



As I write this article, the world is experiencing a major financial adjustment that undoubtedly will have a profound effect on our industry. How this crisis will settle out is yet to be determined, but one thing is for sure: there are no experts who know what the ultimate outcome is going to be either in the short or in the long term. Perhaps by the time this article is printed, the financial turmoil that we are currently experiencing will have stabilized and we will all be able to see the end of the tunnel. Perhaps the current economic downturn that is occurring not just locally, not just nationally, but around the world will be a mere blip in our collective bank accounts.

But I doubt it.

Personally, I have no doubt that we are in for a major correction that will see severe budget cuts across our industry. We are already seeing glimpses of impending gloom as some of the major players are reducing plans for this winter's activity. Some service companies are already laying off staff in anticipation of reduced revenues, and I'm sure that this is merely the tip of the iceberg. I am not trying to sound alarmist, but I have been down this path before. Several times.

I remember the last time we experienced a major downturn in our industry, I heard an interesting theory about the predictability of the crisis. Although there were abundant economic "experts" who expressed their 20/20 retroactive vision, the theory that struck me as the most plausible was the "crane" theory. With a small "c".

This theory is based explicitly on the number of building cranes active in Calgary. I'm sure there isn't a single person is town who hasn't remarked on the quantity of the large behemoths dotting our skyline in the last few months. The

theory is simple – the more cranes in town, the higher likelihood that there will be economic fallout in the near future. One can speculate on the nature of this correlation, but there is an undeniable truth: all economic good times in this industry are followed by an economic bad time. The wavelength may vary from event to event, but the outcome is inevitable.

The CSEG has never been in better financial health, due to the generous support of our membership and the roles that prior executives have played in managing the finances of the society. Quite frankly, my tenure has been one of staying the course determined by my predecessors. I expect the near future will not be so easy for those who follow. In particular, our future financial trustees will require diligence in anticipating market conditions to ensure the continuity of the society's financial health. As my term draws to a close, I will be preparing the budget as my final order of business, to which Brock Hassell as the 2009 Finance Director, will be managing the society's financial affairs next year.

Many of our CSEG membership have never experienced anything but an ever-increasing commodity price and the promise of continually sustained growth. I hope that I am totally wrong, but I suspect that the upcoming times will be challenging for all of us in this tumultuous industry of ours. Budget cutbacks, layoffs and reduced activity levels across the board will challenge each and every one of us.

One last comment: Each and every economic slowdown that I have experienced was eventually followed by a lengthy period of prosperity. Keep the faith! **R**

*Larry Herd  
Director, Finance*

## Photos from Oct 28, 2008 Honorary Address: The Science of Big Wave Surfing

