

Pain at the pumps

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I put some gas in my tank the other day, and was shocked to see it is now over \$2 per litre ? at least at the station I filled up at.

Like many people, I have started being more careful about how much I drive. Do I really need to travel to a neighbouring town today to buy toothpaste and dish soap at the dollar store?

Normally I would make the trip without even thinking about it just for the sake of getting out of the house and doing something, but that is all changing as that trip to spend \$3 just cost me \$20 in gas. That doesn't make a lot of fiscal sense.

I've always been a big driver. I was one of those guys signing up to do my road test for a licence on my 16th birthday.

I enjoy the freedom of getting out on the road and visiting different places. That's why I like living in this region. After 20 years, I'm still finding back roads I haven't been on and strange places tucked away on concessions and country roads.

?See the U.S.A. in your Chevrolet? was a popular commercial jingle from General Motors that was used from around 1950 to the 60s. It was a good jingle that capitalized on the fact that long distance road trips were a popular family tradition, and if you were going to drive across the country, a Chevy would get you there.

At the time, a long-distance road trip was easily accomplished by a family with a typical income.

Now a trip to Get Your Kicks on Route 66 might require a visit to the bank and some collateral to get a gas loan to finance the excursion.

Gas prices are determined by several factors. First there is the usual economic laws of supply and demand. Then there is the price of crude oil ? sold by the barrel, for some reason.

Then there is the cost of refining and storage, and the cost of distribution. You have to pay someone to deliver it to your gas station.

The gas station owner has to make money, so they tack on their profit, and of course the government has to take a hefty slice of every litre sold.

Historically, the final cost is determined by the price of each barrel of crude oil. If the cost of a barrel went up, the price per litre was adjusted to match, and same if it went down.

The statistics are all available and doing the math is a very simple process.

In 2010, the price of a barrel of crude was \$94.41 ? that price is adjusted for inflation to reflect present day costs. The average price of a litre of gas in 2010 was \$1.04.

In 2012, the price of a barrel of crude, adjusted for inflation, was around \$108 ? the price per litre to the consumer averaged around \$1.25 per litre.

In 2015, the price of crude had dropped to \$51 ? the price per litre dropped to around .99 cents.

The market bottomed out in early 2020, when the price per barrel dropped to \$36. In March of that year, we were paying just under .80 cents per litre. I remember that very well as at the time I had to take several long-distance trips and I was paying .78 cents per

litre, and that made a huge difference in the cost of the trip.

Now let's take a look at present costs. The average cost per barrel of crude oil in 2022, has been around \$91.

According to the historical data, a litre of gas should cost around just over \$1 or slightly more when adjusted for inflation.

And yet, we are now paying almost double what the price should be.

Since mid 2021, the price of crude has risen around 29 per cent. The price per litre at the gas pumps at the same time has risen around 64 per cent.

The experts are giving all sorts of reasons why this is happening, but none of them seem to make a lot of sense.

The federal government doesn't seem too concerned that our dollar is shrinking, and rapidly.

The high cost of gas means more people will have to stretch a pay cheque while watching their salaries stagnate.

Inflation is our biggest enemy right now, and the feds must get a handle on the situation before you find yourself commuting work at 3:00 a.m. because the only affordable method of transportation is a bicycle or skate board.