AS THE COMEDIAN DICK GREGORY ONCE SAID, "THERE IS NO SHORTAGE OF OIL -- JUST A SHORTAGE OF INEXPENSIVE OIL." YES, A WEAK DOLLAR IS PLAYING A ROLE IN HIGHER OIL PRICES, BUT THE REAL CULPRITS ARE THE FUTURE TRADERS... THEY START RUMORS OR FABRICATE STORIES WITH ONE GOAL IN MIND -- TO DRIVE UP THE PRICE OF OIL MUCH THE SAME WAY THE HUNT BROTHERS DID WITH THE SILVER MARKET SOME 28 YEARS AGO. LAST WEEK THE ASSOCIATED PRESS RELATED A CLASSIC EXAMPLE OF HOW THESE TRADERS MANIPULATE THE OIL FUTURES MARKET. LAST MONTH A RUMOR WAS STARTED THAT A SHIP UNDER CONTRACT TO THE DEFENSE DEPARTMENT FIRED WARNING SHOTS AT TWO BOATS IN THE PERSIAN GULF THAT MAY HAVE BEEN IRANIAN. A NAVY SPOKESMAN SAID THE ORIGIN OF THE BOATS WERE UNFOUNDED. GUESS WHAT? THE PRICE OF OIL INCREASED BY \$2.46 THAT DAY.

THE RESIDENTS OF MY CITY WANT TO KNOW HOW OUR GOVERNMENT IS ALLOWING THIS TO HAPPEN. BUSINESSES ARE HURTING, AND CUTBACKS ARE BEING ANNOUNCED AS OUR ECONOMY GOES IN THE TANK—NO PUN INTENDED—ALL BECAUSE OF THE OIL CRISIS. PEOPLE ARE SCARED, AND

THEY WANT LEADERSHIP NOW MORE THAN EVER. THE PRESIDENT DOES NOT UNDERSTAND THE SEVERITY OF THE ISSUE AS PROVEN BY HIS STATEMENT IN MARCH, "GEE, I HADN'T HEARD THAT" WHEN ASKED ABOUT GASOLINE REACHING \$4 A GALLON. THAT DOES NOT INSPIRE MUCH CONFIDENCE IN THE BELIEF THAT WASHINGTON UNDERSTANDS THE MAGNITUDE OF THE PROBLEM AND IS WILLING TO TAKE THE BOLD INITIATIVES WHICH ARE NOW REQUIRED. PRESIDENT TRUMAN THREATENED THE RAILROADS WITH NATIONALIZING THEIR OPERATIONS WHEN THEY WERE NOT ACTING IN THE BEST INTEREST OF THE COUNTRY. PRESIDENT KENNEDY STEPPED IN AND STOPPED U.S. STEEL FROM RAISING ITS PRICES WHEN IT WAS NOT IN THE BEST INTEREST OF THE COUNTRY. ROOSEVELT CLOSED THE BANKS—ALL SHOWED LEADERSHIP IN A TIME OF CRISIS. TODAY AMERICA IS IN CRISIS AND ACTION MUST BE TAKEN. IF THE PRESIDENT IS UNWILLING TO PROVIDE THE LEADERSHIP, THEN MAYBE CONGRESS WILL HAVE TO PROVIDE IT. LET ME LEAVE YOU WITH THIS FACT: IN THE LAST YEAR AMERICANS PAID 100 BILLION DOLLARS MORE FOR GAS THAN THEY DID A YEAR AGO.