

News from Ed Markey

United States Congress

Massachusetts Seventh District

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RECORD GAS PRICES PICK THE POCKETS OF LOCAL FAMILIES, SMALL BUSINESSES WHILE BIG OIL BANK ACCOUNTS SWELL

New Markey Gas Price Analysis Shows MA drivers hit with \$330 "Bush Gas Tax"

Washington, DC: Rep. Edward Markey (D-MA), a senior Democrat on the House Energy and Commerce Committee, today released an analysis of the impact of higher gasoline prices revealing that the average driver in Massachusetts has been hit with an increase of \$330 in the annual cost of driving since President Bush took office. Calling this the "Bush Gasoline Tax," Markey said "the average family might as well just send a weekly check to Big Oil. A 38% percent increase in four years sums up the Administration's "pay more" energy policy, not just for the average family, but for the average small business as well. Big Oil is tipping consumers upside down and shaking them hard while the Administration stands idly by."

Over the weekend, prices for regular gasoline in the seventh district of Massachusetts averaged about \$2.17 per gallon, 26 percent higher than this time last year, and 43 percent higher than this time five years ago. A recent report by the Department of Energy predicted gas prices this summer to average 38 cents more this summer than last, peaking nationally at an average of \$2.35 per gallon in May. If gasoline prices remain at this level, each car will cost American families about \$330 more to operate this year than they did in 2000.

SKY-HIGH GASOLINE PRICES SQUEEZING LOCAL MASSACHUSETTS FAMILIES AND BUSINESSES

Average Price in 2000	Current Price	Increase
\$1.57	\$2.17	\$0.65 (38%)

ANNUAL VEHICLE "BUSH TAX" IN MASSACHUSETTS

Cost in 2000	Estimated Cost in 2005	Increase
\$864	\$1,194	\$330

The soaring gasoline prices are rippling through the economy and ripping through the budgets of fuel-dependent businesses such as airlines, trucking companies, and small-fleet businesses such as electricians, plumbers, and florists. Last week, oil prices peaked above \$57 per barrel. Meanwhile, the Administration's Energy bill, if it ever passes, is expected to make little difference in price pressure on the world oil market because it fails to reduce oil dependence in the short or long term. The Energy bill also provides tax breaks for Big Oil companies that are getting richer while America's consumers pick up the bill.

"Refusing to enroll in a twelve-step oil addiction program, the Administration and Congressional Republican leadership continue to push an energy policy that will increase our foreign oil dependency by 85% over the next twenty years," commented Rep. Markey. "Our nation's future depends upon an energy plan which makes us less dependent on oil. The Administration's plan would just make it worse."

The middle and lower economic classes of America are feeling the squeeze of record-high oil prices particularly hard. Families now are earning less than they did three years ago, making the increase in gas prices difficult to absorb; in fact, the LA Times reported today that for the first time in 14 years, growth in wages in 2004 did not keep up with rising inflation. Besides gasoline, the increases in oil prices will increase the cost of many products that families depend on, even cereal: General Mills recently increased the price of their cereals by 4.3% to make up for higher costs based on oil prices. Unfortunately, analysts do not expect this to be a short-term fluctuation. Last week, the International Monetary Fund forecasted "high and volatile oil prices" in the near future; analysts at Goldman Sachs released a report predicting that oil prices will be rising above \$100 per barrel in the next few years.

In addition to American families, small businesses all over the country are also having trouble adjusting to the sudden increase in fuel costs: restaurants have reported adding surcharges to their deliveries for the first time to account for the fuel price increases; landscapers have watched their profits drop as the cost of fuel for their lawnmowers has increased; and small, independent truckers, locked into contracts written before the recent increases, watch with dismay as the price of diesel fuel increases at each gas station they pass.

"America is paying the piper, which in this case is the OPEC cartel, and the Administration is acting like it enjoys the music. The American people want an Administration that will fight price gouging, not coddle it," Markey concluded.

For more information on Rep. Markey's legislation to protect consumers check out:
<http://www.house.gov/markey/>

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