

THE GLOBE AND MAIL

NEW KIND OF 'ENERGY CRISIS'; Motorists driving less; truckers driving slower

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Page: B1

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Byline: Greg Keenan

With files from reporter David Ebner in Calgary and Reuters

One statistic underlines how the spike in gas prices is battering Americans, in the land of the open road.

They drove 11 billion fewer miles (17.7 billion fewer kilometres) on U.S. highways and byways in March than they did a year earlier, the sharpest drop since numbers were first tabulated in 1942 and the first time since 1979 that Americans cut back their driving in March.

Commuters, holiday travellers and trucking companies are all being whacked by gasoline prices in the range of \$4 (U.S.) a gallon and diesel fuel that is roaring toward \$5 a gallon. Earlier this week, the average price of regular gas hit a record \$1.33 (Canadian) a litre in Canada.

"It's the worst I've ever seen," said Steve Russell, chief executive officer of Celadon Group Inc., a large U.S. trucking company he founded in 1985.

This isn't the first time oil has played havoc with the U.S. economy.

For those too young to remember or perhaps not paying attention at the time, 1979 brought the second great oil shock of the 1970s.

But neither of those shocks was caused strictly by rising prices. Instead, it was supply shortages and lineups at gas stations that helped cause a recession and severe downturn for auto makers - to identify just one business almost wrecked by the crises.

"I remember the days when you had to line up at gas stations to get gas because of shortages," Mr. Russell recalled yesterday from Celadon's head office in Indianapolis. "They weren't at these levels, even on an inflation- adjusted basis - even double inflation."

Mr. Russell's drivers can't cut back the distances they drive, but Celadon, Coastal Pacific Xpress Inc. in Cloverdale, B.C., and other companies have imposed fuel surcharges, put strict speed limits on their trucks and ordered drivers to turn off their engines when they stop for lunch or for the night, instead of letting them idle.

"Diesel, for the first time in the history of trucking, is now costing more on a day-by-day basis than labour is," said Jim Mickey, co-owner of Coastal Pacific. "Labour always used to be our biggest cost of doing business. The price of fuel has now eclipsed that."

The gas price crunch is also transforming consumer behaviour.

During the week leading up to the Memorial Day holiday, the traditional start of vacation season, Americans pumped 5.5 per cent less gasoline than a year ago as average prices hit a peak \$3.84 (U.S.) a gallon, MasterCard Advisors said in a report.

"I've stopped expensive driving for vacations," said Gary Chaison, a professor of industrial relations at Clark University in Worcester, Mass., a suburb of Boston.

This summer, he and his wife will take their 1999 Subaru Forester to Cape Cod, instead of driving to the Outer Banks of North Carolina.

A few weeks ago, Prof. Chaison travelled to New York by bus instead of driving. Visits to relatives in New York State have been scaled back.

Dale Oldham, a mechanic in Mount Albert, Ont., and president of the Ontario Camaro Club, has also scaled back.

Mr. Oldham and his wife cancelled a planned trip to Niagara Falls, Ont., to celebrate their 33rd wedding anniversary, opting instead for dinner at a local restaurant. It costs him about \$100 (Canadian) to fill up his 2001 GMC pickup.

"We're travelling less miles and probably spending the same amount of money," Mr. Oldham said.

Mr. Mickey's trucking company has imposed a 40-per-cent fuel surcharge on customers to haul fruit, vegetables and other foodstuffs from Los Angeles, the Mexican border or the U.S. South to destinations in Western Canada.

Mr. Russell at Celadon figures his company can save \$19-million (U.S.) a year if the drivers of his 2,500 company-owned trucks shut off their engines at a truck stop.

The most obvious impact of higher gas prices on the auto industry was outlined this month when Ford Motor Co. announced it will slash production of full-sized pickups and sport utility vehicles.

But in the longer term, if Americans and Canadians change their driving behaviour permanently, they won't trade in their cars as often as they do now, creating another energy-induced headache for Detroit and its Asia- and Europe- based rivals.