

Record gas prices cut further into US workers' real wages

Trévon Austin
10 May 2022

Despite assurances from the Biden administration that inflation would be a temporary problem, consumer prices continue to spiral out of control.

Gasoline and diesel fuel prices hit an all-time high once again on Tuesday, just two months after the national average for gasoline surpassed \$4 per gallon for the first time in 14 years. According to the American Automobile Association, the nationwide average price for a gallon of gas reached \$4.37, a 17-cent jump in the past week alone, while diesel prices rose to \$5.55 per gallon.

The rise in gas prices comes amid US-NATO oil sanctions against Russia and a sharp drop in the supply of wheat and fertilizers due to the war in Ukraine. The US consumer price index reached 8.5 percent in March, the highest rate in decades.

A March analysis by Yardeni Research, a global investment and business strategy consultant, found that the average American household will pay nearly \$2,000 more for gasoline in 2022.

For months, stores across the United States have been struggling to stock baby formula, forcing parents to scramble from store to store. The shortage, originally spurred by COVID-19 supply disruptions in 2021, was exacerbated by the Food and Drug Administration shutdown of an Abbott Nutrition factory in Sturgis, Michigan. The FDA found that four babies had suffered bacterial infections after consuming formula from the facility.

According to Datasembly, a data analytics firm, between 2 and 8 percent of stores could not stock baby formula in the first half of 2021. However, between November 2021 and early April 2022, the out-of-stock rate jumped to 31 percent. In just three weeks, that rate increased by 9 percentage points, and now 40 percent of stores in the US are completely sold out of formula.

In six states—Iowa, South Dakota, North Dakota, Missouri, Texas and Tennessee—the out-of-stock rate for baby formula was over 50 percent during the week starting April 24, according to Datasembly. Additionally, 26 states had out-of-stock rates higher than 40 percent, compared to just seven states three weeks earlier. Major US pharmacies such as CVS and Walgreens have imposed limits on how many cans customers can buy at a time.

According to the US Department of Agriculture, at-home food prices are expected to rise another 5 to 6 percent in 2022, and food-away-from-home prices are predicted to increase between 5.5 and 6.5 percent.

President Joe Biden delivered a speech Tuesday blaming inflation on the COVID-19 pandemic and the Russian invasion of Ukraine. In a statement dripping with hypocrisy, Biden claimed he understood the problems with which working Americans are grappling, and said his administration and the Federal Reserve were treating the matter as a top issue.

“I know that families all across America are hurting because of inflation,” Biden said in a 20-minute speech from the White House. “I want every American to know that I am taking inflation very seriously and it is my top domestic priority.”

Although the White House advertised Biden’s speech as being focused on how his administration would combat inflation, he devoted most of it to denouncing “MAGA Republicans” rather than laying out new proposals to combat the worst inflation in 40 years. Focusing on a plan put forward by Republican Sen. Rick Scott of Florida, Biden decried the “ultra-MAGA” policies that would be enacted if Republicans took control of Congress in November.

“My plan is to lower everyday costs for hardworking Americans. And lower the deficit by asking large

corporations and the wealthiest Americans to not engage in price gouging and to pay their fair share in taxes,” Biden said. “The Republican plan is to increase taxes on the middle-class families, let billionaires and large companies off the hook as they raise profits, raise prices and reap profits at record amounts. And it’s really that simple.”

While Biden hastened to reiterate his assurances that he was a capitalist and had no problem with businesspeople compiling billions in wealth, the only concrete steps to curtail soaring gas prices he could cite were the release of 1 million barrels of oil per day from the Strategic Petroleum Reserve and emergency measures to expand biofuel sales during the summer. He dared not suggest measures that would challenge the stranglehold of energy giants such as Chevron and ExxonMobil on the country’s gasoline supply.

The US oil monopolies are reporting massive profits generated by jacking up prices and imposing cuts in the real wages of oil workers, with the assistance of the corporatist unions. Chevron refinery workers in Richmond, California, have been on strike since March 21. The United Steelworkers union has isolated their determined and courageous struggle, working hand in glove with the company in its attempt to force through a wage increase far below the inflation rate.

Biden also cited his proposals to raise taxes on billionaires and allow Medicare to negotiate drug prices, claiming these policies would help bring down inflation.

But these proposals will never be passed by Congress, as Biden well knows, and American workers are not buying the Democrats’ claims that their hands are tied by Republican opposition.

Following his remarks, Biden took several questions from reporters. When asked if he and other Democrats deserved a share of the blame for high prices, Biden claimed the Democrats’ narrow control of Congress was to blame.

“We’re in power. We control all three branches of government. Well, we don’t really,” he said, and then pointed to the filibuster rule in the Senate, which, as a practical matter, requires 60 out of 100 votes to pass legislation. He failed to mention that he has repeatedly opposed efforts to weaken or eliminate the anti-democratic rule.

The inflationary pressures workers face are a direct

product of bipartisan policies pursued by both Democrats and Republicans. When the pandemic led to a severe economic downturn in 2020, the US Fed and other major central banks poured an estimated \$16 trillion into the financial markets, hoping to prevent a collapse and continue the parasitic growth of the stock market. But the consequences of this “quantitative easing” are being felt by workers in the US and across the world.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact