

United States Senator

BOB BENNETT

Joint Economic Committee

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Committee Issues Report on Oil Prices

Washington, D.C. – The Joint Economic Committee, chaired by Senator Bob Bennett (R-Utah), today issued “10 Facts About Oil Prices,” a report which puts into perspective the current volatility of the U.S. oil markets.

“We’ve experienced the first recession of the information age, not the last recession of the industrial age,” Bennett said. “While no one can dispute that high oil prices have been bad news for consumers and raise significant concerns for our economy, oil does not play the role it once did in terms of economic impact.”

Among other issues, the report reviews the following points:

- Oil prices are currently about \$30 per barrel. However, for a past comparison, oil prices in the late 1970s reached \$60 per barrel (adjusted for inflation).
- While “spot” oil prices increased yesterday for oil delivered now, “futures” decreased by nearly \$1 per barrel of oil. The latter suggests the market believes oil prices will fall to more reasonable levels in the near future.
- Of the last nine recessions, oil price spikes have preceded or accompanied eight of the recessions. However, other negative factors collaborated with the price spikes.
- The U.S. economy has become more fuel efficient. For example, consumers spend less money on fuel as a percentage of wage and salary income.
- A large factor in how oil markets would respond to any major Iraqi oil disruption is the ability and willingness of Saudi Arabia to increase its production.

The Joint Economic Committee is a unique joint Senate-House committee created to study the economy and advise Congress on economic policy. For copies of today’s report or for other information, visit the JEC online at jec.senate.gov.

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