

Name \_\_\_\_\_

Date \_\_\_\_\_

## Energy Crisis Briefing

Read and annotate the passage below.

### **Introduction**

In October of 1973, members of the Organization of Arab Petroleum Exporting Countries (OAPEC) banned the export of petroleum (oil) to the United States. At the same time, they also lowered overall oil production within their countries, causing a decrease of petroleum available on the world market. This embargo caused a major energy crisis in the United States, where the cost of gas rose drastically and gas shortages led to long lines and rationing across the country. The embargo was lifted in March of 1974. Though the embargo itself only lasted about 5 months, its effects are still felt today.

### **The Energy Situation in the United States in 1973**

The economic and energy situation in 1973 made the United States especially sensitive to the oil embargo. For a variety of reasons, including the decline or depletion of some oil fields and the unintended effects of government economic policies, domestic production of petroleum was decreasing. At the same time, demand for energy was increasing. The difference between that demand and the supply of domestic oil was being filled by importing oil from other countries. Between 1950 and 1973, the percentage of United States energy demand supplied by foreign oil increased from 8% to 19%. This situation meant that the United States oil industry could not increase supply to fill the void created when the embargo was instituted. The market response was an increase in price.

### **Effects on the United States Population and Economy**

The oil embargo quadrupled the cost of a barrel of oil within a short period of time. This increase was felt largely at the gas tanks, where gas prices rose 37% and supplies became increasingly limited. Gas rations were imposed, limiting the amount of gas each person could buy. Some stations ran out of gas entirely. Long lines and handwritten signs saying “no gas” became increasingly common. Theft of gas also increased, causing stations to lock their pumps and people to secure their gas caps to prevent siphoning from their tanks. Leaders began calling for citizens to voluntarily conserve energy by driving less and even refraining from putting up holiday lights. The embargo caused other significant effects to the United States economy, including loss of jobs and increased unemployment. Some economists cite the embargo as a major cause of a recession that lasted for years. In addition, the feeling of the importance of oil from the Middle East that the embargo helped build has helped shape United States policy toward the region for decades.

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# Energy Crisis Briefing, continued

## **President Gerald R. Ford's Energy Plan**

Though the actual embargo had ended by the time President Ford took office, he was well aware of the dangers another such occurrence could cause. As a result, Ford was a strong advocate for a comprehensive national energy policy. He proposed a plan that would reduce the United States' dependence on foreign oil and make the United States energy independent by 1985. His proposal included measures to increase domestic energy production; develop new domestic energy supplies, including coal, nuclear, solar, and geothermal resources; and promote energy conservation measures.

## **The Energy Policy and Conservation Act**

In 1975, Congress answered Ford's demands for a comprehensive energy policy with the Energy Policy and Conservation Act. This act was a compromise, which President Ford signed while acknowledging that: *"This legislation is by no means perfect. It does not provide all the essential measures that the Nation needs to achieve energy independence as quickly as I would like. . . . On balance, . . . I find that this legislation is constructive and puts into place the first elements of a comprehensive energy policy."*

Among its many provisions, the act included the building of strategic petroleum reserves that would allow the United States to quickly increase supply in an emergency; a plan for the eventual decontrol of oil prices; authorities given to the president to deal with severe energy emergencies; a plan to convert oil and gas-fired utilities to coal, of which the United States has a large supply; and energy conservation measures, such as fuel efficiency standards for automobiles and efficiency ratings for appliances.