

Why gas prices fall when the economy slows down

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Petroleum products such as gas are used everyday to fuel our cars, to heat our homes and to run our businesses. Normally, supply and demand impacts the price of gas; however, these are not normal times. To explain falling gas prices the impact of the current financial crisis must be also considered.

In a free market economy, the price consumers are willing to pay equals the quantity producers are willing to supply. Certain events such as the level of oil production, political tensions and hurricanes can have an impact on supply. Other events such as summer driving season, winter heating season and globalization can have an impact on demand.

Although lower gas prices are normally seen in the fall, according to Jim Landers, a columnist at dallasnews.com, what we are experiencing this fall is a bursting of the commodities bubble, a global economic slowdown and institutional investors liquidating assets to offset financial losses.

Commodities are objects that come out of the earth such as orange juice, wheat, cattle, gold and oil. The process of trading commodities is known as futures trading. When trading futures, nothing is actually bought or owned. Traders speculate on future prices. The purpose of trading commodity futures is to protect producers and consumers from sharp price fluctuations. Speculators provide the cash.

Commodities are also seen

as a hedge against inflation and a weak dollar. According to EnergySolutionsInc.com, as stocks began to perform poorly, investment firms encouraged clients toward commodities. Buying and selling commodities for financially motivated reasons caused the prices to increase far beyond where demand equaled supply, creating a bubble.

Shawn Tully of money.cnn.com reported that since the fear of inflation has subsided and the dollar appears to be stronger, speculators are leaving the market, pushing down the price of oil futures.

As a result of the global economic slowdown, consumers are demanding less quantities of gas due to unemployment, less driving, buying more fuel efficient vehicles and paying higher prices for other consumer goods; while supplies remain plentiful due to retailers increasing reserves in anticipation of rising prices and profits. The reduction in demand without a subsequent decrease in supply caused the prices to fall.

Finally, according to Javier Blas of rb-trading.com, as the credit squeeze intensified, institutional investors, investment bankers and speculators in need of cash began to sell their commodities for a profit to offset financial losses in real estate and equity investments.

What can students do about the price of gas is to carpool with other students, and when given the choice, opt for fuel efficiency and support alternatives to petroleum products. Reducing dependence on petroleum products is the power consumers have to affect the retail price of gasoline.

to meet with the vice president, but their schedules conflicted, she said.

But Avramidis said the newspaper didn't attempt to schedule a meeting, adding it is the only club that didn't attend the September meeting that has not met with the vice president.

As an inactive organization, The Capital Times does not have access to about \$3,900 of unrestricted funds it would receive if the club was active.

Because it is inactive, The Capital Times has no access to its student activity fee fund, which the newspaper uses for printing expenses, Avramidis said.

But Howard said the paper does have access to the student activity fee funds.

Bendoritis said tensions have risen between the newspaper and SGA in the past, adding Avramidis accused the newspaper of bias during his presidential campaign in March because his opponent was a columnist at the paper.

Avramidis said he never accused The Capital Times of bias.

PSU Harrisburg paper inactive, stops printing

By AUBREY WHELAN
COLLEGIAN STAFF WRITER

The Capital Times, the student newspaper at Penn State Harrisburg, was declared inactive by the campus' Student Court last week after the paper violated a clause in the Student Government Association (SGA) constitution, SGA President Antonios Avramidis said.

Last week, Avramidis notified The Capital Times, which held club status, on behalf of the Student Court it had violated a policy set forth by the SGA vice president.

All clubs at Harrisburg are required to follow policies set forth by the SGA constitution.

But The Capital Times said it was not informed of the new policy, which requires a representative from every club to attend monthly meetings with the SGA vice president. A clause in the constitution states a representative must meet with the vice president at least twice a semester.

The paper appealed but withdrew its appeal. The Capital Times applied to reactivate its

status and is awaiting a decision, Capital Times Assistant Editor Marin Bendoritis said.

Assistant Director for Campus Life and Intercultural Affairs Donna Howard said she would approve the reactivation as long as it complies with university policy.

The Capital Times and SGA have offered conflicting statements on the newspaper's deactivation.

The newspaper did not attend the first meeting it was required to in September, Avramidis said.

At the meeting the paper missed, the clubs and the vice president agreed to require clubs to attend monthly meetings, Avramidis said.

"(The paper) violated the constitution by not attending the first meeting and refusing to attend a replacement meeting," he said.

SGA had informed the newspaper it was "in bad standing," Bendoritis said, adding she thought the paper could attend another meeting to comply with the original policy.

The editor in chief attempted

Printed Oct. 30 in The Daily Collegian, student newspaper of Penn State University Park

Section 3

Vice President

- A) Shall have a tie-breaking vote in the Senate. If the Vice President is absent, and there is a tie vote, no one else in the Executive Branch shall break the tie, and therefore the legislation will fail, unless a proxy has been given.
- B) Shall be in contact with all clubs on campus and provide assistance to the clubs.
- C) **All clubs are required to have a member of their executive board meet with the Vice President at least twice a semester. All clubs must have a member of their executive board attend two SGA meetings within the first four SGA meeting sessions of the fall semester and one of the final four SGA meeting sessions in the Spring semester. Clubs that do not meet these requirements will have their funds frozen. Exceptions to this rule shall be considered on a case by case basis as outlines by the guidelines in Item J.**
- D) Shall monitor all club activities and serve as the main coordinator.
- E) Shall temporarily preside over the Senate in the absence of the President.
- F) Shall preside over the impeachment hearing of any justice of the court.
- G) Shall serve as the chief liaison to the Council of Commonwealth Student Government.
- H) Shall assume the office of the President if there is a vacancy, and shall finish out the remainder of the term.
- I) Shall carry out other assigned duties given by the President.
- J) A set of guidelines to be used as exceptions to Item C shall be written by the Vice President.

The above is taken from the SGA constitution. The Capital Times was found in violation by the Student Court, of Item C of this Section.

