

Abstract:

On Economic Cycles and Permanent Declines,\*

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It is generally accepted that some fundamental changes may be taking place in the oil business which are operating to decrease per capita demand; therefore, the current "recession" in the domestic oil business might have greater significance than an ordinary downturn in a fluctuating economic cycle. The idea that our fuel and energy products are so essential that growth will be automatic is a demonstrable fallacy, and we are quite justified in looking behind superficial factors for evidence of permanent decline in the use of our products. On the other hand, per capita consumption statistics from 1900 to 1960 indicate a steady upward trend, with 1960 an all time high of \$57.54 per capita at crude prices and measuring all years with 1960 dollars. True, a slight decline would have occurred between the years 1955 and 1960, had it not been for the rapid expansion of the natural gas market; but taken as a whole, the market for our products and by-products is by long odds the best in the world, and the prospect of large new domestic reserves in the four million cubic miles yet to be adequately explored on this continent is great enough to justify confidence that the industry has a long-term future and that continuation of the profession of petroleum geology is assured.

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\*Presented before Houston Geological Society, December 11, 1961

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