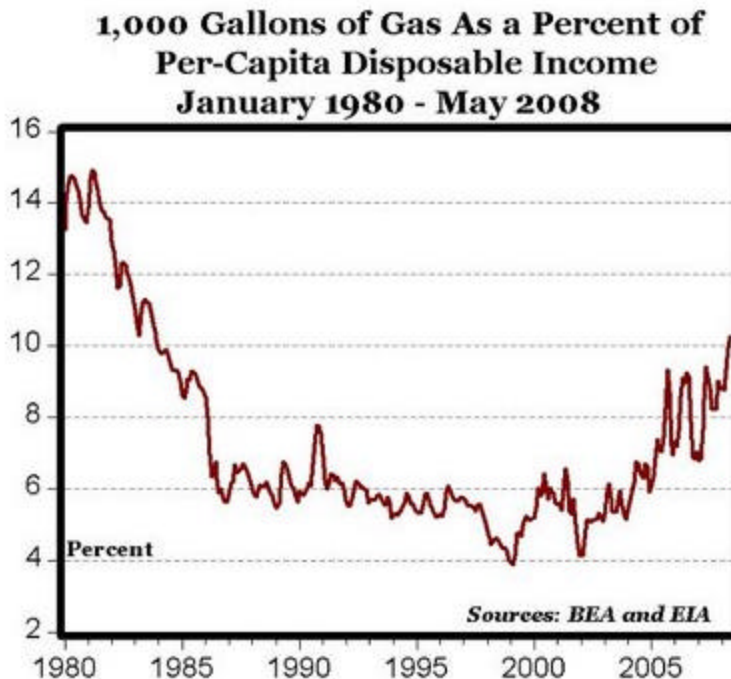


Record High Gas Prices? We're Not Even Close

by: Mark Perry posted on: June 30, 2008



Despite all of the reports about record-high gas and oil prices, we're still nowhere close to record high gas prices adjusted for the growth in per-capita, disposable income.

The chart above shows the cost of 1,000 gallons of gasoline, as a percent of per-capita disposable income in every month from January 1980 to May 2008. During most of 1980 and 1981, it took between 13.50% and 15% of per-capita disposable income (\$8,500 to \$10,000 in that period) to purchase 1,000 gallons of gasoline (\$1.25 to \$1.40 retail price per gallon in that period), which was far greater than the 10.26% that it takes of today's per-capita disposable income of about \$37,000 to purchase 1,000 gallons of gas at the May average of \$3.76 per gallon.

For gas to reach a record high as a percent of per-capita disposable income, it would have to sell today for about \$5.50 per gallon to reach 14.90% of per-capita disposable income, like it did in March of 1981, when gas sold for \$1.42 per gallon, and per-capita disposable income was only \$9,500.