

What happens when money is no longer so cheap?

A survey in May by [Bloomberg](#) of 61 shale drillers in the U.S. found that although interest rates are at record lows, interest expenses are already killing some of the wild-catters in the industry. They must keep borrowing, Bloomberg said, to pay for the exploration needed to offset the steep production declines typical of shale wells. One possible conclusion from this is that the shale industry is a bubble that is only possible because of the current low interest rates. Natural-gas prices in the U.S. have indeed fallen sharply, to about half the level in Europe, but what happens when interest rates rise? And what then happens to the idea of weaning Europe off Russian oil and gas by importing more U.S. production? Do Europeans give Vladimir Putin the finger and then have to go crawling back to him later? Foreign Minister Lubomír Zaorálek needs to figure this into his calculation before leading Czechs down a road of no return.

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