

WASHINGTON (February 29, 2012) – Reps. Ed Markey (D-Mass.), Barney Frank (D-Mass.), Henry Waxman (D-Calif.) and Elijah Cummings (D-Md.) today assailed efforts by financial trade organizations to undermine current law which, if fully implemented, would help to restrict speculation in oil prices. Most economists agree that speculation in oil markets is part of the reason for spikes in the price of oil. Meanwhile, American families and businesses are paying record prices for gas for this time of year, in part due to a “fear premium” placed on the price by speculators’ actions.

House Republicans are also in the process of moving legislation to a vote that would block new rules which would reduce speculation on commodities from going into effect until October of this year.

In response to these attacks on market protections for consumers, the four top Democrats on their respective committees today addressed a letter to Gary Gensler, Chairman of the Commodities Futures Trading Commission to ask for an update on these rules, and for information on how Wall Street has pushed back against the CFTC’s efforts.

That letter can be found [here](#).

“Wall Street speculators have turned the oil market into a crude oil casino where the American driver is now on the losing side of the bet,” said Rep. Markey, the top Democrat on the Natural Resources Committee. “We need to end the Wild West mentality of Wall Street that cynically exploits events in the Middle East to drive the price of oil higher than it should be, costing American consumers and businesses billions. Republicans in Congress also need to stop coddling Wall Street speculators and their Washington lobbyists. They should join Democrats in calling for an end to the de facto speculation tax Wall Street operators have levied on American families and businesses at the pump.”

“Outrageously, the industry has gone to court to try to block CFTC rules under the financial reform law that would restrict speculation,” said Rep. Frank, the top Democrat on the Financial Services Committee. “They make the bizarre claim that they are carrying out the intent of Congress – yes, they are carrying out the intent of those Members of Congress who have opposed any such legislation. But they are blocking implementation of the law which would restrict speculation on commodities like oil.”

“House Republicans have their priorities backwards,” said Rep. Waxman, the top Democrat on the Energy and Commerce Committee. “They should be fighting for American consumers, not the Wall Street banks that want to engage in unregulated speculation in the energy markets.”

“Reigning in excessive oil speculation offers the single most significant opportunity to reduce gas prices for American consumers,” said Cummings, the top Democrat on the Oversight and Government Reform Committee, who released an investigate report in May, [*“Real Help for American Consumers: Who’s Profiting at the Pump?”*](#), on the growing impact of excessive oil speculation on high gas prices.

The CFTC has been working to establish -- among other rules required by the Dodd-Frank financial reform legislation – so-called “position limits” which restrict the number of commodities contracts trading firms can hold. That reform would limit the ability of Wall Street firms to disproportionately affect the oil market or other commodities by using the volume of contracts held to manipulate prices in a specific direction.