

In the past few months, American workers, consumers, and businesses have experienced a sudden and dramatic rise in gasoline prices. In some parts of the country, gasoline costs as much as \$4 per gallon. Some politicians claim that the way to reduce gas prices is by expanding the government's power to regulate prices and control the supply of gasoline. For example, the House of Representatives has even passed legislation subjecting gas stations owners to criminal penalties if they charge more than a federal bureaucrat deems appropriate. Proponents of these measures must have forgotten the 1970s, when government controls on the oil industry resulted in gas lines and shortages. It was only after President Reagan lifted federal price controls that the gas lines disappeared. Instead of imposing further restraints on the market, Congress should consider reforming the federal policies that raise gas prices. For example, federal and state taxes can account for as much as a third of what consumers' pay at the pump. The Federal Government's boom-and-bust monetary policy also makes consumers vulnerable to inflation and to constant fluctuations in the prices of essential goods such as oil. It is no coincidence that oil prices first became an issue shortly after President Nixon unilaterally severed the dollar's last link to gold. Basic economics says that when government restricts the supply of a good, the price will increase. Yet Congress continues to reject simple measures that could increase the supply of oil. For example, Congress refuses to allow reasonable, environmentally sensitive, offshore drilling. Congress also refuses to remove the numerous regulatory hurdles that add to the prohibitively expensive task of constructing new refineries. Building a new refinery requires billions of dollars in capital investment. It can take several years just to obtain the necessary federal permits. Even after the permits are obtained, construction of a refinery may still be delayed or even halted by frivolous lawsuits. It is no wonder that there has not been a new refinery constructed in the United States since 1976. Last year, in order to provide the American people with relief from high oil prices, I introduced the Affordable Gas Price Act (HR 2415). This legislation protects the American people from gas price spikes by suspending the federal gas tax whenever the national average gas price exceeds \$3.00 per gallon. The Affordable Gas Price Act also expands the supply of gasoline by repealing the federal moratorium on offshore drilling, including in the ANWR reserve in Alaska. HR 2415 also provides tax incentives and protection from nuisance lawsuits for those seeking to build new refineries. Finally, HR 2415 authorizes a federal study on the link between our nation's monetary policy and the price of oil. The free market can meet the American people's demand for a reliable supply of gasoline as long as government does not distort the market through excessive taxation and regulation. Therefore, Congress should lower prices gas prices by pursuing an agenda of low taxes, regulatory relief, and sound money by passing legislation such as my Affordable Gas Act.