



## Record oil price sparks call for petrol rationing

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Bruce Robinson from ASPO Australia has been quoted by The Age as calling for the [introduction of petrol rationing](#).

AS CRUDE oil sits at record high prices and economists remain concerned about its economic impact, one group has proposed the war-time measure of rationing.

The Australian Association for the Study of Peak Oil and Gas (ASPO), a group that lobbies for sustainable transport options, is calling for the return of the petrol allocation system used in Australia during World War II.

Bruce Robinson, ASPO's national convener, said the idea was becoming "increasingly essential" with petrol prices hovering around \$1.50 a litre and rising interest rates already hurting households. The impact on the economy of inaction would be "dire", he said.

But a leading economist labelled the proposal "ridiculous". AMP Capital Investors chief economist Shane Oliver said the market should be allowed to determine the price as the supply and demand curves drew closer together.

Mr Robinson has written to the Federal Government calling for an oil vulnerability taskforce that would determine the allocation of petrol rations. ASPO proposes that those with greatest need be given priority.

In October, a report by a similar taskforce established by the Queensland Government found "overwhelming evidence" that world oil production would peak in the next 10 years. It recommended a reduction in the use of liquid fossil fuels and further development of alternative fuels.

ASPO's suggestion comes the week after West Texas crude oil twice hit triple digits on the New York Mercantile Exchange. Early on Thursday, oil for February delivery hit a record \$US100 a barrel; the next day it reached \$US100.09 before slipping back to just more than \$US99.

This week, as economists predicted, the price has fallen back. The futures were trading at just more than \$US95 a barrel.

Dr Oliver said he expected oil to resume its upward trend around mid-year. He said the best way to reduce oil dependency was to make it more expensive. "I think you will see

it will hit the \$US120 (a barrel) level in the second half of the year but it is hard to put an exact price on it," he said. "We're seeing more hybrid cars on the market, I can buy ethanol-blended fuel at my local petrol station now, there are massive increases in demand for biofuels, so I think the way to solve the problem is to let the oil price rise."

High oil prices and the prospect of production peaking could lead to economic turmoil, according to Professor Jakob Madsen, of Monash University's department of economics.

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I'm not sure what timeframe Bruce has in mind, as the article is vague on that point, but I sincerely hope this isn't a call for rationing beginning right now. Given that petrol is probably more affordable now for the average Australian than it was in the 1970's and there are no physical shortages of any kind, I'd imagine the level of support for this idea from the public would be less than 1%...



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