

Then: The 1970s Energy Crisis

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WHAT'S COVERED

In this lesson, you will learn about another example of an economic crisis -- the Energy Crisis of the 1970s. This was the first large scale economic slowdown since the Great Depression and it gave the American people and the government an opportunity to adapt. It also gives us an opportunity to learn from the past. Specifically, this lesson will cover:

1. The 1970s Energy Crisis
 - a. Adapting in the Short Term
 - b. Adapting in the Long Term



BEFORE YOU START

How did the Energy Crisis affect Americans in the 1970s?

1. The 1970s Energy Crisis

The Energy Crisis of the 1970s shows the connections between global politics and economics, and how together they can affect the lives of people around the world. In 1973, a group of countries in the Middle East known jointly as the Organization of Petroleum Exporting Countries (OPEC) issued an **embargo** on the sale of oil to the United States. With such a critical resource in short supply, the entire U.S. economy felt the effects.

By some estimates, the price of oil quadrupled, and gas for heating homes and fueling cars became more and more expensive as the embargo lasted. The Energy Crisis resulted in both long- and short-term adaptations being made in the economy (Office of the Historian, Foreign Service Institute, n.d.).



"Sorry... No Gas" sign beside gas pumps at a service station due to the OPEC oil crisis



TERM TO KNOW

Embargo

An official ban on engaging in trade or doing business with a particular country.

1a. Adapting in the Short Term

As with the Great Depression, many American households had to adapt to limited resources during the

Energy Crisis. They drove less, carpooling to work or school and using public transportation more often. The government also created laws to reduce oil and gas consumption. A national speed limit of 55 miles per hour was implemented, as were rules for gas rationing, such as using license plate numbers to determine the days on which people could buy gas (Office of the Historian, Foreign Service Institute, n.d.). Americans also tried to reduce their energy consumption at home by using less electricity, heat, and air-conditioning. People worked together and changed their routines in order to keep the country running under difficult conditions.

1b. Adapting in the Long Term

In the long term, the Energy Crisis led to industry-wide shifts in some of the basic ways we use energy. For example, government regulation of gasoline led more automakers to develop fuel-efficient cars so that people could drive further with less. U.S. energy companies also started pursuing more domestic oil production, drilling in more remote and previously unexplored areas of the country to ensure that Americans had access to energy regardless of international politics.

The Energy Crisis also emphasized the necessity of having different types of energy sources such as nuclear, solar, and wind power. When a resource is potentially limited by natural disaster, politics, or any other factor, it's important to have other options.



DID YOU KNOW

In many ways, this was part of the beginning of the modern environmental movement. The first Earth Day was April 22nd, 1970.



SUMMARY

In this lesson, you learned that **the 1970s Energy Crisis** also required Americans to be agile and to adapt to changing economic circumstances. When OPEC issued an embargo on the sale of oil to the U.S., the effects rippled throughout the economy. Americans **adapted in the short-term** by changing their immediate behavior and passing laws to reduce oil consumption. They **adapted in the long-term** by implementing durable, industry-wide shifts in the way energy is produced and consumed.

Best of luck in your learning!

Source: Strategic Education, Inc. 2020. Learn from the Past, Prepare for the Future.

REFERENCES

Oil Embargo, 1973-1974. (n.d.). Office of the Historian, Foreign Service Institute.

www.history.state.gov/milestones/1969-1976/oil-embargo



ATTRIBUTIONS

- **"Sorry... No Gas" sign beside gas pumps at a service station due to the OPEC oil crisis.** | Author: H. Armstrong Roberts/ClassicStock / Getty Images | License: Rights-managed



TERMS TO KNOW

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