

Conventional Economist Wisdom says that as prices go up, there will be an inflection point at which time consumption should go down. Another economic principle says that people put their own economic self interest first when making financial or purchasing decisions.

The above principles have led many to believe that skyrocketing gas prices will force people to find alternatives to driving their cars in an attempt to save money, which in turn would force down prices as consumption falls. The only problem is that its not working that way. Gas prices keep going up, demand remains relatively stable. Why ?

The answer is simple. The economic principles are correct. They just fail to take into account what is easily the most valuable asset any of us owns, our time.

Gone are the days when most adults worked 9 to 5, leaving an established period of leisure time after work. Today, everyone who is working post high school is a free agent making the best possible use of their time, whether they are making 6.55 as minimum wage or more.

We all have become our own financial analysts. We analyze the opportunity cost of trying to get our kids to summer camp, day care, soccer practice, or ourselves to whatever leisure activity we use to take our minds off of work and problems. There is an opportunity cost of not getting the kids to camp quickly using the car, versus taking a bus. There is an opportunity cost of having to take a bus to the camp and then waiting to take them home via the next bus. There is an opportunity cost to not being able to decompress after work and enjoy whatever other leisure activities we have.

Those of us who can afford cars, use them because we value our time. We take airplanes, in spite of the hassles, because we value our time.

Time is the most valuable, important asset we own, even if that ownership more often than not seems tenuous.

As prices continue to skyrocket, don't expect to see a big drop in consumption.