

The case for public ownership of the oil industry

Gas prices and the working class

Statement by Jerry White, Socialist Equality Party candidate for president

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The sharp increase in the price of gasoline during the first two months of 2012 has dealt a blow to the living standards of working people in the United States, already hard hit by four years of unrelenting economic slump, the destruction of jobs, wage-slashing and cuts in benefits, pensions and public services.

Prices have jumped nearly 50 cents a gallon since January 1. They are the highest ever for late winter, with the prospect of further increases during the spring and summer. Prices threaten to breach last year's high of \$3.98 a gallon, and even the record high of \$4.11 a gallon.

Workers in America are more vulnerable to increases in the price of gasoline than in almost any other industrialized country because most drive long distances to work. Except in a handful of cities, there is almost no public transportation available. Many low-paid workers make less for an hour's labor than it costs to get to their jobs.

The run-up in the price of gasoline is a product of three major factors: the growing danger of imperialist war in the Middle East, the huge profits reaped by the transnational oil companies, and speculation in the oil markets by giant Wall Street firms.

The price of a barrel of oil has jumped from \$80 to more than \$110 in the last four months, largely in response to rising political tensions in the Middle East. This includes in particular the escalating threats of war by Israel and the United States against Iran, which could disrupt the flow of oil from the Persian Gulf. The actual outbreak of war could push oil prices to \$150 a barrel and gas to \$5 or \$6 a gallon.

The huge profits of the oil companies have long been one of the hallmarks of the staggering growth of social and economic inequality in America. Exxon Mobil has gross revenues of nearly half a trillion dollars, and had a net income last year of more than \$41 billion. The five largest oil companies combined made \$137 billion in profits last year, and \$1 trillion in profits in the last decade. While their CEOs reap eight- and nine-figure incomes, the US oil monopolies receive hefty tax subsidies from the US Treasury—at the expense of working people.

Equally important is the role of Wall Street financial speculators. According to the Commodity Futures Trading Commission, which regulates energy trading, the proportion of oil trades made by pure speculators—those who never take actual possession of the oil, but are simply betting on the price—has shifted in the last five years from 30 percent to nearly 70 percent of the total.

CFTC Commissioner Bart Chilton told ABC News that the “speculative premium” on oil was about \$23 a barrel, or 56 cents for a gallon of gas. This vast sum goes straight into the pockets of the same Wall Street firms that crashed the world economy in 2008 through speculation in real estate mortgages and were bailed out by the Bush and Obama administrations.

In other words, the soaring price of gasoline, far from being a natural or inevitable occurrence, is the product of the crisis of capitalism as a world system, based on private ownership of natural resources and the means of production, and the division of the world into rival capitalist nation-states.

Both the Democratic and Republican parties embrace militarism and the targeting of oil-rich countries in the Middle East—first Iraq, then Libya, now Syria and Iran—for imperialist aggression. The Socialist Equality Party categorically opposes the US drive to war against Syria and Iran and demands the withdrawal of all US and other imperialist occupation forces from Afghanistan and other countries in the Middle East.

Both parties worship the capitalist market and regard its operations as sacred and unalterable. The Republicans propose the complete subordination of American society to the oil companies, opening up every piece of land and coastal waters to drilling, regardless of environmental risks. The Democrats propose essentially the same policy, with a fig leaf of populist rhetoric about oil companies paying their “fair share” in taxes.

Under capitalism, however, it is impossible to establish a “fair” relation between trillion-dollar corporations and workers struggling to survive from paycheck to paycheck. The SEP calls on working people to launch a political struggle for socialism: to put an end to the domination of society by giant corporations, through nationalizing these companies, placing them under public ownership and democratic control.

Only on the basis of a world socialist system will it be possible to establish a rational plan for the utilization of the natural resources of the entire planet to serve human needs and not private profit. This means developing oil and gas as part of a comprehensive energy policy that incorporates all alternative fuel technologies—regardless of corporate profit—and addresses the urgent environmental issues like global warming and toxic pollution.

For more information on the SEP campaign, visit our web site at socialequality.com.



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