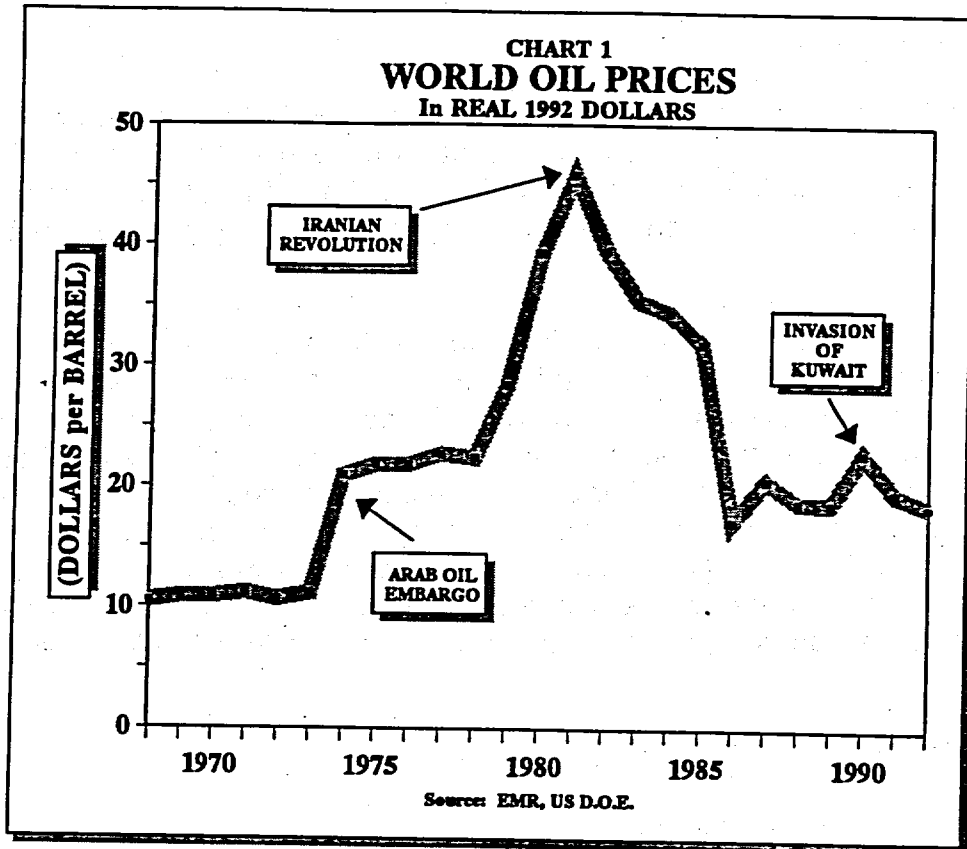


wanted to repeat. Thus, despite the Gulf emergency, no-one was anxious to bid oil prices up. Put another way, the oil industry discovered that its commodity was not special: oil prices, like those of gold, silver, and wheat could go down as well as up.¹



Knowledge about oil markets has vastly improved over time, and the institutions that govern the pricing and distribution of crude oil are more competitive and diversified. Multilateral corporations of the sixties have now been replaced by national oil companies from producing and consuming nations, smaller integrated companies and brokers. The crude oil futures market has made pricing more transparent and introduced a new set of buyers and sellers, thus diluting OPEC's market power. OPEC must now cope with a new group of suppliers from third-world countries, with consumers who have shown their readiness to

¹ S. A. V. Victor, "Developments in the World Oil Market", in IEA Proceedings: Energy Disruptions, Lessons, Opportunities, Prospects, Nov. 1991, pp. 298-303.