Summary:

Oil is a very needed resource in the world for consumers. They use oil during their everyday lives to drive, heat their homes, etc. There was an issue that consumers were not going to have the ability to fulfill their needs when oil was needed. This concern came into place after the 70's energy crisis and the oil shock of 1973. This was due to various factors such as the Yom Kippur War, monetary and fiscal policies, rising and lowering of oil prices, interest rates and a lack of confidence in consumers. This oil embargo was an important part of the world economy as it had changed the oil industry forever. There was a major effect on the firms, markets and economic stakeholders involved in this issue. Countless firms were affected by the OPEC decision to cut ties with the United States and raise the prices. This caused all petroleum firms to increase input costs and decrease demand. There were many decisions made through economic tradeoffs and stakeholders during the 1973 oil crisis. The stakeholders included the consumer group, producers and the government. The consumer group was all individuals who needed gas for their vehicles. The producers in this crisis were OPEC, additional domestic producers and firms in other industries. The government played a major role in this issue due to it causing the crisis but also helping upon the collapse in 1973. A clear understanding of this crisis can be displayed through the macroeconomic models, fiscal and monetary policies and global interdependence and inequalities. There were many indicators that helped the economist understand the crisis. The main indicators were GDP, unemployment, and inflation. The monetary and fiscal policies were represented through the specific policies that were made to find a solution to the oil crisis. The main policies during this crisis were the expansionary policies and Nixon's wage price controls. Based on the global interdependence and inequalities, there were different causes that led up to the crisis. There were changes being made to cope with the situation but ended up with economic inequalities amongst individuals and companies.

Guiding Questions:

1. How did the 1973 oil crisis effect stock market? What did the stock market do to help solve this issue? Was it effective?
2. Did this crisis effect individuals more or the economy as a whole (micro or macroeconomics)?
3. Explain supply and demand in the context of this crisis and why it was an important aspect.
4. Do you believe the U.S. is better or worse without doing trade with OPEC? Explain why using different economic models, etc.

Additional Reading List:

https://www.thebalance.com/opec-oil-embargo-causes-and-effects-of-the-crisis-3305806

https://www.theguardian.com/environment/2011/mar/03/1970s-oil-price-shock

http://www.history.com/topics/energy-crisis

https://history.state.gov/milestones/1969-1976/oil-embargo

https://www.federalreservehistory.org/essays/oil_shock_of_1973_74

http://www.ogj.com/articles/print/volume-103/issue-17/general-interest/the-1973-oil-embargo-its-history-motives-and-consequences.html