

CONGRESSMAN LARSON INTRODUCES LEGISLATION TO FIX BROKEN ENERGY MARKETS, LOWER GAS PRICES

FOR IMMEDIATE RELEASE: June 13, 2008

CONTACT: Emily Barocas/202-225-2795/202-593-1377

CONGRESSMAN LARSON INTRODUCES LEGISLATION TO FIX BROKEN ENERGY MARKETS, LOWER GAS PRICES

Washington, DC -- Today, Congressman John B. Larson (CT-01), Vice Chair of the Democratic Caucus, introduced legislation that would take speculators out of the unregulated energy futures markets. It is these speculators who are unfairly driving up the cost of gas and home heating oil and making it impossible for average Americans to make ends meet. Day after day we see gas prices hit new record highs. This is unsustainable and unfair.

This bill would require that anyone who invests in oil futures on the "dark" markets be able to actually take inventory of the product in which they are investing. That means no speculators who are out to make a profit at the expense of the American people and our economy.

Congressman Larson said, "I know that this is a bold step. But, given the gravity of the current situation, bold action is exactly what's needed."

Experts around the country agree that speculation, not just supply and demand, is driving up the cost of oil. Gay Caruso, Administrator of the Energy Information Administration, said in testimony before the Senate that

speculation is adding as much as 10 percent to the price of oil. The CEO of Exxon Mobil, Lee Raymond, even admitted back in 2005 that, "we are in the mode where the fundamentals of supply and demand don't really drive the price." And, during questioning this year before the House Select Committee on Energy Independence and Global Warming, executives from the big oil companies cited speculation as one of the major factors driving up the cost of oil and gas.

"I recognize the role that speculators play in a functioning market. But with the volume of trades and amount of money in today's market, that role has been grossly distorted," said Congressman Larson. In fact, the amount of money invested in energy futures has increased more than 1000% since 2000. Then, there were \$9 billion in the energy futures market. Today, that number is up to \$250 billion.

And, much of this trading is happening on markets where there is absolutely no regulation or oversight.

"Clearly the market is broken," said Congressman Larson. "It is time to put the American people first and restore the concept of supply and demand to our oil markets."

###