



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

June 24, 2008  
(House)

## STATEMENT OF ADMINISTRATION POLICY

### H.R. 6346 – Federal Price Gouging Prevention Act

(Rep. Stupak (D) Michigan)

The Administration strongly opposes House passage of H.R. 6346. The Administration is greatly concerned about the difficulty high gas prices are creating for both families and businesses; however, this bill will not alleviate this problem. This bill could result in gasoline price controls and in some cases bring back long gas lines reminiscent of the 1970s. Gasoline price controls are an old – and failed – policy choice that will exacerbate shortages and increase fuel hoarding after supply disruptions, denying fuel to people when they most need it. If H.R. 6346 or any similar price control bill were presented to the President, his senior advisors would recommend that he veto the bill.

H.R. 6346 and similar price control legislation would harm consumers, the very people the bill is touted to protect. By controlling prices, it would interfere with market mechanisms and distort price signals that encourage suppliers to provide more gasoline.

The bill would attempt to outlaw “price gouging” and “unconscionable” prices without defining these terms. By creating a vague and arbitrary regulatory regime the bill would lead to high litigation costs and uncertainty for sellers, enforcement agencies, and the courts. These added costs and uncertainties could deter investment in new supply, increasing prices.

The Administration is committed to protecting consumers from anti-competitive actions that can cause gasoline prices to increase. It is already illegal for companies to collude to raise gas prices or for a single firm with market power to engage in anti-competitive behavior to exploit consumers. The Department of Justice and the Federal Trade Commission remain vigilant in monitoring the markets and have the authority to prosecute any such behavior. In addition, a majority of States and the District of Columbia currently have some form of price-gouging statute on their books.

The Administration again urges Congress instead to take actions that address the root causes of high gas prices. To address gasoline prices, we need legislation that will allow environmentally-responsible domestic oil production and encourage refinery expansion.

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