



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

Date

Course Code

Bachelor

18 / 02 / 2021

MGM112

Introduction to economics

Instructions:

تحدث عن اهم الأزمات الاقتصادية التي هزت العالم من حيث الأسباب التي أدت إلى حدوثها، ونتائجها.

*يرجى لا يزيد عن صفحة من خلال فهمك لأحداثها.

*يرفع الاختبار ب صيغة pdf

مع تحيات محبكم إبراهيم رائد عبد الكريم

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للاستفسار من خلال البريد الإلكتروني

Instructor's Name: Dr. Ibrahim read

1973 oil crisis

Introduction:

The 1973 oil crisis began in October 1973 when the members of the Organization of Arab Petroleum Exporting Countries proclaimed an oil embargo. The embargo was targeted at nations perceived as supporting Israel during the Yom Kippur War.[1] The initial nations targeted were Canada, Japan, the Netherlands, the United Kingdom and the United States with the embargo also later extended to Portugal, Rhodesia and South Africa. By the end of the embargo in March 1974,[2] the price of oil had risen nearly 300%, from US\$3 per barrel to nearly \$12 globally; US prices were significantly higher. The embargo caused an oil crisis, or "shock", with many short- and long-term effects on global politics and the global economy.[3] It was later called the "first oil shock", followed by the 1979 oil crisis, termed the "second oil shock".

Economic impacts:

i. Immediate economic effects:

- The effects of the embargo were immediate. OPEC forced oil companies to increase payments drastically. The price of oil quadrupled by 1974 from US\$3 to nearly US\$12 per barrel (\$75 per cubic meter), equivalent in 2018 dollars to a price rise from \$17 to \$61 per barrel.
- OPEC member states in the developing world have nationalized their oil companies, most notably Saudi Arabia has taken over the operation of Aramco and other OPEC member states have followed suit.
- In the United States, the retail price of a gallon of gasoline rose from an average of 38.5 cents in May 1973 to 55.1 cents in June 1974.
- The embargo had a negative influence on the US economy by causing immediate demands to address the threats to U.S. energy security.
- Production was eventually cut by 25%, However, the affected countries did not undertake dramatic policy changes.

ii. Macro-economic impacts:

- Macro-economy.
- Price controls and rationing.
- Conservation and reduction in demand.
- Alternative energy sources.
- International relations.