



## AMERICANS *for* TAX REFORM

Grover G. Norquist  
President

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# Restricting Oil Futures Market Leads to Higher Prices- *just ask an onion farmer*

**WASHINGTON, D.C.** – Today, Americans for Tax Reform (ATR) highlights the devastating similarities between restricting oil futures market investing and the disastrous effects of the Congressional ban on onion trading in the 1950s.

In the 1950s, Congress banned futures trading in onions in response to farmers who blamed these investments for market fluctuations. Onion prices have varied wildly as a result, rising 400 percent in late 2006 and early 2007, dropping 96 percent this past March, and rising another 300 percent just a month later. Similar changes in oil would see gas prices nearing \$25 a gallon.

Now, due to the rise in gasoline prices, many lawmakers have advocated restricting futures trading in oil. **“This is a perfect illustration of how government interference in the free market leads to unintended consequences,”** said Grover Norquist, President of Americans for Tax Reform (ATR). **“We need to let those in government know we will not tolerate them doing to gasoline what they have done to onions.”**

The futures market helps to ensure relative price stability by allowing investors to hedge against price contractions. Without the ability to hedge, investors can risk losing a year’s worth of profit on a single transaction. This makes investment unattractive, leading to consolidation and furthering the supply concerns which lead to drastic market fluctuations.

Americans for Tax Reform continues to urge Congress to oppose all measures that will limit free market investment.

**\*\*\*Vote “NO” on S. 3268, the Stop  
Excessive Speculation Act of 2008\*\*\***

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