

FOR IMMEDIATE RELEASE
24 JULY 2008

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Investors Causing High Gas Prices? Not According to the Government's Own Study

WASHINGTON, D.C. – Today, a government task force released a five year study finding speculation has played little or no role in the rising price of gasoline. Instead, the study indicates prices are a near direct result of supply and demand. **“We all learned in econ 101 that supply and demand determines prices,”** said Americans for Tax Reform (ATR) President Grover Norquist. **“This should not be a hard concept for the liberals in Congress to understand.”**

Sen. Harry Reid (D-NV) recently introduced S.3268, the Stop Excessive Energy Speculation Act of 2008, which undermines the task force study by attempting to regulate markets contributing to relative price stability. **“Futures trading allows for hedging, which encourages investment by lowering risk. Sen. Reid’s bill attempts to have Congress take the place of the free market by determining which of these investments are prudent. President Carter adopted a similar regulatory policy towards energy in the 1970s, and I think we all remember how well that turned out,”** said Norquist.

Those in Congress attempting to lower prices through regulation are actually standing in the way of a real solution. Last week, President Bush lifted the executive ban on offshore drilling. The market responded by lowering the price of crude oil \$9 a barrel, despite the fact that a congressional ban on drilling is still in place. **“This is evidence our high gas prices are a result of supply and demand,”** said Norquist. **“Government’s imposition on the free market is a large cause of the current problem. What we need, as usual, is less regulation, not more.”**

Placing restrictions on futures trading may be politically expedient for some, but the effect of such legislation will be higher gas prices and more market fluctuation. The real solution is to increase domestic supply through the allowance of exploration both offshore and in the Alaskan National Wildlife Refuge (ANWR)

Americans for Tax Reform continues to urge Congress to oppose all measures limiting free market investment.

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