

# Gas Prices Rattle Americans

Record high gas prices are prompting Americans to drive less for the first time in nearly three decades, squeezing family budgets and causing major shifts in driving habits, federal data and a USA TODAY Poll show.

As prices near—or in some places top—\$4 a gallon, most Americans say they are cutting back on other household spending, seriously considering buying more fuel-efficient cars and consolidating their daily errands to save fuel, USA Today said.

Americans worry that steep gas costs are here to stay: eight in 10 say they doubt today's high prices are temporary, the poll finds. It's the first time such a large majority sees pricey gas as a long-term problem.

The \$4 mark, compounded by a sagging economy, could be a tipping point that spurs people to make permanent lifestyle changes to reduce dependence on foreign oil and help the environment, says Steve Reich, a program director at the Center for Urban Transportation Research at the University of South Florida.

"This is a more significant shift in behavior than I've seen through other fluctuations in gasoline prices," he says.

The average price of a gallon of gas nationwide is \$3.65—the highest ever, adjusted for inflation. California's average: \$3.90 a gallon. The federal Energy Information Administration (EIA) expects a \$3.66 per-gallon average this summer.

The pinch is reshaping the way Americans use their cars:

- February was the



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fourth consecutive month in which miles driven in the USA fell, an analysis of Federal Highway Administration data show.

There hasn't been a similar decline since 1979, when shortages created long lines at pumps. In the 12 months ending in February, the latest month for which data are available, miles driven fell 0.4 percent from a year earlier. The last drop of that scale was in 1980-81.

The decline, while small, is significant because of the US population and number of households, drivers and vehicles grow by 1 percent to 2 percent a year. A gallon of gas has gone up 59 cents since February, suggesting the

trend seems likely to continue. The EIA expects demand for gas to shrink 0.4 percent this summer from 2007 and fall 0.3 percent for the year. It would be the first dip in annual consumption since 1991.

- In 2004 and 2005, about one-third of Americans said they cut spending because of rising gas prices. In the new poll, 60 percent say they are trimming other expenses. Half of households with incomes below \$20,000 say they face severe hardships because of soaring gas prices. Three-fourths of households making \$75,000 or more also are changing how they use their cars.

Dawn Morris, a consult-

ant in Dover, Del., is blunt about how gas prices are affecting her family.

"It's killing us," she says. She and her husband often stay home on weekends, and when she balances her checkbook, "every third line it says gas: \$20, \$30, \$50."

- Americans' efforts to conserve gas are evident across the USA. At Don Jacobs Used Cars in Lexington, Ky., salesman Tony Morphis says customers are dumping gas guzzlers and ask first about gas mileage when they shop for replacements. Sonya Jensen, owner of Cat's Paw Marina in St. Augustine, Fla., says some boat owners are considering selling their watercraft.

At Cycle Cave in Albuquerque, Hervey Hawk says customers are "dragging 30- to 40-year-old bikes out of the garage" and having them fixed so they can pedal to work.

- In the poll, eight in 10 Americans say they use the most fuel-efficient car they own whenever possible. Three-fourths hunt for the cheapest gas available. Six in 10 share rides with friends or neighbors.

Three-fourths say they are getting tune-ups, turning off the air-conditioning or driving slower to improve mileage. Most of those polled expect things to get worse: 54 percent say they expect gas prices to reach \$6 a gallon in the next five years.

## In the News



### Pemex Oozes Corruption

Funds belonging to the Mexican state oil monopoly, Pemex, have paid in recent years for liposuction treatment for the wife of the company's chief executive, a presidential candidate's campaign, contracts with firms facing legal action, and the whims of trade union leaders who are not required to account for their expenses.

"Pemex is a can of worms. If you do something right, they come after you; if you shut up about some irregularity, they reward you; and if you take part in the corruption, you profit," a Pemex worker told IPSNews.

"I'm not saying everything is like that—there are also honest people," added the worker, whose name is withheld for his safety.

The employee said that after he replaced several worn-out parts of a gas valve, a group of internal auditors criticized his work, saying they had found "too many foreign parts," and ordered him to put the originals back in place.

He said that when his boss protested, he was accused of a bias in favor of a private supplier and an investigation against him was launched.

The 70-year-old Pemex, the biggest company in Latin America, which employs 154,761 people, 125,523 of whom belong to the powerful oil workers union, is facing severe financial difficulties and is in dire need of upgrading its technology infrastructure. Moreover, Mexico's proven oil reserves are expected to run out in nine years.

Billions of dollars are lost to corruption which, according to observers, is deeply rooted in an opaque administration choked with red tape, and in political and economic vested interests.

In April, the conservative government of Felipe Calderon proposed reforms of the company, which would include the creation of an audit committee in charge of ensuring transparency, and would give Pemex greater freedom with respect to making decisions on managing its budget, making purchases, reinvesting earnings in production and exploration and contracting out to private companies.

However, the leftwing opposition parties are fighting the reforms, which they consider privatization in disguise.

### ► Opacity & Corruption

According to a prominent Mexican nongovernmental organization, Fundar—Centro de Analisis e Investigacion (Center for Analysis and Research), the government's proposed reforms would "encourage opacity and corruption."

"The proposal paves the way for possibilities for associations with private parties in a wide range of activities in the industry, without the parallel creation of precise mechanisms to guarantee transparency and accountability," while giving the executive branch "excessive discretionality in running Pemex," says Fundar, which is dedicated to promoting citizen participation and the rule of law.

Legislators have agreed to hold a wide-ranging debate from May 13 to Jul. 22, on overhauling Pemex, a symbol of nationalism and national sovereignty in Mexico.

Documents from the Auditoria Superior de la Federación (Federal Audit Office), which were seen by IPS, show that in 2006 alone—the last year for which information is available—157 million dollars were detected in expenses in exploration and the payment of services that had not been duly approved and explained, and which have not yet been clarified.

### ► Truth Commission

Lawmakers from the opposition Progressive Broad Front, an alliance of leftwing parties, are calling for the creation of a "truth commission" to carry out an in-depth investigation of causes of corruption and specific cases in Pemex before any reform can be approved.

Political scientist Aroldo Romero said that in Pemex, any financial movement, contract or purchase, even of small tools, is fraught with red tape, with the final decision almost always lying with the Finance Ministry.

The draft law submitted by the Calderon administration would incorporate independent experts without conflicts of interest on Pemex's board, which is currently made up of representatives of the government and the oil workers union.

The government argues that the reforms, which oil industry experts say must be discussed urgently due to the country's rapidly diminishing reserves and the growing imports of fuel—40 percent of domestic consumption is covered by imports—are aimed at giving the company greater autonomy to sign contracts with foreign firms better equipped to carry out deep-water drilling and exploration.

But Fundar says the initiative actually runs counter to that stated purpose, because "the executive branch would be in charge of appointing the four new members to the Pemex board of administrators, as well as a commissioner, under the apparent premise that the president is ultimately responsible for adequate oversight."

Furthermore, "the board would be presided over by the energy minister, who forms part of the executive branch," adds Fundar.

The government is not proposing, however, a modification of the constitution, which establishes that the country's oil belongs to all Mexicans, and prohibits direct private investment in Pemex.

## Africa: From Kerosene to LED, O-HUB

In many of Africa's towns and villages, smoky kerosene lamps are all that keeps the darkness at bay after sunset. However, kerosene is a dangerous and increasingly expensive source of light for Africans who do not have access to electricity—about three-quarters of those living on the continent, according to the World Bank.

Lighting industry entrepreneurs are hoping alternative devices such as solar-powered LED lights will replace the kerosene lamps, IPSNews reported.

"Africans spend more than 18 billion dollars a year purchasing kerosene," said Russell Sturm, who heads up the sustainable energy team at the International Finance Corporation (IFC), a member of the World Bank Group.

"And that estimate was done when oil was 35 dollars a barrel, so there is an enormous market for lighting," he told IPS, adding that the prices of LED devices and solar panels had dropped dramatically over the past three years, and were now competitive with kerosene costs. The price of oil passed the 120 dollar per barrel mark for the first time earlier this week.

It was against this background that the World Bank Group launched the 'Lighting Africa' campaign last September. The initiative aims to provide lighting products and other energy services that are not dependent on fossil fuels—and which are safe, reliable and low cost—to some 250 million people in sub-Saharan Africa by 2030. Presently, Africans are estimated to spend about 40 billion dollars annually on lighting products powered by fossil fuels. Under the auspices of the campaign, "Lighting Africa 2008"—dubbed the "first global business conference" for off-grid lighting on the continent—took place this week in the Ghanaian capital of Accra. The May 5-8 gather-

ing was aimed at attracting investment to the African lighting sector, and drew representatives from governments, industry and non-governmental organizations (NGOs).

Few solar-powered LED devices have been designed for Africa, and companies need to conduct market research to find out how such lights could be used. "We do know that they must be rugged, simple and affordable," said Strum.

Lighting industry giant Osram GmbH of Munich, Germany, has also done market research, and envisages supplying solar energy to Africans at rates that are competitive thanks to economies of scale.

The company wants to build what it calls "O-HUBS": centers where rural residents can buy solar energy in small, affordable quantities. "People will come to the O-HUB and pay to have their mobile phone charged for example," said Rodd Eddy Senior, the company's director for off-grid global sustainability.

Osram would also lease certain products, including LED lights and the "O-BOX"—a large battery with electronic components that will power lights, radios and other devices. "We manufacture everything and want to be responsible for maintenance and recycling of products at the end of their life cycle," noted Eddy.

In addition, O-HUBS will sell purified drinking water; "We think that will be a good way to bring people in," said Eddy. Originally, Osram had planned to supply the water free of charge, but was advised against doing so by NGOs, amongst others. The company doesn't plan to operate the O-HUBS; instead, it would like to lease them to local authorities, NGOs or entrepreneurs.