

Chapter 1 : OPEC and the Energy Crisis of and by Sierra Staton on Prezi

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This was moved to Vienna, Austria, on September 1, OPEC developed its collective vision, set up its objectives and established its Secretariat, first in Geneva and then, in , in Vienna. Membership grew to ten by The s OPEC rose to international prominence during this decade, as its Member Countries took control of their domestic petroleum industries and acquired a major say in the pricing of crude oil on world markets. On two occasions, oil prices rose steeply in a volatile market, triggered by the Arab oil embargo in and the outbreak of the Iranian Revolution in OPEC broadened its mandate with the first Summit of Heads of State and Government in Algiers in , which addressed the plight of the poorer nations and called for a new era of cooperation in international relations, in the interests of world economic development and stability. Member Countries embarked on ambitious socio-economic development schemes. Membership grew to 13 by The s After reaching record levels early in the decade, prices began to weaken, before crashing in , responding to a big oil glut and consumer shift away from this hydrocarbon. Environmental issues emerged on the international energy agenda. The s Prices moved less dramatically than in the s and s, and timely OPEC action reduced the market impact of Middle East hostilities in “ But excessive volatility and general price weakness dominated the decade, and the South-East Asian economic downturn and mild Northern Hemisphere winter of “99 saw prices back at levels. However, a solid recovery followed in a more integrated oil market, which was adjusting to the post-Soviet world, greater regionalism, globalisation, the communications revolution and other high-tech trends. As the United Nations-sponsored climate change negotiations gathered momentum, after the Earth Summit of , OPEC sought fairness, balance and realism in the treatment of oil supply. The s An innovative OPEC oil price band mechanism helped strengthen and stabilise crude prices in the early years of the decade. But a combination of market forces, speculation and other factors transformed the situation in , pushing up prices and increasing volatility in a well-supplied crude market. Oil was used increasingly as an asset class. Prices soared to record levels in mid, before collapsing in the emerging global financial turmoil and economic recession. OPEC became prominent in supporting the oil sector, as part of global efforts to address the economic crisis. Escalating social unrest in many parts of the world affected both supply and demand throughout the first half of the decade, although the market remained relatively balanced. Prices were stable between and mid, before a combination of speculation and oversupply caused them to fall in Trade patterns continued to shift, with demand growing further in Asian countries and generally shrinking in the OECD. OPEC continued to seek stability in the market, and looked to further enhance its dialogue and cooperation with consumers, and non-OPEC producers.

Chapter 2 : OPEC Seizes Control: The Energy Crisis and the Arab Oil Embargoes of and | EME

*Opec and the Northeast Energy Crisis: Hearing Before the Committee on International Relations, U.S. House of Representatives [Benjamin A. Gilman] on calendrierdelascience.com *FREE* shipping on qualifying offers.*

For more information, please see the full notice. The embargo both banned petroleum exports to the targeted nations and introduced cuts in oil production. Cars wait in long lines during the gas shortage. Leffler The Oil Embargo acutely strained a U. The efforts of President Richard M. By , OPEC had demanded that foreign oil corporations increase prices and cede greater shares of revenue to their local subsidiaries. In April, the Nixon administration announced a new energy strategy to boost domestic production to reduce U. That vulnerability would become overtly clear in the fall of that year. The onset of the embargo contributed to an upward spiral in oil prices with global implications. The price of oil per barrel first doubled, then quadrupled, imposing skyrocketing costs on consumers and structural challenges to the stability of whole national economies. Since the embargo coincided with a devaluation of the dollar, a global recession seemed imminent. European nations and Japan found themselves in the uncomfortable position of needing U. The United States, which faced a growing dependence on oil consumption and dwindling domestic reserves, found itself more reliant on imported oil than ever before, having to negotiate an end to the embargo under harsh domestic economic circumstances that served to diminish its international leverage. Partly in response to these developments, on November 7 the Nixon administration announced Project Independence to promote domestic energy independence. Both of these efforts were only partially successful. President Nixon and Secretary of State Henry Kissinger recognized the constraints inherent in peace talks to end the war that were coupled with negotiations with Arab OPEC members to end the embargo and increase production. But they also recognized the linkage between the issues in the minds of Arab leaders. The Nixon administration began parallel negotiations with key oil producers to end the embargo, and with Egypt, Syria, and Israel to arrange an Israeli pullout from the Sinai and the Golan Heights. Initial discussions between Kissinger and Arab leaders began in November and culminated with the First Egyptian-Israeli Disengagement Agreement on January 18, Though a finalized peace deal failed to materialize, the prospect of a negotiated end to hostilities between Israel and Syria proved sufficient to convince the relevant parties to lift the embargo in March The embargo laid bare one of the foremost challenges confronting U. The strains on U. The full impact of the embargo, including high inflation and stagnation in oil importers, resulted from a complex set of factors beyond the proximate actions taken by the Arab members of OPEC. The declining leverage of the U. Once the broader impact of these factors set in throughout the United States, it triggered new measures beyond the April and November efforts that focused on energy conservation and development of domestic energy sources. These measures included the creation of the Strategic Petroleum Reserve, a national mile-per-hour speed limit on U. It also prompted the creation of the International Energy Agency proposed by Kissinger.

Chapter 3 : Opec and oil market dynamics

opec and the northeast energy crisis thursday, february 10, house of representatives, committee on international relations, washington, d.c.

Print OPEC was formed in 1960, largely as a way for governments of oil-producing nations to capture oil revenues that, at the time, were going to foreign producing firms. The motivation for founding OPEC was not market power, but rather a tax dispute. Oil was originally taxed as income. Thus, as prices fell with increased competition, the tax collected by the oil-producing nations also fell. The members of OPEC decreed that oil taxes would now come in the form of excise taxes, levied on a per-barrel basis. In other words, they succeeded in separating tax revenue from the value of the taxable commodity. The rise in oil prices around this time see Figure 1. As a cartel attempting to coordinate actions among its members, OPEC has had only mixed success as we will discuss below. Two incidents, one in 1973 and one in 1979, however, did impact the world oil market substantially, as shown in the middle section of Figure 1. In 1973, fears began to grow in the developed world that if we were not already running out of energy supplies, we would soon as additional nations adopted western industrial structures. Then-president Richard Nixon appeared particularly concerned that Arab nations might impose a selective embargo on the United States for its pro-Israel policy. Such a selective embargo could not have worked; the world crude-oil market was too large, and replacement oil could have been found in too many places. The energy crisis was largely hysteria - production was increasing with no end in sight, and imports, particularly from Saudi Arabia, were rising. It is important to separate the energy crisis from the Arab oil embargo of 1973. The two are separate but related events. The Arab oil embargo was successful only because of the price controls and rationing that occurred as a result of the energy crisis. It is possible but perhaps a stretch that the high prices and lines at the gas pumps may have happened even without cutbacks in supply from the Arab oil producers. The embargoing nations said that the cuts would be restored once Israel withdrew from Palestine and Jerusalem. The oil embargo of 1979 was not really much of an embargo at all, at least not in the sense of the embargo. The output cuts in 1979, however, were much larger and the overall effect more lasting than its predecessor six years earlier. The primary player in the embargo was Saudi Arabia, which cut production following a strike by Iranian oil workers. The production cuts were an attempt to raise prices. This they did, but they also reawakened fears of an energy crisis, with politicians muttering I-told-you-sos about how the world was in for a severe energy shortage. The cutbacks by Saudi Arabia only lasted three months, but the damage was done, and Saudi Arabia was recognized as the only single player that had the capability to move the world oil market. The following year, the Saudis found themselves in the enviable position of being able to raise prices without lowering output. Energy Markets, Policy, and Regulation Search form.

Chapter 4 : Milestones: " - Office of the Historian

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You can help by adding to it. December Amid massive protests, the Shah of Iran , Mohammad Reza Pahlavi , fled his country in early and the Ayatollah Khomeini soon became the new leader of Iran. Protests severely disrupted the Iranian oil sector, with production being greatly curtailed and exports suspended. On January 16, , the Shah and his wife left Iran at the behest of Prime Minister Shapour Bakhtiar a longtime opposition leader himself , who sought to calm the situation. When oil exports were later resumed under the new Iranian government, they were inconsistent and at a lower volume, pushing prices up. Saudi Arabia and other OPEC nations, under the presidency of Mana Al Otaiba , increased production to offset most of the decline, and in early the overall loss in worldwide production was about 4 percent. Additionally, its own member nations were divided among themselves. Saudi Arabia, a " swing producer " trying to gain back market share after , increased production and caused downward pressure on prices, making high-cost oil production facilities less profitable or even unprofitable. The oil crisis had mixed effects in the United States, due to some parts of the country being oil-producing regions and other parts being oil-consuming regions. Richard Nixon had imposed price controls on domestic oil. Gasoline controls were repealed, but controls on domestic US oil remained. And although not directly related, the near-disaster at Three Mile Island on March 28, , also increased anxiety about energy policy and availability. The amount of oil sold in the United States in was only 3. Coupons for gasoline rationing were printed but were never actually used during the crisis. He had already installed solar hot water panels on the roof of the White House and a wood-burning stove in the living quarters. However, the panels were removed in , reportedly for roof maintenance, during the administration of his successor, Ronald Reagan. Critics, then and now, argued that his varied proposals would make the situation worse, not better. Carter agreed to remove price controls in phases; they were finally dismantled in under Reagan. Government established the Synthetic Fuels Corporation to produce an alternative to imported fossil fuels. When the price of West Texas Intermediate crude oil increased percent between and , the oil-producing areas of Texas, Oklahoma, Louisiana, Colorado, Wyoming, and Alaska began experiencing an economic boom and population inflows. December In response to the high oil prices of the s, industrial nations took steps to reduce their dependence on OPEC oil.

Chapter 5 : OPEC : Brief History

OPEC and the Northeast energy crisis: hearing before the Committee on International Relations, House of Representatives, One Hundred Sixth Congress, second session, February 10,

Background American production decline By American domestic output of oil could not keep pace with increasing demand; in oil had accounted for one-fifth of American energy use. Oil started to replace coal as a preferred fuel source – it was used to heat homes and generate electricity , and it was the only fuel that could be used for air transport. In , American oilfields accounted for nearly two-thirds of global oil production. In , US production had increased to just over two-thirds. The US had been able to meet its own energy needs independently in the decade between and , but was importing million barrels per year by the late s, mostly from Venezuela and Canada. In , US production had declined to This hurt domestic oil producers in places like Texas and Oklahoma who had been selling oil at tariff-supported prices and now had to compete with cheap oil from the Persian Gulf region. In , Eisenhower said "As long as Middle Eastern oil continues to be as cheap as it is, there is probably little we can do to reduce the dependence of Western Europe on the Middle East. Eisenhower imposed quotas on foreign oil that would stay in place between and Some scholars believe the policy contributed to the decline of domestic US oil production in the early s. Between and US imports of crude oil had nearly doubled, reaching 6. Until , an abundance of oil supply had kept the market price of oil lower than the posted price. The entry of three new oil producers – Algeria , Libya and Nigeria – meant that by eighty-one oil companies were doing business in the Middle East. OPEC was generally regarded as ineffective until political turbulence in Libya and Iraq strengthened their position in Additionally, increasing Soviet influence provided oil producing countries with alternative means of transporting oil to markets, [14] Under the Tehran Price Agreement of the posted price of oil was increased and, due to a decline in the value of the US dollar relative to gold , certain anti-inflationary measures were enacted. The US abandoned the Gold Exchange Standard whereby the value of the dollar had been pegged to the price of gold and all other currencies were pegged to the dollar, whose value was left to "float" rise and fall according to market demand. The other industrialized nations followed suit with their respective currencies. Anticipating that currency values would fluctuate unpredictably for a time, the industrialized nations increased their reserves by expanding their money supplies in amounts far greater than before. After , OPEC was slow to readjust prices to reflect this depreciation. From to , the dollar price of oil had risen by less than two percent per year. Until the oil shock, the price had also remained fairly stable versus other currencies and commodities. OPEC ministers had not developed institutional mechanisms to update prices in sync with changing market conditions, so their real incomes lagged. The substantial price increases of – largely returned their prices and corresponding incomes to Bretton Woods levels in terms of commodities such as gold. During the conflict the Syrians sabotaged both the Trans-Arabian Pipeline and the Iraq-Baniyas pipeline , which disrupted the supply of oil to Western Europe. On the other hand, Algeria, Iraq and Libya had strongly supported the use of oil as a weapon in the conflict. On October 12, , US president Richard Nixon authorized Operation Nickel Grass , a strategic airlift to deliver weapons and supplies to Israel in order to replace its materiel losses, [25] after the Soviet Union began sending arms to Syria and Egypt. Roy Licklieder, in his book *Political Power and the Arab Oil Weapon* , concluded the embargo was a failure because the countries that were targeted by the embargo did not change their policies on the Arab-Israeli conflict. Daniel Yergin , on the other hand, has said that the embargo "remade the international economy". You can help by converting this section to prose, if appropriate. Editing help is available. June This section needs additional citations for verification. Please help improve this article by adding citations to reliable sources. Unsourced material may be challenged and removed. June January – "The –74 stock market crash commences as a result of inflation pressure and the collapsing monetary system. August 23, – "In preparation for the Yom Kippur War, Saudi king Faisal and Egyptian president Anwar Sadat meet in Riyadh and secretly negotiate an accord whereby the Arabs will use the "oil weapon" as part of the military conflict. Night of October 8 – "Israel goes on full nuclear alert. Kissinger is notified on the morning of October 9. United States begins to resupply Israel. October

1973-1974 OPEC negotiations with major oil companies to revise the Tehran price agreement fail. October 1973 The United States initiates Operation Nickel Grass, a strategic airlift to provide replacement weapons and supplies to Israel. This followed similar Soviet moves to supply the Arab side. They recommended an embargo against non-complying states and mandated export cuts. November 27 1973 Nixon signs the Emergency Petroleum Allocation Act authorizing price, production, allocation and marketing controls. December 9 1973 Arab oil ministers agree to another five percent production cut for non-friendly countries in January 1974. December 25 1973 Arab oil ministers cancel the January output cut. January 18 1974 Israel signs a withdrawal agreement to pull back to the east side of the Suez Canal. February 12 1974 Progress in Arab-Israeli disengagement triggers discussion of oil strategy among the heads of state of Algeria, Egypt, Syria and Saudi Arabia. March 5 1974 Israel withdraws the last of its troops from the west side of the Suez Canal. March 17 1974 Arab oil ministers, with the exception of Libya, announce the end of the US embargo. May 31 1974 Diplomacy by Kissinger produces a disengagement agreement on the Syrian front. December 1973 The 1973-74 stock market crash ends. Effects Immediate economic effects A man at a service station reads about the gasoline rationing system in an afternoon newspaper; a sign in the background states that no gasoline is available. OPEC forced oil companies to increase payments drastically. The oil-exporting nations began to accumulate vast wealth. Some of the income was dispensed in the form of aid to other underdeveloped nations whose economies had been caught between higher oil prices and lower prices for their own export commodities, amid shrinking Western demand. Much went for arms purchases that exacerbated political tensions, particularly in the Middle East. Saudi Arabia spent over billion dollars in the ensuing decades for helping spread its fundamentalist interpretation of Islam, known as Wahhabism, throughout the world, via religious charities such as al-Haramain Foundation, which often also distributed funds to violent Sunni extremist groups such as Al-Qaeda and the Taliban. These target governments perceived that the intent was to push them towards a more pro-Arab position. Macroeconomic problems consisted of both inflationary and deflationary impacts. Saudi Arabia undertook a series of ambitious five-year development plans. Other cartel members also undertook major economic development programs. US retail price gas prices rose from a national average of 1973. State governments requested citizens not to put up Christmas lights. Oregon banned Christmas and commercial lighting altogether. Of the nine members of the European Economic Community (EEC), the Netherlands faced a complete embargo, the UK and France received almost uninterrupted supplies having refused to allow America to use their airfields and embargoed arms and supplies to both the Arabs and the Israelis, while the other six faced partial cutbacks. His successor, Ted Heath, reversed this policy in 1974, calling for Israel to withdraw to its pre-1967 borders. The EEC was unable to achieve a common policy during the first month of the War. It issued a statement on November 6, after the embargo and price rises had begun. It was widely viewed as pro-Arab supporting the Franco-British line on the war. The price rises had a much greater impact in Europe than the embargo. Despite being relatively unaffected by the embargo, the UK nonetheless faced an oil crisis of its own—a series of strikes by coal miners and railroad workers over the winter of 1973-74 became a major factor in the change of government. Sweden rationed gasoline and heating oil. The Netherlands imposed prison sentences for those who used more than their ration of electricity. The embargo was lifted in March after negotiations at the Washington Oil Summit, but the effects lingered throughout the 1970s. The dollar price of energy increased again the following year, amid the weakening competitive position of the dollar in world markets. The system limited the price of "old oil" that which had already been discovered while allowing newly discovered oil to be sold at a higher price to encourage investment. Predictably, old oil was withdrawn from the market, creating greater scarcity. The rule also discouraged development of alternative energies. Motorists faced long lines at gas stations beginning in summer and increasing by summer. Simon as the first Administrator of the Federal Energy Office, a short-term organization created to coordinate the response to the embargo. Rationing led to violent incidents, when truck drivers chose to strike for two days in December over the limited supplies Simon had allocated for their industry. In Pennsylvania and Ohio, non-striking truckers were shot at by striking truckers, and in Arkansas, trucks of non-strikers were attacked with bombs. With the inflation of the 1970s, the price was too low to encourage the search for new reserves. Development of the Strategic Petroleum Reserve began in 1975, and in

the cabinet-level Department of Energy was created, followed by the National Energy Act of 1975. Year-round daylight saving time was implemented from January 6, 1975, to October 27, 1975, with a break between October 27, 1975, and February 23, 1976, when the country observed standard time. The move spawned significant criticism because it forced many children to travel to school before sunrise. The prior rules were restored in 1976. This station at Potlatch, Washington, was turned into a revival hall. A higher percentage of cars offered more efficient 4-cylinder engines. Domestic auto makers also began offering more fuel efficient diesel powered passenger cars as well. Although not regulated by the new legislation, auto racing groups voluntarily began conserving. The energy crisis led to greater interest in renewable energy, nuclear power and domestic fossil fuels. He wrote that instead of providing stable rules that support basic research while leaving plenty of scope for entrepreneurship and innovation, congresses and presidents have repeatedly backed policies which promise solutions that are politically expedient, but whose prospects are doubtful. Investment shifted to industries such as electronics. Japanese auto makers also benefited from the crisis. Increased fuel costs allowed their small, fuel-efficient models to gain market share from the "gas-guzzling" American competition. This triggered a drop in American auto sales that lasted into the 1980s. Western central banks decided to sharply cut interest rates to encourage growth, deciding that inflation was a secondary concern. Although this was the orthodox macroeconomic prescription at the time, the resulting stagflation surprised economists and central bankers.

Chapter 6 : Energy Crisis | National Museum of American History

The OPEC oil embargo was a decision to stop exporting oil to the United States. On October 19, 1973, the 12 OPEC members agreed to the embargo. Over the next six months, oil prices quadrupled. Prices remained at higher levels even after the embargo ended in March. A review of the history of.

Chapter 7 : Energy Crisis (s) - HISTORY

The energy crisis played a key role in the economic downturn of the 1970s. With the OPEC oil embargo of 1973, oil prices jumped 70%, and the higher costs rippled through the economy.

Chapter 8 : Do Trump's Tweets Point To Another Oil Crisis? | calendrierdelascience.com

Energy Crisis: Effects in the United States and Abroad In the three frenzied months after the embargo was announced, the price of oil shot from \$3 per barrel to \$

Chapter 9 : OPEC states declare oil embargo - HISTORY

The oil crisis began in October when the members of the Organization of Arab Petroleum Exporting Countries proclaimed an oil embargo. calendrierdelascience.com embargo was targeted at nations perceived as supporting Israel during the Yom Kippur War.