Chairman Dingell at the Subcommittee on Oversight and Investigations hearing entitled "Gasoline Prices, Oil Company Profits, and the American Consumer"

Statement of Congressman John D. Dingell, Chairman
Committee on Energy and Commerce

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS HEARING ENTITLED GASOLINE PRICES, OIL COMPANY PROFITS, AND THE AMERICAN CONSUMER
May 8, 2007

The American consumer today faces the highest gasoline prices in our history, and apparently the worst may not yet be over. The American Automobile Association and others forecast that prices are likely to go even higher.

For many, high energy prices are an economic crisis. At todayâ€™s prices, the average American family will spend $2,413 more than they did in 2001 â€“ more than double what was spent then. This will no doubt prove difficult for most, as family incomes have not kept pace with the rapid rise of gasoline prices.

Similarly, those businesses, small and large, that do not enjoy the comfort of high profit margins, are experiencing the pain. Trucking companies, taxi drivers, and any other business that depends on gasoline are feeling the pinch. Rising gas prices in turn increase the price of goods and services throughout our economy. The results could be disastrous for both individuals and the economy as a whole.

At the same time this is taking place, the current Administration seems unable â€“ or perhaps unwilling â€“ to do anything about the problem.

Today we will hear testimony from the Government Accountability Office, which after conducting an exhaustive study, concluded that mergers and consolidations in the oil industry have contributed to an increase in the price of gasoline. Yet the Federal Trade Commission (FTC) will disagree and recite a list of the things they have done to preserve competition among the oil companies and refineries.

There will no doubt be a debate over the fine points of various economic models to explain each sideâ€™s conclusions. But in the end, we are left with one irrefutable conclusion: gas prices have risen dramatically following 10 years of increasing concentration in the oil industry.

We will also hear testimony that the current rise in gasoline prices is not due to skullduggery on the part of OPEC, but to a lack of oil refining capacity. Perhaps it is time for the FTC to investigate this matter more closely and determine whether the lack of refining capacity is a coincidence of unplanned facility outages at multiple locations, or whether, as some argue, it is a manufactured shortage.

Finally, I am concerned that some of the less scrupulous in our society may seek to take advantage of these shortages by raising prices to unconscionable levels, unrelated to the cost of providing the product. It is essential that we have the tools in place to deal with this sort of behavior.

Prepared by the Committee on Energy and Commerce
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