**BUSINESS PULSE SURVEY**

Should bans on using electronic devices on airplanes be lifted?

Next week's question: If you could control it, what would the Supreme Court decide on the health care reform law?

Go to http://triad.bizjournals.com and click on Business Pulse Survey to participate.

BASED ON 144 RESPONSES. NUMBERS DO NOT TOTAL 100 DUE TO ROUNCING.

Not sure 8%
Other 1%
Yes, on all devices 24%
No 22%
Yes, on Kindles, laptops, etc., but not cell phones 43%

**Good news about high gas prices**

One of the biggest news stories so far this year is the sharp increase in gasoline prices. Earlier this week, the average price of regular unleaded in the U.S. was $3.90, according to the American Automobile Association. That price is up nearly 20 percent so far in 2012, and it's closing in on the all-time high of $4.11 recorded in July 2008.

The increase is clearly bad news for people who'd like to spend less on gasoline, which of course is nearly everyone. It's clearly good news for companies selling alternative fuels and technologies, and for the entire states of Texas, Alaska and North Dakota. But beyond the obvious, there are a few other respects in which high fuel prices amount to good news.

- **Good for American manufacturing.** Everyone knows that outsourcing was driven by low wages in other countries. What's less well known is that outsourcing, especially to China, surged during a period in which oil prices were falling in inflation-adjusted terms. When containerized shipping emerged as a low-cost option, it became possible to profit from those low foreign wages.

- **The fuel portion of that equation has reversed itself since 2002, when oil prices started a long upward climb that continues to this day. As a result, domestic manufacturers have won back some business. And recently that's meant jobs. Since the low point in early 2010, manufacturing employment has risen 1.7 percent nationally as opposed to 2.6 percent for all other sectors.**

- **The picture isn't quite as bright in North Carolina.** Since early 2010, manufacturing employment in the state has risen 1.6 percent, while all other industries have increased jobs by 2.7 percent. But given our industrial mix, perhaps any increase is good news.

- **Good for the Republican presidential nominee?** Political pundits are debating whether gasoline prices will affect the presidential election in November.

**Unemployment is falling, which is always good for the incumbent. Will rising gasoline prices offset that?**

My guess is that falling unemployment will trump rising gas prices, assuming the former keeps falling. After all, one of the causes of the price rise is the modest growth of the U.S. economy. To the extent that U.S. demand conditions are a factor, high prices are the result of positive developments, and voters may sense that.

So far they do. The Conference Board's index of consumer confidence has held steady in spite of concerns about gas prices. The index rose from late January through February, and this month it fell only slightly. If it falls no further this summer, we'll know that the good outweighs the bad in consumers' minds.

However, the economics might not matter. Opinion polls indicate that most voters blame President Obama for high gas prices, even though he has far less influence on energy markets than he does on unemployment. All's fair in love and politics.

- **For everyone, wait, didn't I just say that high prices are bad news for most Americans? Yes, but that's just a surface effect. The deeper reality is that the global demand for oil is growing while global supply is tight. Our choice isn't between high prices with adequate supply versus low prices with inadequate supply. It's between high prices with adequate supply versus low prices with shortages.**

Rising prices are like an insurance premium we pay to ensure that we'll have gasoline whenever we want it, with no rationing or waiting lines. Given the alternative, that's a pretty good outcome.

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