



AMERICANS for TAX REFORM

Grover G. Norquist
President

July 21, 2008

United States Senate
Washington, DC

Dear Senator,

On behalf of Americans for Tax Reform (ATR), I am writing to express our strong opposition to S. 3268, the Stop Excessive Speculation Act of 2008 and urge you to vote “NO” on cloture.

On Tuesday, July 22, you will be asked to vote on the cloture motion to proceed with the “Stop Excessive Speculation Act of 2008” (S.3268). “Speculation” has become the popular scapegoat for the current rise in energy prices. However, it is not in the interest of the American economy to interfere with the free market by attempting to micromanage the industry.

Time and again, the heavy hand of regulation has punished American competitiveness permanently in response to a temporary crisis. At a time when domestic markets are losing out to foreign competitors because of onerous domestic regulation, further erosion of U.S. markets could prove disastrous. Our markets cannot afford a repeat of the Sarbanes-Oxley disaster that permanently damaged American competitiveness.

- *The Wall Street Journal* found 89 percent of the 55 economists surveyed attribute the rising energy prices to “fundamental market conditions” driven by supply and demand.
- According *The Economist*, “There is no clear correlation between increased speculation and higher prices in commodities markets in general.” Prices fall in the market because investors stabilize prices when they are irrationally high.
- Jeffrey Harris, chief economist of the Commodity Futures Trading Commission (CFTC), stated that those demanding increased regulation of oil futures trading are confusing cause with effect. It is likely that the rising prices are spurring the increased investment, rather than the other way around

Since Congress can only regulate the actions of American commodity investors, U.S. businesses, such as airlines, are placed at a disadvantage in the global commodities market. This will increase the costs of energy and energy-dependent goods and services, further burdening the American people.

Consider the damage this type of government intervention in the private market will create and vote “NO” on the cloture motion to precede. Congress should consider proposals that increase our nation’s energy supply and lower Americans’ overall tax burden, instead of discouraging investment and further harming America’s global competitiveness.

Onward,

Grover G. Norquist

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

www.ATR.org