

PRICE GOUGING AND INFLATION

The President of the United States says “no price gouging at the gas pump”. The President told us that the war in Iraq would bring stability to the Middle East and reliable fuel oil production along with reasonable gasoline prices.

So what has actually happened? Gasoline and fuel oil prices have risen to all time highs and the gasoline and fuel oil business are making record profits. The oil companies are not the only ones benefiting from the war in Iraq and tight supplies of raw production. The pharmaceutical industry is also seeing increasing prices with obscene increases of between 12 and 15% per year. Interestingly, we are not seeing equivalent increases in the health of U.S. citizens. As a nation we remain at the bottom of industrialized countries in terms of life expectancy with an obese population that thinks exercise is some ancient tradition to be abandoned in the face of modern life.

Interestingly, while prices and profits are skyrocketing for certain selected businesses, inflation though increasing stays relatively under control. How can that be? The answer is simpler than most people recognize although the economic leaders of our nation understand the relationship between rising prices and inflation.

The workers of America are absorbing the brunt of high prices and acting as a cushion against inflation. The way that works is that as more and more U.S. industry gets shipped abroad in order to produce products at lower and lower labor costs, U.S. workers lose their jobs, take lower paying jobs and work more overtime with less benefits. On one side of the seesaw U.S. wages and standards of living are driven down in order to produce cheaper products abroad while on the other side of the seesaw rapidly increasing prices take more and more of a bite out of less income produced by American's under pressure from the flood imports from cheap labor markets.

This economic seesaw is unusual. In the past, inflation was driven by higher wages and benefits which translated into higher costs for finished products. Sometimes, there would be a disruption in overseas markets which might increase the cost of raw products but since we produced and manufactured many of our own raw products in this country, we had some hedge against overseas wars and economic dislocations. Today that is no longer the case. Our country and our economic not to mention our debt is totally controlled by foreigners.

When President Bush asks the Crown Prince of Saudi Arabia to increase oil production, we are begging not asking. The Saudi Arabians who certainly did not prove to be our friends on 9-11 or at any other times, in spite of government propaganda to the contrary, know that they control our economy through the cost of oil. At the same time that the

Arabs are controlling our economy, they are raking up profits so huge that we cannot even comprehend them. Our enemies then take this U.S. money and buy our debt. Very simply, those who would see American culture destroyed control us at our neck. The bad guys overseas control our nationally economic destiny by owning the debt produced by our own bad government economic management while at the same time they decide how much we will pay for raw products such as oil and gas. Nice deal, huh?

If that is not all bad enough, foreign nations provide a vast cheap labor pool which keeps wages down in this country so that our own workers are less able to finance the debt and poor economic policies which our country has devised.

Economists in think tanks, universities and some government agencies around the country are worried sick and they ought to be. No one of any credibility believes that the United States can continue to spend its way into oblivion while having no sane economic policy for controlling international cheap labor.

There is nothing to prevent our country from a reasonable wage parity program that would mandate we deny NAFTA and other free trade treatment to countries which do not have a wage and benefit equality with our own. To the extent that companies still want to make scandalous profits doing business with cheap labor countries, they should have to pay an excess luxury tax into a U.S. fund designed to retrain and assist dislocated U.S. workers.

There will be those who scream that we should not do this because it would consist of a kind of tariff which might make other countries so mad that they refuse to supply their cheap labor or finance our bloated debt. Sounds great to me!

Nothing short of a total revolution in how we do business is necessary to save our country. Social Security and Medicare/Medicaid may be nice diversions for a President looking to enrich the private investment industry, but our immediate concern is debt and the foreign trade deficit.

President Kennedy was able to stop rising steel prices by invoking the antitrust laws and promised to put a man on the moon in seven years (both goals were achieved) A sensible policy today ought to be complete energy independence utilizing fusion technology and hydrogen powered vehicles within ten years and once again using the antitrust laws to break up the oil trusts that are leading us into bankruptcy. At the same time, it would not be a bad idea for our country to stop spending money it does not have and to shift the burden from the working people to the rich corporations enjoying a tremendous holiday of responsibility from the current administration.

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