

# BOB DOLE



(R - Kansas)

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## GAS PRICES

### DOLE CALLS FOR JUSTICE DEPARTMENT INVESTIGATION OF GOUGING AT THE PUMPS

August 6, 1990

The Honorable Richard L. Thornburgh  
Attorney General  
Department of Justice

Dear Dick:

I am writing to express my concern about the sudden rise in retail gasoline prices that has occurred during the past several days, apparently in response to an anticipated shortfall in the supply of crude oil caused by the Iraqi invasion of Kuwait.

Although gasoline prices vary regionally in this country, prices at the pump have increased by an average of 15 cents per gallon. In some areas, gasoline prices have risen by as much as 25 cents per gallon -- all in a matter of a few days!

Most experts agree that these price increases cannot be justified by the Iraqi invasion of Kuwait, since the full effect of the invasion on the market price of crude oil will not be felt for at least another 45 days. Furthermore, the decision by OPEC last month to cut oil production may justify a modest price increase, but it cannot explain the 15-20 cents per gallon increases that we are seeing in some parts of the country.

Although I am not interested in pointing fingers, I am troubled by the virtual lock-step decision of the oil industry to increase gasoline prices. "Price-gouging" is a harsh term, but it is a term that seems to most aptly describe the situation we are now witnessing. I am also troubled by the remarkable "parallelism" in the pricing activities up-and-down the various distribution chains -- from refiners to wholesalers, and finally, to the retailers, who pass along the price increases directly to our nation's consumers at the gas pump.

As a result, I would urge you to direct the Justice Department's Antitrust Division to investigate whether the recent wave of gasoline price increases can be attributed, in part, to collusive activity among oil refiners, wholesalers and retailers. As you know, collusive activity leading to "price-fixing" would violate not only the spirit, but the letter, of our federal antitrust laws.

Due to the enormous inflationary effect of gasoline price increases, as well as the attendant effects of inflation on the health of the national economy, I would urge that a Justice Department review be undertaken as quickly as possible. If antitrust violations have anything to do with the soaring prices at the gas pumps, these violations should be identified and remedied without delay.

Thank you for your attention to this matter.

Sincerely,

BOB DOLE