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Concerns about the looming oil shortage are intense. It seems that most people from Wall Street to Main Street to those in government are worried about the phenomenon called "Peak Oil".

Unfortunately, there are some laggards who are not sufficiently motivated and a leading expert slams the skeptics and, at the same time, elevates the status of the true believers.

Although energy is mainly a secular matter, the expert writes "*This is a question of almost religious importance which needs the study and determination of every intelligent person.*".

And the key message is "*It is the material energy – the universal aid – the factor in everything we do. With petroleum almost any feat is possible or easy; without it we are thrown into the laborious poverty of early times.*".

Amen to this, but it is important to stress that these quotations have been provided without a date and with one key word changed.

The date was 1865, the important energy source was coal, and the writer was Stanley Jevons – a leading economist. His book – The Coal Question – was thoroughly researched and broadcast his personal concerns that the industrialized world was about to run out of coal and civilization, as they knew it then, was about to collapse.

Now, the concern is that we are running out of oil and great distress will follow.

As with any such concerns before then and right up to now, the intellectual speculation seems mainly driven by soaring prices.

Commodity prices had been increasing for twenty years, and were soaring with the U.S. Civil War and the dollar depreciation that went with it.

The market soon attended to the price problem and even to this day there is no shortage of coal.

This time around, crude oil has the headlines and if we adjust the price by the producer price index it tells an interesting story.

The real price soared to 73 dollars with the 1980 crisis and then plunged to 16 in 1986.

Now, twenty years later, it is again back to 73 and those who insist that their intellect and personal concerns are superior to market forces are again getting the headlines.

This was the case for coal in 1865 and the last time it happened to crude oil was in 1980 when the then U.S. Secretary of Energy stated that market forces didn't apply to crude oil – his exact words were:

"One thing is for certain, [crude] prices will continue to rise ... traditional criteria of supply and demand don't apply."

- Charles W. Duncan, Secretary of Energy – Feb. 25, 1980

Enough said.

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