

Petrol rationing, ready in case?

Preparing for the Petrol Droughts

Short-term and long-term oil shortages are quite likely in the near future.

We should prepare in case they do come. When there is a water shortage, we do not let the market allocate this vital resource. We have restrictions, regulations and community campaigns to reduce consumption.

A smart-card sliding-scale, tradeable fuel allocation system should be designed, in case we need it in future. Harvard economist, Martin Feldstein, chief economic advisor to President Reagan, recommended in the Wall Street Journal in 2006. "a system of tradeable gasoline rights would be better than either higher taxes or tougher new car regulations. That a majority of households could benefit from the TGR system while all households would have an increased incentive to economize on gasoline is both an economic and a political advantage.

People with disabilities, farmers, people in outer suburbs, and those with important jobs, like hospital shift workers, should receive higher fuel allocations than those from leafy inner suburbs close to public transport.

Like water pricing, a basic minimum allowance should be cheap, and additional fuel should be available at increasingly higher prices. Those who are frugal could sell their unused entitlements electronically to those who need more than average.

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