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At the beginning of my investment career, in 1973, the price of oil went in the blink of an eye, from $3 to $12 a barrel. The effect was incredible and terrifying for the financial markets. It was, after all, a 400% jump. Perhaps that explains why the current rise from $60 a barrel to $94 does not seem to be generating much emotion. And, perhaps, there may be things lurking on the horizon that could greatly change our oil driven world. In the past few months I have seen a couple.

The first occurred during the early summer when I went shopping for a new car. A good friend arranged for me to look at two sport utility hybrids. One was a Toyota and the other was a Saturn.

I discovered that the concepts behind each of these vehicles were quite different. The two vehicles are about the same size, but the Saturn was significantly less expensive and the Toyota offered significantly better mileage. The reason for these differences lay in each company's definition of hybrid. I was familiar with the Toyota concept and I was surprised by the Saturn.

Both shared one common attribute. When the vehicle is stopped the gasoline engine shuts off and the vehicle's systems run off the battery. In the Toyota, as you put the vehicle in motion the electric motor starts the vehicle moving and at a low speed the gasoline engine takes over. In the Saturn as soon as you depress the gas pedal the gasoline engine comes to life and sets it in motion. This difference is the major reason for the Toyota's better mileage. You could come close to replicating the Saturn system if you turned off your car's ignition every time you stopped in traffic.

I did a calculation based upon $3 a gallon gasoline, the difference in the two vehicles reported mileage and the difference in their prices. My conclusion was, based only on these factors, that there is no possible payback, in spite of higher mileage, for the Toyota's higher cost.

Shortly after these two test drives I saw a number of reports about a new vehicle that General Motors is devoting much of its resources to develop. It is called the Volt, which may become the first feasible plug-in hybrid. This idea has fascinated me for many years. The basic idea is a vehicle that can run a significant distance on its electric motor. GM is talking about a range of 40 miles at speeds within the norm for commuting to work. Unlike current hybrids, the vehicle's gasoline engine will kick in only when the battery begins to run down. Since my normal commute is about 15 miles one way, it would be possible that I could go back and forth to work for a week and use no gasoline.

Back in the 70s, as that oil shock was unfolding, there was talk of electric autos with a range of 100 miles, but the truth was they were not feasible. The 40 mile range seems to be reasonable. The great question with a purely electric car was what to do when the battery pooped out. The hybrid offers a reasonable answer. And, with something like the Volt, when the vehicle returns home you can plug in the battery and recharge.

GM is frank about the challenge of developing a battery for the Volt. If they succeed, and I hope they do, the effect will be quick and dramatic. The days of $95 a barrel oil could turn out to be just an interesting economic blip.