2 Humanity

SIMPLE CHOICES

I
DRIVE LESS
Driving less saves fuel. When you consume less fuel, the overall demand drops and the price follows, which makes it cheaper for the world's poor to live. It also slows environmental degradation and puts money in your pocket. A win-win-win.

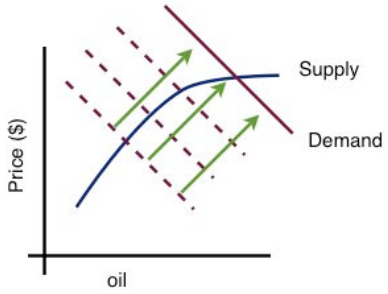
II
BUY A FUEL-EFFICIENT VEHICLE
A fuel-efficient vehicle uses less fuel than your current gas-guzzler. Buying one (you can wait until you want to replace your vehicle) does all the same things as driving less.

III
PAY MORE FOR FUEL
If you can convince your government to tax fuel, and spend the money on public transportation, not only will you drive less, but the taxes will help fund public transportation which will help even Canada's poor. That's pretty good.

How to help the world's poor

Drive Less.

It works like this. Oil is a global commodity. It's traded all over the world. The price of oil is the same in Canada as it is in Germany as it is in places like Zambia and Malawi. Its price is based on fundamentals like supply and demand. That means that when there is more consumption in the world than there is production, the price of oil will rise. If there is more production than consumption, the price will fall. At this point, consumption across the world is growing while production has stagnated. That is because at some point, no matter how high the price goes, there are physical limits to how much oil we can produce, at least in the short term. In the long term, we can develop new wells and new technologies, but this takes time.



Recently, the demand curve for oil and energy in general has been increasing. There are thousands upon thousands of people increasing their standard of living in developing countries like China, India and Brazil. This has caused a strain on the supply of oil and it is becoming increasingly difficult to keep up with this new demand. The purple lines in the diagram show demand. As average wealth across the world increases, the demand line shifts to the right. Now there are more people able and willing to pay for fuel. Thus the demand curve shifts.

What happens when demand is consistently higher than supply? The price starts to go up. The price continues to rise until enough people can't afford the fuel anymore, and finally demand drops off until it and supply are finally the same. That is the point where the blue curve (supply) and the purple line (demand) meet.

Fuel, such as gasoline and diesel, essential for transportation in this day and age, is directly tied to the price of oil, and though they have their own supply and demand curves, their price is tied directly to that of oil. When the price of oil goes up, so does the price of oil-based fuel (gasoline and diesel).

So what?

Let's look at Malawi. Malawi is a small country in Southern-Eastern Africa. The United Nations lists it as 174 of 185 on the Human Development Index. There are about 12 million people living in Malawi, and like everywhere else in the world, they are connected to cities and towns through roads. Most Malawians work as farmers, and they get money for food, things like soap, and sending their children to school by selling their crops in markets or getting their jobs in cities.

To transport goods in Malawi, the cost (with the exception of labour) is the

same as in places like Canada or Germany because vehicles, parts, and fuel all cost the same. In the capital, Lilongwe, the mini-bus fare is MK100 (about $0.75 CAD. That's $1.50 CAD per day for a person traveling to and from work.. $1.50 might not be much, but when you consider that most Malawian's earn less than $2 CAD per day, you can see how it can be a problem.

Now imagine that you live in a village about 200 km away from the market. Being able to transport your goods so you can sell them and make a living becomes increasingly difficult when the price of fuel is high.

In Canada, the GDP[1] (PPP)[2] per person is $38,400. In Malawi, it's around $800, in Zambia, it's $1300. These numbers do not reflect income, but are a good indicator of what a country produces. Most people in Malawi make less than $800. Most in Zambia, make less than $1000.

Ghana's GDP (PPP) is currently at $1,400. Ghana is slowly lifting itself out of poverty. More and more people are increasing their standard of living. There are still a lot of poor in Ghana, but the situation is improving. For this to continue, access to energy, and affordable fuel is a must. Over the last few years, as Ghana grows, its oil consumption has been increasing every year by 6.3%. To keep up its poverty reduction efforts, this needs to continue. 6.3% sounds like Ghana is consuming a lot of oil, but in reality, Ghanians consume 52,000 barrels of oil per day. Canadians consume 2,294,000 barrels per day. If we take oil consumption as a measure of standard of living, then Ghanians have a long way to go.

I. Drive less

Everybody knows that using less fuel helps to preserve the environment and reduces the progression of climate change. In addition to that, based on supply and demand discussed earlier, driving less will make oil, and thus energy cheaper for developing countries, such as Malawi and Ghana, to develop faster.

Every time you drive your car, you play a part in the price of oil. Every time you drive your car, you help to increase the price of oil. Every time you choose to walk, bicycle, car pool, or take the bus, the pressure to increase the price subsides a little bit.

Malawi consumes 5,500 barrels of oil every day. Canada? 2,294,000.

Now you might ask yourself, 'How much does my action play in reducing the price of oil?'. It's true, the amount we individually consume on a daily basis is quite small compared to total production and consumption, and any effect that we have on the price is microscopic. But, if enough of us do it, if enough of us reduce our consumption, then the price of fuel, because it's directly tied to the price of oil, will drop.

By driving less, you save money by spending less on fuel. You can still get around by car pooling or taking public transport. If you're walking or cycling, you improve your health. You also reduce the price of fuel for many in the world who are directly tied to it as a means of survival.

II. Buy a fuel-efficient vehicle

Many of you will have read the above statement, and will say, "But, I can't drive less. I need my vehicle to earn my livelihood. I need it to get to work, or to get my children to school." That is a fair and valid point. But when you need to replace your vehicle, consider buying one that is more fuel-efficient. If you need to get a truck, get the most fuel-efficient truck. Using a vehicle with a high fuel-efficiency rating does all the same things as driving less. If you have to drive 50 kilometres every day, then a fuel-efficient vehicle will consume less fuel and will contribute less to an increase in the price of fuel than a vehicle that has a low fuel-efficiency rating.

III. Pay more for fuel

Canada consumed almost 40 billion litres of fuel last year. If we were to put a tax on fuel of 10 cents per litre, then this would drive demand down in Canada. Then, because it is more expensive, people will start to drive less. They will take public transport. The government would then have close to $4 billion that it can spend on public transport and improve services. So, its good for the environment, and good for the city that you live in. Its also good for countries like Malawi, and Ghana. Lowering the demand in developed countries like Canada, reduces the price in countries like Ghana and Malawi. Also, by improving or subsidizing public transportation, Canadian government can work to make it cheaper, which will help the poor in Canada as well. But how to raise prices, or put a tax on fuel? Talk to you elected representative about it. Explain to him/her the connection.

Oil prices, because it is a commodity that is traded globally, show how choices we make in our everyday lives affect the rest of the world. It shows that we are all connected in some way. No man or woman is an island. So, to make a difference and to help the poor, ask your elected representative to raise taxes on fuel. Buy a more fuel efficient vehicle. Drive less. We in Canada will feel some pain for it, but you know what they say, "no pain, no gain."

**all statistics obtained from CIA world fact book and Energy Information Association*

[1]*GDP = public consumption + government spending + private investment + (exports - imports) It is a measure of production in a country, and when compared with other years, a measure of economic growth.*

[2]*PPP = purchasing power parity Because of differences in currency, GDP does not mean the same thing in every country. PPP takes into account differences in prices. For example, a tomato might cost $1.00 CAD in Canada but may only cost $0.25 CAD in Ghana.*