Slate Nails it on the Head

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Topic: Demand/Consumption

I've been reading a lot of articles about America's dependence on oil (foreign and domestic) and I finally found a really good article over at Slate. For all those economists out there, here's a perfect description of the asset/infrastructure problem:

"The latest estimates, based on a comprehensive study released in 2002, predict that if prices rose from $3 per gallon to $4 per gallon and stayed there for a year (far greater and longer than the impact of Katrina), purchases of gasoline in the United States would fall only about 5 percent."

"Why don't we ratchet down more when fuel prices go up? The rule of thumb in economics is that people react to price increases only when they can turn to substitutes...people can't change the type of fuel they put in their cars, and they can't stop going to work. They might take one less driving vacation or check their tire pressure more often when they fill up. But that hardly makes a dent in the total numbers."

This is why we need to start investing in alternative transportation infrastructure and alternative fuels now, to build substitutes to gas driven cars.

Also, a big reminder to folks in NYC - please register for the Petrocollapse Conference next week.
