

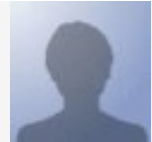


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OpEdNews Op Eds 7/13/2022 at 9:44 PM EDT

Biden Should Use Emergency Powers to Control Record Gas Prices Bleeding Detroit and Nation

By [Robert Weiner](#) (Page 1 of 2 pages) [No comments](#)



President Joe Biden has emergency powers to stop price gouging and inflation. Now is the time to use them to help Detroit and the nation.

By Robert Weiner and Arthur Ferridge

Article originally published in The PuLSE Institute

Detroit, like the rest of the nation, has extremely high gas prices that are over and above the need for oil company profits. The city's 30.6% poverty rate means that Detroiters have been hit especially hard by the inflation crisis, and they could be helped against gouging. The national inflation rate just reached 9.1%, the highest in 40 years. While White House statements assert the number is outdated due to a small drop in gas prices, the fact remains that record high inflation is going largely unchecked. The President has promised to use "all powers" granted under the Economic Stabilization Act and Defense Production Act to stop gas price gouging; the time is now to do so. Gas prices refuse to budge more than a few pennies from their all-time highs.

Despite a \$15 drop in oil prices, gas corporations are refusing to significantly reduce their prices. White House Press Secretary Karine Jean-Pierre said last week that the oil "market... is failing the American consumer" and that the oil companies have power to reduce prices while still making money. President Biden has stated that "Putin" and the "Ukraine war" are driving prices. It is time for the White House to act on their emergency powers and institute temporary price controls as well as compel refinery production.

As noted by WDIV- *Click On Detroit*, "Michigan's average price for a gallon of gasoline on June 11 was \$5.223. Metro Detroit's average reached \$5.293. That is the highest recorded average price in Michigan's history."

Those are a far cry from when President Obama not that long ago took pride in "two dollar gas" which still made oil companies tens of billions of dollars.

Inaction in the face of gouging is not a new issue. In 2017, in the White House Briefing Room, we asked Tom Bossert, Homeland Security Advisor under Trump, whether "the administration [is] looking at [gas prices] in terms of... gouging" and followed up with the same question eight days later. Bossert finally stated that "gouging won't be tolerated, period," but offered no concrete steps.

President Biden has claimed that he is "doing everything in [his] power" to limit the crisis. In his May 30 *Wall Street Journal* op-ed he called for releasing oil reserves and reducing the federal debt. While these measures will lessen economic pressures, they are insufficient and far from the extent of Biden's powers.

President Biden stated that "gas prices are up almost \$2 per gallon because of Putin's ruthless invasion of Ukraine." However, Russian oil only made up 7.9% of American imports in 2021, with the majority from Canada and Mexico.

The narrative that the war in Ukraine has caused an oil shortage is a fearmongering tactic used by oil corporations to disguise their price hikes. Shell, Exxon, and Chevron reported record profits in 2022, with their earnings \$15 billion more than 2021.

As Americans empty their wallets at the pumps, powerful corporations continue to deliberately raise prices far beyond what is necessary.

Oil company prices remain far higher than necessary. Even Biden's proposed suspension of the Federal Gas Tax of 18¢ per gallon - which congressional opposition is blocking - would be a mere drop in the ocean, as would releasing federal stockpiles.

Biden has also called on refineries to increase production or decrease exports to Europe, bolstering the domestic market, but he could immediately use the Defense Production Act to bolster supplies as the nation did with COVID PPE, vaccines, and baby formula. He is meeting with Saudi Arabian officials to ask them to increase production and reduce prices. We may win a few pennies while ceding some important human rights.

The most effective solution is a temporary price control akin to that used by former President Richard Nixon in 1971. Biden has emergency powers granted by the Economic Stabilization Act, and if Ukraine is the claimed reason for inflation, then use it as the emergency to address. The Biden administration should issue an executive order banning gas prices from rising above a certain price point or proportion of oil-import prices, preventing gas companies from gouging consumers for lofty profits. The price point could be based around pre-pandemic prices, or even Obama's famous "\$2 gas" allowing plenty of profit.

This is a common-sense solution that can be dissolved as soon as the war in Ukraine ends and would provide an immediate fix to the inflation crisis.

Biden has claimed that he "[won't] be able to click a switch [to] bring down gas prices," but temporary price controls plus his ability to compel refinery production in the U.S., would very nearly achieve that end.

He threatened gas companies to drop prices "or else," but he is afraid to say what the "or else" is. We just did.

Robert Weiner was a spokesman in the Clinton and George W. Bush White Houses. He was Communications Director of the House Government Operations Committee, and Senior Aide to Four-Star Gen/Drug Czar Barry McCaffrey and Reps. John Conyers, Charles Rangel, Claude Pepper, and Ed Koch. Weiner is a member of The PuLSE Institute National Advisory Panel. Arthur Ferridge is a Policy and Research Analyst at Robert Weiner Associates and Solutions for Change.