

The price of things

by BRIAN LOCKHART

There's an old Warner Brothers cartoon that shows the logging industry chopping down a tree, putting the trunk in a lathe, and whittling it down to one toothpick, which is then delicately placed in a box with several others before the next tree becomes the next toothpick.

I guess it was a parody of the manufacturing industry. To me, as a kid, it was just funny.

The other day, I watched a YouTube video of how aluminum foil is made. It's not that much different from the cartoon.

After mining tons of bauxite ore, there is an entire process that makes aluminum.

A massive block of aluminum is placed under pressure several times and made thinner each time. The end result is a piece of aluminum so thin you can wrap your potato in it and bake it on the barbecue.

You can buy a roll of aluminum foil for around \$2.99.

We are currently experiencing inflation, driving up the price of almost everything. Food products are a main concern because we have to eat. You can stop buying other products if they are too pricey, but you can't skip the grocery store and save money by grazing like sheep in the backyard.

Although things are going up, you can still look at the good side of living in a Western democracy that uses capitalism and free enterprise to do business.

That explains why you can buy a lemon at the grocery store for .99 cents.

Think about that for a minute. Someone bought the land and planted lemon trees. They waited for several years until the trees could produce fruit. They then have a growing season and employ someone to prune the trees and look after the orchard and a crew to pick the lemons from the tree. Once the lemons are ready, they are placed in a box and shipped.

But since lemons only grow in certain climates, they are shipped here from, most likely, Mexico or California. Either way, some truck driver put several thousand miles on his vehicle to bring them here.

The truck driver had to be paid, and the truck had to be fuelled.

Yet, after all that, you can still buy a lemon for less than a dollar.

Automobiles are getting pricey, especially if you feel the need to buy a high-end luxury model with all the bells and whistles ? or, in the modern sense, the one with the 5 Litre engine, 15 console touch-screen and self-driving capabilities.

However, the path to having an automobile roll off the assembly line is huge.

First, you need engineers and designers who have to create the automobile on paper ? or whichever method they currently use.

Then, somewhere, someone is mining the ore to create the metal that makes a good part of each car. A supplier factory makes the individual components.

Someone has to put it all together at an assembly plant.

I drive by the Honda plant in Alliston on a regular basis. That place is huge. The electricity bill alone must be a fortune. It employs around 4,000 well-paid employees.

It costs millions just to operate that factory.

Yet, they still manage to sell a Civic at a reasonable cost.

One of the main reasons we can get goods at a reasonable price ? is good old-fashioned competition.

If you're the only guy who makes a widget, and it is a necessary product that most people need, you can make up your own price and demand people pay for it.

However, if another widget builder goes into business and has a better way to make and sell widgets cheaper, people will buy from him instead.

What would the price of a light bulb be if there was just one manufacturer? Considering a light bulb is a necessity, you would have to pay that manufacturer's price or live in the dark.

The only problem here is if two or more companies conspire to fix prices all around, and all demand an unfair price for a product.

This happens, but it is rare and can result in serious penalties for companies who do this.

Hopefully, inflation has started to plateau, and things should level off. Although, that doesn't do much good for people who don't get a cost of living raise every year.

Even so, be happy you live in a place where you can buy a lemon for less than the price of a small coffee.