

Report Sees Gasoline Prices Moving Higher Still

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WASHINGTON, April 7 - The government projected on Thursday that gasoline prices would surge even higher in coming weeks and remain high through the summer, a forecast underscoring both the economic effect of the sharp rise in energy costs and growing political risks for President Bush.

The Energy Information Administration, an arm of the Energy Department, said it expected the price of unleaded regular gasoline to hit a peak national average of \$2.35 a gallon in May and to average \$2.28 from April through September. Last week the average price was \$2.22.

With crude oil prices at record highs in recent weeks and still close to them, the White House is casting itself as immersed in addressing the problem. It is using the increase in oil and gasoline prices to raise the pressure on Congress to pass Mr. Bush's stalled energy bill, which the administration says would encourage domestic oil exploration and production, support alternative energy sources and improve conservation.

Mr. Bush discussed energy prices with his cabinet on Tuesday and is sure to raise the subject during a meeting being planned for this month with Crown Prince Abdullah of Saudi Arabia, the world's largest oil producer.

But Democrats say they intend to use the renewed focus on energy issues to revive their case that Mr. Bush and Vice President Dick Cheney, both of whom worked in the

oil business, are more interested in helping oil companies than in helping consumers. And several recent polls suggest that the spike in oil prices and the resulting rise in gasoline prices have undermined Mr. Bush's political standing.

"When gas prices go up to the level they're at now, they are in some ways the

economic equivalent of the color-coded terrorism alerts," said Geoff Garin, a Democratic pollster. "They work their way through into public opinion very quickly in terms of affecting people's opinions about the direction of the nation and raising the stakes on pocketbook issues generally."

An NBC News/Wall Street Journal survey published Thursday showed a drop in approval of Mr. Bush's handling of the economy to 41 percent from 46 percent two months ago. A USA Today/CNN/Gallup poll released this week found an even sharper drop, to

41 percent from 48 percent five weeks earlier.

Analysts said consumer concern about what it costs to fill up at the pump was also pulling down the percentage of people who think the country is on the right track. In the NBC News/Wall Street Journal poll, 34 percent of respondents said the country was headed in the right direction, down from 42 percent in February.

The USA Today/CNN/Gallup poll found the price of gasoline rivaling terrorism and



health care as the top issues among respondents, well ahead of the priority Mr. Bush has put at the top of his agenda, overhauling Social Security.

"Certainly if it goes on for a while, it's a risk," said Tony Fabrizio, a Republican pollster.

The administration has shown no sign of rethinking its opposition to releasing oil from the Strategic Petroleum Reserve as a means of trying to force prices down.

"We are concerned about rising gasoline prices and rising energy prices," said Scott McClellan, the White House press secretary. "They are a drag on our growing economy. That's all the more reason why Congress needs to act to pass the president's comprehensive energy strategy that he outlined four years ago."

Energy Department officials said that despite the higher gasoline prices in coming months, with the average projected to be 38 cents a gallon more this summer than last, they did not expect any drop in demand.

Though gasoline has established itself well above \$2 around the country lately, demand is up about 1.8 percent over this time last year, said Guy F. Caruso, administrator of the Energy Information Administration.

Mr. Caruso added that the price of gasoline was still a small part of the cost of driving a car, including insurance and car payments, and that for a typical car, driven 12,000 miles a year and getting 20 miles a gallon, the increase would mean about \$180 in higher annual costs.

But steep increases in gasoline prices tend to have repercussions as much political as economic.

"This is not just an economic problem," said Mark Mellman, a Democratic pollster. "It is also, in the public judgment, a national security problem. There is a widespread belief in the country that the problem could be solved or a real dent made in it, but that this administration, because it is tied to big oil, is unwilling to take the steps necessary to reduce our dependence on foreign oil."

Administration officials said they were assuming that the surge in prices would help put pressure on Congress to pass Mr. Bush's energy plan. Already, Republicans in the Senate have shown for the first time that they have the votes to include in that bill the authorization for drilling in a section of the Arctic National Wildlife Refuge.

The rise in oil and gasoline prices could also provide another reason for the nation to embrace Mr. Bush's call for the spread of democracy in the Middle East, a source of nearly 20 percent of the nation's oil. A more stable, democratic Middle East would presumably reduce concerns about interruptions in the flow of oil.

For now, though, the first signs that the seeds of democracy are germinating in the region are being accompanied not by lower crude oil prices but by near-record highs.

And Democrats say they intend to use gasoline prices to reopen issues they have previously invoked to hold up the Bush energy bill, among them their call for an increase in fuel economy standards.