



News From:

U.S. Congressman John B. Larson

serving Connecticut's First District

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Congressman Larson Proposes Legislation to Lower Energy Prices

Hartford, CT -- Congressman John B. Larson (CT-01), Vice Chairman of the Democratic Caucus, announced a major legislative initiative this morning that will take the speculation out of the energy futures markets. His proposal will drastically change the markets by requiring that investors in the market be able to take delivery of the petroleum product in which they are investing. This will eliminate the speculators from the market who are driving up the price of oil and natural gas.

The price that average Americans pay at the pump or pay to heat their homes no longer represents true supply and demand. Prices continue to rise for energy products, reaching all time highs week after week. But, the demand for the oil and gas is not increasing. These costs are stretching wallets to the brink and making it hard for people to make ends meet.

While many factors impact the price of oil, analysts blame speculation for a much of the increase we've seen recently. As other investments perform poorly, investors are putting their money into more stable markets - namely the energy futures markets where prices continue to go up. Investors outbid each other for futures contracts and consumers end up paying the price.

Even the CEO of Exxon Mobil said in 2005, "We are in the mode where fundamentals of supply and demand really don't drive price." This type of artificial distortion of the oil markets, or any market, threatens the very underpinnings of our free-market system.

Congressman Larson said, "Too many Americans are suffering trying to pay energy bills, put food on the table and pay for their prescriptions. It is time to fight for the little guy. It is time to restore the concept of supply and demand to oil prices. I believe this legislation will accomplish that."

At the announcement today, local Connecticut petroleum dealers explained firsthand the impact speculators are having on the price of oil. John Mitchell of Mitchell Oil in South Windsor, Connecticut, told the story of one of his customers, an elderly man, who came by his office. The customer told Mitchell he was in a bind. If he filled up his tank with home heating oil and kept his house warm all winter, it would completely wipe out his Social Security check. He would not be able to pay for his food, prescription drugs and other necessities. This is not a choice this man or anyone else in our country should have to make.