

It's only 8 month till October

Written by Bruce Enberg

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The evening news starts almost every day with a scary story about the price of gas going to \$5.00 by Memorial Day, and how bad that would be for the economy. They usually follow with a story about Iran threatening to block the Strait of Hormuz, or maybe that will be lead story today. They don't mention that that currently the largest manufactured export from the US is gasoline.

The oil companies are even closing refineries because they can't get rid of enough gasoline to justify running them, but still the corporate media dutifully report that the "shortage" of gasoline is driving up the price.

The truth is that oil companies and Wall Street banks are trying to carry through on their threat to take down Obama if he didn't play ball. Indeed the media is playing up the potential damage to the economy if the price of gas actually goes up as much predicted. The really scary news stories quote unnamed sources as promising \$6.00 gas by mid-summer or EVEN HIGHER!

The problem is that these are exactly the same stories they ran this time last year. It's true that gasoline is a bit higher than this day last year and has just jumped by 40 cents recently, but still is below the last year's high. The thing about commodity price increases is that they eventually get incorporated into the economy, and cease to have any real effect. The prices of consumer products that ran up last year with these "promises" of high gas prices were even coming down again as the price slid below \$3.00/gallon briefly.

That's not to say there aren't millions of people suffering, but it's not really from the price of gasoline. The suffering comes from depressed wages and from national policies that only favor the 0.1% of Americans. If the minimum wage were \$14/hour like it was in from 1938 until 1980 (when adjusted for inflation), and skilled factory jobs paid \$63/hour like they do in Germany, we wouldn't be worried about \$5 gas that much.

The price of gas probably has a lot to do with current efforts by Republicans to ram the Keystone XL pipeline through Congress. Republicans are hoping they can tie it to something else that Democrats won't give up. The current deal on the Fica tax cut extension and unemployment benefits is rumored to be going through without anything attached to it, but that seems unlikely to persist.

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On the other hand, maybe there is consensus among the cockroaches that it's time to skitter back under the refrigerator until the kitchen light goes out again. Approval of Congress is down to 10%, but that's an average, for Republicans it's even lower. According to recent polling, 20% of registered Republicans are actually leaning toward voting for Obama. It's possible they may simply let go of their "never give an inch" stance until after the election to minimize their losses.

The chances of Democrats actually fixing the economy on permanent basis is slim at best, there's still all that lobby money sloshing around. The Republicans can count on Americans forgetting everything that they've done, and in another four years Republicans can again promise trickle down prosperity. Still there is an October, the month of "surprises", between now and the election so we probably shouldn't count the Republicans out just yet.

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