

Legislation Would Require CFTC to Immediately Use Emergency Powers

Washington, DC - Congressman Maurice Hinchey (D-NY), Congressman David N. Cicilline (D-RI), and Congressman Raúl Grijalva (D-AZ) today introduced legislation aimed at curbing excessive oil speculation. The Energy Markets Emergency Act would set a 14-day deadline for the Commodity Futures Trading Commission (CFTC) to implement rules to stop excessive speculation by Wall Street traders in oil futures markets. The bill is identical to bipartisan legislation that overwhelmingly passed the House of Representatives by a vote of 402-19 in June 2008 during a similar crisis. Senator Bernie Sanders (I-VT) introduced a companion bill in the Senate.

"Once again, the American people are being ripped off by Wall Street, and it is long past time for Washington to crack down on greedy speculators who are artificially driving up the price of oil," Hinchey said. "The price of gasoline should be based on the fundamentals of supply and demand. Instead, it is being based on the over-supply of speculators willing to bilk middle class families. New Yorkers can't afford to empty their wallets into their gas tanks. This legislation is desperately needed right now."

"Rhode Island families are already feeling the pain at the pump, and we cannot continue to allow the excesses of Wall Street to artificially drive up the price of gas," said Cicilline, who recently took part in a Democratic Steering and Policy Committee hearing on oil speculation and discussed the Energy Markets Emergency Act. "I will keep fighting for common-sense solutions to protect Rhode Island consumers by ending excessive oil speculation on Wall Street."

"We cannot afford to let the four-dollar-per-gallon status quo continue, and there are easy steps we can take to fix it," Grijalva said. "Telling taxpayers they can have free gasoline if only oil companies could drill in our national parks is incredibly dishonest. Cracking down on rampant speculation is the easiest, quickest and fairest way to make sure families can afford to get to work and Wall Street doesn't get rich off everyone else's difficulties."

The Energy Markets Emergency Act would immediately curb the role of excessive speculation in any contract market within the jurisdiction and control of the Commodity Futures Trading Commission, on or through which energy futures or swaps are traded; and eliminate excessive speculation, price distortion, sudden or unreasonable fluctuations or unwarranted changes in

prices, or other unlawful activity that is causing major market disturbances that prevent the market from accurately reflecting the forces of supply and demand for energy commodities.

The Chairman of the CFTC has stated publicly that Wall Street oil speculators now control over 80 percent of the energy futures market, a figure that has more than doubled over the past decade. This excessive oil and gasoline speculation is clearly causing major market disturbances that prevent the market from accurately reflecting the forces of supply and demand.

A February 27, 2012 article in Forbes, cited a Goldman Sachs report that found excessive oil speculation "translates out into a premium for gasoline at the pump of \$.56 a gallon." Meanwhile, the supply of oil and gasoline is higher today than it was three years ago, when the national average price for a gallon of gasoline was just \$1.94. Today, the national average price of gasoline is now over \$3.80 a gallon, yet the demand for oil in the U.S. is at its lowest level in 15 years.

According to the International Energy Agency, in the last quarter of 2011 the world oil supply rose by 1.3 million barrels per day while demand only increased by 0.7 million barrels per day. Yet, during this same period, the price of Texas light sweet crude rose by over 12 percent.

Additional cosponsors include: Reps. Tammy Baldwin, Suzanne Bonamici, Leonard L. Boswell, Steve Cohen, Joe Courtney, Peter A. DeFazio, Rosa L. DeLauro, Anna G. Eshoo, Sam Farr, Bob Filner, Luis V. Gutierrez, Michael M. Honda, Jesse L. Jackson Jr, Larry Kissell, Zoe Lofgren, Edward J. Markey, Mike McIntyre, Charles B. Rangel, Linda T. Sánchez, Niki Tsongas, Chris Van Hollen, and Peter Welch.

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