

The Energy Crisis

Background

- U.S. oil consumption was high in the early 1970's, while U.S. oil production declined
- In 1973, 36% of energy consumption was in foreign oil, while in 1970 it had been 22%
- The OPEC (Organization of Petroleum Exporting Countries) cartel led to rising gas prices in early 1970's

The Mideast Oil Crisis

1973 brought widespread panic to the nation, with the onset of an international oil embargo. Middle Eastern countries, wrought with long standing religious and political conflict, cut off exports of petroleum to many Western Nations, including the United States, in anger over their involvement in the Arab-Israeli conflicts. The resounding impact in the United States of this embargo was compounded by generally high consumption levels and panic-stricken investors. Therefore, oil prices skyrocketed, the term "Mideast Oil Crisis" was born, and the effects gained momentum. Lines at gas stations increased, and people were quick to blame the government, the gas companies, the Arabs, and the embargo in general. Clearly though, many more forces were involved with the resulting "crisis" in the United States.



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What Were The Causes?

- The crisis was essentially one of control: the result of over-consumption on top of flawed energy policies.

Facts And Statistics From The Embargo Years

- By December 1973, the price per barrel rose 130%
- In 1972 the US paid \$2/barrel for oil, by 1974 \$12/barrel
- The embargo itself lasted six months, ending on March 18, 1974

And the Effects

- U.S. attitudes toward the sources of energy changed drastically
- Similarly, an incredible anxiety toward the supply of natural resources grew in the United States
- Such national fear of the dependence on foreign oil resulted in the federal approval of the Trans-Alaska Pipeline in 1973, in order to capitalize on domestic oil
- Prices for gas rose significantly, longer lines appeared at the filling stations, and fear of OPEC's control over the economy grew quickly
- Gas stations shut down because of shortages
- Gas "guzzling" cars became undesirable, and many Americans turned to buy smaller European and Japanese cars
- Carpooling and mass transit became popular topics
- Cheap imported oil was recognized as vulnerable and oil in general was acknowledged as non-renewable



