

Article #1

Amid high gas prices, some Windsorites turn to bikes — if they can find one.

Demand for bikes is rising, but stock in area bike shops is low.

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With gas prices rising, and the weather warming, in Windsor-Essex, residents are turning to bikes to save some money and get around the area.

If they can find one, that is.

"There's a bike shortage still," said Mark Long, co-owner of Infinity Cycle in Windsor. "COVID created this shortage, and COVID is the reason why we're still having the shortage. Manufacturers are having trouble getting product out onto the showroom floor."

During a recent interview with CBC News, Infinity Cycle had just a handful of bikes in stock. Usually, the floor is filled with "nice, shiny" new bikes," Long said.

But despite the low stock, interest is high, he said.

"A lot of people are looking for a bike to commute," Long said. "They figure if they can even cut their commute by half, so two to three days a week, maybe they ride your bike to work. That makes a lot of sense for most people."

The shop is busy with repair work, however — with new bike inventory so low, some people are fixing up their older bikes — and parts are available for now, although he expects that may change, as well.

But it's not for a lack of trying, Long said.

"Normally, we deal with just a couple bike companies and a couple parts suppliers," he said. "But in our attempt to get more product in now, we're at about six by companies and in probably the same number of parts suppliers, as well."

"Just, you know, trying to find things."

Interest at Bike Windsor Essex is also high, said executive director Laurie Newton.

"We're definitely having a lot of people come in who are becoming more serious about their cycling," she said. "They want to replace some of their car driving with riding a bike, so they're contacting us to figure out routes."

More-modern bikes suitable for commuting are also in high demand, Newton said.

"A lot of people are on very old, very heavy mountain bikes," she said. "They're coming in here and they're looking at our gravel bikes that are a little bit faster, a little bit lighter and a more-comfortable ride."

Another option are battery-assisted cargo bikes. Some people, Newton said, are even considering replacing their less-used second-vehicle with one.

And while Bike Windsor Essex currently has stock, she said it likely won't last, and encouraged people who are interested in a bike to get one soon.

"Bike riding is fun," she said. "And while at first it can feel a little bit intimidating, I've actually offered to take people in the community out for their first commute bike ride just to get them comfortable with where they're going and how they can get there."

"We're not a very bike friendly city, so routing is challenging," she said. "People want to find a safe way to get to where they're working and not have to deal with places that feel unsafe, so planning your route is really, really important. And when it's your first time going to your workplace, it's something that you want to spend some time on."

Other things to keep in mind is the need for a good lock. She also encouraged businesses to provide visible bike parking, and even showers, in an effort to get more employees on two wheels.

"It means maybe incentivising your staff to come by bike," she said. "They're going to be better prepared for work."

"We know kids who walk or ride to school, they are better prepared to learn. So anything we can do to get people healthier and outside, it's a really great thing."

Long said he's confident the bike supply will increase, although it may take some time.

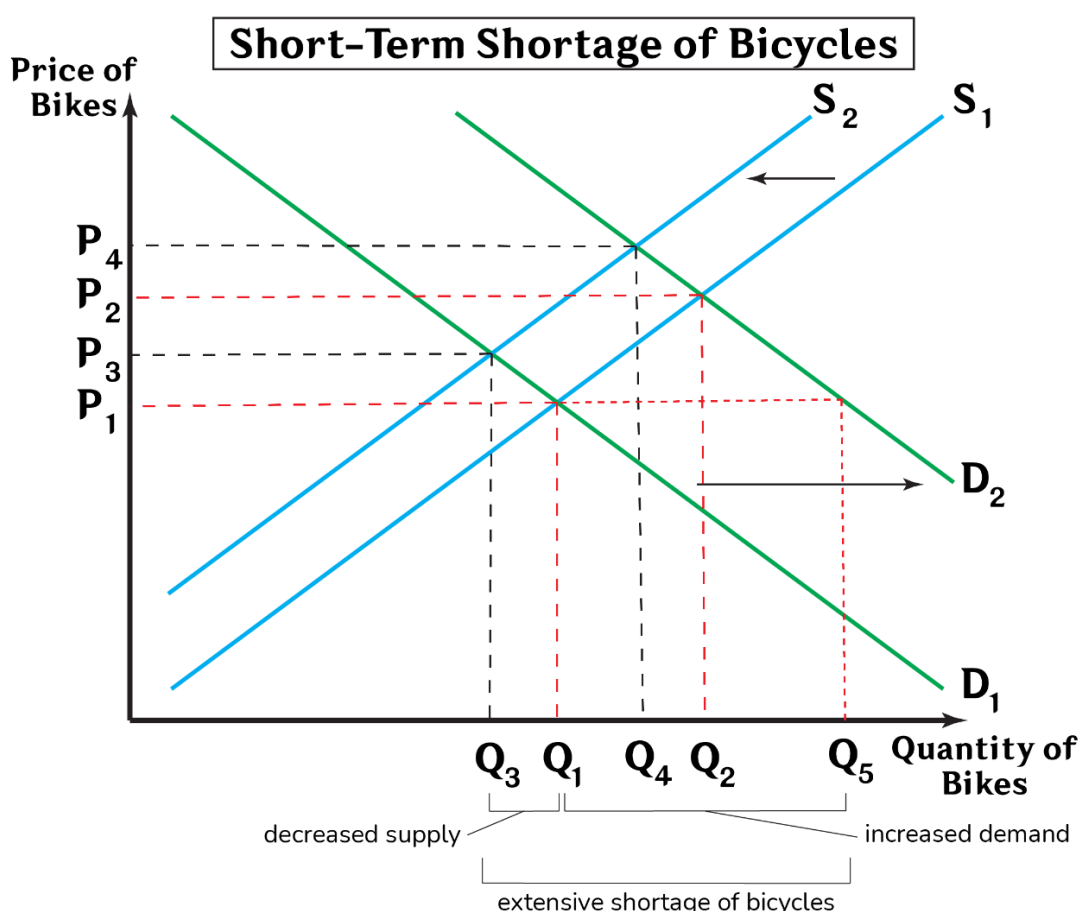
"We have quite a few bikes on order with promise that they will be delivered from our manufacturers," he said. "But it's just a matter of them, kind of trickling in."

Commentary #1

This article focuses on how the demand for bicycles used for recreational purposes has increased due to the soaring gasoline prices as more people are resorting to cycling as a method of commuting between work.

This topic relates to the key concept of **scarcity** since the quantity demanded of bicycles is greater than the quantity supplied, resulting in a limited quantity of available bicycles to sell at local bike retailers. “With gas prices rising, and the weather warming, in Windsor-Essex, residents are turning to bikes to save some money and get around the area.” With “more-modern bikes suitable for commuting [...] in high demand,” this begs the question, could the bicycle shortage be alleviated without government aid?

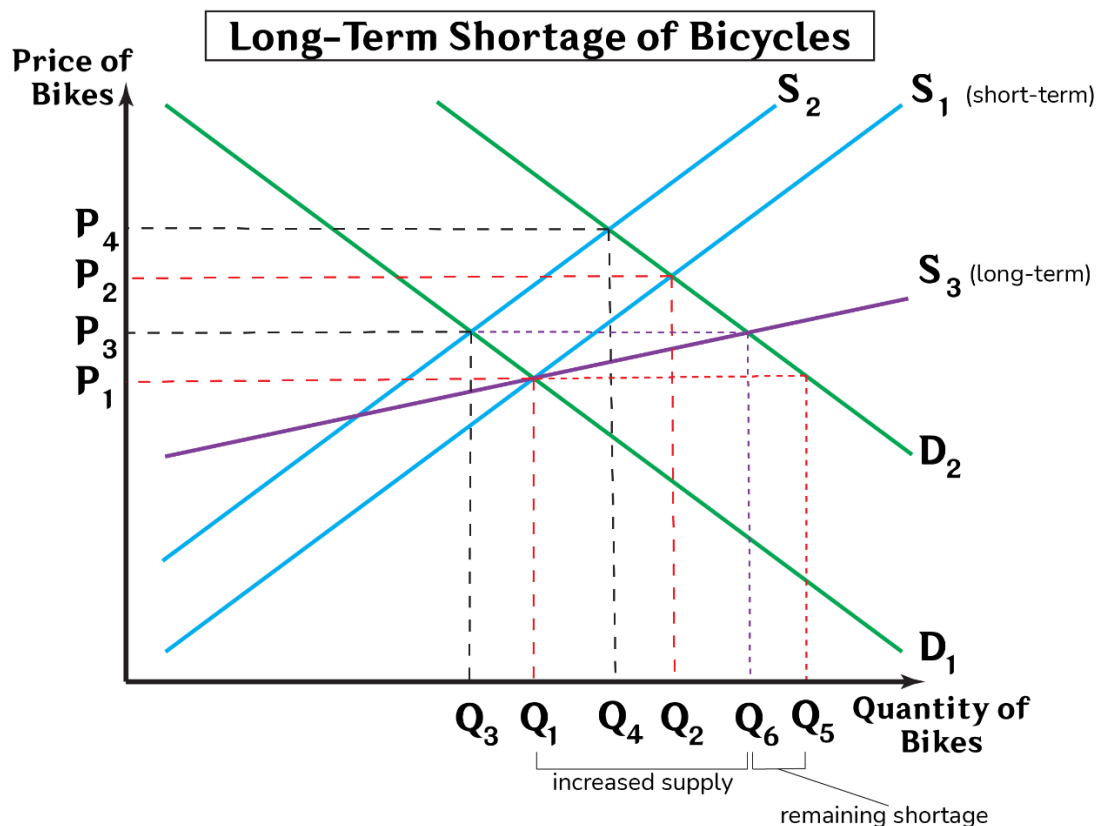
The following diagram illustrates the shortage of bicycles in the Windsor-Essex area.



The demand for bicycles has increased, shifting the demand curve to the right (from D_1 to D_2) as “[a] lot of people are looking for a bike to commute” prominently due to the rising prices of gasoline which makes driving more costly. This would make bicycles an inferior and substitute good as people would rather drive if they could afford the absurd gasoline prices. Furthermore, bicycles create a positive consumption externality as it is a source of exercise and

produces no harmful emissions to the environment. With all these benefits to cycling, no wonder this good is in such high demand as the quantity demanded is at Q_5 while the quantity supplied remains at Q_1 resulting in a price increase from P_1 to P_2 to meet the new equilibrium. To make matters worse, because of the COVID-19 pandemic, the supply chain of bicycles, like every other industry during the pandemic, has been disrupted, reducing the quantity supplied (from Q_1 to Q_2) and shifting the curve to the left (from S_1 to S_2) as “manufacturers are having trouble getting product out onto the showroom floor.” This further increased the price of bicycles from P_2 to P_4 . Through all these factors, a great shortage is created (the difference between Q_3 and Q_5) as suppliers are still recovering from the economic damage caused by the pandemic in addition to struggling to meet the quantity demanded (Q_5).

To help alleviate the high demand, “some people are fixing up their older bikes” either by themselves or by taking them to a bike repair shop. While replacement parts remain available, chances are they too will experience a shortage. Moreover, due to the high interest in bicycles, the demand for used bikes in the resale market and complementary goods, like bike locks and helmets, would increase. While the government could aid to resolve the **scarcity** of bicycles by providing a subsidy to the firms that produce them, which would ultimately increase supply and lower prices, the increase in demand is unlikely to remain long-term as electric vehicles are slowly becoming more affordable, bicycles are durable and last a while, along with the possibility of gasoline prices lowering soon. This would render the subsidy spending ineffective and even wasteful. The diagram below illustrates the long-term results of the bicycle shortage in a free market.



In the long run, with no government action or aid, the supply of bicycles would naturally increase and become more elastic (from S_1 to S_3) as manufacturers would allocate more Factors of Production (FOPs) towards bicycle production plus the end of any pandemic-related supply disruptions. Additionally, as there are abnormal profits to be made, new firms would enter the market, increasing supply. As a result, the quantity supplied is now more responsive to a price change as an increase in price from P_1 to P_3 brings an increase in quantity supplied from Q_1 to Q_6 . While the shortage is not completely relieved, as the new price (P_3) is not quite where it previously was pre-shortage (P_1), the excessive demand has been drastically reduced, reducing the shortage quite significantly (the difference between Q_6 and Q_5). In the meantime, retailers are ordering more bicycles from manufacturers to meet the rising demand.

In conclusion, the bicycle shortage can be alleviated without government assistance in the long run. There is no rush to suddenly increase the supply of bicycles as the current **scarcity** of the good is only temporary due to the current situation of soaring gasoline prices and that it is summer, peak cycling season. While bicycles are merit goods, once winter arrives the demand for bicycles would plummet, contradicting the spending of government money to subsidize production. Therefore, it is best to allow the supply of bicycles to naturally become more elastic in the long run, naturally easing the shortage whilst saving the money of the government.