

GAS

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University junior Brian Taylor said the retail gas prices are the highest he can recall.

"I've never had to pay these kinds of prices," he said. "I remember when the price hit \$1.60, it was a big deal. Now if it was that price I'd do cartwheels."

Junior Rea Laredo agreed. She said she has taken an increasingly common approach to dealing with the high gas prices — searching for the

lowest price.

"When I filled up last Thursday night, I went gas shopping," Laredo said. "The lowest I saw on Gateway in Springfield was \$2.25 at am/pm, so I went to Costco, because I have a Costco card and the gas is at least 5 cents cheaper (per gallon). The lines are long but it's worth the wait."

American Automobile Association spokesman Elliott Eki said Oregon ranks third as the state with the most expensive gasoline. California and Hawaii are the only states with higher prices.

"Oregon has an average gas price

of \$2.27 per gallon, seven cents higher than last week," Eki said. "We expect Oregon prices to stay above \$2 for the remainder of the summer, but there is no predictor of how high prices may go."

However, AAA surveys show high prices have not affected consumer demand, Eki said.

"We are also expecting a record number of Americans to travel this upcoming holiday weekend and at least a third are planning to drive," he said.

Crude oil prices are as high as \$40 a barrel, and the Organization of the Petroleum Exporting Countries officials said producers were powerless to manage a spike driven by factors outside OPEC's control, according to a May 20 Reuters article.

OPEC is planning informal talks Saturday in Amsterdam to discuss a Saudi proposal to raise production quotas by at least 6 percent — the equivalent of 1.5 million barrels daily, according to the article.

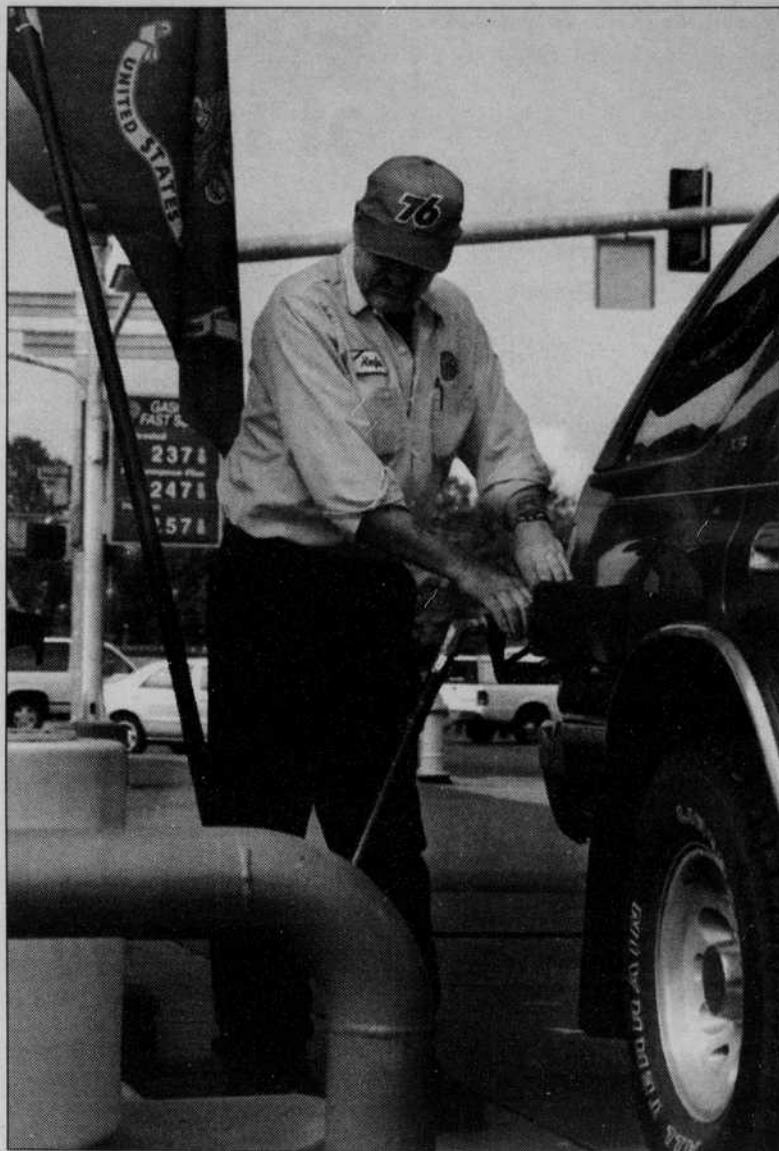
OPEC leaders said the organization can do little to dampen prices, which are now up more than 25 percent this year, with growth in oil demand fueled by international economic expansion.

OPEC President Purnomo Yusgiantoro of Indonesia blamed market forces and refinery bottlenecks in the United States.

University economics Professor Glen Waddell, who studies the international oil market, said that part of the reason for the high gas prices is consumers may be anticipating the higher summertime prices with increased consumption now.

"At some level, consumers must be willing to pay these higher prices. Otherwise, such prolonged price spikes would not be expected," Waddell said. "If you taught me year after year that you would keep buying gasoline from me, I'd pass whatever cost increases (there were) onto you too."

But Waddell said OPEC is not responsible for creating the conditions for a price spike — retail prices are determined by other factors than crude oil supplies.



Jenny Sherman Freelance Photographer

Although gas prices rose this week to record levels, consumers are still buying: Ralph Schuessler pumps gas Thursday at the 76 Station on Coburg Road.

Meanwhile, presidential candidate John Kerry faulted President Bush on Tuesday for failing to clamp down on gas prices, according to The Associated Press. Kerry said Bush had broken campaign promises to pressure oil-producing nations to increase production to help control soaring prices.

"Where is the president?" Kerry said in Portland, where gasoline is as much as \$2.31 a gallon "We need a president who is fighting for the American worker, the American

family at the fuel pump."

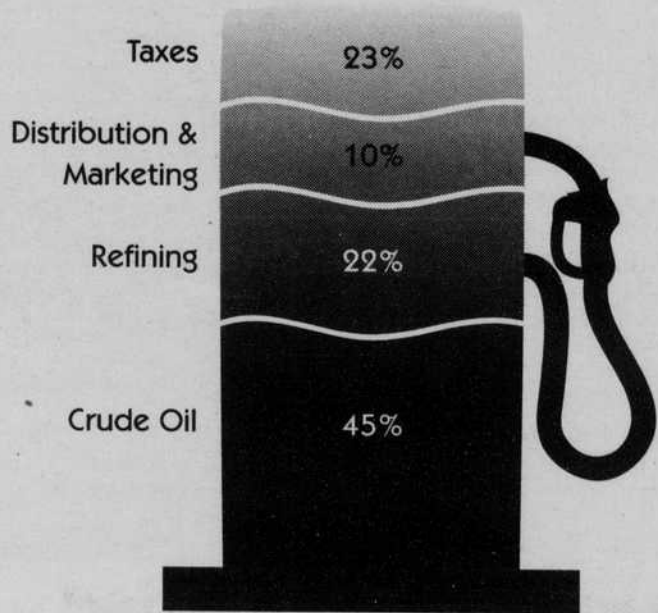
Laredo said there will likely be a greater impact on the gas prices.

"I'm blaming it on Bush," she said. "At this price (level) everything is going to be affected. When you go to the supermarket all the prices are going to be higher, it's all going to cost more because the cost of transportation is going up."

Contact the business/science/technology reporter at stevenneuman@dailyemerald.com.

What we pay for in a gallon of regular gasoline

(April 2004) Retail Price: \$1.80/gallon



SOURCE: U.S. Energy Information Administration

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