

OIL FACTS

APRIL 2004

The media outlets would like you to believe that oil prices are at “RECORD HIGHS!” The fact is that when one adjusts for inflation gas cost almost 50% more in 1981 than it does today.

In 1974 when the first “OIL CRISIS” hit it took 17 quadrillion BTU’s of energy to produce \$1 million of gross domestic product. Today it takes less than 10 quadrillion BTU’s.

In 1978 the United States consumed over 18 million barrels of oil every day, when annual GDP was \$5 trillion. Today we use 10% more oil every day however, GDP has more than doubled to \$11 trillion.

The more oil we use the more we seem to discover. In 1982 proven oil reserves were 696 trillion barrels. Since then the world has consumed 452 trillion barrels. Magically, proven oil reserves today are over 1 quadrillion barrels.

Economist Donald Luskin compiled these facts and makes a very important point stating...

“You want something to worry about? Worry about the risk that some politician running for office this year will come up with some idea to solve the oil problem—like slap price controls on it, or lay a new tax on it. Those are sure ways to cause real shortages. As with most things in the economy, the best thing to do is nothing: the economy will take care of itself.”