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Trump policies boost oil prices, profits for campaign donors

By Robert Weiner and Kyle Fleck

While campaigning for Hillary Clinton in 2016, Barack Obama took pride in low gas prices while he was president: "Gas is $2 a gallon." Since Donald Trump took office, gas prices haves spiked to over $3 a gallon nationwide, with Hawaii suffering the second-highest prices in the nation. As of June 14, Hawaii averages $3.679 a gallon, California $3.71, according to the gas-price tracker www.gasbuddy.com.

All we've had from the White House is a tweet: "Looks like OPEC is at it again. With record amounts of oil all over the place, including the fully loaded ships at sea, oil prices are artificially Very High! No good and will not be accepted!" Treasury Secretary Steven Mnuchin's flaccid reassurance on May 8 regarding "various conversations with various parties" that would be willing to increase oil supply to offset this" was hollow. Russia's Vladimir Putin has issued no statement because his economy was tanking with low oil prices, and he is now raking it in.

While breaking the Iran deal and re-imposing sanctions could have a supply-reduction impact to raise prices, the reality is no action has taken place yet to actually reduce supplies. Trump's Iran and trade policies have produced fear and that is what is driving the ability of the oil companies to jack up prices.

The energy firm FGE has estimated that Iran may decrease oil exports by as much as a million barrels a day. The squeeze this would put on the marketplace stands to increase the price of oil significantly. Damien Courvalin and Jeffrey Currie of Goldman Sachs are more conservative, estimating between 250,000 and a half-million barrels a day may be yanked off the market due to U.S. sanctions. Reductions in the oil marketplace on this scale could boost prices anywhere from $3.50 to $10 a barrel.

Even huge multinational corporations are warning their investors of the impact higher oil prices will cause for shipping costs, with Hawaii a major transshipment point. In recent calls with investors, both Walmart and Home Depot warned of the profit margin shrinking.

The price of crude began to climb immediately -- artificially -- following the Iran Treaty withdrawal announcement. The price of crude had already risen 14 percent since the beginning of the year, owing largely to the assumption that Trump was going to withdraw from the Iran deal, pushing it to its highest prices since 2014.

Though the United States now relies far less on Iranian oil than we used to, owing to domestic production and especially fracking -- we now create far more energy than we import -- fluctuations in the marketplace are used as psychological fear bait to create higher prices.

Along with a looming tariff war with multiple nations and the potential blow-up of NAFTA, belligerent economic actions will cumulatively have a noticeable, painful impact on the average American consumer's pocketbook. Bloomberg said that Americans' cost in the oil price hikes and related goods' price hikes will be $60 billion, one-third of the new tax bill's supposed benefits (being depleted even more by health premiums jacking up by the administration's dismantling of the Affordable Care Act).

U.S. Sen. Brian Schatz of Hawaii is quoted in the conservative National Review June 1 telling reporters: "There's a straight line between Trump's policies and the price of gasoline."

The rising prices benefit the bottom lines of several huge energy companies that contributed money to the Trump campaign and inaugural fund, including Exxon Mobil ($500,000 for the inauguration), Valero ($100,000), and the doublespeak-titled Clean Energy Corp, for another hundred grand.

Trump must realize that there's more than hawkish rhetoric in these games of international oil brinkmanship -- consumer pricing and the American economy are at stake.

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