

Our View: Reuters' Utter Economic BS

Philip Verleger, October 21, 2021

Reuters has published an item titled “Why today’s economy can handle oil at \$100 a barrel or higher.” [see <https://tinyurl.com/4fd9k89d>]. It is utter BS.

The authors offer three arguments—none based on sound economics—to justify their preposterous assertion. First, they say that energy intensity (barrels per dollar of GDP) has declined. Second, they claim oil looks “inexpensive on a longer-term view.” Third, they note that there are alternatives to oil such as coal and natural gas but then, ridiculously, turn around and observe that “gas and coal prices have hit record levels” and may keep rising.

The article is *total bulls%*. The authors show no knowledge of economics. As we have written¹, the energy crisis has imposed the equivalent of a \$6 trillion tax on the global economy, which measures around \$95 trillion. A severe recession is coming. Higher oil prices could change that recession into a depression.

These Reuters writers should focus on another topic—perhaps flower arranging.

¹ See “[This Time Is Different](#)” and the October 18, October 11, October 4, and September 27 issues of [Notes at the Margin](#).