

HIGH GAS PRICES

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In the last few months I have been driving through Arizona, California, and New Mexico. Everywhere I go, I hear the consumer complaining about the high cost of gasoline. Let's take a look at the facts. Yes, gas is, in fact, at an all time high and likely to go higher during the summer months. The spread from state to state is quite large. On May 24, 2007, the average price for a gallon of regular was \$2.95 in New Jersey and \$3.52 in Illinois. Gas prices are affected by the world demand for crude oil, by consumer demand, and by the refining capacity in the U.S. Surprisingly, there have been no new refineries built in the United States since 1976. It takes at least 10 years to get a new refinery on line and the gas companies don't want to take the risk. They are making record profits now, but are concerned that gasoline consumption might decrease.

In spite of the ever increasing cost of gasoline, the American consumer is still increasing consumption. In order to continue to buy high priced gasoline, the consumer is cutting back in other areas. Retail sales of other commodities are declining. WalMart sales dropped 3.5 percent, Target sales dropped 6.1 percent. Are we driving more conservatively to save fuel? Not as far as I can see. Drivers are still making gas consuming jack rabbit starts and driving over the speed limit on freeways. It appears that we're not going to allow money to dictate the way we drive.

Yes, we are moving toward more fuel efficient vehicles although the new cars are nowhere near as efficient as the EPA has claimed. On average, you can expect to see the new 2008 EPA numbers decrease by about 12 percent. We have been particularly misled by the fuel numbers for hybrids. You can expect those numbers to drop by about 30 percent. In reality, a straightforward diesel Volkswagen is a match for any of the complicated gas/electric hybrid cars.

Here is the bottom line. **Gasoline prices will not decline until consumers reduce demand.** We must conserve or pay the price. We must reduce our oil based energy consumption dramatically. We must move to energy efficient transportation, housing, and factories. We must make much greater use of wind, solar, falling water, and alternative fuels such biodiesel. Oil is in limited worldwide supply and the price of that oil is outside of our control.

Start reducing your family's dependence on foreign oil now. You will be glad you did. Doctor Diesel is ready to help you. If you can grow oil seed crops such as sunflower and canola, we urge you to do so. Consider producing your own biodiesel from seed oil or from used French fry oil. We have inexpensive seed presses and very easy to use biodiesel processors. Call us today.

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