

CONGRESSMEN LARSON AND LOBIONDO WITH DOZENS OF OTHERS EXPRESS SUPPORT FOR SPECULATION LEGISLATION

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CONGRESSMEN LARSON AND LOBIONDO WITH DOZENS OF OTHERS EXPRESS SUPPORT FOR SPECULATION LEGISLATION

Washington, DC -- Congressman John B. Larson (CT-01), Vice Chair of the Democratic Caucus, and Congressman Frank LoBiondo (NJ-2) along with dozens of other members of Congress stood in the shadow of the Capitol today to express bipartisan support for legislation that will reduce speculation in the energy markets and drive down gas prices. The leadership of the House of Representatives has committed to moving such legislation in the month of July.

"The concept of supply and demand is broken in our oil market," said Congressman Larson. "Oil prices keep skyrocketing to record levels while demand is flat or down. When everyone from the former head of trading at the Commodities Futures Trading Commission to the Secretary General of OPEC and executives from the big oil companies say that speculation is a major contributing factor to rising gas prices, it is obvious that we need to do

something bold."

In 2000 there was \$9 billion of investment in oil futures. Now, that number is up to \$250 billion. This huge increase is fueling the rise in gas prices and making it difficult for average Americans to make ends meet. This type of artificial distortion of the markets threatens the very underpinnings of our market system.

"From our families to our businesses, everyone is feeling the financial strain from increasing fuel costs. When we see oil prices spike not because of the demand by consumers, but because of the mere speculation by energy traders, then every American should be outraged and Congress is required to act," said LoBiondo, an original cosponsor of the legislation.

The Consumer Oil Price Protection Act, H.R. 6264, would reduce speculation in the markets by requiring that anyone who is investing in energy futures on the "dark" markets be able to take receipt of that product. In other words, it would take speculators out of the unregulated markets and shed some light on their activities.

"Many economists have estimated that excessive speculation is adding between \$20 and \$50 to the price of a barrel of oil. We need to close loopholes and help reestablish oversight of the commodities markets to ensure that gas prices truly reflect the laws of supply and demand," said Congressman Baron Hill (IN-9).

Other estimates suggest that speculation contributes up to 70% of the cost of a barrel of oil. And, reducing speculation would have a huge impact on the price at the pump.

"Middle class families are suffering at the pump and I am pleased to join with my colleagues on both sides of the aisle in support of this important legislation," said Congresswoman Shea-Porter (NH-1). "I am hearing from families who literally cannot afford to drive their kids to the local ice cream shop-this is unacceptable. We must work together to get gas prices down."

Congress is committed to acting on this issue. There are plans to hold hearings in the relevant committees over the next few weeks and consider legislation during the month of July. Speaker Pelosi sent a letter to President George Bush calling on him to direct the CFTC to use its emergency powers to bring order to the energy markets. And, the House will bring up legislation today directing such action.

"Congress must rein in unscrupulous market speculators who artificially drive up the price of oil through fear. If no action is taken, what we are seeing now will pale in comparison to the overwhelming burden homeowners will feel this fall and winter when they purchase home heating fuel. Americans deserve immediate short-term price relief and want long-term solutions to our nation's energy policies. I applaud my Connecticut colleague, Vice-Chairman John Larson, for his leadership on this issue," said Congressman Joe Courtney (CT-02).

"The Consumer Price Protection Act will help curb the uncontrolled speculation in oil markets that is artificially increasing the price of oil.

Market manipulation is unconscionable and is one of the problems we can combat swiftly," said Congressman Chris Smith (NJ-4).

"Excessive speculation is driving up energy costs for American families and crippling our economy," said Congressman Bart Stupak (MI - 1), chairman of the House Energy and Commerce Subcommittee on Oversight and Investigations and a leader on this issue. "I have been looking at energy speculation for three years and just Monday held a seven-and-a-half hour hearing on the topic. Congress has the facts. Now we must take up comprehensive legislation to close off the loopholes that are allowing speculators to manipulate the markets."

The dozens of members gathered today stand in support of legislation that puts the American consumer first and lowers gas prices for us all.

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