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SCHAKOWSKY CALLS FOR CONSUMER PROTECTIONS IN THE WAKE OF KATRINA

WASHINGTON, D.C. -- U.S. Representative Jan Schakowsky, ranking member on the Subcommittee on Commerce, Trade, and Consumer Protection, today called for protections to protect consumers from the economic fallout of Hurricane Katrina in a hearing before the Subcommittee.

Representative Schakowsky's statement is below:

Thank you, Mr. Chairman, for convening today's hearing on Hurricane Katrina's effects on commerce and consumers. The immediate impact on consumers is obvious given that adequate food, shelter, water, and fuel are still lacking for many of the residents of the Gulf Coast. Gas prices are projected to reach as high as \$5 per gallon and heating prices are projected to be as high as and additional 71% this winter, meaning families across the country - not just those evacuated - are going to be breaking the bank just to get to work and heat their homes this winter. With Hurricane Rita ready to ravage that region once again, those natural disasters, compounded with the shaky fiscal state of our country, could turn into one of the greatest consumer - human - and economic catastrophes our country has seen.

The response of the average American to Katrina is as overwhelming as the efforts of the administration have been underwhelming. We all have watched with shock and shame - not shock and awe - as the federal government failed in its primary mission: providing for the safety and security of the public. As American consumers open their hearts, their homes and their pocketbooks, this Administration stayed the course of giving tax cuts to the rich and providing unlimited and unsupervised federal dollars to big contractors. The same companies that have profited so handsomely from the war in Iraq poised to gouge the American taxpayer once more in the rebuilding the Gulf Coast with the Administration's help.

Don't misunderstand me. As a country, we must move swiftly and with great compassion to stabilize and rebuild the area. We must protect and nurture the families devastated by this disaster. However, we cannot pretend that its business as usual and that we can give more tax cuts to the wealthy when the break of the levies revealed the unmet need - both old and new - in our country. As faulty as the logic was that we should cut taxes for millionaires while fighting a war that costs hundreds of billions of dollars, it is morally irresponsible to cut them even further when we are facing the rebuilding of one of our vital costal regions. Once again, everyone except for millionaires are being asked to sacrifice. The raids on the Treasury to swell

the coffers of Halliburton and other large contractors in Iraq are bad enough, but what the Administration has done in this crisis to further fatten those firms is even worse. If we are going to talk about cutting pork, trimming the fat should start with them. Instead, what we get from the Republicans is the cruelest document I have ever seen that cuts Medicaid, student loans, and other programs that help the poor overcome poverty.

The first response of the Administration was to suspend Davis Bacon and cut the wages of the workers that face the dangers of cleaning up toxins. Reducing wages does not guarantee lower costs of rebuilding, only higher profits for contractors. Now, we are told that those contractors should have no liability if they fail to adequately engineer and construct the infrastructure they are being paid enormous sums to rebuild. Who is responsible if these contractors cut corners to pad their pockets? Will they charge double for materials like they did with oil in Iraq? Our energy costs have soared and we get an energy bill that is a giveaway to the companies and offers no relief.

The Administration, with its war and its "friends," have already driven the price of gasoline to real hardship levels. The loss of refinery and offshore production capacity has increased the burden on American consumers even more. Heating bills this winter may truly break the backs of many of our constituents. If the refineries off the Texas coast are hit, as it looks inevitable - and six have already closed as a precaution, my constituents will have a nearly impossible feat of surviving the heating costs of a Chicago winter. After Katrina, Peoples Gas in Chicago estimated that families would have to pay \$1,475 for heating this winter - that is a 39% increase. Again, the U.S. Energy Information Administration predicts that we could see increases of 71%. What is it going to be after Rita?

We saw in the California electricity crisis how these energy firms express their patriotism by soaking consumers to increase profits and bonuses. We must assure that this disaster does not provide coverage for another Enron-like bilking of the American people that would result in serious harm to consumers and damage to our economy.

I ask the Administration where are your protections for American consumers? Why do we hear nothing of emergency measures to control heating prices this winter? Where are the proposals to repeal tax cuts for millionaires to help our country respond to a crisis as it should? Why aren't we expanding the powers of the FTC to pursue price gouging by "big oil"? Why aren't we considering Mr. Waxman's bill to create an independent anti-fraud commission to prevent waste, fraud, and abuse in relief and recovery contracts? Where is the announcement that the Justice Department is sending a meaningful task force to Louisiana and its sister states to provide assistance to the local authorities in keeping down gouging, insurance company

reneging, and all manner of fraud as the federal dollars are dispensed? Do we need pictures of suffering and death from lack of heat to add to the pictures of the flooding before this Administration will act as responsible and moral leaders?

I fear that if the Administration does not soon realize that there is a serious consumer and energy crisis on our hands, that the welfare of all Americans must be the primary concern, we will all feel the effects of a devastated economy. It is up to us. It is up to this Subcommittee, to Congress to respond to ensure that consumers are protected. Thank you.