



It's enough to give you gas

Keith Magill

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Once again, rising gasoline prices have become a political issue, and much of the debate is uninformed, misleading, false or disingenuous.

First, despite what some partisan TV talking head might have told you, U.S. gas prices are nowhere near a record high.

The highest recorded average for a gallon of regular unleaded was \$4.11 in July 2008, according to the American Automobile Association's Daily Fuel Gauge Report. Saturday's national average was \$3.67 a gallon, 44 cents, or more than 10 percent, cheaper than the record. Locally, it was even cheaper, at \$3.56 a gallon.

Now, let's factor in inflation. Since 2008, inflation has increased the cost of the things most ordinary Americans buy by an average of 5.3 percent, federal data show. That means the gallon of gas that sold for a record \$4.11 in the summer of 2008 would cost \$4.33 in today's dollars. That makes the \$3.56 were paying locally sound like even more of a bargain, doesn't it?

Of course, we live in a country where masses of Americans pick and choose which facts to believe, usually the ones that fit their preconceived notions of the truth. If the facts challenge their prejudices, many simply ignore them, ridicule them or, if all else fails, kill the messenger.

A few of those folks called and emailed me about a year ago after I wrote a column debunking the conventional wisdom that — surprise — high gas prices were going to cause every American to go broke. Then, as now, many here in oil country predictably used high gas prices as a weapon to attack the Obama administration for holding up drilling permits in the wake of the 2010 Gulf oil spill. That's politics.

What get lost in the debate, however, are some of the basic facts.

Last March, as gas prices hovered near \$4 a gallon in some parts of the U.S., the University of Illinois issued a news release in which finance professor and energy policy expert Don Fullerton explained the facts devoid of emotion and hyperbole. His main point: Adjusted for inflation, the real price of a gallon of gas has barely budged over the past five decades.

That doesn't mean there aren't wild swings, he notes. After reaching that record high in July 2008, gas prices dropped below \$2 a gallon by December as demand fizzled amid a global recession.

“So changes in prices at the pump — even upward blips that seem monumental at the time — are not all that unusual,” he said.

Another among the many great primers on gas prices comes from the libertarian-leaning Cato Institute. In 2006, amid — you guessed it— another spike in gas prices that fueled the usual hysteria, the Washington think tank's Jerry Taylor and Peter Van Doren explored some of the reasons Americans needlessly go berserk every time pump prices rise.

“There are probably three reasons that gasoline prices appear so high to us today,” they wrote. “First, many don't fully appreciate the long-run effect that inflation has on prices. Second, many don't appreciate how much our incomes have increased relative to prices. Finally, we still remember 1998 very well, the year in which we encountered the lowest gasoline prices since 1949. Gasoline in 1998 sold for \$1.03 per gallon, the equivalent of \$1.21 in today's (2006) currency. Adjusting for growth in per-capita income yields a price of \$1.35 per gallon in today's terms. Today's price is more than double that and people resent the increase over the last several years, in part, because they think that 1998 prices were normal. But they were not.”

You won't hear that from the partisan pundits or the politicians because it's not in their best interests to tell you. And would you really believe them if they did?